

What is the underlying message your price is sending to your customer?

Here are nine more points to think about when it comes to setting and presenting your price. When you fully understand all the pricing strategies you are better prepared to present a higher price, or sometimes a lower price.

NINE TIPS ON EFFECTIVE PRICING STRATEGY.

With effective, intelligent pricing, you can out-manuever, out-market, and out-sell your competitor and get a bigger share of the market.

1. More products fail because of a price that is too low, than because of a price that is too high. Keep this important fact in mind when establishing your initial price.
2. It is easier to cut prices than raise them. However, when you do cut your price be sure to do it with hesitation, reluctance and careful consideration.
3. "Prestige" pricing can often build your perceived value. To take advantage of this technique have testimonials from well known people in your market.
4. One particularly effective strategy is to start out with a relatively high "prestige" price, then cut the price later. The result is a high perceived level of quality, plus a "value" look. This is done over and over again in retail food stores. The set price is slightly high and then they offer a BOGO (buy one get one free).

5. A low (or "defensive") price can discourage new competitors. Large companies sometimes do this to starve out a competitor. It is not the best technique.

6. Price testing with a sample group of customers is an excellent way to get important information. Check for positive or negative reactions at various price levels. However, don't count on focus groups to tell you the truth. They usually tell you what they think you want to hear.

7. Price in such a way that you build up your bottom line. There is no set rule on pricing but more a combination of various methods. The profit and loss statement is always read from the bottom line up so whatever you use must produce a profit.

8. Do not get involved in price conspiracy or price fixing agreements.

9. Your pricing strategy should attract customers and confuse competitors. If your competitors are scratching their heads and wondering how you can sell for so high (or low) a price you know you are on the right track.

Price is a vitally important element in your market strategy. You can usually change it quickly, unlike your product or its packaging. This also has a downside as you may be tempted to lower your price too quickly.