

## Pricing

I've put together some thoughts on pricing which should be part of your marketing strategy and absolutely critical to get right. But probably an easier topic to talk face to face, so I hope this gives you some food for thought, and prompts you into action if appropriate. I'd be happy to discuss the marketing aspect on a 121 in more detail, and I'm sure your accountant would be only too happy to help and support.

So then, **what is your product/service worth?** How have you calculated your price? Are we approaching an economy where greater emphasis is being placed on price over quality? Are you able to test and measure your pricing?

If you can spare 2.25 mins, do [watch this video](#) "*The Vendor Client Relationship In Real World Situations*".

### Here are some of the common pricing methods:

**Going rate:** you look at what your competitors\* are charging and get a feel for the 'norm' and the range within that norm. You then decide at what level of this range you're going to pitch your business and calculate your hourly/day rate. You need to take into account outside influences, such as geographical, and whether you can charge a premium because you are simply the best, the work has to be done at unsocial hours, or it's a grotty job that no one else wants to do!

**Fixed cost:** where you quote for the job/service

**Cost plus:** you add a standard mark up to the cost of the product/service

**Value based:** you decide what the buyer perceives as its value

**Proportional:** you set your price in proportion to a larger project/product or sale

**Hunch:** you go with your intuition and add thoughts and experience

**Pay what you think it's worth:** sometimes seen for attendance at a workshop/ seminar.

**Free:** usually to attend a seminar/webinar/taster session of your product/service. Take care how much you give away for free. Whereas a free product tester can be great, for a service, is 'free' ever valued?

**Discounting:** hmm. You need to take great care - not only will you have to sell X% more to equate to your previous turnover BUT what is it doing to your brand and how people perceive you?

*\*You'll know what your competitors charge because you will have done a competitor analysis, I hope. This information too is invaluable for your business development/sales people.*

When you booked your summer holiday did you pick the cheapest of the budget airlines and the cheapest hotels? Or did you search the net/ask your travel agent to find something that appealed to you on whatever level to give you the experience that you wanted, good value for money at a price that you thought was fair? When you go out for a meal, on what basis do you choose the restaurant? So would these processes reasonably reflect all of your buying decisions?



**Whichever calculation you use for your pricing, it also has to be value based.** I imagine you want your customers to be driven by value rather than price? But does your pricing reflect this? How you communicate to your customers the benefits of your service/ product: *the "what's in it for them", what added value you offer, and what is left with them after the sale, the 'afters' if you like...* And you need to reinforce regularly exactly what your value and 'afters' are and educate them that your fee/price represents excellent value for money. I think too that we assume our clients, customers and prospects know /can remember exactly what we're offering and all the benefits - whereas in

reality they may have read our 'blurb' once, but would they know any of your other offerings over and above the one(s) they buy from you today?

With all the information now on the web we have access to a huge amount of data and subsequent choices. Today too, because time is such a scarce commodity, we have to ensure our offering is as attractive to our clients/prospects that it can be; we have to ensure clients remain interested in us and our offerings and that information arrives at an appropriate time (if time specific), in an appropriate manner (when and how the client wants it, not how you as the business find it easiest to send) and that the relationship is built up through engagement, leading to loyalty and trust.

Clients want a price they can justify and understand the positive impact your product/service can make. We're back to what makes you unique, special and different (USD) and you're being able to communicate this effectively.

There's a radio ad for a car brand just now which starts "They say you can't put a price on expertise, quality and reassurance..... With XXX, you can. Feel the difference".

**Not everyone buys just on price. People will pay more for perceived value and what's important for them..... What will they pay for your value, your benefits, and your 'afters'?**

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