**Pricing Your Products**

You’ve started your business, and now you have a product or service to offer! But how much should you charge? And how do you determine the balance between affordability and profit?

*First, let’s take a look at what we are selling. We can’t effectively price that which we can’t define.*

**OUR PRODUCT/SERVICE IS\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_***(chocolate candy, financial consulting, etc.)*

**We believe our product/service has value because it \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**People value our product/service at $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.**

 *(You know what you want to sell, and to whom.  What is the price you can charge?  You need to know this, before even costs)*

**How can you determine what value you provide to your customers? Outline 3 ways to research what that experience is worth:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**Do you feel your current pricing is in line with the value you provide? Are you an economy provider, necessity provider, or luxury provider? Do your prices reflect this?**

I am a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_provider, and my prices do/do not reflect this accurately.

Take a look at the exercises below. Even if you are confident that your prices are correct, take a single product or service you have, or want to add, and do the evaluations. Are the results in line with what you charge, or wish to charge?

**CUSTOMER BASED PRICING:**

Perform research to understand what your target customer values. Examine posts on social media, research decision making processes, analyze effect of prices.

|  |  |  |
| --- | --- | --- |
| *Customer Behaviors* | *Product Feature* | *Value* |
| 1. |  |  |
| 2. |  |  |
| 3. |  |  |
| 4. |  |  |

**Feasible Selling Price: $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**COMPETITION BASED PRICING:**

In doing market research, identify 2-4 businesses providing similar products or services. Do a comparison of features and values and structure your price from there.

|  |  |  |
| --- | --- | --- |
| *Feature* | *My Company* | *Their Company* |
| 1. |  |  |
| 2. |  |  |
| 3. |  |  |
| 4. |  |  |

 **Total Value: $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Total Value: $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

 **Feasible Selling Price: $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**After doing the above exercise, my prices are/are not similar.**

**If your price differs, why do you think that is? If your prices are lower, think about the impact of raising your prices.**

**I could raise my prices by\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_; I could communicate the value in the changing price to my**

**customers by highlighting the fact that I \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**If you’re prices are higher, work through how you might communicate to your customers the value you provide at that higher price point. What would you tell someone who questions the cost?**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**