

## The value of your work

Written by Candice S. Edye

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When you're starting out it's often difficult to work out how much to charge. A lack of confidence leads to undercharging or spur of the moment pricing decisions which aren't based on appropriate value. So, how do you enhance the perceived value of your product or service?

### **Increasing the perceived value**

Perceived value is the worth your customer places on your product or service irrespective of the time you spent creating it or the cost of materials that went into it. Very often new businesses underprice their products and services because they think that will attract more buyers. This is actually self-defeating because it undermines the perceived value of their product.

If a product isn't selling well, one of the ways you can increase its apparent value is by increasing the price and emphasizing the superiority of the materials used and the exclusivity of the finished article.

### **Highlighting benefits over features**

An effective pricing strategy that enhances the value of a product is to emphasise how it will benefit your customer. Your customer is less interested in *what it is* than *what it will do for them*. When it comes to benefits put yourself in the client's position and answer the question "What's in it for me?". People respond most strongly when something appeals to their values or emotional needs such as their need for security, friendship or connection with others, privacy, status, being in control or sense of competence and achievement.

### **Differentiate from the competition**

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Once you've clearly established the benefits of your products and services then you can bring to your customer's attention all those things that make your products unique. It's time to emphasize those attributes that differentiate your products from all similar products in the marketplace, for example all materials are sourced locally or you use a traditional centuries' old method.

### **Make use of elaborate packaging**

Packaging techniques include not only fancy boxes and wrapping, but also the price tags, brochures, online tracking, invitations etc. If you want your product to say exclusive then you need to pay attention to the presentation. You can create a perception of higher value through the use of clever packaging and therefore command a higher price. The same equation can work in reverse. Price can affect perception of quality. Thus if your product is priced too cheaply customers can perceive it as being of a lower quality to that of your competitors.

### **The relationship between price and sales**

Very often people believe price is the only obstacle to customers making a purchase. This is only true when your customer cannot see the difference between your competitor's product and yours. If your product looks exactly like that of the competition then customer's are going to be price sensitive and look for the best deal they can get. However, when perceived value is a consideration then there isn't a direct relationship between price and sales.

### **Create for future sales**

Create a series of products or services that naturally flow into each other or would encourage a customer to buy each one in a series - think of the Harry Potter series! An additional benefit of this is that you can have a mailing list of "collectors" that you advise when a new product in the series is released.

### **Value adds**

There are some services or value adds that you can offer that will increase your sales even in the face of stiff competition. You can provide additional services instead of lowering your prices or offering discounts, for example providing different payment options.

Price is therefore not necessarily the dominant factor in your customers buying decision. The image you project, your customer's perceptions of their own needs and the benefits they will derive from your product as well as how differentiated your product is from your competitors will

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all affect your pricing strategy.