

# Contents

<b>Preface</b>	<b>xv</b>
Author Credentials	xv
If You Can Afford a Pricing Consultant . . .	xvi
Don't Have the Cash to Invest?	xvii
How Big of a Rush Are You In?	xvii
Chapter Summaries	xviii
<b>Acknowledgments</b>	<b>xxi</b>
<b>PART 1 HOW TO SET PRICES FOR MAXIMUM PROFITS</b>	<b>1</b>
<b>Chapter 1 Why Pricing Is the Key to Your Success</b>	<b>3</b>
Raise Prices—or Sell More Products?	3
Big-Company Case History	5
Tiny-Company Case History	5

<b>Chapter 2</b>	<b>Why Most Companies Stink at Pricing (and How You Can Do Better!)</b>	<b>7</b>
	The “Myth” of Creating Demand Curves	8
	How Your Competitors Are Setting Prices	9
	Cost-Plus Pricing	9
	Match-Your-Competitors Pricing	11
<b>PART 2</b>	<b>HOW THE MARKET WILL VALUE YOUR NEW PRODUCT</b>	<b>13</b>
<b>Chapter 3</b>	<b>Analyzing Your Competitors’ Prices</b>	<b>15</b>
	You <i>Do</i> So Have Competitors!	15
	How to “Pick” Your Competitors	16
	Direct vs. Indirect Competitors	16
	How Consumers Evaluate Prices	18
	How to Get Profitable Ideas from Your Competitors	19
<b>Chapter 4</b>	<b>Environmental Factors That Can Affect Your Pricing</b>	<b>21</b>
	Environmental Factors Overview	21
	The Economy	21
	Competitors	24
	Government Regulation and Legal	24
	Social Trends	25
	Technological Change	26

<b>Chapter 5</b>	<b>Pick the Positioning of Your New Product</b>	<b>29</b>
	There Are Only 3 Choices!	29
	The Psychology of Price Positioning	30
	Penetration Price Positioning	31
	Skimming (or Premium) Price Positioning	35
	Competitive Price Positioning	38
	Learning More about Competitive Pricing	40
<b>Chapter 6</b>	<b>Analyzing Your Buyer Benefits/Drawbacks Relative to Your Competitors</b>	<b>43</b>
	Uncovering What Buyers <i>Really</i> Value/Hate about Products in Your Marketplace	44
	Learn More about Calculating Buyer <i>Valuation</i> of Different Features	44
<b>Chapter 7</b>	<b>Picking a “Ballpark” for Your Best Price</b>	<b>47</b>
	You Will Not Be “Stuck” with Your Decision!	48
	Can’t Make a Profit at that Price Range?	49
	Not Sure about Your Results?	49
	Learn More about Buyers’ Reactions to Price Ranges	50
<b>PART 3</b>	<b>YOUR COST ANALYSIS</b>	<b>53</b>
<b>Chapter 8</b>	<b>Evaluating Your Costs</b>	<b>55</b>
	The Ideas Behind “Target Costing” and “Target Engineering”	55
	Types of Costs	56
	The Hardest Part of Calculating Costs	57
	Reasons for Launching a Product that Doesn’t Cover Overhead	58

<b>PART 4</b>	<b>FINE-TUNING YOUR PRICE</b>	<b>59</b>
<b>Chapter 9</b>	<b>Is Your Profit Potential Acceptable?</b>	<b>61</b>
	If You're Happy with Your Potential Profits	61
	If You're <i>Not</i> Happy with Your Potential Profits	62
	Next Step	66
<b>Chapter 10</b>	<b>Psychological Adjustments to Your Price</b>	<b>67</b>
	Understanding "Barriers" in Prices	68
	Staying <i>below</i> Barriers	68
	Increasing Prices <i>up to</i> Barriers	69
	Numbers that Say "Discount" to Buyers	70
	Test Your Knowledge!	71
	Visually Appealing Prices	72
	Selling to Businesses	73
	Learn More about Thresholds	74
	Learn More about the Effect of Numbers	75
<b>PART 5</b>	<b>TESTING YOUR PRICES</b>	<b>77</b>
<b>Chapter 11</b>	<b>Testing Prices</b>	<b>79</b>
	The Psychology of <i>You</i> —in Setting Prices	79
	<i>Can</i> You Test?	81
	The Difference between Testing and Research	81

<b>Chapter 12 Using Google to Test Prices for Free (or Almost Free)</b>	<b>83</b>
Two Methods for Almost-Free Testing!!	83
Using Google Optimizer to Test Multiple Things	87
<b>PART 6 PRICING IN SPECIAL SITUATIONS</b>	<b>91</b>
<b>Chapter 13 Pricing Services</b>	<b>93</b>
Imagine No Chapter 13!	93
The Complications of Setting Prices for Services	94
The Myth of Pricing Based on “What You Want to Earn”	94
Pricing by the Hours versus the Job	94
Finding What Service Competitors Charge	96
Picking Your Price Positioning	97
What Your Price Says about Your Firm	97
How to Charge Higher Prices to Those Willing to Pay More	98
<b>Chapter 14 Pricing New Products/Services, Part 1: When Your Brand Is Unknown</b>	<b>101</b>
The Problems in Pricing Something New	101
Price Equals Quality Buyer Perception	102
Does Quality Equal Likelihood-to-Buy?	102
Understanding “Bargain Hunters”	103
Price Preferences by Product Type	103
Detailed Research on Buyer Price Position Preferences	104

Additional Research on Preferred Prices	107
Learn More about Risk and Pricing	110
<b>Chapter 15 Pricing New Products/Services, Part 2: Competing with Established Brands</b>	<b>113</b>
When Your Competitors Are Established Brands	113
Risk Avoidance	116
Price Premiums for Known Brands	117
Discounting Differences	120
What Causes Customers to Switch to a New Brand?	124
What Happens <i>after</i> Buyers Switch?	126
Shocking Findings on Brand Names	127
So What Does it All Mean for Pricing a New Product/Service?	127
<b>Chapter 16 Pricing with Discounts</b>	<b>129</b>
Discounts: A Double-Edged Sword	129
When Discounts Worry Consumers	130
Determining Best Discount Levels	136
Discounts' Effect on Quality Ratings and Purchase	137
Concluding Thoughts on Pricing, and Especially on Testing Prices	139
<b>Appendix of Worksheets</b>	<b>141</b>
<b>Bibliography</b>	<b>157</b>
<b>About the Author</b>	<b>171</b>
<b>About the Companion Web Site</b>	<b>173</b>
<b>Index</b>	<b>175</b>