Get out of the dark...

MAKE YOUR PRICE SELL!

Know your Perfect Price™

Ken Evoy M.D. and
Carol Ann Dorn PhD.

by Ken Evoy, M.D. and Carol Ann Dorn, PhD.

Got a new product? How do you price it?

Do you...

• Evaluate product features and customer benefits?

• Mark up x% over your cost of production?

• Undercut competitors' prices?

• Ask key (friendly) customers?

• Get feedback from salespeople?

• Weigh typical customers' "disposable income"?

• Solicit advice from consultants or business associates?

Most companies stir all their soft data

into their **magic pricing cauldron**

and somehow magically come up with

"the number."

But what does that number mean, really?

How do you **know** it's the perfect price...

the number that's going to **maximize your profit?**

The answer is... you **don't. Until now.**

Introducing... Make Your Price Sell!

Price With Complete Confidence...

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high quality, informative and helpful pricing system. But they make no representation or warranties
of any kind with regard to the completeness or accuracy of the system. They
accept no liability of any kind for any losses or damages caused or alleged to be caused,
directly or indirectly, from using the information generated by the pricing system.

Product or service pricing is dependent upon many factors.
MYPS! is intended to be a tool to assist in the pricing process.
It is not intended to be, nor should it be considered to be, business advice.
Business owners must themselves determine their pricing policies based upon their
particular circumstances, and upon all information available to them.

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Dedicated to those of you who...

Use it!

Foreword

By Ken Evoy, M.D.

Ken Evoy is the founder of SiteSell.com, Inc. and the author of **Make Your Site SELL! 2002,** a book that is generally accepted as the BIBLE of how to sell on the Net.

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The successful producer of an article sells it for more than it cost him to make, and that's **his profit.** But the customer buys it only because it is worth more to him than he pays for it, and that's **his** profit. No one can long make a profit producing anything **unless the customer makes a profit using it.**
-- Samuel Pettengill, U.S. Congressman 1930's

———

Every customer has his personal "top price" (for your product). Do **you** know **that** number? Do you know how many customers would **not** pay more than $10 for your product? $20? $50? $100?

Do you know how many would consider $30 to be a **fair** price? How about $50?

How many find your product **important?** How important? Do they judge it to be **unique?** How unique?

And what do you know about your customers' Net buying habits? How many buy this kind of product on the Net? How much do they usually spend?

Considering a **new product concept?** Not sure if it will fly? Imagine if you could **know** how much people would pay. You'd **know** if this new idea was worth pursuing... **or not** (think of the dollars and time saved).

Launching a new product? How will you price it? How do you know the absolutely perfect price -- the price that will maximize your income, right from the outset?

What about your **existing products?** Market conditions change rapidly -- is your pricing up-to-date? Smart pricing maximizes returns, at launch and **all the way through** the product maturation cycle.

All of this, of course, is critical information before you **even** think of setting a price. Yet none of us know it... until **now!** ☺

———

Samuel Pettengill never made it to the U.S. presidency... he claimed he could have, if only he had been a little less honest! He did, by gosh, nail the science of pricing on its head. Listen to that hammering...

The successful producer of an article sells it for more than it cost him to make, and that's **his profit.** But the customer buys it only because it is worth more to him than he pays for it, and that's **his** profit. No one can long make a profit producing anything **unless the customer makes a profit using it.**

Make Your Price Sell! will put you inside your customer's head. Is your business model low-price/high-volume? Or is it high-price/low-volume? Or something in- between? No matter what your business model...

MYPS! will maximize your profit and that of your customers!

A Brief Background

The concept of **pricing via a survey** is **not,** of course, new. It's being used by many of the **Fortune 500.** What **is** new is **the method by which the information is compiled, analyzed and delivered,** and all this at a much reduced cost to you.

The idea for **Make Your Price Sell!** happened at an e-commerce seminar where I was asked to speak about my special area of expertise, **Making Sites That Sell...**

Make Your Site Sell! 2002
http://myss.sitesell.com/

One of the other speakers was a direct marketing consultant with 30 years' experience. He spoke about the traditional methods of accumulating data offline through a set of questions. This data which is used to assess pricing policies is then entered manually into an Excel spreadsheet. Finally, the spreadsheet generates graphs to help determine pricing.

That fellow sells his services for thousands of dollars. Or he'll sell you the spreadsheet for hundreds. But then you would have to run the survey and question people yourself, enter the data, and so forth.

The consultant's talk hit a nerve. I had priced the original edtion of **Make Your Site Sell!** (**MYSS!**) "ridiculously low" to penetrate a competitive marketplace. That strategy succeeded. In less than one year, **MYSS!** grew rapidly and became generally accepted as the BIBLE of how to sell on the Net... at **any** price! And yet...

While I had decided upon a certain low price, I was **not** sure that I had chosen the **perfect price** for that model... the price that would **maximize profits** while still achieving my penetration objective. How did I know what effect $5 more or less would have on profits? **I didn't.**

I knew our business model... but I chose the price by "gut feel" after considering several factors... all rather soft and imprecise data, in the end. **For all I knew, I could be leaving a ton of profits on the table.**

"There had to be a better way," I thought. "... a **new, high-tech way** that uses the power of the Net." **And then...**

... it hit me. "We sell on the Internet. Our customers buy on it. So..."

"What if we totally automated, improved and fine-tuned the traditional, offline pricing process by developing a perfect set of questions (to ask **customers**) and by using the Internet to gather, analyze and deliver the data (to **merchants**)?!"

Research showed that no one else was doing this on the Net. So I took that question to Dr. Carol Ann Dorn.

Dr. Dorn is a marketing professor and a consumer behavior specialist in the Faculty of Management at McGill University's prestigious business school in Montreal, Canada. She has spoken at numerous international conferences on business, marketing and high technology, served with several well-known high-technology companies, and taught at a variety of high-ranked institutions.

Her knowledge was invaluable. We applied linguistic, psychological, marketing, and statistical principles to the question of pricing through an online survey. We attacked the challenge from the ground up, thinking **netcentrically.**

The result... a **new** kind of pricing survey with integrated server-side statistical analysis. Powerful. Fool-proof. Automated. This break-through takes full advantage of the Web's reach, speed, user-interactivity, and programmability.

Yes, now there is a **masterful process** for determining your product's **perfect price** -- a system that is exact, super-fast, cost-efficient and... truly scientific. No need for $5,000 consultants, no more pulling numbers out of "thin air", no more asking friends what they think. Just exact, scientific answers...

We call it **"Make Your Price Sell!"** because it really does turn your price into your **"#1 high-powered salesperson."**

1. How to Use This Manual

There are many special features to enhance your digital reading experience. These are explained in the first six sections below.

1.1. Links to Spots within MYPS!

You know how sometimes you read something in a book, and you say, "Now where the heck did I read about that?"

Well, **MYPS!** has **internal links...** links that take you from one part of the book to a related section. So you can easily find and reread a topic. These links appear as **blue-underlined.**

Clicking on an internal link will take you **directly** to another spot in the book. For example, suppose the book mentioned **the Foreword.** Clicking on **the Foreword** will send you directly there.

1.2. Navigation Features

MYPS! makes navigating easy. Here's how to move around the book...

• **Scroll Bar** -- click on the Scroll Box in the Scroll Bar and drag it **down** or **up** to rapidly move forward or backward through the book. You will see the page number appear when you click on the box. Release it when you get to the desired page...
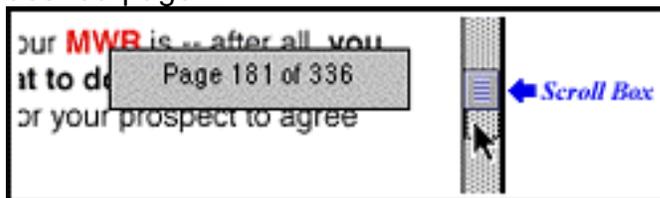
Clicking just **below** or **above** the Scroll Box will **advance** or **reverse** a part-of-a-page at a time.

Clicking on the Scroll **Arrows** (at the bottom or top of of the Scroll Bar, **not** shown in illustration) will **advance** or **reverse** the page by a single **line** at a time... holding an Arrow down will scroll the page continuously.

• **Arrow Keys** -- Pressing the m or i cursor key **on your keyboard** will behave differently, depending on your Operating System and on which version of Acrobat Reader that you have. Try it and see what happens in your case. ☺

• **"Back Buttons"** -- The entire left and right margins of every page are giant, invisible **"Back buttons."** Click in either margin to **trace BACK** to the previous page you were on, even if you were in a different file. Click again to trace another page back.

When you click in a margin, it turns black, and when you release the click, off you go! Here's what it looks like...
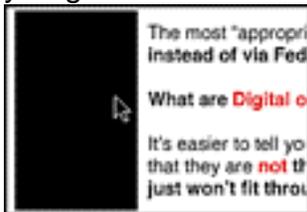
This feature is especially useful after linking to another part of the book. Once you read that material, **you'll likely want to return to your point of origin.** Clicking in either margin sends you straight back, so you can pick up where you left off.


• **Bookmarks** -- This is useful for those with larger monitors. If you have a smaller monitor, you will likely find that it chews up too much "monitor real estate."

If you are using...

• Acrobat Reader **v.4...** Under the **Window** menu, choose **Show Bookmarks.**
• Acrobat Reader **v.3...** Under the **View** menu, select **Bookmarks and Page.**

A set of bookmarks will appear in the left margin. Here's what the bookmarks (for the first two chapters of our first book, **MYSS!**) look like (exact appearance varies depending on the operating system and version)...
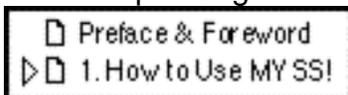
The triangle (or "**+**" sign in some versions) to the left of "1. How to Use MYSS!" means that there are "sub-bookmarks." Move your cursor **over the triangle,** like this...

```
┌─────────────────────────────────┐
│  ▢ Preface & Foreword            │
│ ▷▢ 1. How to Use MY SS!          │
└─────────────────────────────────┘
```
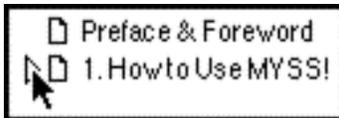
Then **click on the triangle** to expand the bookmarks under that chapter.
Click again to shrink them all back down, then again to expand them...

```
┌─────────────────────────────────────┐
│  ▢ Preface & Foreword                │
│ ▽▢ 1. How to Use MY SS!              │
│     ▢ Links to Spots within MY SS!   │
│     ▢ Navigation Features            │
│     ▢ Viewing Features               │
│     ▢ Search Features                │
│     ▢ Print Features                 │
│     ▢ Links to the Web               │
│     ▢ Sidebars                       │
└─────────────────────────────────────┘
```

Now... here's the whole point of bookmarks. Move your cursor over one
of the actual bookmarks until it turns into a "hand with pointing finger," then
click...

```
┌─────────────────────────────────────┐
│  ▢ Preface & Foreword                │
│ ▽▢ 1. How to Use MY SS!              │
│     ▢ Links to Spots within MY SS!   │
│     ▢ Navigation Features            │
│     ▢ Viewing Features               │
│     ▢ Search Features                │
│     ▢ Print Features                 │
│     ▢ Links to the Web               │
│     ▢ Sidebars                       │
└─────────────────────────────────────┘
```

You'll immediately **leap** to the beginning of that section.

• **Straight Page Jumps** -- At the bottom of your Acrobat screen, you will see
something that looks like this...

```
┌─────────────────────────┐
│  ▢ Page 16 of 336        │
└─────────────────────────┘
```
  or like this...

```
┌──┬──┬───────────┬──┬──┐
│ I◁│ ◁│  1 of 495 │ ▷│ ▷I│
└──┴──┴───────────┴──┴──┘
```
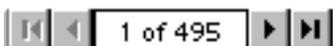
The appearance and exact mode of use **varies** depending on your OS and
version. But no matter -- this is a simple, useful method to move around **MYPS!**
Experiment with it for a few minutes to understand how best to use your version.

1.3. Viewing Features

Click here to open a preference window -- in this window, **uncheck** the box beside **"Open Cross-Document Links in the Same Window".** **Why?...**

MYPS! links across its PDF files. This is best done by opening each such link in a **new** window, and **not** in the same one.

Now, still in the preference window, set the **sharpness.** Would you like the text of **MYPS!** to appear **smooth** like this?...

Your Web site either makes the sale, or it doesn't.

... or **sharp** like this?...

Your Web site either makes the sale, or it doesn't.

If you prefer the smooth look, **check** the box beside **"Smooth Text and Images."** Otherwise, leave it **unchecked...**

At the **bottom** of your Acrobat Reader window, set **magnification** and **page display layout...**

• **Magnification** -- Generally, the best **magnification** to view **MYPS!** is **100%.** But if you want to adjust this, the control looks like this...

Q 100% **or like this...**

100% ▼
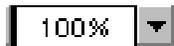
Click on the button and here's what snaps up...
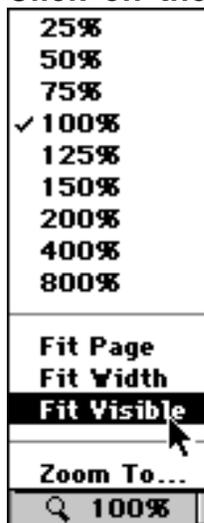
```
      25%
      50%
      75%
   ✓ 100%
     125%
     150%
     200%
     400%
     800%

    Fit Page
    Fit Width
    Fit Visible

    Zoom To...
   Q 100%
```
... Enter or select the magnification that you prefer.

If you have a small monitor (15-17")...

To make the words as large as possible, **maximize MYPS!**'s window so that it takes up **the whole monitor screen.** Then click and choose **"Fit Visible"** (as shown above). Experiment with different settings.

**If you have a large monitor (19" or greater)...**

Maximize MYPS!'s window so that it takes up **the whole monitor screen.** Then click and choose **"Fit Page."** This fits one entire page into the vertical dimension of **MYPS!**'s window (convenient for reading). Experiment with different settings and window sizes, as well as page display layouts (next)...

• **Page Display Layout** -- Just to the **right** of the magnification setting, **you'll see...**

| ⊨ 8.5 x 11 in |

or this...

| 8.5 x 11 in | ▦ |
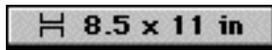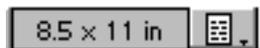
If you click on it, you can choose between the following page layout options...

| **Single Page** |
| ✓**Continuous** |
| **Continuous Facing Pages** |

Single page -- displays one page in the document at a time.

Continuous -- arranges the pages in a continuous vertical column for easy scrolling.

Continuous -- Facing Pages -- arranges the pages to appear side by side. This is only a good choice if you have a **gigantic** monitor.
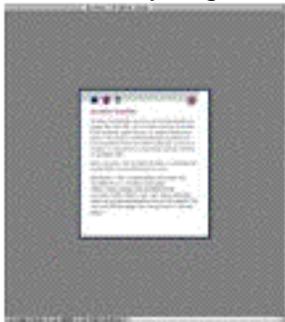

Single Page layout   Continuous layout   Continuous-Facing Pages layout

1.4. Search Features

To find a word, hit either **Control-f** (Windows) or **Command-f** (Mac) to bring up the Acrobat Find window...

```
┌─────────────────────── Find ───────────────────────┐
│                                                      │
│   Find What:  │MWR                              │    │
│                                                      │
│   ⊠ Match Whole Word Only         ▶                  │
│                                                      │
│   ⊠ Match Case                                       │
│                                                      │
│   ☐ Find Backwards     ( Cancel )  ║  Find  ║        │
│                                                      │
└──────────────────────────────────────────────────────┘
```
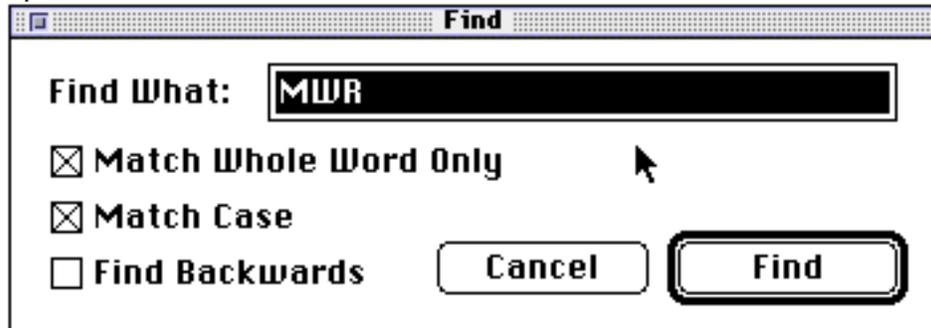
In the example above, you are searching for **MWR,** (abbreviation for **M**ost **W**anted **R**esponse).

Since you are looking for exactly **MWR,** you click "Match Whole Word Only" -- if you wanted to catch any word with **MWR** in it (ex., **MWRs**), you would not click this box.

Because **MWR** is abbreviated with capital letters, you ask it to "Match Case."

Finally, you decide to look for **MWR** starting from the front of the book, instead of from the back, so don't check "Find Backwards."

Once you're done, hit the **Find** button.

If you'd like to find the next occurrence of **MWR,** just hit either **Control-g** (Windows) or **Command-g** (Mac). You'll go to the next **MWR,** without having to pop up the Find window again.

1.5. Print Features

You can print this document in the usual fashion. Please respect **the intellectual rights attached to this book.** Do not make copies for others.

1.6. Links to the Web

Links to the Web appear like this...

MAKE YOUR 2002 SITE SELL!

 Make Your Site SELL!
 http://myss.sitesell.com/

Or, if we do not use a logo, it could appear like this... **Make Your Site SELL! (http://myss.sitesell.com/).**

To hyperlink to the URL, open a connection to the Internet. Then click anywhere **on the graphic,** on the **black title,** or on the **blue URL** to go there. **But first, MYPS!** needs to know which Web browser to use. Here's what do to to set this...

Click to open this preference window -- then...

• Click **Browse** (for Windows users) or **Select** (Mac users). In the window that pops up, **find your browser, select it,** and click **Open.**

• See **"Connection type"? "Standard"** is fine if your browser is not offered as a choice. And ignore the other settings -- the default selections are OK.

• **Then click OK.**

1.7. Sidebars

A sidebar is a side note that relates to the main discussion, but which breaks the flow of the main thought. So I "tuck it away" to help the flow. **It appears like this...**

Sidebar

A sidebar is a side note that relates to the main discussion, but which breaks the flow of the main thought. So I "tuck it away" to help the flow. It appears like this...

... so that the main flow of the text can continue undisturbed.

2. Pricing 101... The Crash Course

Price. Your business model revolves around it. Finding the **right** price for your product is **critical** -- it can literally double or triple your profits.

What **is** the right price? It's a definable **and** findable number. The **Perfect Price™ maximizes your profits while building a lifetime customer through value satisfaction.** And, it's so **"do-able."**

Before we show you how to **find** your **Perfect Price™,** though, let's get 5,000,000 years worth of pricing perspective...

2.1. 5 Million Years of Pricing

Your new product will fail if you adopt the wrong price. Set it too high and no one buys. Set it too low and you won't make a profit -- and despite dotcommania, it's not OK to lose money forever. If you choose the right price, of course, you **still** have to do a lot of other stuff right. But that's not **our** job here! 😊

Let's do a **quick** historical review of pricing. We'll end up at the Net. Don't groan -- we said "quick."

In the bad old days of **hunting and gathering...**

... people bartered. They negotiated goods or services for the goods and services of others. Bartering is still seen in developing countries and in the "black market" of developed countries.

As the **Agricultural Revolution** took hold, market places evolved. Now that people were growing zucchini and potatoes, they needed someplace to sell them! People negotiated a cash price on a one-to-one basis. It's called **haggling.** People **still** do it -- just visit any farmers' market on a bustling Saturday morning.

Pricing varied according to **supply** (good year for growing?), **demand** (did buyers have much money?), and **competition** (merchants simply peeked into

the next vendors' stall to see what they were charging), which all factored into the one-on-one haggling. In other words, pricing was **dynamic,** fluctuating constantly.

———

Then came the **Industrial Revolution** and mass production. Could retail stores and the **fixed price** be far behind? A **fixed** price is where the seller decides upon a price -- the prospective customer either buys it or does not. No haggling. Of course, if the seller sets the price too high, no one buys. So there still remains a system of checks and balances.

Traditional pricing policies were determined from the **bottom-up**. Companies determined a cost of the product by factoring in direct and overhead costs. An appropriate mark-up was then charged, based upon competing pressures and "what the market could bear" (although rarely was there science to back up that hoary old phrase).

———

Now we are at the beginning of the **Digital Revolution**. **Dynamic pricing** is becoming more practical.

Auctions are an interesting and efficient, non-fixed, pricing system. Sellers put an item up for sale and buyers bid upon it.

Used to be that you had to displace yourself and meet at a fixed time at a fixed place to participate. Not any more -- at eBay and hundreds of other sites, you can bid and sell 24 x 7 x 365.   And auctions can also happen **in reverse** -- buyers say what they need and sellers submit competing quotes, an increasingly popular B2B application on the Net.

And not only can you have "reverse auctions," you can have **reverse fixed prices.** Customer submits the fixed price that she is willing to pay. Company meets that price or not, but there is no negotiating or bidding. Priceline.com is a great example... **"Name Your Own Price... and Save!"**

And, companies like Mercata.com use group buying power to drive prices down -- the more people who want to buy something, the lower the price. They call it "PowerBuy™ group purchases -- time-limited buying opportunities in which the price drops as more people decide to buy." It even has a formal name... **demand aggregation.** Ugh.

Of course, the ultimate in flexibility are full, two-way markets like the stock or commodity exchanges. Buyers **bid** and sellers **ask.** The exchange of product for cash happens when a bid price equals an asking price. Depending on how large the buying and selling pressures are, prices for a stock or commodity rise or fall.

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Dynamic pricing is the next stage of e-commerce development. Soon, dynamic pricing applications will be the best means to achieve competitive advantage -- a product will be priced the way a stock is today. And it will change the face of transaction-based sites forever. **This subject is covered in more detail in Chapter 6.**

And there you have it... millions of years of **pricing history** in less than two pages! What does the **future** hold?

Let's consider two kinds of products...

1) Commodity -- a commoditized product has lots of competition. Usually, there's nothing that differentiates it from its competitors. You compete on price. Watch for the Net to force your margins to be razor-thin. Bots will haggle with you, one-to-one, and aggregated demand and markets will ultimately beat you down when they get around to bidding and asking on your products.

Those who execute best will win this war. Source efficiently. Manufacture just in time. Lazer-speed inventory turns. Proficient distribution.

It's a brutal way to earn a living. So differentiate yourself and sell...

2) Proprietary product -- it is an original product with new and valuable benefits. The innovation can be in the product itself or in the marketing of the product, preferably both. How to do this is beyond the scope of this book, unfortunately. Remember, it 's just a crash course.

Sidebar

Product development is well covered in these two SiteSell books...

1) Make Your Site SELL!

2) Make Your Knowledge Sell!

Original products with new features and benefits stifle "apples-to-apples" comparisons by bots. As a result, **you** can set a price that will maximize profits.

Keep in mind that markets mature rapidly on the Net -- you may have to adjust pricing frequently or upgrade your product to maintain your price.

Computer hardware is a great example of **both** a commodity and of a proprietary product...

As a commodity, the PC clones are constantly upgrading and shaving prices to fight each other. Yet Dell has exploded in size. How?... due to manufacturing and marketing innovations (make-on-demand and sell-through-the-Web).

As a semi-proprietary product, Macintosh can no longer afford to be **far** more expensive than Windows machines. But it has enough original features and extra user-friendliness that it can set a slightly higher price.

One thing for sure, **today...** your competitors can be reached with a single click of the mouse. **Get the price right or perish.**

Now that we're **right up-to-date,** let's take a look at where pricing stands **today...**

2.2. MYPS!... Its Time Has Come!

Why now?

Simple -- it's the Internet. There has never been such a practical, economical way to implement a technique like **MYPS!** before...

The Net makes it **work.**

The Net, also, makes it **positively necessary.**

Marketing cycles have **accelerated.** Distribution occurs at (literally) the speed of light. Opportunities are everywhere. And with all this speed and opportunity **comes...**
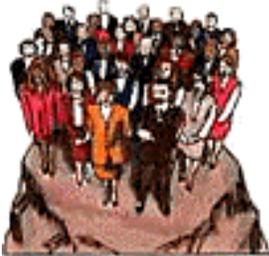
...heavy, intense competition.

And your **customers** have access to tons more information. So you better offer the best value because they're going to know it, if you don't!

That all brings an increase in **price risk.** Relying on the old fact-finding processes takes **too long.** Misjudging your price points **costs dramatically more** than it used to. You just don't have the time for a second try.

MYPS! improves your chances of making your **opening** price the **best** one. It lessens your chances of having to mark-down the product later. It helps you

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avoid pricing too low and **missing potential profits.** And, it enables you to periodically re-examine your price in the light of changing market conditions.

MYPS! takes advantage of the Web's interactivity to present a survey dynamically -- different people see different variations. The presentation is randomized and eliminates all bias. So the data is exceptionally accurate.

MYPS! saves you the huge logistical inconvenience of imprecise trial testing **and potential negative customer reaction**. No customer likes to return to a site and notice that the product he bought recently is now being offered at a **lower price!**

As you'll see in a few minutes, **MYPS!** makes it **fast and easy** to get and analyze your data. On the Net, time waits for no company.

There's an amazing amount of information on the Web about all forms of both online and offline marketing. Same goes for business books. Just about every aspect of Net marketing is covered *ad nauseum,* everything **except** the single most important marketing decision that you'll ever make...

... pricing.

Do a search for **pricing** or **pricing software** on Yahoo! or AltaVista. Here's what you'll find...

Zip. Nada. Rien. **Almost nothing** about **how** to price your product. **Absolutely nothing** for software to **help you** do this. Offline consultants seem to have jealously guarded this lucrative area, charging large companies thousands of dollars to get the price right.

This is **great** news for you -- use **MYPS!** to get the edge over your competitors. Skip the **un**mathematical guesswork-art of pricing -- **only MYPS! uses a scientific approach.**

Remember... pricing is probably the **most important marketing decision** that you'll ever make. After all, it's one of the **4 P's,** right?...

2.3. "The 4th P"...

Any intro marketing course covers the **Four P's of Marketing.** Yes, this old mnemonic still holds true -- marketing basically boils down to a **mix of Product, Place, Promotion, and Price...**

• **Product** -- the "what" that is **actually** being offered to the market... (ex., a safe and secure Volvo, a high-powered macho-feeling Porsche, or simply **a low-priced, "just get me there"...**

 ... bus ticket.)

What is the customer **really** buying?... just the equipment of a computer system, or a computer with all the software built in and a phone number to call if the user gets in trouble?

What are you **truly** selling?... a software package which the user has to install and figure out, or an automatically updated and improved software system, which the user rents access to, with live online help, on a month-to-month basis?

• **Place** -- the "where and how" that your product is being distributed. In other words, the **"distribution channel"** (OK, OK... so "Place" one was a bit of a push, to make it a "P"). "Place" is the difference between buying a can of cola at...

• a discount store

• a fancy grocery store

• a stand at a train station ... or

• a counter on the actual train.

In each case, it's the same can of cola, only the place changes. And, we all know that that makes a lot of difference to the price. Have you bought a popcorn and soft drink in a movie theater lately?

As a web marketer, you have chosen the most dynamic and fastest growing distribution channel in the history of the world – **the Internet!** If you are using the **fixed** pricing model, your price has to be right the first time, or you may simply not get a second crack at it.

• **Promotion** -- the means that you are using to "get the word out" about your product and its benefits for the customer... even if the situation is as simple as "cola vs. thirst."

Your pitch can include online or offline advertising, personal selling, publicity, search engines and so on. The Internet is the great communicator. It is just as much a **promotional vehicle** as it is a **distribution channel.**

• **Price** -- the cost of the product being charged to the customer. The **Perfect Price™** is the price that meets both the buyer's and the seller's needs.

The buyer decides if the price is acceptable by determining benefits and by considering the competition.

The seller prices to maximize profit, while considering the bigger picture business model (i.e., high price/low volume or low price/high volume). The price must pay for the cost of production, marketing and overhead costs, and still make a profit (unless you're a dot-com Internet stock!).

Ask yourself a few quick questions about the **first three** P's...

• **Product** -- how can I make it better?

• **Place** -- how do I ship it from place A to place B to customer?

• **Promotion** -- how do I promote it?

What is the common thread for these three P's? They all **cost** you money -- they turn up on the **expense** side of the ledger.

Now ask yourself the same question for **the last P...**

• **Price** -- how much should I charge?

Yup -- **"price"** is the **only** P which is going to **bring money into** your company! It's building up the **income** side of your ledger. So...

Make pricing your **top** priority. It makes cents, er-r-r sense, to know what **Price** you should charge for your **Product** so that you can **Promote** it effectively and **Place** it into the hands of your customer. Let's review basic "price to win" pricing strategies...

2.4. Price to Win...

Before you set your exact **Perfect Price™,** you must decide upon a pricing model -- this strategy should be consistent with your overall business model.

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Pricing **always** needs to accomplish a goal... but that goal is **not** always to make the most money, especially not on the Net.

At the risk of oversimplification, there are two basic business models, each with its own objective...

2.4.1. Price to Penetrate

Your goal is to penetrate the market fast and deep. In other words, sell as many of the item as possible. So you set your price low. But how low?

There's no point in giving away the store. **MYPS!** will help you find the **highest low** price... that price that maximizes profits **and** number of units sold.

Use this strategy to establish a powerful position in the market quickly. Why? The basic goal is to acquire as many customers as quickly as possible. Taken to an extreme, you might even price at a loss. Why?

Because each customer has a **lifetime value.** That value can be hundreds of times greater than some small gain you might make on the first sale. With this knowledge, you are happy to reduce or forego that first profit.

Penetration pricing is especially appropriate if you sense that more competition is on the way. Lock in the people who see your product being offered now.

Key point... penetration pricing only makes sense if you **keep** those customers. **There must be a strategy in place to realize that lifetime value.** Here's a quick primer on how to convert "first-time" to "life-time." Feel free to mix and match...

1) Stickiness -- this is customer loyalty with a twist. Once someone buys from you, does it quickly become too costly for her to switch to a competitor? (high 'switching costs'). **The costlier it is to switch...**

... the stickier is your product.

Offline example -- Shaver handles used to be expensive. And they only fit a certain brand of blade. The cost of switching to another brand was the cost of buying another expensive handle, so customers had to continue to buy expensive refills. Hence that old phrase... the "razor-and-blade" strategy.

Online example -- Consider free Web site hosts like Geocities. Once you build a site, it becomes tough to move it elsewhere. Also, the amazingly cheap online brokers are remarkably "sticky" -- it takes a while to learn a system and set everything up. Once you do that, you don't want the hassle of switching.

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2) Great product -- an outstanding product guarantees the customer's return. You **know** that she'll be back!

Offline example -- Shaving companies realized that they could make much more money, **in the long run,** from the resale of razor blades than from the handles. They started to sell the blades at give-away prices. The customers got used to a good shave with relatively inexpensive blades and just kept on buying those profitable refills. Hence that old phrase... the "razor-and-blade" strategy.

Online example -- Good books and good prices are a winning combo. **Amazon.com** has discounted deeply in order to dominate the book (and now every other category!) market in cyberspace. They are losing massive amounts of money. But they are building a massive base of customers... lifetime customers, they hope.

MYPS's sister product, **Make Your Site Sell! 2002,** is priced at **less than a tenth** of its major competitors. Yet it is widely proclaimed, by gurus and readers alike, as the best book about how to sell on the Net. Please visit the site…

MAKE YOUR 2002 SITE SELL!

http://myss.sitesell.com/

Why sell something that's several times better than the nearest competitor for one-tenth of the price? Simple -- it's the recognition of the value of a lifetime customer in a competitive market.

Low price allowed us to penetrate and build a huge base of satisfied customers... no, let me rephrase that, raving fans! They all feel that **MYSS! 2002** had maximized **their** profit. If only Samuel could see us now!

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3) Freeze-out -- this is a variant of great product. You offer an "introductory low price" for a product that is a recurring purchase for a customer. That first sale effectively sticks him to you, not your competitor... if the quality is there, of course.

Offline example -- Buying a long term membership in one gym, keeps you from joining another one. You don't join two gyms. Also, magazines -- most people purchase Time **or** Newsweek, not both.

Online example -- Web hosting services often offer low "first year" rates to take customers out of their competition's hands. Then as long as they offer good Web hosting, customer stickiness takes over.

What's the bottom line?

If you want to establish dominance in the market **for any reason,** price to penetrate... even if it means you have to accept low or no profit margins. This pricing technique, referred to as **"buying market share,"** comes at a "cost", no doubt about it. You are foregoing the additional profits of a higher price to "buy" this larger percentage of the market.

There is one school of thought in marketing that says that **"market share dominance"** is the most important factor in the marketplace. The Net raises the bar to alpine levels...

I**f you're pricing high on the Net, you better have a unique and patented product.** Even then, you're begging for someone to attack you with vicious price-cutting.

2.4.2. Top Pricing

The opposite strategy to penetration is **top pricing.** Here the price is deliberately set high in order to reap large profit margins. This is usually at the cost of **failing to capture** a large number of customers.

The most valid reason to use this price strategy?   You are launching a hard good that is radically new and significantly better than the competition, and you have strong patent protection. The high price attracts and does not deter **"pioneers."** This strategy helps to recoup your capital costs.   **Who, or what, are...**

    ... pioneers?

They are people who want something which nobody else has yet. Pioneers are not afraid to be "first" or "unique" -- actually, it's a badge of honor to be "first one

on the block."   They are not particularly concerned about price. Often, to their way of thinking, high price indicates quality.

Such must-have, open-wallet customers are your best friends. If you can **equate** uniqueness and quality with your price statement, substantial profit will surely follow. In the short term, you receive **a good income from the high-priced product.** But...

Long term, this comes at the **cost** of establishing a powerful position in the market by dominating market share (i.e., percentage of the customers). So don't stick with this strategy forever.

High prices tend to attract competitors. They see your big, fat profit margins. They know they can offer a similar product, at a much lower price than you are doing, and still take home a fair penny.

High price tactics are also known as **"selling off market share."** You gain income from those high profit margins, in exchange for having a smaller and smaller percentage of the market buying your product.

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There are other valid reasons for **top pricing,** besides "pioneer pricing."   For example...

Luxury pricing   You make a top quality product, among the very best of its kind on the market. You are able to create a certain "luxury cachet," building a high perceived value **(more on this below in The Psychology of Pricing).** You accept smaller unit-sales in return for higher margin. To thrive long-term, of course, you must continue to offer a "best of breed" product and maintain the luxury image.

Pricing a service   If you offer professional services, you may find it preferable to cater to a small number of high-paying clients. Of course, you have to be able to "walk the walk." A diametrically opposite strategy for your same service would be to offer a "cookie-cutter" service to "the mass market" at a much lower price. **(More on services below.)**

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Offline example -- Apple sold the Macintosh computer (with its unique-at-the-time, user-friendly graphic interface) for years, at prices that were $1,000-$1,500 above that of the PC clones. That was successful for a while, especially while the competition was pre-Windows 95. In the long run, though, their lowered sales volume allowed IBM and its clones to become the industry standard. Mac almost died as a result.

Offline example -- The VCR. Pioneers covered the R&D costs and delivered fat profits. Over the years, the VCR became fiercely competitive and prices evaporated. Today, it's a commodity. DVD is following the same route.

Offline example -- Mercedes Benz is an excellent example of luxury pricing. Unlike the VCR, Mercedes can sustain its top pricing model for as long as it delivers a superb automobile **and** maintains the image.

Online example -- High-end web hosting and design companies capture a niche market based on their uniqueness which can't be copied. These companies usually can only handle a limited number of clients at a time. Customers are willing to pay a higher price for this selectivity. This is a solid strategy for **any service,** if you can walk the walk!

Before you adopt this strategy, remember that market penetration (i.e., unit sales) will be hurt. Does that make a difference to you? If so, then decide when you will switch strategies.

One more point... watch the **public relations** side of this. If people hate your company for taking advantage of them, your death will be quick and painful. One thing Macintosh always did right -- their users loved (and still do!) the Mac. They never felt gypped, even though they could have bought comparable computing power for far less money.

2.4.3. It Applies to Services, Too

Professionals and consultants often don't give enough thought to the rationale behind how they price their services. Basic goal-setting and strategizing upfront will clarify matters. For example...

Pretend that **you** are in the **price consulting** business. One of your services sets up pricing surveys for companies -- naturally, you use **MYPS!** to do this (hmmm....). Despite the ease and automation of **MYPS!**, it still costs you $80 (1 hour of labor, and 1 hour of support) to set up a survey. Let's examine two scenarios...

SCENARIO 1, Top pricing -- you don't want to grow a huge consulting business -- you just want to support yourself and shoot pool the rest of the week. So you charge a higher price, $500. The last thing you want to do is to have too many clients, which means working more hours per week and making the same (or less) money. Instead of shooting pool, **you'll be...**

... yup!

SCENARIO 2, Penetration -- you want to use this pricing service as your **"foot in the door"** for your higher-priced services. You don't mind breaking-even or possibly losing some money in return for more customers. Each customer has a lifetime value, in terms of future business, referrals, etc. So you may decide to offer this service for $100 as an "introductory offer."

2.4.4. Price to Kill

Large companies will often price a product at a great loss, just to drive smaller competitors out of the field.   In many cases, it's not strictly legal. But who has the resources to fight gray-zone cases?

2.4.5. Price to Lose

Do you know the irony of the "price to penetrate" and "price to kill" models? Most of us do neither... **or both,** depending on how you look at it.

Let's say that you price to penetrate -- you want to pick that price that finds the **most customers,** right?

Let's say that you top price -- you want to pick the price that makes the **most money,** right?

Unfortunately, most business people tend to skew a penetration price too high, trying to make more money. Likewise, top pricers tend to worry about scaring too many people off and skew too low. As a result...

… they're skewed.   Sorry, couldn't resist.

Don't price in that in-between "No Man's Land." Decide whether you want to price to penetrate or to get the top price. Then use **MYPS!** to find the best price for that model.

2.5. The Psychology of Pricing

You can, also, price to get inside the heads of your customer. Naturally, you don't decide whether to penetrate or top price on this basis alone. But once you're in the ball park, it helps to have a keen understanding of human nature. Let's start with the most well known example...

2.5.1. The Right Number

Some prices just **sound** like less money than other prices which are very close to them in value. Take the price of 99 cents. It sounds a whole lot cheaper than a dollar -- the same way that $9.99 does with $10. Humans buy on emotion first, rational thought second. If they can say "and it's under $50," it's one more plus for you.

Point to take away? End your price in a **5, 7, 8, or 9** and be on the right side of human nature.

Let's also consider what Eric Mitchell, President of the Pricing Society **(http://www.pricing-advisor.com/),** observes about the rules of **rounding off** prices, based on his market research...

For Prices up to $10...   It makes more sense to use $0.99 rather than $0.95. Respondents' reactions are the same for both numbers. So why leave 4 cents of profit on the table?

Odd price endings like $0.74 can sometimes cost sales. They cause some confusion in the customer... $0.74 just doesn't "sound right."

For Prices from $10 to $100...   ".95" and ".75" price points are much better received than ".99". In this price range, there is a resistance to ".99" because it is often viewed as a "greedy" price point. Think about a restaurant menu... the special of the day is usually set at $12.95, not $12.99.

For prices above $100...   It's better to deal in "whole" dollars. From the customer's viewpoint, $149 is a more acceptable and cleaner price point than $148.95.

Pricing a professional service?   Price in whole dollars. Choose $50 per hour rather than $49.75. You're not "on sale", are you?

Reception (of a price) is based on **perception** (of that price). Make it positive!

2.5.2. Value Bundle

Something for nothing. Don't we all love that?

Yup. Value-bundle, if possible. What's value-bundling? Simple, really. Group related products and set one price for the combination. This works best if the grouped products have a logical association with one another.

Customers tend to assign value to a bundle, based upon the probable cost of individual " pieces". Value-bundling is a powerful method if the price of your bundle equals the price of the most expensive component.

Offline example -- You commonly see vacation packages where air tickets and ground arrangements (hotels, meals, bus tours and so on) are advertised at one eye-catching price... **everything** you need for the perfect vacation. If the price of the bundle is just a bit more than what your customer would pay for the air tickets separately, your customer has that wonderful "something for nothing" feeling!

Online example -- AOL bundles a number of information products and interactive services together and charges one price for all of them. And, the company keeps adding to it...all for one low price. **The bigger the bundle, the better.**

For more about online bundling, read Evan Schwartz's fine book...
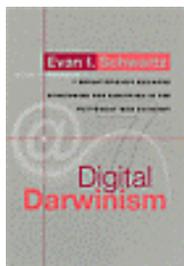
Digital Darwinism : 7 Breakthrough Business Strategies
for Surviving in the Cutthroat Web Economy
by Evan I. Schwartz
Broadway Books; ISBN: 076790333

Schwartz makes one fascinating point. A bundle of digital goods will make more money than if you sold the pieces individually... even if not all the grouped pieces are seen as valuable for all customers. He, also, suggests selling ultra-high value products outside of the bundle and marketing them as a premium product... at an extra fee.

Online example -- Online brokerages bundle new features by the minute, it seems. Realtime quotes were the expensive domain of pros only two years ago. Now they're free, as part of immense "investor bundles" where all the parts

fit together beautifully... and are included free! Or, at least, in return for super-cheap commissions.

2.5.3. Discounting

You'll always find Ken **over by the...**

... **"SALE" rack.**

"I love a good bargain." Most folks do.

On the Net, you start a product launch with a huge advantage -- **you can reach all your previous customers** with the click of a mouse. When you introduce a new product, offer them a discount off the regular price. Send these supporters to a special discount URL. Do the same for your affiliates. Both deserve it. **They'll appreciate that you appreciate them.**

Quantity discounts are really worth considering, especially if you are shipping hard goods. Go beyond the obvious reduced "per unit shipping charge"... offer "three for $20" (or better, $19.95) for that $7 bottle of wine. Sure, the margin is a bit less... but your gross is much better. Your customer saves on shipping, product cost, and gets that "under $20 psychological boost." And your competitor?... well, that's two bottles of wine that he is **not** selling to your customer!

Discounting can be used in a variety of other ways... for seasonal deals, special markets like seniors and students, affiliate (or distributor if you are offline) network.

Whether you use it to build existing customer loyalty, for quantity savings or for competitive reasons, discounting can be a **strong tool.** Define the goal clearly, though, before you discount. Otherwise, you're just giving money away.

2.5.4. Perceived Value = "Reverse Discounting"

"Geez, it has to be good -- look how expensive it is!"

Quality is in the eye of the beholder. And a high price tag can certainly help **create** a high perceived value. After all, is Mercedes really worth three times a Ford? Is a Tiffany's diamond really worth five times more than the same one on the Net?

This can work if you are selling the snob appeal of a status symbol to the wealthy, or a high-priced, big-name service to multi-national companies. But **don't** try this for most products on the **Net,** especially if you sell digital products -- unless, of course, **you enjoy...**

 ... the feeling of your head being clamped in a vise. If you simply set a high price for a new product with the hope of increasing Net sales due to a high perceived value, you're headed for pain. Big time.

Yes... if your site makes a great sales effort, you **will** be able to build a higher perceived value. And that **will** support a higher price. As we will see later, you will actually be able to **measure** this via the **MYPS!** survey!

Whatever that value is, when it comes to selling on the Net... **never price beyond the value that your Web site creates and that your product supports.** Not if you want to build a successful, growing, long-term business.

2.5.5. The Infamous "Plus S&H"

"Plus shipping and handling"...

That famous phrase! Everyone's aware of these hidden charges, of course. But somehow S&H is just not part of the price. Let's say that you charge $39.98 for a Crocodile Dundee knife. Plus, of course...

Shipping & Handling of $9.98

So, Mr. Smith, what does that knife cost? $49.96? No, by the time Mr. Smith has decided he must have the "That's-Not-a-Knife-Now-That's-a-Knife" knife, it only costs $9.98.

Including S&H in the price of your product is a big boo-boo. It can only mean one of two things...

1) Your product **looks** $9.98 more expensive… **or...**

2) You're **losing** money. You can only do that for a while. If you build customers on the basis of price, be prepared to lose them when you have to start making money.

Sidebar
We should add one warning. People **do** notice S&H if you gouge them. Don't make a profit on S&H -- just cover your costs.

Naturally, if you're shipping digital products directly via the Net, S&H is free! In that case, sure... be generous. Tell your customer...

"Shipping & Handling Included." 🙂

2.5.6. Price Elasticity

If demand for your product **drops** when you increase the price by only 1%, you have a product that is very price-sensitive or **price-elastic.** If, on the other hand, doubling the price only causes a **slight** drop, you have a **price-inelastic** product -- that means that it almost doesn't matter what price you charge because people will still buy it.

Elasticity is largely driven by **customer perception** of your product and the competition. If you are a grocery chain selling your own brand of instant coffee, your coffee **better sell for less** than other brand names. Bump that price up and watch your inventory **sit** on the shelves. But if you sell a top-line, in-fashion, gourmet brand of coffee...

... it can be a license to print money.

What kind of products are price-inelastic? Products that...

• deliver important benefits to the customer.

• offer uniqueness that is understood and valued by the customer.

This is a simplistic explanation of an important concept. Later in this manual, you'll see how we generate **Price-Resistance or Price-Sensitivity graphs** that will clearly show customer response at every possible price point.

OK, got your business/pricing model mapped out for your new product? Up to speed on **Pricing 101?** Great! **Let's find your Perfect Price™!...**

3. The Nuts and Bolts of MYPS!

Price...

... the final frontier (with apologies to Gene Rodenberry and William Shatner)...

Price is perhaps the most crucial aspect of marketing a new (or upgraded) product or service. Yet **up until now,** few companies have been able to use scientific surveys to **determine with certainty** the single best price for a new product, upgrade, or service.

As I just said...

... up until now.

3.1. Getting Started with MYPS!

Congratulations!

You have taken the first step to successfully marketing your new product on the Internet... finding and setting your **Perfect Price™.** It takes an **intelligent, scientific** approach like **MYPS!** to succeed at e-marketing.

Why then do so many companies approach pricing in the **least scientific** way possible, cobbling together some "pricing strategy" that is based upon...

• what feels right... **or**

• what they think they can "get away" with ... **or**

• what their competitors do, give or take a little?

There's just no good reason. After all, of all the 4 P's, **Price** is the most definable and findable. **Product, Place** and **Promotion** are complicated, multi-faceted issues. **Price** is simple -- just figure out a number.

What a snap, compared to the other 3 P's which all **cost** you money!   Let's get started!...

Picture this...

You have a glass of water to sell. Imagine yourself selling it next to Niagara Falls. Now, put yourself selling the last available glass of water **in the middle of...**

... the Sahara Desert.   No rocket-science here...

The most important determinant of price is what the product is worth to the customer.

So many companies forget this nowadays. So let's return to good old Sam P. just one more time...

The successful producer of an article sells it for more than it cost him to make, and that's **his profit.** But the customer buys it only because it is worth more to him than he pays for it, and that's **his** profit. No one can long make a profit producing anything **unless the customer makes a profit using it.**
-- Samuel Pettengill, U.S. Congressman 1930's

Let's say that Product X costs you $20 to make, market, sell, and distribute. But let's say that your customer is only willing to exchange $10 for it. This is obviously **not** a profitable thing for you to be selling! Contrary to what we are told by used car dealers on TV, you cannot "make it up in volume!"

Naturally, for every product that you sell, you know your cost of production. So all you **really** need to **know** is "what it's worth to your customer." Remember, if your customer does not "make a profit" **on your product,** he won't be back. Since any business thrives on **lifetime** relationships and not one-night stands, you must, must, must...

Know that price point at which your customer makes a profit by buying your product. The key word in the preceding sentence is, of course...

Know. Not "guess" or "ball park" or "gut feel"... **know.** Remember those **"soft data" techniques?...**

• Evaluate product features and customer benefits?

• Consider the size of your target market?

• Evaluate your channel of distribution? High or low cost of entry?

• Mark up x% over your cost of production?

• Factor in your capital costs (ex., R&D, equipment) over the expected volume/product life cycle?

• Factor in marketing and overhead expenses, distribution costs, sales commissions, discounts, and finally, of course, your desired profit?

• Undercut competitors' prices?

• Ask key (friendly) customers?

• Consider the value perceived by your customer?

• Get feedback from salespeople?

• Weigh typical customers' "disposable income"?

• Solicit advice from consultants or business associates?

Simply mix all these factors together and come up with a number that you hope proves to be profitable, right? Wrong...

Even if you do every single one of the above, the data is just too soft. Too imprecise. Too biased. Just too foggy. You still don't know how the customer will react to your price.

Sidebar

Sophisticated companies develop very involved spreadsheets to factor everything in. They'll use it to figure out the break-even point. A price is set that covers all the variable expenses associated with that product (cost of production, marketing, etc.) and a part of the company's fixed costs (ex., overhead). When enough units are projected at the right price, break-even is achieved.   Any price above that break-even point is profit.

Here's the flaw... the company has no idea **how the customer will react** to these **theoretical** prices. If they get only half the volume at a price that is 10 % above break-even, what's the point of that beautiful spreadsheet?

With **MYPS!,** you'll know **exactly how your customer will respond** at every possible price point.

Garbage in, garbage out. That's **not** how anyone should price nowadays. The competition is just too tough. Instead, let's replace the art of pricing with a science... **Make Your Price Sell!.**

To coin a phrase... **"Quality in, quality out."** As you'll see in a minute, the **MYPS!** questionnaire delivers the **"high quality in"** -- the mathematical algorithms deliver the **"high quality out."** To coin another phrase...

... "Wow! How about that!"

What does **knowing** what your customer will (and won't) pay mean to you? Simple... you'll know how many widgets that you will sell at every single price point. That means that you'll be able to set your most profitable price. A price with the best profit for both you **and** your customers.

While there are no guarantees in life, and certainly not in running your own business, **MYPS!** maximizes your chances to do just that by helping you **price for success.**

3.2. What MYPS! Is... And Why It Works

MYPS! uses the power of the Net to research the **single most important aspect of pricing...** what your prospective customers will pay for your product.

It does this via three simple steps. We'll explain these steps by using **Make Your Knowledge Sell!** as a real life example. The single best e-commerce opportunity on the Net for most entrepreneurs and small businesses is to sell what they know.

Make Your Knowledge Sell! shows you how to create, publish and sell your very own infoproducts.   Feedback on **MYKS!** has been every bit as positive as for **MYSS! 2002**, and that's saying something...

Make Your KNOWLEDGE SELL!
Make Your Knowledge Sell!
http://myks.sitesell.com/

I must admit that we weren't sure what price to set.   Were our **MYSS! 2002** customers used to a low price point? Or should we charge $50-$100? Or... since the site builds a terrific perceived value... maybe $200 was the right number.

Who knew, really?

Hey... let's use **MYPS!** on **MYKS!!** Here are the three simple steps of the **MYPS!** data gathering and analysis process...

3.2.1. STEP 1 "Show and Tell" Your Customer

Before your prospective customer can tell you what your product is worth, she must understand what it will do for her. So you must be able to answer the question... **"What's in it for me?"**

Remember Samuel's nail-on-the head observation? Explain how she will **profit by using your product.** What's the **best way** to "show and tell" your customer? No doubt about it... via a Web site **(we'll discuss "show and tell" alternatives below).**

Using a Web site allows you to...

1) Educate your prospect about your product at no charge (beyond the price of the site itself, naturally).

2) Accelerate data collection **(we explain how to maximize response rates below.)**

3) Eliminate bias that humans can easily introduce.

4) Mimic reality. Customers will be doing exactly that (ie. finding information) if you intend to sell directly via your site (which is the best approach, of course). This has an important result...

A Web site fully develops perceived value. You can show your prospect all the product's benefits, stoking the fire in a very real way. When your customer answers your **MYPS!** survey questions, you get a very good indication of the perceived value that your site has built.

Sidebar

If you like, you could even have five different versions of your Web site, and test each of them to see which generates the highest value perception! **More on this below.**

Check out how our site did the job...

MAKE YOUR KNOWLEDGE SELL!
Make Your Knowledge Sell!
http://myks.sitesell.com/

3.2.2. STEP 2 Customer Completes Survey

Once your customer understands "what's in it for her," it's time for the survey. Here's how we did it...

Almost 700 potential customers reviewed our site over a period of 48 hours **(more on how to build a rapid response below).** Visitors got a strong introduction to our new product, **MYKS!.** Each person developed a perceived value, based on the Web site's information. Our survey questions **pulled that perceived value into the MYPS! database.**

It took each respondent less than 60 seconds to complete the survey. For helping us, we offered them a 20% discount off the price of **MYKS!.** The offer also provided us with a nice bonus...

We were well on our way to making 700 sales!

Sidebar

We actually asked our affiliates to complete the survey. This is one way to get a rapid set of replies. It suffers slightly in that affiliates are not necessarily the same as the typical customer who comes to your site. They may be more enthusiastic than the typical customer. Or some may not necessarily be the correct target for the product.

So you have to adjust your results to take this into account. **More on duplicating reality below.**

3.2.3. STEP 3 = MYPS! Delivers Results at SiteSell Site

When you first see the survey results in bar charts and line graphs, **you'll say the same thing that we did...**

... "Hey, Who Turned on the Lights?"

Illumination... That's exactly the sensation you feel when you see the results. The answers to your pricing questions are that clear!

No more new product anxiety. No more uncertainty over how the market will respond to your price point. No more trial-and-error. **MYPS!** replaces all that with a simple "Eureka!" moment.

The perfect price point becomes so, so, obvious. Now that we've used the **MYPS!** process once, we will **never** "not use it" again! **MYPS!** maximized our profit by providing answers that enabled us to **price it perfectly, right from the start. And...**

MYPS! helped us get **MYKS!** to market far cheaper and sooner (just three days after we started the survey, instead of weeks the offline-consultant-focus-group way) -- **speed** and **"getting it right the first time"** are just so critical on the Net.

The **big winner**, however, is **you.** **MYPS!** took **us** months of people-hours to develop and get answers the first time -- but you are just **minutes away** from getting answers to **your** survey. Speaking of your survey...

3.3. The 6 Magic Questions

The **MYPS!** survey questionnaire, copyrighted and patent-pending, has been linguistically crafted to pull precise answers from your respondents. The goal of the six questions is to pull each person's perceived value into the **MYPS!** database. The questions **force** your prospective customer to think clearly, yet easily, avoiding lazy thinking and loose answers.

The questions were also netcentrically designed, with a clean, crisp user interface. We collect **only** the data that is absolutely essential to the pricing process -- the more questions you ask on the Net, the fewer people answer. The whole survey looks easy to answer... the psychological key to getting a response. And in fact, it takes **less than 60 seconds to complete**.

Why so much attention to the questionnaire? You **need** the consistently precise, **high quality** data that our copyrighted, patent-pending questionnaire collects. Why? As we said earlier... "Quality in, quality out."

Now that we've got the data, what do we do with it?...

Behind the scenes, we run all the answers through our **patent-pending** algorithms. Our system does all the math, using calculus, statistical analysis, multiple regression, and a new concept that we lovingly call **The Teeter Point**™.

You will see the end results in easy-to-read **bar charts** and **line graphs.** Each, of course, is supported by an interpretation of what you see... your pricing strategy is basically laid out before your very eyes.

Six pivotal questions are divided into **three pairs... and each pair comes under a certain category...**

1) Product Impact -- how important and how unique the product is to your respondent. Pretty clear here -- give me prospects who rank it tops in importance and uniqueness!

2) Net Buying Habits -- how often your prospect buys this type of product, and how much she usually spends. Obviously, you'd rather have a customer who buys in your product category frequently and for big bucks!

3) Price Points -- what she considers a fair price for the product and where **The Teeter Point**™ (patent- pending) is. The higher the numbers, the better!

Of course, we don't present the six questions **to your prospects** grouped like this. That would **bias** the data. In other words, if someone responded "extremely important" for the **how important** question and we followed up directly with the **how unique** question, that person would be more likely to answer "totally unique" than not.

Instead, the questions are carefully mixed so that each one **doesn't influence** its " pair partner." We'll present them in the order that **your customer** will see them.

And now, ladies and gentlemen...

... without further delay...

... the 6 Magic Questions!

3.3.1. Product Impact... How Important?

1. How important is <<YOUR_PRODUCT_NAME>> to you?

1 O 2 O 3 O 4 O 5 O 6 O 7 O

Not important ———————————> *Extremely important*

Sidebar

<<YOUR_PRODUCT_NAME>> is replaced by the name of your product when you customize your survey, as explained below.

The first question of the survey must be answered on a relative basis from 1 to 7. If, for example, the respondent is at the stage of trying to license an invention, he may consider the book **"How to License Your Invention"** extremely important and will mark off a "7".

3.3.2. Price Point... The Teeter Point™

Now for **one of the most important concepts of all in MYPS!...**

 ... The Teeter Point™.

The Teeter Point™ for any product is that price at which the consumer just can't make up her mind. A dollar more and you lose the sale. A dollar less and you get it (excuse the oversimplification). Basically, it's a 50-50 proposition -- the customer is taking out her credit card and then putting it away, barely able to make a decision.

Everyone does have a **Teeter Point**™ for **every** product, whether they know it or not.   The trick, of course, is to devise a way to accurately determine that Teeter Point for each and every respondent. We do it through the use of questions 2a and 2b. Follow this...

Half of your respondents see question 2a in the survey, but not 2b. The **other half** will see question 2b, not 2a. Except for that one question, the questionnaires are identical. We use proprietary javascript to make this happen -- it's included in the html that you receive for your Web Survey Page.

Let's assume that **you and Ken** are answering this survey, and let's suppose that you both have the same Teeter Point, $100. (Of course, you may not even be **consciously** thinking about your **Teeter Point™** -- but we'll find it anyway!)

Ken gets **2a...**

The **ALMOST TOO HIGH** question approaches Ken's Teeter Point from below.   If his Teeter is $100, he'll likely answer somewhere between $90 to $99.99. Let's say that he enters $97.

Now it's your turn to do the survey. Hey, look at that -- your Question 2 is different! You get 2b... The **JUST A BIT TOO HIGH** question approaches your Teeter Point from above. If your Teeter is $100, you'll likely answer somewhere between $100.01 to $110. Let's say that you enter $103.

Of course, everyone's answers will vary. But let's assume that the median **ALMOST TOO HIGH** answer is $97 and that the median **JUST A BIT TOO HIGH** answer is $103. The average of these two medians is $100.

Once we know the average of the medians, we can now calculate each respondent's **Teeter Point™** with precision. For those who are mathematically inclined, **click here for more on this in the Teeter Point™ bar chart discussion below.**

Why is it so important to know each person's **Teeter Point™? MYPS!** uses this figure, together with migraine-inducing calculations, to generate line graphs for price resistance, gross sales, and gross profits.

These line graphs point out your **Perfect Price™** with astonishing clarity. And **that** means the **Perfect Price™** for your business model is **highly reliable.**

Sidebar

We use medians instead of averages. Medians eliminate the skewing results of extremely high answers. The median is the number at which 50% answered higher and 50% responded lower.

Let's summarize...

The Teeter Point™ is a unique and critical concept. **MYPS!'s** patent-pending techniques calculate it for every respondent with a high degree of accuracy. The result? A precise and reliable **Perfect Price™.**

3.3.3. Net Buying Habits -- How Much?

3. How much do you usually spend for <<YOUR_PRODUCT_CATEGORY>> on the Net?
US dollars, please

○ I have never bought <<YOUR_PRODUCT_CATEGORY>> on the Net.
○ Less than $10
○ $10-$24
○ $25-$49
○ $50-$74
○ $75-$100
○ Over $100

If the respondent has never purchased a book on the Internet, then he would click on the first box. Otherwise, he would click on the appropriate boxes which are provided therein.

3.3.4. Product Impact... How Unique?

4. How unique is <<YOUR_PRODUCT_NAME>>?

| 1 ○ | 2 ○ | 3 ○ | 4 ○ | 5 ○ | 6 ○ | 7 ○ |

Not unique ———————————————————▶ *Totally unique*

Let's revisit that respondent who is at the stage of trying to license an invention -- he has been looking for a book like **"How to License Your Invention"** for about a month before finding it. He will consider this new book to be totally quite unique, so he would click in the radio button on the far right.

3.3.5. Net Buying Habits… How Often?

5. How often do you buy <<YOUR_PRODUCT_CATEGORY>> on the Net?

○ I have never bought <<YOUR_PRODUCT_CATEGORY>> on the Net.

○ I buy about once per year.

○ I buy about once every six months.

○ I buy about once every three months.

○ I buy about once every two months.

○ I buy about once per month.

○ I buy about once (or more) every two weeks.

The answer to Question 5 must be consistent with that of Question 3 (both purchase or both non-purchase) -- otherwise, the respondent is questioned about this discrepancy. Respondent simply clicks in the purchase frequency that most closely corresponds to reality.

3.3.6. Price Point... Fair Price

> 6. What is a fair price for <<YOUR_PRODUCT_NAME>>? $ [____]
> US dollars, please

The respondent does not **really** enter a fair price, not in the strictly theoretical sense. In fact, this number should more accurately be considered as...

"I'd pay that much for it." It shades a bit under the true fair price. In combination, the **Teeter Point**™ and fair price answers are excellent indicators of potential profitable prices to use... with the Teeter taking the top step on the podium. More about this later.

3.3.7. Other Points About The Survey

To wrap up the process effectively, the survey asks for the e-mail address of the respondent. We do this so that you can thank your respondent and confirm the successful receipt of data.

The addresses can be a great follow-up to the survey where you can inform your respondent about any product discount and/or a product launch date.

The survey programming uses internal and external integrity- checking algorithms to ensure the integrity of the data. A cookie and I.P. tracking makes certain that each respondent only submits one set of answers.

What happens once your respondent enters her six answers and e-mail address? She clicks on "Send my answers." This sends the data to the **MYPS!** database for storage and analysis.

3.3.8. Summary

MYPS! does one thing – and it does it exceptionally well!

The single most important part of the survey is the patent-pending **Teeter Point**™ -- it is the anchor, but **not** the only factor, for all the line graphs.   The line graphs "show you the money!"

The patent-pending **2a-2b alternating survey** empowers us to calculate the Teeter for each and every respondent, as sharp as a razor's edge... it's critical to know exactly where demand turns on price.

MYPS! puts this powerful research tool at your disposal. You personalize it slightly in a quick and easy operation and set it up on your site. We do all the rest.

MYPS! pulls accurate, raw **data** into our servers, where we crunch the **information** that you need.

Sidebar

Let's get ahead of ourselves for a moment, so you know where we'll be going. The data gathered from your survey is analyzed (using some very complex math -- multiple regression, calculus, etc.), then reported in three formats.

The first two, bar charts and line graphs, are the notable ones.

From the bar charts, you'll find out quickly...

• what might be the top price they would pay for it

• what people think your product is worth

• how important the product is to them

• whether they think they can find it elsewhere

• if they buy this kind of product on the Net a lot

• how much they pay for such products

• overall impact of your product

• overall Net-buying potential of your customers.

From the second format, line graphs, you'll see, quite vividly...

• price-resistance points

• where your maximal gross sales occurs

• where your **Perfect Price™** lies for your business model.

The third format for results, **list of respondents,** provides you with the e-mail addresses of all respondents.

3.4. MYPS! Privacy Policy

Naturally, we store all data collected by your survey on our computers. You are the **only one** who will ever see your data, as long as you keep your username and password a secret. We protect your data with the same diligence that we protect our own information.

We **never** look at the data that your survey collects. We will **never** send e-mails to your respondents, nor will we ever use or reveal their e-mail addresses in any way... except to give the list **to you** when you request it.

We promise to keep all your data **confidential** and will never reveal results from your survey to any third party.

NOTE: Part of **MYPS!'s** programming will send you e-mails automatically as you reach certain statistical plateaus (i.e., when your survey collects a certain number of replies). These e-mails inform you how reliable your results are and suggest further action. They, also, serve as reminders to log-in and check results as you reach new plateaus. **But no human ever looks at your results** -- these e-mails are generated automatically by computer programs.

What can you count on? -- the data and the results are open **to you, and only you.**

3.5. 50 Minute Setup

OK, you now have a pretty good picture of how and why **MYPS!** works. The whole process only takes you **50 minutes** (not counting the construction time for your Web site, of course!).

And, here's the really good news... you've already done the first few steps. Bear with us though... for the sake of **completeness,** we'll review the whole process. **Now, let's get you...**

 ... up and running!

3.5.1. STEP 1 Review the Site = 10 minutes

You've already examined the **MYPS!** Web site or you wouldn't be here, right? At this point, I'd like to ask you **one small favor...**

Please refer a friend to **MYPS!,** someone who would **benefit** from sharp pricing.   Know someone who is selling something, even if it's **not** through the Internet?

<div style="background:green;color:white;text-align:center;font-style:italic">Sidebar</div>

Remember, **MYPS!** is really just a pricing tool. While **MYPS!** is online, the product does not have to be. As we'll see in a bit, **MYPS!** can be used in many different ways and for many different kinds of products, online or off!

Simply refer your friend to...

MAKE YOUR PRICE SELL!
MYPS! Home Page
http://myps.sitesell.com/

Your friend will be delighted to discover that pricing is one headache that has just found its Aspirin! 🙂

Thanks very much.

3.5.2. STEP 2 Order MYPS! = 5 minutes

Hey, you've done this step, too! 🙂

By the way, don't forget to tell your friend that **MYPS!** has no software to download... **The process takes place entirely on the Net.**

And included with every order is the **MYPS! Pricing Manual** at no extra cost.

Here's where your friend can order...

MAKE YOUR PRICE SELL!
MYPS! Order Page
https://secure.sitesell.com/myps/myps-order.html

Onward to STEP 3...

3.5.3. STEP 3 Log-in to Admin Page = 2 minutes

Yup... by now, this step is on your "done" list, too!

Right after you order **(STEP 2), MYPS!** sends you an e-mail that tells you how to log-in and create your own, customized **MYPS!** survey. **Word of caution... save that e-mail**. It contains your username and password, and instructions for how to log-in.

Now, it's time to log-in. Please go to...

MAKE YOUR PRICE SELL!
MYPS! Log-in Page
http://myps.sitesell.com/myps-login.html

Use the e-mail address (the one you used when you ordered) and the password in the e-mail that we sent you. If you've lost that e-mail and password, go to the above URL and follow the **"Forgot your password"** instructions at the bottom of that page.

Logged in? Great! That moves you to your **Admin Page,** which is the beginning of **STEP 4...**

3.5.4. STEP 4 Create Your Survey = 10 minutes

On your **Admin Page,** you have three choices...

1) Create a Pricing Survey

2) Reset or Modify or Delete a Survey

3) View Results.

Guess what? Since this is your first time, there are no surveys to reset or delete or modify. If there were, you would simply choose the appropriate survey in the drop-down menu and then click on the **Reset** or **Modify** or **Delete** button. Same basic idea for **View Results.**

Click on the **Create a Pricing Survey** button. This takes you to the **Create Your Pricing Survey** page.

Your pricing survey always features the **six questions described above** and a request for the e-mail address. On the **Create a Pricing Survey** page, you customize your survey and the Thank You page that your respondent sees after answering.

Your customization...

• gives your survey a **personal touch**

• allows it to **"read" better** to the respondent

• gets **better data** for you.

Since you can create and run as many pricing surveys as you like, it's important to name and date them. That way, when it comes time to reset, modify, delete, or to view results, you can quickly and easily choose the correct survey from the drop-down menu on the **Admin Page.**

Ready to create? Let's do it...

Fill in the first two boxes... **enter the name of your product and the date of the survey** (month and year are sufficient).

Remember, your customer will also see the **Name of the Product** that you enter. He'll see it in questions 1, 2, 4, and 6. So for your sake, **no typos** -- an unprofessional, sloppy survey will kill your response rate. On the spot.

Don't just automatically enter **the full name of your product...**

... think about it for a moment or two. How will the name **sound** in the survey? If your product name is very long, shorten it. For example, let's say the name is "Digital French Fries and other Cyber FastFood Products."

Shorten it to "Digital Fries" for the survey. You can always add a note to your introduction (located above the survey questions -- **explained below**) in which you mention "Digital French Fries and other Cyber FastFood Products," making it clear that you are referring to "Digital Fries" as a shorter variation of the name.

By entering "Digital Fries", your four questions read like this...

```
1. How important is "Digital Fries" to you?
2. What price is ALMOST TOO HIGH (or JUST A BIT TOO HIGH) to buy
"Digital Fries"?
4. How unique is "Digital Fries"?
6. What is a fair price for "Digital Fries"?
```

If you don't shorten the name, your survey will look like this...

1. How important is "Digital French Fries and other Cyber FastFood Products" to you?
2. What price is ALMOST TOO HIGH (or JUST A BIT TOO HIGH) to buy "Digital French Fries and other Cyber FastFood Products"?
4. How unique is "Digital French Fries and other Cyber FastFood Products"?
6. What is a fair price for "Digital French Fries and other Cyber FastFood Products"?

Talk about a mouthful!

And one last vital point about the name that you enter...
If your product can be priced more than one way, the name must reflect which is which so that the customer clearly understands what he is supposed to be pricing.

For example, we offer **MYPS!** at a fixed single-use, per-survey price, so we enter the following for "Name of Product"...
"a one-time use MYPS! survey" -- and we explain what we mean by "one-time use" in the introduction to the survey.

On the other hand, if we were to offer it as "an unlimited-use, one-year subscription to **MYPS!,**" that is what we'd enter and once again, explain that in the introduction.

What if we offered both? We'd run two surveys and test both.

Same advice for product category. Keep it simple and general. The words that you enter for "Product Category" will be used for Questions 3 and 5.

Tips for good results...

1) Always enter the **plural form** of the noun so that each question reads properly.

2) Enter the words **totally** in **lower case.** These words should **not** be confused for the title of something. In the example above, you'd enter "**d**igital **f**oodstuffs" and not "**D**igital **F**oodstuffs."

That way, your two questions read like this...
3. How much do you usually spend for digital foodstuffs on the Net?
5. How often do you buy digital foodstuffs on the Net?

If you enter the words like a title (upper and lower case), your survey questions will look like this...
3. How much do you usually spend for Digital Foodstuffs on the Net?
5. How often do you buy Digital Foodstuffs on the Net?

See how people could confuse "Digital Foodstuffs" to mean the name of a product? Confusion hurts response rate and reliability. Be very careful here.

3) Enter the right category. If you are selling an electronic book, enter "e-books" and not "books" -- people pay different amounts for these. If you will sell both variations, do **two** separate surveys.

Time to set the spending ranges for Question 3...

3. How much do you usually spend for digital foodstuffs on the Net?

The first option, of course, never changes...

⚪ I have never bought digital foodstuffs on the Net.

But after that, an **MYPS!** formula sets **six** reasonable ranges, from "**less than** $X" up to "**over** $Y." To do this, we need **one** piece of information from you...

Please enter how much your **typical** customer would, **on average,** spend for products in your category. Once you enter that number, we'll set the "spend ranges" in Question 3 for you.

In our "Digital Fries" example, let's say that you enter $50 for where it says, **Usual Amount Spent by Customer For this Type of Product** -- this would mean that your typical customer normally spends about $50 when she buys digital foodstuffs on the Net. In this case, here's your Question 3...

3. How much do you usually spend for digital foodstuffs on the Net?
⚪ I have never bought digital foodstuffs on the Net.
⚪ Less than $10
⚪ $10-$24
⚪ $25-$49
⚪ $50-$74
⚪ $75-$100
⚪ Over $100

Your sole responsibility? **Choose a reasonable mid-range amount.** We'll build the ranges around that choice. This Question will then find out how your customers' buying habits break down.

Sidebar

One interesting point... If you find a peak in the Bar Charts in the mid-ranges, it shows you understand your customer pretty well **(more on this below).**

Almost done... just two small but important details. First, who will be entering the data, your customers or you?   Leave the default selection, "Our Customers," if your customers will be entering the data from their own computers. Select

"Our Company" if an employee or hired consultant will be entering all the answers.

Seem like a weird question? Well, the survey has a rather sophisticated checking mechanism to make sure that one person only submits one response. If someone tries to mess up your survey by submitting 100 answers, we thank them each time they do it but the answers are not entered into the database.

Some companies, however, might want to "show and tell" customers **person-to-person** and then give them the printed questionnaire to answer (yes, old-fashioned pen and paper!). A researcher would complete the process by entering all the data into the survey.

That researcher would not be happy if he found out that 299 of the 300 sets of data that he had entered were ignored. So, if you're doing this, please select "Our Company." Otherwise, leave the default selection at "Our Customers."

Sidebar

For consultants... If you are using **MYPS!** to furnish pricing advice, here's a good tip for entering the data that you gather offline. Go to the survey page that you have created. Note whether you get Question 2a or Question 2b (let's say it's 2a), fill in the appropriate answer and submit. Then hit your browser's back button to return to your "2a survey."

Click and enter the next set of survey data, and the new e-mail address. Then submit. Hit your BACK button again and keep repeating until you have done all of your 2a answers. Then click upon your browser's REFRESH button. Keep doing this until 2b comes up. Then enter all your 2b answers in the same way outlined in the paragraph above.

One last detail, then we're all set. **After** your visitors reply to your survey, **you owe them a great big...**

 So you will direct them to a **Thank You** page **and** send them a **Thank You** e-mail.   The **Thank You** page gives a simple message **to your respondents.** This is what they receive "from you"...

Thank you very much for completing our survey.
We sincerely appreciate your help.

Please watch for an official e-mail confirmation
that your answers have entered our database.

To return to our site, please click here.

The link at the bottom returns to your site. But first, we need to know where to direct everyone. So **please enter the URL in the box so we know where to direct your respondents when they click on that link.**

The survey also sends this **e-mail** to them after they submit their answers...

```
Hello,

This is to confirm that we have received your
answers in our database.

Thank you very much for completing our survey.
We sincerely appreciate you taking the time to
help us with this.

Best regards,
<<COMPANY>>

-------------------------------
Price Survey powered by SiteSell
http://myps.sitesell.com/
-------------------------------
```

One final check!

After you enter your URL, click on the **View your Thank You page** button. It will pop up the **Thank You** page so you can test the link (make sure it works -- it would be embarrassing to send them to a non-existent page). The page link will send you a sample of the **Thank You** e-mail.

All done? Go ahead... click on the **Preview my pricing survey** button. Proof-read that page carefully. Pretend you are your customer. Does it read well? Is there any room for confusion? Are there any typos?

Sidebar

Special circumstance

Your customer may not shop for your kind of product directly on the Net. For example, maybe you sell $1,000,000 expansion joints for bridges. I could be wrong, but there are probably not too many buyers who fill in an order form for million-dollar joints with their credit card info, right?

If this **is** your customer's situation, these two questions may not yield much useful information. Or you may be **surprised** -- for example, a new B2B vortal (a vertical, industry-specific portal) may have started up that allows customers and manufacturers to suddenly do business together.

So, even if these two questions seem off-base, do check the results. **We'll talk about this more in that section below.**

If you need to make a change, hit the **Return to Create Page** button to tweak your survey. If all is OK, click on the **Give me the HTML** button, which takes you to the **STEP 5...**

Sidebar

Once you have clicked on the Give me the HTML button, your survey officially exists in our database.   Remember those **Reset** and **Modify** and **Delete** buttons on the Log-in page? Yes, they are now functional...

Want to **reset** or **modify** or **delete** a pricing survey? Be careful... very, very careful...

Resetting deletes all data gathered by a survey. **ONLY DO THIS IF YOU ARE DELETING TEST ANSWERS AND HAVE NOT YET STARTED YOUR TRUE SURVEY.** ALSO, THE RESET FUNCTION MAY ONLY BE USED ONCE -- SO MAKE SURE THAT TESTING IS **REALLY COMPLETED** BEFORE YOU RESET.

The **Reset** button is very useful in this **one** instance -- after you set up the Survey Page on your site, you'll want to test it to make sure it's working fine. After that, you will be able to delete those test answers by resetting the survey. **Otherwise, don't click on this button.**

If you want to **modify** something **before** running it, or if you have **no need** for a survey and want to **delete** it, use the two corresponding buttons (modify or delete).

You should **never** modify a survey once you have started it (unless you are simply correcting the smallest of typos). You'll get mixed data -- your respondents should only ever see **one** survey, **the same one.**

If your survey already has more than a few replies and you decide you have to **modify** something, you should simply **create a second survey instead.** Delete the first and replace it with the second.

Sorry about that "last second" sidebar addition. As I said before, on to the **STEP 5...**

3.5.5. STEP 5 Receive Survey HTML = 2 minutes

Clicking on **Give me the HTML** button delivers the HTML that you use to create your pricing survey **on your own Web site. MYPS!** delivers this copy-and-paste HTML to you via e-mail **and** on the final Web page of the "Create Survey" process.

The e-mail version is useful for your archives. The Web page is immediate. Whichever way you prefer, all you have to do is **copy-and-paste.** Which brings us to the next step...

3.5.6. STEP 6 Copy and Paste HTML = 6 minutes

It does **not** matter which HTML you use (e-mail or Web page) -- it's the same. Either way, follow the **instructions** in the e-mail or on the Web. Take special note of the instruction to **add an introduction before the HTML of the survey form itself...**

> Fourth, add an introduction to the survey on your Pricing Survey Web Page. This should include any special instructions that encourage accurate answers and that will maximize the response rate (best idea is to offer a discount for helping you out with the survey). See MYPS! Pricing Manual for details.

The introduction is critical. If you do this poorly, people won't answer your survey. The introduction must...

1) prepare your respondent -- Inform her that you are in an "immediate pre-launch phase" (if this is a **new** product). If you're pricing a product that **already exists,** explain that you are conducting a survey about your product. Either way, explain that you need her help and that it will take less than 60 seconds (yes, that's all it takes!) to answer 6 quick questions about your product.

Do not explain that this is a pricing survey -- if you do that, you bias the respondent. The two pricing questions are innocently buried among "habit" and "attitude" questions. So don't call attention that you want to use this to PRICE your product.

2) lead cleanly into the survey. For example, if you shortened the name of your product for the survey, mention that here (**remember when we talked about this?**).

3) explain exactly what the product is -- are you offering a one-time use of server-side software like **Make Your Price Sell!?** Or are you offering a one-year, unlimited-use subscription? Get rid of any possible confusion before she starts the survey -- **we discussed above** how to make this clear by entering the right information into the "Name of Product" field. Your introduction must support this.

4) get the response -- that is your **Most Wanted Response** from this page, right? If this survey will be completed by "regular Web visitors," **offer something in return for 60 seconds of their time.**

Time is **precious** -- it's the real currency of the Net. People don't just automatically fill in surveys because you ask nicely. **So reward them...**

This is the place to **offer a discount** -- it's a great way to increase your response rate. It also increases your chances of making the sale!

If you **can't** offer a discount, get creative. Think of a perk that has **value to your potential respondent**, but that does not cost you **too** much....

• An exclusive special report ("available only to respondents")

• Free access to a paid subscription part of your site

• Free software

• Even the product that you are surveying!

The value must be genuine and unique. Ever see an offer for a free subscription to an e-zine that is **already offered to everyone else for free?** Shoddy.

Remember, the results that you will get from **MYPS!** are extremely valuable. It will affect your bottom line tremendously. So **be generous** -- offer your potential respondent something valuable for her time and information.

And one **significant last point about your introduction...**

 ... Keep **I**t **S**hort and **S**imple.

OK, finished the HTML for your Web Survey page? **Upload it.** It only takes a few minutes to put your survey Web page onto the Net -- as soon as you do, it's "live!" It is, however, only "accessible" once you link to it -- don't do that yet.

All uploaded? Good. Now **test it.** Pretend you're a customer and go to the URL of your Survey Page. Fill in the survey. If all goes well, ask a few friends or employees to do the same. Then log-in again to your **Admin Page** and this time click on the **View Results** button **(more on viewing results below)**.

What should you check for? Make sure that the **number of responses** is accurate and that all the **bar charts** and **line graphs** seem to be working. Also, get the **list** of e-mail addresses -- everyone who tested for you should appear there.

Test OK? You're ready for "real" respondents! Terrific! But first, go back to the **Admin Page** and click on the **Reset** button to delete all of your test results

(**see info on resetting above**). You don't want those results as part of your **real** survey.

Only one thing left to do to make it accessible to visitors... **link your relevant Web pages (that sell this product) to the Survey page.** Here are two ways to do this...

1) The Order button from the Web site could link to your survey. Your introduction would explain that you're in pre-launch. I like this approach -- no need to change the main site and the customer arrives expecting ordering information. But it's delicate. Your customer could get angry if your copy doesn't do a good job.

2) Replace the **Order** button with a **Pricing Survey** button. More straight forward, but you might be less likely to get the click. And it's not quite a true duplication of reality -- **more on this concept below.**

3.5.7. STEP 7 Show and Tell Your Customer = 5 minutes

How you educate your customers about the value of your product is up to you. **As discussed earlier,** the most practical way to "show and tell" your customer is via a Web site -- we strongly recommend this fast, flexible and economical method. **Alternatives are discussed below.**

Don't just slap-dash a few pages together to put up -- design and write the **actual site** that will **actually sell** the product. **Build the perceived value** by explaining benefits. The topic of how to **site-sell** is beyond the scope of this manual. But we just happen to know a book all about **site-selling** (it coined the term!)…

 Make Your Site SELL! 2002
http://myss.sitesell.com/

For a good example of a site that transmits the benefits of its product clearly and builds high perceived value, please see the site that we used to launch **Make Your Knowledge Sell!...**

Make Your Knowledge Sell!
http://myks.sitesell.com/

No denying it, there **are** other ways to **educate** your prospective customer about your product -- **more on this below.**

3.5.8. STEP 8 Customers complete survey (time varies)

Quick summary...

Your site's visitors reach the pricing Survey Page at **your** Web site. They **submit** their answers. The **MYPS!** system **automatically** sends each of your respondents a thank you e-mail... from you!

It only takes 60 seconds for each respondent to complete the survey. But it may take you a day or three to get at least **25-50** respondents -- it all depends on how much traffic your site normally gets.

Survey results **with less than 15 replies** are virtually meaningless -- according to our statistical analysis, this is not enough to draw any valid conclusions.

You need a **bare minimum of 15 to 25 answers** to get a "hint of an idea" of pricing, but it's still not enough to be very exact.

Once you have **25 to 50 responses,** these are enough to give you more decent indications. But you are still only estimating.

Our preferred minimum of **50 to 100 replies** yields more reliable data -- you can start to act reliably upon your conclusions. Anytime you reach this level, you can be pretty content that you have usable and valuable information.

At **100 to 200,** the lights are even brighter!. And if you get **200 or more answers, you need...**

... sunglasses!

Where 200 to 400 adds a bit more precision, it's hardly worth fussing over. And anything **over 400 responses** is plain overkill.

Sidebar

MYPS! automatically sends you an e-mail as you reach each new "statistical plateau." So there's **no need** for you to check in every 20 minutes, just to see "how many have answered." Of course, you're welcome to come in and see for yourself. Our computers update all surveys once per day, at 3 A.M. Eastern Time (North America). So to view your results, just log-in any time during the day after that.

NOTE: These e-mails are generated automatically by **MYPS!** programming. No human ever looks at your data, except you. See **MYPS! Privacy Policy (above)** for more details.

Once you have some answers, it's time to see what they reveal...

3.5.9. STEP 9 Log-in For Results = 10 minutes

Survey's been up for a few days? Got some answers? As we said, we'll e-mail you to let you know when you reach certain plateaus -- **25, 50, 100, 200,** and **400** replies. These e-mails not only alert you to your new plateau of reliability, they serve as good **reminders** to log-in again...

MAKE YOUR PRICE SELL!
MYPS! Log-in Page
http://myps.sitesell.com/myps-login.html

This time, though, you'll **pick a survey** (if you've made more than one, you choose from the drop-down menu), and click on the **View Results** button. Then...

Want to see **results** for all respondents **or** just particular sub-groups of your customers (ex., typical customer or top prospects)? How about special scenarios (ex., a different cost of production)? Piece of cake. It's all here.

There on the electronic page are your results, analyzed as bar charts and line graphs. **And**, clear as day, there's the **Perfect Price**™ you should be charging. (You can even get the list of respondents' e-mail addresses -- to let them know when you have officially launched your new product. Watch those orders pour in.)

It's a wrap -- you're done. From top to bottom, that's how easy it is to set up your very own pricing survey. The system you see here **and can use** is actually **better** than what large companies often pay tens of thousands of dollars to secure... all thanks to the field-levelling power of the Net!

Since you've just logged in and clicked on the **View Results** button, **let's see...**
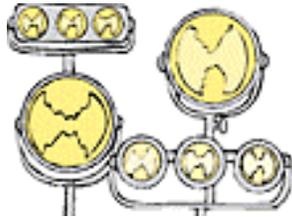
 ... those lights go on!

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4. How to Interpret the Results

There is a world of difference between **data** and **information.** By the end of your survey, you will have loads of data. Want to turn that **data** into **information** that you can **use?**   Let the transition begin...

Once you are on the **Pricing Survey Results** page, tell **MYPS!...**

1) Your cost of production -- one of **MYPS!'s** most important graphs shows you which price point maximizes your profit. To draw that graph, **MYPS!** needs to know your "per-unit cost of production." Do **not** amortize capital costs or R&D expenses if you have already made these expenditures. Simply enter **the cost to "produce one more."**

If you are merely **considering** whether to make and market a new widget (i.e., a feasibility study), then sure... amortize all or your pre-production costs, amortize them over a reasonable production run projection, and enter that **cost of production** instead. (But if capital costs and R&D are already "spent money," don't factor them into your cost of production.) **See below for how to run a "Trial Balloon."**

We realize that per-unit costs will vary with the size of your production run (unless you are selling digital goods!). Simply enter your best estimate as to what that cost is most likely to be. **Try different production-volume scenarios...**

For example, let's say you make plastic doohickeys. The molds already cost you $50,000 and the R&D was $100,000. Those costs are "sunk costs" -- they're done. Don't amortize these costs in your answer -- you've already spent the money. Here's what to do...

If your actual cost to produce each piece is only a dollar for a 100,000-unit run, then you would enter "1.00" as your per **unit** cost. If your cost for a 10,000-unit run jumps to $2.00 and if you want to see how that affects the outcome, enter 2.00 (**don't** enter the $ sign) after you have reviewed the profits for 1.00.

But if you have **not yet** spent the $150,000 for molds and R&D, you have to amortize that across the production run. That adds $1.50 per unit for the 100,000-unit run, and it adds a prohibitive $15.00 per unit for the 10,000 run.

Let's look at a digital example...

You have **already** created an e-book. Enter "0" as your cost of production because it costs you nothing to make each additional copy.

But if you're only **considering** an e-book, you **do** have "capital costs" -- your time! Figure how long it will take you to write the book and put a value on that time. Add any special software/equipment costs (don't forget to add the cost of

Make Your Knowledge Sell!). Amortize that over the number of units you expect to sell. That's your per-unit cost of production!

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2) Which group of respondents -- **MYPS!** can present data for **all of the people** who responded to your survey or for **certain** select groups. Please choose which group you would like...

⚪ **All answers** -- Your charts and graphs will reflect the answers from every single respondent. We do not create bar charts or line graphs if your survey has less than 15 replies.

Sidebar

Each respondent is only allowed to make **one** reply. So if anyone tries to submit more than one survey, we **seem** to accept it -- we put up the Thank You Page and send them an e-mail. But we don't report on these extra answers, we just delete the data.

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⚪ **Eliminate the extremes** -- This eliminates the survey respondents who gave "very high" or "very low" fair-price answers (i.e., the highest 2.5% and the lowest 2.5%). They are more likely to be careless, malicious or just plain goofy. These people are simply dropped from the "respondent pool" when **MYPS!** calculates your charts and graphs. You'll get results for **the other 95%** of respondents, which may be "cleaner data."

We do **not** create bar charts or line graphs if your survey has **less than 17 replies** overall (this yields 15 data points for this graph).

⚪ **Show me the middle** -- This "keeps" the respondents whose fair price answers fall in the **middle** 25% (i.e., the highest 37.5% and the lowest 37.5% were eliminated). This gives you a snapshot of your "median" respondents. Naturally, you should have at least 60 answers overall for this to be meaningful in any way.

We do **not** create bar charts or line graphs if your survey has **less than 60 replies overall** (this yields 15 data points for this graph).

⚪ **Top prospects** -- This group is determined by multiple regression analysis of the six questions. A proprietary formula based upon this analysis selects **your top 25% prospects** -- **these are the folks most likely to buy.** If you are contemplating a high-priced business model, it's especially useful to know what your top prospects are thinking. Results are most meaningful if you have at least 60 answers overall.

We do **not** create bar charts or line graphs if your survey has **less than 60 replies** overall (this yields 15 data points for this graph).

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OK, now that you've told **MYPS!** your cost of production and which group you want to analyze, click on the **Show me the results!** button. That links you to the **Results Selector** page.

On the **Results Selector** page, you see that results are presented in three different formats...

1) Bar Charts -- summarize your data for "at-a-glance" understanding of how your respondents answered.

2) Line Graphs -- analyze your data, presenting you with key graphs that indicate price-resistance and points of maximal profit (one of which, depending on your business model, will be your **Perfect Price™**).

3) List of Respondents -- report e-mail addresses of all respondents.

Ready? Just click on the **View results** button for a bar chart, line graph, or list. And **presto! You've turned your data...**

   ... into information!

4.1. Bar Charts

Bar Charts simply **summarize...** or do they summarize **simply?** Both actually!

These charts gather and group your potential customers' answers in an easy-to-understand format. They show you what percentage of people said what for each of your six questions, as well as for two "composite profiles"...

• **Product Impact**

> • **how important** the product is to them

> • **how unique** they think it is

• **Net Buying Habits**

> • **how often** your prospects buy such products on the Net

    • **how much** they pay for them when they do

• **Price Points**

    • what is a **fair price** for your product

    • what their **Teeter Point™** is.

• **Prospect Profile** -- Two additional bar charts summarize **indexes that are calculated** from the primary data gathered from the two **Product Impact** questions and the two **Net Buying Habits** questions...

    • **Product Impact Profile** -- calculated combination of importance and uniqueness.

    • **Net Buying Profile** -- calculated combination of frequency and amount spent.

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As we said above, the six questions break down into **three pairs... Product Impact, Net Buying Habits, and Price Points.** Of course, we don't group the questions like this in the survey. That would **bias** the data.

Remember the example we used before? (If we asked **how unique** a product was right after someone answered "extremely important" for the **how important** question, that person would be more likely to also answer "totally unique.") Instead, the questions are carefully mixed so that one **does not influence** its "pair partner."

But to show **you the results,** we discuss them in the **"logical pair sequence"** rather than the order in which your customer answered them.

Now let's see what **information** you can pull out of the **data** via the bar charts...

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4.1.1. Bar Chart #1... Product Importance

This bar chart illustrates how important your potential customers believe your product is **to them. Remember the question?...**
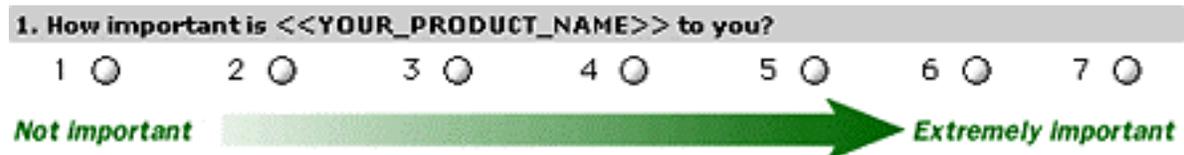
The best way to understand how the bar charts work is through an example. So let's suppose that you see this bar chart after clicking upon the **View results** button...
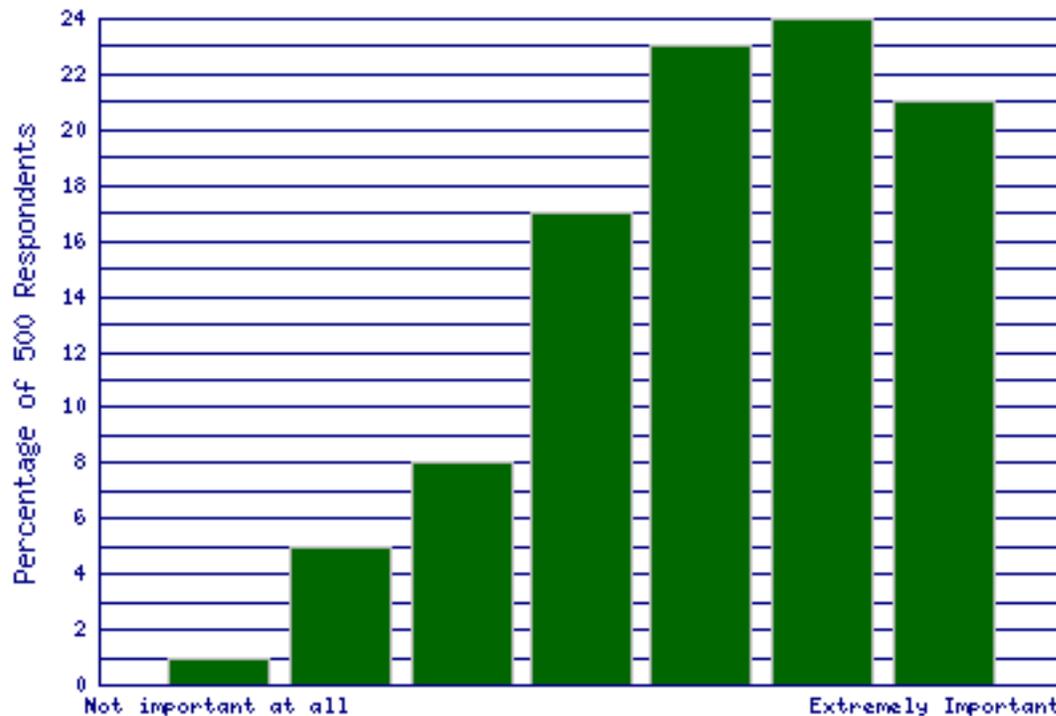
On bar charts, the **Y-axis** (i.e., the up-and-down one) shows the percentage of respondents who replied in a certain way. That "certain way" is shown on the x-axis, which ranges from **"Not important at all"** to **"Extremely important."**

In the example above, we see that **21%** felt that the product was "extremely important," while only 1% ranked it "not important at all." And **45%** ranked it in the highest two answers, while **6%** ranked it in the lowest two. Five times as many people rated rated his product above average rather than below (i.e., **68%** answered in the highest three vs. **14%** in the lowest three).

In the example given here, the marketer of this product is in a **very good position.**

<div style="background:green;color:white;text-align:center;font-style:italic;">*Sidebar*</div>

One a scale of 1 to 7, here's what each score **really** means...

-1 - **"Not important at all"**
Most people are generally pretty gentle. They are not likely to rank a product **"1,"** the worst score**.** If you see more than 10% at this number, that's a bad sign because it's more likely that two or three times as many people really feel that way!

-2 -
Since the worst score is rarely given, **"2"** is actually **the damaging score to watch** (i.e., "not important").

-3 -
This is the easy way for someone who is **not** impressed to tell you, without feeling guilty about it!

-4 -
We consider this to be a "low average." It's an easy way to really say "didn't impress me as being important or unimportant -- just kind of mid-range." It's a **blah** kind of answer.

-5 -
This is "high average."   This is the start of encouraging stuff -- consider this to be mild-to-moderately positive.

-6 -
Good score. They find the product important. But not at the very highest level. If you have a lot of these, make sure you review the line graphs for **Top Prospects (see above)** to get a better picture of what they are thinking.

-7 - **"Extremely important"**
The best score does not come that easily, so a lot of **"7's"** means something remarkable. They represent the highest score possible -- people generally only give you this score if they are genuinely impressed. Remember that however difficult it is to get a "7," it still comes easier than the worst score, "1" -- so you should have **twice the number of "7's" to "1's."**

In each bar chart, compare the size of the **6 and 7 bars** to the **1's** and **2's.** That will give you a **worthwhile, at-a-glance idea** about what your customer is thinking.

What's best? **A lot of green on the right side of the chart!** The farther to the right, the more important your prospects rate your product.

If you see a chart that scores far to the left, or even rather neutral, re-examine how you communicated your message to your respondents. Let's say that you are using a Web site to "show and tell" your customers...

Are you sure that it's doing a good job?   Do some **usability testing** to make sure that the site is being utilized properly. Do they understand "what's in it for them?" (benefits) as well as "what does it do?" (features)?

It is possible to double the perceived value of your product by making a site that sells. Make sure that you are following all the principles of the BIBLE of site-selling, Make Your Site SELL!.

If you're sure the customer understands, and if that bar chart is "left-lopsided," this is a **heads-up warning sign.** Your product does **not** appear to be meeting the needs of your prospects... at least not those people who reach your site. **Go back to the drawing board. Consider a low-priced pricing model or re-working your product to add valued benefits.**

Of the four **Product Impact** and **Net Buying Habits** questions, **"how important"** is the most significant question. If you score badly here, you're in real trouble -- fix this. Your customer **must** see your product as being important.

4.1.2. Bar Chart #2... Product Uniqueness

This bar chart illustrates how **unique** your customers believe your product is **to them** -- it shows you how much competition you have in your potential customers' minds. **Here's the question that they answer...**
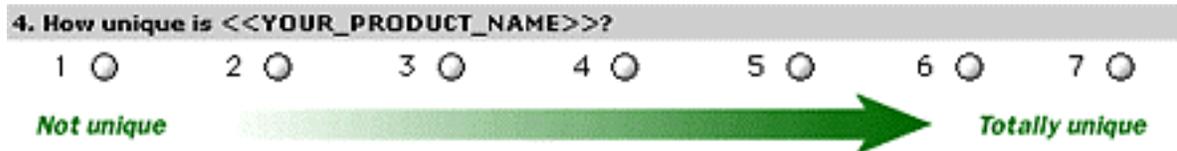
Again, let's use an example to show you how to "read" this bar chart. Suppose you see this **"how unique"** bar chart after clicking upon its **View results** button...
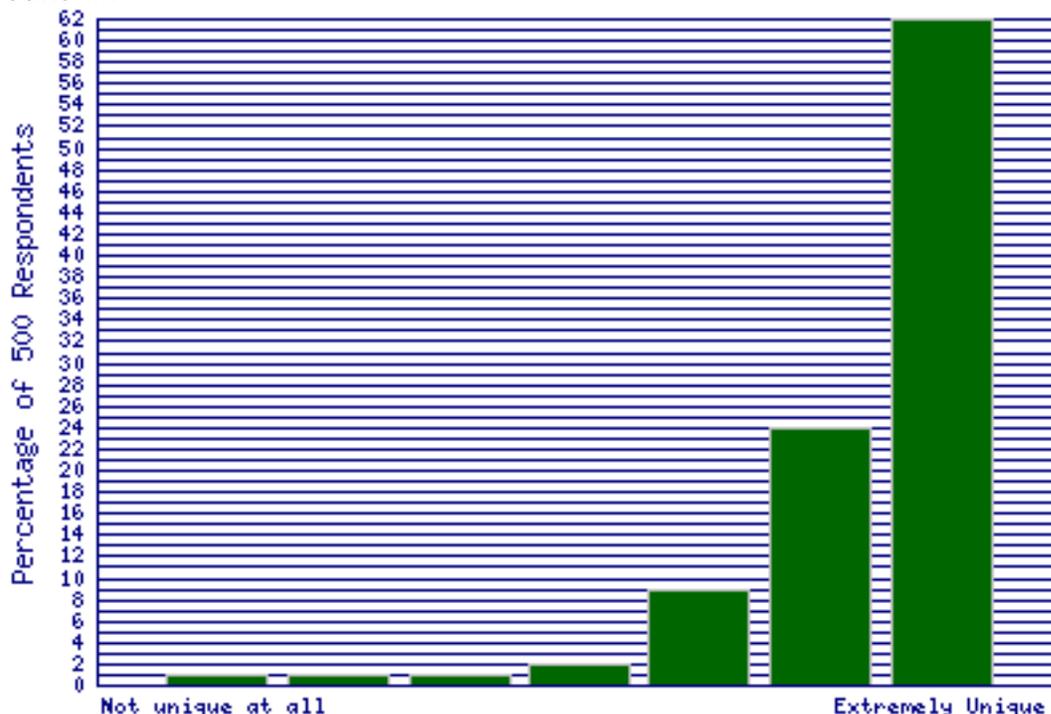
The **"how unique"** chart works in the same basic way as for **"how important..."**

• Y-axis shows percentage of respondents. And x-axis shows "how unique" answers, from "**Not unique at all**" to **"Extremely unique." The farther to** the right, the more favorable the answer.

• Revisit what the "**on-a-scale-of-1-7**" numbers **really** mean one more time, **in the SIDEBAR, just above.**

In this example, the marketer of this product is in **outstanding good shape. Almost all of the green is on the right hand side.** The vast majority, **86%** of the respondents, gave the best two replies (most of them gave the top one!), which is fantastic.   And a **very small** number, only 2%, ranked it in the bottom two.

What does that mean? Respondents have simply seen **nothing like it!**

What would a **far-left-weighted** chart mean? You're a **"same old, same old"** and **your customer is...**

... yawning.   Trouble!

Find out what the competition is selling -- then differentiate your product during your "show and tell." Or go **one step better** than differentiating through marketing... distinguish yourself through **innovative product design.** Add **original** new features that provide **valuable** customer benefits.

If, despite your best efforts, you aren't standing out as unique, I sure hope you're scoring 100% for **"Extremely important."** Because if your "how important" and "how unique" charts are **both left-**weighted, your product is **floundering...**   big time.

4.1.3. Bar Chart #3... Usual Purchase Amount

The next two bar charts give you a profile of your prospects' buying habits on the Net. Let's look at **spending habits...**

3. How much do you usually spend for <<YOUR_PRODUCT_CATEGORY>> on the Net?
US dollars, please

○ I have never bought <<YOUR_PRODUCT_CATEGORY>> on the Net.

○ Less than $10

○ $10-$24

○ $25-$49

○ $50-$74

○ $75-$100

○ Over $100

**Sidebar**

When you create your survey, **MYPS! asks you to provide a reasonable mid-range amount** for what your potential customer **might usually spend** for a product in the same general category as yours. In the sample question above, "you" entered **$50. MYPS!** built the above price ranges (Less than $10, $10-24, $25-49, etc.) **around your answer.**

In the example chart **below,** the marketer entered **$150** as the **mid-range spending amount** when he created his survey. **MYPS!** creates the price ranges on the x-axis of the chart below, based upon that $150 answer, in such a way that the $150 is in the middle of the **overall price range** of the x-axis.

The bar chart below shows how much his potential customers actually pay **for products similar to his.** Let's use this example to show you how to interpret this chart...
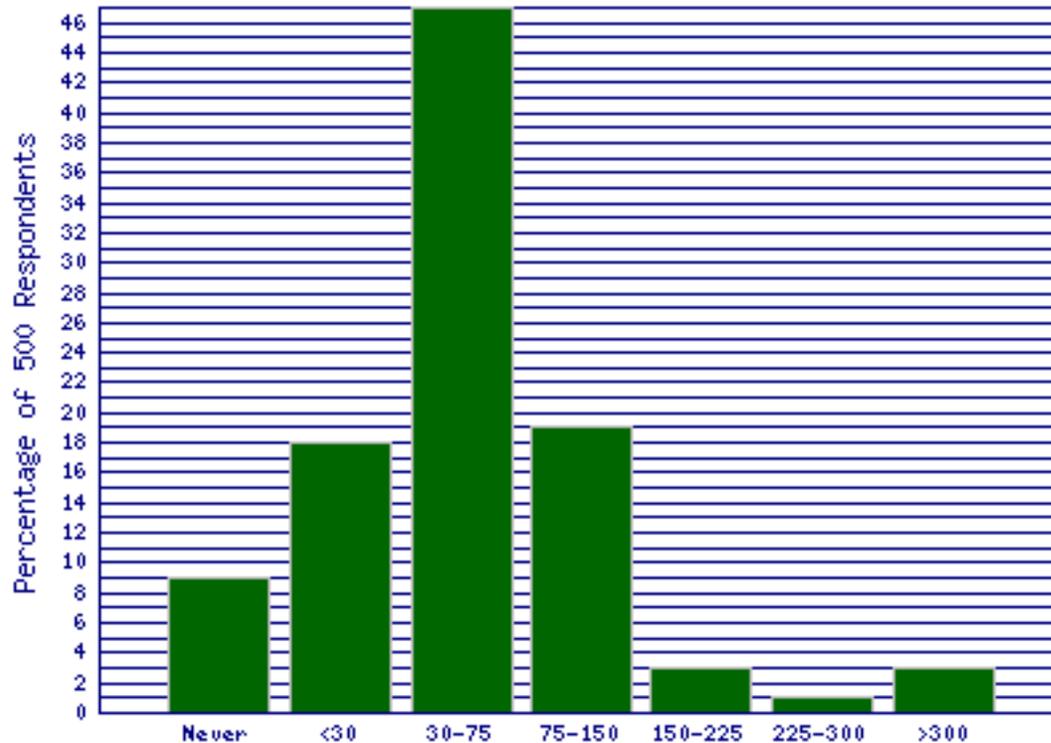
The y-axis, as usual, shows the percentage of respondents who chose each answer. On the x-axis, **"dollars usually spent"** increase in **dollar value** from left to right (the "<" means "less than" and the ">" means "greater than").

In the example above, the respondents' answers peaked at the $30-75 range. Since "Mr. Example" had entered **$150** as his prospects' average purchase amount, **it's clear that his prospects' wallets and purses are not...**

... as stuffed with money as he thought.

There are three possible distributions and interpretations (let's ignore the "Never bought" answer for the purpose of this discussion -- we'll talk about that in a minute)...

1) If the peak occurs near the center (i.e., evenly distributed around the price entered by the marketer when the survey was created), it shows that you understand your customer fairly well **(more on this below).**

2) If the peak occurs to the left of center, it means that your customers are a lot **more thrifty** than you thought. The farther to the left, the more miserly they are! Be sure your pricing model reflects this reality.

3) If the peak occurs to the right, good news! Like the previous two bar charts, the more it shifts to the right, the better. This indicates that your customers **tend to spend more than you thought** for comparable products on the Net. This translates into a customer that is **more likely to buy your product,** or at least, one that is a bit **less price-sensitive than you had thought** when originally estimating your price.

Regarding the **"Never bought"** response... if **no one** buys your product category on the Net, you may need a break-through idea to overcome that. Or it may simply be the case that it is **totally inappropriate** to buy your kind of product on the Net. For example...

Maybe your customer simply does not buy your kind of product on the Net. **For example,** if you sell $1,000,000 expansion joints for bridges, your site likely will try to generate a **lead** rather than get the direct sale off the site! Still, your Web site must explain the benefits and features.

Be careful when interpreting the "Never bought" answers. A high number of **"Never bought"** may not be very relevant, depending upon the nature of your product category. For example...

Maybe your product is simply so radical that no one has bought anything like it on the Net before. A good sales-oriented site will overcome that minor problem (assuming the product delivers great benefits, of course).

Bottom line? Interpret the "Never bought" answers for the the Net Buying Habits questions with careful consideration of the nature of your product and your customer.

4.1.4. Bar Chart #4... Frequency of Purchases

The second question about buying habits is about **frequency...**

5. How often do you buy <<YOUR_PRODUCT_CATEGORY>> on the Net?

◯ I have never bought <<YOUR_PRODUCT_CATEGORY>> on the Net.

◯ I buy about once per year.

◯ I buy about once every six months.

◯ I buy about once every three months.

◯ I buy about once every two months.

◯ I buy about once per month.

◯ I buy about once (or more) every two weeks.

The replies show **how often** your potential customers purchase **similar products** to yours **on** the Net. As you see in this example, the interpretation is straightforward...
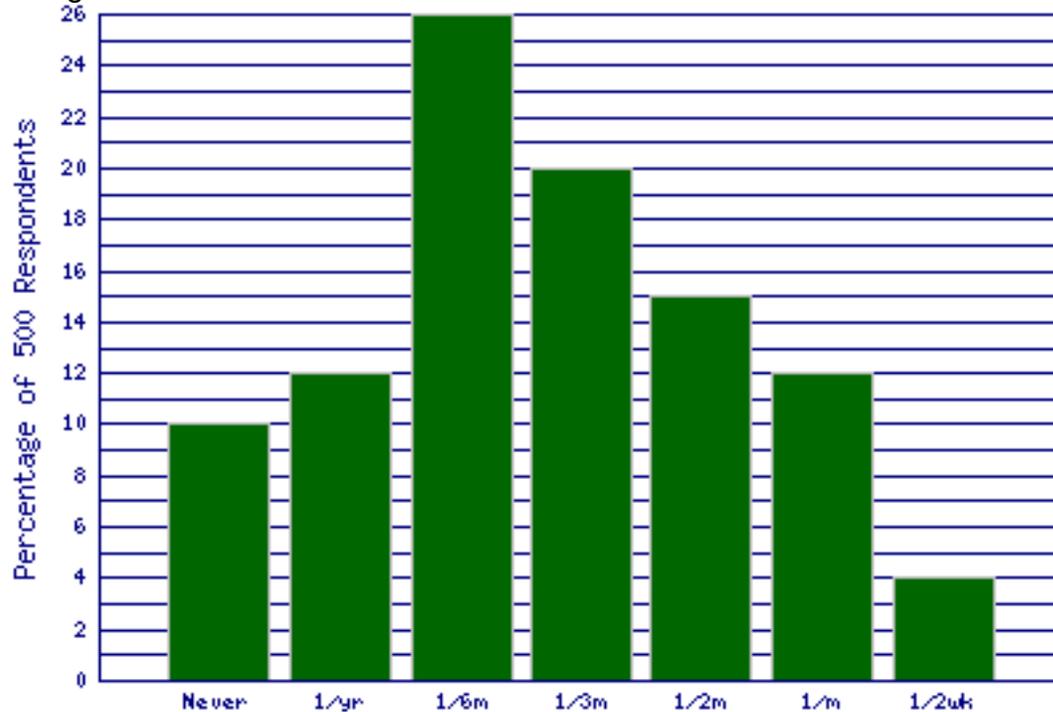
The y-axis, as usual, shows the percentage of the total number of respondents who chose each answer. On the x-axis, **"frequency"** increases from left to right ("yr" means "year", "m" means "month" and "wk" means "week" -- so "1/3m" means "once every 3 months").

In this example, the frequency peaks at "once every 6 months" -- as of May, 2000, this is a fairly active Net-buying group. Over time, as more and more people buy more and more often on the Web, this bar chart will shift to the right.

In general, the more it shifts to the right, the better. This indicates that your customers are people who are comfortable buying on the Net, so are more apt to buy **your kind of product.**

But if the bars shift to the **far left**, it means that your customers are **not** buying your kind of product on the Net. It's important to figure out **why** this is so -- for example...

• Is your industry just **not** Net-savvy yet? (less and less common)

• Is a direct Net sale not appropriate **(see expansion joint discussion above)**?

Remember this for a "far left" chart...

Interpret these kinds of results in light of the nature of your product and customer. One more example -- let's say that you are selling $300,000 enterprise software. Yes, your customers are Net-savvy. But no one spends this much money straight off a Web site. So both "Net buying" questions are likely to have a high percentage of "Never" answers. Here's the key question if this is **your** case...

"What are you doing offline to close that sale?" Develop this plan now. **Example...** for the above enterprise software, use a free trial approach, followed by telemarketing, followed by person-to-person to close the deal. No e-mail until you are "friends."

Is a **"far-right"** chart a surprise for you? In other words, is it a surprise that people are actively buying your kind of product on the Net? If so, it's time for you to play "catch up" or die. Or...

Is it a surprise that people **do not** buy your category on the Net? Hurry up and find out why. Your entire marketing plan on the Net could be at risk.

The emphasis? I can't help repeating this... it all makes sense when you consider the nature of your product and customer. Act on **Net Buying** info... or ignore it at your peril.

4.1.5. Bar Chart #5... Fair Price

6. What is a fair price for
<<YOUR_PRODUCT_NAME>>?

$

US dollars, please

This question actually does **not** disclose what would be considered the "theoretically fair" price according to "Economics 101." It **really** reveals what

your customer **thinks** is fair. It basically represents a price that she would pay rather painlessly for your product. If your product had this **"fair price"** tag on it, the respondent would say to herself, "Yes, that's fair."

In other words, **you'd most likely make the sale.**

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The two Price Point bar charts, **Fair Price** and **Teeter Point™,** are laid out differently from the others. Let's understand this through this **Fair Price** example...
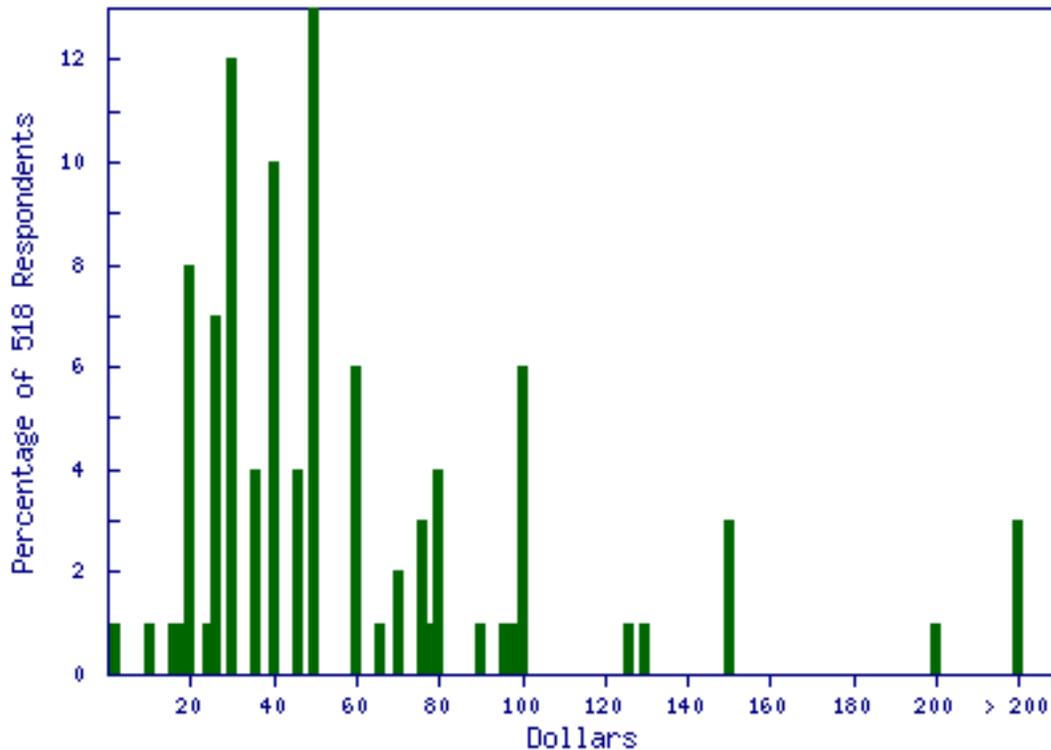
The y-axis still shows the percentage of the total number of respondents who chose each answer. But the scale is different. Since there are now 100 bars instead of 7, the **percentage of respondents** for each bar is far less.

The x-axis increases in "fair-dollar-value" from left to right. There are **100** price bars in all. Zero is on the far left and the "100 bar" is on the far right. In between, there are 99 other bars. Each bar represents the percent of respondents who gave a fair price higher than the preceding bar, but less than (or equal to) the next one. Finally, there is one more bar on the far right... the percentage of respondents who gave an answer that was **greater than** (">") the highest number on the x-axis ("> 200" in the example above).

Sample interpretation of the above bar chart -- 6% of respondents gave a fair price between $98 and $100.

This chart will not "shift to the right," at least not like the first four charts. The **fair price answers** will actually peak around the median value, which in this example is **$46.** The **on-site** interpretation for this bar chart **will** tell you the "median fair price" for your product.

What does "median" mean? "Median" is slightly different than "average." The median price is that price that is above half of the other fair price answers, **and** that is below the other half. It's the price that's right smack in the middle -- just as many people gave a higher answer as gave a lower fair price. That means that half of the folks thought it was worth more, half less.

Why do we use median rather than average? To eliminate the effect of "weirdo answers"...

If someone had entered $1,000,000,000 as the fair price, that would skew the average fair price value crazily upwards, making it useless. But to the median, it's just one more response that is higher than the mid-point. It carries no special weight. **Median values keep your data usable.**

Overall, this chart gives you a good idea of **your customers' perceived value** for your product. Take a look at the median fair price. Is this more or less than you had "guess-timated"? If it's substantially less, the perceived value on the part of the customer does **not** seem to be there. Either make your product better or your Web site more sales-effective. Here's **the BIBLE** for that...

Make Your Site SELL! 2002
http://myss.sitesell.com/

It's also useful to **compare this chart when you repeat a survey for the same product** in a few months. If the median fair price drops substantially, **someone is...**

 ... eating your lunch! Or something else dramatic has changed in the marketplace.

4.1.6. Bar Chart #6... Teeter Point™

Remember what the **Teeter Point™** is? It's that price at which the consumer just **can't make up her mind**. It's the price that is equal to the maximum value that your customer puts on the "benefits package" offered by your product... and not a dollar more!

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When a customer finds a product for sale exactly at the **Teeter Point™,** the purchase decision becomes a **50-50** proposition -- the credit card could stay out or it could be put away. Your potential customer literally teeters in her decision about whether the price is too much to pay, or not. **For details, see the full discussion above.**

Let's see how the following two questions help us figure out each respondent's **Teeter Point™...**

2a. What price is ALMOST TOO HIGH to buy <<YOUR_PRODUCT_NAME>>?	$ ☐ US dollars, please
2b. What price is JUST A BIT TOO HIGH to buy <<YOUR_PRODUCT_NAME>>?	$ ☐ US dollars, please

As we discussed, each respondent sees **either** **2a** (ALMOST TOO HIGH) or **2b** (BIT TOO HIGH), **never** both.   We use some proprietary math to calculate every respondent's **Teeter Point™** with exact precision. Here's what we do...

1) MYPS! calculates the median value of the **ALMOST TOO HIGH** answers -- let's say it's $97.

2) MYPS! also calculates the median of the **JUST A BIT TOO HIGH** replies -- let's say it's $103.

3) MYPS! then calculates the average of the two -- $100 in this case.

─────

Now, let's look at an example. Suppose a respondent really loved your new product and answered $206 for 2b, the BIT TOO HIGH question. Since the median $103 BIT TOO HIGH averaged down to $100, we scale the $206 BIT TOO HIGH down to an exact Teeter Point of $200 **for this customer**. Similarly, we would scale an ALMOST TOO HIGH of $48.50 up to an exact Teeter of $50.

Yes, **for the first time in pricing history,** online or offline, there is an **exact** way to figure the exact **Teeter Point™** for each and every respondent. You'll see **why** this is so critical in the line graphs below. For now, let's do the bar chart...

The **Teeter Point™** bar chart layout is similar to the one for fair price...
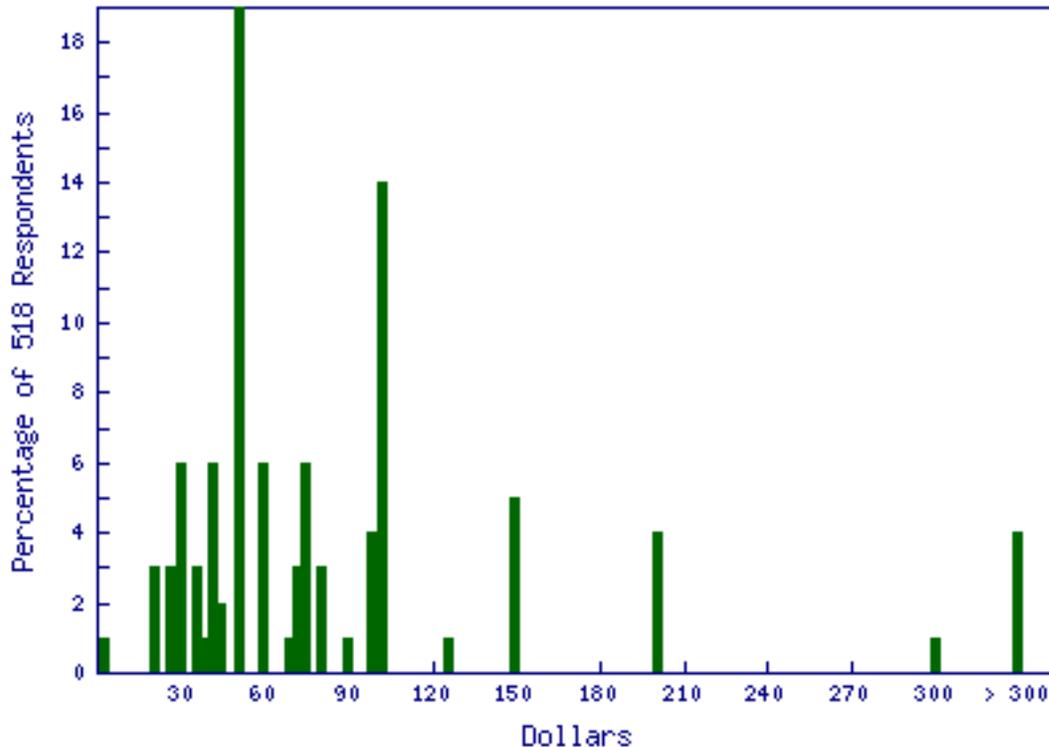
As you see, the x-axis and y-axis are **laid out in the same way as for fair price (i.e., 100 bars).** The only difference is that the highest price at the far right will be a greater number, since Teeter Point™ answers are greater than fair price answers.

Sample interpretation of the above bar chart -- 5% of respondents had a **Teeter Point™** between $147 and $150.

This bar chart does **not** show results for the actual ALMOST TOO HIGH and BIT TOO HIGH answers. It shows the results of the Teeter Points™ that are calculated for each respondent from those answers.

This chart will not "shift to the right," at least not like the first four charts. The Teeter Points™ will actually peak around the median value, which in this example is **$65.** The **on-site** interpretation for this bar chart **will** tell you the "median Teeter" for your product -- it will also tell you the median ALMOST TOO MUCH and BIT TOO MUCH values.

Overall, this chart gives you a good idea of where your customers teeter. It's extremely useful to compare this chart when you repeat a survey for the same product in a few months. And **comparing** the Fair Price chart with the **Teeter Point™** chart crystallizes your understanding of how your customer perceives your product and its price.

Finally, here's the most decisive point about our patent-pending **Teeter Point™** -- it is **most** valuable for drawing our line graphs. That's where you'll find your **Perfect Price™.**

4.1.7. Bar Chart #7... Product Impact Profile

Product Impact Profile mathematically combines "importance" with "uniqueness." This bar chart reveals your product's **overall impact on the customer.** Here's an example...
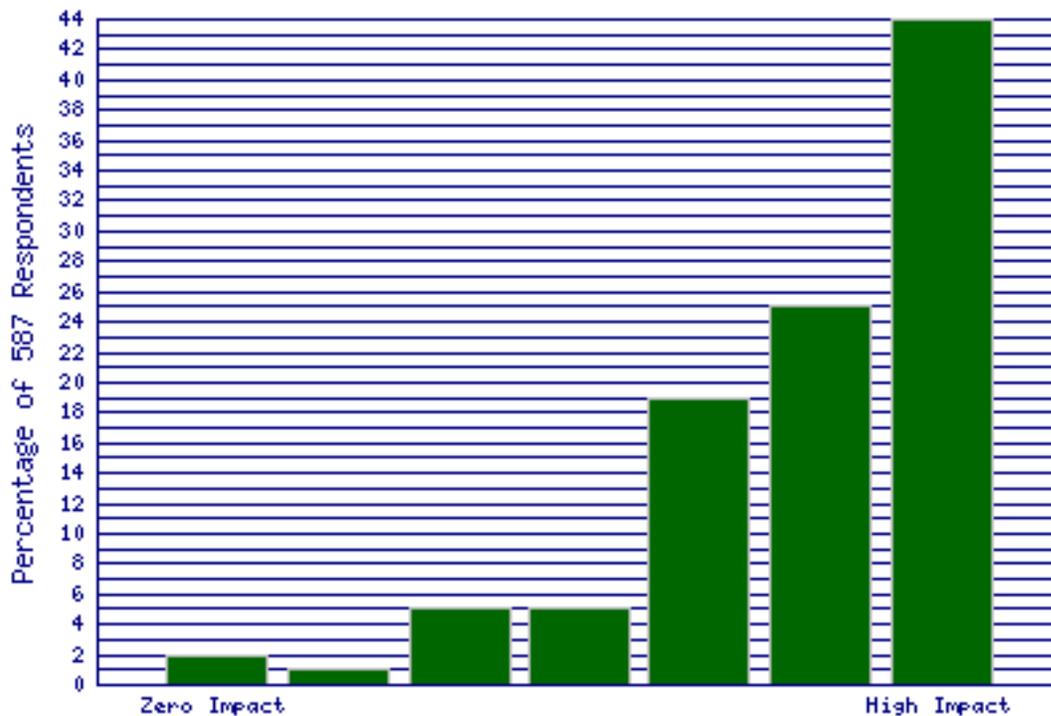
The layout is similar to the first four bar charts (importance, uniqueness, usual purchase amount, frequency of purchase). The percentage of respondents is on the y-axis, and **7** bars appear along the x-axis. The x-axis literally ranges **from ZERO to HERO...** from the respondent who did **not** find your product important or unique ("Zero Impact"), to the one who scored it highly for both ("High Impact").

The more the chart shifts to the right, the greater the impact of your product, which translates into higher perceived value (according to the multiple regression analysis for these questions). **That all means...**

... good news for you (especially in the Business section!). Obviously, the example chart above shows the results for a product that made a tremendous impact!

On the other hand, if the chart weighs heavily to the left, thumbs down. You are making **very little** impact. Develop a strategy to overcome this. For example...

• Make a better product.

• Make a better Web site **(http://myss.sitesell.com/)**

• Aim for a different target market.

• Give your product away as a traffic-builder.

You **mus**t do something. This survey is a **realistic** reflection of **what will happen "live."** If you don't make an impact, how are you ever going to sell anything?

4.1.8. Bar Chart #8... Net Buying Profile

Net Buying Profile mathematically combines "frequency" with "usual purchase amount" -- think of it as "disposable Net-dollars to buy" for your product category.

This bar chart reveals the Net-buying behavior of your potential customer -- what his shopping habits are on the Net, with relation to your kind of product. Here's an example...
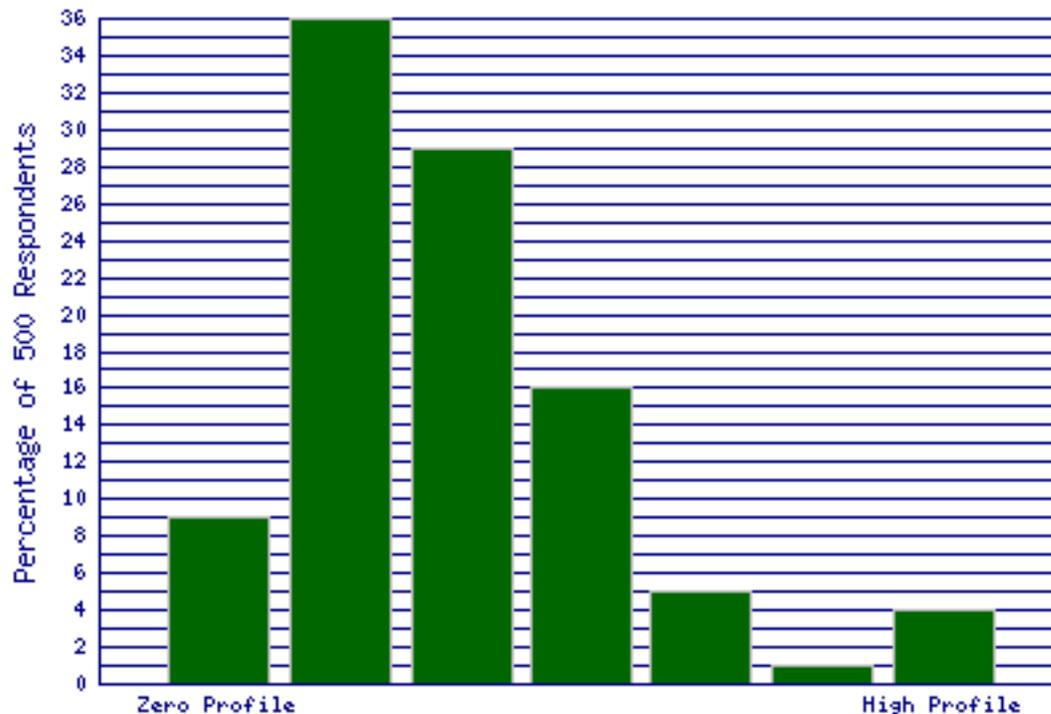
Same layout as for **Product Impact.** "Zero Profile" respondents basically **don't** buy the kind of product that you offer through the Net. Those on the right side of the x-axis, "High Profile," are the big-time Net-buyers, high in both frequency and dollar amount. They are your "most likely to buy" customers.

Once again, a shift to the right is a **positive** sign... there is a good pool of "disposable dollars" available for your product. The chart above, with its concentrated number of respondents on the right side, indicates a Net-buying savvy group. This translates, but only weakly, into higher perceived value.

If all the green is on the left, your customers simply don't buy on the Net. Use your site to "tell the story" and generate leads. **Close** the sale offline.

The "Net Buying Profile" bar chart is most useful for **insight into your target's Net-buying tendencies.**

By the time you finish examining the **eight bar charts,** you will be very knowledgeable about your prospective customers. You will see your product as they do. After you review the **four line graphs** (next), you will **know** the **Perfect Price™** to charge them.

Exciting moments ahead. Let's forge onwards...☺

4.2. Line Graphs

The line graphs do **not** summarize. They **project.** They show you what will happen at the extremes of possible price points... and at every price in-between! Specifically, they'll show you how increasing price points affect...

1) Unit sales -- it would not be news to you, we're sure, if we were to tell you that you will sell fewer units at higher prices. And you likely also know that there are key price points **where the sales plummet.** If you price a dollar greater than one of those points... ouch! This graph will show you these critical points.

2) Gross dollar sales -- same sort of information as for unit sales, except we translate the number of units into gross dollar sales.

3) Gross profits -- shows you where your profit peak occurs. Yes, we're getting closer to "the answer!"

4) All three of the above (on the same graph) -- by seeing how the three graphs are inter-related, and by considering your overall pricing/business model, **your Perfect Price™ will be crystal-clear.**

Sidebar

A note about **the "jaggies"...**

If the graph shows a jagged, stair-stepped shape, with the jags getting bigger as you move farther to the right...
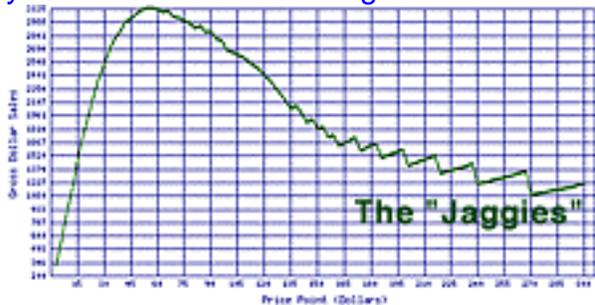
... do **not** interpret those jagged peaks to be increases in sales.

As you move **to the right** on the x-axis of the graph, the number of units involved is increasingly low and the price is increasingly high. The resulting calculations yield these jagged peaks -- they are **not true increases** in sales.

Our software will soon smooth the jags out -- but for now, you should do this in "your mind's eye." Watch for these false peaks in the following **line** graphs...

• Gross Dollar Sales vs. Price

• Gross Profit Sales vs. Price

• 3-in-1 Composite.

4.2.1. Line Graph #1... Unit Sales vs. Price

("Price-Resistance")

The "Unit Sales vs. Price" line graph displays your product's **"price-resistance"** (also called "price sensitivity"). It shows how demand reacts to changes in the price...
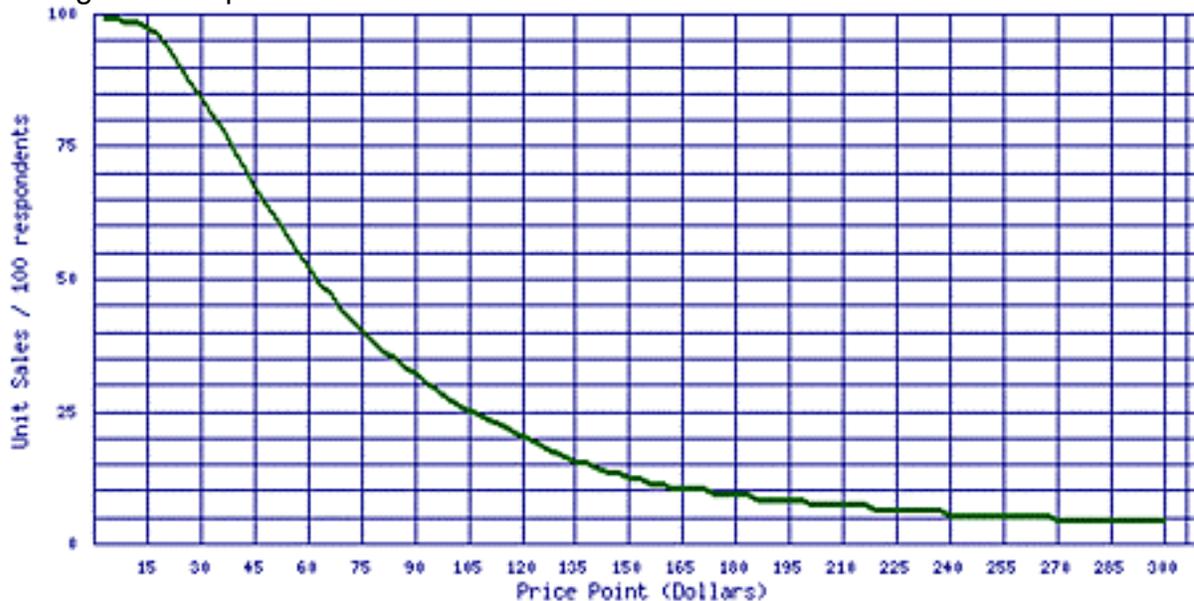
On the **x-axis,** price points increase in dollar value from left to right. The **y-axis** shows the number of sales that you would make for every 100 survey respondents, **at each price point.** It's derived by...
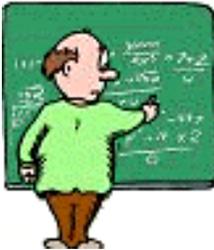
... a complex mathematical formula that is performed upon each respondent's data. Through a combination of multiple regression, calculus, and probability/game theory, it calculates the **exact number of units that you will sell at each and every price point** along the x-axis.

See how the graph slopes down from left to right? As we said, demand decreases as price rises. See how the graph above starts a **steep slope down** at about $20? You're entering a zone of "price-sensitivity" where you lose unit sales rapidly as the price increases. This slope starts becoming fairly horizontal at about $150 -- that's where you can increase price without losing much in unit sales (price-insensitive).

What's the best way to use this chart? If you're planning a low-priced, high-volume approach, study the lower price points. Planning to top price? Look at the other end. **(See Price to Win (above) for details about these strategies.)** Before you make a pricing decision, you also need to know how much gross sales and gross profits you'll generate at each price point. So let's move on...

4.2.2. Line Graph #2... Gross Dollar Sales vs. Price

This line graph is the **"gross sales"** version of the preceding graph. It shows you how much you can expect in gross dollar sales (units x price-per-unit) at every price point...

The **x-axis** is the same as the previous graph. The **y-axis** shows the **dollar value** of all sales that you would expect to make for every 100 survey respondents, at each price point.   This value, gross sales, is derived from the Price-Resistance graph by multiplying the **number of units sold** at each price point **times** that **price point** (i.e., that price on the x-axis).

In this example (we are carrying the **same** example throughout this series of bar charts and line graphs), you will generate the **greatest total sales dollars** if you price your product at $57.

Before you make a final pricing decision, you obviously need to know how much gross profits you'll generate at each price point. If you're selling a digital good, there's really no difference. But if you're shipping a hard good, your cost of production comes into play.

Without the profit graph, you could not be sure of your **Perfect Price™** -- after all, you must **factor in** your cost of production. If your cost of production is $60, for example, you'd be **losing** money at at your "best-selling price" of $57 above!

So let's **show** you the profits...

4.2.3. Line Graph #3... Gross Profits vs. Price

This graph shows how much in **gross profit** you can expect at each price point.   It factors in the per-unit cost of production that you supplied...
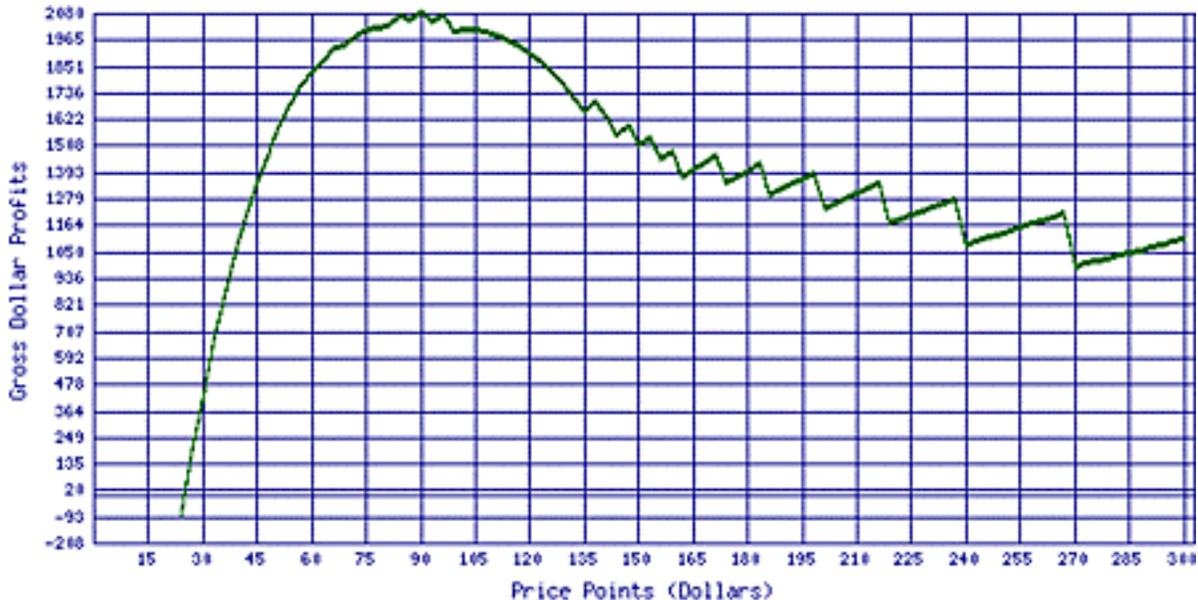
The x-axis remains the same. The y-axis shows the **dollar value** of the gross profits from the gross sales that you would make for every 100 survey respondents, at each price point. It is derived by subtracting the **cost of production for the total number of units** that are sold at each price point from the **gross sales** at the same price point.

We talked earlier about entering your cost of production. The goal **right now** is to figure out what price point (if any) will be most profitable. So the figure that you enter for cost of production should reflect the status of your product **right now.** What does that mean?...

Well, if you are at an early feasibility stage with no sunk costs **right now,** then you should enter every pre-production capital cost (ex., R&D, equipment expenses, studies, etc.) that will be needed to produce this product. Then amortize that over a conservative estimate of the number of units that you will produce.

But if you have **already** spent all that, and if you are just about to push the button on production, all you have to do is enter a cost of production that is consistent with the size of your production run. For example, if you will print only 1,000 books, your per-unit cost might be $10. But if you make 20,000, it might drop to $2. It's important to enter a realistic amount. Don't enter what you hope it will cost -- **enter reality.**

To figure the final **net** profit, of course, you still have to plug in non-production related expenses into your spreadsheet calculations. This is beyond the scope of this manual, but consider this...

Some of these costs are variable expenses (ex., advertising and promotion). Others are fixed (ex., overhead). Be careful about picking one of the lesser price points -- you may dip into the red. Run a complete P&L through a spreadsheet to make sure -- unless you're a dot-com, the idea is to **make** money, right?

The lower your cost of production, the closer will this profit graph will be to the "Gross Dollar Sales vs. Price" graph -- at zero-cost (digital products), they are identical. In the example graph above, the cost of production was $25 -- so it is somewhat similar to the gross sales graph.   If the cost of production for this graph was $100, this graph would actually **lose** money until $101 on the x-axis! It would be dramatically different in shape.

In the example above, **the graph peaks at $90** -- this is your single, **most profitable point.** Still, you might not choose to set this as your price. You might go quite a bit lower or higher, depending on your pricing model (penetration vs. top).

In general, remember this...

For a **high-price/low-volume** top pricing plan (skim a lot of profits, but not make many sales), "slide to the right" on the x-axis. If you are thinking of a **low-price/high-volume** business model (many sales through fast penetration pricing), "slide to the left" on the x-axis. But wait, you're missing a vital piece of information...

Now that you can see profits, you can't see the **number of units** sold at each price point. So to make your final **Perfect Price™** decision, it's time to **see it all...**

4.2.4.   Line Graph #4... 3-in-1 Composite

(Your **Perfect Price™** is in here!)

This graph displays all three line graphs, **Unit Sales vs. Price, Gross Dollar Sales vs. Price,** and **Gross Profits vs. Price,** together...
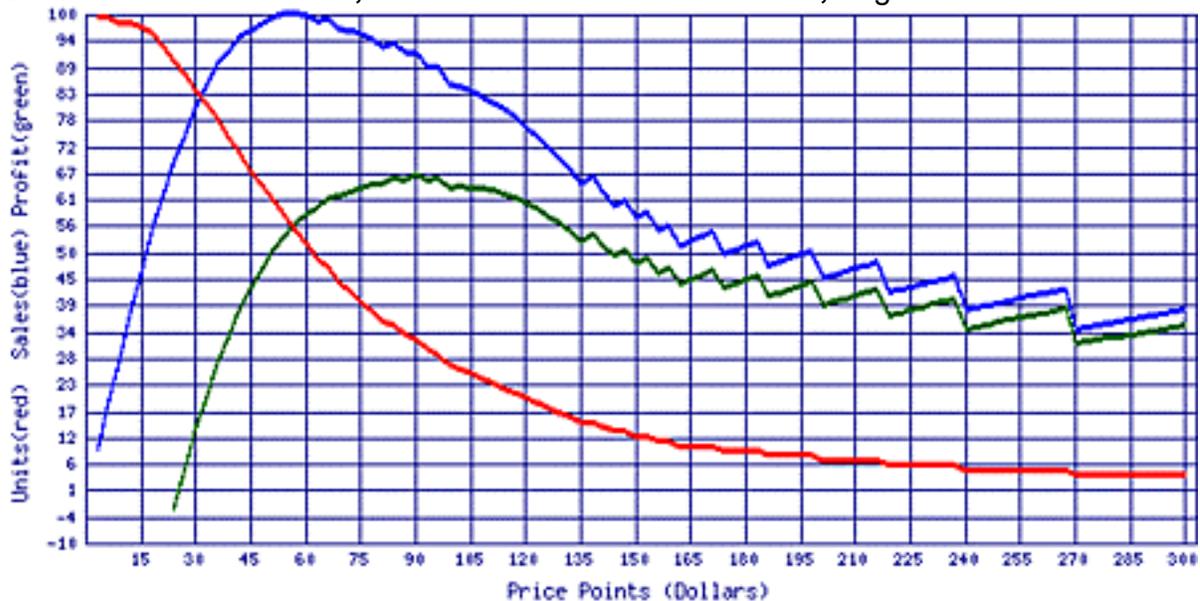
The x-axis is the same as before, dollars increasing from left to right. The y-axis is shared by all three graphs and **its absolute values are not important.**

The three line graphs have been recalculated to fit as **superimpositions** on this single graph. The curves are **exact** and they are **accurate** relative to each other, but of course the absolute y-axis values have no relevance at all. Depending on the y-axis, the shape of these two curves may look a bit flatter, but that's OK -- on this graph, **it's the relationships that matter.**

Everything you need is here. For every single price point, you can see how many units you will sell, gross sales, and gross profits. **Simply pick the price that maximizes your profits for your business/pricing model!**

Planning to top price? You're in luck. You have a great range of choices -- your profits stay fairly level from $165 all the way up to $300. All you have to do is decide how many customers you want to weed out!

How aggressively do you want to **penetrate** the market?...

At $90, you generate your single best gross profit. But you lose 2/3 of your potential unit sales at that price point (see how unit sales at $90 = 33?). If you cut your price from $90 to $55, you increase your unit sales to 56 while only decreasing gross profits by one-sixth. Naturally, you have to also consider overhead and other expenses to calculate your own **net** profit.

In general, if you'd like to make some profit **and** not lose too many unit sales, **a good compromise** is to pick the spot where the **Gross Profits** curve intersects the **Unit Sales** curve. In the example above, that would be at $58.

As you can see, depending on your goals, you could price this example anywhere from $19 (ultra-penetration model), or push your price all the way up to $299.

Choose $19 if you want to get a large percentage of the market and you don't mind losing money to establish yourself as a major player in the market or to build a huge customer base. **Choose $299 if** you want to send a signal that your product is a high quality one, you like the big, easy profit margins and your goal is not to win market share.

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One final thought... It's **not enough to just have a price model.** For example, we priced our first book, **Make Your Site SELL!,** to **penetrate.** We knew it was better than $200 products of a similar nature. But we wanted to penetrate a competitive market. So we priced it at US$17!

Unfortunately, **MYPS!** did not exist at the time. I'd love to be able to **get into...**

... a SiteSell time machine (our next product!). I'd run **MYPS!** on **MYSS!** -- there's a giant chance that a lot of $ signs passed us by. A survey might very well have revealed no-unit-sale-decrease until the $19.99 price point, which would have added **$3 per book straight to our bottom line.**

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To summarize you have three basic options...

OPTION #1   Penetration pricing?   Slide along the x-axis, to the **left.** How far left? That depends on how aggressively you want to penetrate, and on how deep your pockets are.

OPTION #2 **Planning to top price?** Slide along the x-axis, to the **right.** Only you can decide how far right to go, based on the particulars of your business, product, and target market.

OPTION #3 **Simply want to make the biggest profits possible?** Easy... price at the peak of the Gross Profits graph ($90, in this example).

Ultimately, the final selection of the **Perfect Price™** is up to you. But for the first time in the history of business, **you have all the data you need to make a smart decision.**

So there you have it....

Develop your pricing/business model.

Run your survey.

View your results.

Get your Perfect Price™.

4.3. List of Respondents

Click on the **"View results"** button beside "**Get list of e-mail addresses**" -- this provides you with a complete list of everyone who replied to your survey.

This list is a great communication resource. You can promote or announce your new product launch to your respondents. You can follow-up on that bonus or discount that you offered them in return for answering the survey.

Simply select the list, copy-and-paste it into your own software (text or database or e-mail). This information is yours -- **we will never e-mail these people. See our privacy policy.**

4.4. Special Note About Results

This note is worth repeating. To keep our servers from slowing to a crawl, **MYPS!** calculates all results each night starting at **3 A.M.,** Eastern Time. The results you see the next day include all responses sent to **MYPS!** before that time.

5. How to Get the Most Out of MYPS!

Remember above when we said?...

Garbage in...

... garbage out!

This chapter shows you **how to get...**

... gold out of MYPS!.

5.1. Solid Gold In...

MYPS! generates charts and graphs that literally bring your pricing from the dark ages into the digital era. Like any tool, though, **MYPS!** is only as good as the craftsperson who uses it.

This section covers what you can do to ensure that the very best data is captured by **MYPS!.** If **you** make sure that only **gold** enters your survey database, **we** will make sure to deliver pure 24K gold in your results!

Here's how to "goldenize"...

5.1.1. Duplicate Reality as Closely as Possible

Follow one key rule and you'll be fine. Let's call it **The Golden Rule...**

Duplicate reality.

A survey is **not** reality.   A customer buying your product... **that's** reality.

So your survey should mirror reality as closely as possible. Two examples...

• show and tell your actual target market... i.e., genuine prospective customers

• show and tell your prospects in the same way that they will actually learn about your products.

The closer your process duplicates what will actually happen, the better. If you break the Golden Rule, do it only after careful consideration. Do it only if you know how to factor the difference into your final pricing decisions.

5.1.2. Who to Show & Tell

Show and tell your prospective on-target customers. Obviously, that's the best way to **duplicate reality.**

There will be times, however, that you use an off-target group of respondents. For example, **suppose that you'll be direct-selling via your Web site.** But you want to keep your site and product confidential until launch. You can "distort reality" in several ways. Here are two...

1) Hire a consultant to select customers to do focus groups. The consultant can either show and tell, in the company's offices, via a temporary, password-protected Web site. Or she can do a person-to-person demonstration of the product's features and benefits -- she would ask the six questions during these sessions and then input the data into **MYPS!** later.

Either way, reality is distorted. You'll still get solid, useful information, of course. But do consider whether you have duplicated your true Web-buyer's situation sufficiently -- if not, do the results need to be adjusted up or down, and by how much, to compensate?

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2) Send your sales affiliates to the site. For example, SiteSell is well-represented on the Net by thousands of "5 Pillar" affiliates. We can generate a lot of responses in a hurry by asking them to complete our survey. We use this technique because it's fast and it stays confidential until the **full product launch.**

Of course, we recognize that the affiliates do **not** represent our exact target market. Normally, the affiliates send **other** people to the site. We deviated from reality when we directed affiliates to the **Make Your Knowledge Sell!** pre-launch site.

Overall, we consider the pricing answers of 5 Pillar affiliates to be only a few percent higher than the typical customer -- affiliates are slightly **less targeted,** but somewhat **more enthusiastic**. We adjust accordingly.

Let's summarize...

As much as possible, **show and tell your actual prospective customers.** If you have to vary, do it in a way that deviates from reality as little as possible. And factor that difference into your results.

5.1.3. How to Show & Tell

How will your **real** customer buy your product? That's **how** to show your survey!

If your customer will review your Web site presentation and then buy via the Web, show and tell your prospects by using **the exact site** that will be doing the selling.

If your customer will see a TV ad and then go to Wal-Mart to buy, hire a researcher. Here's the process...

1) He should first show prospects the commercial in Wal-Mart and then show the product in its packaging -- no product demonstration, unless that would normally be available.

2) At this point, he asks the survey questions.

3) Your researcher can enter the answers into the online **MYPS!** survey (which is **not** accessible to the public) **himself** later.

No matter how you show and tell, **do not explain that this is a pricing survey -- if you do that, you bias the respondent. The two pricing questions are innocently buried among "habit" and "attitude"**

questions. So don't call attention that you want to use this to PRICE your product.

Think of it this way... When a customer is on the verge of buying your product, she is actually being **price-surveyed, except it's "for real"!** She has to decide whether it's "worth it." But she does not **know** (or even consider) that she is being **price-**surveyed. Nor should your respondents.

Again, the bottom line is...

Duplicate reality.

5.1.4. Customize to Perfection

We talk, elsewhere, about creating your survey. Although it looks easy as pie, and it is, please allow us to stress...

Take your time. Answer each question carefully and read all the green on-site instructions. When you're ready, you will preview...

1) The Thank You page and e-mail -- test the link on the page and read the e-mail carefully. There is a return link in both that sends the visitor back to your site. Make sure that it works -- if not, correct the typo before you create your survey.

2) Your MYPS! Pricing Survey -- proof-read it carefully. The "survey creator" program is just a brainless computer algorithm that inserts your product's name and category. Read it to make sure that there are no typos and that the language is smooth -- will your typical respondent understand? If not, go back and adjust.

To maximize response rate, really **aim for perfection** on your survey.

5.1.5. Write a Good Introduction

The introduction is critical. **We discussed it above.**

As mentioned, the **Most Wanted Response** of your introduction is to get the response. It must persuade your prospective customer to **complete and submit the survey.**

Here's our favorite Web-based technique if you use your Web site to get the sale...

STEP 1) Create a new site, or a new addition to your existing site, that is dedicated to selling your new product to customers.

STEP 2) Do some light marketing (through banners, e-zines, a small percentage of your affiliates, etc.) to drive some targeted traffic to the site. Remember, **the goal is to attract respondents that are as close as possible to your typical prospects** -- **recreate reality.**

STEP 3) When your visitor clicks on the Order button, she instead goes to your Survey page. Now it's time for your introduction to go to work.

STEP 4) Welcome her to your pre-launch. Explain that you will be full-launching in a week. Right now, you need her help...

If she can spare 60 seconds (yes, that's all it takes!) to answer 6 quick questions about your product, you would be delighted to offer her a 20% (or whatever **maximal** number you can afford) discount. That discount will be a sure-fire way to generate some early sales as soon as you launch!

In the final part of your introduction, just before you get to the survey, explain **exactly what it is that is being offered** (example, one time use of server-side software like **MYPS!** or unlimited-use, one-year subscription?).

And, as we've already said about your introduction, one **key last point...**

... Keep It Short and Simple.

5.1.6. Test the Survey

Check off your "to do" list...

You've written the introduction. You've incorporated the html of the survey into a company template. And you've uploaded it all to the Net. Great!

Ready to launch to thousands of people, right?

Nope! No way! STOP!...

... Arretez-vous!

Test it **now** to save embarrassment and lost sales **later.** It's easy. Just ask a few folks to pretend that they are customers. They visit the site and complete

the survey. Even do a small **usability test** and actually watch two people as they do it -- it only takes two to get decent feedback.

Is your introduction confusing? Improve it. Did your product name or category throw people off? Log back into your **Admin Page**. Click down to the Modify section, select this survey from the drop-down menu and then click on the Modify button. Make the necessary changes.

Then do another small test. Stop testing when all seems to work well.

After testing, log-in and click on **View Results** this time. The number of respondents that **MYPS!** reports should equal to the number of testers -- and you should see them all in the **list** of e-mail addresses.. Click through the bar charts and line graphs to make sure that everything is working.

Everything working? Go back to the **Admin Page** and click on the Reset button to delete all the test data from the database. You're all set to "go live."

5.1.7. 12 Ways to Get Lots of Replies to Your Survey

Remember our discussion about **how the number of responses affects how meaningful the information is?** **See it above.**

Your goal should be at least **50 to 100** replies. The data at this level yields more reliable information that you can act upon... with confidence.

If 50 to 100 replies, sounds like a lot, this may be a good time to develop a traffic-building program. **Make Your Site SELL! 2002** shows you how to boost your traffic in an extremely time-and-dollar-efficient way...

Make Your Site SELL! 2002
http://myss.sitesell.com/

But right now, you need answers...

METHOD 1) Be patient. Don't cut the survey off at 20 people because you "see the answer." Let it run until you get at least 50. That's the most important advice we can give you... **be patient.**

METHOD 2) Send an e-mail to your affiliates or to your existing client base. Offer them a sneak preview of your new product and a 15-25% discount if they'll take the time to complete a 60-second survey.

METHOD 3) Make a post in a targeted newsgroup, forum or mailing list. Find targeted newsgroups at Deja.com **(http://www.deja.com/).** Find forums at ForumOne **(http://www.forumone.com/)** and find mailing lists at Liszt.com **(http://www.Liszt.com/).**

Once you've found your target audience, tell them about your sneak preview. Ask them to complete the survey. As your thanks, you'll **give** them your product (especially affordable if it's a digital product, but even if it's a hard good, your actual cost is not that great) -- seriously, make this generous offer or you'll be flamed for trying to sell to these groups.

METHOD 4) Same as METHOD 3, except write an article or place an ad in a targeted e-zine. **The Directory of E-zines (http://www.lifestylespub.com/)** will point you in the right direction.

METHOD 5) Buy your most important keywords at Overture.com **(http://www.overture.com/).** Most of the time, this won't cost you more than $0.50 to $1.00 per click-through. Put $100 into the account -- odds are you'll have enough answers before you spend the whole wad!

Sidebar

Overture.com is the grandaddy of "pay-per-click" Search Engines. Since it's the biggest and oldest, the bidding price is higher than the newer ones. So it may also be worth your while to investigate the newcomers. A complete listing appears at...

PayPerClickSearchEngines.com

http://www.PayPerClickSearchEngines.com/

METHOD 6) Same as METHOD 5, except buy your most important keyword at RealNames.com **(http://www.realnames.com/).**

METHOD 7) Visit targeted chat rooms and ask for volunteers.

METHOD 8) Ask suppliers, your best customers, distributors, your own sales force, friends, etc. to respond "as if they were" average customers. Recognize that this deviates from reality and that you may have to adjust results slightly to compensate for the difference.

METHOD 9) Hire a professional researcher to do offline research, then enter the data. Researcher should print out the two questionnaires neatly, on your own stationary. After "show and tell," researcher asks half of the group to fill in one survey, and the other half fills in the other. Researcher then enters the data.

METHOD 10) Of course, if you're on a budget, you can do offline research yourself.   There's no limit to where and how to do this... street canvas, in your office, at a store, etc.

METHOD 11) Pay the $200 for rapid admission into Yahoo! **(http://docs.yahoo.com/info/suggest/suggest.html).**

METHOD 12) Get creative and learn from this experience. All you have to do is get 50 people to answer six questions -- think of original ways of accomplishing this simple task. If this proves to be impossible, you may want to kill the project -- after all, how will you ever influence people to **buy** your product if you can't convince them to take 60 seconds to **reply** to your survey?

Bottom line?   Even if you just phone 50 friends and associates, get the data, and then enter it into your **MYPS!** pricing survey form yourself, you are way ahead of launching your product without this data. Pricing is critically important. Given all the methods above, every company should easily be able to reach our recommended minimum of **50 to 100 replies.**

Sidebar

Make Your Site SELL! 2002 or any other SiteSell product includes a subscription to **Sales from the EDGE --** invaluable e-zine to keep your online business on the cutting edge.

5.2.   Solid Gold Out...

"When & How" Strategies for MYPS!

Once you've made sure that only gold gets into **MYPS!,** it's automatic... **gold comes out.** This section explores how to mine **MYPS!** to its max!

Sidebar

MYPS! is incredibly flexible. If you discover a new use for it, please drop Ken a line at **myps@sitesell.com.** We'll include it in a future edition of this manual, give you the credit and pay you $100 for the idea! Thanks very much!

Consider this section the "Power User's Guide" to **MYPS!...**

5.2.1.   Online Pre-launch for "Pre-Orders"

The single best way to use **MYPS!** is via the Net.   Create your site that sells your new product. Link the Order button to the Survey pages, as explained

earlier. And use the introduction to offer a 20% discount. It's a great WIN-WIN-WIN...

1) Your respondents WIN. They are delighted to get 20% (or more) off for a minute's work.

2) You WIN. You are delighted to have a few hundred pre-orders.

3) Your survey WINS, because you duplicate reality, almost exactly.

5.2.2. Go, or No Go?

Earlier, we said...

Traditional pricing policies were determined from the **bottom-up.** Companies determined a cost of product. Direct and overhead costs were determined. Then an appropriate mark-up was charged, based upon competing pressures and "what the market could bear" (although rarely was there science to back up that hoary old phrase).

The **MYPS!** survey process starts where pricing **should** start... **with the customer.** You learn the exact price that people are prepared to pay for your product. **That gives the business person an opportunity to assess if his good or service is worth pursuing.**

You cannot assess this rationally if you do not **know** how your customer will respond to various price points. There is no other way to know. Sure you can guess and plug any number you like to make the spreadsheet look good. **We call it...**

... Price 'N Pray.   It's one of the major reasons **why new product introductions fail.**

Let's say that you have a product that is destined to die -- there's just no way to match benefits to a profitable price (you don't know this yet, of course). Which of these scenarios would you prefer?...

SCENARIO 1 -- you price 'n pray and launch the product. You've convinced yourself it's a winner. But your customer doesn't know that! They vote with their wallets. Twelve months later, you've lost a million dollars and a year's worth of opportunity cost.

SCENARIO 2 -- before you launch, you run a **MYPS!** survey on this product. **Remember that Price-Profit curve?** Well, the graph does not have a profitable point on it. It's clear that this product is deader than a doornail. You either modify it or you drop it.

If the price analysis is way off, drop it. If it's close, consider adding an extra feature that delivers a strong benefit. Or can you add a "free bonus" that adds to the perceived value without adding much to the cost? Rather than completely developing this improved offering, perhaps you could just price it **using the trial balloon technique (next)**.

Cost analysis of aborting launch -- you save $1,000,000 (in inventory, marketing, overhead, etc.) and a very stressful year. Not so disappointing after all. **So don't...**

... stick your head in the sand. If your product fails the **MYPS!** test, either improve it or drop it. This goes double if you are a small company -- you can't afford a major flop.

MYPS! gives you a quick, easy and inexpensive way to **diagnose failure ahead of time.**

5.2.3. The Feasibility Study...Launch a Trial Balloon

Now, what if your product or service does **not** actually "exist" yet? It's still just an "idea" on the drawing board.

However, you've already done most of the necessary **groundwork** to make it become concrete... you know what similar products or services are available on the Net, what type of traffic (interest) they are generating, and what your selling price **should** be to cover production and distribution costs, **and** yield a decent profit.

You're at the brink...

You don't know whether to commit x number of dollars, and y number of months of intensive effort, **or not.** The true gamble of product development is measured in both dollars and time. You have **not enough** of either to waste.

Just send up...

... a trial balloon.

MYPS! is the perfect vehicle for a **feasibility study.** It lets you test your idea **before** you have product development costs to recover. You will be able to make that go/no go decision with greater confidence and objectivity.

In the introduction to your **MYPS!** survey, **do** make sure your respondents know that the product doesn't exist yet -- offer them a **special gift** for helping out. But except for that, it's same process as for a concrete product or service...

• duplicate reality for "show and tell"

• generate targeted traffic

• evaluate survey results properly.

For example, let's say that you've just finished reading **Make Your Knowledge Sell!** -- you have a great idea for a new infoproduct. Or perhaps you want to import and sell sensational Hungarian crystal vases through a Web site.

Test the value of these "concepts" before you go through the time and expense of creating and publishing the infoproduct or before you import 2,000 vases at $150 each. **How?**

Create a Web site and **MYPS!** survey. If the vase survey shows you that people won't pay over $100 for your vases, selling them via a Web site is not viable.

Think your infoproduct has no cost of production since it's a digital product? Since you have not yet actually created it, you must amortize your capital costs (time and equipment), **as explained earlier.** If there does not seem to be enough financial potential, use your new-found **MYKS!** skills to create something with more potential. Don't forget to test **that one,** too!

MYPS! cuts the risk. **And makes productive use of your time.**

5.2.4. Look at the Results "Every Which Way"

View Results for every group option offered **(details of options above)…**

1) All

2) Eliminate the extremes

3) Show the middle

4) Top Prospects.

Take time to go over results for a variety of costs of production.

Print out the all the charts and graphs for easy offline comparison. The insights you gain will be invaluable.

5.2.5. What Kind of Products?

Naturally, any product or service that can be sold via the Web is best. And, if it's a digital product that you can sell **and ship** via the Web **directly** to consumers... well, that's best of all.

The best kind of products are those marketed to **consumers.** Business to business (B2B) products are less reliable. Here's why...

1) You can get a large number of responses far more easily, simply because there are far more end-users than professional buyers in any B2B process.

2) Consumers tend to answer surveys honestly. A professional buyer for a company that uses your product can be expected to be smart enough, and crafty enough, to give himself a 30% price reduction by simply entering a number that is 30% lower than what he really thinks!

So here's what to do...

If you're a manufacturer who still **sells to distributors,** you should do your price survey with your **end-consumer,** not your distributor. Why? Because you'll get more, and better answers. And once you have your **Perfect Price™,** you can use industry-standard margins to calculate back to what your "A" price should be to your distributors.

If you're a pure B2B that **sells goods or services for use by other businesses** (i.e., no "consumer" as end-user), it would be best to ask your **sales people,** friendly **customers,** and **others who know the market** to complete the survey.

5.2.6. Multiple Surveys for Different Product Versions

Your product may be available in several different versions. For example, we sold the original version of **Make Your Site SELL!** in both Electronic and Printed versions. Customers have a higher perceived value for printed products. How to price them? Simple...

Run two surveys, one for each!

5.2.7. Multiple Surveys for Different Site Versions

Can't decide on two strong approaches for your Web site? Do them both and test both of them! Or, maybe you can't decide between two Opening Paragraphs? The Opening Paragraph for a sales-oriented site is so, so important **(for more information, see Make Your Site SELL! 2002).** Test **both** openers with two different surveys!

If you find one site develops a **Perfect Price™** of $88 while the other brings $69 for the same number of unit sales, guess which one wins?

5.2.8. Surveys for Existing Products

You may have gathered that **MYPS!** is only for **new** products. Not so.

True, it's not quite as simple to test a product that you are **already** selling. After all, you can't just pull down your Order Page and replace it with your survey. People are **expecting** to buy it. And since your Order Page gives the price, it would **bias** your test results to run a survey on your existing site.

But you'd really like to know if you have chosen the best price, right? Solution?...

A separate Web site, just for the pricing survey. Simply duplicate your current site that sells your product. Replace the Order Page with the **MYPS!** Pricing Survey Web page. Now, when your visitor clicks to Order, she goes to your Survey page.

Why the separate site? Because **no one** knows about it. So now you can direct a **controlled flow of customers to it.** Use Overture.com to send targeted traffic **(see METHOD 5 above).** Run the test until you have at least 50 replies, more preferably.

Once the survey is done, pull the whole site down. Leave a **blank redirect page** to your "real site" so that future Overture.com traffic goes to the right place.

Not sure what a redirect page is? Just tell your techie to put up a blank page that "META refreshes" to your real site.

This technique accomplishes two valuable goals at the same time...

• finds out how **new** customers value your existing product,

and **at the same time...**

• builds ongoing traffic by using Overture.com and other pay-per-click engines.

Now that you know **how** to test an existing product, let's review two more reasons **why** you would want to do this...

• changing market conditions

• product upgrades

5.2.9.   Using MYPS! With the Same Product...

Repeated Surveys Over Time

Things change. Markets mature, particularly on the Net. **Some examples...**

• A new competitor enters the market and challenges your product's position.

• A major competitor leaves the market and no longer challenges your product.

• Tastes or fashion in your product's category change.

• You make changes in your original product.

• You add other products which might be bundled with your original product.

• You elect to make some change in the other distribution channels you are using, such as putting the product in a conventional "bricks and mortar" outlet, or in reverse, removing it from there.

• You make big changes in your promotional budget.

• Any other changes that occur in your product, its market, or its customers.

What to do?

Simply repeat the **MYPS!** survey.

Even if nothing **seems** to change, periodic re-surveying will find unknowns in the market place. If you're **losing the battle** more than you thought, **MYPS!** may be the first to actually tell you this. That insight leaves you with a lot more time to react and **win the war!**

Key indicators to watch are the **Perfect Price™,** of course, and the fair price from the bar charts. **Compare these two numbers over a period of several surveys** -- you'll understand more about your product and its marketplace than you could ever imagine possible.

5.2.10. Product Upgrades

Upgrades are a special case from the previous section. **Upgrades are great for counter-attacking a mature market.**

The drill is the same. Put up your Web site that explains benefits and features. Then ask the survey questions.

Marry this idea with the "trial balloon" technique. Present various upgrade **possibilities** and determine the **Perfect Price™** for each, via a site dedicated to each possible new version. **Then** decide what features to include in the new upgrade!

5.2.11. Perceived Value Pricing

If you have a product that will follow a high-priced, perceived value model, **the entire package** must be present before you do your survey. If it's a Web site, it must reek of luxury... no corners shaved here. The packaging must be exquisite. Every high-end detail must be polished and displayed with class.

Then, and **not** before then, you can do your survey. If your survey cannot elicit **profits on the far right** of your graph, re-think your strategy or its execution. The perceived value is clearly **not** in the mind of your customer.

5.2.12. What if I Sell Hundreds of Products?

Let's say that you have an online store that sells **hundreds, or even thousands,** of items. There's no way, of course, that you can run a survey for all of them. And, in any event, you are most likely retailing products that are manufactured by **other** companies -- so your pricing is stuck in a pretty **narrow price band** for each product...

• If you price an item **too high,** your customer will buy from another online retailer.

• If you price it **too low,** you lose money.

But there is one great way to use **MYPS!...**

Like most stores, most of your sales probably come from a small percentage of your products. And every now and then, you like to run a special sale on a popular item to pull high traffic into your site.   Would you like to get the maximal benefit from your "loss leader?"...

If you use the **technique outlined above for existing products,** you will be able to determine your best "sale" price point. By studying the **3-in-1 composite line graph,** you will be able to balance **price, unit sales, and profit** with fine precision. **MYPS!** will show you the highest price point that still delivers terrific unit volume sales.

Don't let a "loss leader" sale cost you more than necessary.

You may also discover a **pleasant surprise...** a better price point to use **after** the sale. Online retailers tend to price tightly, assuming their customers know the price of every item at every other retailer. Wrong. Many don't know and many don't care. So...

MYPS! may very well show you that you'll sell **fewer units at a certain key price point, but...**

... you'll make more money!

Remember, any business can only lose money for a while. Time to start becoming profitable?

5.2.13. Double-Check Marketing Dept's Price

Use **MYPS!** system as a double-check on your internal marketing team or against the opinions of a highly paid pricing consultant. **It's a cheap and effective way to be sure that you are...**

... on the money!

5.2.14. Use MYPS! Results With Other Data

Near the beginning of the manual, we discussed the "black magic" of current-day pricing. **MYPS!** brings those dark ages into today's digital era. Still, never price in a total vacuum.

Once you have your **Perfect Price™,** revisit **all that soft data** that you had collected. Seen in the new, bright light of **MYPS!,** that data might even start to make sense.

If it all fits like a glove, go with your Perfect Price™.

6. Dynamic Pricing...

Say Good-Bye to the Fixed Price

Let's spend a moment on the **30,000 foot view** of business and e-commerce...

First of all... business is **still** business. None of the age-old laws of economics have been repealed.

Right now, the Internet simply provides a new way for companies to market to, sell to, and support customers. The Web's global reach and its 24-hour accessibility improve the speed and lower the cost of doing business.

During these amazing transition years, a company can gain a **competitive edge** through smart use of the Net. Simply put, **smart use** of the Net makes business operations more efficient. Which, in turn, improves the bottom line.

Right now, companies are capitalizing upon this **"efficiency"** feature to differentiate themselves from their competitors. Online catalogs, order processing, and customer support offer cheap, efficient access for both the buyer and the seller.

It's a powerful way to gain a competitive edge and build a business. Think about Cisco's and Dell's phenomenal growth on the Net.

However, capitalizing on the Net to improve efficiency is roughly the equivalent of using the telephone as an improvement over local messengers or telegraphs (in 1877-1878, no serious business person believed that the telephone had more potential than local applications). The business world is **currently** wringing all the **obvious** business advantages out of the Net. And then...

Business will shift into **hyperdrive** as companies switch from merely becoming more efficient, to using the raw **"Netness"** of the Internet to fundamentally change the way businesses "do business."   How we price products is an excellent example...

6.1. The Dawn of Dynamic E-commerce

The true potential of the Web is not being captured because business is still blinded to traditional business practices and **fixed** pricing models. The Digital Revolution is about to change that reality with the introduction of **"dynamic e-commerce."**

Dynamic e-commerce can be defined as online buying and selling of goods and services through flexible pricing models that allow prices to change over time. **The price is driven by supply and demand.**

As mentioned earlier, a very low-tech kind of dynamic pricing took place prior to the Industrial Revolution. At that time, a far greater percentage of the population were farmers. Cities were relatively much smaller. Markets were small and local.

Goods were priced by haggling and through a simple "exchange" process. Vendors could see competing vendors' prices for potatoes, balance that against buyer demand and their own supplies, and, constantly adjust their prices accordingly.

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The Industrial Revolution, however, brought mass manufacturing and mass marketing. **Fixed** pricing was more suitable for **mass marketing** and, as a result, it replaced the previously dynamic relationship between the buyer and seller.

What's a "fixed price," you ask? It's how most products are priced today. Merchants set a price and they don't change it. For example...

Want that shirt? Wal-Mart sells it for $29.99. Same price in Los Angeles as in New York. It might be a slightly different price at Sears -- but it would be the same price at every store in each chain, from Miami to Montreal. And it would be the same price tomorrow and the next week (except for the occasional sale or promotion, at a **new fixed** price).

The fixed price will be seen as a **brief blip** in the history of business. Pricing was dynamic for thousands of years. Fixed pricing took over for several decades. **But now...**

Shopping bots roam the Net, constantly looking for the lowest prices. Communication is instantaneous and free -- we can all talk with each other. Competing merchants can peek into competitors' prices, not just in the next stall at the market but around the world, with the click of a mouse. Supply and demand ebbs and flows.

And it can all be **measured in real-time.** Yes, the very nature of the Internet is replacing fixed pricing with dynamic models. Consider these examples of dynamic e-commerce on the Net...

• Group buying sites like mercata.com put pressure on prices.

• More and more B2B (business to business) sites are using a variety of **auction** formats (ex., Dutch auctions, reverse auctions) and **exchanges** to price products.

• C2C (consumer to consumer) sites like eBay use auctions to create amazing, rich technicolor marketplaces.

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At this point in the Digital Revolution, fixed pricing still rules in straight one-on-one, customer-vendor, transaction-based sites. Companies like Priceline.com, where customers can "name their own price," are the exceptions that prove the rule.

But the reign of the fixed price will not last for long.

Efficiency has been, and always will be, the bottom line requirement for a successful business. Fixed pricing worked before because it was simply the most efficient way to handle matters, **given the technology at the time.**

Mass marketing simply did **not** allow for any kind of dynamic pricing. Imagine Wal-Mart haggling over the price of that $29.99 shirt, and for every other item sold. Imagine constantly balancing supply and demand for their millions of items in stock. No way.

A far more efficient way to sell, for both merchant and vendor, is through dynamic pricing. With dynamic pricing, the price fluctuates according to supply and demand. The price of a product becomes more like the price of a stock on a stock exchange... adjusting constantly, a perfect reflection of market conditions at any given moment (real-time).

Dynamic pricing has the ability to drive the final price point of every transaction to yield optimal value for both buyer and seller. **The result?...**

More customers buy more product at a price that makes the most sense to them.

For example, a #1 selling book, priced dynamically, would earn more money for the merchant when the demand is high and the inventory is low (i.e., when the book is first released). The "must-have" customer would buy at a higher price, while the more price-sensitive buyer could wait for the price to come back down, or could "bid" a lower price to catch the "ebb" in the demand flow.

The inventory moves.

The vendor's target market is extended.

It's a **win-win** situation for all.

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A bookseller is a good example of B2C (business to consumer), transaction-based sites. These kinds of sites are still using the old **fixed** model of pricing that they inherited from the Industrial Revolution. That will change soon.

Not only is dynamic pricing more efficient, not only does it extend the vendor's market, not only does it maximize value for both merchant and consumer...

Dynamic pricing provides **another** competitive advantage. It enhances the customer's buying experience, by adding excitement, personalization and a sense of community.

A dynamic sales transaction requires involvement... What price are you willing to pay for a product in relation to other buyers? What is this product worth to you? How long are you willing to wait to buy it? What are others bidding?

In addition, the bidding process offers the opportunity for the merchant to e-mail the prospective customer several times...

• when someone has beat his high bid, encouraging him to return and bid again

• when the high bid has won, meaning that he has moved up a notch

• when his bid wins or expires, etc.

Offline customers already demonstrate an attraction to **enhanced buying experiences.** Picture those successful specialty coffee bistros, where a cup of coffee costs three to five times more than the family restaurant down the street.

The Net buying environment is no different. In fact, Jeff Bezos (CEO of Amazon.com) suggests that, for Net businesses, 30% of expenditures should go to marketing and **70% to the customer experience.** Faith Popcorn, the well-known trend analyst, would agree. She suggests that due to the growing presence of "wired women," the emphasis will be more and more on **relationships and "the experience."**

The pay-off for dynamic pricing applications (like Web auctions, exchange pricing mechanisms or bidding processes) are higher repeat-purchase rates, Web site "stickiness," and greater customer satisfaction. Why?

Because the buying experience is exciting, personalized, informative and positive. Who **wouldn't** come back for more?

For example, eBay where prices are negotiated online is one of the highest trafficked sites on the Web. A recent study by Nielsen/Internet shows that e-Bay has, **by far,** the **highest average time per visitor** of the top 25 Internet sites -- the average e-Bay visitor stays for one hour and twenty minutes!

Yes, 85 minutes!

Final point. Dynamic pricing can be applied at **every stage of the product life cycle...**

1) Introductory phase -- to promote the product, attract "pioneers," establish the true market price, stimulate demand, and build traffic.

2) Growth phase -- to manage inventory levels, do spot promotions, expand brand recognition, drive traffic and excitement, and build community.

3) Maturity phase -- to liquidate inventory quickly without traditional clearance sales and to satisfy after-market demands when a product is retired.

Whether you sell a **one-of-a-kind,** ground-breaking product or low margin, non-proprietary **commodities** (like books), dynamic pricing is flexible enough to maximize your returns.

To sum it all up, dynamic pricing leverages the power of real-time, market-driven pricing that maximizes profit **for both** the buyer and the seller. At the same time, it effectively uses the Internet's interactivity to create personalized customer transactions and to build community and customer loyalty...

No matter where the product is in its life cycle.

Dynamic pricing is effective and necessary for all business, B2B, B2C or C2C markets, to achieve the competitive advantage. Dynamic e-commerce is on the horizon.

Be a first-mover. And watch the others follow.

6.2. But Does It Increase Profits?

Dynamic Pricing extends a merchant's market, for three big reasons...

1) Price Fluctuates   Consider the customer who would **never** buy at your fixed price. The product is too expensive. But if the price of the product fluctuates, she is more likely to try to buy it at a lower price, either by visiting during "off-hours" or by bidding.

2) Bidding... Competitive and Fun   Ever bought anything at eBay? It's fun and competitive. You often buy for **higher** than what you **thought** was your top price.

Price-conscious shoppers **will** bid for a dynamically priced product. Here's what could happen -- either...

i) Their bid is fulfilled. That's one order the merchant would never have received.

or…

ii) Someone beats their bid or their bid expires.   Merchant notifies them automatically. What happens? They bid higher until they get it. After all, they started bidding because they wanted it. And you know what happens when you don't get what you want!

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3) The Upward Spiral   For fixed-price sites, the number of sales ("unit-sales") is obviously proportional to traffic. Suppose that your fixed-price site gets 100 visitors per day, and that you make 3 sales per day, at $10-per-sale. So far, so good.

Now let's turn up the heat a bit...

If you attract 1,000 visitors per day, you would make 30 sales per day, at $10-per-sale (assuming that they are similarly targeted visitors).

OK, that's obvious. But here's what happens with **dynamic pricing** when traffic goes up 10-fold. At first, the fixed price model above holds true. Orders increase to 30 per day. That pushes the dynamic price up, meaning that the merchant makes more money per sale.

Generally, on a fixed-price site, a higher price results in a lower **Conversion Rate** (CR). The **higher** the price, the **lower** the **CR.** Up to a certain price point, you will make **more** profit even though the CR drops. But make no mistake about it... the Conversion Rate **drops** as the price increases.

Sidebar

Yes, we've all read about how some **off**line direct marketers claim to have tripled their product's price and immediately quadrupled sales. Based on all we've learned about pricing, and from our own consultants, I highly doubt the truth of these stories... unless **another** strong variable was changed at the same time.

And I can tell you this for sure... on the Net, if you triple the price for your product, you will cut unit-sales substantially.   Here's the bottom "**on**line line"...

A **higher price,** all by itself, simply does **not** enhance "perceived value" enough to increase Conversion Rate. **CR** will drop every time. Your profits increase to a certain point. But the CR **drops.**

But what happens on a dynamically priced site? The CR **holds** steady longer! It only drops when the price hits **very high** price-resistance levels. Here's why...

The price increase is driven by **other buyers.** This **validates** the perceived value. The merchant is **not** the one who sets the price. Customers "set the price." And, when the price is high, **customers** are stating that it's worth a high price!

For example, if we were to charge a **$100 fixed price** for a product, the only factor that could support that price would be the strength of the site itself. But, on a dynamically priced site, visitors see that **other customers** have already paid that much for the product. That's powerful, because it's the community of customers who set the price.

And there's **another** factor. It's easier to justify buying at a higher price when you see **others doing the same.** People follow the lead of others.

So visitors **do** buy at the higher price -- **the Conversion Rate holds steady,** may even increase, until a "too high" price point is reached. By that time, of course, the merchant is seeing far greater dollar sales.

If the merchant has an **affiliate program,** the affiliates are more motivated, too. Why? Because they earn a commission based upon a percentage of the sales price!

And another **"buzz"** happens with increased traffic. Bidding really comes alive...

People bid, get e-mails when they are out-bid or when someone else gets their order filled, etc. They feel the hum, the activity, the competition. So orders come in from here when things slow down a bit (especially overnight).

See what I mean by the "upward spiral?"

All in all, Dynamic Pricing increases a merchant's profits while optimizing the customer's satisfaction. It's the ultimate fulfillment of Samuel Pettengill's philosophy...

The successful producer of an article sells it for more than it cost him to make, and that's **his profit.** But the customer buys it only because it is worth more to him than he pays for it, and that's **his** profit. No one can long make a profit producing anything **unless the customer makes a profit using it.**

6.3.   What This All Means to You

There's no doubting the power of dynamic pricing. It will replace fixed pricing at transaction-based sites sooner or later... likely later -- changes like this take years to spread widely.

So for now, and for the foreseeable few years, **THE** way to price is by finding your **perfect static price.**

And **THE** way to do it is to use **MYPS!.** It's invaluable no matter where you are in your product cycle... concept, launch, or mature market.

Sidebar

Remember... MYPS! itself is **not** Dynamic Pricing. It is pricing survey software that helps merchants establish the most profitable price points for their products. It's incredibly accurate for finding your "Perfect Price."

7. It's Only the Beginning...

Our only mission is to deliver more **and** better

pricing tools and information to you.

The "other three **P's**" of marketing have had their kick at the can...

Product, **P**lace, and **P**romotion all **cost** you money.

They show up on the EXPENSE side of the ledger.

Now let **P**rice take its turn to **make** you money.

Yes, it's time to pay attention to the INCOME side!

Wishing you perfect pricing success,

Ken

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Site Build It!

http://buildit.sitesell.com/

To succeed at your online business (whether you are selling your own product/service or are PREselling for other merchants as an affiliate), you need a Web site created just for that -- a simple, focused site. One that is...

• Easy to build

• Maintenance-free

• Low cost

• Credible (you have your own domain)

• A powerful traffic-builder and customer-converter

Site Build It! (SBI!) pulls it altogether into a **one-stop, income-generating, step-by-step system** for you. It's the total package for small business owners who want to build **targeted traffic** to their sites in the most cost and time efficient manner possible.

Site Build It! creates a **Theme-Based Site** with **high-value Keyword-Focused Content Pages** that rank highly with Search Engines (SEs), and provide the solid valuable content that your visitors are searching for and want.

Site Build It!, a through-the-Web-browser site builder, handles ftp'ing, HTML coding, META tags, keyword density and Search Engine submission. This gives you time to concentrate on writing **good content** for your site... persuasive content that gets your visitors to click through with an **open-to-buy attitude** to your order form or to the affiliate programs that you represent. In other words, it increases traffic to the destination that earns you income.

Site Build It! provides practical, proven online help every step of the way to make sure that you build your new site perfectly.

What does **SBI!** include?...

• a "no-HTML" SiteBuilder -- build as many pages as you like within your theme-based site for the year

• Web site hosting for a full year

• your catchall e-mail address ('catches" multiple e-mail addresses)

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• a look and feel selector (including logo and navbar builders) -- no need for expensive designers! Choose from a variety of templates or customize your own!

• a link library (stores any link to any affiliate program)

• an image library (upload your own images)

• full editing function

• An "Analyze It" module that reports on the Search Engine effectiveness of your page before you build it

• automatic Search Engine submission and tracking/reporting of spidering, listing and ranking

• a time-saving tool that researches the major Pay-Per-Click Search Engines for you, automatically showing you the Top 20 bids at every major Pay-Per-Click (PPPC) for all of your topics. Click a button and you're ready to mass-submit bids to each of the PPCs!

• traffic stats

• click in and click through analysis reports. You'll know exactly what's happening on your site, and why.

• the capability to offer an opt-in e-zine (from creation to mailout to ongoing management)

• **Make Your Content PREsell! Action Guide** -- this Guide will help you get the most out of **SBI!.** It leads you step-by-step through the entire process.

Site Build It! builds a site that "Gets the CLICK!"...

... one that has a **professional** "look and feel," easy navigation, high Search Engine ranking and solid content that **your visitors will love (and click!).**

http://myss.sitesell.com/

No book, no manual, no training program comes close to **Make Your Site Sell! 2002** in showing you how to **SELL** on the Web. From Product to Online Stores, from Site-selling to Traffic-building, it's **all** here in this book. And it all works...

This is not theory -- **MYSS! 2002** is packed with lessons learned from the school of hard knocks. Its easy-to-understand approach is evergreen, ever-valid. **MYSS! 2002** is your **complete, use-as-you-need-it, e-biz resource!**

MYSS! 2002 is divided into four "content volumes"...

1) Site-Selling Volume (the Main Volume) -- everyone worries about traffic. But if your site doesn't **SELL,** you waste all that nice traffic. Learn how to increase your sales site's Conversion Rate.

2) Product Volume -- everything you need to know about developing, evaluating, positioning, pricing, and testing products for the Web.

3) Store Volume -- covers the process of selling multiple products online, from ten to a thousand or more SKUs (Stock Keeping Units). Learn how to design your online store effectively and to maximize usability.

4) Traffic Volume -- follows the "what works and what doesn't" approach to building targeted traffic (especially in the ever-evolving Search Engine world). It covers all the online and offline ways to build a steady stream of motivated buyers to your site.

The bottom line on e-commerce...

If you have a great product, and a site that **SELLS,** and can bring targeted traffic to your site cost-effectively, you will succeed. There are no other variables. **MYSS! 2002** covers it all -- **it's your ultimate reference book.**

MAKE YOUR WORDS SELL!

http://myws.sitesell.com/

MYWS! is all you'll ever need to write order-generating,lead-getting, sales-clinching words.

Words sell, not graphics or whirling gizmos. Your words have to grab your reader's attention and rivet their surfing eyeballs to your screen... all the way from your opening headline to your order form. It has to be a seamless process that skillfully continues to offer the reader benefits and relevant information.

MYWS! is a one-of-a-kind product, built from the ground up for the Net. It covers **proven copywriting methods and techniques** for a Web site, an online store, and e-mail communication.

MYWS! shows you how to make all your online words persuade that visitor to become a customer and get the sale -- an invaluable lifetime business skill.

Become a great **e-persuader...** a Netwriter. Discover the power of your words. Skip the 2-year trial-and-error learning curve. Save thousands of dollars by not having to hire a pro copywriter. **You can write words that sell and MYWS! shows you how.**

SITE-SELL! affiliate "Best On the Net"

If you would like to become our valued partner-in-sales, investigate our **5 Pillar Affiliate Program (5PP).** The **5PP** was named **"The Best Program on the Net"** by affiliatesdirectory.com, a directory that contained over 2,500 programs at the time! And #1 guru Allan Gardyne has said that the **5PP** is **"where other programs will be in 18 months"** and has called it **"the best program on the Net."**

The **5PP** pays a generous commission on...

1) the first order by a customer who was referred by you

2) every subsequent order (for other products) by that customer... forever!

3) sales generated by affiliates who were referred by you.

Consider also...

• its innovative product line

• the non-terminatable, transferable agreement

• and the limited number of affiliates -- to prevent affiliate over-competition, we'll be closing this program soon.

Together with lifetime commissions, 2-tiers and a limited membership, **this program builds equity for the affiliate.**

We're looking for people who want to **build equity,** not just join an income-of-the-day program... people who will form a Web-based group of sales professionals. These people will have more than income... they will have a business that can be sold because it really is worth something.

Analyze any other program and you'll find...

A business that can be terminated at any moment, for any reason at the whim of the other party. This has no inherent equity value, no matter how much you made last week. And it describes virtually every other program. Would you buy a business that is subject to termination by whim? Or that could face you with a zillion more competitors in a year?

The bottom line is simple... empower the motivated to **build true equity. Join the Club** and get two free gifts...

• the **Getting Started Action Guide** -- everything you need to know to get your **5P** affiliate business off to a solid start. It offers 'cream-of-the-crop" strategies for a fast and effective blast-off!

And…

• our **Ultimate Link Tracker** software -- invaluable for tracking link and ad effectiveness. There are no restrictions on its use -- we've designed it so that you can track the effectiveness of **any** ad or link you place for **any** possible purpose.

And …

• the **5 Pillar Affiliate Manual** -- declared by Allan Gardyne as the **single best** manual about succeeding at affiliate programs, better even than those costing $50 and up!

The 5 Pillar Affiliate Program
http://affiliates.sitesell.com/