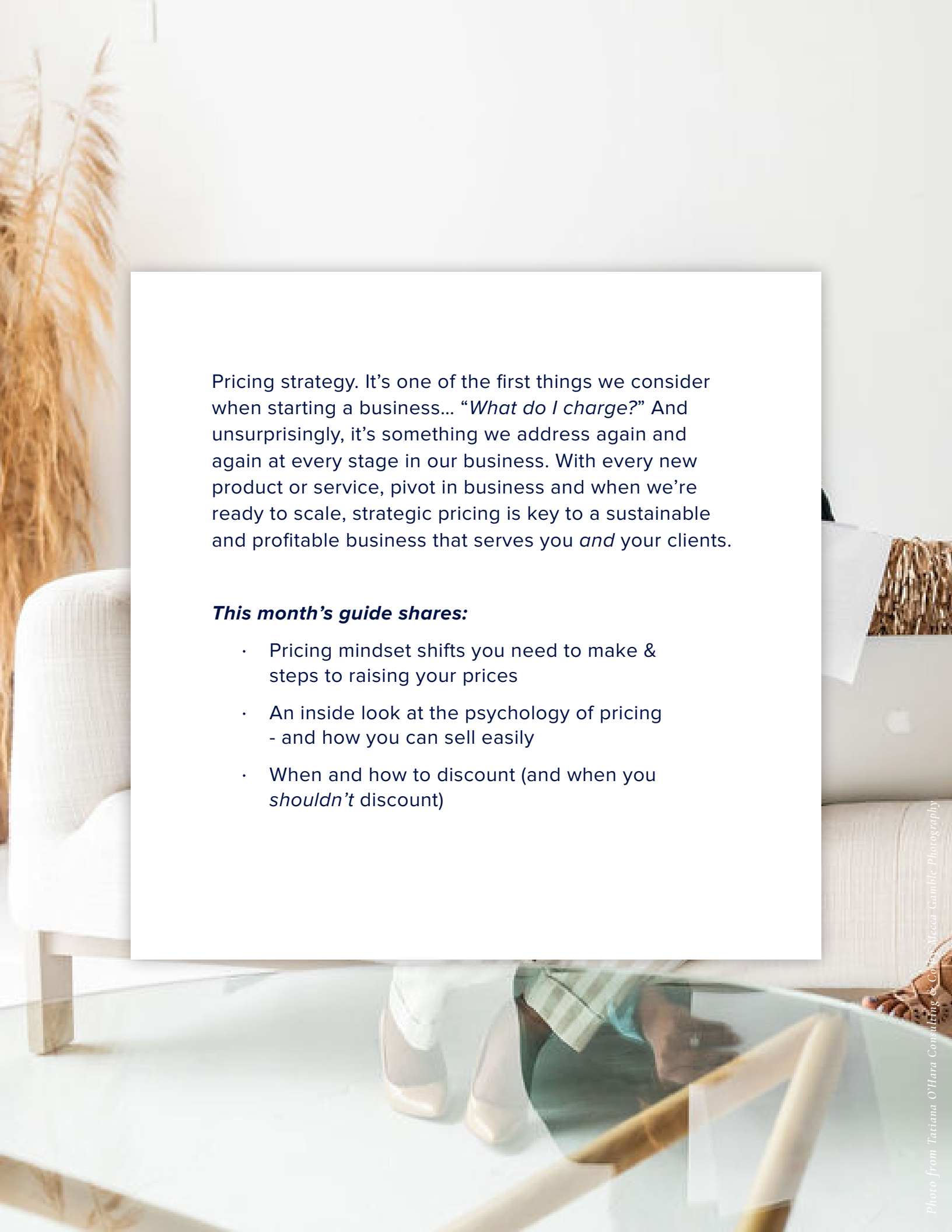


How to Use Pricing Strategy to Grow Your Business



HoneyBook

| **RISING TIDE**



Pricing strategy. It's one of the first things we consider when starting a business... *"What do I charge?"* And unsurprisingly, it's something we address again and again at every stage in our business. With every new product or service, pivot in business and when we're ready to scale, strategic pricing is key to a sustainable and profitable business that serves you *and* your clients.

This month's guide shares:

- Pricing mindset shifts you need to make & steps to raising your prices
- An inside look at the psychology of pricing - and how you can sell easily
- When and how to discount (and when you *shouldn't* discount)

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WHO WE ARE

BETTER SYSTEMS = MORE VALUE

Pricing strategy is much determined by perceived value. Every interaction offers an opportunity to increase value... and therefore, increase dollars in your bank account. HoneyBook makes the client experience seamless and professional, ensuring your clients move from inquiry to booked in a flash.

START FREE TRIAL

HOW TO USE PRICING STRATEGY TO CREATE A PROFITABLE AND SUSTAINABLE BUSINESS

1

IT STARTS WITH YOU: Raise your hand if you've ever talked yourself out of raising your prices (guilty!). Pricing strategy and profitability, especially with long-term growth in mind, all begins with you. Start by assessing your relationship with money, expectations for your business financial goals and how you view the value you offer to your clients and customers. Digging in deep to understand these elements helps you focus on areas you may be standing in your own way. Tatiana's article on [page 2](#) highlights 3 mindsets that may be blocking your growth and how to overcome them.

2

YOUR IDEAL CLIENT MATTERS: Pricing strategy is different for every business... because every business has a different ideal client. Defining the in's and out's of your clients needs, wants, expectations and desired outcomes will help you determine not only what your client is able and willing to pay for your products or services, but more so... the *value you* offer. And remember, psychology goes a long way when it comes to choosing your pricing and how you sell. Kinga shares 6 principles of persuasion in her article on [page 5](#). By using these principles you can move your audience from interested to card swiped.

3

FOCUS ON THE ROAD TO PROFITABILITY: Remember that pricing strategy and pricing for profit is a process. Starting with your expenses, cost of labor, cost of goods and more is a great place to begin. Learn more from Dondrea on [page 9](#) to price for profit. Beyond that, take into consideration the variety of pricing questions that will arise along the way. For example: discounts can be valuable in certain situations, but using them strategically is the key to long-term success. Michael shares wisdom on the do's and don'ts of discounting on [page 16](#). And... when scaling and offering new products and services, remember, there's always room for freebies, low ticket offers and more when used strategically in the greater ecosystem of your pricing strategy. On [page 19](#) you'll find Aura's insights on the types of products that can assist you on your road to profitability.

More than anything, remember, pricing strategy is unique to you and your business and lifestyle. This guide can help you assess and establish pricing best practices to grow your business.

GET FEATURED

We believe in elevating the voices of our community, and we'd love to elevate yours! Submit content for an opportunity to be featured in next month's Rising Tide Society TuesdaysTogether PDF guide. therisingtidesociety.submittable.com/submit.

PRICING MINDSET SHIFTS (BECAUSE YOU'RE WORTH IT)

Tatiana O'Hara

In the world of online business, standing out is definitely the name of the game. You have to find ways to connect with your ideal client on a deep, authentic level because there are likely a ton of other options they have to work with. One of the ways we can connect with and sometimes attract our ideal client is through effective pricing strategies.

Today I want to speak to some of the mindset blocks that we often have behind pricing our services. I struggled with a lot of these things myself and ultimately wasted a lot of time that I could have been working with dream clients, by charging way less than I was worth, thus keeping me completely off their radar.

Here are a few of the mindset blocks you may be facing when it comes to pricing:

1. MY SERVICE ONLY TAKES ME ____ HOURS TO DO, SO IT SHOULD BE CHEAPER.

When we're faced with this limiting belief, we have to remember that while it may be easy for us, it's not easy for them. This is why they're coming to us. For example, if you offer a service



to help people get their [HoneyBook](#) workflows set up and it only takes you 3 hours, you may have a hard time charging 4 figures for this. However, if I were to try to do that, it would take me a couple days to figure it out. Therefore, I'm paying you for the EASE.

Don't think of it as "it's only 3 hours". Think of it as "I worked for months to get this down to a science so that I can do it in 3 hours. They are paying not only for my time, but for my expertise."

Which brings me to my next mindset block..

2. I ONLY STARTED IN THIS NICHE RECENTLY. I'M NO EXPERT.

Reflect back on what got you started in this niche. Was it years of experience in your corporate role? Was it experience you had in your previous niche that made you shift? Was it your educational background? While having experience actually working with clients in your niche is important, do not let that discount the fact that you're an expert and the work you do gets results for the ones you work with. Price accordingly. Sometimes we're quick to check

the competition and price based on what they offer, but do they also have the advanced skill set that you do?

3. I'VE ALWAYS HAD THIS PRICE AND IT FEELS COMFORTABLE. I DON'T WANT TO LOSE CLIENTS.

If you've been in business for several years, this may apply to you. When I'm working with my clients to help them make their offers more scalable, they often have to reevaluate their pricing. Some of us have been in business for three years, yet we're still using the same prices from when we first started! It's essential to allow your pricing to grow with you, or you'll never be able to do less work to meet your revenue goals. Also consider different offers, business ventures and projects you want to start. What if you always have to work with 15 clients per month to meet your revenue goals?

When I first started offering VIP Days to help people build their team, they were priced at \$1497 for a 4 hour intensive. This was a great price for me starting out and allowed me to really build my confidence as an entrepreneur, and begin to get testimonials. After a few clients raved about their service, I went up to \$1997. Then \$2497. At that price I was booking 2-3 VIP Days a week! I realized that on my discovery calls I was converting almost 100%, and after doing so many, I was getting burnt out.

But if I truly wanted to be able to scale this offer to provide a sustainable lifestyle for myself, I knew I needed to up the price. Of course I was afraid to lose clients, but I had to listen to what they were telling me. They literally told me to raise the price, they told me "Wow I would have paid 10k for this." Needless to say, after camping out at \$5000 for about 8-10 clients, I have finally raised my price

to \$10k for my VIP Day, and it's an amazing feeling. We have the ability to ask our clients these types of questions and make pricing decisions based on their feedback. They're the perfect ones to ask, because they've paid you once before!

QUESTIONS TO ADD TO YOUR TESTIMONIAL FORM TO HELP WITH PRICING MINDSET SHIFTS

Try adding one of these questions to your testimonial form:

1. If you had to put a dollar value on this service, what would it be?
2. Knowing what you know now about my service, how much would you have paid for it?
3. Was the service worth the investment that you paid?



This will give you the most candid feedback possible and you can use this as leverage to defeat and work through your pricing mindset blocks. You may lose interest from some potential leads that have been watching you when you change your prices, but that's okay. You are elevating your service and brand, and naturally the type of client you attract will elevate too!

THE IMPORTANCE OF PRICING MINDSET SHIFTS

All in all, pricing feels like a scary game sometimes. We know we want our rates to be competitive, but also something that feels good to us, and worth our time. I want you to know that pricing yourself too low doesn't serve anyone.

It doesn't serve you because now you're having to do a lot of work to make it happen, and it will lead to burn out. You'll also live in a perpetual cycle of self doubt because what you're receiving doesn't match the quality of work you know you're putting out.

And it doesn't serve the client because they likely aren't getting your best, nor are they able to get the full transformation they're hoping for and looking for.

Price what your expertise is worth and what feels good to you. When that changes, your price should change too. After you work with several clients successfully, consider changing your rates. If every single person you talk to converts, consider changing your rates.

If you are considering raising your rates so that you can afford to build or grow your team, then you should definitely [apply to attend my exclusive private training](#). Here we will cover some of the biggest shifts you'll need to make in your business and team in order to really scale sustainably, pricing included. Yes, that's right- pricing your worth can even help you get to a point where you can hire a team (or get a bigger one) to help you!

I'm cheering for you!



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Photo by Mecca Gamble Photography



AN INSIDE LOOK AT THE PSYCHOLOGY OF PRICING

Dr. Kinga Mnich

Do you feel like crawling back into bed every time you think about your pricing strategy? Whether you are just starting to build your business, or have been in business for a while, knowing how to price your products or services can be a headache. For many female entrepreneurs, pricing comes with the baggage of imposter syndrome underlined by a lack of confidence, and the fear of rejection and failure. Invariably, this leads to pricing too high or too low.

Finding that sweet spot between being confident with your offer, attracting as many clients as possible while still giving yourself enough time to grow sustainably, is your genius pricing zone. It is also the place in your business where you feel comfortable and confident enough to talk about your offer and know how to incentivise your clients to buy from you.

You enter the genius pricing zone when you know your worth, what you are offering, your competition and what your ideal client looks like. When you enter this zone, you're better able and equipped to navigate the psychology of pricing.

Firstly, the psychology of pricing means understanding how numbers affect your potential

client and, secondly, your own relationship with numbers and money.

Let's start with the less complicated area - how numbers persuade your clients to buy from you.

HOW THE SIX PRINCIPLES OF PERSUASION IMPACT THE PSYCHOLOGY OF PRICING:

- 1. Reciprocity:** It is human nature to want to offer something when something is received. Reciprocity in pricing means offering something valuable to current or potential customers, in return for them performing an action that helps your business. Freebies, coupons and giveaways are good ways to build reciprocity.
- 2. Commitment & Consistency:** When you do what you promise in the way you promise, consistently, this builds trust. Clients will invariably return if they feel they can trust you.
- 3. Social Proof:** This tells people that you are legit and trustworthy. Social proof includes positive comments about you, your company or product. Posting testimonials on your website is social proof.

4. Authority: Show customers and clients that you are an expert in your field. When you speak with authority about a topic or field, potential customers will be drawn to you.

5. Liking: It's a lot easier for us to say yes to the requests of people we know and like. Tupperware parties are a great example of how companies use the power of liking.

6. Scarcity: Who doesn't want to feel special? By creating an atmosphere of scarcity, potential clients feel like they are one of few people to have access to your product. Putting a time-cap on a promotion easily creates an atmosphere of scarcity.

There are very simple tricks you can use to persuade your clients to buy from you.

First, never end a price with a round number. Instead of offering an ebook for \$20, make it \$19.98. Research has shown that it actually doesn't matter if it is an 8, 9 or 7 at the end. Secondly, start with a high price and a lower special that is only valid for 24 hours. Saying no once is difficult for most people, saying no twice even more so. If you give a lower offer, reciprocity and scarcity rule. By providing a high offer followed by a lower offer, you give your client the opportunity for a concession, because as humans, we generally want to collaborate and support others. Use your authority to justify your pricing. This principle is straightforward.

(Read more about the six principles of persuasion in *Influence: The psychology of persuasion* by Robert B. Cialdini)

HOW TO CREATE YOUR GENIUS PRICING ZONE IN FOUR STEPS USING THE PSYCHOLOGY OF PRICING

Master Your Money Mindset

The first step towards a sustainable and effective pricing strategy is your money mindset. Your money mindset is one of the most important pillars of your business. An important exercise I do with my clients is to figure out their relationship with money. This includes: first, **understanding what is holding you back** when it comes to money and resolving existing issues towards money. If you're unable to resolve past patterns influenced by your parents, for instance, it is advisable to work with a financial coach or a financial psychologist. I've seen clients make huge leaps after resolving old patterns and understanding that money is a medium of exchange, not a measure of achievements.

Develop a Clear Purpose

Secondly, developing a clear WHY, and purpose is essential for every pricing strategy. Your purpose dictates the overall strategy of your business. Visualizing and knowing where you want to be in a couple of months or years helps you build the courage and confidence to ask for what you want.

Address Imposter Syndrome

Thirdly, addressing the imposter syndrome. When you look at your prices, what do you feel? What thoughts do you have? Are you afraid that no one will want to pay for your services or buy your products? Do you feel like you are not good enough to have a high ticket offer? Or that you haven't been in business long enough to have a price tag that actually allows you to live the life you want to live? If any of these questions cross your mind, your first step is to tackle your imposter syndrome. You want to be able to develop a right pricing structure, even if you don't fully believe in yourself yet.

Develop a Mindset of Abundance

Fourthly, developing a mindset of abundance. What if my clients don't have enough money to pay for my services? Am I being greedy for having such a high price? My ideal client doesn't have the money? Or I can't hire help because I am not making enough money. All these questions are an indication that you have a mindset of scarcity that is actually holding you back. Money is energy, and it is here to flow. I am not saying that you should be comfortable carrying debt around. But rather be comfortable charging a price that reflects the quality of your products or services for your clients. Open yourself up to possibilities and opportunities. Believing that there is enough for all of us literally helps your brain to start seeing abundance.



Own Your Strengths

Lastly, know your strengths and acknowledge your achievements. Especially when it comes to pricing, many of my clients start listing everything they are not good at or haven't achieved yet; focusing on irrelevant parts of their business. Creatives, in particular, tend to focus on errors in their work. I have photographers pointing out to me regularly what they missed at the last photoshoot, and because of that, they are not willing to raise their prices. Your clients don't know what they don't know, but they do know what kind of work they have seen from you and that they want it. Stop searching for your weakness and start focusing on your strengths. The fear of not being good enough, and overpricing, is real for so many. You are not alone. If you are just starting out, you need to create a list with achievements and understand clearly what your skill set is. Clients of mine even place a list with their skills right in front of them and read it out loud on a daily basis. Some of us have to get used to charging for services; reminding of our worth.

UNDERSTAND YOUR EXPENSES FOR A SUSTAINABLE PRICING STRUCTURE

Understand your expenses and your quarterly and yearly goals. This is the part where you step aside from your beliefs and feelings. This is the part where your pricing becomes a game of numbers. When you have a grasp on the psychology of pricing, you can take the next step. Once you know your purpose, your strengths and what you are offering, it is time for you to start seeing your numbers as numbers.

Step 1. Make Sure to Understand Your Expenses Clearly. Take your computer, desk, paper, camera, space, tax accountant, car, any program, application and subscriptions into account.

Step 2. Do Market Research. There are enough clients for everyone, but it is important for you to understand what the general price structure is of other entrepreneurs. You need to do this for three reasons: first, you don't want to price yourself too low and be overwhelmed with clients. Second, you don't want to undermine the prices of your industry, sending the signal that services such as yours should generally be less expensive. Lastly, you also don't want to price yourself too high and lose potential clients. The trick here is to have a realistic understanding of your skills, experiences and acknowledge your degrees (accreditation). Placing these aspects into perspective will allow you to set a price based on visible accomplishments and realistic market circumstances.

Step 3. Attract the Right Clients. One of the most difficult lessons that many of my clients and I myself had to learn is that a lower price often attracts the most demanding and difficult clients. Just because I am paying less, doesn't mean that I am willing to receive less service. Secondly, clients that try to negotiate you down or choose the lowest pricing point that you have don't value your work as much as it should be valued. Partially because subconsciously you don't value your own work enough. Knowing your values, norms and purpose will not only allow you to run your business better; it will enable you to set a price structure that will attract the right clients.

Step 4. Create Scarcity or "The Rule of Few" Scarcity Principle. People generally want what they can't have. That's why millions of people around the world wait in cold weather for the release of the iPhone or even sleep in front of the store to be the first ones to own a new pair of Jordans. Black Friday works so well because you know that you want to be able to get this deal again for at least another year. Not necessarily because it is such a great deal.

And honestly how often have you received a newsletter from your favorite brand just to announce two weeks after Black Friday that everything is off not just 40% off, but 50% off. One way of ensuring that your client has the feeling of receiving the value that they paid for is creating the feeling of scarcity. Having a waitlist for your services is a great way to accomplish this.

Step 5. Reflect the Quality of Service. In Germany, we have the saying: "Who buys cheap, buys twice." If you are offering a high-quality service, why would you sell it for under value? Generally, as humans, we feel that we receive better quality when we pay more. Also, clients that are willing to pay more don't choose you from a place of scarcity. They chose you from a place of abundance which positively impacts your work relationship.

TAKE ACTION:

Here's your next step toward implementing the psychology of pricing and becoming comfortable with your pricing strategy.

[Grab your free pricing planning workbook!](#) Walk yourself through developing a mindset of abundance that will allow you to arrive in your pricing genius zone and create a pricing strategy that allows you to grow your business sustainably.



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HOW TO RAISE YOUR PRICES AS A SERVICE PROVIDER

Dondrea Owens, CPA

How often do you evaluate the price of your services? Do you find it challenging to increase the price of your service, or do you find yourself unable to communicate exactly why an increase is necessary to your clients and customers? Or maybe you find yourself doing double the work after a price increase to overcompensate for higher pricing.

We've all been there - knowing that we've undervalued our service, but less confident about making the switch and properly pricing our service.

But pricing your service shouldn't be arbitrary, and a fair rate isn't as subjective as you might think. Still, you may be wondering how to raise your prices as a service provider.

Read on for three components of pricing that you should consider when pricing your service. Focusing on these components will give you more confidence to price your service in a way that clearly communicates the value and expertise you bring to the table, produces a profit for your business and ensures that you're booked to capacity.

3 COMPONENTS FOR HOW TO RAISE YOUR PRICES AS A SERVICE PROVIDER

1. the Value component
2. the Profit component
3. the Capacity component

COMPONENT #1 - VALUE

Let's talk value.

How does the service you provide solve a pain point for your client?

If there's one thing busy business owners value, it's time and expertise. We know that our time is our most precious asset and we also know that it's best spent in our zone of genius. So, what happens when we reach a problem in an area that is outside of our zone of genius? We hire an expert! And that expert adds value to our lives and businesses.

Ask yourself these questions to determine your value:

- What's your zone of genius?
- How do you save your clients and customers time and money (and headache!)?
- What would it look like if your clients and customers tried to do it themselves, and how is their pain point better solved by working with you?

Your distinct messaging about your service should communicate the value you add and exactly why your expertise commands the price you've set.

COMPONENT #2 - PROFIT

The internet makes it fairly easy to pull up a colleague's pricing and compare yours against theirs. But what it isn't so great at showing you is how well that price covers their expenses, thus determining profitability. That's why it's best to know your numbers, i.e. what it costs to run your business, because you'll need that information to determine your own profitability.

So, let's talk profit.

What does the entire client experience cost you and how does that compare to your price?

Mapping out the client/customer journey, as well as your own internal process, provides a clear picture of the effort it takes to produce results for your clients and customers.

- Do you hire subcontractors to help you perform the service?
- What's the cost of your team, and how do they contribute to client/customer delivery?
- Do you send gifts?
- Does your service require travel to your client or customer?
- Do you offer follow up support beyond the initial service?
- What's the cost of overhead in your business?
- What's the market price of your expertise?

With all of the costs that go into delivering your service and simply running your business, it's important that you know every single cost. You need to be able to assess if your current pricing is sufficient to cover all of your expenses and produce a profit, thus extending the life of your business.

COMPONENT #3 - CAPACITY

Are you in high demand? Are you turning away more offers than you can handle? Are you collecting potential clients on a waitlist to work with you when capacity permits? A yes to any of these questions speaks to your client/customer's need and the **demand** for your valued service and expertise.

So, let's talk capacity.

- How many hours are required with each project, and over what time period?
- How many clients or customers can you reasonably take on at one time over that time period?
- How do you utilize a team with each project?
- What automations can you employ to maximize your availability?

Answering these questions gets you a step closer to determining your capacity (or **supply!**) over any given time period.



Remember the law of supply and demand applies to your business, too! As you near a balance in your capacity and your client or customer's need and demand for your service, you'll reach a sweet spot with your pricing.

I hope that you'll consider these components when pricing your services and when crafting messaging to communicate the value of your expertise, the ease of your client/customer experience and the demand for your services.

Now that we've covered the components of pricing and you have a basis for raising your prices, it's time to communicate the price increase to your clients.

HOW TO COMMUNICATE PRICE INCREASES TO CLIENTS AND CUSTOMERS

Once you've evaluated the three components to pricing as a service provider and put in place your new pricing structure, it's time for a conversation with clients and customers. A straightforward conversation is best. In-person, phone or virtual meetings are great. They allow

your client/customer to ask questions and, if needed, to better understand why the increase is necessary. It also gives you the opportunity to detail any changes in work expectations moving forward.

Always follow up any verbal conversations with email communication. It gives the client/customer a point of reference in case they forget pertinent details of your new pricing agreement and can also serve as a starting point for any subsequent questions they may have.

Last, make sure to update any pricing guides, your website and sales platforms to reflect your new pricing.

And, that's how you successfully raise your price and communicate it to your current and future clients/customers with confidence!



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WHAT YOU NEED TO KNOW WHEN SETTING YOUR PRICES TO NAIL YOUR PRICING STRATEGY

Loren Elia



I've seen so many small business owners pour their lives and souls into their businesses. They work tirelessly to provide the best service possible, to delight their clients and to go above and beyond. Yet, they fail to understand what they're worth and how to price their services.

But that's understandable. Pricing is arguably the most difficult element in your marketing mix. Price your services too low and you're leaving money on the table (and potentially even losing clients, as we'll discuss later). Price your services too high and you'll turn people away. So, how do you get it right?

In this article I'll share the key things to think about when setting your prices.

WHEN SETTING YOUR PRICES, HERE'S THE MILLION-DOLLAR QUESTION... LITERALLY

The first step to nailing your pricing strategy when setting your prices is to understand what your clients are willing to pay for your service aka their "willingness to pay."

Willingness to pay is my most favorite pricing concept. To illustrate the idea, let's play a little game of questions:

- How much are you willing to pay for a bottle of water from Costco? Maybe 50 cents.
- How much are you willing to pay for a bottle of water at your nearest convenience store? Probably two or three dollars.
- How much are you willing to pay for the same water in a fancy Fiji bottle? Now you're probably willing to pay \$10 dollars, especially if you're at a nice restaurant.

The lesson here? People's willingness to pay is not just determined by the product or its quality. There are other factors that come into play such as brand, location and scarcity.

DETERMINING 'WILLINGNESS TO PAY'

In order to determine how much your clients are willing to pay when setting your prices, the first thing you need to do is have a very clear understanding of **your value proposition and what makes your service unique**.

In our previous example, Costco's value prop is low cost. The convenience store's value prop is exactly that, convenience. And Fiji's value prop is about providing the world's finest water. Their pricing matches their positioning.

The second step is to determine **your ideal customer**. By definition different people have different willingness to pay. Therefore, it's important that you understand what kind of people fit your service best. Typically, we segment people based on demographic and psychographic factors.

Demographic factors:

- Age
- Gender
- Marital status
- Income
- Geographical location

Psychographic factors:

- Interest
- Aspirations
- Values
- Situational factors

The goal of segmentation is to find the group of people that will value your product or service the most.

Once you are clear on what makes your service unique and who your ideal customer is, you can start to define your pricing strategy.

3 STEPS TOWARD SETTING YOUR PRICES

To set your price point, follow these three steps:

1. **Analyze Your Competition.** Start by looking at other service providers in your area. How much do they charge? Is their service comparable to yours? In which ways are you better or worse than they? Be sure to focus your attention on those service providers that service a customer base similar to the ideal client you determined in the previous step.
2. **Look at Your Costs.** How much does it cost you to run your business? This is mostly just a sanity check. You should never base your pricing on how much it costs you to conduct business, but you want to make sure you're not pricing under cost.



3. **Ask Your Clients.** You can literally ask your clients how much they are willing to pay for your services. There's two ways in which you can do this: run a survey or test different price points.

If you're going to run a survey **do not** straight up ask them "Hey, how much would you pay for this?" Your clients will likely low-ball you because they want to get the best price possible. Instead use the Van Westendorp model. Ask each person the following set of questions:

- At what price would you consider the product to be so expensive that you would not consider buying it? (Too expensive)
- At what price would you consider the product to be priced so low that you would feel the quality couldn't be very good? (Too cheap)
- At what price would you consider the product starting to get expensive, so that it is not out of the question, but you would have to give some thought to buying it? (Expensive/High Side)
- At what price would you consider the product to be a bargain—a great buy for the money? (Cheap/Good Value)

Generally speaking, I would recommend only using this model if you have a large enough pool of people to survey (about 375 responses should suffice).

Most service-based businesses would not necessarily be able to do this, so I would advise testing your pricing. Start with the highest price you think you can get away with and work yourself down. Be willing to give discounts if they think your price is too high, but you may also be pleasantly surprised by how much people will pay for your services.

HOW TO CHARGE MORE FOR YOUR SERVICES

The best way to justify a high price is to first increase the perceived value of your service. You can do this by building a strong brand, highlighting your expertise and providing proof of the quality of your service, through testimonials for example.

A great way to prepare customers for what to expect from your prices is to use a brochure. A brochure allows you to present your brand and services in a clear and professional way, so that when it comes to discussing prices, there will be less surprise and pushback from your client. [HoneyBook Brochures](#) are interactive and customizable to your unique brand, which makes selling your services so much easier.

Another great way to charge more for your services is to incorporate add-ons in your offerings. For example, offer bundles or add-ons that less price-sensitive clients can purchase in addition to your basic services. For example, if you're a copywriter, you can have a basic website package and an "expedite service" add-on for those customers who are willing to pay more for speed.

Here's where an interactive brochure, like the one that [HoneyBook](#) offers, comes in handy. You simply outline your basic pricing, specifying the add-ons that you offer, and then clients can pre-select what they want. [HoneyBook Brochures](#) automatically generate a proposal (contract + invoice in one!) for you to review and send to your client when you're ready.

TRICKS TO MAXIMIZE YOUR REVENUE WHEN SETTING YOUR PRICES

Last but not least, there are a few pricing tactics that you can try to increase your revenue:

1. **End Your Prices in 9.** It has been scientifically proven that ending your prices in 9 makes them seem lower. People tend to round down rather than up.
2. **Leverage the Goldilocks Effect.** Present your services in groups of three where you have the first one priced a bit low, the last one a bit high and the middle one just right. To top things off, highlight the middle package as the best value (needless to say it should actually be the best value package for your ideal customer. Never do false advertising).
3. **Create Scarcity.** People are more likely to buy when they feel that they might miss out on something great (remember toilet paper in 2020?). Whenever possible, make sure you tell your clients if there's limited availability or if you're running a price promotion that will only last a few weeks.

Setting your prices might be the most important thing you do for your business. Pricing impacts the perception of the quality of your services, helps clients understand if you're the right fit for them and, perhaps most importantly, helps you create a sustainable business. I hope that what I've shared here today helps you make 2021 your best year yet.



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HOW AND WHEN TO DISCOUNT (AND STILL PROFIT)

Dr. Michael Tatonetti

Discounting is something that we love to talk about in the hopes that we will drive additional sales, but will it?

Stop and think for just a moment - when you discount, why do you do it? When I'm working with small businesses, it's typical that a discount is offered out of fear.

Fear that the client won't sign at the full price.

Fear because the client asks to think about your proposal.

Fear that we are overshooting our value.

It's all fear.

Let's dive into when you should discount (and when you shouldn't) as an entrepreneur. You'll learn how to discount for financial sustainability, so that you can quit leaving money on the table.

THE IMPACT OF DISCOUNTING

To start, discounting should not be your first line of defense. Most organizations see discounts as a way to boost sales, thinking that we need to



offer a discount in order to make our customer feel a win and sign a contract.

But this isn't always true - pricing research shows us it's very easy to miss this mark. My own observation is that many small businesses believe more people will purchase, subsequently increasing their bottom line. So, why does this often fail?

Before we dive in, pick a number you might normally discount your offer by. Most won't pick less than 5%, but might go as high as 30% or more.

HOW AND WHEN TO DISCOUNT (AND STILL PROFIT): A CASE STUDY

First, discounting actually hurts your profit margins. Let's look at a case study:

You've decided to create a course to scale your ability to impact people without trading your time for money. Great!

You price the course at \$299 so it doesn't feel too high, but requires a level of investment. Your

direct and indirect costs total \$160 - things like your time to make the course at scale, hosting the course and videos, equipment to record, ad spend, e-mail marketing and hiring a part-time VA to answer customer service and billing questions.

This leaves your profit margin at 46% - very healthy for residual income.

Now head back to that discounting percentage you picked just a moment ago. Let's say you went with 25%. This brings your price down to \$225.

But wait - your costs didn't change. You still owe \$160 in direct and indirect costs to make the course.

Your profit margin just fell from 46%, or \$139 per sale, to 29%, or \$65.

By discounting 25%, you lost over 46% of your profits.

Most people think of their discount as their bottom-line loss. If you discount 5% off, you'll just lose 5% off your bottom line, but that isn't true.

Since most profit margins are around 30%, a 5% discount equals a nearly 20% loss in bottom line revenue.

That impacts what you pay yourself, your time, and your ability to grow. It impacts your ability to fulfill your mission.

It's a heavier hit than most people realize.

WHERE IS THE DISCOUNTING STRATEGY?

If you discount too drastically and without proper pricing strategy, your offer can reek of desperation. This triggers to your audience that what you are offering is not worth the original value you said - ultimately that you didn't do the proper work of evaluating your pricing and value

for this offer. You never want your audience to lose trust in your value as a business.

So when you discount, don't do it without crunching the numbers and don't do it out of fear.

SO HOW DO YOU PROPERLY DISCOUNT AND SAFEGUARD YOUR FINANCIAL SUSTAINABILITY?

The key to discounting is to determine the value of your offer, slightly raise the 'original' price, then build in a discount to move the offer back to the (hidden) normal price.

Discounting allows for you to price anchor and say a particular offer is normally worth a certain amount, but we're making this a no-brainer by building in a discount. The best starting place is to determine your real price, then add slightly to it - usually 10%-30% - to buffer in space for the discount.

Will this increase sales for people who wouldn't have bought anyway? No. And again - that is **not** the goal of discounting, even though most people think that is.

What this **will** do is move those on the fence to purchase while also enticing those who didn't need a discount to feel an even bigger win from your business.

CASE STUDY

One business I worked with had an event that was priced at \$1,000 but offered an early bird rate that brought the price to \$800. To the public, this was a steal at 20% off. To the association, it was really \$800 and they budgeted for everyone to pay that amount, and anyone who did pay \$1,000 added additional revenue. Psychologically, most shoppers are looking for a deal, so offering a discount allows them to remove the need to negotiate or question every feature of your offer in the pickiest of ways.

BONUS TIP!

When you do discount, do not just offer one discount. If you are going to discount, it is proven that offering two layered discounts moves sales the most for those on the fence.

For example, if you are offering a virtual coaching program for \$1,000 and past clients receive \$100 off, plus there is an early bird rate at another \$200 off, it's best to stack these from smallest to largest. Do not combine the discounts into one. Which moves you more?

- “Our coaching is 30% off for returning clients by December 1!”
- “Returning clients receive 10% off plus a 20% early bird discount for registering by December 1!”

With the second, it feels like an extra special bonus. Again, put the smaller discount first because a smaller discount at the end will feel anticlimactic. Going from smallest to largest feels like an even greater victory for the price sensitive shopper.

EXTRA BONUS TIP!

I rarely recommend discounting on services. That is an entirely different pricing strategy, but for service proposals I recommend offering your

core offer, then adding on a 10-20% optional add-on that isn't required but a nice-to-have. This anchors the price of your core offer as a deal and the minimum viable scope of work. Discounting is always best for products, like courses, digital downloads or tangible products we create.

There you have it!

By combining discounts and using discounting as a strategy to move those sitting on the fence rather than mass-scale acquisition, you can keep healthy profits for financial sustainability while serving value to match the price you're truly charging.



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PRICING FOR PROFIT AND POSITIONING YOUR VALUE AS AN ENTREPRENEUR

Aura McKay

Pricing creative services can feel extra challenging because we are selling an invisible promise whose value comes from the perception of the client. Add that to lack of quality training on how to price for profitability and growth, and it is no wonder that so many creatives struggle with this critical aspect of running a successful creative business.

Most of the time it is because of two things.

1. Lack of clarity in what you actually are selling (hint, it's not what you do or deliver)
2. Only looking at one piece of the pricing pie

Before you dive into this article, let me remind you that not all of your services and products need to be priced for profit all of the time. I mean, obviously we need to price for long term sustainability and growth if we are going to have a successful business, but there are all kinds of different pricing strategies.

WHEN PRICING FOR PROFIT BEGINS WITH ALTERNATIVE PRICING STRATEGIES

Micro Offers & Trip Wires

These are low priced service offers that allow your potential clients to try you out before they make a bigger investment. Different from a free sample or



free trial, they are a key step in the Buyer Journey. The goal is to move from prospect to paying client.

Typically these are able to be consumed or used immediately, give a good representation of your brand promise, and are priced at less than \$100 (some less than \$20). These offers should be designed with the intention of leading clients to a specific next higher level of service from you.

Remember, spending money with creatives means a HUGE amount of trust – we are after all selling an invisible promise. A micro offer or trip wire eases them into spending money with you in a gentle, not so risky way.

Fact Action Incentive Offers

These are usually time limited bonuses (or limited quantities at a discount) to encourage people to spend their money with you RIGHT NOW, even if they don't actually use the services until a later date. Think BOGO events or Gift With Purchase offers.

As an entrepreneur, this can be a great way to even out some of the revenue highs and lows of a gig economy. Always have a reason for doing this that separates it from your usual pricing OR create a distinct offer.

TIP: Adding in value is always a better strategy than offering a discount.

Market Penetration

When you are new to an industry (or to serving a new kind of client) it can be tempting to feel like you need to charge ‘newbie’ prices regardless of your skill level and experience. Part of this is good ol’ imposter syndrome / self-doubt and part of this is because we have been indoctrinated with hourly and day rates. And that the value of services is somehow related to the creatives’ number of years of experience or case studies.

The real value is the difference your services make to the business (or consumer) and the individual that hires you, regardless of the time it takes to deliver. In fact, if you think about it, charging your clients by the hour means that you get paid less if you are fast and efficient and they pay more for work that takes longer to deliver. How does that make sense?

And yes, skill and experience still matter.

Slashing prices to get attention and undercut any other providers is a strategy. It is not a sustainable or profit generating strategy but rather a ‘try before you buy’ strategy similar to fast action incentives. However this is without the clear separation of time or quantities.

The creatives who use this strategy successfully often leverage the ‘beta’ aspect of their offer. Be very careful with ‘market penetration’ pricing. It is much harder to raise your rates to a profitable level after you’ve already established yourself as the ‘discount’ service.

WHAT ARE YOU ACTUALLY SELLING

Before you can price anything, you need to know exactly what it is that you are selling. You may think you are selling photographs, or videos, or copy, or logos, or websites or... but that is only one part of the solutions you provide to your clients. Those are their external needs. You provide so much more than JUST your deliverables.

Just like how [HoneyBook](#) doesn’t just sell a business organization / workflow app with templates...

They are selling business confidence, free time with your family, happy clients who love how easy it is to hire and work with you, no ‘dropped balls’ in your communications, easy budget conversations, energy and focus to be creative and stay in the flow, access to community and so much more.

So how do you figure out what you are really selling? You start with the external deliverables and then work on discovering their value to your clients.



DISCOVERING THE VALUE OF YOUR CREATIVE SERVICES

STEP ONE: Organize Your Services into 3 to 5 Categories

I get it, we are multi-passionate creatives. We all have a lot of different things we can do for our clients and may have a dozen different packages or services we provide. And that's great for our creative fulfillment... but not so great when we are trying to create clear pricing and offers that sell. So, do your best to organize all your services into categories.

For example:

- Headshots, Business Branding, Product Photography
- Logos, Brand Strategy, Web Design
- Blogs & Articles, Social Media, Sales Pages, Course Content

STEP TWO: Choose an Average or Target Project Size for Each Category

Yes, every job is different. The project size depends on...x, y, z. Every quote is custom. There are a lot of reasons to resist simplifying your offers. Simplifying and focusing on an ideal size of project for your offers gives you:

- Less overwhelm
- More clarity and confidence
- Quicker aha's around your pricing

STEP THREE: Describe the Target Project for Each Offer Category in Detail

Deliverables: WHAT

Number of files, type of files, number of meetings, number of revisions, pages, words, images, etc.

Process: HOW

Time invested on all aspects of servicing the project, duration of the project as a whole, onboarding steps and systems, how you work, delivery mechanisms (proof sites, file transfers) timeline, communication, resources used

Skills & Experience: WHO

Your skills, strengths, credibility, team

STEP FOUR: Connect Your Deliverables, Process and Skills to Value

For each and every item you listed as being included in your offer, *write down what difference this will make for your client and why they care.*

For Example: Headshots Target Package

In Studio Session – so that they feel like they are working with a professional in a controlled environment because they are really concerned about looking corporate and believe only studio shots do this.

2 Image Files – so that they have two versions to choose from because they sometimes need corporate and professional and sometimes need friendly and approachable.

OR

On Location Session – so that they feel comfortable in an outdoor safe space because they are worried about COVID and looking stiff and too formal.

1 Image File – so that they have the image they need immediately without having to pay for extra images from the shoot up front because they have limited cash flow but still want to leverage their time in the photo shoot to create multiple assets that can be licensed later.

Are you starting to see the value as being *more than* just needing a headshot (or logo, or blog post, or website)?

Here's the kicker: value is not something you get to decide. Your clients can tell you what matters to them and why it is important.

YOUR CLIENTS' PERSPECTIVE DETERMINES THE VALUE OF YOUR SERVICES.

Finding out what your clients care about will take research. Ew, the R-word. Okay, think about this more like conversations.

Reach out to your favourite past clients and survey potential new clients. Hang out in social media groups and ask questions and read about the complaints your ideal clients talk about and the dreams they have for solutions.

Most creatives won't do this. And this may be why you are consistently told that your prices are too high. This is less about pricing for profit and more about how you are positioning your value in the marketplace. Because let's face it, you can choose any price you want but you also need to be able to sell it in order to see any profit at all.



And...knowing your value is the ONE THING that will make pricing, marketing and selling your creative services so much easier!

THE 3 PIECES OF THE PERFECT PRICING PIE

When we think about pricing our creative services for profit, the first question that often comes to mind is “how do I know that I am charging enough?”

Which leads to the next question... enough for what?

Enough to make a living and have a life doing work you love!

So yes, you do need to know your numbers in order to know that you are ‘charging enough’ to grow your business. But there is more to perfect pricing than being thorough in everything you include when you calculate your minimum prices for profit.

There are three pieces to the perfect pricing pie to consider and bring into alignment.

HOW TO FIND YOUR PERFECT PRICING FOR PROFIT

You & Your Business – your lifestyle aspirations and personal income needs, your time available to invest in your business, your business costs, your costs to serve your clients, your operational structure, your revenue collection methods, your offer deliverables, your skills, your experience, your credibility, your pricing strategy.

- Know Your Numbers
- Be Clear On Your Offers
- Choose a Revenue Collection Strategy
- Choose A Pricing Strategy & Model

Your Clients – their obvious external needs, their internal and philosophical needs, their past experience with other service providers, their desired outcomes, what matters to them, their budgets, the difference your services will make and value it brings.

- Know Your Value
- Price Based on Project or Value

Your Marketplace – the economy, the time of year, other service providers with similar services, alternatives to your services, other influence on buying behaviours (politics, pandemics, technology), where do your prices position you in the marketplace.

- Know Your Marketplace – Influence, Options, Competitors

- Know Your Brand Promise – High Quality/High Price, High Quality/Low Price, etc.
- Validate Your Price with Position in the Marketplace

And the fun part is...all three of these pieces are dynamic and flexible. Which means as creative entrepreneurs, freelancers and small business owners, we get to review and adjust to things like major changes in the economy, going after a new-to-you client or designing new offers to showcase new skills you've learned or a new team member.

Pricing is not a fixed equation of calculating your costs and dividing by the number of hours you want to work. I mean, you can do that. It is a good starting point. But it likely won't serve your business for long-term sustainability and growth.

The real money, the big money and the magic is in understanding the value you bring and using that to help with pricing for profit, support you in attracting work you love and closing the sale with ease and confidence.

[Book a free strategy call with me to get help in understanding your value \(or anything else pricing or marketing related\).](#)



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DISCUSSION QUESTIONS

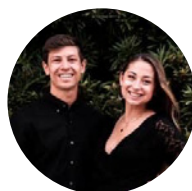
- 1** How do you feel when you think about pricing your products or services?
- 2** How often do you evaluate your pricing?
- 3** What factors do you consider when pricing your services or products?
- 4** What are your thoughts on discounting? How could you shift your discounting practices to better your business?
- 5** As a consumer, what makes you more inclined to purchase something? How can you apply that to your business?

RIISING TIDE | HONEYBOOK BLOG POST



KEINA NEWELL

3 Tips for Managing Finances
During Uncertainty



TREVOR AND RAIYNE

Reel Time Films Shares How
They 4X Their Pricing

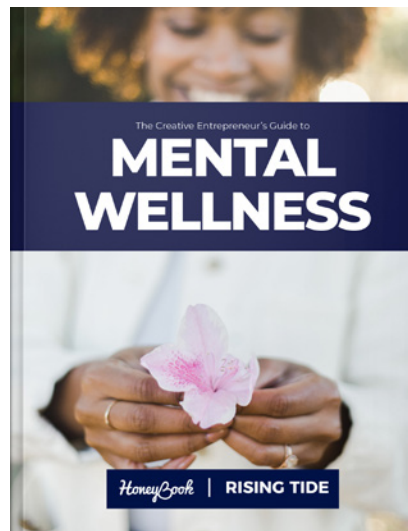
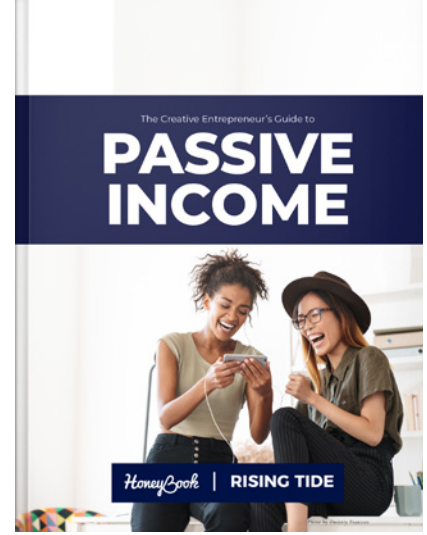
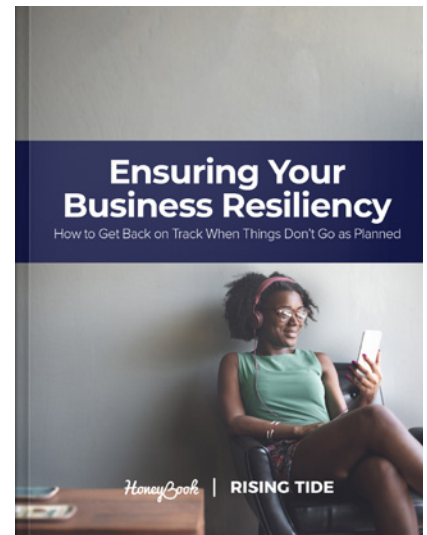


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WHO WE ARE

The [HoneyBook](#) | [Rising Tide](#) team believes an empowered creative economy will change the world. By elevating the voices of creatives, sharing their stories, and building a thriving online and offline community, we support creatives in their pursuit of a sustainable livelihood.

Empowerment begins with saving creatives time and money. [HoneyBook](#) helps creative entrepreneurs manage their businesses more efficiently so they can do more of what they love. With [HoneyBook](#), creatives can send brochures, proposals and invoices; create the ideal customer experience; and track payments – all in one place. Equally as important are sharing knowledge and providing support. That's why [Rising Tide](#) is a community and living library of educational resources, including blog content from thought leaders, monthly guides, online summits, and over 400 monthly meet-ups across the world to help creatives succeed in business.

We're also passionate about supporting the communities around us. To date, we've given over \$130,000 to nonprofits including Pencils of Promise, The School Sessions, U.S. Dream Academy, The Birthday Party Project, Thirst Relief and more. We've also partnered with Pencils of Promise to build a school in 2018 funded entirely by community donations through our 2017 RISE Summit.

We believe that magic happens when creatives gather, support one another and are empowered to pursue their passions. We believe in community over competition. We believe in empowering the creative economy to rise together.

Photo by Olivia Reed

