

## How to overcome price resistance when selling high-priced information products

by Robert W. Bly

*State your price in terms that make it seem smaller.*

When selling specialized information products — newsletters, conferences, online services — we are often asking prices that are many multiples of what trade publishers charge for books and magazines. The higher the price, the more the prospect is likely to experience “sticker shock” — a resistance to paying that much money for information, no matter how much he wants it.

Fortunately, there are a number of promotional techniques that can help us overcome sticker shock and get people to pay the hefty prices we are asking for our print, fax, or Internet information services. For example:

*Make an apples-to-oranges comparison*

Don't compare your newsletter to another newsletter; compare it to another information resource, such as private consultation or expensive training.

Promotions for Georgetown's American Speaker compare the \$297 price to the \$5,000 a top speechwriter would charge to write just one speech. Lee's Index Options Alert notes that the \$2,950 it charges for its options trading fax service is like paying a 2.95%

fee on a \$100,000 managed options account — and that it's actually lower than the total fee such a managed account would charge.

*Spread out the payments*

Rodale and Franklin Mint are well aware of the sales-closing benefits of offering several smaller payments vs. one large lump sum. One publisher of financial fax advisory services costing thousands of dollars found offering subscriptions on a quarterly basis reduced sticker shock and increased sales.

If yours is an Internet service, consider offering it for so much a month with credit card payment on a till forbid basis. After all, which sounds better — “\$19.95 a month” or “\$240 for one year of service”?

*State the price in terms that make it seem smallest*

Even if you want full payment up front, state the price in your promotion in terms that make it seem smaller. A \$197 annual subscription, for instance, gives the buyer access to vital information for just 54 cents a day.

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Warning: Divide the price by length of service or subscription, but *avoid* a price per book or price per page comparison. Reason: Specialized information products always have a high price per page than the trade books or periodicals with which the buyer will invariably make a comparison.

*Value the component parts*

If you are selling an options trading course for \$200, list the individual elements and show that the retail prices of each (videos, workbook, telephone hotline, Web site access) add up to much more than \$200 — therefore the course buyer is getting a great deal.

Even better: Position one or two of the product elements as premiums the buyer can keep even if he returns the product or cancels the subscription. Offering “keeper” premiums usually increases response.

Example: Instead of selling your 8-cassette audio album for \$69, say it is a 6-cassette album for \$69, then position the other two cassettes as premiums.

*Add an element that cannot easily be priced by the buyer*

Loose-leaf services, for instance, face a built-in resistance from the buyer: “Why is it X dollars if it’s just a book?”

Supplements help differentiate from regular books, but publishers have found it even more effective to include a CD-ROM with the notebook. The CD-ROM is perceived as a high-value item with indeterminate retail price (software on CD-ROM can cost anywhere from \$19 to \$499), so it destroys the “book to book” comparison between loose-leafs and ordinary books.

*Show the value or return in comparison to the price*

Demonstrate that the fee you charge is a drop in the bucket compared to the value your product adds or the returns it generates. If your service helps buyers pass regulatory audits, talk about the cost of failing such an audit — fines, penalties, even facilities shutdowns.

If your manual on energy efficiency in buildings cuts heating and cooling costs 10 to 20% a year, the reader with a \$10,000 fuel bill for his commercial facility will save \$1,000 to \$2,000 this year and every year — more than justifying the \$99 you are asking for the book.

*Find a solution with your pocket calculator*

With intelligent manipulation, you can almost always make the numbers come out in support of your selling proposition.

*“If that price scares you, this is not for you.”*

Example: A high-priced trading advisory specializes in aggressive trades with profits of around 20 to 30% with average holding periods of less than a month.

The challenge: Overcome resistance to paying a big price for modest-sounding returns. Solution: Dramatize the profits the subscriber can make with numerous quick trades. Copy reminds readers: “If you could earn 5% each month for the next 10 years, a mere \$10,000 investment would compound to a whopping \$3.4 million. At 10%, it would be an almost unimaginable \$912 million!”

*Pre-empt the price objection*

Most mailings for expensive products build desire and perceived value, then reveal price once the customer is sold. An opposite approach is to state price up front and use the exclusivity of a big number to weed out non-prospects. Example: “This service is for serious investors only. It costs \$2,500 a year. If that price scares you, this is not for you.” An element of exclusivity and snob appeal is at work here.

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His latest book, **Internet Direct Mail: The Complete Guide to Successful e-mail Marketing Campaigns** (coauthored with Steve Roberts and Michelle Feit), will be published in October, 2000 by NTC Business Books.

#### *COLOPHON*

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