

5 Pricing Mistakes You Should Avoid...

...and what you can try instead

Manually adjusting prices

The larger you are and the more competitors you have the more resources it takes to track and adjust all the prices manually. Besides, it's safe to assume that your competitors are approaching their pricing in a smarter way.

Automate your pricing decisions

Use an automated price monitoring and dynamic pricing solution that will help you save resources by taking over all the daunting tasks you've been performing up until now.

Cost plus pricing

This pricing strategy usually means adding up your costs of producing one unit of a product and then adding a markup percentage on top of that amount. In practice, this usually means leaving money on the table for no real reason.

Value-based pricing

This pricing strategy depends on the your customer's perception of the value your products offer. In a large majority of cases, this means you'll be able to set higher prices than you currently do, and increase your revenue & profits.

Excessive undercutting

Yes, low prices are one of the most reliable ways to lure more customers in. However, doing this too much can quickly turn into a "race to the bottom", which is a game without a winner. Also, doing this leads to your brand's value being perceived lower.

Preserve brand value

This means focusing primarily on the long-term gains that you get from loyal customers. It sometimes means taking short-term losses for the sake of benefits in the future. Sometimes it's not easy to apply this method, but consider it whenever possible.

Uniformly treating customers

Some of your customers could be willing to spend more than others on the same quantity. Some may be ready to purchase more, but need just a little more of incentivization. Treating all customers the same can lead to money being left on the table.

Segment your customers

There's a lot of untapped potential in segmenting your customer base. It does take some additional resources to be implemented, but it ensures getting the most value out of your customer base.

Having a single price point

Whether a uniform approach to pricing is acceptable largely depends on the industry you're operating in. If you notice that a large majority of your competitors are implementing multiple price points for a single product, it should signal you that it's at the very least something worth considering.

Implement multiple price points

Multiple price points allow you to capitalize on customer segmentation and add more flexibility to your pricing strategy. This practice isn't accepted in all industries, so do your research before applying it.