How to Know What *Your Customers* Want to Buy and Pay

Your Step-by-Step Action Plan

Table of Contents

How to Know Exactly What Your Customers Want to Buy and Pay

You need to know not only what customers want to buy but also what they will pay… But to begin your pricing journey obsessed with these two points alone is to miss the market.

Pricing is a delicate art; and what we're going to do right now is demystify it…

Step One: Pricing Your Product

You may think it odd to talk about pricing before you've even started researching your market, but there's a strong reason to consider pricing first. It's not as simple as thinking up an attractive number and slapping a price tag on your product, playing hit-and-miss guessing games at the end of the creation process. You also need to know:

- What your best customers are willing to pay
- What the market will bear
- Whether or not your product has unique advantages or benefits that raise its "perceived value" to your ideal customer
- How many other, similar products there are to choose from

This all ties into the research you will do in finding out what your customers want.

In addition, there are four essential elements you must also factor into your pricing decisions, before you can accurately predict your ideal price point.

1. Reaching the right Customer at the right time – Pacing is another subject that doesn't receive enough attention, but it's not a difficult

concept to grasp. Put yourself into the mindset of your customer: How long will he enjoy your model kit before he wants the next one? How many models will he buy before he's ready for the Deluxe Display case? How long will it take her to digest your "Simple Origami for Beginners" eBook? When she's exhausted the designs, will you be ready and waiting with your next offer – for "1001 Unique Origami Paper Set" or "Beyond Origami Basics?"

And if you've taught her "Copywriting Basics", do give her time to put them into practice or decide what area she's most attracted to before you present your showcase of specialized copywriting offerings she can branch off into, if desired.

All too often, retailers (online and off) put customers off by rushing to push the "next step" offer too soon. Get into the habit of asking this simple question, when deciding on pacing:

- If you had bought this product, how long would it take you before you're ready for the next step?

(And don't forget to keep in touch and remind your customer, when it's time for the next step!)

2. Making it easier to buy than to leave – Is your sales material clear and attractive? Are you telling them exactly what they want to hear? Do you have an easy, foolproof purchasing system that makes it a pleasure to do business? Does your sale complete quickly and easily, with a minimum number of steps? And – most of all – is your offer irresistible? It's easier to command a decent price if you have all these areas covered.

3. Delivering What You Promised – Customers like to feel they made a smart decision, when they decided to purchase from you. Delivering good value is only half that equation: The other is actually delivering what you promised.

Going one step further and delivering above expectations is always wonderful – but not always necessary. Letting them know every benefit of your product, then simply delivering on those benefits will set you far above the crowd.

4. Excelling in Customer Service – With most "buy and deliver" internet businesses, the customer service comes after the purchase – if needed. Yours should begin the moment they hit your site or walk into your store. Even then, you need to have foolproof instructions or FAQs included to anticipate questions, as well as an easy way to contact you or your customer service rep, should questions arise anyway.

   In a "bricks-and-mortar" business, customer service is even more essential, since it's a natural part of the sales process. Make sure your staff is uniformly trained in all situations and that they know and follow your company mission and policies.

   Your aim should be to attract loyal, repeat customers – not just make one single sale – because recurring sales from loyal customers is where the big money really lies. (It's all about making the most of what you invest – in creation, time, money, thought, energy and research.

You may feel far from having all these elements set up yet – but being aware that they exist and must be considered will help you set your best price – as well as know whether or not your product idea is strong and viable right at the research stage.

Check Your Competitors' Prices – Seeing what your competitors are charging for the same type of product is an essential step in setting prices – but don't stop there: Also figure out why they are setting that particular price, and you'll know how your particular product stacks up against them, competition-wise.

Print out and use the worksheet on the next page: It will not only help you isolate price points, it will also help you think more analytically about pricing.

(Don't know who your competitors are? Haven't even figured out what product to produce? We'll get into how to find out in the next section.)

Competitor	Product	Price	Benefits or Advantages – Their Product	Benefits or Advantages – My Product
URL:				My one HUGE advantage:
URL:				My one HUGE advantage:
URL:				My one HUGE advantage:

URL:				My one HUGE advantage:

Step Two: "Who Are My Competitors?"

Most likely, even if you haven't decided on a specific product to produce, you already know your niche and the types of products they want. So it's okay to go ahead and continue with preliminary competitor research before you've finalized a product.

In fact, doing this may stop you from investing time, energy and money into a product that you later discover is redundant, if you don't check out your competitors at this point.

Don't just analyze your immediate local or online competitors, but the also the big chains too. Ignoring the big chains is always a mistake: "Big" chains or competitors are who the majority of people go to, if low price is their primary consideration.

You see, there are always two sides to considering the competition:

Who they are	Why customers select them

Always know the "why" – both your customers' "why" – and your own.

- Are you looking to attract customers who possess the "lowest price" mentality with your inexpensively-made, mass-produced product?

- Are your customers actually looking for the lowest price?

- Do you have a product that boasts one unique, priceless feature that makes it more effective than similar products?
- Are your customers looking for the product that has one unique, priceless feature that no one else's product possesses?

- Is your store or site easier to find or get to than your competitors? Is it physically closer? Do you have an easier online payment system?

- Is your customer looking for a store that's in the same town, instead of thirty miles away? Do they want to use PayPal, when other online stores selling the right product insist only on charge cards?

Matching your "why" factor with your customers', as well as identifying why they buy from your competitors, will quickly tell you whether you're right on target – or way off base.

For example, consider the chances of this particular customer-product mix producing a sale – at any price:

- Your best-paying customer wants pastel nurses uniforms with colorful, cartoon-style designs to please her pediatric patients on the cancer ward
- You are offering a special on standard, hospital-green scrubs only

It doesn't matter how great a price you are offering on standard scrubs if your customer base of pediatric nurses never use them. Most likely these customers will bypass your sale and drive to the next town (or next store) – or shop online – to get the specific item they need.

Why Go "Big"? – If yours is a highly-specialized type of store (online or local) with highly-specialized, unique products, check what the "big guns" are doing anyway… because doing so will open the door to finding out who your smaller competitors are.

You will also discover what is trending – selling like hotcakes – right now. And for what price…

To get started, go online and prowl through statistics-quantifying sites such as Quantcast and Alexa.

1. Visit Quantcast
2. Enter the URL (web address such as “indigo.com”) of your most specifically-matched “big” competitor into the search box
3. View the results

You will see (for larger companies) both a graph and, below the graph, demographics for your country. Scroll down and study these demographics closely. (Repeat the process for Alexa.)

These two sites will show you who your competitors’ visitors are and whether or not you are on target and selling to the right crowd.

Now, granted, you can’t assume your demographics will be exactly the same as those for huge companies – especially if these big companies sell a wider variety of products than you do – but the idea is to choose a “big” company that matches your focus as completely as possible.

But this isn’t the only reason it’s a good idea to check “big” competition: With Quantcast in particular, you can often scroll below the demographics to see this priceless little section – “Audience Also Likes”…

This gives you a snapshot of:

1. Other immediate competitors
2. The type of sites your audience likes to visit

From this, you can visit these sites and competitors, and research:

- Which specific aspects or products interest them the most
- What is "hot" right now
- What they like to buy/what sells the most

But there is another, even more useful resource you can turn to, online (especially if your direct competitors are not "big" enough to show up in Alexa or Quantcast; or are too generalized in the products they offer, such as Target or Wal-Mart) – and that is Amazon.com, the most successful retail company in the world. With Amazon, you can narrow your search down to specifics.

Before we take a closer peek at Amazon, however, let's focus more deeply on your product…

Step Three: Finding out What Your Customers Want

"Just ask" – This is always the place to start. Whether yours is an online or offline business, you can:

1. Send out short surveys and questionnaires
2. Use in-store ballots (with or without prizes as incentives)
3. Email customers on your list with simple questions
4. Use mobile or social network Apps to create fun "instant polls"

Find out where they like to talk online, as well as which sites they visits or blogs they prefer to read. Visit forums for your niche and read the comments here too. Comments on blogs and forums often tip you off about:

- Holes in your competitors' products
- Needs that are overwhelmingly important to your customer – but aren't being met
- What they love
- What they hate
- Specific features they find difficult or frustrating
- Common motivations they exhibit
- Where their interest is laser-targeted
- Why they love – or hate – your competitors or their products
- Whether or not they actually pay for the type of product you have to offer

This last factor is huge, especially if you sell online and if your product comes under the heading of "hobbies" in any way. You may discover that the product you're planning to sell is already one your customers can easily get for free from fellow hobbyists.

For example, if you're planning to sell a "Cat Tea Cozy Knitting Pattern", your research may tell you that there are already about five dozen variations of a simple cat tea cozy knitting patterns instantly available via forums, sewing blogs and groups…

However, if your Cat Tea Cozy pattern has a wonderful, unique twist that sets it far above the rest, you stand a better chance of selling it for cash – particularly if you can tap into a strong motivation your niche members possess, such as the desire to be "better than the rest".

Checking the Latest Trends -- You can also check out what's currently hot by using tools like these to find out data you need to know:

- http://www.instantformpro.com/
- http://www.jigsaw.com/

These systems are basically survey apps. They work well, but if you're on a shoestring budget there's an even easier way to check the latest trends. Visit:

- Your local bookstores and supermarkets – check out the magazine racks
- Magazines.com – pick your specific categories and focus on magazines they contain

Seeing what's hot in your niche via popular magazines is always a great idea. There's a lot of money riding on what editors pick, so they will research diligently and won't feature articles on subjects only a few people are interested in.

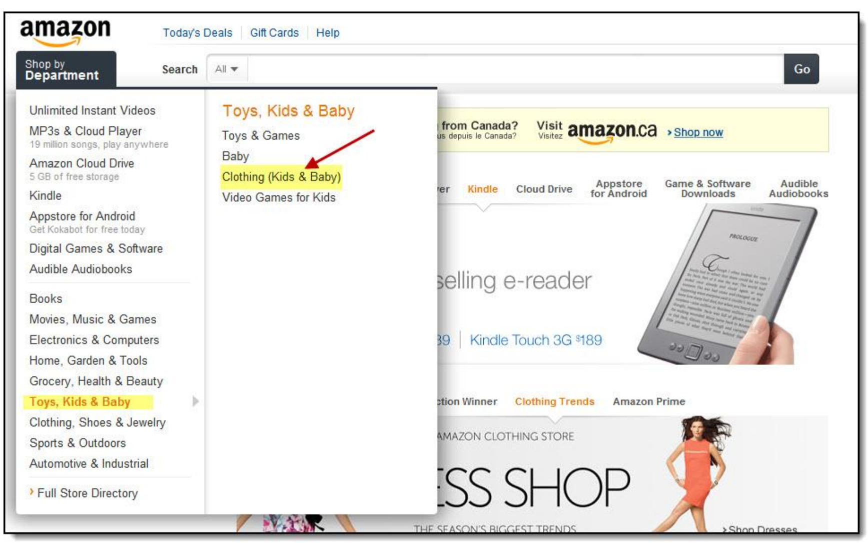
(Especially on the front cover!)

Pay Attention to Advertisements – What always comes up on the first page of Google, when you search for similar products to your own? What types of relevant social ads pop up on Facebook? Who is putting glossy ads in magazines, and what are the classifieds in your local newspaper asking for or selling? What's bombarding your kiddies on television ads right now? Hooking into your fears of growing older? Entertaining you with its clever and original approach?

We're all trained to "tune out" advertising in today's sophisticated world, but it's still around for a reason: It works (even if only subliminally). So get into the habit of checking out the ads – you'll end up with a much better idea of what's selling in your niche.

Always Check Out Amazon.com – By far the easiest way to find out what's hot and what's not is by visiting Amazon.com online. This virtual superstore has invented the book on how to categorize and sub-categorize by niche.

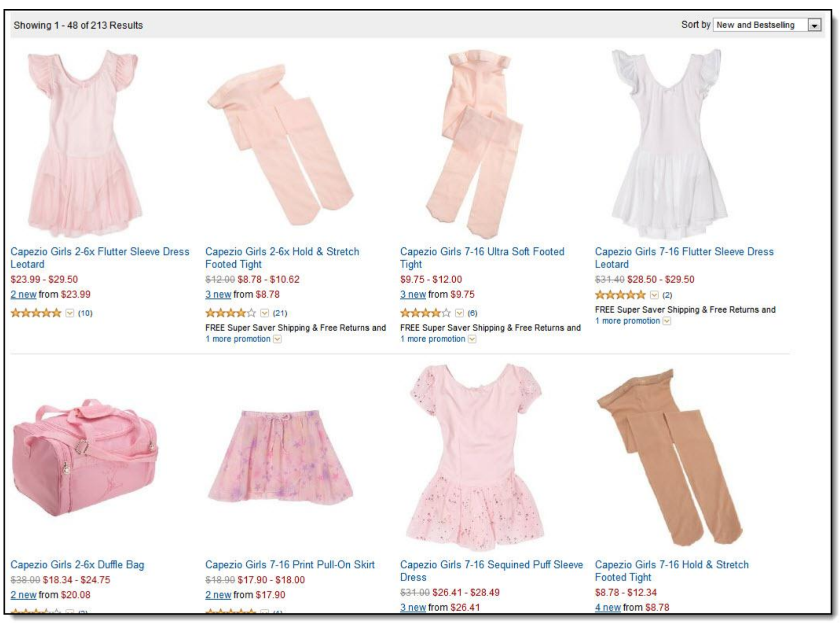
Don't waste time looking Amazon up in Alexa and Quantcast, however – the demographics are too broad. Instead, go straight to your most relevant category, hover your mouse over it and select the specific sub-category most closely relating to your products…



In the page that opens up, narrow competing products down even more specifically:

In your final results, you will be able to instantly see trends and preferences.

For example: Say your product is dancewear for toddlers, looking at Amazon's top sellers (always featured first in results), you could instantly deduce that the color pink is still a hot favorite for parents and toddlers:



If you were planning to make your primary line in peacock blue, you would have to consider at this point:

- If standing out and going against the norm would give you an advantage
- If there would actually be a market for dancewear in that color among your client age group
- If “conforming” and switching your main product line to the color pink would increase your sales… or leave you drowned in a sea of competition
- If it’s cost effective to offer both options (pink and peacock blue)

But there’s no getting around it: In spite of all the clues and results from online sources, accurately gauging what your customers want still involves knowing how to interpret the data and apply it to your specific business.

This involves paying attention to specifics – and to what your customers are saying, asking for or complaining about… on forums, in person, in blog comments and customer reviews; and in social network posts…

For example, if you’ve had three dozen enquiries in the last two months plaintively asking for peacock blue dancewear and expressing frustration with the onslaught of pink, you’re on more solid ground than if your decision to produce peacock blue dancewear rested solely on the fact that peacock blue is your own, personal favorite color (and you always dreamed of dancing clad in a peacock blue tutu, back when you were six years old).

In fact, one of the most common mistakes retailers make is creating a product based on their own preferences – not on what is currently:

- Being asked for by your potential customers

- “Hot” and selling

Step Four: Knowing What Motivates Them

Simply knowing your customer’s need is not enough: You also have to be finely tuned in to what is driving that need.

For example, does your little ballet dancer’s mom want (or need) her to fit in with the rest of the class… or stand out? Is the dancewear needed so that your customer’s four-year-old daughter can fit in with the other flower fairies… or is her eight-year-old looking for a special competition dress (one that will catch the judges’ attention in a striking – and positive – way)?

Again, you find this out using all the methods listed in this workbook: Seeing what’s hot in magazines and Amazon’s top sellers; listening to forum, blog or social media chatter; asking the owners of dance studios or dancer moms in person; asking your customers directly; using ballots, surveys and polls – and above all, paying attention.

(And never, ever make assumptions based solely on your own personal preferences or experiences.)

Testing Price Points

Returning to where we started may seem redundant, but it’s not. If you have applied the previous techniques and tips in this workbook, you now have a strong idea of:

- What your customers want, need or are lacking
- Their most powerful motivation in buying
- Whether or not they are a “buying” market, or do they hunt exclusively for freebies
- Who your competitors are
- What they are selling

- Their advantages (and drawbacks)
- Your product's advantages (and drawbacks)
- What price point your type of product is currently going for
- The high end in this price range – and the low end
- What the market will bear

At this point, you are ready to firm up your price, knowing you are right on target.

If you don't have at least one huge benefit or feature your competitors' products lack, then you can't expect to charge a higher price (unless you have some other intangible benefit; such as a celebrity endorsement or being a celebrity yourself). Even then, if your product doesn't deliver after your celebrity endorsement, or if you haven't truly shared your own celebrity secrets… you won't get those repeat customers (and that's where your real money lies!)

Increasing your Chances -- When it comes to setting a product price, many entrepreneurs make the mistake of "all or nothing" thinking. Your customer may really want your product, but:

- It may simply be out of his reach (even though he fits your demographic)
- You may have caught him at a bad time of the month
- He may have just paid for an unexpected expense (e.g. a big car repair)
- He may simply have received your email or come across your "time limited offer" too late

Rather than indulging in all or nothing thinking, there are proven alternate pricing strategies you can use to increase your ROI:

1. Consider payment options – How do you know when offering payment options such as graduated payments or payments-on-installment will be a viable strategy?

When customers beg for them – and not before (unless you've discovered that particular market always chooses competitors who offer payment options.)

2. Create a "Lite" version – Is your product one that can be used by customers at various skill levels? Then create a "lite" version beginners in that niche can start out with – then upgrade ("graduate") to your fully-featured, more expensive version. Do you know that your customer base all have low incomes below 30k per year – but have the potential to dramatically increase their earnings, once they use your training or products? Then start them out with a "Beginner Basic" course or "Lite" version, knowing they'll upgrade as soon as the money starts rolling in. (And be sure to remind them, when that time comes!)

3. Test your Product in a Beta run – Offer it as an exclusive special only to customers on your mailing list. (This applies to offline as well as online customers.)

   If it's a digital product, create "Warrior's Special" for the Warrior Forum, if you're a member. (Or as a special on any forum you and your customer hang out in – providing that's allowed, of course.)

   Offer it to "the first twenty people" (especially if you're testing a Membership site). Get feedback from early recipients, and ask to use specific, relevant excerpts of this feedback as testimonials or recommendations

4. Beware of the "I'm a Newbie" Mindset -- Price should relate directly to demand and availability. Have you invented the only Whatchamagidget in existence? And have people been begging for it for ages? Then you shouldn't even think about "discount pricing" or "introductory special offers" – go for it and name that competitive price!

One final factor remains, of course, in how well you hit the mark in serving up what your customers will pay for… And that is promoting your product.

But that is a whole other story and adventure you still have to look forward to.

For now, it all depends on knowing what your customers want to buy – and pay. And putting this workbook to use should help you do that much more accurately – and with well-earned confidence.