











# THE TWO MOST POWERFUL PRICING DECISIONS FOR ANY PRODUCT

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## WHO IS MARK?



<p>PH.D. IN MARKETING/ PRICING FROM UC BERKELEY</p> 	 <p>PROFESSOR AT OHIO STATE</p>	<p>Destiny Networks ENTREPRENEUR</p> 	 <p>PRICING EXECUTIVE Semiconductor industry</p>	<p>Blogger since 2010 (pragmaticpricing.com; impactpricing.com)  Author of Impact Pricing: Your Blueprint for Driving Profits (2011)  WRITER/ ENTREPRENEUR</p> 	 <p>INSTRUCTOR FOR PRAGMATIC MARKETING</p>	<p>ENTREPRENEUR - IMPACT PRICING</p> 
1992 - 1996	1996-2000	2000 - 2008	2008 - 2013	2010 -	2013-2018	2019 -

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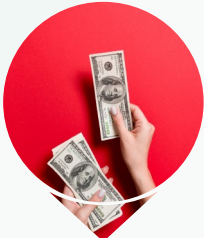





## MOST PROFITABLE PRICING DECISION:

### ADOPT **VALUE BASED** PRICING

Charge what a customer  
is willing to pay (WTP)

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Cost = \$20	WTP = \$100	Price = ???
Cost = \$50	WTP = \$100	Price = ???
Cost = \$75	WTP = \$100	Price = ???
Cost = \$150	WTP = \$100	Price = ???

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# IMPACTFUL INSIGHT

VALUE BASED PRICING IS THE MOST  
PROFITABLE PRICING DECISION YOU CAN  
MAKE

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## EXERCISE

### WHAT IS VALUE?

Pick a buyer and one of your products  
Write down the value to that buyer.

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## EXERCISE DEBRIEF



**VALUE OF SOLVING THE  
PROBLEM?**



**VALUE RELATIVE TO A  
COMPETITOR?**



**DID YOU PUT IT IN  
DOLLARS?**



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## IMPACTFUL INSIGHT



**FEW PEOPLE UNDERSTAND THEIR OWN VALUE  
AND THEY HAD TO WORK HARD TO LEARN IT.**

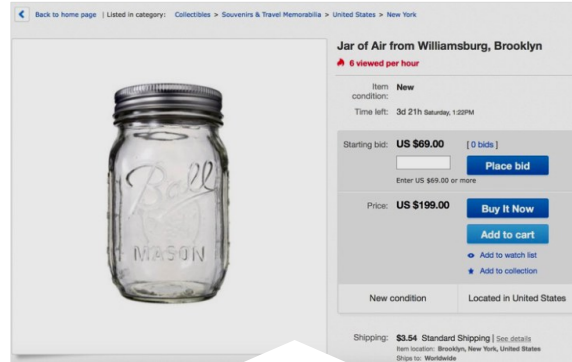


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## WHAT IS VALUE?



**VALUE IN USE**



**VALUE IN CHOICE**

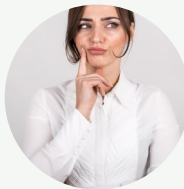
**VALUE MEANS WILLINGNESS TO PAY**

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## TYPICAL BUYERS VALUE JOURNEY



**WILL I?**



**Value in use**  
Solve the problem  
In the budget?

**WHICH ONE?**



**Value in choice**  
Compare alternatives  
Best bang for the buck

**PURCHASE**



Most purchases  
go through  
**both decisions**

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## WILL I AND WHICH ONE

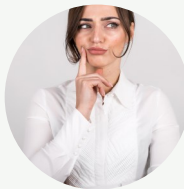


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## BUYERS VALUE JOURNEY



**WILL I?**



Less price sensitive

**WHICH ONE?**



Very price sensitive

**PURCHASE**



Buyers **usually**  
make both decisions

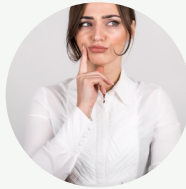
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## WHEN BUYERS ONLY MAKE WILL I DECISIONS



### WILL I?

A competitive alternative was not considered



### PURCHASE



Buyers are much less price sensitive

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## RECOGNIZING WILL I OR WHICH ONE?



Coke at McDonald's



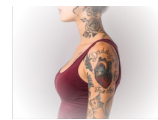
Apple watch



Garmin Smart watch



Podcasting microphone



Tattoo

**WAS A COMPETITIVE ALTERNATIVE CONSIDERED?**

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**IMPACTFUL  
INSIGHT**

VALUE IS WHAT A BUYER IS WILLING TO PAY.  
IT IS EITHER VALUE IN USE OR VALUE IN  
CHOICE.

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**THE SECOND  
MOST PROFITABLE  
PRICING DECISION:**

**ADOPT  
PRICE SEGMENTATION**

Charge different prices to different  
customers based on their WTP

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## PRICE SEGMENTATION



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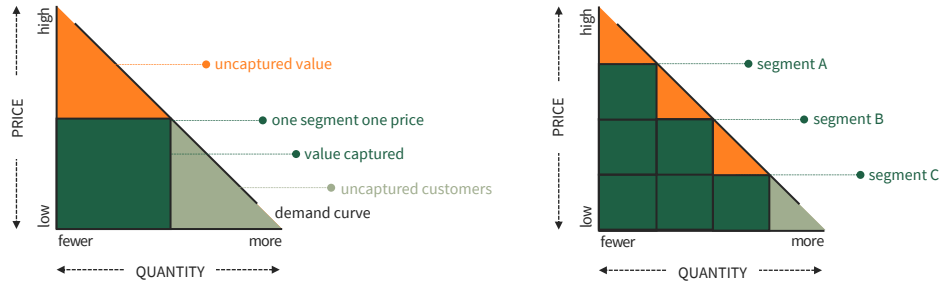
## DIFFERENT WILLINGNESS TO PAY



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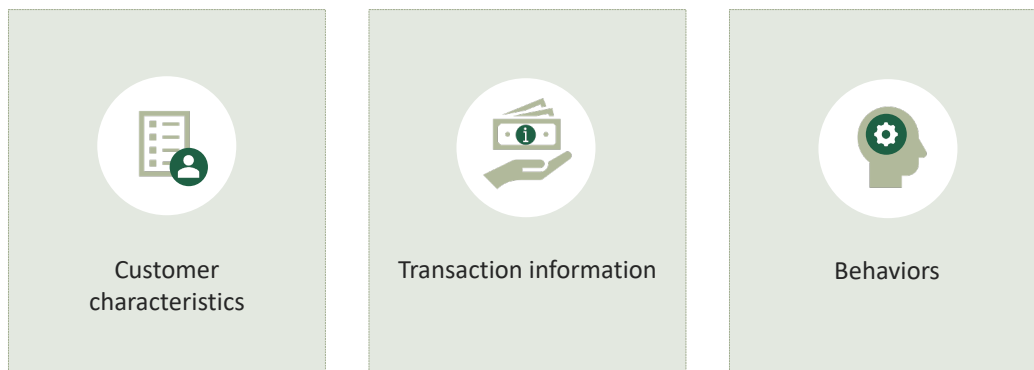
## PRICE SEGMENTATION



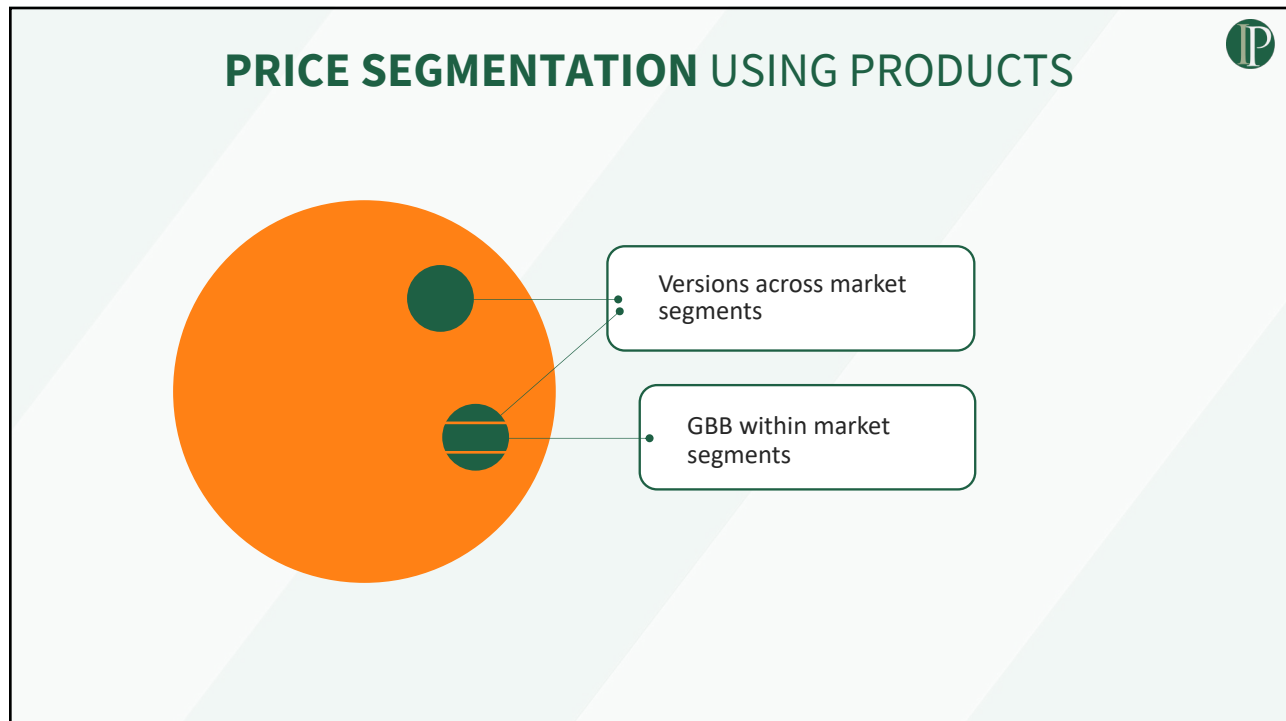
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## HOW TO SEGMENT BY PRICE



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## IMPACTFUL INSIGHT

PRICE SEGMENTATION IS THE SECOND MOST  
PROFITABLE PRICING DECISION YOU CAN MAKE

The background of the slide is a dark, textured surface. A hand is shown from the wrist up, holding a glowing white lightbulb. The lightbulb is illuminated, casting a soft glow. The hand is positioned on the right side of the slide, with the thumb and index finger gripping the base of the bulb. The overall tone is professional and focused on the concept of impactful insights.

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