



Pricing & Intent To Buy Survey Results

The charts and graphs that follow are an actual example of how I've used these surveys to make decisions.

The product being surveyed is an information product that teaches pregnant first time moms how they can make their babies smarter before they are even born.

There are 3 charts that follow. The first two are the same data in both chart and graph form and they show the price point where you will get the most new customers – marked "A" and the price point at which you will make the most profit, marked "B".

The A and B points show what your target market believes your product to be worth. In the case shown by "C", if you raise the price above the price marked "B", you will see a dramatic drop in sales.

These two charts by themselves are interesting, but meaningless without the intent to buy graph. Who cares what people think your product is worth if no one has any interest in buying it?

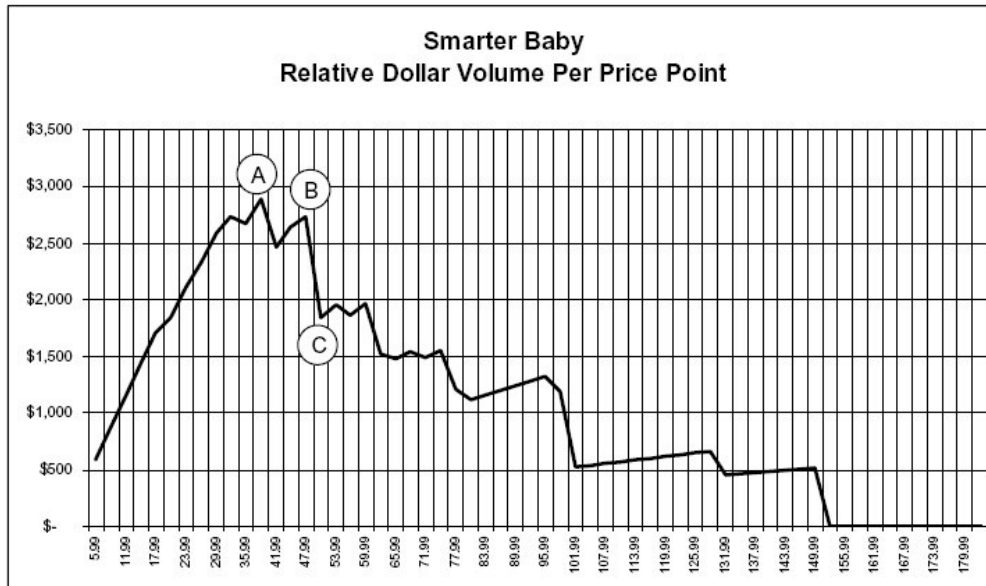
You may know a Ferrari is worth over \$100,000, but that doesn't mean you are ready to buy one!

The third chart shows the intent to actually buy your product. In the example shown 23% are likely buyers and 38% more are possible buyers. This is a great result because that means a total of 61% of the target market should become customers.

When you use this methodology, you can get these answers without having created your product. If you don't get the answer you want, change the product and try again.

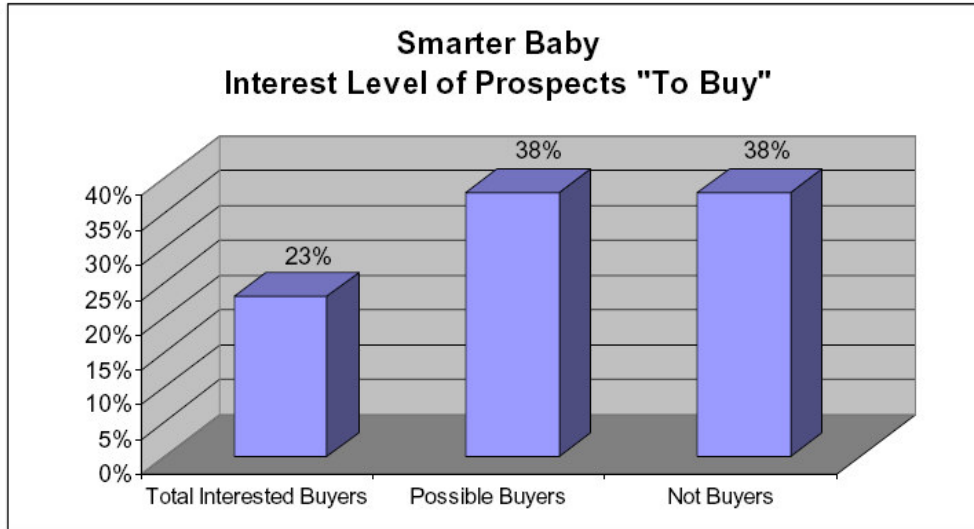
It's a lot cheaper to do product development this way than by going to the expense of creating the product itself.

Naturally, no test is as good as a real sales test where people give you their money, but this is an inexpensive way to find out if your product has any chance of selling and making you a profit **before** you spend the time and money to develop it.



Decreasing Percentage of Prospects as Price Increases

Relative Gross Revenue	Price Points	Percent of Prospects Remaining	Relative Gross Revenue	Price Points	Percent of Prospects Remaining
\$ 589	\$ 5.99	98%	\$ 1,324	\$ 95.99	14%
\$ 884	\$ 8.99	98%	\$ 1,195	\$ 98.99	12%
\$ 1,158	\$ 11.99	97%	\$ 528	\$ 101.99	5%
\$ 1,447	\$ 14.99	97%	\$ 543	\$ 104.99	5%
\$ 1,706	\$ 17.99	95%	\$ 559	\$ 107.99	5%
\$ 1,846	\$ 20.99	88%	\$ 574	\$ 110.99	5%
\$ 2,109	\$ 23.99	88%	\$ 590	\$ 113.99	5%
\$ 2,327	\$ 26.99	86%	\$ 605	\$ 116.99	5%
\$ 2,585	\$ 29.99	86%	\$ 621	\$ 119.99	5%
\$ 2,730	\$ 32.99	83%	\$ 636	\$ 122.99	5%
\$ 2,668	\$ 35.99	74%	\$ 652	\$ 125.99	5%
\$ 2,891	\$ 38.99	74%	\$ 667	\$ 128.99	5%
\$ 2,461	\$ 41.99	59%	\$ 455	\$ 131.99	3%
\$ 2,637	\$ 44.99	59%	\$ 465	\$ 134.99	3%
\$ 2,730	\$ 47.99	57%	\$ 476	\$ 137.99	3%
\$ 1,846	\$ 50.99	36%	\$ 486	\$ 140.99	3%
\$ 1,955	\$ 53.99	36%	\$ 497	\$ 143.99	3%
\$ 1,867	\$ 56.99	33%	\$ 507	\$ 146.99	3%
\$ 1,965	\$ 59.99	33%	\$ 517	\$ 149.99	3%
\$ 1,520	\$ 62.99	24%	\$ -	\$ 152.99	0%
\$ 1,479	\$ 65.99	22%	\$ -	\$ 155.99	0%
\$ 1,546	\$ 68.99	22%	\$ -	\$ 158.99	0%
\$ 1,489	\$ 71.99	21%	\$ -	\$ 161.99	0%
\$ 1,552	\$ 74.99	21%	\$ -	\$ 164.99	0%
\$ 1,210	\$ 77.99	16%	\$ -	\$ 167.99	0%
\$ 1,117	\$ 80.99	14%	\$ -	\$ 170.99	0%
\$ 1,158	\$ 83.99	14%	\$ -	\$ 173.99	0%
\$ 1,200	\$ 86.99	14%	\$ -	\$ 176.99	0%
\$ 1,241	\$ 89.99	14%	\$ -	\$ 179.99	0%
\$ 1,283	\$ 92.99	14%	\$ -	\$ 182.99	0%



Smarter Baby Product Survey Results By Price Point

Sales Price	\$38.99	\$47.99	\$50.99
Product Cost	\$7.00	\$7.00	\$7.00
Gross Profit	\$31.99	\$40.99	\$43.99
Marketing Cost to Make a Sale	\$25.00	\$25.00	\$25.00
Net Profit Each	\$6.99	\$15.99	\$18.99
Relative # Units Sold	74	57	36
Total Profit	\$517.26	\$911.43	\$683.64

What does all this mean? The conclusions are:

1. If this product had a strong "back-end" and the potential of a lot more sales to the customer, then the \$38.99 price point would probably be best because it resulted in the 74 new customers. Future sales to those customers could provide many times the profit lost on the front end sale.

The \$394.17 in lost profit from the lower selling price (\$911.43 - \$517.26 = \$394.17) would be recovered by future average product sales profits from those 74 new customers of only \$5.33 each. (\$394.17 divided by 74 = \$5.33)

2. If this project is a one time sale with no future sales to the customer of anything else, the \$47.99 price point is best because it yields the most total profit (\$911.43).
3. The highest net profit per unit (\$18.99) price point, \$50.99, is a poorer choice than either of the others because it provides neither the highest profit up front or the highest profit on the back-end.

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