Program Pricing

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Price

• When a customer says “I can’t afford it”
• Never be afraid to ask the full price
• Buying cheap can be expensive

CONVERT FEATURES TO BENEFITS
CASE STUDY-
Professional Project Management Program

• Program Desired – Project Management Series
• Length – 10 day customized program
• Faculty – Academic credentials with industry exp.
• Location – Firm headquarters located 100 miles from University; program is to be conducted on site
• Participants – 20 average
• Program Request – A result of visit six months before

Program Income & Expenses
Preparing a Program Budget Sheet
<table>
<thead>
<tr>
<th>Expenses</th>
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<td>Promotion</td>
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<td>Other</td>
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<td>Total Direct Costs</td>
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<td>Admin Expenses</td>
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<td>Notes</td>
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</tbody>
</table>

**Total Income**

| Enrollment                   |  |
| Fee/person/group              |  |
| Projected Fees               |  |
| Refunds                      |  |
| Projected Rev                |  |
| Projected Income             |  |

**Notes:**

| Total Days                   |  |
|--------------------------------|
| Total Hours                  |  |

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Fixed Expense

- Instructor fees
- Instructor travel
- Gifts
- Room rental
- AV equipment
- On-site coordination

Variable Expense

- Program materials
- Royalties
- Handouts
- Refreshments
- Meals
- Parking
Sunk Costs

• Facilities
• Non-refundable tickets
• Printed program materials
• Business development costs

Overhead/Administrative Expense

• Staff salaries and benefits
• Office fixtures and supplies
• Office rent
• Utilities
• Computers and network expenses
What strategies do you use?

Pricing Strategies

- Cost Plus Pricing
- Value Added Pricing
- Fixed Price With A Variable
Pricing Strategies

• Public Based Pricing

• Foot In The Door Pricing

Published Pricing for Public Programs

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<th>Charge Per Day Per Person</th>
<th>UPenn</th>
<th>Wharton</th>
<th>University of Michigan</th>
<th>Duke</th>
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Pricing Strategies

• Client Based Pricing

• Discount or Volume Pricing

• Competitors Price

Breakeven

Level of sales at which total revenue (TR) will equal total cost (TC).
Profit

- Profit is remaining income . . .
- Profit is usually expressed as a percentage . . .

Price and Market Position

- Price Shoppers
- Brand Loyal
- Status Seekers
- Service Feature Shoppers
- Convenience Seekers
Methods for Overcoming the Question of Price

• WHAT ARE YOUR ADVANTAGES?
  • Product
  • Source
  • People
  • Service
  • Benefits
  • Reputation

Price Break-Down

• Break it down into weekly or monthly payments
• Will the customer save money?
• Price-Cost-Value
• Return on Investment (ROI)

\[ \text{Price} = \text{amount paid for product} \]
\[ \text{Cost} = \text{value and Impact} \]
Program Impact

How do you measure impact?

Exclusivity

- What do you have that competition cannot offer?
- Offer more for a higher price
- Determine what the prospect wants
- Identify features that satisfy needs/wants
- Make prospect feel *only you* can deliver
- Demonstrate benefits of product
Use Comparison

• “Two of a Kind”
• A demonstration is very effective

Price Question

• Answered price questions near the end
• EVIDENCE HELPS!
• Show FABE

Features, Advantages, Benefits, Evidence
Nibbling

- Attempts to get concessions
- Don’t give in!
- Justify your position
- Know competitor product and pricing

Objections to Price

- That’s more than I want to pay
- The price is too high
- I can get it for less
- Strategy: build value and benefits
Feature vs. Benefits

- Stress benefits with features and advantage as support
- A feature is a physical characteristic
- An advantage is the performance characteristic
- A benefit is a favorable result

Feature

- Size
- Color
- Taste
- Quality
- Delivery
- Terms
- Packaging
- Flavor
- Service
- Uses
- Technology
Advantages

- Fastest selling
- Storage
- Biggest

- Smallest
- Physical Performance
- Least Expensive

Benefits

- Greater Profit
- Time Savings
- Increased Sales
- Improved Communication
- Improved Work Climate
- Improved Morale
- Improved Employee Retention

- Cost Reduction
- Cost Avoidance
- Government Compliance
- Improved Work Safety
- More Customers
- Increased Customer Satisfaction
- Contributed to Core Values
Example

Sports - with this ball, you will get an extra 10-20 yards on your drive (advantage) helping to reduce your score (benefit) because of its new solid core (feature)

The Customer

A client’s perception of the price of a good or service as being fair, good, high or low is more important than its actual price or value.

Perception is everything!
Application Case Scenarios

Compare Your Proposals

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