



# How To Price Your Products And Service



What's the win-win way of pricing your product or service? Basic Bananas' Christo Hall shares his experiences around one of the trickier parts of business.



**Christo Hall**

**James:** James Schramko here. Welcome back to SuperFastBusiness.com. And today we're talking about pricing. This is Episode 747. So we'll put it up on the SuperFastBusiness site, we'll fully transcribe it. Today's guest is Christo Hall from Basic Bananas. Hey, Christo.

**Christo:** Good day, James.

**James:** It's good to have you on this call. I love our chats. And you're certainly a master of this topic, pricing, because your business is involved in marketing. You run little workshops, you have a whole bunch of clients you give advice to on how to get better results for their business through their different marketing strategies.

## A huge, constant topic

And one thing that comes up all the time, certainly for me, and I'm sure it does for you, is how do we price our product?

**Christo:** Yeah, it's a huge topic, and constant, too. And especially when you're creating new products, new services, when competitors come into the market, it is a massive topic. And yeah, you're right, I cross it a lot of the time, and working with so many different businesses from product, service, business to business, business to consumer, as you'd see a lot of it as well. It's always a constant challenge.

So yeah, I got some really cool insights today to share with your listeners, which will be awesome. For once, we're not talking about surfing, finally. You and me.

**James:** Yeah. It made its way into the conversation within a minute or so.

**Christo:** Already.

**James:** I was being so disciplined as well.

**Christo:** Well done.

**James:** Just for context, you know, for our listener, they should know that Christo, you're one of the top-ranked surfers in the entire world, and you were on the professional circuit for many years. And certainly when we go surfing together, I always learn from the master. You've been able to enhance my game, which is a good reason to get coaching, right? In whatever you do, if you want to get better at it, hang out with people who are really good at it. Especially if they're good at teaching, which you are. So thank you for all of that.

And with regards to pricing, I'd say it's about a quarter of what I talk about, pricing and strategy. I'm dealing with a lot of membership owners, a lot of information product owners, agencies, some software as a service, not so many ecommerce. And I don't deal with as many regular businesses as you might. So I think this will be a great conversation.

## The question of positioning

Where should we kick off? Should we talk about positioning?

**Christo:** Yeah, the first thing. Like, we're kind of going to start at the top and broaden and then kind of narrow into specifics of how to get the actual numbers for your pricing. But definitely, it's all about positioning, really where your business is going to sit and who your customers are going to be. Like, who do you want to reach?

But what I like to say, most people kind of rush straight for the, you know, always who's the customer? Who's the ideal client? You know, we've got to get inside their head and their thoughts and everything and profile them. It's kind of like, obviously that's very, very important, but we've got to look at, when we're positioning, we have to look at them getting value.

So what I like to say to businesses, first of all is, let's position you above the market you're actually selling to. So it's kind of like we've got to look at the brand and the service and the quality and the value that you can provide. And just keeping in mind, before we get into the nitty gritty of it, like, you've kind of got to position above the market.



You actually sell to your market, to not only perceive but also actually receive value, so that they walk away... Like, a happy customer is someone who pays something and they get more value than what they paid, if that makes sense. You know, they get more value in return for their money than the money they spent on you.

## How to influence value perception

And it's like a brand like Gucci will position as to world-class brands, you know, like as the kind of world-class global status to sell. You know, they'll create, like, a \$500,000 handbag from time to time as a positioning method, which we'll go through in a moment. But really, it's to sell the \$2,000 handbags. It's positioning up high so that people that spend 2,000 bucks on a handbag, they get value for money, basically. Or they perceive, at least they're perceiving they're getting value for money.

You know, like the use of athletes. Like you just said, I was a professional surfer for many years. And I was sponsored throughout those years getting paid and getting all sorts of products given to me so that those brands would sell to average intermediate surfers basically and kids.

It's like the, I just watched the Michael Jordan series recently on Netflix, it's a good series. And Air Jordan, like, you know, shoes, the Air Jordan models to sell to teenagers. It's always like, using those kind of high end, but they kind of keep in mind it's that, as a general rule, which I think a lot of people don't really touch on is, position above the market you sell. It's like you've got people have got to see they got that much value.

It's like, you know, someone like yourself, getting access to you, someone that's got the knowledge of, you know, like big industry from your experience, obviously, in the past with the car, you know, Mercedes and so on. And getting access to tap into someone who's the head of top of sales in that kind of business for a small operation, it might be a business that you know, even operates from home, an internet marketer that might be doing 500,000 bucks a year, that guy can get access to you. Like, that's, you're above the market, you know what I mean? It's like, it's a no-brainer to work with you.

Or on the other hand, if you weren't positioned, you know, as doing that, and of course, helping hundreds of businesses to achieve great success, then it's not going to, you know, if you're not positioned there, people aren't going to perceive they're going to get value. So there's just kind of first point on that one.

## The problem with lean pricing

I've got another little point in regards to positioning, is people automatically perceive, this is kind of like, you know, psychologically we have trigger responses to things. So if something's kind of low cost, and the reason I say this is one of the most common problems I see when it comes to pricing is people always trying to make their pricing as lean as possible. It's like, I need to be as low as possible.

Now, just to keep in mind at a kind of conceptual level, cheap will trigger poor quality in our minds, whereas expensive will trigger an automatic response in our minds of good quality, you know, value. It's like if we walked into a surf shop, you and I, if I took you to a brand new surf shop, and I said, oh look, there's a room over there where boards, you know, the max price is, say, \$400. In your head, you know, and then I say, look, there's another room over there where there's boards up to, you know, \$3,000 in that room. I'm pretty sure I know which room you'd want to walk into.

**James:** So we're in my garage, obviously.

**Christo:** Yeah! That's the \$3,000 room.

**James:** So just let me get this right. When you say position above the market, are you talking about aspiration? Are you talking about the hero brands, like the concept car at a Motor Show or the super expensive product that a jewelry manufacturer will create that gets a lot of the press and the attention, that is almost untouchable but by contrast makes the other products you sell look like great value?

**Christo:** Yes, absolutely. That's one strategy to help position above the market. Like, using the high-end product, exactly. Like the crazy amazing car that they make for the car show, the Gucci handbag that's 500,000. But you know, the companies would likely lose a lot of money on a project like that. However, as you said, it gets all sorts of media coverage.

## Why high-end sells

We've done ones with a jeweler. We pushed him to make a high-end product, and he made a \$65,000 ring. And he thought you know, this is ridiculous, it will never sell. And he sold the thing in about three months.

It's a pretty crazy story, actually. He sold it and then was so happy about the sale that logistically a couple of things went wrong and the couple flew off to Portugal and he didn't have it ready in time. And then he actually flew over and hand-delivered it because of the cost of the ring...

**James:** You know, that's one thing you're touching on here. When you price lean, right? If you're trying to take a position like Audi or Amazon or Walmart or whatever, like, you're trying to go for that low cost, you do need volume for that to work, generally. And it doesn't leave you much fat to be able to serve the customer well.

So you're going to need a frugal delivery model. Like, Audi comes to mind because they went out and had manufacturers make products at the lowest cost possible. They redesigned palettes so that they're easier to distribute, and cheaper.

Now, your guy selling the ring, he probably wouldn't want to fly out if the ring was a \$5,000 ring. You know, it becomes ridiculous. The hidden point there is, if you can build a product that you can price well and still sell, you can feel much better about delivering that result that someone expects, because you're getting paid for it nicely.

And it adds to the experience, and certainly reflected on my background, coming from Mercedes-Benz. Why would someone spend \$430,000 on a car – which I've sold in the past – compared to buying a bicycle across the road? Because there's more going on than just transport. It's a lot to do with the perception of it. The experience of it is also a big element, surrounding that with an experience, people will definitely pay more.

Okay, so I think I understand what you mean by above the market. And you've talked about trigger responses and how even just an expensive or a cheap price creates an impression, as Cialdini talks about in [Influence](#) – expensive equals good.

## Is the brand high-level?

**Christo:** Yeah. I had this funny one which was a cafe. He said, you know, how can we do this? They're based in Perth, and they do food walking tours and have a cafe. And we're like, look, just make a high-end sandwich. And he made an expensive toasted sandwich. And he basically then, we helped him draft a press release, send it to the West Australian, which is the biggest newspaper in WA, in Western Australia, and he got a half-page story and the headline was, Rich, Toasty, Causing a Buzz.

And there he was, with this toasted cheese sandwich stretched out. He used some, you know, rare ham from Spain, and dat dat da dat. The point of that, too, was it was a positioning tool. So that's one really good example of kind of positioning above the market and just looking at your brand as well. Looking at, like, is this brand, is it high-level like, you know, the above kind of the market?

Like, branding is important. You know, if the brand looks kind of sloppy, it's not going to help with that positioning. And it also creates a nice contrast by having these kind of high-end products. So you know, that's kind of another thing Cialdini touched on in his book. Like, the whole contrasting when one price is next to another.

If you've got a high end product, you know, a \$400,000 car, you know, I bet, I don't know for sure, but I bet Mercedes would still sell majority, you know, probably around there, whatever, its \$100,000 cars, you know, probably the ones that they move at bigger volume.

**James:** The average car price is \$85,000 in Australia, for a luxury car.

**Christo:** There you go. Right. So it's that positioning tool to go, I get that skill, that quality, for only \$85,000, I'm winning.

**James:** It also attracts the person who wants something that not everyone can have or will have. It's like, they want to be the only one at the golf club with that car. They want to be looked at when they drive to the shops. They want to feel attractive to a potential mate. They want recognition and acknowledgement of all the hundred-hour weeks they ground out in the workplace for the last 30 years. They want someone to be intimidated by them when they're involved in an interaction and to defer power to them. There's a lot of things going on with the high-ticket. You know what the brand category that Mercedes-Benz put on that SL model was?

**Christo:** No.

**James:** Hedonist. That was the internal label for that model.

**Christo:** That's the label.

**James:** I learned a lot from the brand training that they put me through, around about 2001. I went to some training and they had the guy who was responsible for the global brands, who ended up running pretty much running it for Australia. And that was fascinating how much thought goes into this.

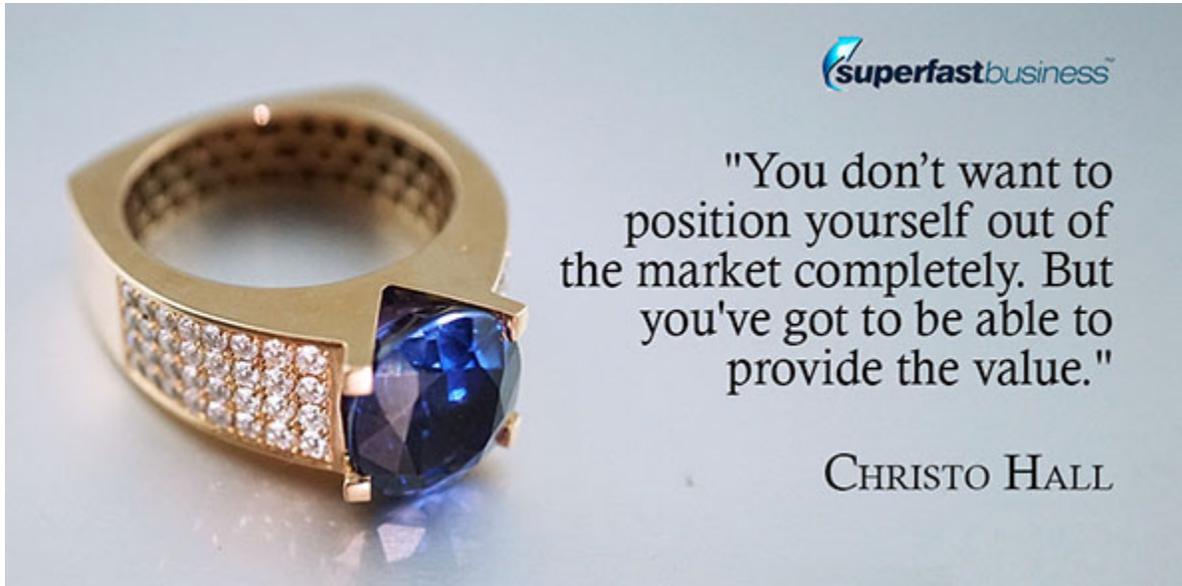
## Lower cost, higher value

I would say one of the biggest problems that I see is people chronically under charge. And it's a lot to do with confidence. And sometimes they just don't know there's another way.

**Christo:** Yeah, yeah, absolutely. It's a really good point.

In terms of charging, there's things like, I always like to say, Look, how much value can you add? Because it's obviously, you don't want to just charge a fortune and try to be kind of like, without providing values.

**James:** You don't want to price gouge.



"You don't want to position yourself out of the market completely. But you've got to be able to provide the value."

CHRISTO HALL

**Christo:** Yeah, yeah, exactly. You know, you don't want to position yourself out of the market completely. But you've got to be able to provide the value.

**James:** What happens if you do position yourself out of the market completely, because that can happen?

**Christo:** Yeah, yeah. It can. You're not going to get much traction, obviously.

**James:** So you realize that, and what's the next step after that?

**Christo:** And then we'd look at bringing in lower cost, high value. So we'd look at adjusting, going, maybe we'll keep that high-end... This is funny, because I was having this conversation yesterday with an Australian whiskey brand, one of our customers. And they were, like, Look, somebody's coming to the market low-end and kind of stealing the majority, and they're doing big volume. And I said that they can reduce their costs and everything.

And so it's exactly the conversation I was having. So it's like, okay, cool, let's keep these products as they are. Like, don't drop the value of the existing products, because otherwise the perceived quality of those is going to go down with it.

**James:** Yeah.

## Different outcomes, different pricing

**Christo:** Let's bring in a different like, you know, be a different model, different product, it's a different range for them, which will be a lower-priced competitor to compete with those, kind of lower-priced and bringing their, it's kind of like, see, in my background, I've done things throughout my life where I had a surf coaching business, where I'd surf coach people. And then I had a business where I was manufacturing surfboards, and then basically I was assisting businesses with their marketing.

And so now, with the surf coaching, I could deliver a certain amount of value, but it might be like, Look, James, I'll help you with your bottom turn. It's kind of like, what price can you put on that? Like, obviously, it's a bit difficult. And then in a 45-minute session, I might be able to help you, like, transition in your turns smoother. Now this might be life-changing for you, but people aren't going to pay 1,000 bucks for a 45-minute little session like that. Maybe some would, but the majority of them aren't, right?

So on that one, I could kind of go, Where can I price myself? And I did price above, because I had a lot of credibility, obviously, in that space, majority. But I might be kind of like, making, you know, say 100 bucks in 45 minutes, whereas then with the surfboard business, we're pricing different where I go, what sort of value are we providing?

But we'll be the strongest board in the market for surf schools, whereas all our competitors were out of China. So we were charging, you know, around \$550 a board whereas competitors were charging \$250 a board. So because we're kind of looking at the back.

Whereas now with Basic Bananas, it's similar to you. Like, if we help a business to make an extra \$200,000 next year, and they can continue to use that knowledge forever, ever, ever, ever, well, 10,000 bucks isn't that big a deal. You know, to charge over a 12-month period, for example. Or if someone's working one-to-one with me, it's a lot higher rate, you know, I charge \$4,700 for half day one-to-one with someone to lay out their kind of six-months content marketing plan.

And that's because with that, like, a mining supply company had me in last month, 12 LJ Hooker agencies, like, real estate agencies, had me in the month before. And that's because for them, you know, I can provide, the \$4,700, they're going to make it back in no time. You know what I mean? So it's kind of like looking at how much value you can bring. Like, I don't know what you'd pay for a better transition in your surfing, but you know what I mean? It's like well, I would have to have another session the next week and the next week.

**James:** You know, I go to the [Maldives](#) and I invest in bettering my ability and matching my equipment to make it work.

**Christo:** Yeah.

**James:** What you're saying here, to summarize is, if the secret to the pricing can be found in being able to translate the outcome someone can have for investing in your product or service. Would you say that's fair?

**Christo:** Yeah, yeah, absolutely.

**James:** If you can demonstrate a big outcome, your price can be more. I can relate to what you're saying, because this morning I had a coaching call, and for one client, I give them two big ideas that ticks the goals they're trying to achieve. Just simple ideas that will be tiny hinges that swing massive barn doors for their business.

Now literally, we worked out, this person will be able to make 10 times more from the same activity that he's currently doing that, so far, generates 130 sales every time he does it. We think he can make 1,300 sales every time he does this. Same thing, but with a slight difference that he was unaware of until our conversation.

And because I've seen this technique done before elsewhere, I know that it's going to work for him, with a high degree of certainty. So the investment that he makes, even in an entire year, is covered from that one conversation.

So it's especially important if you're selling information that you understand this concept, that the upside you can present to the customer could be significant. And that's going to make the price go up in line with it.

**Christo:** Yeah.

## Are you feeling greedy?

**James:** And the other thing that's really sort of not spoken about is, if you don't charge enough, you won't stay in business and you're not going to be able to help anybody. So anyone listening to this thinking, Oh, I feel guilty or concerned, you know, people will think I'm greedy if I charge a bit, so a couple of things. One is, generally, you are not your customer. So what is natural to you and what you're strong at, you probably discount the value of that. But for someone who needs that solution, or that challenge...

Like, for example, if you are an able-bodied doctor, you might not value being able to rehabilitate someone to be able to walk, because you can already walk. But for someone who's in a wheelchair, to be able to rehabilitate to walk is a massive result for them. So they would happily pay more than what you might think it's worth.

And the second thing is, if you're not in business and not helping people, then that's actually probably worse than feeling like you're greedy for getting paid for what you're really good at.

**Christo:** Yeah. And it's going to remain motivational for you as well. Like you kind of got a look at, you know, how much you're going to stay inspired. Like, no matter how much you love what you do, like we were working with so many businesses that no matter how much they love delivering their, you know, treatment or outcomes or whatever they deliver for, especially service-based businesses, there'll come a time where it does get fatiguing, or if they work with more and more.

And so yeah, absolutely, you've got to get that feel you're getting rewarded in return, and you can provide more value, as you hit on earlier, which is a super-critical point as well.

## Beware of too many options

Also, there's not too many options they see here. So here's some of the common things we see with pricing. Creating too many options – like, oftentimes businesses will think, look, not enough selling. We need to create another product or another service or another workshop or another consulting package.



The businesses that will kind of narrow down to work like machines, it's usually kind of one or two things that actually work like a machine in terms of generating revenue. So as a general kind of rule, keep in mind, confused customers don't buy. It's kind of a rule I always like to share with people. Look, if I'm confused when I'm looking at you or your business or your homepage, where should I move to?

And even product businesses where we'll go, like, wholesaling business, we'll go, Look, when you go to a shop, you've got to go, here's the best-selling products, I've packaged up the three top bestsellers for you. These are the ones to buy.

If they're looking at a range of, you know, 50 different products or how to move forward, you've got to make it simple, basically, for people to know how to move forward, basically. Not too many options that kind of confuses.

## Consider the math involved

And in terms of the motivational thing, obviously there's the math side of it. Like, working out your fixed costs, working out your variable costs. Fixed costs are things like, you know, if you've got, say in the internet businesses there's hosting, there might be rent on your home or your office, there might be team that you pay, internet. You know, it might be the CRM, the phone bill. Like, fixed costs, that means they recur all the time.

And then obviously you just need to know these, and then working out the variable costs. Like, each time you work with someone, if you're renting a room or you're sending out welcome packs or there's commissions that you give to sales people.

A lot of businesses don't really know their costs. And if you do this, you want to look at every little nitty gritty detail. I even think if you're a service, like, you know, yourself, you're an expense to your own business. You know, like, if you buy lunch, you know, that's coming out of the business account, and so you're an expense.

So we want to make sure that that's factored in, basically, because if we want to see profit at the end of the day, and you eat at the cafe up the road, which is a \$25 lunch every day, you know, plus you walk up and get three coffees, you know, it's like, it actually at the end of the day, we want to see a profit.

And I don't think that's a bad thing. I think that's what keeps it sustainable for you, if that makes sense. It's like, you know, you need it to be sustainable. So you need to be looked after, because you're the most important, like, I guess, asset in the business as well, but it's still a cost.

And then things, like with my surfboard business, I had to work out every piece. Initially, we didn't actually even know the cost. We were just making boards and pumping them out. And then I was like, Oh my goodness, like what's going on here? You know, there were times in winter where we're just, cash flow just dried up completely. I was like, what's happening? So I had to look at every nitty gritty.

And I've encountered it down to like, how much do we pay for things like sandpaper? A blade in a saw that we use, how long does it last? How many boards does it last to cut through? How much does it cost? So if it's, you know, a \$10 blade and it cuts 10 boards, well, that's \$1 per board, I need to put that into the cost to produce a board. Like, everything that goes into it.

And then going, Okay, now, how much am I worth? What are we going to, you know, put on top? And that's kind of like the mathematical way to look at that.

**James:** Cool. Like, in the back-of-the-postcard calculation, we might look at our total revenue, we might subtract all the costs, and see what that profit is. And then we might have a look at how many hours we worked to come up with our [effective hourly rate](#). And that could be a guideline.

I know for example, if I want to create a coaching program, I need to work out what will be the income from that program. What will be the costs associated with it, and then how many hours of my life will I need to fulfill, and then that gives me a good yes or no decision.

If it doesn't work on the spreadsheet, there's no point even doing the sales page or setting up the thing. And you definitely don't want to get too far down the track until you realize that you're getting paid \$15 an hour. And you should have probably taken a different approach in that case.

## Regular review and R&D

So definitely, you got to know your numbers, no doubt about it. And then if you can get granular on it, that'll be good. I would suggest to any business owner listening to this to look at your P&L at least once a month. Every single line item. Go through every tool you're paying for all your staff costs. All fixed and variable costs you want to just take into account, because you'll find something there that you can question or query or adapt or modify or delete, or add, and do the numbers.

When I had a service business, I knew that each time I hired a team member that I had more capacity to deliver customers, and I knew the overall profit margin of the business based on our pricing range. And just like you said, Christo, the bulk of our business came from just, I think, two main products we started that business with.

That's actually how you and I met, if I remember correctly.

**Christo:** Yes.

**James:** You were buying some of our service, and I spoke to you on the phone at some point.

**Christo:** Yeah.

**James:** And I did that because R&D with your customers is another good way to understand how you're creating value, what they actually need to get as a result of your product. So you can adjust and tune with research and development and modify your products and services. Like your friend with the alcohol, they have to modify their product because the market has shifted and they've got to take account.



And I like this sort of idea that if anyone's going to cannibalize you, it might as well be you. So I put out a product underneath my main product recently, and it's just taken off like wildfire, because there's a whole category of people who weren't quite ready for SuperFastBusiness, who can now come in at [SuperFastResults](#). And it's no mistake having the word "results" in the domain, because that's exactly what that product does.

And then of course for a lot of people, just putting a product on top of their most expensive product is a really quick win, and it will cater for the next level of customer who would have bought from them except they probably thought they were too cheap or not good enough.

**Christo:** Yeah, yeah, exactly. The whole reviewing should be as you've just said, like, reviewing everything monthly, even at least quarterly, for busy people, where it's like...

**James:** I think quarterly's just too long for a business in the online space.

**Christo:** Yeah, where you're moving. Because like you said, you might be attracting a different customer suddenly or selling a more lucrative...

**James:** Things change. If you took the period between February 2020 and May 2020, just as a sample, you have an entirely different world.

**Christo:** Yeah.

**James:** That's how fast things... And I think one of the keys to our effectiveness to be an all-weather business, an evergreen business that works in any market condition, is to be hyper responsive to change, to firstly detect that change has occurred. And secondly, adapt.

And one thing I did on a pricing front was I recalibrated one of my offerings. And that's because I went and looked at the data. When I looked at the buying patterns, the retention patterns, the people we're attracting in the ratio split between two products, and identified that one of them was selling less and they weren't staying as long. And that was the cheaper product. So something needs to change here. So I adjusted it.

And as part of a product price rollback, which is the very rare case where I roll back a price, one thing we do is we go and make sure anyone who's on the older price gets rolled back as well along with it, with a good sort of reasoning why.

So you have to always look after your current customers more than you look after people who you've never met. Always. And that's where credit card companies, banks, finance, telcos, they usually fail at this. Even shops. We just bought some clothing for our baby girl, and then literally the next day, they sent a special clear out sale coupon for a reduced price on the same item we just bought the day before. That's a way to piss someone off.

**Christo:** Yeah. Yeah, yeah, it's a good point. Like, if you're going to raise prices, if you've got recurring customers, try and look after them. Or the repeat customers. Let them know first.

**James:** I always lock them in. I give them a loyalty lock-in.

**Christo:** Yeah, grandfather the rate.

**James:** It does wonders for retention. But it's not always possible. Big companies like Netflix will increase the rates, but they'll give you plenty of notice. And you can switch it off if you don't like it. Because sometimes they change the nature of the offering, and it's not sustainable for them to keep an old cohort. Occasionally, I've had to end a product where it just doesn't make sense for us to deliver it anymore.

And often we will make a referral to where they can get it, or we'll offer them something else that we have. So you know, that is a realistic scenario that can happen. But it really comes down to making sure you've got very good communication with your customers.

## A look at the actual numbers

Should we talk about the actual pricing numbers? Because this one, this one seems to be discussed a lot.

**Christo:** Yeah, let's do it.

**James:** This is like, what camera do you use?

**Christo:** So the whole, like, getting into the actual nitty gritty of the numbers, obviously you can look at competitors. I think if your positioning is done well, you don't need to look at competitors so much. So it's worth having a glance at least, that's what I'd say in that department.

When it comes to actual numbers, all things, just touching before I actually say specific numbers, like, if you are service-based, try packaging and bundling yourself into some sort of framework or program or process or like, a six weeks summer body program or, you know, something where it's a bit more of a package bundle program, versus just one-off sessions, where people can just crystal clear see your hourly rate.

It'll be easier for people to purchase it when it's clear. It's kind of like, Oh, I'm buying this program for this price. Not just paying like, you know, one-off sessions and how many should I actually get or how many do I need? So kind of like, just touching on that one.

But then when it comes to actual numbers, being specific, we call it precision pricing, where you, rather than having numbers that are around figures, it looks like you've just kind of pulled out, you know, a number out of thin air. Like you say, Oh look, it's \$500 for this thing, whereas if you say, it's \$470, it's just kind of like, it's more like you've actually done the work to work out a specific figure.

There's lots of testing out there, so I don't have to bang on about, you know, a million marketing books will bang on about number nine, and sevens and nines. And there's lots of studies out there, I think. Also in, I think it's in Predictably Irrational. That's a great book as well by Dan Ariely, so similar to the [Influence](#) by Cialdini.

But in Predictably Irrational, there's a lot of like, testing with numbers and things and number nine and studies where, there's one study particularly where MIT and the University of Chicago did a study with a piece of women's clothing. So the same item was sold separately, so people couldn't see the different price offerings, but for \$34, \$39 and \$44. So it was \$34, \$39 and \$44.

The one that sold the most was actually \$39. So above the lowest, like the cheapest was \$34. So \$5 more expensive.

The use of nines, this is an interesting one, and just seems to work. And we've done a lot of testing ourselves, because I always thought, this has got to be garbage. Like, you know, really. And I almost think it looks cheesy. It looks like not Mercedes car salesman, but it looks like used-car salesman. Kind of like, Oh, it's \$49,999. And you're like, you're not tricking me. I know that's \$5,000.

You know, I kind of look at it and think, you've got to be kidding me. But we've done a lot of, you know, testing ourselves where we test things. And the sevens and nines, in our experience, have just worked as well. Like, it might be rather than pricing something, say, \$500, you go \$470. Rather than charging \$520, you go \$490 or \$470.

The use of sevens and nines is working very well. I don't know in your experience, how you found that as well. But if Mercedes, it would be interesting to know. Did they kind of jam that one down your throat, or what was their thinking on that one?

**James:** It's basically a general acceptance, except that there is research that, you know, some studies that shows that it becomes sort of weaker if it's overused. So as more of the practice intensifies, it can lose its effect. Interesting. Like for [SilverCircle](#), I have a round number for the first month payment for that. I've used round numbers for a long time on that.

**Christo:** As, like, like a deposit? Is that a deposit type?

**James:** It's like, the first month's payment is five grand.

**Christo:** Yeah.

**James:** And a SilverCircle member wants it to be \$5,000, and I need it to be that to do what I do at a high level. It has to be worth it for me, and it has to be worth it for them. And I have a limited capacity with that product.

For all my other prices, generally they end in nine. The difference between nine and seven, you might as well make the extra \$2. And I would also venture that virtually everyone listening to this podcast is most unlikely to have enough data to be able to validly test it anyway. Unless you're Amazon or have a significant volume, you probably aren't going to be able to do a statistically valid test whether nines or sevens.

But I do know it's probably a good idea to avoid fours, because it's superstitious in some cultures. And I also know that when you visit Amazon and look at the prices on their page, you'll see a lot of prices ending in nines and sevens. And they have precision pricing like you talked about.

**Christo:** Yeah.

**James:** You almost never see a round number on Amazon sites.

**Christo:** Yeah, yeah.

**James:** To me, I'd say look at the sites where they would get enough data to statistically test stuff. And it makes sense to me that \$9.99 sounds cheaper than 10. That being the case, I do have a \$10 product. So, I'm the contrarian.

And I did that because I saw a case study where a guy had a coconut oil information product that was \$10. And that beat every other test he had around it. He tried \$19, \$17, \$7, \$9.99. And \$10 slayed. And he had a lot of volume, which was good.

**Christo:** That's interesting.

**James:** It also just seems like a really honest pricing in contrast to the way everyone else is doing it.

**Christo:** Yeah. Yeah, yeah. One of my actual members at the moment put it in our, like, we have a Facebook group online where there's about 450 kind of business people that are part of the Basic Bananas community and world. And one of the members just put in some pricing options, and it's funny to look at.

There was an option which was, I think it's \$179 – what was it? No, it was \$190, and the other one was 220. So she said, for counseling, like she's a counselor, and \$190 versus \$220, you know, guys, I'd love your votes. Can you all vote? And there's about 25 people on the \$190 and not one person voted on the \$220.

It's interesting to see, just within, you know, a little kind of using the communities like a little focus group to knot out some pricing. And there you go, kind of like, interesting good little kind of like micro tests, and obviously, they're people within our world. So they're probably influenced by hearing me say these kind of things and so on.

**James:** Definitely. I'd say there's so much bias and lack of actual buyer intent there that you'd have to say the result would be next to meaningless. I'd love to put it on a cart and see what happens.

**Christo:** Yeah, just to see if they actually check out.

**James:** I bet the \$220 session is considered more valuable by the buyer.

**Christo:** Interesting to know, because we do have new people in the community that haven't been around long. You know, there's a real mix in there and some people that are, you know, in all different industries. So it was interesting to see that not one...

**James:** Well, I think once a few people stack on, you know, if they can see responses, that also will bias the study.

**Christo:** Yeah, for sure. Yeah.

**James:** But basically, what we're saying here is, you're never going to know the difference between one or the other. So you might as well just pick something that sounds about right, that still makes you a profit, and start with that. And you can fine tune and adjust as you go. And you'll find your little sweet spot price points as I have for my products. And I do change them and move them around a bit from here or there, but I'm always considerate of people who are already in a program or on a program.

**Christo:** Yeah.

**James:** The exception to that's probably a book on Amazon, where if you do put it on sale, technically it's cheaper the day after someone just bought it. However, it's super rare that I even do that.

**Christo:** Right.

**James:** And we're talking, like, a very small amount, the difference between \$10 and \$5, or whatever.

**Christo:** Nice.

**James:** Or \$3 and \$2.

**Christo:** Yeah, so they're not going to kick up a fuss too much. They're probably not really looking back on Amazon anyway, unless you've called it out through emails or something like that.

**James:** Or if you mentioned it on a podcast or whatever.

**Christo:** Yeah. Give me back my three bucks.

**James:** Yeah, fair enough. Honestly, I think the book is worth substantially more than what it sells for. It's a ridiculous value proposition.

**Christo:** Yeah, yeah. Of course, books are like that, though, aren't they? It's like apps – people won't want to, you know, you pay for an app, if you pay six bucks, it's like you've spent a fortune on an app even though they give you, like, tons and tons of value for years.

**James:** And that just shows how fallible we are with our ability to make crazy decisions based on our biases and perceptions and errors that cause us to do weird stuff. I think the best book I've ever read on this is called [The Art of Thinking Clearly](#), by Rolf Dobelli.

I would highly recommend that to anyone listening to this, if they want to understand how crazy we are as humans, and how we fall into traps and mistakes all the time. Someone will drive across town to save \$10 on a T-shirt, but they'll spend \$15 in tolls and petrol to get there.

**Christo:** Yeah. We're weird creatures, aren't we? It's not always logical. That's one thing for people to keep in mind. Like, we're not logical beings. Like, sometimes we'll help someone, they raise a price, they sell more, basically just raising the price. And it is a bit of a mystery behind it.

Sometimes we were like, okay, found a pretty good sweet spot here. But obviously justifying the value and delivering the value is always, you know, absolutely important.

## How to become credible, fast

And just like, kind of one last thing I'll touch on is like, gaining your credibility as quickly as possible as an authority in your space. Like if it's product or service, business to business, business to consumer, whatever you offer, like typical three different ways.

The marketing that typically says, you know, you're great. Like, most marketing says, you know, we're fantastic, buy from us.

Then the second way is others, you know, getting testimonials, reviews. If you work in the health industry and you can't use things like that, maybe you've got an association membership or on a stamp, you know, some sort of association or accreditation.

**James:** And it sounds like you use press as well for that.

**Christo:** Yeah, press. Absolutely. If you've got media mentions, you put those in. If you've got credible client logos, if you won a business award. It's anyway someone else, you know, that says they're great. Even if it's a social media comment, and you just screenshot people's comments. If you see people saying nice stuff about you, file it. You can use it down the track.

**James:** And make sure you get their permission.

**Christo:** Yeah, get the permission and you blur out their name. If they've said it on social, they're probably happy enough anyway.

**James:** I've seen some marketers expressly annoyed about this particular point where people take a screenshot of their comment and then use it as an...

**Christo:** As an ad or something.

**James:** Unauthorized testimonial.

**Christo:** Yeah, right. So check it over. And it depends where they've said it, too. Like, say they said it in your site, your community, then probably if you're publishing publicly, obviously you absolutely need to ask.

**James:** Yeah, a hundred percent you got to ask.

**Christo:** And then the third way for credibility would kind of like, to justify your pricing as well, you know, aiming higher for your pricing is demonstrating your credibility. Like this, like podcasts. Like you mentioned your [book](#).

Like, obviously demonstrate. People can create articles. Like, if you know your stuff, create seven fantastic articles, publish them on your website, put your heart and soul into creating, like, seven amazing articles or some video tip resources. Basically demonstrate your credibility so people can make a decision quicker.

I mentioned LJ Hooker, the real estate agent chain in Australia, there's like, 12 of their franchises.

**James:** They're certainly getting good value off our podcast.

**Christo:** They are, right?

**James:** Yeah, you should invoice them after this, when we hang up.

**Christo:** They actually sort of said, we need to do some new things. So they're in. And they kind of like, flew me in to basically work with them, because they needed to update things. They needed to do some new things, and it's a competitive space, and they kind of used to be the go-to. And they're now understanding that.

I asked, what made you choose me? Like, why'd you even find out? And they said, they looked on the site, they saw a bunch of videos, they watched a couple of really good tips. And then they looked and there was like, thousands of videos on the site. And they're like, Oh, wow, there's a lot of knowledge that these guys have, surely they can help us. You know, and basically, they decided really quickly.

It's like, even like what you're doing here. You share so much through, you know, giving out knowledge to the world, that it's just like you're basically educating the world to attract customers. And that's kind of like that. That's the point of demonstrating, of course. Because people will tend to go to their, you know, their strengths. They're a great copywriter, they'll write some great copy and then they kind of miss out on the other points.

**James:** It's always a battle with great copywriters, is you have to make sure that their amazing copy matches that delivery performance of what you do.

## Pricing for the customer

**Christo:** Yeah.

**James:** I built my whole business around performance-based. Like, I want results for my customers, often more than they even do. And I think this point I want to add here, demonstration obviously is very strong in the automotive industry. People want to drive before they buy, often. It's not always the case. Certainly some people are disrupting that model. However, it is good if you can demonstrate it. If you've got people who've got a result and they're happy to share it, that is so powerful, especially as a trust builder online.

But I just want to say, [empathy](#). Empathy is a good one. And one thing about pricing is, we often get caught up thinking about pricing, you know, we think of it from our own self perspective, we think about the price for our business and what it's going to do for us, and can we make a profit?

The other side of the coin is we want to put ourselves in the customer's shoes. And remember, they're not sending you that money so you can buy a new surfboard. They are not sending you that money so you can have an acai bowl. They're investing in themselves, they are making an investment to go from their current situation to a better alternative situation. That is why they're making the investment. They're investing in their result. If you can deliver that result, then shout it to the rooftops. Prove it, demonstrate it, help more and more people do it. Get yourself out there.

This has been a fountain of pricing knowledge, Christo. I appreciate all your tips and notes on this topic.

**Christo:** You're welcome. Thank you. And thanks, what an awesome discussion, you know, on this topic that can be so challenging for everyone. So I appreciate it.

**James:** It's definitely challenging. But for most people, look, figure out what your costs are at a margin, and you got one thing. Another way is figure out what result you can get for someone and base it on being less than the result, and make a much bigger margin in many cases. If you're not making a profit, try and figure that out fairly early so you don't dig yourself into a hole.

Start and then adjust if you need to, but be considerate of anyone who's already bought or especially if it's a recurring program, you've got a few choices there. Or reach out to an expert and ask for help, like, share with them what you've got, show them how it's different to what's in the marketplace.

Certainly initial research on competitors is good. It's often good to buy someone else's products or services and get to know them well. Before I started my membership, I was a member of other people's and I figured out all the things I didn't like about them so that I could create something that was a better solution for my audience. A lot of products are born out of that.

I was hearing about this Shopify guy, used to be a gamer, who had a snowboard interest and got a snowboard shop and then got into the ecommerce. I have to research that more because it sounds like a fascinating story. But that's how things are born.

**Christo:** Yeah, amazing. Awesome. Thanks for having me so much. I've had a good time, and hopefully we'll have to catch up and go surfing again soon, too.

**James:** Always, Christo. And you'll appreciate this. I put a four-board rack inside my house. I only got four to choose from every time I surf.

**Christo:** What? How did you choose the four from the other 40 in the garage?

**James:** They're on rotation, you know? The best thing is, by the time I rotate them, I'm like, Oh, I remember this one. This is so cool. Like, I reignite the excitement.

**Christo:** Happy to hear that. That's going to narrow the choices for you to make it a quick decision to get out in the water. Yeah.

**James:** I've even ridden the same board 10 times in a row.

**Christo:** Oh, my goodness.

**James:** You'd be proud of me.

All right, well, Christo, where can we go and check out your stuff?

**Christo:** Basic Bananas is the best place to go. [BasicBananas.com](http://BasicBananas.com) and Basic Bananas on social media on any platforms. We always respond to any comments or any questions people have. So yeah, they're the best places to go, or people can check me out personally on social media.

But Basic Bananas is the best location, and the most active. On my own ones, I'm pretty lazy, busy surfing with you and probably won't be as responsive. BasicBananas.com is the place to go. Thanks, mate. This has been awesome.

**James:** Thank you. There we go. That's Christo "froth lord" Hall, from Sydney, Australia. And this episode is episode number 747. If you want to review it, we always appreciate your comments and feedbacks. If you liked the podcast, give it a rating. I never ask, but I think it's time to get a few reviews up there on iTunes. Thank you.



Get paid well for value with  
James's help

[CLICK HERE](#)