Resourceful Designer Episode 331: 6 Pricing Hacks To Land Hesitant Clients

Wouldn't it be great if we could somehow hypnotize or maybe use mind control on our clients to make them accept our prices without hesitation? I mean, other than the fact that it's both impossible and unethical. But what if I told you there were some simple strategies you could use That may help sway your clients towards accepting your offers. Interested in hearing about them? Then let's start

I wanna talk to you about Pricing hacks. I have 6 things to share with you. And these will maybe not convince, but they can help sway a client towards agreeing to a price.

Now a couple of these, I did cover in my psychology of pricing series, which was episodes 264 through episodes 269. I did a 6 part series in which I actually reviewed An article that Nick Kalenda put out. Now Nick has a an entire website dedicated to the psychology between pricing and marketing and all that stuff. And I was reviewing a lot of the stuff he said. So some of that stuff I'm gonna talk about today was covered in that series. But I have a few others that I wanna share as well. So in no particular order, here are my 6 Pricing hacks to land hesitant clients.

Now my 1st hack that I recommend is don't use commas in large pricing. If you price anything in the thousands of dollars or tens of thousands of dollars, or if you're one of the lucky designers who can quote in the hundreds of thousand dollars, when you supply your prices, eliminate the comma from the price. Now there are 2 reasons to do this. 1, the comma takes up a space. It's a character. So by adding the comma in, you're actually increasing the size of the word of the number and may which makes the the price seem higher. So by eliminating the comma, you're actually removing 1 of the digits. So 1,000, instead of being one comma, zero zero zero is 1000 one zero zero zero, which subconsciously makes the number appear a little bit smaller. Now the second reason is for the way people read the numbers.

When you see a number with a comma, it divides the numbers up as opposed to when there's no comma. What I'm trying to say is, for example, Say you have a price that's written 1, comma, 499. Well, people are gonna read that as one thousand four hundred and ninety nine dollars. The comma differentiates it. It's 1,000, and then it's 499. But if you eliminate the comma, a lot of people no. Not everybody, but a lot of people will look at that 1499 now without the comma, and they'll say that's fourteen ninety nine. And in a way, 1499 sounds a lot less expensive then 1,499.

Again, this is all psychology, and there's been many many studies done on these sort of things. And something as simple as eliminating the comma from large numbers can make the price seem smaller and more agreeable. So that's my 1st tip or hack that I'm sharing with you. Whenever possible, don't use a comma in the price. Now hack number 2 is don't round large prices. And I've used this ever since I heard about this. I have done this on every price, every quote, every proposal. Anything I've sent out, I followed this hack.

And let me tell you, I do believe this works, and that's not to round large prices. What I mean by this is instead of, say, for example, you're gonna quote a website. Well, you figure the website's it's a $6,000 website. Let's just put it there. Well, instead of $6,000, don't round that number. Actually, you can increase it. According to studies, people are willing to pay higher prices when the price is not rounded. So instead of $6,000, quote them 6,482, which is not a round number.

Now there was a huge study done in the US in the housing market with realtors, and they tested this out where it was easier to sell a house whenever the price was not rounded. And people were willing to spend, I think it was up to 7% more in some cases on a house when the price wasn't rounded, and there were less negotiation going into the price. Or if somebody did negotiate the price, they would negotiate in smaller increments than a large one. So If they went in and a house was, just for arbitrary number, a house was valued at $300,000, then the people would go in and negotiate and try to get it maybe at 280 or something like that. But if the price was, I I don't know. Instead of 300,000, it was $301,782. Then the people instead of trying to take $20,000 off when negotiating, they may only take a few $1,000 off. The reason for this is as soon as you see a rounded price, you start to get a little bit suspicious.

How did the person come up with this price? You know, if you quote somebody, yeah, I can design a website. It's gonna cost $6,000. They start to wonder, well, why $6,000? Like, is the website only you You know, maybe it's 5,700 or $57100, but you just decided to round it up, make a nice round number. Like, are you swindling me? Are you trying to take advantage of me? Like, where does this 6,000 come from? Did you just pick this number out of the air? But if you quote them 6,482, that number seems so precise that the client will automatically think that, oh, you must have calculated some stuff. You figured out exactly how much this website's gonna cost, and they're much more willing to pay that price. Now I said, when I first heard about this, I started changing all my pricing, and I do this. Now, yes, the number I pick is still arbitrary. I'm not actually calculating out that something is gonna come up to $6,482.

I'm just saying, okay, I think it's roughly a $6,000 website, but I'm gonna offer them this price, 6,482. And I've had much fewer pushback, or questions about the pricing ever since I switched to this method? So this is one if you don't, If you're putting out your prices as, you know, $500 for a logo or whatever, $2,000 for this or that, Try this, and you don't have to go lower. If it's $500 for a logo, you don't have to go 492 or a 473. Try going a little bit higher, 512, 537. You can make a couple of extra dollars. It's amazing how this psychology of pricing works. Now the 3rd hack I wanna share with you is to use a low number as the last digit, especially if you're giving a large price. When you look at a large price, it's the first number and the last number that are really remembered.

Those are the 2 digits that get noticed first, and they're the ones that you tend to retain in your memory for longer. And therefore, if you use a low number as the last digit, it makes the price just overall seem lower. It makes it seem less expensive even if it's only, like, couple of dollars. So instead of $129, putting it at a $132. Even though it's Mark, because the last number is a 2 instead of a 9, it'll subconsciously create this impression that the price is a lower price. It could be more expensive, which makes it more appealing to the client. So that's hack number 3. Use a low number as the last digit of your price.

Now hack number 4 is something I talked about way back in episode 145 of the podcast, and that's the three Tier, pricing method. Now I had a lot of great comments on that episode. So many people follow that. I know all my pricing, I use this. And the reason is it works. Now if you're unfamiliar with the 3 tier pricing method, What it is is instead of giving your client one price, you give them 3 prices with various options for what you're offering. This is similar to you going on a website signing up, say, for, an email client, whether you're going with Weber or Mailchimp or Convertkit or Constant Contact, any one of those things. When you look at their pricing, they're always gonna have well, Here's our 1 tier at I don't know.

I'll just make up prices. 9.99 a month. Here's another one at 29.99 a month, And here's another one at 69.99 a month. And each one of them offers different options. The first Option will give you so many features, maybe so many emails you can send out, the the amount of people you can have on your email list where the the second one will have more Emails you can send out. You can have a bigger email list. And the third one has all sorts of extra features that the other 2 don't have. That's a 3 tiered method.

Well, you can use the same thing for your design business. Let's say you're designing a logo for a client. Well, you can offer 3 pricing options. The first option is just you design a logo and you give it to them. The second option is you design a logo and you include a simple 1 page style sheet that tells them the colors and the font used and that's it and the third option is you design the logo maybe you design an entire logo system where you have different variations of the logo depending on the use it's gonna be be, used on, including a reverse version and all that that you're not including in the in the other 2 tiers. And maybe the style guide is much more comprehensive, which, you know, do's and don'ts and the whole bit of a a proper style guide. Well, you offer these 3 options to the clients. Well, the reason behind this is 2 things.

First of all, you're trying, and 99% of the time, you're trying to get people to agree to that middle option. So the way you do it is the first option is just bare bones. The 2nd option is a little bit more expensive but includes some other stuff that's very beneficial which makes it more appealing and then the 3rd option is usually much more expensive and includes a lot of other things that may or may not actually be needed. So people look at the price, and they'll say, well, the difference between the first and the second one is not that much. And I get some really Good stuff with that second one. So the first one really just doesn't seem like a good deal, so they eliminate it. And then the 3rd option, you know, yes, it has some great stuff, but it's a really big price jump. Now I think I'm gonna settle on the middle one, and that's what most people end up doing.

Now if you're lucky, the client will end up going with the 3rd option. But I can tell you in all the times that I've used this 3 tiered method, I don't think I've ever had somebody pick the 1st option. So here's an example of a website project I did for a client recently, where I offered them the 3 tiered method. So the 1st price for option 1 was 5287. Option 2 was 65.78, and option 3 was 98.41. Now You may have noticed that I actually use several of the other hacks that I've mentioned just previously in this price that I gave the client. I didn't even realize I did that. I'm just looking at the prices now.

But I eliminated the comma. There was no comma in my pricing. I did not round numbers, which I don't do anymore. So None of my prices were were rounded. They were all I was gonna say random. They're not random numbers, but you know what I mean. They're not rounded. And if you look at my option 3, which was 98.41, the last digit.

I kept it at a low number to make that number more appealing. And in this instance, the client went with option 3. They went with the more expensive one. Now in this case, if you're wondering, well, what was the difference? Option 1, I offered them just a website, you know, a website designed to industry standards. Option 2, I offered them a website, but I offered to do some initial SEO. You know, do a little bit of research to help them with the website for their copy in order to help them rank. And the 3rd option, I offered some more SEO research and and involvement there, but I also offered them the use of a copywriter to actually write the copy for their website. And that's what they ended up going for.

They went for the more expensive option. But it was that 3 tiered option that helped them decide. Now the other thing that the 3 tiered option, why it works is it's human nature to compare things. We don't like things just at, say face value. When we are presented something, we wanna know, well, how does this compare to other things? And if you give your clients only 1 price, like your website's gonna cost this, if they wanna compare, then they have to go get prices elsewhere.

They have to get a price from, you know, 1 or 2 other people in order to compare where your price stands. And then that could be really dangerous, especially if you have some other people that are just they just wanna design. They don't care about the client.

They just want money. They can really undercut you. In which case, you know, the client says, well, why are you charging this compared to this other person and so forth? But if you offer the client 3 different prices, they don't have to go elsewhere to compare. They can look at the 3 prices that you gave them, and they can compare between them. And that was another thing. When I originally discovered this 3 tiered method years ago, and it's been in a lot of business books. This is not something I came up with. But one of the things that it states is whenever you present this, clients are much less likely to then shop around.

And that's been my experience as well. Unless the client has already gotten a price before coming to me, I don't think I've ever experienced a client getting a price from me and then telling me that they were gonna get some prices elsewhere after the fact. Because I've already given them enough for them to compare. So this 3 tiered pricing method is probably my favorite out of all 6 of these hacks that I'm sharing with you today just because it's the one that I use the most. Ever since I discovered this, learned about it, I've been using it in my business, and it has helped me land so many clients. And, yes, most of them pick option 2 because that's the way I'm steering them. But you'd be surprised at how many people decide to go with that higher price option even though it's a much more expensive. And a lot of them, even though it's outside their budget.

And that's the other thing. When you're doing this 3 tiered method, if you know the client's budget, you can put, like, say, option 2 just below their budget. But option 3, stick it above their budget. Stick it out of their budget. And sometimes they'll look at it and they go, oh, that looks really good, but we only have a budget of this. So we'll take option 2 because it looks so much better than option 1. That's another thing to do. But there's been many times where I've had clients that have told me, you know, we all have a budget of this.

And then the 3rd option that I present them, which is outside of their budget, is just so appealing that they somehow find the extra money and they go for it. Now the one thing I will say about this method is if you're gonna do this, make sure that you actually have the value with the 3 options. If somebody decides to go with your more expensive option 3, make sure that the value is actually there, that it's actually worth them spending the money on it. In the example I just gave you, Option 3, I had to hire a copywriter to write the copy. So, yes, there was extra expenses in there for me, so I didn't make all that money up. But to the client, over $3,000 extra was well worth the price in order to get the well written website. So that was hack number 4. And if you wanna know more about that 1, go back and listen to episode 145 of the podcast resourceful designer.com/episode 145.

That entire episode is dedicated to 3 tiered pricing. Now hack number 5 is charge a setup fee and then lower payments instead of the full amount. Sometimes, in order to convince a client, all it takes is accommodating their I don't know. I was gonna say budget. Maybe that's the right word. But accommodating their pocketbook. Put it that way. For example, let's say you have a project.

I don't know. Maybe it's a website. Maybe it's some other design project that you think is $4,000. Now, I know I was just talking about don't use round pricing, but For this, it's a lot easier if I use around price as the example. So we'll say $4,000 is the cost. Well, maybe the client is saying, you know, $4,000 is outside our budget. We don't have the money to spend on that right now. Well, why not offer them to pay a down payment And then installments.

For example, you can say, well, maybe you can't afford 4,000 right now. Can you pay me $1,000 and then pay $500 a month for 6 months. All of a sudden, that sounds much more appealing to a client. And $4,000 down right now may be a lot of money. But $1,000 right now, they already have it. And $500 a month, they're pretty sure they can swing that. Now, yes, it would be nice for you to get the money all upfront. But in the long run, What does it matter if you get the money now or if you get it spread out over several months? As long as you get the money and the client's happy.

And if that's the case, there's a good chance they come back to you for more, and you get great referrals from them because you were able to accommodate them and help them out financially. And that exactly is what you're doing. This is financial help. Yes. They're paying the exact same price as if you asked for it all upfront. But you're helping them financially by breaking that up. I mean, isn't our life divided up into installments? Unless you had some sort of nest egg growing up. When you buy a house, you're probably gonna have a mortgage, meaning you're paying that house off in in installments.

Depending on what vehicle you buy, you may have a car payment, and so many other things. And, yes, you can try to make a little bit of for money on it. Like, you know, instead of $500 per month, you say it's $510 per month over 6 months, and that'll make you an extra $60 on top of it. So instead of 4,000, you're you're gonna make $4,060. And the client may still agree to that, But the client would appreciate so much more if you just said, you know, forget. No no interest on any of this. Just as long as you pay me the $4,000 over the course of 6 months, You know, after 6 months, everything will be paid, and we're all good. So that's my hack number 5 is charge a setup fee and then lower payments.

And hack number 6 kind of falls in line with number 5, and that's to offer shorter installments for regular payments. Instead of charging a client something and saying, okay. You're gonna pay me this every month, Why not make it every 2 weeks or pay me weekly? For example, say a client wants a website, And the website's gonna be $6,000. Now let's forget the down payment that I mentioned in hack number 5. This in this instance, We're just doing equal installments. So you're charging a design project whether it's a website or anything or whatever, a design project worth $6,000. Well, you can tell your client that they can pay you $500 per month for 1 year, and that'll be $6,000. Or you can tell the same client, why don't you pay me $116 per week for 1 year? Now if you do the math, $116 per week is $6,032.

So you would make an extra $32 on it, or you can offer it at 1.15 per week, and you you end up giving up $20 on the project is up to you. But the reason this works and it may convince a client is Most people, whenever you say, you know, how many weeks are there in a month? Well, most people know it's 4 in a little bit. You know, it depends on the month, whether there's 30 days, 31 days, 28 days, or in this case, in 2024, 29 days in February because it's a leap year. So a typical month has 4 weeks, or I say typical. All months have 4 weeks plus anywhere from 1 to 4 days. And those 1 to 4 days tend to get forgotten. Most people think of a month as 4 weeks. So in a client's mind, if you say you can pay me $500 per month or you can pay me $116 per week, At a quick calculation, 116 per week comes up to $464 every 4 weeks, which at quick calculation is less than 500, so the client may think, oh, well, this makes much more sense.

I'll just pay weekly. I mean, this is the method that the car industry uses. If you are buying or leasing a car, if you'll notice, most of them have biweekly payments. That's because let's, again, use round numbers. Your $300 per month car payment

Not sure what car you'll get for that, but say you have a car payment that's would be $300 per month. Well, now the dealership is offering you to go biweekly, which is only $138. Well, biweekly, to most people, means twice a month. I know I know it's not twice a month because we we just talked about that.

But to most people, biweekly means twice a month. And if you do 138 and make that payment twice a month, that only comes up to 276. So, subconsciously, people think that they're actually saving money. Now I know in the long run, biweekly is better because especially if there's interest and all that involved, but forget the interest. You're not charging interest to your clients. Or in my example, we're not charging interest to the clients. So subconsciously, By saying, why don't you pay me every 2 weeks? If it was a $300 a month and you pay me a 138 every 2 weeks, a client thinks that's a much better deal, and they're much more inclined to sign for it. Not to mention that coming up with a $138 every 2 weeks just sounds or just seems more attainable than coming up with $300 per month.

So if you do decide to offer installments to your clients, instead of offering them on a monthly basis, why not offer them an installment every 2 weeks or weekly? Because it just sounds better. And if it sounds better, it means it's more appealing. I know many clients would much prefer pay $116 per week then paying $500 per month. Even though in the long run, they would end up paying a little bit more by paying weekly. Just overall sounds better. So, anyways, those are the 6 hacks I wanted to share with you. Now there are many other things. And as I mentioned, I did an entire 6 part series on the psychology of pricing running from episodes 264 to 269.

You haven't heard those, you may wanna go back to listen to them. There's a lot of different column pricing hacks. Some of them are marketing hacks. And, anyways, so many great information there, a lot to take in. It's hard to implement all of them, but these are the ones that I actually use or plan on using. The installments and the deposit plus installments, That stuff I'm currently in the process of implementing with my podcast branding business. Instead of paying full price up front for a website, I'm gonna be offering, I'm calling it a subscription model, but it's more of a rent to own because it's not an ongoing subscription. I'm gonna offer A down payment plus an installment for a fixed period, and then they own the website.

And I'm hoping to attract many more clients this way by offering them a much easier payment method than paying for an entire website up front. And once I have it all up and running, I'll let you know how things are going. Anyways, that's what I wanted to share with you today. These 6 hacks, which were going through the list. Number 1, don't use commas in prices. Number 2, don't round large prices. Oh, I love that one. Number 3, use a low number as the last digit.

Number 4, use a 3 tier pricing method. I swear, it works. Number 5, Charge a setup fee and then lower payments. And number 6, offer shorter installment periods with lower prices. Instead of monthly, go biweekly or weekly. And when you combine all of these together, You can create prices that your clients will look at and almost readily accept. I made a joke at the beginning of this episode on how it would be great if we can hypnotize or use mind control on your clients to get them to accept prices? Well, in a way, That's what we're doing. We're using psychology or price hacks in order to make prices more appealing for our clients, which make them more likely to agree to your pricing.