How To Set A Price For Your Online Products

(Plus, How To Use Dynamic Pricing To Boost Your Sales Rate)

Internet marketing, by its very name is about promoting your products online. But to believe that internet marketing is all about, well, marketing, would be quite restrictive.

Assuming that you have already acquainted yourself with the intricacies of product creation as well as the various forms of advertising tactics that can be implemented online, we will now discuss a matter that could make or break your success in internet marketing.

What we're about to discuss is a subject that many online business people have taken for granted. It is that very thing that would connect your business to the affirmative action of your visitors. It is that very thing that would convert your visitors into paying customers.

We're talking about the price for your product.

How exactly should you price your product? Naturally, you would want to reach a range that would recover the investments you have made for its creation and promotion. This is called the break even point. Anything above the break even point would be considered as your profit. Naturally, again, you would want to attain as much profit as possible.

So these are the two things that determine price:

1. how much you have invested; and
2. how much you want to earn per item

There are two approaches that are generally used when it comes to pricing. Let's take a look at them.

1. Price your product a little over the break even point, and rely on the volume of items you will be able to sell.

2. Price your product substantially higher than the break even point, so that every sale would reap some substantial rewards.

If you foresee your product to be a hot seller, then the first approach would be the best one for your needs. You could just rake in your earnings through the several sales you will be able to achieve.

If you foresee slow sales for your product, then the second approach would be more appropriate. Each sale would give you what you need, and you won't be pressured to sell a lot of items to realize your earnings.

But both approaches have their own shares of problems. Pricing your product too low might just give your prospective customers the impression that your product is of inferior quality. Pricing your product too high would alienate a large segment of the market.

Personally, I say that you should price your product for what it's worth. Let the market forces take care of themselves. If you bestow a fair price for your product, you won't have to worry about the backlash of consequences. Each product is a different case, and it merits special attention when it comes to pricing. Keep this in mind when deciding on the right price for the same.

But here's a very secret tip: you could use the price of your product to tremendously boost your sales. Yes, you read that right. YOU CAN USE THE PRICE OF YOUR PRODUCT TO TREMENDOUSLY BOOST YOUR SALES. This is through a process called dynamic pricing. Dynamic pricing can create an urgency that would compel people to purchase your product as soon as possible.

There are some tools that would allow you to implement dynamic pricing for your offers. The way it works is that you'd offer a product for an amazingly low price, with a warning that after a specified period of time, the price would increase. This increase would continue until the offer is priced beyond your market's budget.

For example: an eBook can be offered for the low price of $4.95 today. After 25 hours, its price would increase by $5. [Recent examples have been observed where the price increased by five cents each hour.] And after another 24 hours, the price would again increase by $5… and so on and so forth. The result are typically, massive activity, as the members of your target market line up in a hurry to purchase your offer while it is still available at the lower price.

Dynamic pricing is one of those novel marketing strategies that has proved successful for many online businesspersons. It's worth the try if you want to experience an immediate rush of incoming orders.

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