

Business Plan Workbook #14

Course	Pricing Your Dream
Topics Addressed	Understanding Value

Key Points

Willingness to Pay

Choosing appropriate prices for your products or services is extremely important.

If you choose a price that is too low, you may not be able to recover your costs and if you set a price that's too high, your potential customers may not be able to afford your product or service. In either case, you could go out of business.

You need to discover what your target customers are willing to pay for the products or services you provide.

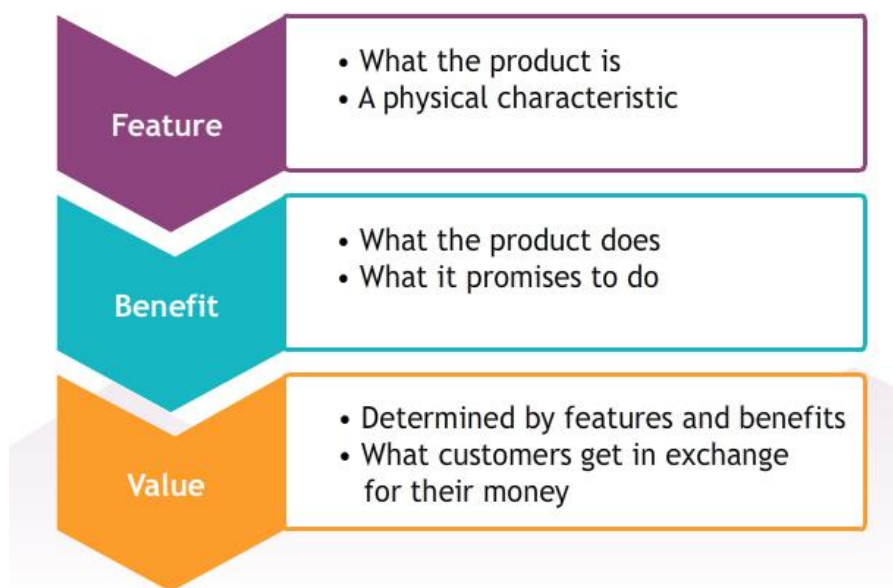
What is Value?

The real trick to pricing is to understand the value your customers place on your product or service. "Value" is a very important concept.

Price is what customers **pay**, but value is what customers **get**. Value is the benefit that the customers receive in exchange for the money they spend.

What Are Features and Benefits?

The following chart shows the distinctions between features, benefits, and value:



Related Business Plan Question

Below, you will see a business plan question related to the topics noted above. If you print this worksheet, you can use the space below the question to write down some initial thoughts and ideas.

When you're ready to start working on your business plan, return to the course, and select "Open My Business Plan".

Q: What unique value will your product or service provide to your customers?
Why would this unique value make them more likely to buy your product or service?