

How To Price Products for Maximum Sales – Chris Malta

Some people tell you to sell ONLY high-ticket items online, so you make more PROFIT per sale. Others tell you to mix high-ticket and low-ticket products, so you catch both ends of the market.

So who's right? Let's find out.

Hi, I'm Chris Malta.

The phrases High-Ticket and low ticket refer to pricing, as you've probably guessed. High ticket refers to EXPENSIVE products, anywhere from one thousand to five thousand dollars EACH.

Low ticket products can range from ten bucks to a couple of hundred dollars each.

As I said, some of the self-proclaimed ecommerce gurus on YouTube tell you to sell high-ticket so you make lots of profit per sale. Makes sense on the surface, right?

But others tell you to mix your high- and low-ticket products so that you catch both ends of the market. And THAT sounds like it makes sense too!

But the FACT is that NEITHER of these methods are a good idea. In fact, they're both really BAD ideas, and I'll explain exactly why. I'll also explain the pricing structure that DOES work the best, but for now let's start with high ticket products.

Sure, selling ONLY high-priced products so you make much bigger profits SOUNDS good, but there's something these so-called "gurus" aren't telling you. The FACT is that 85 to 92% FEWER people will spend that much money on a single product online.

Buying a high-priced product online requires a HUGE TRUST factor on the part of the buyer. Online buyers do NOT trust an unknown website with that kind of purchase. The small percentage of people who WILL do that will almost always do it ONLY with a big, well-known company like Target or Walmart, for example.

The other thing that these fake gurus aren't telling you is that PROFIT MARGINS have an INVERSE relationship to PRICE. That means the higher the retail price of a product is, the LOWER the PROFIT MARGIN is.

It just doesn't make good business sense to put your time and money into trying to sell high-ticket items to people who WON'T buy them from you, at profit margins that generally end up somewhere between 8 and 12%.

On the other hand, IF you know how to market properly online (that means NOT listening to the 'gurus'), you can sell tons of lower-ticket products *all day long* at MUCH HIGHER profit margins.

Sure, you need more sales, but again IF you know what you're doing that's not hard. I can definitely help you with THAT at ChrisMalta.com.

So what about MIXING high- and low-ticket products on the same site and catching both ends of the consumer market? Again, sounds reasonable, right? In fact, there are lots of REALLY BIG companies who do this in the physical world.

For example, Bacardi makes very high-end, expensive rum that sells well to people willing to pay the price. But they ALSO make low-end CHEAP rum for those who DON'T want to pay the premium. Castillo rum, for example, is made by Bacardi.

However, the general public doesn't KNOW that. Bacardi keeps them completely separate in both branding and shelving. In the world of alcoholic beverages, there's top shelf, and there's bottom shelf.

When you walk into a liquor store, the most expensive brands will always be on the TOP shelves at EYE level, and the cheap stuff will be on the BOTTOM shelves where you have to HUNT for them. That's true of ANY physical store that sells ANY products. Expensive stuff at eye level, cheap stuff on the bottom shelf.

In the physical retail world, that's about as much separation as you can get. However, websites are too DYNAMIC. You CAN'T achieve that level of 'physical' separation and still make the site easy to shop, which is critical for sales.

That means that your visitors will easily be able to see both the high-ticket and the low-ticket products as they move through your site. This creates a PROBLEM.

When people buy things online OR offline, they want to feel like they're getting REAL VALUE for their money. In an online store where they can clearly see that what they can AFFORD is a cheaper product than what they would LIKE, you're creating a tremendously negative experience for your site visitors.

This is a SERIOUS problem in retail marketing because your site is basically telling your visitors, "Hey, here's what the RICH people buy, but YOU can't have it because you can't afford it. So YOU have to settle for the CHEAP stuff.

So you end up right back at the same HIGH-TICKET problem...very few if ANY buyers and LOW profit margins. But NOW you've added the additional bonus of psychologically INSULTING AND BELITTILING the LOW-ticket consumers who WOULD buy the lower-priced, higher-profit products from you...IF you hadn't insulted and belittled them!

Retail Marketing, both physical and online, is about 90% PSYCHOLOGY. That's the first thing you need to understand if you're going to sell online.

So what do you do? High-ticket products are a BIG mistake. MIXING high- and low-ticket products is a BIG mistake no matter WHAT the YouTube bubbleheads keep prattling on about.

If you want to own a SUCCESSFUL business, you have to live in the REAL business world. That means understanding retail PSYCHOLOGY. And THAT means selling in the price range that EVERYBODY can afford. LOTS more SALES, and MUCH higher profit margins.

The best way to do that is to understand the Luxury Line. This is a phrase I use to describe the point at which ...in a CONSUMER's mind...a product goes from being an affordable purchase, to becoming an UN-affordable LUXURY. The Luxury Line fluctuates with the economy.

In the 30 years I've been selling online successfully, and the overall FORTY-SEVEN years I've been in Retail and Wholesale, I've seen that line fluctuate a fair amount. In a good economy, it can be around \$250; maybe a little more. In an average to poor economy, it drops to around \$125.

Take a walk-through Walmart, or any other big retail store. You'll see that the VAST majority of the products sold in these stores are priced UNDER \$125. They'll

have SOME things that cost more, but that'll be mostly furniture and electronics. Everybody already KNOWS they're going to pay more for furniture and electronics.

What these big retailers KNOW is that they have to appeal to the widest possible consumer market no matter WHAT the economy looks like. So at least 90% of their products are going to be priced according to where the most consumers feel comfortable.

This is how these big stores thrive, and it's also how they INFLATION proof themselves. Even during inflationary periods, people WANT to buy stuff, because it makes them feel NORMAL. That's ALSO Retail Psychology. So by keeping most of their products priced UNDER that luxury line, they keep selling no matter what the economy is doing.

Something ELSE you have to keep in mind in retail marketing is the Point of Diminishing Returns. For this purpose, just think of it as the LOWEST price you want to sell for.

You do NOT want to be out there selling things that cost 5, 10, 15, 20 dollars each, for example. Even if those REALLY low-ticket products sell well, the NUMBER of SALES you have to sell to make a serious profit in your business goes up EXPONENTIALLY once your price points drop under about \$35. That's generally the Point of Diminishing Returns.

I've been in this business, as I said, for more than 30 years. I've been running my own successful retail AND wholesale businesses for nearly 50 years. You might also know that I teach the most comprehensive Ecommerce Education in the world.

I ALWAYS teach my Ecommerce Students to choose product niches that have retail ticket prices between \$35 and \$125. That's where they will absolutely make the most money in this business.

So...High-ticket products BAD, mixing high- and low-ticket products BAD, selling BETWEEN the Point of Diminishing Returns and the Luxury Line GOOD.

You'll find LOTS more REAL free Ecommerce information at ChrisMalta.com. See you next time!