

HOW POOR PRICING AFFECT THE SUCCESS OF A PRODUCT

Pricing can influence whether a consumer purchases a product. Product pricing is important to both the seller and the buyer. For the buyer, a good price is one that meets or exceeds the expectations while for the seller, a good price is one that generate sales and lead to the success of a product. Therefore, setting prices too high or too low has a significant effect on both parties.

Wholesalers and retailers consider many factors when trying to arrive at appropriate pricing. The first consideration is given to the competitors, how different is your product or service from what your competitors offer? Pricing your products or services lower than what your competitors charge will not necessarily give you the market advantage. What matters more is how consumers regard your product. Rather than offering the lowest price, the goal should be to convince consumers that your product is different and better than all the others for its value.

Some retailers deliberately price certain products low to get the attention of consumers to whom they hope to sell other more expensive products. But consumers sometimes fear that too low price is equivalent to poor quality as many look for value rather than the price. While low prices may not earn you greater profits, the more of a product you sell the more profit you make, that is, your profit is directly proportional to your sales volume.

Although the uniqueness of a product does not guarantee high profits, it can generate consumer interest. Even a highly unique product may not do well on the market if consumers don't like it. It doesn't matter whether the product is unique and consumers like it, the price has to be right.

Product differentiation is critical, especially if you want to justify a high price. However, watch that you don't price yourself out of the market. Strive to offer high quality and value at a price comparable to that of the competition and still capture some profit.