

# *PREMIUM PRODUCTS*

## *PREMIUM PRICE*

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Selling at a premium requires that you have a premium product to sell.

One of the greatest challenges a business owner or manager faces is selling the product for the highest amount of money. Many small businesses go bankrupt every day because they could not make enough money while selling all the product they could produce. Frankly, it is easier to sell a product that is priced low like a commodity, than do the work to figure out how to reach and sell to the customers who will value your unique product over mass produced competitors. You will only do this if you really want to make more money.

### ***UNDERSTAND THE PREMIUM CUSTOMER***

The first question is “who is your customer base?” If you are a small company, and your customer base prefers to buy the cheapest product possible at a big box store, you are in trouble. The first thing you have to do is identify who does not want to buy your product at a big box store. The

quick answer is people who do not want a cheaply (poorly) made product.

Follow up this question by assessing the market place. Identify companies that sell similar products for premium prices. Assess these competitors' effectiveness, and see how your product measures up to theirs. Since small businesses are typically regional or niche, you may find that there are no local companies that are your direct competitor. By assessing the market place, you can realign your product so that it fits within the higher-value market segment.

Next, you need to identify who is in your new customer base. You have done this for your current customer base, but now you are looking at who buys the high-value product, and how often. Describe your market niche. What motivates your new target customer to buy this product, and how do they use it? How does your product help your customer? From this information you are ready to redefine your

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unique selling proposition (USP). It should match the specific benefits of your product with your new target customer. This will differentiate it from the competitors, big box store and specialty competitors alike.

## ***UNDERSTAND THE PREMIUM PRODUCT***

One of the funny old things about people is that we like to be told why something is right for us. You will need to explain how your product adds value to your customer. You may have to explain the benefits of your product, and this may involve some education or training that you provide.

As a small business, it is essential for you to determine what would keep people from using your product. Identify any market barriers that could adversely affect your sales. Since you are selling to a limited customer base, you can probably remedy any problems you identify.

Now you are ready to contact your new customer base. Consider how you are going to do it. Where do they go? What do they read? Where will your customers learn

of your product? Most importantly, how will they get it?

## ***TIME AND STAGE THE SHIFT TO PREMIUM***

For economic reasons, your transition may need to be done over time. However, don't give up high revenue customers for low revenue ones. There are people in your market area who are hungry for high-quality, well-made, Earth-friendly, locally made, or what have you products. As you walk down this path, you will find a community of people who appreciate you and your product, and are willing to pay a higher price.

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