

10 Ways To Increase Perceived Value (Without Breaking The Bank)

Dave Schneider

34 Flares

The other day I was watching a webinar, where the host was selling a product for \$397.

At the end of the presentation, I was left with the decision as to whether or not I was going to buy.

Despite the claims by the host that the product was worth well beyond the \$397 price tag, I decided that for me, it wasn't worth it.

However, it was interesting to me that naturally there would be some people who would buy, as well as some people who would not.

How is this possible?

The answer is perceived value.

If we lived in a world where the value of a good was indisputably equal to its price tag, we would never have these issues.

Instead, we live in a world where people come up with their own interpretation of the perceived value of a good.

If their perceived value is greater than the price tag, in most circumstances they will buy.

If it is not, they won't.

It's really as simple as that.

Why Is Perceived Value Important?

If we accept the fact that a perceived value greater than the price tag leads a consumer to buy, then we have two options.

We can lower the price, such that it will fall below their perceived value, or, we can increase their perceived value of the product, such that it crosses the price threshold.

Of the two methods above, which is preferable?

Logically, we would conclude that raising the perceived value is better than lowering the price and settling for narrower profit margins.

This is essentially, the fundamentals of marketing and advertising, and it is why companies spend billions of dollars a year to convince consumers why their product is "worth it".

But not so fast.

In many cases raising the perceived value of a product comes at a cost, so it is not so cut and dry.

However, if we inform our decisions through research, we will see that there are quite a few ways to increase perceived value without strenuously taxing our wallets.

Let's explore.

Increase The Price

Most of us tend to believe that people want to buy cheaper goods in order to save money.

While there is some truth to that, the opposite can be just as true; sometimes people want to buy the more expensive item.

Robert Cialdini, author of best selling novel Influence, put it best:

“In markets in which people are not completely sure of how to assess quality, they use price as a stand-in for quality.”

In short, people assume that higher priced goods are better (because, often, they are).

This is particularly noticeable with luxury goods.

[In a study by Stanford and Caltech researchers recruited 11 male Caltech graduate students who said they liked red wine.](#) The subjects were told that they would be trying five different Cabernet Sauvignons.

But, only three wines were used—two were given twice.

The first wine, which normally costs \$5, was shown in two bottles, one costing \$5 (real price) and one supposedly costing \$45 (fake price). The second wine was done in reverse, normally costing \$90 and shown in a \$90 and \$10 bottle.

They found that **increasing the perceived price of a bottle of wine increased the actual AND perceived enjoyment that tasters derived from drinking the wine.**

The participants said they could taste five different wines, even though there were only three, and added that the wines identified as more expensive tasted better.



In this case, it is clear that merely putting a high price tag on a bottle of wine was enough to increase the perceived value (which then actually translated into actual value through their enjoyment of it).

Additionally, we can conclude that when it comes to wine – no one really knows what they are talking about.

Take Price Off The Table

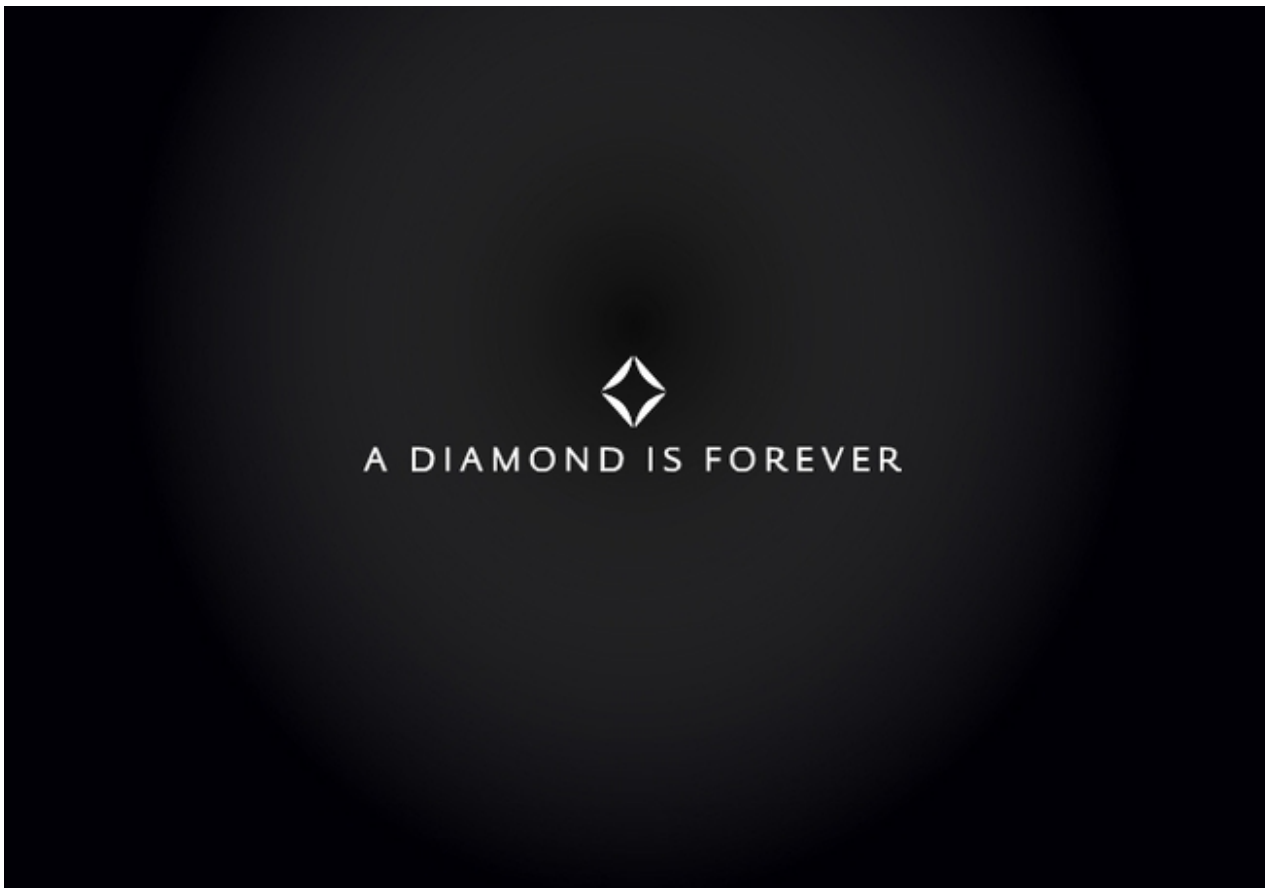
Sometimes it's better to direct a consumer's focus away from price altogether.

Pricing is icky, after all, and [mentioning money tends to make people more physically withdrawn and less likely to help others](#) – not the type of mood you want your consumers in.

And when you have a luxury good, like diamonds, that are already priced so high – raising the price is probably not going to be as effective.

Maybe that's why DeBeers' slogan is:

“A diamond is forever.” & not “A diamond is expensive.”



The first has a nicer ring to it, doesn't it?

All of the sudden what was a several thousand dollar bill is now a lifetime investment, and a product that lasts a lifetime has a very high value, because the relative cost becomes less and less every year we still have it.

Without changing the product or the price, we are able to influence buyer behavior simply by conveying a different attitude towards the good.

Change The Unit Of Measurement

Facebook made headlines when it bought WhatsApp, the most popular messaging app for smartphones, for a crisp \$19 Billion.

The screenshot shows a CNN Money article titled "Facebook buys WhatsApp for \$19 billion" by Adrian Covert, dated February 19, 2014. The article features a large green WhatsApp logo with a play button icon. To the left of the article, there are social media share buttons for Facebook (17K), Twitter (2K), LinkedIn (671), and Email (278). The article is part of a "Most Popular" section on the CNN Money website, which also includes other news items like "Nice job, Apple, but I'm not leaving Android or Windows" and "China clamps down on Google ahead of Tiananmen anniversary".

For many of us, however, this was just a big number.

Until a slew of articles came out showcasing what

Facebook
could have bought instead.

Then we saw that Facebook could have bought [clean water for the entire planet](#) (est. \$10 billion)

and we said:

“wow, that’s A LOT of money”

The thing is **people don’t derive direct value from money, they derive it from the things that money buys.**

Unless of course you’re Scrooge McDuck, and you swim in a pile of gold coins.

But most of us are not, and don’t.

We look at \$10 billion and say – “hey, that’s pretty awesome”

But then, if you consider that it’s equivalent to clean water for the entire planet, you begin to think “now that’s AWESOME”.

Therefore, if you want to closely convey the value of something, you put it in terms of other goods that people recognize.

The beauty is, it works both ways.

Consider a relatively expensive item such as the cost of a gym membership (ballpark \$50 a month).

For your average family, this is a decent amount of money for a monthly membership fee.

But if you’re Gold’s gym and you say “well, it’s just the price of three large pizzas”, all of the sudden it sounds a lot more reasonable.

I can just scale back on those pizzas (which I should anyways if I want to live a healthier life) and then I can afford this membership.

Einstein famously said “It’s all relative”, and we see that pricing is no different – we just need something to make it relative to.

Rebrand It To Improve It’s Image

It’s probably no wonder why so many movie stars are hired to endorse products.

We want product X to be cool (or whatever adjective you’re going for). Stars are cool. If they endorse product X, product X is now cool.

In fact, this type of marketing has been around for centuries.

Consider the legend of Frederick The Great and [how he introduced potatoes to Austria](#) .

As the story goes, the Prussians were in the midst of a horrible famine. Frederick believed that potatoes were the answer.

The thing is, no one really likes potatoes. Right?

So, instead, he made potatoes a “royal” vegetable and ordered his soldiers to guard the royal potato field.

This made potatoes something to be coveted, which made peasants want them, which made them widespread.

There are many ways to approach this in the 21st century, packaging, for example, is a big one.

Consider the toy industry. There is a perception that [a larger package equals greater value](#). If there are two packages on a shelf with the same volume, but one has a package size of a quarter less material (and they're the same price), a good percentage of consumers will automatically choose the larger package.



(Source)

Because, as they say, bigger is better.

Now that might be the toy industry. In the alcohol industry it might be a shinier, flashier box.

Either way, we can change the object's image, either literally through packaging, or figuratively through associating and branding, to improve its perceived value.

Convey Scarcity Or Urgency

Traditional micro-economic theory assumes that consumer preferences are independent of market forces like supply, demand, and price. However, this assumption is inconsistent with psychological research on commodity theory; we believe that the rarer something is the more valuable it must be.

Consider the example of [the rare 1865 baseball card auctioned for \\$80K](#). Baseball cards are virtually entirely perceived value, and this one, being a supposed "one of a kind" sold for astronomically high prices.

And further evidence supports this.

In [one study conducted by the University of Missouri](#), subjects read about a white wine that was described as either scarce or available depending on the experimental condition. In addition, subjects either were or were not informed about how much the wine cost. After reading the description of the wine, subjects evaluated it on a variety of measures such as perceived expensiveness and desirability.

The study found that scarcity enhanced the perceived expensiveness and desirability of a wine only when subjects were not told how much it cost.

Reverting back to the baseball card example, we see that where there is no price associated with the item itself, its value is primarily dependent on its scarcity. Since it is a one of a kind, it is very valuable.

Nowadays, you might see variations of this such as:

- “Limited time only”
- “Special Offer”
- “Only 5 items left”

This copywriting is ubiquitous in marketing and it is used to convey scarcity and increase demand and price.

Showcase Proof

One of the biggest questions consumer’s have concerning a product is, is it going to do what it’s supposed to do?

Can I trust it?

We can increase the perceived value of a product by decreasing the fears that consumers have about it in a variety of ways, such as:

Money Back Guarantees

The first incidence of the Money Back Guarantee is credited to [J.R. Watkins](#), who cooked natural remedies in his kitchen, bottled them in his woodshed and sold them door-to-door from a horse and buggy.[\(Source\)](#)


Because, as they say, bigger is better.

Now that might be the toy industry. In the alcohol industry it might be a shinier, flashier box.

Either way, we can change the object’s image, either literally through packaging, or figuratively through associating and branding, to improve its perceived value.

Testimonials





Get access to 85% of my best business hacks:

Enter your email address

You'll learn exactly how I started 2 multi-million dollar businesses, grew a 700,000+ email list, and where to find the best tacos in the world.

WHAT OTHERS ARE SAYING

“ In the first 5 minutes of meeting Noah, my first thoughts were: man, this guy is a hustler. I thought that whether it was now or later, he would go on to do something great—he was just off the charts in some very positive areas, but also frankly, a little strange in others. It reminds me of a famous quote: ‘There’s a fine line between genius and insanity.’ ”

- Andrew Chen
Bay Area Entrepreneur, Writer, and Former Venture Capitalist

“ Noah is one of a kind. A burrito eating, hot sauce throwing, people loving friend. He just wants to help you succeed. Consume what he writes, learn something, apply it and grow!”

- Hiten Shah
Founder of Kissmetrics and CrazyEgg

People want to envision seeing themselves succeeding with the product.

One way to accomplish this is through approximation – showing them people like themselves who succeeded i.e testimonials.

This is why landing pages and commercials so often quote past consumers on the success they’ve had with the product/service.

We can assume that if I am like this person, and this person succeeded, then I too, will succeed.

Video Proof

Who can forget the Bounty Quicker Picker Upper commercials from the 90's?

Fast forward to 18 seconds and we see that, accompanying research, is a video, side by side comparison of Bounty outperforming the national brand.

What is the message here?

Essentially it is “live” proof that Bounty is better than the national average.

We have every reason to believe that we can replicate the video in real life because it was made in real life, therefore, we can trust the product.

Free Trials



Rignite Makes It Easy to Get Results

One easy-to-use platform helps you:

- **Save time** managing daily social engagement
- **Get results** by running goal-oriented campaigns
- **Measure the impact** of social activity

Rignite has the tools you need to attract, engage, convert, and keep customers.

[Sign Up For a Free Trial Now!](#)

What a better way to build authority than to offer a free trial.

It's essentially no risk for the customer, but will it decrease conversions?

Consider the following [case study performed by GetResponse](#).

[GetResponse](#) wanted to test if adding a "Free Trial" button on the home page would influence the number of purchases of paid accounts and number of registrations of free accounts. They setup an A/B test in which one variation had an extra "Free Trial" button next to the "Buy Now" button.

The results were that by adding free trial buttons on homepage, the **number of free accounts increased by 158.60%**, while there was no negative influence on the number of paid accounts created via homepage.

Show Authenticity

Some products' selling point is their authenticity, and again, this is a point of fear for many consumers, particularly with luxury goods where fakes are widespread.

Consider this [case study by Express Watches](#), which wanted to ensure customers that their products were authentic.

They replaced an image on the right hand side of the product that initially said "Never Beaten on Price" in the control.

The result was a 107% jump in conversion rate during the 30 day test, taking the conversion rate from 1.81% to 3.76% overall and effectively doubling Express Watch's business. Note that this badge of authenticity was not simply added as an extra, but in fact it replaced the badge in control that guaranteed low prices.

This proof of authenticity converts doubters that they might get something other than what they are expecting. As a result, their perceived value of raised and they are more inclined to buy at the same price level.

Compare It To More Expensive Alternatives

Let's say I want to whiten my teeth – what are my options?

- I can buy a whitening toothpaste ([price \\$10-\\$15](#))
- I can buy whitening strips ([Price \\$40](#))
- Or I can get a professional teeth whitening done ([Price \\$400+](#))

If I'm trying to sell whitening strips then I may consider positioning it up against a professional teeth whitening.

Our perception is most likely that the professional teeth whitening is going to do a better job because it's

- More expensive
- Done by a professional
- More time intensive

And in all likelihood, it is more effective.

But is it 10x more effective, to justify the 10x increase in price?

Effectiveness is important, but perhaps more important is effectiveness per cost i.e value. If we didn't care about effectiveness per cost, everyone would go out and buy a Porsche.

As such, if we feel that the whitening strips have a superior effectiveness per cost, which is almost the default scenario as a result of us not being able to properly quantify the effectiveness of the more expensive good, we're more inclined to purchase them.

Even though my teeth won't be as white if I do so.

Tell People The Value, Even If You're Selling For Less

Ever wonder why Neil Patel has "Valued at \$300" on his opt in form, even though he is giving it away for free (in exchange for your email)?

The reason, is because he wants to convey the value of what he is giving away.

This leads people to believe that they are getting a deal, and people like deals.

It's the same reason why [the left is more preferred over the right](#):

Value is in the eyes of the beholder. Whatever Neil is valuing his course at is, for the most part, arbitrary, since he is giving it away for free.

At the end of the day, I would rather pay \$40 for something I think is worth \$48, then \$39 for something I think is worth \$39.

Or in Neil's case, I would rather get something for free that I think is worth \$300, than something for free, of which I cannot determine the value (but may assume something less than \$300).

Improve Typography



There is a lot to be said in the words that we use and the way that we use them.

Even details as seemingly minuscule as the size of our font can have impacts on the bottom line conversions.

[Marketing professors at Clark University and The University of Connecticut found](#) that consumers perceive sale prices to be a better value when the price is written in a small font rather than a large, bold typeface.

Additionally, one restaurant during lunch time, found that [removing dollar signs from prices](#) (24 instead of \$24) increased sales.

Even just [adding zeros at the end of the price make a product appear more expensive](#).

Why?

Because this lengthens the time that a customer spends reading the price and heightens the sensitivity that the customer has to spending actual money.

[Typography can be used to evoke certain moods](#) from customers and therefore it is important to [pay close attention that our typography matches our intended messaging](#).

Give Bonuses Before Discounts

What would you rather have?

Buy one month get the second free (off a monthly subscription), or 50% off the first two months?

The screenshot shows a website header with 'via BOGO' and navigation links for 'How It Works', 'Grocery Coupons', and 'Daily Deals'. Below the header, there's a 'Deals Menu' and a 'Choose city' dropdown. The main content area features a living room image and a prominent offer: 'Buy One Month and get your Second Free'. A '2/1' badge is positioned above the offer. A large green button says 'Free Claim now'. Below the button, it says 'Premier Rental'. At the bottom of the offer card, there are social media icons for 'Like', 'Tweet', and '+1'.

Dulles Regional Chamber of Commerce Hot Deals

Hot Deal

[View Business Info](#)



50% off first two months' rent at Security Public Storage!

Security Public Storage - Herndon

Receive 50% off your first two months' rent with this ad and proof of membership with the Chamber!

Security Public Storage is a self-storage facility located at 385 Spring St. in the Herndon/Reston area. We offer a top of the line product at a competitive rate! Come in today to meet our professional, knowledgeable managers and take a tour of the facility to see for yourself that you are getting a clean, safe, rodent free, leak free, place to store your belongings.

Contact Information

phone: (703) 471-7867

email:

herndon@securitypublicstorage.com

website:

<http://www.securitypublicstorage.com/SPSHerndon.html>

Offer Valid: August 21, 2011 – September 16, 2019

As you might note, these two offers are equivalent.

Or are they?

According to most consumers, the first is preferred (despite the fact that, mathematically, the two offers are equivalent).

A research team at University of Minnesota's Carlson School of Management found that consumers are more interested in getting more than getting discounts (less), even when the offers are equivalent.

This is known as price innumeracy and stems from the average consumer's inability to make basic mathematical comparisons.

Nowadays, it seems, less is just less, and more is more.

From a branding perspective, additional features, add-ons, or all around bonuses may do a better job at increasing your product's perceived value than slashing prices.

Conclusion

Two typical actions to increase sales are to

1. Lower prices
2. Increase actual value (improve the quality or functionality of the product)

Option one decreases revenue, while option two increases costs, and therefore both options can negatively affect our bottom line (unless we were at a suboptimal place to begin with).

Another, more strategic way to improve conversions is to focus on increasing the perceived value of our product.

In many cases, as we have seen with the wine example, perceived value and actual value go hand and hand in the eye's of the consumer.

Therefore, it is worth exploring all the options before we break the bank.

Twitter

27 Google+ 3

Facebook 4 Pin It Share 0 StumbleUpon 0 Buffer 0 LinkedIn 0 **34** Flares