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**Dan Kennedy, Mikkel Pitzner**  
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## CHAPTER 12

# THE POWER OF A PRICE

BY MIKKEL PITZNER

I am thrilled to have been invited to this book collaboration with Dan Kennedy, a man who comes with legendary reputation for marketing savvy, skills and insights—not to mention results. So in contemplating on what exactly to write about for my personal contribution to this book I came up with “The Power Of A Price.”

Let’s talk about price. Or pricing. Now, ordinarily speaking, this is an area that does not interest me much; it can actually annoy me at times. For instance, I recently had this beautiful fancy top-model Ferrari (if you must know, this was a brand new Ferrari 599 GTB) and more often than I care to remember, people would ask me: “How much did that cost?” and quite honestly I never really wanted to tell. Quite possibly because I also found it embarrassing just how much money was poured into what is ultimately just a car. I would rather talk about the benefits of the car rather than how much I had to shell out for it.

But there are a couple of exceptions when I find price talks hold particular interesting aspects, and where special considerations may be a key ingredient to actually making the business (or indeed break it).

My contribution, which I hope you will find valuable, will illustrate a couple of strategies you can utilize to set your business on the map in a big way and bring you the results that many others try to accomplish in vain.

Let's dig in straight away.

## **THE POWER OF FREE**

You cannot beat free. Free offers just seem to open up the flood gates of customers pouring in and certain marketers have built their entire customer base and business on a foundation of a free offer. You find this marketing ploy used by almost all online information product marketers and it is their way of obtaining that new potential customer.

They offer some product or piece of information (hopefully a good one, but that actually seems to vary a lot) for free in return for obtaining the name and email address of the potential customer (or some form of contact information). Then once the contact information is in the bag they sometimes present an immediate offer of a complementary product or perhaps an extension and expansion of the product given for free, but this time there is a price to be paid for the offer if the customer chooses to get it.

More and more marketers are finding out, however, that it is more powerful to give away even more great offers or valuable information (often in the form of training videos) for free over a period of time following the sign up or what's often called the opt-in. The reason for this is that they are now establishing rapport and building up trust *before* they move ahead with their real product that comes with a price label attached. It's kind of like taking your prospect out for a few more dates before you move in for the kiss.

It is important to note that just because you are giving away something for free, it still needs to be something with a real (or at least, perceived) value to the recipient. If it doesn't, you more than likely will not be able to sell them anything or keep the prospective customer, but they will opt out and look elsewhere and be altogether turned off by your offerings.

This free price model works wonders in the online market space, but it actually works just as well in the offline market space.

Meeting a lot of people I am often asked what I do, and my reply has usually been that I am a serial entrepreneur. Well, in fact as someone I recently met told me, I am more a *parallel entrepreneur* as I endeavor in multitudes of businesses and enterprises at any one given time. It's how I like it. I enjoy being engaged in many different things and then making use of my experience and expertise from across many areas and different businesses and industries into each enterprise and see how I can bring value to that and increase its potential and real results.

One of such enterprises that I am engaged in is that of a company called Freetrailer. The name says it all, especially when I offer you just a few more specific insights to the company. Freetrailer offers small cargo trailer rentals for FREE. You would know such similar trailers from the small box trailers that you latch onto your car's tow hitch and in which you can transport your goods, purchases, or furniture from one place to another. For example if, you are moving from one location to another, or if you just bought a sofa or a refrigerator and now need to get it home, but cannot fit it into your car and don't want to pay for a delivery service. In the United States of America, you would probably recognize similar trailers from the company called U-Haul, except at U-Haul you actually would have to pay for the rentals—Freetrailer offers them for FREE.

Our business model is that these trailers are advertise-funded. In other words we partner up with big box companies who we call our partners, an example is IKEA. We dress the trailers with the partners' logos and then offer the trailers for rentals at the partners' locations for free while the partner pays us for the advertising which then pays for us bringing the trailers and service about.

The benefit for the big box partner is that they get very targeted advertising out to their very specific target audience while at the same time aiding their customers to an inexpensive way of bringing their purchases home. The partner also actually acquires new customers simply for the fact that the trailers are available from the partner. No purchases are necessary, but since the customer is there anyway to pick up the trailer, they might as well go and look at that bookshelf and the night table lamp they have been thinking about getting. The partner also enjoys great goodwill from the trailer user. Who does not appreciate a partner that makes available a free solution?

So in providing this free service, the partner is acquiring customers, receiving goodwill and gaining customer loyalty while getting the customers to bring their advertising out to the exact areas other potential partner customers reside. The model the partner is utilizing is the Free Price model (or freemium).

In this setup Freetrailer is offering the freemium model too. While Freetrailer makes no money on the model from the advertising which only pays for bringing about the trailers, Freetrailer does make money on small “upsells,” such as an extra day’s hire or sales of insurance. The price offered for these upsells are so small in comparison to the value that about two-thirds of the trailer users actually end up making use of these offers. Large volumes of trailer usage multiplied by small amounts accumulate to noticeable sums that then pays for our CEO, Key Account Executives, Support personnel, office etc. and leaves us with profits. Currently the Freetrailer model is offered all over Denmark and all over Sweden and will soon come to a city near you.

In closing our discussion of the Free Price offer, there are countless of ways in which a company can utilize this strategy and build a sound business from it. I mentioned the online information product marketers from the online world and Freetrailer from the offline brick and mortar service industry world.

In other words whether your business or your product or service resides in the online or offline world, the free price strategy is one you can utilize to grow, expand and build your business. Who knows? Perhaps yours will be one of the really big ones. Remember the model used by Google and Facebook—just to name some of the very current big company names of today—is the free price model.

## **THE HIGH TICKET PRICE OFFER**

Now at the other end of the price scale is what I call the High Ticket Price Offer. Basically under this positioning ploy you offer your product, service, expertise or information (or whatever you sell), but this time at a very high price.

It is interesting to note the effects of a high ticket price offering. First of all, it instantaneously drives the prospective buyers’ interest and curiosity up. Right away when presented with a high ticket price

offer on a product or service that resonates with the prospective buyer, questions in their heads start to pile up. Questions such as: “How can it be so expensive?”, “Is it really worth this?”, “What secrets are revealed that could mean all the difference for me and my own success?”, “Can I afford this?” or even “Can I afford not to buy this?”

By utilizing a very high ticket price for your product you accomplish a number of things. With higher and higher price points you automatically siphon off the buyers who quite simply cannot afford your product or your services. And although my altruistic heart would want the best for everybody, not every product or service may be equally suited for everybody and a high ticket price product or service more than likely would be better fitting with someone who has the means to actually buy it. Not to belittle those of few means, but it is very, very often cited that customer support issues seem to diminish with higher product or service prices. In other words, it could appear as if those who tend to buy a high ticket price product or service has a lower propensity to complain or raise many issues.

A high ticket price also instantaneously raises customers’ expectation to the product and not least the value a customer will place of said product or service. The latter can be a blessing in itself as the customers automatically perceive the product or service to be of extra high value. The former naturally demands of you to make sure your product or service actually does come with incredibly high value. Indeed sometimes when we are given something for free we often tend to place no value on it and thus as a result often do not make use of it or do not regard it as something really of use. By same token oftentimes when we buy something that came with a high price tag, we tend to value it higher and take better care of it or make better use of it.

The high ticket price also may come with the benefit that you as the buyer will feel like you are special and you now are part of a limited and elite group who had the rare privilege of acquiring the product or service.

So going back to my Ferrari, although I never liked to discuss the high price the car came with, it certainly brought my value placement right up there, where I did not just view the car as just a car, but as a real supercar, but also in the eyes of everybody it also brought me in with a

select few who had the privilege and joy of such a vehicle (for better or worse). Was one of my motives for buying such an outrageous car to be recognized as someone not just quite ordinary?

A lot of prestige may be bought with high ticket price products and services. Most recognized luxury brands sell products that while they may be of high quality and standards, certainly come at a much higher price than said product could be sold at while still leaving a decent profit margin. Just think of many of the big luxury names such as Louis Vuitton, Chanel, Hermes and many of the luxury cars etc. People buying these products more often than not are not just buying into good quality, nice product and such, but also buy into the prestige, the look, the fashion, the recognition and not least status they believe they will obtain with the product.

This can be very powerful when selling your product or service.

As mentioned earlier the online world has seen an incredible amount of people and experts selling advice and how-to training, and it is offered at a great variety of prices. So consider the online information product world. Wouldn't you quite possibly believe the product that is offered at \$10,000 for a three-day seminar to be so much more valuable than a 3-day seminar that comes with a \$3,000 price tag? Would you not automatically also believe the attendees who would come to the two different events might be attendees who already were getting different results? If not, then just exchange the numbers with something of bigger difference, so imagine the Mastermind that comes a \$10,000 a year compared to a mastermind offered at \$100,000 or hell, for that matter, compare it with one that comes at \$1,000,000 a year.

Trust me, I am making no judgments on the people who can afford the different price points. But these price points do exist in the real world and I would suspect (from what I have experienced myself) and hope that the obtained value from each of these programs would differ as well.

Now make no mistake: whatever you sell, you must bring real value to your customer. If you don't, your sales and your success will be short lived. To illustrate the point, allow me to reference one of my own experiences from back when I ran the largest limousine service in Denmark.

Through my limousine service company we were offering high end corporate limousine and professional transportation services to professionals, multinational companies, embassies, royalties, celebrities and even the entourages of presidents including three recent US presidents.

When we had the right team and we knew we delivered second to none service, we also increased our rates, some times way above the rates offered by our competitors. But we got away with it. Our customers perceived we were well worth it and we were, and we also as a result obtained much higher profit margins than those of our competitors.

Unfortunately, by the same token at one point in time our team changed and was no longer the ultimate resource for the services we offered; soon it proved difficult to uphold the prices, especially when forced with market conditions such as world focus on cost savings over service level etc. In fact, due to too long a process of finding a well functioning team again, the pressure on price grew and grew and eventually we entered into one of in my eyes most dreaded situations for any business to be in; the situation where you are really just competing on price.

In my book only companies like the Walmarts that can operate huge volumes should ever engage in competing on price. All other businesses better find other value propositions (at least perceived) than price. It is my contention that if you allow yourself to compete just on price, you are bound to fail, because there is always someone out there willing to offer the same product or service at a lesser price, if for no other reason than because that person cannot make any calculations or omits taking into account his or her own time consumed by supplying the product or service.

Ultimately, our results began to lack and actually running the business became less fun. The clientele seemed to change, too. It was way more fun, not to say lucrative, running the business when our value proposition was in the high ticket price category.

With the right focus and bringing the right value about and you too can enjoy a high ticket price business. Or you may be able to build your business on that intriguing strategy of free or super high value at very low prices and feel really good about bringing something like that to

market, while still being greatly compensated. Indeed if you bring the value to market, the market will compensate you.

## **PRICE JUXTAPOSITION**

I wanted to end my contribution to this chapter illustrating another price point strategy that can prove excessively important for your success with selling your product or services, but alas, my contribution is under a space limit here in this book, so I am out of more lines to put in. But fret not, I hope you have really enjoyed my insights on the two ultimate price point strategies and I will give you the insight on Price Juxtaposition to you for free as well, so if you go to my website at [www.mikkelpitzner.com/price-juxtaposition](http://www.mikkelpitzner.com/price-juxtaposition), then you can get the continuance of this chapter. Hope to see you there.



## ABOUT MIKKEL

Mikkel Pitzner was born on March 3, 1968. He received a Bachelor of Science in Economics from University College of London (England) with honors in 1991. He has completed shorter intense courses in Political Science and Game Theory at Columbia University in New York, and a business course for CEOs at Harvard Business School in Massachusetts.

He is a serial and parallel entrepreneur, investor, and professional board member in Denmark, Sweden and the U.S. (who currently sits on nine boards spanning diverse industries), as well as a marketing and social media expert and consultant, master-minder, and dreamer extraordinaire.

He is a partner in the unique marketing and trailer rental company Freetrailer, which currently operates throughout Denmark and Sweden with more countries to come. He is a partner of Aksel & Ko, a company that can find that special gimmick or solution corporations need for their marketing strategies.

Pitzner is originally from Denmark, where he used to run what became the fourth-largest car rental company and a leasing company whose size he doubled and locations he quadrupled. Until recently, he owned and operated the largest limousine service company in Denmark, whose profits he managed to grow 3200% during the first year of ownership alone. The company served the most discerning clientele, including no fewer than three U.S. presidents—George W. Bush, Bill Clinton and Barack Obama, the last one during the United Nations Climate Change Conference in 2009 during which the company serviced more than 200 limousines to the U.S. Embassy in Copenhagen, along with numerous other embassies, countries, royalties, celebrities, multi-conglomerates, and so on. Pitzner also successfully ran an import and distribution company of scuba diving equipment until that company was sold to a German distributor.

Mikkel Pitzner is also a best-selling author and speaker who teaches entrepreneurs how to create a business that will provide them with the lifestyle they choose while taking them off the treadmill of their jobs. Pitzner has been featured on CNBC, ABC, NBC, CNNMONEY.com, Fox News, CBS News, and in the *Wall Street Journal*, *Fortune*, *Fast Company*, *SmartMoney* and *USA Today*. He was also recently a guest on the “Brian Tracy Show.”

Mikkel Pitzner currently resides in Florida with his beautiful wife Olga and 21-month-old son Gabriel, and they’re expecting a baby girl. He’s building four new business ventures simultaneously, while helping a local manufacturer in a struggling and challenging economy.

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