

COFFEE BREAK BLOGGING

Podcast Transcript

Episode 133: Setting Your Price - Part 3
How To Test A Price And Product Idea

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Welcome back to another installment of [Coffee Break Blogging](#), where this isn't just another podcast; it is a full course on building an online business based around blogging from scratch.

My name again, is David Risley and if you want to catch up with us from the beginning of this course, go to coffeebreakblogging.com to view the full show archives.

Okay, let us get in to our topic for today.

We are continuing talking about Setting Prices for your products and what to charge. But in this episode, I want to backup just a little bit and talk about how to test out a product idea. And the reason I want to talk about this is because when it comes to pricing your products, many people will test out potentially to charge money for by giving it away for free. Or listening to feedback from people who have gotten that product for free.

And so, you have got a product idea and let us say that you build it. And then you allow 5 or 10 people into it for free in order to get their feedback. And these guys give you feedback and then you launched it to the world with a price point based on their awesome feedback and it does not really sell. Or another thing that can happen is that you have an idea for a product and before you actually build it you go to your list trust just some people you know and you tell them what your idea is and then they go... "Wow! I would really love that, I would definitely pay money for that!" something to that effect.

So you think, "Whoa, man... I am on to something here!" And then you go and you make it and then you put it out there for sale and once again... Crickets; nothing happened, no sales.

What the hell is going on? You want to charge money, you want to have something you can assign a price point to, but you are not getting off the ground to begin with.

Well, here is a true thing you need to know. A true piece of information and I think you need to write this one down because it is pretty important...

The only valid form of product validation is if somebody yanks out their wallet and hands you money for it. That is the only valid form of product validation. It does not matter what sweet nothings people put into your ear about the product idea; how awesome they say it is, it does not matter unless they paid for it. Okay?

Here is the thing... This is just human nature. If they don't pay for it, they are not invested in the outcome. They have got no real reason to go through the material, they have got no real reason to really put their own effort into it because they have got nothing invested in it. They are not going to value it and they just won't take it seriously.

Now the second thing here is that they also do not want to disappoint you. And so if you are coming to them with this product idea, they want you to feel good. They want you to like them back and so of course, they are going to say "Yeah that is a great idea! I would definitely want to buy that!" And even if they have some criticism of you, or has some ideas on how to make it better they have not bought it, have they? And so therefore, everything they say to you needs to be taken with a grain of salt. It is not that they are lying to you; in many, many cases it is just that it is one thing to think something great about something or think something positive; it is another to think something positive so much so that you are willing to pull out your wallet for it. And that is really the only test that matters here. Will they buy it?

And so, how do you achieve a good form of product validation if the product does not exist?

Well, the answer is to pre-sell it. You want to sell it before you have made it. Now, it is actually a pretty simple thing to do; and I recommend that you do this in almost any product that you make, but you got to create the thing, like, create the offer for it before the product actually exists and then you sell it. Sell it as if the product is a thing that you have got. Now, you want to be open with people and let them know this does not exist yet. But you want to turn that into a good hook for it and say "You are actually at an advantage in rolling in this early because you can actually co-create this product with me. You will be able to have a direct impact into the product. I can tailor it to exactly what you need."

And you could also put scarcity and urgency on top of that offer by saying "We are going to begin this on such and such and day and in order to get involved with this, you need to sign up that day." so it gives you a natural deadline to your offer that can help you make more sales. But here is the thing... If nobody buys it, it didn't validate; you don't make it. You don't waste your time at that point. On the flipside, if they do, then you are off to the races; you got yourself a product idea. People just yanked out their wallet and bought it and that is the ultimate form of product validation.

So how do we actually do that? How can we actually pre-sell a course?

I know I have talked to some members of the Lab at the Blog Monetization Lab at blogmonetizationlab.com, by the way and we have got a very active community there and I have had a few questions come up about, like "How do you go about pre-selling something? It doesn't make any sense... How do you sell something before you have made it? Well, it is not that difficult, especially on the internet. I mean, when we are creating information and training products, you realize we are creating a product out of thin air. We really are. and there is no rule that says it has to exist before you collect the money for it.

People are used to the idea of classes. You know, when you go to college and you pay for a semester, you do not pay for that semester after the semesters are. Well, you pay for it before the semester begins. And it works the exact same way on the internet. Or at least you can if you position it in the right way.

So here is what we are going to do... Let me just outline a really short process on how you should pre-sell something...

The first step is to really nail down what you believe would be a killer offer for your audience. I want you to think of the offer which is going to get them interested. And remember that it does not matter that you have not made it yet. In fact, it is actually better that you have not. So at this point, what you are really going to do is sit down; you need to know your audience really well. Hopefully, you have done some surveys; you have got from them some good feedback. If not, probably go back and do that first. But you come back and knowing that stuff, you sit down, you think "What would be the perfect offer for them?"

And you want to tailor of course to the price point that you got in mind. If your goal is to come up with a front end offer on your sales funnel, well then obviously you are not going to knock it out of the park and give them the whole kid and caboodle with one thing, you know. ☺ So keep your eventual price point in mind.

But with that in mind, come up with a perfect offer. What is really going to get them really excited and make them think "Man, I really want that!" And I want you to think of that outside the confines of what you have actually made or whatever. I just want you to just brainstorm what would be the perfect offer for them.

Step 2 is to outline that offer. And I want you to make sure that you are not promising anything that you cannot deliver. This is that point where... In number one, you are basically coming out with a perfect offer; and number 2, if you have to, you are pairing it down a little bit to what you can actually deliver to them. But this is where you outline the offer. You outline what they are going to be getting; and please do not outline that only in terms of features. I want you to think of what the benefits of this are going to be for them; that is a very classic sales copy thing... Features versus benefits. So definitely keep your eye on what those benefits are, but realize that other parts of that offer are going to be things like, the guaranty; I'm speaking about the money back guaranty. What bonuses are going to go along with it... Things like that. I just want you to sit down and color some bullet points here and just outline the basic gist of the offer that you plan to make to them.

Step 3 is to write the offer letter. Essentially, write your sales page, do a video; if that is what you would like to do. I am not going to get in to the copywriting here on this episode, but this is when you do that. Just write down that offer. Realize that it does not have to be perfect. Now, part of this offer letter is to be clear that if it does not exist yet, you need to let them know that it doesn't exist yet. But do not say, "Hey, I am selling this in order to test validate this and see if anybody wants it." Don't say that. I want you to position it as a live class. Now if you do not intend to actually do it live via a webinar or something like that, that is fine. You can actually record the videos and post them up there, what have you, or something like that.

But the idea from your customers' perspective is that they are actually going to be having a voice in the direction of this thing that they are buying because they are actually going to be there and providing feedback to you. You are going to be listening to every little thing they say; you are going to be there answering their questions because you want to know what their questions are because then you can use those to go make your product better; to make sure that it handles those questions. So I want you to make it clear that you are kind of co-creating this thing together and not only a strong marketing hook but that is how you make clear to people that this does not exist right now and it is not they are going to get immediate access to a big bunch of stuff, okay?

Step 4 of the pre-selling process is to then take this to your market. Make the offer. The point in here is to drive traffic to this offer that you have just created and see what kind of conversion you get. Do people buy it?

Now for this reason; and because you really do not know what is going to happen, I highly encourage you to try to shortcut this whole thing. I do not want you to spend 3 weeks writing a sales letter here because you do not know what is going to happen. The idea here is that you are testing it. You are seeing if it has legs. At this point, step 4, you are going to drive traffic to that offer page. And you could do this by way of your blog, by way of your email list; paid ads if you like. Whatever drives traffic, whatever assets that you have; utilize them, send traffic to this offer page, and sit back and see what happens.

Now, if people buy to a point that you are happy with it, then you pat yourself on the back because you now have a product that has been validated. So at this point, what you are going to do is you are going to finish out that marketing campaign for it and then you are going to shut it down; you are going to get busy actually delivering to those new customers. This is really obvious... You have got a validated product here, you have people who have given you money; now you deliver to them. Do exactly what you promised.

Now the big thing here is that, at what point do you decide that is validated enough? How many sales is enough to consider it validated? Well, really there is no set answer here. It is an answer that you have to make for yourself. The big question is, are you happy with the result? Are you happy with it? If you have got enough sales to justify for yourself the time it is going to take to do it, then it is validation. If you are disappointed or you think "Wow, I was expecting this number and I only have like one or two people do it and you are not happy with that, then consider that it is not a validated product.

Step 6: What do you do if not enough people buy it or if nobody buys it? Well, if they do not buy it then it was not the right offer. It just simply was not the right offer, okay? So what you are going to do here is you are going to go back to number 1 and you are going to find the offer which they want. This is the power of pre-sell. Because now, you can tweak that offer. I do not want you to look at what happens here; and if you don't get enough sales, immediately look at it as a failure because it is not necessarily a failure. What that is, is a data point. You know that the offer, as you positioned it, was not the right fit.

And so you go, and you find out... Maybe do some more surveys. If people do not buy but you know that they went and viewed it; you could even send them an email or a survey, basically straight up ask them why didn't they buy this. Find out what they say. And now, when you get that data, you go back and you tweak that offer and deliver what they really do need and want and then you try it again. You try the offer; you go through these steps again. So that is what happens if people don't buy it.

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Now I have had some people asked me what happens if one or two people not buy it and you decide not to move forward with it because you are not happy. What do you do with those sales? Well, simple... You refund them. You do not keep their money if you can't deliver. Now if you want, if you would like to do this, you could contact those individual people and offer them something else in exchange or something like that or maybe help them individually. That is totally between you and them. The whole idea is that they need to be happy with what they got for that money. And if you are just literally not end to deliver upon that, then of course, refund their money. Consider that a product test and again, just refund their money and then move on and iterate like I already talked about.

That is pretty much the process. That is what you are going to do. It is not that complicated. This is how you can test out product ideas. And... Make money potentially while you are doing it because you can get money in the door before the product actually exists. And by the way, if you are ever worried about actually completing a project; like creating that product there is no better motivator than the fact that you have got people who have paid you or sitting there waiting for it. So this not only helps get some money in the door but it also helps you actually deliver upon it at a timely manner to your customers to provide good customer service because you are going to be motivated at that point.

So that is the pre-sell process; that is how you do it... It has a lot to do with setting your prices because if you have a target price in mind for this product, you test it out at that price. You do not lowball it and then think that is going to be somehow be a validation for a higher price point and you certainly do not go out there to a bunch of people for free and think it is going to validate a particular price point. It does not. The only way to test it at a particular price is to sell it at that price and see what happens.

Hopefully that was helpful to you. If it has been, I would love it if you would share this podcast with a friend, email this to people, share it on Twitter and Facebook; and of course, if you have not already gone and posted your review and star rating of this podcast inside of [iTunes](#), I would highly appreciate it if you would go and take care of that little item of business right now. And you can do that by going to blogmarketingacademy.com/itunes and that will shortcut you right in there.

Thank you so much for listening and I will see you on the next installment of [Coffee Break Blogging!](#)