



Episode 35

Pricing with context for value



**Jason: [00:00]**

Welcome to Designer Discussions with Jason, Miriam and Maria. Today we're going to be talking about pricing with context of value.

Intro: [00:10]

Welcome to the Designer Discussions podcast. Tune in each week where we discuss marketing, branding, PR and business advice for design professionals.

Jason: (00:25)

This episode is brought to you by Design Apple, a tile drawing app you didn't even know you needed on the iPad designapy.com. So, Maria, you talk a lot about value and the pricing model. So can you let us have a little more information about what that's all about?

Maria: (00:44)

Yes, definitely. So today I'd like to talk a little bit about the word that starts with the letter F. Okay. So as we all in our brain are thinking she's going to talk about the F word. We've all made assumptions already and we've come up with the shortcut as to what we think that word is. But what we're going to talk about is that we should frame our pricing. Framing is a very important consumer concept that has been written up by Daniel Conneman and thinking fast and slow. And framing is used in almost all branding so that people can understand the value of something. So Jason, if I was to tell you I'm going to go buy a purse, a handbag and a computer, you might go, oh, that computer is really expensive, but the purse and the shoes aren't. But if I was to tell you the name brands and I was to say, like really high end designer brands, you would be like, oh, my gosh, the purse is really expensive or the shoes are really expensive. And so what happens is a lot of designers come out of project with I am buying a purse, a handbag and a computer and saying, welcome to your client.



Maria: (02:04)

This is what you're buying. You're buying these things. And they don't understand things have to be set within context for people to truly understand what their value is and why they're going to be paying more for something. And when you put something within its context, there is a deeper understanding because people's brains are willing to take a shortcut and add enough value on their own that you don't have to spend as much time helping them to understand why you're so important and why you're valuable. So one of the ways that's really helpful to have some type of context and to use it to show value is when people might ask a question like, well, what if I wanted to have that done for less? The best way to do that is to set yourself up for success and consider putting together more of a design service menu and group what services you're going to provide based on its value, of what type of service they are going to get, and to actually call out what the differences are in those levels of service. We talked a lot about the proposals are super important thing to have with Johanna on episode two. And I think people should go back and listen to that episode as well because it talks about creating a higher level luxury market type work versus doing something that's very basic and competing against the lower price point. So what we want to do is look at if I was to work with someone on a project, you want to come at them with the Starbucks pricing model, you want to give them the tall. The tall doesn't have enough for them in it. It is the lower price point item. It is something that leaves them wanting more. It's the item that makes them think, well, if I'm going to commit to this, I shouldn't just get the least expensive. When there's not much price difference between it and the medium size or the Grande, most people are automatically going to assume they need the middle price point. That is called decoying. Decoying is when you add in a larger, more expensive price item into the pricing structure for people to see so that they begin to understand the context as to what they are buying and how this can truly benefit a designer, especially if you're new to the industry, is that if you're working with a client, they may come at you three weeks, six months into a project, you have a great relationship with them, you've been working together and their scope creep kicks in.



Maria: (04:04)

And when that scope creep kicks in, yes, the price of what it is that you're providing them is going to go up. And an easy way to explain to them that that is going to happen is to reference back at your design services menu and reference back at your proposal. And when someone is really adamant about trying to come up with a way to conserve money, it's really good to give them an example of what all they miss out on before they are allowed to change what the pricing is that you would have for your business. So the reason why this is actually very powerful and I don't think that it's talked about at all in our industry and why people should consider doing it. There's this great popular story about Williams Sonoma and their bread makers. They designed and built two bread makers, an inexpensive one and a more expensive one. I think the more expensive one was 297 at the time. And what happened was they couldn't sell the more expensive one. People would walk in and go, I've got an option A and an option B. All I need to do is make bread. So I'm just going to go ahead and get the least expensive bread maker because I just need to make bread. They never thought they needed the second bread maker. So what happened is Williams Sonoma manufactured an all stainless steel, really nice, expensive 497 bread maker and put it on the shelf next to the 297 bread maker. And the sales spiked significantly for the middle price point bread maker. Because at that point people knew that they were going without in two levels, not just one level. They knew that they were going without two levels deep and that there was something so much better and easier to use and nicer looking and that they didn't want to go that far, but they just needed to be in that middle price point. So what does that teach us as designers? Well, it teaches us that you can manipulate a base price when you're working with someone by adding on features, changing the experience that you're going to provide them, by demonstrating it and showing it to them so that they can make the decision on their own. I think some designers believe that if they go and they meet with a client and they're given a said budget of a certain amount of money to spend, that that's all the client might have access to or might want to spend.



Maria: (07:04)

But the reality is that's not the case. Most times people have more money than that, that they'd be willing to spend. They just picked a number out of the blue and decided to work off of it. So, for example, I used a design service style menu on a project where I was working with someone, a commercial client, and I knew that they wanted the lowest price point they had worked with another designer. I had seen their previous work. I knew exactly where they were. They were my Ikea target. I need the least expensive stuff possible. Just get it in there and throw it into the space client. So instead of just presenting them what they are used to spending and then pricing what I wanted them to spend, I gave them a three choice menu. I gave them this concept of a really high end, super nice looking, luxe design that was going to cost them in goods and materials twice as much as what a middle price point would be of the three options. And then I gave them not going to finish the project in the way that they needed it completed price point as the lower ticket item. However, there wasn't a big difference in price and the items across each category. In the higher end line, there were it was more stuff. So in the high end it was more expensive items and more of them. And so what happened was when the person the client, the team is sitting across the table from me and they're looking at what their options are for this project I was going to do for them. They looked immediately and said, I want to do the lowest one, I want to do the lowest one. They were sure they were going to want to do the lowest one, which I knew they were going to do. But I left off a couple of items that they were going to want. Like they were going to need all the outdoor furniture that isn't in that there was something missing in that lower price point items. So then what happened was then they leaned into the second tier menu, and then they said, But let's add in all of these items. So as they came through and started to circle all of the items they needed to add in, they were adjusting on their own terms, their budget into the middle price point.



Maria: (09:04)

They felt good about themselves because they didn't do a really high end design. They felt really solid. But the reality is, I didn't give them a price point that was in line with what in a Facebook group. If you were to ask a group of people for this type of project, for this type of work, what would you budget for your client to do? It the prices that the designers put out for that I didn't have to work within that framework because I chose to move the frame as to which I wanted to work within. I wanted to work within a certain aesthetic, I wanted to work within a certain budget. And I also wanted my clients to know that I could achieve good quality vignettes and spaces that they could have photographed and then use on their website in the future with a certain price point. But as it improved, the quality of what they were going to get was going to change based on the framework as to which I had given them their options. And realistically, after pulling away from the meeting and everybody adding in enough stuff, everybody wanted the branding Department, the website team. I was able to call out things that I would normally have to pay for and tell them, I need you to add in your photography, and I'm picking the photographer, and I'm going to be there for the photography so that the website has nicer, higher quality images than what you have right now. Plus, you're not going to have to binge and Zoom in on these low price items because I'm going ahead and planning for the higher end items for you guys, because I want people to see your business and your brand and understand that this is a really nice, high quality dream project for them. And so what happened was once I changed the framing, it's so much easier to change the value. It's so much easier to change the price. So I want to go over two simple ways that we can talk about this in a way maybe no one else has talked about before. So, number one, if someone is asking you, okay, well, I'm interested in buying some things from my catalog. Just regular plain drapes and some type of bedding. You could say, well, if we go higher end, we get them professionally pressed and ironed, we deliver them out, and we steam everything and install them for you.



Maria: (12:04)

There's the difference between what those two things are immediately you can understand because of the context as to which you have explained what you're providing for the person, they begin to understand the value of it. They're like, oh, well, if you take care of that much of it for me, then that is more valuable to me. And I totally get why the pricing is there, because that level of service is above and beyond what the cost of something would be. Another way to quickly go through, like a design service menu style format for someone is to explain that maybe in the low end you're going to be resourcing everything for their project locally in a mid tier price point. You're going to be traveling a little bit to, like, design centers and major sub cities to pick out items for their project. And then the third one might be that you throw out there. Because remember, this is your highest end. This is your ideal client profile that you want to have in your high end. Your third tier menu might want to say, this would be like, we go take a five day trip and hit some flea markets in Paris, and we look at finding some really cool vintage doors. I mean, you could just talk about what it is that you would love to experience with your client, because then people might not even think to ask their designer to do that, but they might look at each other and go, hey, Babe, for anniversary this year, why don't we take our designer up on going to France and let's go shop for vintage decor for our place? And the thing is, you can never get that opportunity for someone to opt in on something if you've never explained that it's an option. And so for designers, we spend a lot of time shooting over a spreadsheet that's going to say, this is how much everything's going to cost. This is how much I charge, how much of it is a story, how much of it is an experience, and how much of it is creating a depth of value for your clients that they can't not have now that they can't just walk away from when they know that that becomes something that would be available to them. So whenever you're looking at putting together pricing, it is not about a number. It's not about a square foot number that someone else estimates.



Maria: (14:04)

It is about what you're able to create and craft. It's about where you live and what your business overhead is. And it is also about what level of service and attention and care that you as a designer are providing for your client. Because the service that you're providing is actually the most expensive part and it has nothing to do with the cost of the goods that are being delivered. Whenever you're really looking at how you are providing a high level interior design service for your client. So keep in mind price, use context, add value. And whenever you can look at little things you could be doing. Maybe it's in your social media. You talk more about what that context is and why that's so important, why something is meaningful to someone or why you went above and beyond to create something or create an experience for your clients. Look at how you can start to use those stories, how you can show don't tell. This might even be through photographs what it is that you are doing in a way that people can truly, deeply, emotionally understand what it is that you're doing and not try to compare you to a catalog that comes in the mail or a website that comes along because honestly, that is not what they're buying. They're buying you. They're buying access to you. So get out there. Look a little bit more at how to increase value through your context as to which you present items, how you talk about items and especially if you're new to design. Consider putting together more of a design menu whenever you're putting together your estimates and your proposals so that that way, if your client comes to you and asks for you to change the price, you can quickly and easily show how the items would come out of your time or your budget. Whatever you have allocated and if they start adding onto the project, they already know how much that would cost them before you even start. So that way you're not having to worry about changing their mind. You're not having to worry about coming back and addressing it after the fact you've already outlined it from before you started working with them and you can always reference back to it.



Jason: (14:04)

I actually love that Maria and that ties in directly to what you're saying with the Johanna episode, episode two where she talks about know your value, show your value, and then find ways to add more value. So this is just a next level for designers to know. So we look at episode two and then relisten to this and you'll see how it all ties in. Perfect. We hope to see you all here next week on Designer discussions. This episode is brought to you by designappy a tile drawing app you didn't even know you needed on the iPad designappy.com.

Outro: (18:02)

We hope you enjoyed this episode of Designer discussions. What was your takeaway care to share your thoughts and tag Jason, Maria, and Miriam on social media. You can find them on all platforms at [Designer discussions.com](http://Designerdiscussions.com). Don't forget to, like subscribe and leave a review or comment for this episode from wherever you are listening.



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