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# Can You Make More Sales By Making Everything Free?



Michael Maven Contributor ⓘ

Entrepreneurs

*I cover proven and tested sales growth methods for owners and CMOs.*

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I previously covered the [macro/micro concept](#) and how it can bring business success. Today, I'll show you one macro concept that smart companies use to grow sales.

*'Macro/Micro Winning' is my series revealing how long-term strategy can help you win in business.*



Chocolate fiend: Luxury chocolate truffles and lesser priced ordinary chocolates were used in this experiment MURILO FOLGOSI

One macro/micro concept when you're trying to sell a product, is how to structure your offer. And one further nuance of structuring your offer, is the price you choose.

### **The Power Of 'Free'**

In his book Predictably Irrational, Psychologist [Dan Ariely](#) describes a particularly interesting experiment.

### Experiment 1:

A table was set up offering two kinds of chocolates - expensive luxury truffles and much lesser priced ordinary chocolates.

The luxury chocolates were priced at 15 cents and the ordinary chocolates were priced a 1 cent. 73% of buyers chose the luxury truffle and 27 percent chose the ordinary chocolate.

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### Experiment 2:

Next, they decided to see how the 'free' factor would change results. In the next run, both prices were lowered by 1 cent.

So now, the luxury chocolates were priced at 14 cents and the ordinary chocolates were made to be free.

Would there be a difference in results? Should there be? After all, both prices were reduced by 1 cent.

This time, 69% of people chose the free ordinary chocolate (up from 27 % before). Only 31% chose the luxury chocolate (down from 73% last time).

Most people chose to miss out on the chance to get an expensive chocolate truffle at a big discount, when they had the option to get the ordinary chocolate for free.

## **What Is Happening?**

Why are these results so surprising? Well, both chocolates were discounted by the same amount. The price difference was unchanged. The expected pleasure from both chocolates was also unchanged.

Economic theory (cost-benefit analysis) says the price reduction shouldn't lead to a change in the behavior of buyers. But the impact was huge - after, only 31% chose the luxury chocolate (down from 73% the first time).

## **How Can You Use This In Business?**

There is much more to this method than I can explain in one article.

However, ask yourself, how can you position your items with a free price tag?

Here are some examples:

- A company sells an initial Gold course for \$100. However, if you purchase the bigger Platinum course for \$900, you receive the initial Gold course for free.
- You sell an instructional DVD for \$9 plus free shipping. The offer is changed to a free DVD plus \$9 shipping.
- You sell a Pen for \$20, and so your average order size is \$20. The offer is changed to a free pen + \$10 shipping plus you offer more pen sets, ink kits, fancy nibs and luxury paper, after the initial sale. This bumps your average order to \$40.

How many products can you sell for 'free'?

Coming in Feb 2019: In my next article, I will show you an in depth walk through of how one company used this 'free concept' to 6X their sales.

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*Michael Maven is the founder of sales growth firm, [Carter & Kingsley](#). You can also contact him through his personal [Michael Maven](#) homepage.*



Michael Maven Contributor

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