

Even More Valentine's Day Pricing Help The Right Price, Dig Deeper

Floral Management contributor Mark Anderson had *too many* great tips on Valentine's Day pricing for our Nov/Dec issue. Here are additional insights on best practices that we just couldn't fit in the print edition.

Sell Single Roses

What

Many florists avoid selling single roses at Valentine's Day based on the belief that they're not profitable and/or decrease spending.

Why

Singles can be very profitable, and without cannibalizing larger sales, once you put aside some common misconceptions.

How

One of those misconceptions is that there isn't enough profit in singles to make them worthwhile. That's true if you hold to your traditional cost-plus formula, but there is absolutely no reason you can't charge far in excess of that.

What really matters in pricing is not your cost but what the customer values in your product. Sure – some buyers want singles because they're cheap, but they're not looking for the best value, they're looking for the lowest price.

And the lowest price is never the best value. The travel sized toothpaste might be the cheapest size, but it's also the most expensive on a per-unit basis.

These customers don't expect a single for 1/12 the price of a dozen, they just want a single that's cheaper than a dozen. And you can charge a lot for that.

But not every shopper looking for a single is focussed on a lower price. Instead they're focussed on different attributes that are unique to singles.

In some cases, a dozen is a bigger statement than they are willing to make. Or they find a single more romantic, or has special meaning in their relationship. In our family store, there was one customer who bought a single every year because his marriage had begun with a single rose, clandestinely wrapped in a newspaper and presented in their shared office.

This is the problem with another misconception – the idea that in the absence of singles customers will buy a dozen instead. For the most part, it's just not true – these customers want singles because they want singles, and trying to move them to a dozen is like trying to move them to a casket spray.

The other concern is that some buyers might see singles as a way to get out of purchasing a more expensive dozen. That's a risky move but if you're concerned about you can keep singles "under the counter" and only offer them when asked.

Our family store fought singles for years. One year we started asking questions of people that left the store empty handed, and we realized we were leaving a lot of money on the table. The following year we started quietly offering (expensive) singles to people who expressed interest during their "exit interview".

It went so well that we happily displayed even more expensive singles out on the open the following year. People that wanted something (relatively) cheap loved the singles, and confirmation bias meant there was very little cannibalization of larger sales. People that were interested in a dozen looked at the single (about half the price of a full dozen) as offering terrible value and felt better about their larger purchase.

Understand Weight-Out

What

That empty space at the top of a box of cereal.

Why

By selling a little less at the same price you can stealthily increase sales and profits.

How

It's tough to weight-out the Valentine's Day staple of a dozen roses... sending ten roses can start a chain reaction that ends badly for everyone.

It is however possible to play with larger sizes. Don't feel you have to be constrained to increments of twelve (one dozen, two dozen, etc.) which makes it too easy for customers to compare prices.

For example, your Valentine's Day spectacular might contain twenty roses instead of two dozen. This buyer isn't focused on value, and just like leather seats and a nicer stereo can disproportionately increase the price of a new vehicle extra roses can do the same thing. Don't be limited by a cost-plus formula.

Embrace Upselling

What

The small popcorn costs \$5, but the medium (twice the size) is just \$5.50. The movie theater recognizes that the extra mouthfuls of popcorn are less valuable than the first and prices accordingly.

Why

A small additional profit is better than no additional profit.

How

An earlier section looked at how a buyer that gravitates towards your Valentine's Day Spectacular is less focused on value, allowing you to exceed your cost plus formula.

Here we deal with the opposite – a customer that has turned down the larger premium offering and committed to a dozen.

That means we're going to have to hustle if we want a bigger sale. We're going to have to offer them a compelling reason to buy in the form of a discount. The movie theater offers the extra popcorn at a discount, and we're going to do the same with extra roses.

If for example your dozen is \$60 you might offer eighteen for \$75 or two dozen for \$90. Presented as "an extra dozen for half the price" that is a compelling offer to someone who has just tacitly agreed that \$60/dozen is a fair price.

Yes, you make a smaller profit on the extra roses but it's profit you would not have made otherwise.

And what about the risk of cannibalizing full price sales? It's all in the presentation. You start by offering both your larger higher end products and your staple dozen. Later in the conversation, after they have committed to the dozen, you explain you're offering a special where they can add six or twelve roses for a much lower price.

Seem strange? It happens all the time. It's a more sanitized version of haggling over price (really the process of ascertaining how much a customer is willing to pay for your product) which was the norm for most of history. Pricing guns are a relatively new invention.

Still skeptical? Try booking a room on [hilton.com](https://www.hilton.com). First, they'll offer you suites at full price but, once you have committed to a standard room they'll give you a second chance at a suite for a discounted rate later in the checkout process.

Try Out Bundles

What

The burger/fries/drink combo at fast food restaurants, the popcorn/soda/candy combo at your local movie theater.

Why

There is a reason bundles get the most space on menus and signs. They cause people to spend more, both in terms of additional products (the moviegoer that just wanted popcorn and soda buys a bundle with M&Ms) and larger quantities (the person that wanted small fried goes with the medium because that's what was in the bundle).

Bundles also make the order process easier for all involved because only one product is being offered and rung in, only one decision is being made.

How

Have some bundled options to present to customers. A typical Valentine's Day bundle would contain the flowers, delivery charge, and at least one additional high margin item like an upgraded card or chocolate.

This extra item(s) is the key. It's the thing raises the order value. Make sure it is very profitable! The point of the bundle is that the customer doesn't assign exact values to the component parts – they're freed up to focus on the end benefit (a happy recipient) because they aren't being confronted with the price of each item.

Bundles are so appealing that they sell even when they are priced at more than the sum of their component parts, but that will annoy someone that stops to do the math. Typically bundles are discounted 1%-2%, but the extra profit from that high margin add-on item is the payoff.

Bundles should be presented early in the conversation, as soon as the customer says they want something for Valentine's Day: "Would you be interested in one of our Valentine's Day bundles that includes delivery and...".

If they choose the bundle option (not all will) you can then introduce standard and Signature bundles.

Do Discounting Well

Why

To make sales you would not get otherwise.

How

Discounts are best offered to generate sales from customers who will not pay full price. You want to avoid cannibalizing full price sales by not offering discounts to anyone willing to pay full price.

This is typically achieved by selective marketing (you only extend the discount to people you expect won't pay full price) and introducing hurdles.

Hurdles are designed to deter all but the most committed bargain hunters. Coupons are considered an all-time great hurdle simply because most people don't like using them. Someone that is willing to use a coupon is someone that was unlikely to pay full price. You can also control distribution of coupons and direct them to people that are not your standard customers.

Pickup is another. Delivery is a big part of the values florists provide, and someone that is prepared to pick up in-store (especially when you have warned them what a madhouse your shop will be on Valentine's Day) has earned their discounted pick-up special.

Another potential hurdle is a "I love you so much I couldn't wait!" special with a discount for people that are OK with delivery on February 12 or 13. Florists generally don't have much luck with this, proving it is a very effective hurdle – people that can pay full price happy to pay full price in order to get delivery on the 14th. That means the hurdle is working.

To get better response try going wider, outside your existing customer base, to customers that might consider you out of their league. Remember the goal – we're not talking about spreading the order you're likely to get from existing customers out, we're talking about getting new orders from people that can't afford you otherwise.

Discounts are also used to encourage people to order early, allowing you to order more effectively and with greater confidence. This is less about increasing sales and more about managing production, and a business decision each store has to make.

If you are confident your core existing customers are going to order from you there isn't much point offering them an early order discount. If you're going to get those sales anyway why give anything away?

But again, you might want to try and extend your reach, offering an early order discount to customers that are unlikely to pay full price.