

URL: <https://stvp.stanford.edu/blog/videos/if-it-costs-more-its-worth-more>

Whether you're running a for-profit or non-profit enterprise, the price point is crucial - and cheaper is not always better. The less people pay, the less value that's attributed, discovered Christine Benninger, President of the Humane Society Silicon Valley, and her organization decided to raise the prices of animal adoption four-fold in the hopes that clients would feel they're getting a better product, and that they'd be more likely to keep it. Did customers take their business elsewhere? Hardly. Despite having the highest adoption prices in the county, the HSSV showed a ten percent increase in adoptions, with half as many returns.



Transcript

There's another thing you did, speaking of cats that I'd love to talk about.. You changed your pricing strategy for adoptions.. Talk about that a little bit because I think that's another interesting case of pattern recognition for those that are thinking about private, for profit entrepreneurial ventures versus social entrepreneurship.. You were using similar analytics there to make a pricing decision.. So when I first started, our adoption prices I think were \$25 for a cat and \$40 for a dog.. And about five years after I started, the CVMA, the California Veterinary Medical Association actually completed a study in looking at basically their study was around what types of animals that turned into shelters.. But there's a whole off shoot to that which looked at how much people actually paid for the animals to begin with.. And there was this correlation around the less that people paid for the animal the more likely they are to turn it in because it's not worth as much.. So, we made a strategic decision to raise our prices.. And again, it was one of those outcries where, you know, board, staff is going "Oh my God! You can't raise price." I mean, who's going to pay more a six-year-old dog..

But the whole concept is that if people pay more, they believe they're getting a better product.. It's interesting and they're much more likely to keep that product.. We also made this strategic decision to say, "We're not going to continue to sanction that message that's being sent that cats are not as important as dogs so that you pay less for cats and more for dogs.. So, the first year started out as a shoot.. We raised our prices from 25 and 40 to a \$110 for both the dog and a cat.. And what was amazing about the first year is that we had a 10 % increase in the number of adoptions we did and a 50 % decrease in the returns of animals to Humane Society.. So it really has played out that the more you pay, people think it's a better product and people want to come to you.. So we've continued to sort of lead the way in Santa Clara County with the highest adoption prices in the county.. That's as good one...