Anchor Upsell

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Key takeaways

- Anchor upsells present a premium item first (the anchor), ideally 5–10x the price of your main offer, to make the main offer look like a better deal.
- Presenting a very expensive option first causes an expected "gasp" reaction; that gasp shows the anchor is high enough to reframe the purchase.
- After the gasp, offer a cheaper alternative by changing secondary features while keeping the same primary/core functions; customers then feel relief and perceive the main offer as a steal.
- The anchor should differ mainly in secondary features (brand, materials, trim) while the lower-priced offer retains the same core functionality.
- Anchor upsells increase average spend because (1) many customers spend more than planned and (2) a small percentage will buy the premium option, dramatically raising average order value.
- Even if only a minority buy the premium anchor, those purchases can add significant profit per sale (example: one of five buying a 10x option adds ~3x to average purchase).
- Anchors must be an order of magnitude larger (not a small % increase); 20% or 100% is not sufficient—aim for 5x–10x.
- This strategy works best for businesses with fewer customers who spend a lot, and can outperform menu upsells for high-ticket businesses.
- Always have premium upsells ready; failing to offer premium options can cost you large amounts of revenue (worse to offer too little to a high-budget customer than too much to a low-budget one).
- Examples/analogies in the transcript: personal suit story (came with $500 budget → saw $16,000 suit → bought ~$2–3k suit + accessories); Rolls Royce showing cars only at plane/yacht shows to reframe pricing.

Checklist

1. Create a true premium anchor (5x–10x)
    - Present a clearly premium option first that is 5–10 times the price of your main offer.
    - Why: an order-of-magnitude anchor forces re-categorization of the original purchase and makes the main offer look like a bargain.
2. Trigger the gasp
    - Expect and let customers react to the high price; if they don't gasp, your anchor isn't high enough.
    - Why: the gasp shows the anchor reframed expectations, creating contrast that boosts uptake of the main offer.

3. Rescue with the main offer
    - After the gasp, offer the main product priced significantly lower and positioned as the practical/better value.
    - Why: customers feel relieved and are more likely to buy the main offer because of the favorable comparison.
4. Differentiate via secondary features, keep primary features the same
    - Make the premium anchor distinct mainly by secondary features (brand, materials, trim, lining), while ensuring the cheaper offer retains the same core functions.
    - Why: customers get similar core value at a much lower price, so the main offer feels like a steal while you preserve perceived quality.
5. Ask how they want to pay
    - Once the customer opts for the main offer, move quickly to close (e.g., “Which card do you prefer?”).
    - Why: rapid closing capitalizes on the relief/decision momentum created by the anchor sequence.
6. Include premium anchors in every funnel/offering
    - Always have at least one premium upsell ready for customers who have higher budgets.
    - Why: offering premium options captures high-budget buyers you’d otherwise lose; a few premium purchases can dramatically increase overall revenue.
7. Size the anchor correctly (order of magnitude)
    - Ensure your anchor is not a small percentage increase—target 5x–10x the main offer.
    - Why: only an order-of-magnitude difference forces the necessary psychological reframing.
8. Measure economics of occasional big-ticket buyers
    - Calculate how infrequent premium purchases affect average order value (e.g., one in five buying 10x increases average substantially).
    - Why: even rare premium buys can multiply business revenue; knowing the math justifies maintaining anchors.
9. Use relativity in positioning (context matters)
    - Place anchors in contexts or bundles that make the main offer look reasonable (analogy: show Rolls Royce among jets/yachts).
    - Why: relative pricing contexts make the main offer appear inexpensive and desirable.

Examples:

- Suit story: came with a $500 mental budget, first saw a $16,000 suit (anchor), then a $2,000–2,200 suit as the main offer; ended up spending ~ $2,500–3,000 total and also $300 (or $500 mentioned elsewhere in transcript) on accessories/shirts—anchor led to spending ~5x the original budget.

- Rolls Royce: moved car show appearances to plane/yacht shows so a $400,000 car appears modest next to multi-million-dollar jets/yachts, making other potential buyers more likely to buy.

Notes:

- The anchor must be dramatically higher to work; small price lifts don't reframe perception.
- Offering premium options won't generally lose customers but not offering them can cost you large sales.