BEVASSETS · THE PRICING MASTERCLASSES

MASTERCLASS 04

Competitive Set & Pricing

Why the four brands next to you in the cooler cap your price, no matter how good your story is.

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Competitive Set Impact on Pricing

Why the four brands next to you in the cooler cap your price, no matter how good your story is.

You can build the most beautiful brand in the category, with the best liquid and the deepest story, and the shelf will still tell you what you're allowed to charge. Because a consumer doesn't price your bottle in a vacuum. They price it against the three or four bottles sitting right next to it, the competitive set, in the half-second before they reach. Your cost of goods sets a floor under your price. The trade sets the markup in between. But the competitive set sets the *ceiling*, and the ceiling is the one founders fight hardest and lose to most often.

This is the hardest pill in pricing, so I'll say it plainly: your costs are your problem, not the consumer's. The market does not owe you a price that covers your bill of materials. If your fully-loaded cost forces you to price above the set's ceiling without a reason the consumer can see and feel in that half-second, you will not move, no matter how true your story is. Pricing into the competitive set is not about what you need to charge. It's about what the shelf will let you charge, and whether you've earned the right to sit a notch above it.

The consumer doesn't care what your bottle cost you. They care what the bottle next to it costs them.

The Shelf-Set Ladder

Every category sorts itself into price tiers, and the consumer reads them like rungs on a ladder without ever thinking about it. Value, premium, super-premium, ultra. Each rung has a price band the shopper has internalized. Where you place your bottle on that ladder is a bigger branding decision than your label, because it tells the consumer what to expect before they've tasted a drop. The danger isn't picking the wrong rung. The danger is landing *between* rungs, in the dead zone.

THE SHELF-SET LADDER

Price tiers in a typical spirits set, and the dead zone

TIER	SHELF BAND
Value, the price-buyer's default	$14 to $18
Premium, the everyday upgrade	$20 to $27
⚠ *The Dead Zone*, too dear to be premium, too cheap to be special	$28 to $32
Super-premium, the gift & occasion tier	$33 to $45
Ultra, the trophy / collector tier	$46+

Land at $30 and you compete with the $25 premium on price and the $35 super-premium on prestige, and lose both fights. Price is positioning. The gap between rungs is where brands go to disappear.

The dead zone is where good brands with honest cost problems go to die. A founder's laid-in cost won't let them hit $26, so they "compromise" at $30, telling themselves it's barely more. But $30 isn't barely more than $26 to a shopper, it's a different rung that triggers a different expectation, and now the bottle has to out-prestige the super-premiums it's suddenly standing near. Either get your cost down and own the premium rung cleanly, or add enough visible reason-to-believe to climb fully into super-premium. The one thing you cannot do is float in between and hope.

Price gaps are a message the shopper actually reads

The space between your price and the brand next to you is not random, it's communication. A $2 gap says "basically the same, slightly better." A $7 gap says "a real step up, choose me when it matters." A $0.50 gap says "we couldn't think of a reason, so we matched them, " which is the worst message of all because it makes you the forgettable second choice. Decide what your gap is supposed to say, then set your price to say it. If your cost won't let you create a gap that means something, that's not a pricing problem, that's a cost problem wearing a pricing costume, and you solve it back in Masterclass 03.

FLOOR		MIDDLE		CEILING
Your COGS	→	**The Trade**	→	**The Set**
what you can't go below		*markup chain*		*what the shelf allows*

SAM SAYS

"Walk the cooler before you set a price. Stand where the shopper stands. The four bottles your hand passes on the way to yours just wrote your price ceiling, and they didn't ask what your glass cost."

SCENARIO · THE RTD THAT FOUND THE GAP

A founder has an RTD with real cost pressure, premium spirit base, not malt, so she can't win the $11.99 value four-pack fight and survive. Instead of splitting the difference into the dead zone at $14.99, she studies the set: a wall of $11 to $13 malt-based packs, then nothing until the $19.99 craft-cocktail tier. There's a wide-open gap at $16.99. She prices there, leans the whole brand into "real spirits, not malt" so the $5 gap above the value wall means something the shopper can read in half a second, and owns a rung nobody else is standing on. Same cost problem as the dead-zone founder. Opposite outcome, because she let the set tell her where the opening was instead of letting her cost tell her where to hide.

What to do Monday

1. Photograph your actual shelf set in three real stores. Map every competitor's price onto the Shelf-Set Ladder.
2. Find the gaps, the price bands where nobody's standing. That's where opportunity lives, not in matching the brand you admire.
3. Check whether your intended price lands on a rung or in a dead zone. If it's in the dead zone, you have a cost decision to make, not a pricing one.
4. For your nearest competitor, decide what your price gap is supposed to *say*, then make sure the brand gives the shopper a reason to believe it in half a second.

Four numbers. The shelf, the middle, the floor, and the set. They squeeze your price from every direction, and the founders who win are not the ones who fight the squeeze, they're the ones who understand it well enough to find the one price where all four forces leave them room to live. Run these on your own brand. Then go pick up the phone.

Truthfully,
Sam