092 The Pricing Blind Spot

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Every operator who has ever walked into a pricing conversation already knows they are better than their competitors. Ask them. Within two minutes they will tell you — the sourcing is cleaner, the cast is more developed, the Guest experience is more intentional, the standard is held more consistently. They know. The certainty is real.

Then ask them what they charge.

Industry average. Just below industry average. "Competitive pricing." Whatever the market will bear — which they have decided, without data, is less than what they are actually worth.

This is not humility. It is *Attention Distortion* applied to the one number that determines whether the operation compounds or contracts.

What the Operator Is Actually Looking At

The operator who underprices their own offering is running two reads simultaneously, both incomplete, both wrong in the same direction.

The first read is inward. They see their own operation with full visibility — every gap in the service, every night the kitchen ran ragged, every Guest who left without saying anything, every standard that slipped and got covered rather than corrected. The gaps are real. The read is accurate. But gaps are visible in every operation at full visibility. The operator who only reads their own gaps without reading their own strengths is not being rigorous — they are being selectively attentive to the wrong half of the picture.

The second read is outward. They see their competitors' operations with the visibility of a Guest — which means they see the highlight reel. The full dining room on a Friday. The Instagram post that looks intentional. The review that landed well. The concept that feels fresh. The competitor's gaps are invisible because the operator is not standing inside them. The competitor's strengths are visible because they are the only thing the operator can see from the outside.

The result: the operator reads their own operation through a magnifying glass pointed at the flaws and their competitor's operation through a window pointed at the wins. Then they price accordingly — as if they are the inferior option competing against a superior one — when the reality is precisely the reverse.

The Compounding Cost

Underpricing is not a conservative financial strategy. It is a compounding liability.

The price signals value to the Guest before the experience begins. The operation priced below its actual worth trains the Guest to expect less than it delivers — and then produces more than expected, which should feel like a win but lands as confusion. The Guest who got more than they paid for does not conclude the operation is exceptional. They conclude the operation is cheap. And cheap is not a brand position that compounds.

The pricing gap also funds the competition. Every dollar of margin the operator leaves on the table is a dollar not invested in cast development, facility improvement, marketing investment, or the Guest experience that would justify the price the operator was afraid to charge. Underpricing produces underfunding. Underfunding produces the gaps that make the operator feel unworthy of the price they should be charging. The loop closes on itself.

The Corrective

The corrective is not confidence as a posture. It is an honest read run in both directions.

Name the three ways your operation is genuinely better than the primary competitor in your segment. Not aspirationally — actually. The sourcing. The cast development. The standard of welcome. The consistency of the experience. The relationship with the regular Guest. Name them specifically enough that they could be verified by anyone who walked both operations.

Then name the price that reflects the value you just described.

Then hold it.

The Guest who objects to the price is not telling you you're overpriced. They are telling you you have not yet communicated the value clearly enough to justify it. The answer is not to lower the price. The answer is to close the communication gap. Lower the price and you have confirmed their read — that what you offer is worth less than you know it is.

What Changes Tomorrow

Name one area where your operation is genuinely better than the primary competitor in your segment. One — specific, verifiable, not aspirational. Then look at your current pricing and ask whether it reflects that advantage or ignores it. If it ignores it, the price is sending the wrong signal before the Guest ever sits down. Close the gap between what you deliver and what you charge for it — not by discounting the competition, but by communicating the value that already exists.

Cross-fundamental note: connects to 1.1 — Two Roads (underpricing is a Road 1 posture), 5.X — Profit (pricing confidence is a Profit discipline), and 1.OR.8 — The Gorilla in the Dining Room (expertise creates inattentional blindness — the operator whose deep P&L focus makes them miss cast and Guest signals is running the same mechanism as the operator whose self-focus makes them miss their own pricing power).