

PERSONAL FINANCE

Sell to the Rich

Pricing and Wealth Concentration

Based on Alex Hormozi - Why You Aren't Making As Much Money As You Want

Core idea: do not fight over low-budget buyers when the profit pool is concentrated in premium customers. Build offers that let high-budget buyers pay you more.

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— Executive Summary

The video argues that most businesses stay small because they sell to the wrong customers, set prices from their own limited wallet, and build offers that do not allow wealthy or high-budget buyers to spend more. Money is concentrated, profit is concentrated, and pricing should reflect that reality.

Bottom Line Up Front

Ruthless translation: If your business relies on getting hundreds of budget buyers to say yes, you are choosing the hardest version of the game. For most service businesses, the smarter move is fewer customers, higher price, better delivery, and better qualification.

— The Core Framework

CONCEPT	WHAT IT MEANS	ACTIONABLE TAKEAWAY
Wealth concentration	A small segment controls most spending power.	Stop designing every offer around the lowest-budget buyer.
Pareto inside Pareto	Top slice of customers produces most of the profit.	Identify and serve the premium buyer intentionally.
5-10x pricing jumps	Premium tiers must be meaningfully different.	Create tiers that unlock new economics - not \$100 vs \$129.
Anchor high	Premium positioning makes lower tiers feel reasonable.	Lead with the best outcome, then offer simpler options.
Qualification	Most people are not premium buyers - that is fine.	Filter harder so sales conversations are not wasted.
Offer differentiation	You cannot charge premium for a commodity.	Make it faster, easier, guaranteed, or status-enhancing.

— The Pricing Math

A simple example that makes it concrete: 8 base customers vs 2 premium customers.

SEGMENT	CUSTOMERS	PRICE	REVENUE	STRATEGIC LESSON
Base	8	\$10/mo	\$80/mo	Volume alone is not enough.
Premium	2	\$50/mo	\$100/mo	A small buyer count can double revenue.
Profit impact	2 buyers	Higher	5x+ profit	Overhead is often already covered by base.

Pricing Warning

Key warning: A \$100 offer and a \$129 offer are the same psychological purchase. A \$100 offer and a \$1,000 offer force a real segmentation. Tiny upsells are usually a waste.

— What Premium Buyers Actually Pay For

Premium buyers pay to remove risk, delay, and hassle. Fast, Easy, Certain, and Status.

WANT	WHAT IT LOOKS LIKE	WHAT TO AVOID
Fast	Priority scheduling, rapid response, shorter timeline.	"We will get to it when we can."
Easy	Done-for-you, concierge handling, no coordination burden.	Making the buyer manage your process.
Certain	Clear outcomes, proof, reporting, warranty.	Vague deliverables and weak communication.
Status	Best-in-class result, expert delivery, strong presentation.	Looking like every cheap competitor.

— Start High, Then Move Down

Tesla launched with a \$100,000 car, then built the Model S, Model 3, Model Y. The reverse is nearly impossible - a discount brand has to fight credibility problems every time it tries to go premium.

- Starting high creates a stronger brand anchor.
- High-ticket offers require fewer customers, which is operationally simpler at the start.
- Low-ticket mass-market offers need capital, automation, distribution, and extreme efficiency.
- For service businesses, premium high-touch delivery is usually the more realistic early path.

— The Premium Service Flywheel

- Higher price creates margin.
- Margin allows better people, tools, systems, and delivery.
- Better delivery increases reputation and demand.
- Higher demand supports higher prices.
- The flywheel breaks if price rises without real value.

— Mental Models for Pricing

- Stop selling from your own wallet. Your affordability is not the buyer's affordability.
- Expect more noes. Premium pricing means most people will not buy. That is segmentation working.
- Use an anchor. A high-end option makes the rest of the stack feel more reasonable.
- Say the price without flinching. Pre-frame with "it is expensive" so both parties are prepared.
- Think in value ratios. Budget buyers react to cost. Wealthier buyers ask what the price gets them.

— 90-Minute Implementation Sprint

TIME	TASK
0-15 min	Write your current offer, price, close rate, and average customer profile.
15-30 min	Define the buyer with 10x the budget. List what they care about.
30-50 min	Create a 5x premium tier and a 10x premium tier. Do not water it down.
50-65 min	Add qualification criteria so you stop pitching premium offers to budget buyers.
65-80 min	Write a one-page sales script that presents the premium offer calmly and confidently.
80-90 min	Pick 10 qualified prospects and schedule outreach. The lesson is useless until tested.

— What to Ignore

- Do not obsess over exact percentages from wealth data. The takeaway is concentration, not precision.
- Do not assume premium pricing fixes a weak offer.
- Do not lower price just because unqualified buyers say no.
- Do not create an upsell that adds operational complexity without a major profit jump.

Final Takeaway

Blunt version: If your offer cannot be sold for 5x to 10x more to anyone, either your market is weak, your buyer selection is weak, or your offer is too ordinary. Fix one of those before blaming the economy or "people being cheap."