

BUILDING VALUE INTO YOUR PRICING.

When it comes to selling your products or services one of the decisions that the potential buyer is going to make is what is the value I am going to get for my investment or is the price too high, is the price too low, is the price within my budget..

When a buyer considers how much they need to invest in a purchase they weigh up the benefits that they get for the amount of money they have to pay.

The more benefits the more likely they are to purchase, the more understanding of the benefits they are likely to purchase.

When you see a price ticket that has a product description and a price that has no benefits in it, no reasons to purchase it you must then go by your previous experience or your perception of whether that is good value for the price numbers that the seller is asking for.

That's all very well for products and services that people fully understand, a product that they have used before, a service they have used before is easily understood and then they are only looking at who the supplier is and their image in the market place.

But if you are in a multi-supplier market place you may wish to help the buyer understand that you offer more or less value benefits so that they may purchase their products or services from you as a preference.

In preparation for helping the buyer understand the investment value you are going to deliver a very good technique is to write a list of benefits as many as 21 benefits reasons why your product or service will be of value to the customer.

You can then choose to communicate either all of these benefits, or part of the benefits, or keep on using different benefits in groups of 4 or 5 each time you communicate about your product or service.

You can use these benefits in product descriptions, service advertisements, and also in product or service knowledge amongst your customer service or your sales staff or people who will interact with customers.

Having determined your price and its benefits you may also like to consider the psychology of how you price point your pricing.

Consider 00 on the end of a price implies quality, .99 on the end of a price is discounting, and .95 is normal selling price.

These price points are based on perceptions of customers of what is value.

In addition there will be price point areas which trigger a response e.g. \$19.95, \$29.95, \$50.00, \$500.00 etc within a given market place that are pricing areas that people seem to consider are fair value for what was asked.

In addition you can also consider high quality equals high price, medium quality equals medium price, low quality equals low price but remember the interpretation of quality is the benefits so you need to communicate heavily the benefits for high quality, and less so for low quality.

When you are submitting a tender or a quotation you should also fully detail the investment value benefits and in particular pay attention to if you exceed the specifications how you exceed them.

Another strategy is to communicate the word investment instead of the word price, particularly when you have a high quality, high value item, when you reply to a quotation you talk about the buyers as "Your investment" to help focus that price is only what you pay, what you get is the value of the item or the service.

You may care to consider that in valuing a service there is the expertise and experience of the people who provide the service that will help the buyer understand the value.

You may also care to remember that when you give something away free it has no value until you tell the buyer what its value was normally until you gave it away free.

Your investment in communicating the value of your pricing works.

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