

Advantages of Value Pricing



With Ron Baker

- ✔ Value Pricing comports with the laws of economics and consumer psychology, aligning the interests of the firm with those of the customer.
- ✔ It manages, clarifies, and offers the firm the ability to exceed the customer's expectations.
- ✔ It prequalifies the customer to ensure they are a good fit for the firm.
- ✔ It provides the opportunity to provide additional services.



- ✔ It allows you to gain “ego investment” from the customer.
- ✔ It improves communication.
- ✔ It prequalifies the customer to ensure they are a good fit for the firm.
- ✔ It projects confidence and experience, as opposed to being unable to inform the customer up-front of a price as with hourly billing; or offering a range of prices, which is done more for the benefit of the firm than the customer.

- ✔ It increases a customer's switching costs, increasing their loyalty and long-term profitability.
- ✔ It forces the firm to be effective in project management and getting the work done within the time promised to the customer.
- ✔ It overcomes customer's pricing emotions and maximizes the firm's price leverage.
- ✔ It incentivizes the customer to complain--through triggering a value guarantee--giving the firm a second chance to win back the customer, and prevent similar problems from happening with other customers in the future.



- ✔ It provides a competitive differentiation for your firm when you offer the customer certainty in price and less risk of dealing with you. Similar to why a fixed-rate mortgage commands a higher price than a variable-rate mortgage.
- ✔ It specifies conditions for change orders that are usually value-added services that can command a premium price.
- ✔ It utilizes price bundling, allowing the customer to focus on the totality of the firm's value proposition rather than the price of each and every service.

Switch to value-based pricing.
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