WHY PRICE-ONLY DECISIONS ARE WRONG

Oscar Wilde wrote, “A cynic is a man that knows the price of everything and the value of nothing.” Price-only decisions are cynical in that they minimize the value of anything other than a cheap price. Here are three reasons why price-only decisions are wrong.

First, price-only decisions are temporally biased for the short-term. This means that price shopping is short-sighted. It is a here-and-now decision. This is how and why many marketers are able to appeal to impulse shoppers with an unbelievably low price if they act immediately. Act now or forego the opportunity.

Second, price is an unnecessarily narrow definition of money. It is one example of money. It fails to recognize total cost, which is the real cost of ownership and usage. A cheap price for a product that fails to perform is lousy value at any price.

Third, price-only decisions automatically exclude suppliers that can provide a better total customer experience. Excluded by price, these suppliers willingly walk away or are shunned by short-sighted, narrow-minded shoppers that fail to understand the impact of a one-dimensional buying decision.

Price shoppers and their willing accomplices, price-sellers, are doing their companies a disservice. Price shoppers erroneously assume that a cheap price is the best price. Price sellers erroneously assume that a cheap price is the best way to compete. Neither understands the concept of value. It is up to the value-added salesperson to frame the discussion around value, not price.

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