It’s About Value, Not Price!

To paraphrase William James, father of American Psychology: Where value is the thing sought after, the thing of supreme value is cheap, whatever the price one has to pay for it.

Price is what people pay; value is what they receive. The price that someone pays is what that person sacrifices to acquire something: money, time, and energy. The value that someone receives is the total return on that sacrificial investment: utility (in Drucker terms), impact, and outcome. Salespeople lose the price-value discussion when they fail to dismantle the price-shopper’s argument that (1) what they pay is only based on acquisition price and not total cost and (2) what they pay is more important than what they get. A cheap price is not necessarily a good value. A product that fails to perform is lousy value at any price.

Value is what buyers want, whether or not they choose to admit it. Value is the outcome of four variables compounding each other: acquisition price, total cost beyond acquisition price, utility of the solution, and impact of the solution on the customer. Price shoppers make one-dimensional decisions (acquisition price) for multi-dimensional problems. It is the salesperson’s job to help buyers make better, more informed decisions. While buyers may argue that the opportunity cost of your product is too high (that they sacrifice too much to buy it), you must argue that the opportunity value of your solution is too great to ignore.

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