

I ACT VALUE-BASED TOOLKIT 13 PRICING

1 This toolkit will help you in pricing the Value Proposition offered by your business model. Choose a Customer Segment, one of your Offerings for them and the type of Revenue you plan to capture.

2 List the different benefits this offering will deliver to customers. Then, develop strategies that will add to the value they perceive.
3 Keep track of how these strategies affect your Cost Structures.

4 Summarise your key benefits into a Value Proposition. Using the Price Sensitivity Index, engage with several customers. Compare their answers across all questions to find an approximate price.
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<p>1 CUSTOMER SEGMENT:</p> <hr/> <p>OFFERING:</p> <hr/> <p>REVENUE TYPE:</p>	<p>2 BENEFITS DELIVERED</p> <p>Which job are you helping them to complete?</p> <p>Which pains are you relieving?</p> <p>Which gains are you creating?</p> <p>How are these benefits delivered?</p> <p>Measure each of these benefits in time, money and effort.</p>
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<p>3 INCREASING KNOWLEDGE</p> <p>How will you give your customers more information about these benefits?</p> <p>How can you increase interactions between customers and your offering?</p> <p>Which other offerings does yours have synergy with?</p> <hr/> <p>ADDED COSTS</p> <p>How will these strategies affect your costs?</p>	<p>REDUCING CUSTOMER COSTS</p> <p>How can your offering require less time, money and effort from your customers?</p> <p>Which communication channels will make it easier to choose?</p> <p>Which distribution channels will make it easier to obtain?</p>	<p>ENGAGING EXPERT CUSTOMERS</p> <p>How will you enable customers to share their experience?</p> <p>How can you facilitate reviews and recommendations?</p> <p>How can customers get involved in further development of your offering?</p>	<p>4 THE VALUE PROPOSITION</p> <p>Write a short paragraph describing your offering and the key benefits it provides.</p> <p>Focus on those that will result in payment and quantify them.</p>
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5 PRICE SENSITIVITY INDEX

Share your Value Proposition with your Customer Segment and ask them the following four questions:

TOO EXPENSIVE

At what price would you consider the offering to be so expensive that you would not consider buying it?

TOO CHEAP

At what price would you consider the product to be priced so low that you would feel the quality couldn't be very good?

HARD CHOICE

At what price would you consider the product be expensive, but not out of the question, and would give some thought to buying it?

GOOD VALUE

At what price would you consider the product to be a bargain or a great buy for the money?

