



Price and Value

Why price and value must co-exist...

by [Andrew Cooke, Blue Sky GPS](#)

The most important thing in pricing is value. This is not the value as you determine it, or but rather the value as perceived by the customer. The price a customer is willing to pay, and therefore the price you can achieve, is always a reflection of the perceived value of the product or service in the customer's eyes.

There is a relationship between price and value which the Romans understood; in Latin the word "*pretium*" means both price and value. Literally speaking, price and value are one and the same. This is a good guideline for businesses to follow when they make their price decisions in that you need to:

- *Create value*: how your product or service is designed, made and performs all drive the value that customers perceive. Innovation also plays an important role as it focuses on creating, unlocking or delivering customer value that was not previously available to them before.
- *Communicate value*: This is how you influence your customers' perception. It includes how you describe the product, your value proposition, and your brand. Value communication also covers packaging, product performance, and shelf or online placement.
- *Retain value*: Your customers' expectations as to how the value will last post-purchase will have a significant influence on a customer's willingness to pay for luxury goods, consumer durables, and cars.

There are a couple of illustrative quotes regarding price and value. Firstly, the French have a saying, "*le prix s'oublie, la qualité reste.*" Loosely translated, that means that the quality you bought endures long after you have forgotten the price.

"That is the worst and yet easiest error. Better be cheated in the price than in the quality of goods."
(Baltasar Gracian, 1601-1658)

The point here is that price is quickly forgotten, while quality, good or bad, stays with us. So when you create a product or service is when you begin your planning on how and what to price it as. Make sure you create, communicate and retain value which is perceived by customer as valuable to encourage their willingness to pay.

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About Andrew Cooke and Blue Sky GPS (Growth & Profit Solutions)

Andrew Cooke

An experienced executive coach, business facilitator, and management consultant Andrew has more than 25 years' national and international experience, working across a range of industries and businesses. He is passionate in helping people, teams and companies to unlock their individual and collective potential, enabling them to achieve their personal and business goals and, in turn, to help them unlock the potential of others.

Andrew has extensive experience in dealing with both blue-chip and start-up companies, and has had extensive international experience in the UK, the Middle East and Ireland across a range of industries.

He has post-graduate business qualifications with a Master's in Business Administration (MBA) from the London Business School. He is an accredited associate coach for Marshall Goldsmith Stakeholder Centered Coaching in coaching executives and leaders.

Blue Sky GPS (Growth & Profit Solutions)

Andrew runs [Blue Sky GPS \(Growth & Profit Solutions\)](#), working with individuals, teams, groups and corporate so they can unlock their potential, that of others, and create a life and a job they love and choose to lead.

Through customized development programmes using experiential learning, backed by group workshops, individual one-to-one coaching and on-going support the individual and group development needs are addressed, the skills and capabilities are unlocked and the people can grow and achieve both personal and business outcomes on a sustainable basis. His blog, Growth and Profit, can be found at <http://growthandprofit.wordpress.com>.

To find out more about this visit the [GPS website](#) or contact Andrew at andrew.cooke@business-gps.com.au or on +61 (0)401 842 673.