

Value versus Price

Revenue Growth and Relationships

By Bryan Foe

Determining the value of a company's product or service is challenging, especially in industries where the competitive landscape is dynamic and quickly increasing. As a result, customers are likely to measure the perceived value against the asking price of the vendor.

With an ample supply of market data and analytics, it's easy to focus on the price side of a transaction or relationship. Companies must continue to challenge themselves on the value their products or services deliver to customers, and how that aligns with their revenue and profitability goals. Two examples for companies to consider:



Do the services help the customer solve complex challenges within their organizations?



Do the services help the customer create leverage over its competition, ultimately offering greater value in their relationships?

In many relationships, the company's services address a functional need of their customers: cost reduction, time savings, quality improvement, reducing internal efforts, increasing visibility, etc. As the relationship with the customer strengthens, companies will find that the service starts to address more complex needs, resulting in a correlated increase in value.

Proactive companies allow the value of their services to drive revenue expansion, improve profitability, and increase reinvestment into the business. Continuous focus on the value equation and customer relationships are vital in realizing long term and sustained growth.

