Value-Based Pricing

Marketing

Pricing on the value delivered rather than the cost incurred.

Setting a value-based price.

1. **Identify the reference alternative**
   What the customer would otherwise do, including nothing.

2. **Quantify the difference**
   Time saved, revenue gained, risk avoided, in their numbers.

3. **Establish the value gap**
   Reference price plus the quantified difference.

4. **Decide the share**
   How much of that gap you capture and how much they keep.

5. **Test with real buyers**
   Willingness to pay research, then live pricing tests.

> **Capturing the whole value gap leaves the customer indifferent. Leaving some is what makes the purchase worth making.**