



An occasional paper by Phil Allen, CEO, MarketAbility

December 04

## Pricing Psychology and how it can be misunderstood

I was reviewing some feedbacks from a customer survey the other week, reading the verbatim comments from some interviews we had conducted for a client, when it struck me that almost every paragraph I read began with a reference to PRICE. "Low price, competitive price, stable prices etc". It would have been very easy to interpret these responses as indicating a highly price sensitive market.

I mused on how many sellers, if they had been sitting across the table from these respondents, would have jumped in on hearing the opening reference to price and already have started to negotiate themselves down.....and how many would have followed the wisdom of remaining silent and letting the customer continue their statements to the end.

Here are a selection of the statements I read:

*Price is very important. We need to have the right products for this must be able to work with us to develop the right product.*

*Price, it's very much a commodity. Continuity of supply. Having and acceptable quality.*

*Price, quality of products and reliable deliveries, with flexibility to change orders if required.*

*Good price which must also mean value for money. Good delivery on time all the time.*

*Price is an important factor but technical support is more important. Also availability and quality of product is very important.*

*Good price and quality fast delivery and good technical support*

*Price stability, consistency of product, willingness to work with us when problems arise.*

*Low prices. Good technical support. To be available when we need them.*

*A competitive price; Delivery must be on time; the supplier must be reliable, able to do what it says it will do.*

*Price, quality, delivery. We look for a very competitive price but we need price and quality, the two together.*

*Low prices, quick reliable deliveries, consistency of product.*

*Low prices & good technical back up as our customers in the automotive industry are demanding & constantly ask questions which can only be answered by knowledgeable technical staff of supplier.*

*Price is very important. If they are an approved supplier only price matters, and service. Having a contact person that I can have good conversation with.*

*Competitive prices, quick reliable deliveries, responsive and obliging*

In my view not a single one of these companies is a price buyer. They are all looking for something else, which they value and for which they would be willing to pay, provided that they can be convinced of that by the seller. It may be consistent quality, which would save them problems of unplanned downtime of their production; or guaranteed and reliable deliveries, which would save them from having to shut down their plant due to lack of raw materials; or a trusting relationship, which gives them peace of mind.

The main reason a customer gravitates to discussing price is when the seller or marketer does not come along to talk about anything more interesting to the customer.

The onus is on the seller and marketer to figure out what that something is.

*Practical Marketing for Value Growth*

*WE DO ..... while others only talk*

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