

TRAINING & LEARNING

ADD MORE VALUE FOR YOUR CUSTOMERS

Why do people buy a product or service? Or, for that matter, why do people do all the things they do? There is a very critical answer and one we neglect at our peril.

People buy a product or service to get better value for their money!

People also do all the other things they do because they value the things they do or expect to get a value for the things they do. Value, therefore, is a forceful motivator for customers to do business with companies offering what they really want.

Companies, which in the eyes of customers offer more value, will attract more customers and leave behind their competitors. Accordingly, every business, in order to succeed and move ahead of its competitors, must add more value to its product and services so that more people will buy from it.

CUSTOMERS COST:

The cost to a customer is not just monetary. In addition to money the customer pays other emotional and intangible costs when they buy a product or service from you.

What is a 'cost'?

A Cost is an expense the customer incurs in exchange for the value of a product or service. The following are some of the costs incurred by customers when they buy a product or service from a business.

- **Money**
Money is a commodity that customers feel hard to part with, and even when they do part with it they're not always convinced they have done the right thing.
- **Time**
Time is a very precious thing for everyone but for some time is considered to be a cost higher than that of money.
- **Energy**
The effort made to acquire a product or service and the physical and mental effort is also a cost paid by buyers.
- **Psychological**
Psychological costs include dealing with new people, waiting, filling up forms, the need to understand new procedures and the effort to adjust oneself to new things and situations.

TRAINING & LEARNING

There are many ways of doing that, but first we will define what value is.

CUSTOMER'S VALUE:

What is value?

Value for customers is the material and psychological return they get from a business in return from the money and psychological costs they pay for it.



Value is perceived in a variety of ways:

- **Product**
The tangible and material goods received from a business transaction are called a product. Depending on the nature of the product and the needs of a customer, a product's value can mean many things. Durability, reliability, quantity, quality, freshness and taste are some of the qualities, which can make a product more valuable to a customer.
- **Service**
Service is the manner through which the product is delivered. Courtesy, speed and correct information are some of the service factors, which add value to the product delivered to the customer. The better a business provides services along with the delivery of products, the more people will get attracted to it.
- **Respect**
One of the basic needs of humanity is the need to be respected. Respect is the dignified treatment people receive from business in term of trust, courtesy, recognition and care. This is also related to the service given by companies to its buyers.
- **Convenience**
Convenience is the ease with which the customer receives the product or service. Abundant availability, home delivery, proximity are some of the elements which can add on the convenience of customers.
- **Image**
Image is the psychological boost to one's self image through the possession of a product or the receipt of a

TRAINING & LEARNING

service. Use and consumption by famous personalities, luxury, unique features, scarce supply, expensive material, professional people who deliver the service, status, are some of the image-adding factors for a product or service.

VALUE-ADDED STRATEGIES:

Creating more value for customers and minimizing the different costs they pay can give a competitive edge to a business. In essence, the “Minimax” approach of minimizing costs and maximizing returns for the customers is required to attract, satisfy and retain customers.

The following, are some of the value-added strategies which can be adopted by businesses.

- **SUPERIOR QUALITY**

Quality means different things to different businesses and different customers. Products and services which meet the needs of customers in terms of durability, reliability, features, fitness for use, etc, are good quality products. Businesses today must provide excellent quality because the customers demand it and those who fail to do so fail to have the support of customers.

- **EXCELLENT SERVICE:**

A fairly obvious example of this would be the regular guest of one hotel which is located at scenic location and has excellent facilities. The guest notices that the Porter who carries his luggage never greets him, tries to avoid discussions and shows a very neutral and cold attitude. The guest happened to stay in another hotel. The Porter greeted him very warmly, asked him how long he was going to stay there and explained to him how to operate the room facilities. As he was leaving, the Porter wished him a good stay and said, “Sir, if you need anything please call me or our reception”. The guest was very happy and never stayed in the first hotel again. This example shows what excellent service can mean for customer. Excellent service is an excellent strategy to add more value which gains new customers and retains existing ones.

- **SPEED:**

Time is a precious commodity and people hate to waste it. Businesses which waste their customers time can easily lose their loyalty. We truly live in the age of the microwave and that sets peoples expectations.

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Customers are the most important people for any business and the most important and critical factor for any customer to buy a product or service is their perception how much value they get for their money and other costs. Each customer calculates in his or her mind the cost paid and benefits received. Money, time, and the psychological in-conveniences are some of the prices a customer pay. An organization must therefore strive to find out what customers value, remove unnecessary costs paid by the customers and in return provide more value.