



## Value-based pricing

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# Common Challenges



- It seems we just guess at pricing. No process.
- Some customers won't pay our price and some would pay a lot more.
- Our salespeople ask for discount...too often.
- **WE AREN'T ABLE TO RAISE PRICES WITHOUT UPSETTING OUR CUSTOMERS.**

# Pricing Strategies

- ~~Cost Plus~~
- ~~Competition~~
- **VALUE-BASED PRICING**



# Defining Value



- Value in use
- Value in choice
- **WILLINGNESS TO PAY**

# The 6 steps to calculate WTP

- Persona
- Second Best Option
- Price of SBO
- List all differences (+ and -)
- Value of each difference
- Calculate:

$$CP + PDV - NDV = WTP$$

