

Doug's Tips on Defining Customer Value

DEFINITIONS

Features: Properties of product or service

- Features are normally published in the form of:
 - a) dimensions or weight
 - b) speed
 - c) cost
 - d) functionality

Benefits: Effects of the features that contribute to the customer achieving their goal

- Benefits look like:
 - e) "smaller", "lighter"
 - f) "faster"
 - g) "cheaper"
 - h) does "it" better than "Y"

Value: The economic results the customer receives as a result of the benefits.

1. Customer Value is always:
 - i) Customer Specific
 - j) Measured in Money
 - k) Relative to the Competition (next best alternative)
2. Questions to answer:
 - a) What do you think your customers value most from your business?
 - b) Does that value differ based on the customer?
 - c) How does your view of the value relate to your customer's viewpoint?
 - d) How did you develop your model of what your customers value?
 - e) Do you feel you earn enough for all of the value you create for your customer?
 - f) Does your customer feel they pay enough/too much for the value you create?

Customers are buying a solution, NOT a product!

"Price is what you pay. Value is what you get." - Warren Buffet