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# Fail to communicate your value and you miss out on profits that could be yours...

Improve the value equation of your products or services and people will be willing to pay you more, your business will be more profitable and your future success will be more secure.

Fail to improve your value equation and you'll experience price pressure, lost profits and an uncertain business future.

Only when you understand how to build your product's value equation can you charge more and increase your profits.

As you read this Business Breakthrough report, you've likely got a smartphone in your hand, in your pocket or next to you. You may even be reading this on your smartphone!

## Learn from the smartphone's value equation...

Have you ever considered the elements of value you receive from your smart-phone, value elements that mean you're willing to pay £1,000+ for the latest model?

As there are now more smartphones than humans on the earth, they must be valuable tools indeed!

And you already know that the manufacturers of these products – Apple, Samsung and LG – are not short of financial success. So what



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can we learn about the value equation and how to apply it in our businesses, as these manufacturers have?

Most of us believe our smartphone is a truly valuable piece of kit because of the way it delivers multiple elements of value, including:

- easy and instant communication
- access to the internet
- increased productivity
- integration of your work and personal life
- fun/entertainment
- organisational tools
- health and fitness tracking
- educational opportunities

In fact, research carried out by the international consulting firm Bain

& Co suggests that the iPhone achieves a higher value premium compared with the Samsung and LG equivalents because it delivers a greater number of perceived value elements.

### IN A NUTSHELL:

The better you are at communicating the value equation of your product or service, the more you can expect customer loyalty and a willingness to pay more. As a result, you earn the right to make more money for your business – all because you communicate and deliver greater value.

## Break down your value...

Your ability to **work out** and **communicate** the value of your product or service changes what people are willing to pay.

When you work out how to **improve** your value equation, big wins are possible for your business.



“Those who understand value are the ones who will be able to charge the most money for their services.”  
– Alex Hormozi, investor and author of *\$100M Offers*

## Value, price and profitability...

Several research studies prove that the price you charge for your product or service has the biggest impact on your business profits (check out the online support tools and resources for the proof).

But to avoid having customers abandon you for your competition when you increase prices, you must earn the right to those higher prices by communicating your value in better ways.



“Outstanding marketing companies see marketing as intrinsically involved in value creation.”  
– Philip Kotler, *Journal of Value Creation, Volume 6, Issue 1*

## Earn the right...

It's clear that you shouldn't charge more for your product than it is worth. You'll eventually fail if you do.

However, you earn the right to charge a higher price when your customers' perception of value is way above the price they pay.

Here's what Ron Baker, a renowned commentator on pricing and value suggests in light of the universally acknowledged importance of the 4Ps of marketing (Price; Promotion; Place; Product):



“...perception plays such an important role in the minds of customers, it might be deemed the fifth “P” in marketing.”  
– Ron Baker, *Professional's Guide to Value Pricing*

## Work on perception AND reality

Only your customers can determine whether you have a valuable offer or not.

Your customers' perception of your value determines whether they 'pay, stay and say'. They only buy, buy again and tell people about you if they believe they're getting great value.

If customers believe what you provide is more valuable than the offerings of competitors, you've earned the right to higher prices. People pay more for a Lexus than they do for a Toyota, more for Rolex than they do for a TAG or Omega. These differences are a blend of perception and reality. But perception trumps reality!

**NB** The importance of perception is as important in B2B (business to business) as it is in B2C (business to consumer) markets.

## A PROVEN SOLUTION FOR YOU...

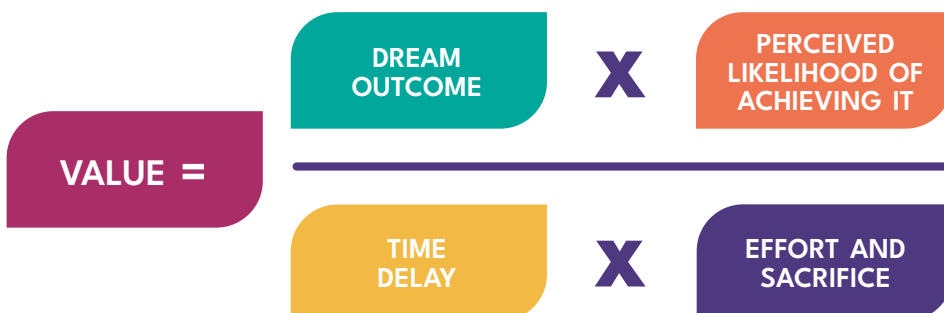
Work out the elements of your product's **value equation** and you can improve the way you communicate value perception, thereby increasing your prices and profitability.

## 4 questions of value

You can find many value equations with a quick Google search, but Alex Hormozi, author of *\$100M Leads: How to Get Strangers to Want to Buy Your Stuff*, breaks value down into 4 essential elements for the value of your product or service:

As Alex suggests in his book, you can turn this into 4 questions for your own business and your own products or services:

1. How could you better deliver and communicate the way you meet your customers' dream outcome?
2. How could you increase the believability of delivering a dream outcome for your customer?
3. How could you reduce and communicate a reduced time delay in getting their dream outcome?
4. How could you tangibly lessen and better communicate the reduced stress and sacrifice needed to achieve their dream outcome?





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## FOCUS: Above or below the line...

As simple as it seems, you can work on **increasing** the top 2 elements (Questions 1 and 2) and **reducing** the bottom 2 elements (Questions 3 and 4). Which do you think will have the biggest impact on your customers' perception of value for you? Which do you think you can improve most easily or in the quickest way to get an early win?

In the downloadable tools and resources (use the button or URL below), you'll find 2 sets of value elements, thanks to work by Bain & Co – one for B2C and one for B2B. Each value element helps you populate the answers to the 4 questions of value. The exercises help you navigate the hard work of building your value equation.

## Consider the 4 questions at work...

Which of these 4 value questions helped the **iPhone** when it was launched, compared with other phones of the time? Improving which elements of the value equation, when compared with other taxi services, facilitated **Uber's** radical rise to prominence? Which of the 4 questions does **fast track airport passes** and **priority boarding** answer? If you rate your **IT provider** because they are doing a great job of helping your team when it matters, in which aspects of the value equation are they brilliant and how do they communicate this?

In the online support tools and resources, you'll find an exercise which will help you work out the answers to these questions. Add your favourite products as well, working out the value elements for each.

Then bring...

## ...value closer to home

For your industry sector, compare and contrast the best- and worst-selling products or services to better understand the 4 value questions at work.

And when you're ready...

...answer the 4 questions for your product/service/company and take action on the answers to build a greater sense of your value and to strengthen the way in which you communicate value.

## GET YOUR BITESIZE SUPPORT TOOLS NOW

<https://businessbreakthrough.online/build-your-value-equation-tools-and-resources/>

## 4 helping hands for you...



1. **STOP TAKING YOUR VALUE EQUATION FOR GRANTED** – Defining your value equation is the hard work of marketing. Fail to do this and you fail to maximise the profits you could make. Check out the downloadable tools and resources, along with Alex Hormozi's excellent book, to help you.
2. **BUILD YOUR VALUE EQUATION** – The 4 value questions help you see how to construct the best value equation for your products or services. Add in the elements suggested by Bain & Co to clarify your value equation.
3. **ENHANCE YOUR VALUE EQUATION** – Think about ways in which you can improve each element of your value equation – get your team involved in the process.
4. **IMPROVE HOW YOU COMMUNICATE YOUR VALUE EQUATION** – Work with your team to identify ways in which you can improve the way you communicate and demonstrate each element of your value equation.

This 4-step process can help you attain a clear understanding of the value that your products and services provide to your customers. It also makes you consider better and simpler ways of communicating your value.

**STOP** – leaving the value equation for your products or services to chance.

**START** – work on answering the 4 questions that make up your value equation.

## Time to disagree:

Trying to influence value perception seems underhand, rather than actually delivering real value!

You're right to want to be honest, truthful and candid about what your product or service delivers – this is crucial to build and maintain trust with your customers. Without trust, your business future is doomed.

What's important, though, is the way you communicate this, as it determines what your customer believes and perceives. Simply having another look at the way your products answer the 4 value questions from Hormozi's equation can help bring clarity and a greater sense of value in your clients' hearts and minds. The value elements from Bain & Co make this easier for you.

Real value is determined only by your customer. It's what **they** believe that really matters, and their perception is therefore everything to do with value. The way you communicate value is the tool you use to authentically maximise their perception of your value.

Our service/product is so simple it doesn't need a value equation

A taxi service is simple too. And yet **Uber** worked out how to transform an industry because they **reduced the stress and hassle** of getting a taxi when needed. The same can be said for **Just Eat**. Uber also helped increase the dream outcome for those customers wanting a high-grade vehicle, and Just Eat did the same by making it possible for high-class restaurants to use their service.

Run the exercises in the download tools and you start to see how value communication changes industries, not just product perceptions! What could it do for your business?

## ULTIMATE ARGUMENT:

Because working on value feels like hard work, it seems easier to avoid the work needed to build your product's perceived value. But this is a good thing!

If it's hard work, your competitors aren't as likely to do this work themselves. When you do it for your own business, you create a competitive advantage which they will struggle to match and your business future will feel more secure and more profitable.

And even if your competitors are also aware of this vital aspect of business, then at least the work you have done in this area keeps you in the race. So why not do the suggested exercises with your team to build your appreciation of your products'

value and then to be better able to communicate your value. What have you got to lose?

## Want to know more?

Reading this report and the additional downloadable tools and resources is a great first step in building a better value equation for your products and services. Investing time and effort is your next step.

Please check out the online tools and resources that accompany this report by clicking the link below.

For further reading, see Alex Hormozi's insightful book, *\$100M Leads: How to Get Strangers To Want To Buy Your Stuff*.

This book is a comprehensive guide for business owners looking to scale their businesses by generating high-quality leads. Alex Hormozi, a seasoned entrepreneur and investor, shares his proven strategies and insights drawn from his experience in



building successful companies.

The book covers a wide range of topics essential for lead generation and conversion and is ideal for business owners, marketers and sales professionals who want to improve their lead generation strategies and achieve significant growth in their businesses.

## GET YOUR BITESIZE SUPPORT TOOLS NOW

<https://businessbreakthrough.online/build-your-value-equation-tools-and-resources/>

Please use these tools and resources to build your product or service value equation and increase the prices and profitability of your business.

FOR MORE EDITIONS OF BUSINESS BREAKTHROUGHS, PLEASE GO TO:  
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