

## Shifting from price to value differentiation

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As the industrial-construction market becomes ever more competitive, distributors adopt different techniques to create and sustain long-term profitable growth. The most successful distributors with proven, long-term performance create value propositions that combine elements of quality, delivery, service and product features and benefits with price.

Known as “Value Selling,” this effective communication tool clearly defines the total value of a distributor’s goods and services, transforming the customer relationship from price shopping to value differentiation. By monetizing the value of all critical goods and services, a distributor can prove how one particular product offering is superior.

Value Selling incorporates cost savings associated with product quality. Distributors who monetize product benefits convince customers that higher quality products reduce downtime, improve job efficiency and eliminate replacement costs. For example, paying for a higher quality lock system on a storage chest protects an end-user’s tools and equipment better than lower-priced versions, reducing tool theft,

downtime and replacement expenses.

Value Selling also quantifies the importance of product delivery and availability. Distributors who have product available when customers want it demonstrate good service. Long lead times or out-of-stock positions can drop sales and route business to competitors. Customers value and depend on distributors who stock the right inventory or get it promptly.

Distributors who answer questions, provide solutions to difficult needs and focus on building long-term customer relationships differentiate themselves from low-price providers who only focus on short-term sales.

Finally, Value Selling quantifies the differences between product features and benefits. Low-price competition often focuses on lesser featured products. Successful distributors monetize the value of features like easy use, durability, enhanced design, brand heritage, safety and innovation.

Value selling is a powerful tool that communicates a total value proposition, positioning price as only one of many deciding factors. By monetizing goods and services, distributors shift the conversation from price to value differentiation.

