



By Richard D. Czerniawski

## WHY CHEAPER IS BETTER - THE CUSTOMER

**BEST  
DEAL**

This exploration to find an answer to the question of why cheaper is better for the customer would seem to be a no-brainer. The apparent answer is, "duh, it's cheaper!" However, that's not the case in all situations. Customers will pay a healthy premium for something because they can, and it bolsters their image. They are, for lack of a better label our "conspicuous customers." They are among the proverbial "Jones" family—as in "keeping up with the Joneses."

Why then? Cheaper pricing for the customer helps to:

- Make the product or service affordable. In other words, it makes the offering available to those who might otherwise not be able to afford it.
- Simplify the decision process. As pointed out repeatedly in our books and blogs, we live in an "age of sameness and abundance." Instead of needing to wade through minute differences in products, the customer simplifies the purchasing process by choosing on price—the lower price that is.
- Enable the customer with a limited budget to purchase more. The savings, particularly on high-ticket items, can be used to buy other goods and services. This motivation is apparent where products and services are bundled in response to generate per unit savings for the customer.
- Make customers feel they received a deal. Who doesn't want a good deal on something they intend to purchase? This is clearly the case when lower-priced competitors promise "the

same as the leader but cheaper." It is also the case when temporary discount promotions are offered.

- Stroke the psyche. When the customer pays less for something, she feels, psychologically speaking, that she's a "smart shopper"—particularly where no meaningful difference in products, or outcomes from their usage, exist.

Once again, I'm not proposing that you reduce pricing on your offering. However, I do believe it is essential to reward your customer from time to time with discount promotional pricing or bundling.

What I am suggesting is that we marketers should not perceive cheaper priced competitors as inferior or that their users lack discernment. Knowing why can serve to help discover legitimate and productive customer insights to better deal with these competitors. It can also keep your brand from getting burned by these lower-priced competitors.

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