



ADD SOME VALUE

WHATEVER BUSINESS YOU are in, there is a strong likelihood that you have competitors who offer something similar—and it is a racing certainty that there are alternative solutions out there for customers’ problems, as seen from the customer’s viewpoint. For instance, someone in the restaurant business might feel complacent because there are no other restaurants in town, but not recognize that a local cinema is competition in the “where shall we go for a night out?” category.

Adding value means finding something that will mark you out from your competitors *in the eyes of the customers you are hoping to attract*. What is good value for one person is poor value for another.

The idea

When Peter Boizot founded PizzaExpress in 1965, pizza was virtually unheard of outside Italy: there were no pizzerias at all in London. Early on, Boizot latched on to the idea of providing something extra—he started by having live jazz bands performing in the restaurants (many well-known jazz musicians got their start by playing at PizzaExpress in Soho). Nowadays, the restaurants often have live music, but many host art exhibitions or have other types of live performance. The point is the company is aiming for an “artsy” audience who will enjoy this type of added value.

PizzaExpress has a Members’ Club: for a subscription (currently £45 a year) members become entitled to four vouchers a year for free menu items plus a free glass of wine, to free desserts when

dining early, free entry to the PizzaExpress Jazz Club, and a £10 gift voucher for every ten meals purchased.

Offering extra value has enabled PizzaExpress to withstand competition, and to keep its brand intact in the face of the “pile ’em high and get ’em out there” approach of American pizza chains. PizzaExpress is able to charge more for its pizzas than these big chains, because the added value makes them worth while—the higher prices also deter the kind of downmarket customers PizzaExpress wants to discourage.

In practice

- Only offer added value that your target customers will appreciate.
- Price accordingly—people do not mind paying more if they are getting more.
- Ensure that what it costs to add the value is less than the premium your customers will pay.
- Promote the added value—they already know about your product.