



**NEEDS-BASED
AFFORDABILITY
GUIDE**



INTRODUCTION

Needs-based affordability is the practice of designing products, services, and pricing structures that account for the financial capabilities and specific needs of diverse customer segments. It prioritises inclusion, accessibility, and fairness.

By integrating affordability into your business strategy, you can ensure that your products and services are accessible to a wider range of customers while building trust and fostering long-term loyalty.

STEPS TO INTEGRATE NEEDS-BASED AFFORDABILITY

UNDERSTAND THE NEEDS OF YOUR TARGET AUDIENCE

Identify the specific needs and financial constraints of your target audience through market research. This might include:

- **Surveys and focus groups:** Understand what your customers value and their budget limitations.
- **Demographic analysis:** Segment your audience based on income levels, geographic location, and other socio-economic factors.
- **Industry benchmarks:** Evaluate how competitors address affordability within similar customer groups.

Consider affordability challenges for various groups:

- **Low-income households:** Focus on basic accessibility.
- **Small businesses:** Offer scaled pricing to help them grow sustainably.
- **Nonprofits or community organisations:** Consider tailored discounts or grants.

ADAPT PRODUCTS AND SERVICES WITH AFFORDABILITY IN MIND

Create streamlined, essential versions of products or services for customers who need basic functionality, adapting your products' features to suit the needs of different groups.

Find ways to reduce the costs of production, distribution and product maintenance, without compromising on quality or functionality. 'Lean' production methods such as eliminating waste, streamlining processes, recycling resources, and leveraging existing assets are often more sustainable too.



DEVELOP YOUR PRICING MODEL

- Offer products or services at multiple (tiered) price points to suit different customer budgets. e.g. basic, standard, and premium.
- Provide flexible payment structures to reduce upfront costs.
- Combine services or products at discounted rates to increase overall value.
- Offering freemium or partially subsidised produce or service versions for essential services.

COMMUNICATE YOUR AFFORDABILITY STRATEGY TRANSPARENTLY

Clearly communicate the steps your organisation is taking to make products and services more affordable. Use customer success stories and testimonials to highlight the impact of your approach.

AFFORDABILITY VS. SUSTAINABILITY

There's a widely held perception that affordable products and services are less sustainable. Traditional models of affordability often rely on economies of scale, mass production, and unsustainable materials, many of which may have negative environmental impacts. Additionally, the emphasis on low prices can incentivise businesses to cut corners on labour practices or environmental regulations, further compromising sustainability.

However, innovation is driving the development of increasingly affordable sustainable products and services. Circular economy models prioritise the reuse, repair, and recycling of materials, reducing waste and minimising environmental impact, while advancements in technology are making renewable energy sources more accessible and affordable.

Businesses considering the potential trade-offs associated with producing needs-based affordable products and services should implement incremental improvements in production and design processes. Recognising that providing accessible and affordable options contributes significantly to social sustainability, businesses can strategically navigate these challenges.

NEED MORE HELP?

For further assistance with this indicator, please feel free to contact the team:

info@future-plus.co.uk.

