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[Learn how to sell it like you mean it]



Selling cost vs. price

By Barry Farber

I recently finished a keynote presentation for an industry that's getting hit hard by competitive pricing. Customers want the best price they can get, especially in a difficult economy. So what can you do to keep your price at a number that covers your cost and maintains your profit margin, without discounting? I have two options for you: Walk away from the customers who don't see the added value you provide, or figure out a way to communicate your key differentiators that warrant the additional investment.

Believe me, I've seen my share of customers who have wasted the salesperson's time and energy—the salesperson would have been much better off moving on to more qualified prospects. But there are customers worth working with, whom you

can help understand the difference between price and cost. Price is what they pay for the product or service; cost is what the investment is over the lifetime of doing business. Can you help your customers grow their business in a way they never thought possible? Have you ever solved a critical problem for a customer where the end result was a lot of time and money saved?

On the other hand, if I'm spending money on promotional materials, and they're delivered late for a conference date or don't communicate the message that helps me achieve my goals, how much am I really losing? My time, my

customers' time, lost opportunities—you get the point.

I asked the group during my presentation, "How many of you have had customers leave because of price but come back because the level of service they received from others was not what they got from you?" Eighty percent raised their hands.

So I told the 80 percent who raised their hands to ask those clients why they left for a better price and why they came back for better service. You can use this feedback when confronted with price objections. Also, find out what else they gained from spending a little more money with you—what are the long-term effects of doing business with you, and how does that offset the initial investment?

If price is one of your advantages, that's great. But remember, you need something that keeps the competition away and secures your relationships for the future. I remember seeing this statement above a local printer's office:

1. Price
 2. Service
 3. Quality
- (Please pick two)

If you choose to lower your price, something else may suffer. No matter how tough the market gets, you'll have to stick to your principles to sell the value that differentiates you from your competition.

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