

MAKE PROFITABLE SALES PERSUADE YOUR CUSTOMERS TO PAY MORE!

The objective in business is to have profitable customers who stay with you for a long time. And to have profitable customers, you need to be able to convince your customers to pay the prices you need to charge to make doing business worthwhile. Looked at another way, you have worked very hard to create value for your customers. Now you need to get the benefit from all that hard work by converting the value you have created into cash.

Remember, the value of your offering is not just contained in the product. It is the value in the product plus the value in the service you provide.

Competing on price is dangerous

You have a choice. You can compete on price or you can compete on value. In this crowded and very competitive market, it is tempting to compete on price but that is a very dangerous thing to do.

Competing on price can destroy:

1. Your profitability.
2. The profitability of your entire industry.
3. Your brand.
4. Trust with your customers.

Price is not the main Issue.

The good news is that price is main issue. There is always something we are prepared to pay more for. That's why we shop at the dairy even though we know the prices are higher. Are you driving the cheapest car you could buy? Or living in the lowest priced house? Why would your customers think any differently from you?

So, why do customers challenge the price?

You are probably thinking, "If price is not the main issue, why do my customers always demand a lower price?" The answer is: "we have taught our customers to think that price is the most important issue. I was asked by a national sales manager to work with his staff to show them how to persuade their customers to pay more. "I am really sick of everybody wanting to offer discounts," he said. When I drove up to the company's office I saw that all their salespeople's vehicles proudly sported the slogan: Lowest prices! I wonder if their customers think price is the most important issue?"

I cannot afford not to discount.

It is very competitive out there and I imagine your competitors are offering discounts, rebates, free interest and other freebies. You probably think that you cannot afford not to discount because you would lose the business otherwise. You need to remember that the object of being in business is to make a profit not to make a sale. There are a number of tables that show if you have a margin in 20% and you discount by 18% you will have to sell 900% more to make the same profit you would have made if you had not discounted. Even if you discount by only 10%, you will have to sell 100% more. What are your chances of doing that? Can you afford to discount?

Selling the value

The first step in selling the value you have created is to have the right view of selling. Selling is not persuading people to do something they don't want to do. It is giving them the opportunity to purchase a solution to a problem that bothers them. Selling the value you have created is your job. Remember selling is easy. The trick is getting a good price!

The next step is to sell what your customers are buying. Very few of us are doing that. Car dealers sell cars, mortgage

brokers sell mortgages, and grocers sell food. Unfortunately, their customers aren't buying these things. Broadly speaking, there are two customer segments: business customers and consumers. Business customers are buying only one thing and that's profit enhancement. Businesspeople are in business to make money and they will only spend their hard-earned money if they believe that will help them earn more money. Therefore, anyone selling business?to?business should outline how buying their products and services will increase their customer's profitability. By the same token, consumers are buying lifestyle so anyone selling to consumers should describe how their products and services will maintain or enhance their customer's lifestyle. If they're not, they will be trying to sell something different from what their customers are in the market to buy, and that can be difficult.

The third step is to help your customers understand there are no free lunches. Help your customers to understand that the problem they have is costing them money. Usually people forget that. When people look at the price of something, they say to themselves, "Will I pay that amount of money or will I pay nothing?" That's not the choice they have. The choice really is to pay that amount for the solution to the problem or to pay another (usually larger) amount because they have the problem.

Finally, show people that the cost of the solution is less than the money they would have to pay if they continued to have the problem. In reality, your product or service is likely to solve a number of problems for your customer. Make sure they understand how much money they will gain because you can help them solve all of these problems. Also, because you have done a great job of creating superior value, you will be fast, easy to do business with and reliable and hassle free. All of these will save them money. Make sure they understand how much they are saving.

10 Steps to persuading your customer to buy at your price

1. If selling to a business customer, tell them how much money they will make by buying your product. If they are a consumer, tell them how much better their lifestyle will be.
2. Get your customer to tell you the main problem they are trying to solve.
3. Show them the cost of that problem.
4. Get them to tell you about other problems that might be associated with the main problem.
5. Show them the cost of those problems.
6. Show them you have the solution to the main problem.
7. Tell them the price of the solution.
8. Show them that your solution will also help them solve some of their other problems.
9. Show them how much they will save because you are fast, easy to do business with and reliable.
10. Show them that the money they save from solving their main problem plus the money they will save from solving some of their other problems plus the money they will save because you are fast, easy to do business with and reliable is far greater than the price.

Handling price objections

Your customers will challenge your price because we have taught them to. It is your job to have memorised a number of ways of handling price objections so you will be prepared for their challenge and will be able to respond with confidence.