

Price Isn't Everything

Many salespeople and business owners mistakenly think that negotiating is something you do near, or at the end of, the sales process, particularly when discussing price or term of the agreement.

Effective negotiating, however, is a process that begins with your first contact with your customer or prospect. From the moment you make contact, the other person will evaluate the value of your product, service, or company. Here are strategies that will help you increase your value and negotiate a more profitable agreement:

A variety of factors determine value in your customer's mind. They are:

- What is the extent of your customer's problem or pain?
- How do they perceive your expertise?
- How specialized or unique is your solution?
- What is their sense of urgency?

Let's start with your customer's pain. The greater their problem or pain, the more value an appropriate solution will have. For example, a company realizes that it is losing market share to its competitors. If this loss equates to \$300,000 in annual sales, the problem or pain will be more significant to a company with annual revenues of two million dollars versus a corporation with sales of thirty million.

The challenge here is to determine the extent of their pain. Once again, effective qualifying and questioning will help you uncover this information. However, do not expect a prospect to willingly share everything with you in your first meeting. You must earn their trust.

Your value increases in direct proportion to the level of perceived expertise you have in your particular industry. Doctors and lawyers, for example, have a certain level of perceived value because of their professions. So, how do you increase the level of your expertise? There are a variety of ways:

One of the easiest methods is to write articles for trade or industry publications. This can include newsletters, magazines and websites. Since my book was published, I have written articles for many different publications and this exposure has helped me develop a higher level of exposure and expertise. I have also generated revenue as a result of this effort. Articles do not have to be lengthy. In fact, a 500-600 word article is often enough for many publications.

Another way to develop expertise is to speak at association and service club meetings, trade shows, conferences, and conventions. You do not have to jump on the speakers circuit (not that this concept actually exists). Even a brief fifteen minute talk helps to establish your expertise. Plus, because most people are terrified of speaking in public forums, this approach automatically elevates your status.

You can also participate in on-line forums or discussion groups. Search the Internet for public forums or discussion groups in your particular industry. Help people solve their problems, and eventually, you will become recognized as an expert.

How specialized is your solution? Is your solution to a prospect's problem unique or can they get a similar solution from a dozen different businesses? The less specialized you are – in the customer's mind – the less value you contribute and the more price becomes a factor. Here is an example;

I had been researching e-commerce solutions for my website for several months. Most of the solutions appeared to be similar – buy shopping cart software, install it on my site and I would be in business. This cookie-cutter approach assumed I had the time and interest in learning yet another piece of software. However, one person I spoke to offered an alternative solution that would be easier for me to implement. This individual's willingness to learn more about my specific business and current situation helped him determine a more appropriate solution and position himself differently than his competition. His answer was not cheaper but I saw more value in it than the other solutions.

The last factor is the customer's sense of urgency. I was recently asked to speak at an association conference and although the date in question was a year in the future, the person I spoke with was concerned about my availability. It is not uncommon for professional speakers to be booked two years in advance and this individual wanted to confirm her speakers as soon as possible. Recognizing this sense of urgency gave me additional confidence when discussing my fee.

If a client indicates that they need your service or product immediately, or their options are limited, your value increases dramatically and you improve your bargaining power.

Price is a factor in every sale. But, it is not always the primary factor. Smart buyers and consumers will ALWAYS question price and seek a better deal. That doesn't mean they expect to get what they ask for. Increase the value of your product, service, or business and price will become less of a factor in your customer's mind.

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Kelley Robertson, President of the Robertson Training Group, works with businesses to help them increase their sales and motivate their employees. He is also the author of "Stop, Ask & Listen – Proven sales techniques to turn browsers into buyers." Visit his website at www.RobertsonTrainingGroup.com and receive a FREE copy of "100 Ways to Increase Your Sales" by subscribing to his 59-Second Tip, a free weekly e-zine.