

Price objections

Discounts aren't always the answer

by Phil Sasso



You face it every day: A customer says your price is too high, and wants a discount. You feel there are only two choices: Lower your price, or lose the sale.

So, you lower your price.

If you're lucky, the customer buys. Other times, you find yourself in a "price fight." You cut the price. They want more. You meet them halfway. They keep jabbing, trying to get you down. In the end, you win the sale. But you get pretty beat up in the process.

It's one of the most uniquely frustrating parts of mobile distribution. Customers don't debate price at

the checkout of Home Depot. So why do your customers feel they can set your prices?

I think we've created the problem for ourselves when we make discounting a part of our selling strategy instead of focusing on the value of our brand, our trustworthiness and our experience. We've created customers that expect price breaks.

Often we just chalk it up as part of the selling game and go along. But when you lower your prices, you're doing yourself, and your customers, a disservice.

Who's giving you a discount? You still pay full price at the pump. The bank

isn't charging you less on your loan. The manufacturer still gets full price. The oil companies, banks and manufacturers aren't hurting. Every dime you discount comes out of your pocket.

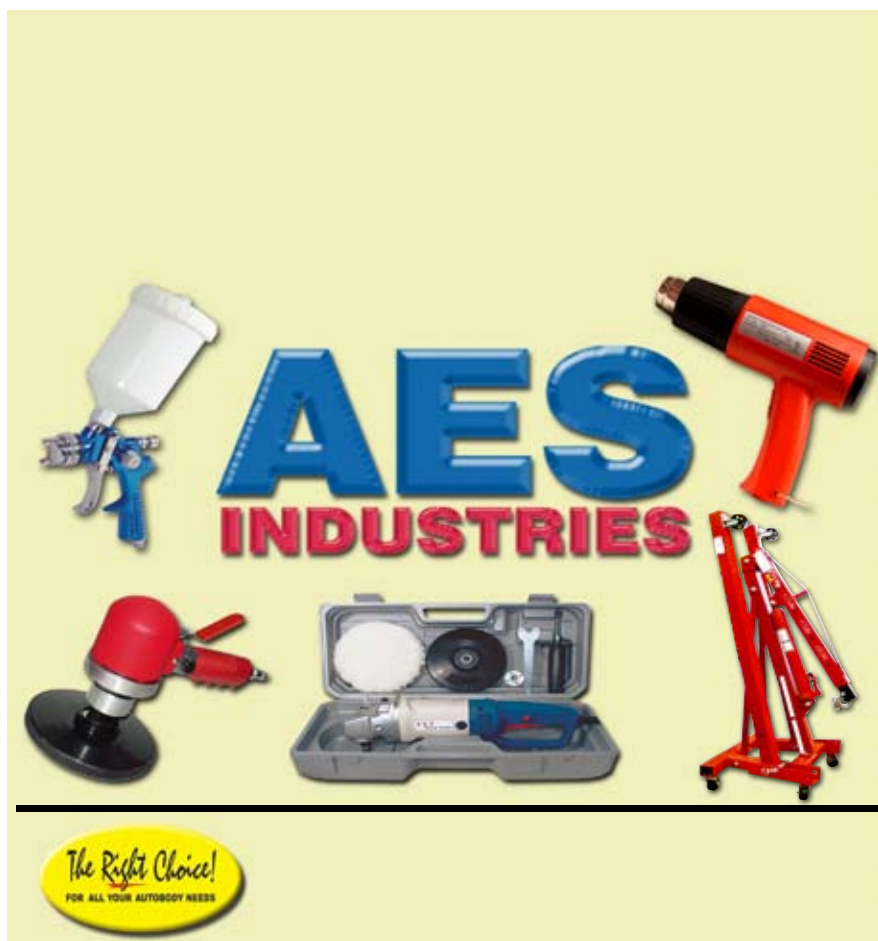
The bigger your discount is, the lower your paycheck will be. But do you realize just how much lower? Say you sell at an average of 10 percent off. That means a tool listed at \$100 sells for \$90 on your truck. If you could sell without discounting, you could earn 11 percent more this year without selling \$1 more than last year. And my guess is you often sell at more than 10 percent off.

Don't believe discounting hurts your customers? It affects them a lot more than you might realize — like with your inventory. When you're making less, it's easy to inventory less product. If a customer wants a new tool and you don't inventory it, you can't demonstrate it. If they order it, they have to wait for shipping. And since you don't have the tool, you probably can't show them how to use it. That's all a real inconvenience to customers.

And, subconsciously, it affects customer service, too.

So, this year, resolve to eliminate, or at least reduce, the discounts you give away. First, don't use a discount as a closing technique. It may sound friendly to say: "It lists for \$150, but I'll give it to you for \$125." But what a customer hears is: "I make huge gobs of money in this business, so I'll settle for making just gobs from you." When you try to close a sale with price, you're making price the focus instead of value.

What do you do when a customer says your price is too high? Start by simply asking them why they feel that way. You'll probably be surprised by their response. Here are a few common responses and some strategies to deal



with them:

"It just sounds high." More often than not, they aren't comparing your price to anyone. In some cases it means you haven't shown them the full value of the tool. But often they've just learned that by haggling they can get a better price. Some people just love to negotiate. In that case, let them negotiate color, options, training, overnight shipping — anything but price. Once you break them of the "price fighting" habit, you'll begin increasing your bottom line.

"That's all I can pay." I wish I could pay whatever I want for whatever I want. I'd probably be driving a Hummer. When a customer tries to set your price, try to jokingly ask them if their customers set their own prices, too. If possible, offer a cheaper alternative. Be sure to point out all the features they'd lose by paying less. If they take the alternative, the issue was affordability. But, usually, they want the better one. In this case, it's more about bargaining than budgeting. Hold firm to your price.

"I saw it cheaper on a web site." Internet stores can afford to sell cheap. They don't have the inventory or overhead you do. But be sure your customer understands what he's risking. How much is shipping and handling? If there's a problem, how much will it cost to ship it back? What's the warranty? How is customer service? Who's going to train them? Once they realize you can't put a price tag on everything you'll likely win them back.


"That's what the competition charges." It's hardest facing the competition. Usually we want to take the sale away from the other guy. But stop and think about it. There must be some reason they prefer dealing with you. Otherwise they'd just go with the other guy and not say a word. What is it? Availability? Knowledge? Customer service? Training? Trust? Loyalty? Or are they fudging the price a little?

Ask your customer: "Why would you prefer to buy from me?" They'll say something like: "I like your brand better" or "I like you better." Try

replying: "So, isn't that worth a few dollars more?"

The bottom line is minimize your discounts to maximize your profitability. Afterall, it's not about how much you sell. It's about how much you keep.

No one will ever sell everything at MSRP. But if we all agree not to give away the store, the mobile distribution

business could become a little more profitable for everyone this year. 

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