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Overcoming Price Problems

Why do customers expect discounts? You may think the answer is simple: They want to save money. The truth, however, is that there are many more factors that affect the discount requests of your customers. This article will take a look at a few of these factors and how to avoid discount problems.

Reducing discount requests by training to face objections

Industries in the Clear

Have you ever noticed that even though all customers seem to want discounts from you, there are industries in which no one asks for a discount? For example, if you go to a steak house and the Del Monaco steak is \$28, you will never hear a customer offer \$18 or ask for its best price. Have you ever seen a patient at a dentist's office who is told the fee for the appointment is \$35 ask if there is a better price? You may not be able to eliminate discount requests in our industry, but you can cut down on them significantly.

Beliefs & Reactions

One problem is our beliefs and reactions to customer requests for discounts. The fact is that we cause many of our own problems. For example, if you use statements like, "The list price is," you are telling the customer that there is another price that they can ask for. Many salespeople in our industry offer a discount before the customer even asks for one. They might say something like, "The list price is \$4,995, but I can sell it for \$3,995." This gives away a thousand dollars before the customer has even committed to buying anything.

If you do not believe that your products and services are priced well, your opinion will come across to the customers. You must believe the price is right in order to sell it to others.

Financing

Over the years I have noticed that dealers who do not offer financing to their customers often face the most price problems. The reason is simple: \$4,000 sounds like a lot more money than \$99 per month. It is harder to get the full amount without a discount if you talk about the total instead of the monthly cost. We suggest that you always quote dollars per month with the price. Make it automatic. For example, say, "Everything we looked at tonight is only \$3,995, or about \$110 per month." If you do not have financing to offer, I suggest you say the cost per month and then suggest that the customer makes the purchase using a credit card.

Another reason to always quote price per month with the total cost is because water equipment is sold based on monthly savings. If you show customers they will save \$100 per month by owning your equipment and then say the equipment costs only \$90 per month, customers can do the math and see that it is a good deal. But if you show them they will save \$100 per month and say the price is \$4,000, the majority of customers cannot do the math on the spot to see if it is a good deal.

Lead Sources

Another factor in price problems is where the lead comes from. If you are selling to customers who found

you in a newspaper ad or the yellow pages, they will likely call three or four dealers because it is as easy as calling one. When you go out to present, they will want to compare your price to the others, so you will have to be cheap to get the sale. If you get leads by people who had not thought about water equipment before, such as neighbors of customers, referrals or tradeshow leads, there is a better chance they will not be shopping by price.

Training for Objections

Despite the fact that you know you will face objections and that being able to deal with them and get the sale will increase income dramatically, few salespeople actually train to overcome objections. No training works without practice and rehearsal, but few salespeople practice, drill and rehearse how to overcome common objections. More work in this area can affect sales positively and cut down on objections significantly.

Doing the Math

If an average salesperson in our industry does one demonstration per day, or about 300 per year, and closes at an average rate of 33%, or 100 closes, that means the salesperson faces but cannot overcome about 200 objections each year. If training and a few adjustments could help overcome even 50 of those objections, sales would increase by 50%. The facts indicate that every water equipment dealer and salesperson would benefit from spending time and effort on increasing their chances of success with objections. *wqp*

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