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When Discounts Are Necessary

Some dealers build discounts into their marketing strategies and expect a discount in every presentation. Others have a strict no-discount policy. Let's take a look at how to get the most out of those situations in which a discount is necessary.

Getting the most from the money you give away

Don't Make It a Habit

One of the worst things salespeople can do is offer automatic discounts. Additionally, if the initial equipment price quoted is not realistic and the salesperson quickly follows with a discount offer, the customer may think the salesperson is being dishonest.

Find Other Reasons to Close

There are many reasons besides discounts that can convince customers to buy on your first visit. It could be to save money. If you show them they will save money with your system, they may want to reap the savings as soon as possible. They may also want to complete the sale immediately instead of having you come for a second visit. Another strategy is to give something that may be significant to the customer—but is not a big concession to the company—instead of a discount, such as including a free half-ton of salt in the deal.

Try Value First

When customers say the price is too high, try selling the value first. You can do this by summarizing the three benefits (not features) that are

most important to the customers, and ask whether each one is something they want. Explain that to get those features, you cannot sell them a deeply discounted system. Ask them which of those benefits they would give up to get a discount. Hopefully they will tell you that they want all of the benefits and you can try to close at the original price.

Have a Reason to Discount

If you give a discount for no reason it can make you look like a crook. From the customer's point of view, you had a price—but it was not the real price—and there is a better price that you were not going to tell them. That is why if you are going to entertain a discount, you need to have a reason why. There are many reasons you can use. If it is the end of the month, tell the customer the company had a great month and that you may be able to ask for a discount based on volume if you get the order in now. You could also say you are offering a discount because it is the beginning or middle of the month—slow times—or because you can add it to the special orders the company got at the trade-show last week.

Only Give the First Price

Salespeople should never give a second price. Many salespeople might say something like: "The system is \$3,900, but I can sell it for \$3,000." This not only makes you look like a crook, but you gave away \$900 and got no commitment from the customer. It is better to quote the dollar amount and tell the customers that it is a fair price. Then ask what price the customers had in mind if they could get a discount on a better quality system with all the benefits they wanted, plus installation and a 15-year warranty. When the customer gives you a price, look shocked, but say you will try and start writing the order.

Get Something in Return

It is important that you make the discount hard to get. If not, customers will wish they had asked for a bigger discount and may cancel their order. Tell the customers you will try to get that price but ask for something in return. Options include asking them to have the system installed on your slowest day, put a sign in their yard for two weeks or give you a certain number of referrals.

Deposits and Signatures

Remember not to talk about the discount. Say you will try to get the price the customers want and write it on an order form, but remind them that there is no guarantee. Then ask for a signature and a deposit. If they ask you to find out if they can get that price without signing, tell them they need to sign and give a deposit to show their commitment before your boss will approve a discount. If they refuse, tell them when they are ready to buy, you will be ready to sell.

Using discounts to close is an art that takes practice. Give some of these techniques a try and you may be surprised at the difference they make. *wqp*

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