

WINNING IN A PRICE MAD WORLD

Helping you to win more business in a price mad world is one of the major achievements and activities of 'Success From Within'. In our initial meetings with our client, they argue, "that in their commercial environments, price dominates the discussion".

Yet, the facts are, ***only 8% of people use price as the only factor in the buying decision.***

Usually, we have more problems with price than our customers ever do.

We communicate price to our customers and educate them to give price primary consideration, which means that the moment a competitor comes along with a lower price we lose a customer. A focus on price most often creates problems for us rather than solve them.

Your customer's perception of you is much more important than your price. If their perception of you is that of a quality supplier, unique product, convenient location etc, you'll win business. Perception is all there is. And you can change that perception even though you might be selling the "same" product as your competition and at a higher price.

For example, go into a Mercedes dealer and ask for a discount - they'll laugh at you. Yet manufacturers of other cars are perceived as having lower quality - whether or not that's the truth.

Could it be that by focusing on price we set up an expectation of a lack of quality in the customer's mind?

Could it be that by focusing on price we don't make enough margin to allow proper investment back into the business to improve and refine our product and service into the future?

And how about service? By focusing on price do we create the impression that our service will be less than awesome?

By focusing on price I'm certain we set up the expectation in the customer's mind that he or she can "do a deal". In other words, if you're dealing in what you perceive as a price-sensitive market, don't blame the customer - look first of all at whether the customer has been made to be price-sensitive by the price marketing that's been going on.

So how do we reduce price into the sales equation?

Start from the basis that the customer always buys **Value**. The "equation" in the customer's mind goes like this:

$$\text{VALUE} = \frac{\text{BENEFITS I GET}}{\text{PRICE I PAY}}$$

Therefore, ***Winning In A Price Mad World Is All About Creating Value.***

Clearly then, there are only two ways to increase the value:

- a) increase the benefits the customer perceives he or she is getting, or
- b) decrease the price you ask the customer to pay

If your choice is to reduce your price than you have to dramatically have to increase sales to make the same return.

So how good are you at identifying and telling your customers of your benefits so that you are increasing their perception of getting great value from you? Or, do you need help?