



HIGH PERFORMANCE SELLING

MODULE 17

Value-Added Selling

INTRODUCTION

MODULE 17

Value-Added Selling

Customers buy more on the basis of perceived value than for any other reason. At the same time, they are more price-conscious than ever before.

Your ability to position yourself, your company and your product so that what you offer contains higher perceived value to your customer is the key to selling more of your products at higher margins and being more successful in your career.

In this lesson, you learn how to overcome price concerns and focus on the value that the customer receives rather than the amount that the customer pays.

“How wonderful
it is that nobody
need wait a single
moment before
starting to improve
the world.”

~ *Anne Frank*

VALUE-ADDED SELLING

1. **Price** appears to be the critical issue in selling today:
 - a. Fact: Less than 30% of buyers are price-focused;
 - b. Fact: 94% of purchase decisions are ultimately made on **non-price** issues;
 - c. Fact: Of all reasons for buying, price always appears **last** in customer surveys;
 - d. Proof: Commodities are sold on price, but even commodities like gasoline can demand different prices;
 - e. Proof: In a large audience, no one has anything that was purchased **solely** because it was the lowest price.

2. **Value selling** — how to position against price concerns:
 - a. First you must identify the **non-price** determinants of the sale;
 - b. Value selling requires making intangibles **tangible** by showing how they reduce cost, increase profit;
 - c. Show how your services save time, increase productivity;
 - d. Demonstrate that your quality lowers the overall cost versus the initial price;
 - e. **Convenience** — low-hassle/ no-hassle ownership makes it easier for the customer;

- f. **Payment terms** — enable the customer to acquire and enjoy your product or service sooner.

3. Value has different meaning to different decision makers:

- a. Economic buyer? “Value” means that it increases **profits**, bottom line;
- b. Controller? “Value” means that it improves **accuracy**;
- c. Design engineer? “Value” means that it works **perfectly**;
- d. Purchasing agent? “Value” means that it satisfies **superior’s** requirements;
- e. User? “Value” means that it enables him/her to do his or her job better;
- f. Key question: What **results** are expected of each decision-maker? What results is he/she trying to achieve?
- g. How is he or she evaluated, paid, promoted?

4. Cost versus price is the critical factor in selling:

- a. The cost of **acquisition** — the initial amount the customer pays;
- b. The cost of defects or **breakdowns**;
- c. The cost of repair or **maintenance**;
- d. The cost of **delay** or unavailability;

- e. The cost of direct and **indirect expenses** associated with ownership;
 - f. The cost of frustration, **aggravation**, hassles;
 - g. **Opportunity costs** — alternate uses of the money.
5. Your **primary** job in selling in competitive markets is the following:
- a. Determine the **concerns** and desires of each decision-maker;
 - b. Position your product or service as the best **overall** choice;
 - c. Show that purchasing your product is a **low-risk** decision;
 - d. Focus your presentation and arguments on **value** rather than on price;
 - e. Always demonstrate the **bottom-line benefits** of dealing with you.

Customers pay higher prices for similar products every single day. They pay higher prices because the sales professional has shown them that they receive even **greater value** in terms of use than they give up in terms of money.

You can always win a sales argument on the basis of value, but you can seldom win a sales argument on the basis of price.

Now, here are some questions you can ask and answer:

1. What are the **three** most common price objections you hear in your daily sales activities?
2. In what **three** ways can you differentiate your product or service on a non-price basis?
3. What are the **three** most important non-price determinants of the sale of your product or service?
4. In what **three** ways can you demonstrate that your product, at a higher cost, is more suitable to the prospect than another product, at a lower cost?
5. What are **three** different meanings of value to various decision makers in your customer accounts?
6. What **three** questions can you ask to determine how a particular decision-maker measures value?
7. What are **three** differences between “price of purchase” and “cost of ownership?”.

What one action are you going to take immediately as a result of what you have learned in this lesson?

Now, stop the lesson at this point and answer these questions:

1. What are the **three** most common price objections you hear in your daily sales activities?

1) _____

2) _____

3) _____

2. In what **three** ways can you differentiate your product or service on a non-price basis?

1) _____

2) _____

3) _____

3. What are the **three** most important non-price determinants of the sale of your product or service?

1) _____

2) _____

3) _____

4. In what **three** ways can you demonstrate that your product, at a higher cost, is more suitable to the prospect than another product, at a lower cost?

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2) _____

3) _____

5. What are **three** different meanings of value to various decision makers in your customer accounts?

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6. What **three** questions can you ask to determine how a particular decision-maker measures value?

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7. What are **three** differences between “price of purchase” and “cost of ownership?”

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3) _____

What one action are you going to take immediately as a result of what you have learned in this lesson?
