TWO TYPES OF PUSH-BACK ON PRICE

Oscar Wilde wrote, "A cynic is someone who knows the price of everything and the value of nothing." Are price shopper's cynical, savvy, or both? Is there a difference between frugal and cheap? Are price shoppers solely responsible for the tug-of-war with salespeople? These are a few of the questions people like me ponder.

Salespeople face daily push-back on their prices. Helping salespeople deal with this reality is one reason I am in this business. But, not all price objections are created equally. There are two types of push-back on price: strategic price resistance and tactical price objections.

Strategic price resistance is a marketing challenge. Marketing operates strategically while sales executes tactically. Strategic price resistance has more to do with the type of business that you are pursuing and your pricing model. If you get push-back in the form of an RFP (RFQ), bid, or online reverse auctions, this is more procedural price resistance. Are you pursuing the right business? Is this the size, segment, or type of customer that you want? Does your value proposition allow you to make money on this type of business? You may be chasing the wrong stuff. The right question to ask at this point is, "Do we really want to invest any of our resources in this type of business?" If the answer is yes, make sure your value proposition reflects this type of business. If you try to sell a value-added solution to a price-only shopper, it is very much like trying to "teach a pig to sing. It wastes your time and annoys the pig." You cannot fix a strategic mistake with a tactical solution.

Tactical price objections come from customers with whom you want to work. You have already decided that you like their business and want more of it. Their needs and your solution run parallel. This resistance generally shows up as "That's more than I wanted to pay." "I don't have the budget for this." "I can buy this cheaper down the street or on the Internet." "I just don't see your value." "I never pay retail for anything." These objections are more one-to-one. Typically, they represent a communications breakdown, a failure to qualify fully the buyer, or an attitude that reflects a stubbornness of the buyer. They are not strategic objections because you really do want this business; it is good business for your company. Your challenge is to figure out a way to respond effectively. Salespeople generally find these objections easier to deal with because they do not cause you to question your reason for being there. You are fishing in the right pond. With strategic resistance, that is not always the case. Tactical price objections are resolved by guiding the conversation down the path of value.

All business is not good business. There is some business that you want the competition to take—some of that low-margin, high-aggravation, slow-pay, no-pay business. Then, when they get the business, take Napoleon's advice: "Never interrupt an enemy when he is making a mistake."

Author byline: Tom Reilly is a professional speaker and author of twelve books. Tom is literally the guy who wrote the book on *Value-Added Selling* (McGraw-Hill, 2010), the book that started the value selling revolution. For more information on Tom's presentations, training, and products, visit his website www.TomReillyTraining.com or call his office, 636-537-3360.