

Value Is Like a Good Wine

Like good wine, value matures over time. Value begins with acquisition and develops fully throughout ownership. That is when the endowment effect takes root. People confer more value on things they own. The longer they own something, the more value they confer on it. This happens for three reasons. One, the buyer discovers the magic of ownership—unanticipated gains. Two, loss-aversion means they regret having to relinquish what they own. Three, cognitive dissonance means that people want to feel they make good decisions. Giving up something is tantamount to admitting that it was not a good decision. That value grows with time is important for salespeople for two reasons.

First, once you have the business, you must continue to reinforce the value in the customer's mind. Keep it top-of-mind. No one gets the credit they deserve; they only get the credit they ask for. If you fail to get credit for your value, buyers take you for granted. Reminding them of your value increases the endowment effect, reinforces ownership, and confirms their decision to buy your product.

Second, ownership makes it difficult to dislodge an installed competitor. Buyers change when the pain is greater than the gain. This happens when the buyer feels the performance pain more than the loss-aversion pain. You can prompt this insight with questions that help the buyer discover their pain with existing suppliers. There are things buyers like and dislike about things they own. When the dissatisfaction weighs heavier than the satisfaction, it is fertile ground for you to tell your story.

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