

## WHEN FAIRNESS TRUMPS PRICE

Things are going well in your life: you close most sales that you work on; your family life is great; your investment portfolio is performing well above the market; and you are playing golf at three strokes below your golf handicap. Amidst all of these great things happening to you, a little voice inside of you says, “I just know the other shoe is about to drop.”

Psychologists call this tendency of human nature the *sense of fairness*—a subjective benchmark that we use to process life. When things go badly, we say, “I know my luck is about to change.” When things go well, we say, “I better watch out. Things are going too well.” Our attitude toward fairness acts as a gyroscope to keep us balanced in an unbalanced world. Life is neither fair nor unfair; it is simply life. We do not like that reality, even though it is one of the most liberating truths we face.

Buyers operate with their own sense-of-fairness attitude. They want to be treated fairly, and their perception of fairness depends on a number of factors. One fairness factor is price. When buyers perceive that they get as good as they give—that the exchange of money for a solution is equitable—they are motivated to buy. It is a fair deal. Because fairness transcends money, there are other *fairness factors* that influence buyers.

A second fairness factor is *integrity pricing*. Buyers want the same deal that others receive. They believe that no competitor should get a better deal than they do. This is the central problem with discount mania; you create suspicion that everyone gets a different deal. Hence, no one believes that they got the best deal. This breakdown of trust results in a perceived lack of fairness.

A third fairness factor is *procedural justice*. Buyers want to feel that they are treated fairly throughout the sales process. Buyers ask these types of questions about the acquisition process:

Is my voice heard?

Am I treated with respect?

How does the seller behave toward us?

Can I get the attention and responsiveness that I require?

Does the seller understand my individual needs and wants?

A study of auto dealers found that the *process* of dealing with the factory was more important to dealers than the *outcome* of getting the cheapest invoice price for vehicles. In one of the most price-conscious industries, procedural fairness (how customers were treated throughout the buying process) was more important than the outcome of a cheaper price. It seems that fairness does trump price.

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