

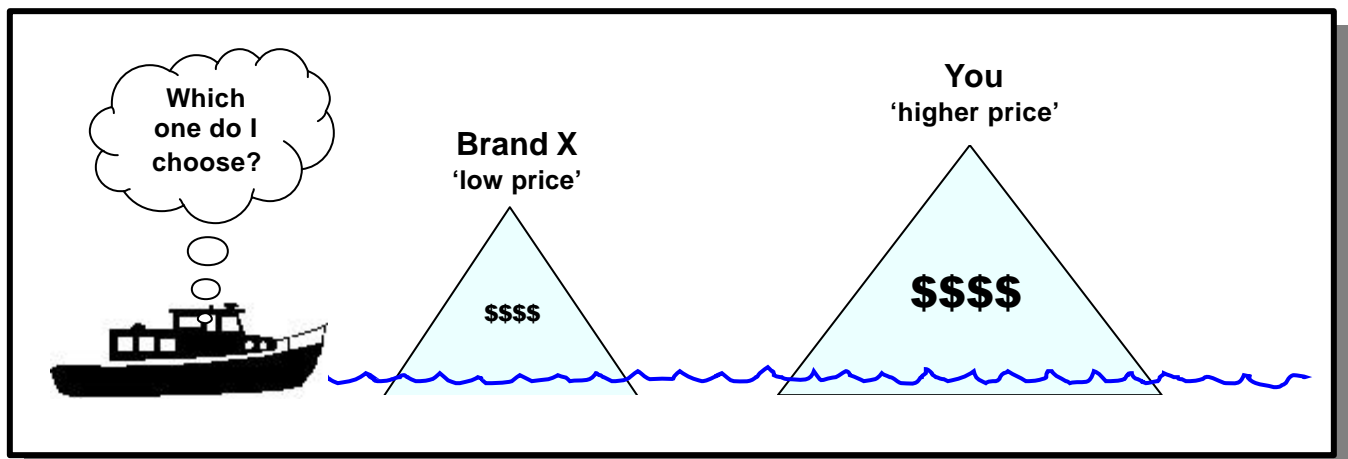
## How To Create Value In What You Sell

You've got a great product or service to market to customers or businesses who you've identified as having a need. You've done all the research to determine a selling price that will yield enough margin and at a price point slightly above market average. But your salespeople report that customers are pressing them to reduce the price. "After all," they reason, "if we lowered our price, say 5 – 10%, we'd be right in there with Brand X. Our customers will certainly buy at a lower price."

Sound familiar? Your dilemma: How can I keep my prices high enough to make a reasonable margin, yet low enough to be competitive?

Discovering the correct answer to this question may be the key to a successful and profitable business, while the wrong answer may eventually lead to bankruptcy caused by a lack of sales volume or a lack of gross margin on what you are selling.

Remember the Titanic? Like the Titanic, bad decisions are made by only considering what lies above the water line. It's what's *beneath the water line* that counts! The same is true in marketing. In the absence of known DIFFERENCES, your customers are left with no other choice but to assume all choices are roughly the same except for the price.



Can you really blame your customer for choosing Brand X? Based on what he or she knows, the choice is obvious: go for the cheaper price. In today's world of commodity pricing via the Internet, customers have seen that a little shopping will yield substantial differences in price.

You could sell it at a lower price. Being a price leader is a legitimate strategy. If it works, you might make a smaller margin per item but make many more sales and lower your costs per unit based on volume. However, if you take the approach of lowering your price, nothing prevents Brand X from lowering their price...or Brand Z from coming in at an even lower price. Price cutting is almost always slow suicide.

One highly effective solution to this problem is to hold a crash course for your sales people on selling below the water line! Train them to become 'deep water experts' in identifying opportunities to *create value* in the mind of their customers.

The customer only sees what is REVEALED! Successful sales professionals reveal what is below the line and sell VALUE there!



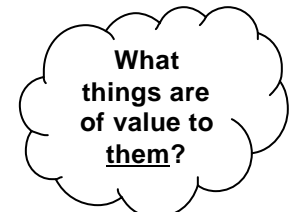
## GO DEEPER!

You must GO DEEPER to establish value! Selling below the water line requires you to go deeper to discover your customer's needs, *and* to position all of the differentiators that make your product or service the best value solution! Once educated, customers generally choose VALUE over PRICE.



Provide these four things for your customers and you will win their business:

1. Reduce their total costs
2. Increase their income
3. If a business customer, improve their competitive position
4. If a business customer, improve morale within their company



Your prospective customers are looking for someone who will help them identify value. When your sales people are able to do this, you will consistently sell more products and services at your target prices and profit margins. Over the long run your company will be around to enjoy its success, while Brand X becomes a memory.

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Boyer Management Group specializes in training corporate and consumer sales organizations to consistently increase sales of products or services with greater profitability. To put our marketing expertise to work in your company, contact us at 215-942-0982, visit us on the Internet at [www.boyermanagement.com](http://www.boyermanagement.com) or email Hank Boyer at [hank@boyermanagement.com](mailto:hank@boyermanagement.com). Excerpted from *Business Selling Skills*© 1998 - 2002 from Boyer Management Group.