



## How to Overcome the Price Objection

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Hello and welcome to another MTD Sales Training tip. This session focuses on how best to overcome the price objection.

We're actually surprised at how many sales people today still have problems with the price objection. No matter what the economic situation, the age-old price objection has been with us and will be with us forever. The reason it surprises us that so many well-trained sales people still struggle with this objection, is because the price objection is not about price----it's about value.

When you build sufficient value into your sales interaction and presentation, price should rarely be an issue. When the prospect objects at the close and says the price is too high...they are actually saying that they don't believe that your product or service is worth what you are asking. It's a matter of value. The sale takes place when in the mind of the prospect, the value of the product or service is significantly higher than its cost.

However, as it is still much of an issue, let's examine how to handle this objection....and better yet...how to *avoid* it all together!

First, understand that price objections can come in many forms, sometimes disguised as other objections. A price objection can appear to be an economy objection or an affordability objection.

The question is, when the prospect says, "I can't afford that..." is the prospect saying that currently, they don't have enough funds in the budget or in the bank to cover the cost? Is the prospect actually saying that if he wrote a cheque, the bank would return it unpaid? *Or* is the prospect *really* saying, "Your product or service is not worth the money?"

When the prospect uses an economy objection, is the prospect saying, "I cannot make the purchase because due to the economy, we are unsure of our future direction..." or is the prospect *really* saying, "Money is tight and your product or service is not worth that money"?

These are tough questions that you need to ask yourself...but it is critical that you understand the real problem in order to solve it. Many sales people use the economy as an excuse for poor sales interactions that don't build enough value. So be honest with yourself.

A price objection is about value and while we have another audio session dedicated to teaching specific ways you can add value to your product or service in a sales interaction, in this session, we're going to explain strategies on how to add value in specific areas to avoid the price objection.

First let me give you three specific strategies to use during your sales interaction to avoid the price objection more often. Then I will give you three powerful ways to handle the price objection when it seldom arises.

When you do a sales presentation, by the time you are done the prospect should be thinking that your product or service is far more expensive than what it actually is. When the prospect hears your price, they should think, “Wow, that’s a bargain.”

So here are three techniques to help you achieve this during your sales interaction. They are:

1. Be proud of your higher price and mention it throughout the interaction
2. Build the value of the problem
3. Relate the problem to the prospect’s peer group

Let’s go over these one at a time.

Number one: Be proud of your higher price. You should be proud that your product is all about quality and how your company aims to spare no expense in producing the very best. Mention that high quality equals higher cost.

And do this even if your prices are actually lower than your competition—talk about quality and that your company spare no expense to get that quality delivered as your product or service. We’re not saying that you misrepresent the facts. Just talk about the huge investment your company makes in what you sell and therefore you are not selling on low price.

Here are some samples of sales talk to better explain what we mean:

“Susan, our main plant is in London. We’ve upgraded all of our equipment and we maintain the latest software and processes. It costs a lot, but we are a quality conscious company and more concerned with customer satisfaction than with bargain prices.”

“Steve, all of our instructors have a minimum of five years real world experience. They cost us a lot more than those kids fresh out of university, but our clients feel they are more than worth the higher rates...”

Talk about quality and high price throughout your sales interaction.

The second thing to do and this is the biggy....you need to build more value into the problem. The primary reason you get a price objection is that the product or service isn’t worth what you ask in the mind of the prospect. The primary reason this occurs is that the problem or pain that the product is supposed to solve is not that important or painful.

In other words: the bigger the problem, the more valuable the solution. The smaller and more insignificant the problem and the pain, the less valuable the solution.

Does that make sense?

The solution; the product or service you sell is useful for the benefits it provides to the customer, right?

So let's look at it this way, would you buy a gigantic champagne bottle cork, right now? That's right. Let's say I had a huge, ten-foot cork, would you buy it for, say, £100? No? How about £50? £5?

No. However, what if you were shipped wrecked in the middle of the Atlantic Ocean? Would you be interested in a big giant cork then? Not only would you be interested, but you'd gladly pay a million pounds! The problem dictates the value of the solution. The greater the problem, the greater the solution.

When you get a price objection, you did not demonstrate to the prospect that the problem they have is costing *more* than the solution and therefore, the solution costs too much. Does that make sense? You must raise the value of the problem and here are a few ways to do that:

First, you must identify and magnify the problems and the pain. You must uncover the pain and problems the prospect is having and intensify them. If you have difficulty doing this, please listen to the audio session on asking questions to unearth the prospect's problems. Asking the right questions to uncover problems is a critical part of the sales interaction.

Now, once you have identified the problems and the pain, use these three steps:

1. Be slightly shocked and surprised
2. Get serious and concerned
3. Get the prospect to apply a monetary value

Ok, let's look at each step.

The first step after you have identified the pain and problems is to become a little shocked. We're not talking about acting here. You *should* be shocked. The first time you saw your product in a sales interaction and saw the great benefits it provides and witnessed the considerable problems prospects have without your product you *were* surprised. But now you've seen these things dozens or hundreds of times and the freshness has worn off. Well, remember that the prospect has not seen this before.

Be astonished that this prospect is losing so much money, that this person is suffering so many losses, that this company is losing so many sales.

Now, the second step when discussing a problem the prospect is having, is to be very careful of your attitude; your demeanor, as well as during the first step. A huge mistake sales people make--even the experienced pros—is to be a little animated, or enthusiastic when discussing the prospect's problems. When sales people notice that the prospect has a huge problem and therefore a great *need* for the product, they tend to get a bit excited. But this is a mistake.

You're talking about something that is costing this person or company money, valuable time, pain. You're talking about something that is *hurting* this prospect in some way.

You should not be happy and excited about that!

"So, Mr Prospect; it looks like you're losing £16,000 a quarter—ha! That's fantastic!"

No! Watch your attitude.

You should be showing concern and compassion. Also, the more *lighthearted* your attitude is, when discussing the problem, the *less* serious the problem becomes. When discussing the problem - the pain - get serious. Show concern.

Step three is that after identifying the pain you should get the prospect to assign a number, a monetary value or cost to the problem. Now, depending on what you sell, this may not be possible, but still get the prospect to assign some value to the problem. Narrow the scope of the problem and define it clearly.

If you do these three steps exceptionally well, usually the prospect will ask you to rate the problem and their pain that they are facing to other customers that you deal with.

Now all of that may sound like a long undertaking but it's actually normal and it flows.

Listen to this example:

Sales person: "So, Steve, you've got 200 servers and your techs have to go to each one, individually, and personally reset the accounts and they do this almost every day!? My goodness. How much does that cost you?"

Prospect: "Ah, well, I'm not sure...exactly...I know it's a lot."

Sales Person: "I'd say. That's err, um.... Well, you said you have 10 techs and each handles 20 servers, so how much time would you say they spend per day on each?"

Prospect: "Only about 5 minutes."

Sales Person: "Ok, so each techy spends 5 minutes..... times 20 servers..... so about 100 minutes a day, times 5 days....so you're saying they spend over 8 hours a week or the equivalent of an entire day, Steve? That's about £240 per week per techy....Steve.....that's over 12 grand a year! Times that by 10 and your whole team wastes the equivalent of £120,000 a year just with resetting accounts!"

Prospect: "So is this the worst you've seen, the most waste?"

Sales Person: "Well...no, I've seen worse. But it's up there."

So, when building the value of the problem, remember to be a little surprised and get serious and then get the prospect to apply a value to the problem.

To help avoid a price objection, during your sales interaction you want to boast about quality and price throughout, and you have to magnify the value of the prospect's problem and pain. Now, you need to relate the problem and pain to the prospect's peers—and do so immediately.



Let's assume that you've just finished demonstrating to the prospect that they are losing or hurting badly in some area. You were surprised at the prospect's situation. At this point, the prospect is not feeling very good—which is what you want. You must get the prospect to become uncomfortable about their present situation.

However, you do not want the prospect to begin to feel as if they are the only person in their position with this problem. When the prospect begins to feel as if they are the only one suffering from this problem then two things happen:

1. The prospect feels ignorant and goes on the immediate defense
2. The prospect begins to disbelieve you and goes into defense mode, denial and distrust

And you do not want either of those outcomes. So, after the problem, let the prospect know that their peers suffer the same problem---a problem that you have solved for many of those peers!

Let's go back to the last example and add in the third step:

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Prospect: "So is this the worst you've seen, the most waste?"

Sales Person: "Well...no, I've seen worse. But it's up there. Actually, Steve, you're not alone. Most IT departments in companies of this size have a similar problem. I specialise in working with directors just like you, and have helped them solve this problem quickly and efficiently..."

So, start talking about quality from the outset. Then increase, magnify and intensify the value of the problem, and finally relate the problem to other customers in the prospect's peer group.

If you follow those steps, you will rarely get a price objection.

However, there will still be those times that it rears its head and when it does...here's how to handle it...

So how do you handle the Price Objection?

First, do not forget what a price objection actually is...it's a question of value.

It's not a matter of money or anything else. To the prospect, the value of the money is simply worth more than the consequences of the problem. Now, since you can't *decrease* the value of the money, you must *increase* the weight of the problem. Does that make sense?

When answering a price objection, do not make the common mistake of debating the price and talking about money. Discuss the problem! If you receive a price objection at the close, then somewhere in your sales interaction you did not solidify or raise the value of the problem enough.

Instead of debating about money, you need a way to *re-introduce* the problem and find out exactly where or what it is the prospect missed or did not accept, and then increase the value of the problem again. Does that make sense?

You need to re-introduce and reeducate the prospect to the problem and magnify it even more.

And here are three powerful and effective ways to help you do just that.

1. Is it the Price or the Cost?
2. I didn't do my job properly
3. Who's going to benefit the most

Firstly, Is it The Price or the Cost? With this method, you want to help refocus the prospect's mind away from the *price* of the product and back to the *cost*---the cost of the problem, that is.

This is a simple and straightforward way for you to re-introduce everything that you can think of in relation to the problem, and consequently all of the emotion and the pain. Here's an example of the concept:

Prospect: "Well, it all looks good, but, I'm going to have to pass. It's just too much money."

Sales Person: "I agree Steve; we're talking about a lot of money here. But are you talking about the price or the cost?"

Prospect: "Uh, what?, What do mean...what's the difference?"

Sales Person: "Well, Steve, if you're referring to the price, that's one thing. I mean if you're referring to the £3,000 I'm asking for today—that's the price.

However, I thought you were referring to the *cost* that's a lot of money. The cost is the £12,000 per person per year in man-hours that your techs waste every year in resetting those accounts. The cost is also the amounts of money that you lose due to the clients who leave because of poor service and manual resetting when all of this can be done automatically.

So Steve, the price is just a one off payment of £3,000. But the cost is closer to £120,000 a year, year in and year out.

Now of course, to do this, you need to know your stuff. Do not ever try this with hypothetical numbers. In fact, everything you say had better already have been presented, uncovered and agreed to by the prospect, earlier on in the sales interaction.

Help the prospect see and compare the price with the actual cost including the long-term costs as well.

Let the prospect know that they're going to buy the product, that is, that they're going to pay the price of the product and more, even if they don't buy it.

And now for the "I didn't do my job properly" response to the price objection. With this method, you're going to do the same thing in that you will re-introduce and re-magnify the problem. However, with this one, you'll do it with a series of questions.

Here's the idea:

Prospect: "Well, it all looks good, but, I'm going to have to pass. It's just too much money."

Sales Person: "Really? I mean do you *really* feel £3,000 is too much?"

Prospect: "Ah, well, yeah. Sorry."

Sales Person: "No, Steve. I apologise"

Prospect: "For what? You didn't do anything wrong."

Sales Person: "Well, Steve, I don't think I've done my job properly. I mean, let me ask you...was I able to show you that your techs are actually costing your company £12,000 each every year? "

Prospect: "Yeah, you made that clear."

You can see where this goes. You want to bring up every problem and ask if you were able to make it clear or ask if they agree. Now, if you come to an item and the prospect hesitates or disagrees, then you know where you came up short in the sales interaction.

Sales Person: "Steve, was I able to show you clearly how much you lose every year due to clients who leave for poor service?"

Prospect: "Yeah, well, I don't think it's that many or that much, but I see what you were getting at."

Bingo!!

Once you discover the area where you fell short, then get back on it.

Sales Person: "I knew it James, let me just take a moment and show you the figures



we pulled from your client data...”

Finally, let’s check out the “who’s going to benefit the most” answer to the price objection.

Remember, this is your last resort response and use it only if you’ve exhausted all other options.

With this strategy, you are going to ask some questions, but just a few. In this case, you want to help the prospect *simplify* the options and to re-examine the weight of the problem against the price.

However, this answer should be used only as a last resort, a last answer. After you have, reiterated the problem, magnified the problem and closed several times, yet you still cannot close the sale as the prospect remains firm on a price objection- then try this...

Prospect: “Well, it all looks good, but, I’m going to have to pass. Like I’ve been saying...it’s just too much money.”

Sales Person: “Ok Steve, never mind. I really appreciate your time here today and thanks for seeing me. If you don’t mind, is it alright to ask you just a couple more final questions, if that’s ok?”

Prospect: “Sure.”

Sales Person: “Steve, first of all, did you like what I showed you? I mean do you like the product.”

Prospect: “Oh yeah. Like I said...it looks good. I like it.”

Note: If the prospect answers negatively here, you know what you need to do.

Sales Person: “Was I able to show you how the product will save you a ton of money in this department. I mean with all of the savings on your techs and everything else? I mean, were you able to see that?”

Prospect: “Certainly.”

Sales Person: “Can you see how the product will not only save your company money, but actually *make* you money and save jobs---now and for years to come?”

Prospect: “Yes. I understand that.”

Sales Person: “And Steve, just one more thing and I ask you to please be just as honest with me as I am with you, even if it hurts me, ok?”

Prospect: “Of course. Always.”

Sales Person: “Who do you feel will gain the most, I mean who will profit the most from this one sale, if you bought it today---you and your company, me, or my company?”

Prospect: "Ah...well...I guess I would."

Important note here: if the prospect answers negatively here, you have bigger problem than you thought. Not only is it clear that the value of the problem was not big enough, but there could be a trust issue as well. Let's continue...

Sales Person: "Well, Steve, who do you feel will *lose* the most and continue to lose if you don't get it?"

Now, it's important to try not to let the prospect voice this answer or it could become an attack. Instead, pause for just a second or two to allow the answer sink in and then...

Sales Person: "You see Steve, you can't lose with this. You solve a dozen serious problems with this AND you're paying only a one off fee of £3,000 to save £120,000 a year. It's just common sense to place order, why don't we do just that?"

Then extend your hand out to shake. Deal done.

Remember, that's your last chance saloon close!

The exact words in this close are not important, but the steps are. Remember to

1. Exhaust every other option
2. Ask permission to ask a few last questions
3. Did you like product?
4. Can you see how the product will save or make you money now and in future?
5. Be honest with me
6. Who do you feel will gain the most or make the most if you buy?
7. Who do you feel will lose the most if you don't?
8. Lay the figures on the line
9. It's just common sense to place an order
10. Why don't we do just that

So let's do a recap of handling the price objection.

Again, remember that a price objection is a matter of value not money.

To avoid more price objections, take these three steps during your sales interaction:

1. Be proud of your higher price and mention the quality of your products throughout the interaction
2. Build the value of the problem by
  - a. Being slightly surprised
  - b. Getting serious and concerned and lastly
  - c. Getting the prospect to apply a monetary value to the problem and then
3. Relate the problem to the prospect's peer group

Should you still get a price objection, use one or all of these answers. Remember...

1. Is it the Price or the Cost?
2. I didn't do my job properly or the last resort
3. Who's going to benefit the most

Now, if by some chance you are still having a problem, then and only then, you might consider dropping your price. But only after you have increased the value of the problem significantly and many, many times.

Implement these simple steps to overcome your price objections and you'll close more deals and join us again soon for some more MTD Sales Training tips

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