



## Overcoming Price Objections

## Is It The Price Or The Cost?

To overcome a price objection you must first understand whether it actually is the PRICE of your product or service that is causing the problem. For instance, is it the price or the cost that your prospect is objecting to?

The next time you are faced with this objection, before you start trying to justify or defend your price and especially before you consider offering a discount you need to find out exactly what the prospect means. Here's an example for you:

**Prospect:** "Like I said, it all looks great. But that's too much right now. That's a lot of money. I mean can you do something about the price?"

**Sales Person:** "Steve, you'll have to help me. I'm not sure what you are referring to. When you say it is too much, are you referring to the PRICE or the COST?"

**Prospect:** "Uh...What do you mean? What's the difference?"

**Sales Person:** "Well Steve, the difference is that if you are referring to the price, that is the actual amount of money that I am going to charge you, our fees, and such, that is one thing...and frankly, our price is quite fair. Yes, we are a bit higher than our competitors are, but we decided long ago that it was better to explain a slightly higher price once, rather than make excuses for poor service and merchandise over and over.

However Steve, if you are referring to the COST...then I agree with you 100%! You are right. The cost is high. That is the cost of you losing money every day in the factory due to the inefficiency of the inventory system. Yes, the cost is high when you are losing £320 every day because of outdated technology. Steve, as I thought I demonstrated, you are throwing away over £7,650 a month! Yes, that is too much!"

The price is merely what is on the invoice. The cost is what the prospect loses by NOT having what you sell. Help the buyer understand that the COST is always much higher than the price. It is all about building the value of your product and service so that the COST of not having your product or service far outweighs the PRICE you are asking for this.

## Is It A Price Objection Or A Sticker Shock?

A price objection is one thing. However, if you reveal your price and ask for the order, then after a comprehensive sales interaction the prospect responds with a state of disbelief you have a much bigger problem.

### The Molehill Really IS A Mountain

In a price objection, somewhere within the sales interaction you failed to build enough value. However, if the prospect is truly surprised or even shocked by your price, you failed in many foundational sales areas:

You did not...

1. Properly unearth the prospect's problems and pain
2. Properly expose the need
3. Help the prospect to understand the validity, costs and importance of the problems
4. Properly build the value of the solution
5. Convey creditability in you and your company
6. Gain the prospect's trust

### No Objection

What most sales people do at this point is turn to their "rebuttal book," and begin to try to overcome the price objection. Please understand that at this point, there is no objection. There is no objection because there is no valid offer. There is no valid offer because the prospect does not see a realistic solution to a legitimate problem. There is no objection because the prospect does not even have a real consideration on making such a purchase.

### The Missing Link

The main thing for you to do if you are so unfortunate to be in this self-imposed predicament, is to go back and try to find out what you missed. Ask questions. Dig deeper into the problems and properly expose the need.

Then assign a real monetary value to the problem: What does it cost the prospect NOT to have your product or service? What do they suffer or lose?

### Don't Keep Changing The Tires On The Car...Fix The Hole In The Street!

Also, please note that if this sticker shock or surprise happens more than extremely rarely, you have a fundamental problem in your sales interaction. There are essential ingredients missing in the foundation of your sales structure. (This of course, is assuming that your pricing is reasonable.)

Instead of continuously trying to combat so-called price objections and eventually drastically lowering your price all the time; go back to the proverbial drawing board and redesign your sales interaction.

Price Objection = Build value

Price Shock = Start over

## 3 Ways To Deal With The “Price Only” Prospect

It's the situation that every sales person dreads dealing with – you're two minutes into the sales interaction and the prospect is already demanding to know the price. You do what you can do avoid divulging the price too soon, but the prospect insists.

If you sell a product or service where you must put together a quote and it will take time to do so then that helps. However, when you have exhausted the usual options and answers and the prospect remains adamant on knowing the costs right away, here are a few tips you can try.

As always, what follows, are concepts, not scripts.

### #1 – Do You Normally Make Decisions This Way?

Simply ask the prospect if they normally make important decisions in such a manner. That is, do they usually make decisions BEFORE they have ALL of the necessary information? Be strong and embarrass the prospect on asking you to “cut-to-the-chase” on such an important issue.

**Sales Person** - “Steve, I understand and appreciate that you are anxious to know what our program will cost. But let me ask you; do you normally make decisions BEFORE you have all of the information regarding that decision?”

Then, after whatever the uncomfortable answer, perhaps...

**Sales Person** - “Steve, if you'll just give me just a few minutes, I will give you all of the information you need, including the price, so that you can make a well-informed, intelligent decision. Does that make sense?”

### #2 – Compared To What?

Since you have not been able to give the prospect the information about the product or service, then how can the price have any real meaning? If someone told you they have a house for sale and the price is £50,000, what would that mean? Unless you have details about the house, the price is irrelevant.

**Sales Person** - “Sarah, my point is that whatever price I give you right now, what do you compare it to? If you are thinking of comparing it to what you get from your present supplier, I can tell you that what we deliver is not quite the same. If you would like to compare “apples-to-apples” then I ask you to allow me to first explain exactly what WE will do for you. Is that fair enough?”

### All Money Is Not Good Money

Be careful with the price ONLY or price before presentation prospect. Often, even if you give in and divulge the price prematurely, AND close the deal, usually you will end up with a nightmare customer. Work with clients who are worthy of YOUR quality business. Be a professional.

## Dealing With The Prospect Who Is Shocked By Your Price

The "price only" prospect can be a difficult one to overcome, but the prospect who is genuinely shocked by the cost of your product or service needs a completely different approach to the situation discussed above.

Let's talk it through... So you felt that it was a good presentation and that the entire sales interaction was on track. Then you present the price, and suddenly the prospect acts as if they just had a heart attack! What happened? A better question is what do you do? Below are three important steps you should take when this situation occurs.

### The Three Dos

#### #1 - Do Start Over

The fact is that if the prospect is truly surprised by your pricing after you have had a complete sales interaction, then you really missed some fundamental and essential points in your presentation. When this happens, you have failed in one or all of the following areas:

- Uncovering the prospect's problems and pain
- Exposing problems the prospect believes are real
- Conveying the importance of the problems
- Conveying the monetary loss the prospect is suffering
- Building the value of the problem and the solution

Understand that at this point, there is no such thing as answering objections. There are no valid objections to overcome because there is no valid offer. There is no legitimate offer because you never carried out a convincing presentation. All you can do now is try to go back and cover the things you missed. Just be honest...

**Sales Person** - "Whoa! Ms Prospect. If this offer seems out of line to you then I must have really missed something. Can I ask you a few questions?"

Then go over the problem-exposing questions, and value building points.

**Sales Person** - "Ms Prospect, was I able to show you that right now your drivers are spending at least 35% more in loading time?" or "Can you see how you are currently losing £722 ever day in the factory?"

Do not try to fix the problem. Go back and erase it.

#### #2 - Ignore It

It's possible that the prospect is faking this apparent shock. A skilled business person will use such a tactic as a negotiating tool. If you are absolutely positive that the prospect is being *less than honest* with you, then continue on and close with confidence. Maintain the look and disposition that you are an experienced professional and aware of such tactics. If however, you are not certain if the prospect is acting or not, then follow tip #1 first, followed by #2.

#### #3 - Do Ask For Referrals & Leave

You may not have the time or permission to start over and ask questions, and ignoring the situation also may not work. Either you messed this up badly or the prospect just doesn't get it. In either case, it is too late. There comes a time to learn from your mistakes and accept them.

A "shock" situation at the very end of the interaction is likely a failure of the entire sales process or indeed the way that you qualified this prospect in the first place. Instead of trying to put out the fire, it may be best to just get out of the building!

### **The Three DON'Ts**

#### **#1 - Don't Try To Justify The Price**

The only way to justify the price is to rationalise and defend the price, which only further diminishes the *value*.

"Well, our pricing is in line with the industry..."

"Our price is lower than most of our competitors..."

"Due to the economy and oil prices, our costs go up..."

"Sticker Shock" at the end of the sales interaction is not a reaction to price; it is a matter of value and likely a failure of several steps in the sales process.

#### **#2 - Don't Begin Discounting The Price**

Do not lower the price! Changing the price or the offer at this point only proves the prospect was correct in that your price was outrageous. Sadly, some sales people justify the price **and** discount it at the same time; driving the value of their product and company into the ground.

#### **#3. Don't Agree**

Many sales people like to agree or empathise with the prospect in this situation. This is a mistake. There is a time to agree that your price is high, even to brag about your high rates.

However, that is only when you have built the value to where the prospect feels it is significantly higher than the price. If the perceived value is so low that the prospect is shocked by the price, then do not agree. Don't use statements like:

"Yes, it is high, Mr Prospect, but everything costs more these days."

If you routinely get prospects that feel your pricing is extraordinarily high, understand that you have more than a pricing problem. In fact, you may not have a price problem at all. Conversely, you probably have very serious problems within your sales process, your sales interaction, and in building value.

Until next time... happy selling!

Sean

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