Price versus Value

Sales is all about communication. As salespeople we communicate information about our products to potential buyers hoping that they will see the benefit of advertising with us. To communicate clearly it is vital that both parties are speaking the same language. Obviously, most of our advertisers speak English, but there is more to it than that. It is critical that both the sales person and the prospect speak the language of "value". "Value" is the mother tongue of all true salespeople. Many customers, and unfortunately many sales people, tend to speak the language of "price." The best sales people are experts at translating their message into fluent "value-speak." Here are some ideas on speaking "value" like a native.

Many people confuse price and value, but they are distinct entities. The dictionary defines price as: "The amount of money or goods, asked for or given in exchange for something else." Price is a very simple mathematical concept. A price can be written on a tag or published in a catalog. We all know what a dollar bill looks like and we all understand its relative worth.

Value is defined as: "The desirability of something, often in terms of usefulness or exchangeability; an amount of money considered to be a fair exchange for something; something worth the money it costs." This definition is more complicated than the definition of price. Value can only be determined in context. A dollar is always a dollar; items that are priced at a dollar may or may not be a value. A $1.00 pack of gum would not be a good value, but an imported chocolate bar would be a great value for a $1.00. The definition of value contains words like "fair" and "worth." Value means that the buyer gets as much or more in return from the seller as they give up. No one likes to lose, so a prospect must believe they are going to receive value for their money before they enter into a transaction.

The relationship between price and value can be expressed as "cost." The final cost is the value of the item less the price. In our business, if an advertiser pays $100 for an ad and earns $200 in profit from the customers who responded to the ad, their net cost would be -$100. If a customer believes that the ad will bring in more revenue than the investment required to place it, you will have no problem closing the sale. Unfortunately, we have no way of knowing the end cost of an ad when the customer purchases it. We have no way to predict how many people will respond or what they will purchase. Even once an ad is published it is difficult, if not impossible, to link the response directly to the ad. What we can do is provide potential advertisers with information that will make placing the ad an informed decision.

PaperChain®

LINK & LEARN℠

Every purchase involves a value calculation. We measure the risk of making a purchase against the potential reward. The greater the risk, i.e. the greater the required outlay of cash, the more effort we will put into the decision making process. Our perception of value is directly related to how much we know about the product we are purchasing. For example, someone who has just taken up golf may go to a discount store and buy the least expensive set of clubs available. To them a "golf club is a golf club." A more experienced golfer understands the difference between bargain clubs and better quality equipment. They understand how a more expensive club will improve their game and the pleasure they get from playing. The knowledgeable player is much more willing to pay a higher price for quality clubs because they understand the value they provide. This is why some companies have worked so hard to position the quality of their products. I am sure that when a car buyer is quoted the price of a new Mercedes Benz, the salesperson seldom hears, "That's ridiculous I could buy a KIA for way less than that!" Consumers understand the value of a Mercedes and do not make unfair comparisons to dissimilar models. This is why positioning the value of our products and educating our customers is so important.

Because of the many variables involved, we can not guarantee the response to an ad. We can provide information about why an advertiser should logically expect to get a solid response to their advertising. It is important to minimize the risk to the prospect and maximize the potential gain. During the sales conversation, use every opportunity to emphasize the value of your product. Remember that people don't want to buy advertising, they want to buy customers. Advertising is a cost, customers are value. Instead of saying, "for $100 I can put you in the paper", say "for just a $100 your ad will be delivered to thousands of potential customers." Never mention a cost without reminding the customer of one or more benefits. I like to reduce all prices to the lowest common denominator, "for just a $100 your ad will be delivered to over 5,500 homes, that's less than 2 cents per home."

Prospects know that our job is to sell advertising; this means that they will question every value statement we make. One of the best ways to get around this problem is to use third party stories and testimonials. Instead of telling a customer that "you can expect a good response", say "other advertisers in your area are getting a great response." Maintain a file of ads by business type in your product to demonstrate value. No one wants to be the first to do something, seeing other ads from local businesses will reassure the prospect that it is safe to advertise. When you have a customer that is pleased with the results of their program, get them to document it in a testimonial letter. Include these letters in your presentation binder and use them to prove value to prospects.

Be prepared to use market data to prove value. Have your distribution numbers with you to show the prospect how many people they will reach with their ad. Use audit numbers and market research to show the value of the homes you are delivering for them. Websites like melissadata.com can provide data about important factors like median income and home ownership. The more value the prospect sees in the market, the more they will spend to reach that market.

Never forget that value is relative because different people have different needs. Something is only valuable if it solves a problem or answers a specific need. For example, if you are speaking to a service business, "We cover the county" is a valuable feature, a neighborhood restaurant, on the other hand, needs localized coverage, so this statement offers no value. Speaking about "county wide coverage" to this type of an account may be perceived as a negative, with the client fearing that they may be forced to pay for unwanted coverage. Value statements should be customized to the specific needs of the prospect. Thoroughly probing the customer to determine their needs and then offering solutions to them is the best way to craft a value statement.

Any value proposition should be phrased in terms meaningful to the customer, and if possible, you should reference their own statements. Example: "Bob, you mentioned that you would like to increase your dinner business, so you've added some great specials. Your ad in our paper will let over 5,000 people know about your "Delicious Dinner Deals." That should bring some people in, wouldn't you agree?" This statement reinforces the value of your proposal in a number of ways. It reminds the customer of his stated need, it reminds him of what he gets for his investment (over 5,000 homes) and secures his buy-in to your solution (wouldn't you agree). Once you have positioned the value, the next logical step is to follow up with a closing statement, "I can have that in for you next Friday."

One of the effects of the recession is that people are putting every purchasing decision under the microscope. Now more than ever, buyers have to be reassured that they are getting a good value before they go ahead. The ability to position the value offered by your publication is critical to your sales success. It is easy to quote a price, anyone can do it, truly great salespeople know how to communicate the value their products offer to potential buyers. If you want to be successful in today's market, you need to speak "value" to every customer and prospect.

This article was written by Jim Busch of the Pittsburgh Pennysaver.