

Price vs. Cost

By Daniel Sitter

Ask almost any average salesperson what his greatest problem or objection is, and more than likely you will hear the word price. "My prices are higher than my competitors" or "Our prices are too high" are often the mantra. Ask superior salespeople however, and I suspect that you will find, in reality, they have learned that price is seldom the real issue. Let's consider the acronym P.R.I.C.E. for a moment: **P**erceived **R**eality **I**nvestment **C**ost **E**xpectation.

Perceived: Sales are most often a process involving perception, or perceived value. Our job as professional salespeople is to sell the value of our goods and services. Once the customer sees that the value of the product or service offers more to him than the selling price asked, the sale is made and the issue of pricing actually never became an issue at all.

Reality: Let's face it, so often sales people use the price excuse as the reason why a sale was not made. Assuming that you are dealing with a qualified prospect (and you are wasting your time if you are not), the reality is that your prospect needs to learn exactly how your product or service fills his need, closes the void and meets his requirements in a timely manner. That is plain reality.

Investment: The customer must be shown that by purchasing from you, they are making a wise investment and not simply incurring an additional expense. Buyers are not interested in driving their costs higher by spending more money. They are interested in solving their problems. They desire to make cost-effective decisions based upon perception and education.

Cost: As a professional salesperson, interested in meeting and exceeding the expectations of your prospects and customers, you must always be aware that price is simply not equal to cost. Remember the old axiom... "*Beware the cost of the lowest price.*" Cost of ownership, payback time and solving problems are the true issues a professional buyer is really looking for.

Expectation: Today's customer assumes quality. They assume service and delivery. Your buyer expects that the products and services that you propose are actually presented with their best interests in mind and your solution will meet their needs. That is the starting point. Do not be fooled when a buyer asks you about pricing. If they can maximize their value and get it at a lower price, they will attempt to get it, but they will buy at your set price point if expected value is there.

To simplify things further, remember that the customer actually makes the purchase decision only once. The money allocated to acquire your product or service is typically spent one time for each purchasing decision. For each purchase, the company must then deal with the reality of that decision. The item purchased is then placed into service within the structure of the buyers' company. After this point, various employees and internal departments must deal with that particular purchasing decision. There will often be ramifications from each purchasing decision within other departments in the company. The true cost of each purchasing decision will show itself over time. Cost issues continue to present themselves over the useful life of the product or service purchased, long after the purchase was actually made.

Continued on next page

Cost and price are two very different concerns indeed. Do not get caught in the trap of thinking otherwise. Superior salespeople have learned that hard lesson at some point early in their careers. Do what all superior salespeople do: shorten your learning curve by acting on this new information. Move your career into high gear by accelerating your learning of these superior principles.

About the Authors

Daniel Sitter is the author of the breakthrough e-book, Learning For Profit [<http://www.learningforprofit.com>]. Designed for busy people, this new book teaches simple, step-by-step accelerated learning skills, demonstrating exactly how to learn anything faster than ever before. It's currently available from the author's web site [<http://www.learningforprofit.com>] and a variety of online software and book merchants. Mr. Sitter is a contributing writer for several online and traditional publications. His expertise includes sales, marketing, self-improvement and general business interests

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