

Are You Racing To The Bottom?

“I don’t sell on price!” the salesperson told me, quite emphatically. “I’m all about value. That’s how I differentiate myself from my competitors.”

“Cool,” I said. “Then why did you just ask that guy for a chance to quote on his next project?”

I know very few printing/graphics/signage salespeople who would admit to a low-price-based selling strategy. Unfortunately, I know far too many who lead with price, which reinforces many buyers’ belief that they should buy their printing, graphics and signage from whoever offers them the lowest quote. We’re an industry that wants to be about value, but in practice, we have a disturbing tendency to make it all about price!

The Race To The Bottom

I’m not the only one who has observed this tendency. Seth Godin is a best-selling author who has written 17 business books which have been translated into more than 35 languages. He has also posted thousands of blog entries and delivered hundreds of keynote speeches. I was privileged to be on the same program with him a few years ago, and I made it my business to get a front-row seat for his presentation.

He talked about marketing and selling in general that day, but he talked about the printing industry in specific, even though this was not a printing industry conference. I sat in embarrassment as he used us as an example of bad selling strategy.

“I buy a lot of printing,” he said, “and the printing industry seems determined to convince me that I should always buy their product from whoever offers me the lowest price.” He said that everyone who called on him had both the same initial strategy and the same follow-up strategy. First, they asked for the opportunity to quote on his printing. Then, they called to see how their prices compared. He always told them, he said, that their price was competitive, but not the lowest he was being offered. And then they always, he said, asked for the opportunity to “sharpen their pencil” and re-submit their quote.

I’m not sure I believe the “always” part, but I know that this is very common strategy. Godin calls it “the race to the bottom” and I really hope that’s not the race you’re running.

Foot In The Door

Going back to my question and the salesperson’s answer, he said: “Because price is the best way to get your foot in the door with these people. You have to be in it to win it, which means that you have to play the quote game until you can figure out how to get the business at the price you want.”

Is that a value-based strategy? I should mention that this salesperson is an underachiever, and I was asked to work with him to improve his performance. He is unfortunately typical of the salespeople I work with, even some who are high achievers — at least as defined by high sales volume. He is not at all typical of salespeople who are high achievers in terms of generating profit, though. Those salespeople do sell on value, and they tend to operate on a principal I first learned from one of my own sales trainers many, many years ago. Fred Recio told me that he (or she) who mentions price first loses. Obviously, he or she doesn’t always lose the race to the bottom, but again, is that the race you’re really hoping to win?

Pain, Risk and Value

Fred was the first person who ever talked to me about consultative selling. Before hooking up with him, I was mostly about: “This is what I sell. Do you need any?” He changed my approach to: “Tell me what your problems are. Let’s see if what I sell provides any solutions!” He also taught me that *pain* and *pain relief* are interchangeable with *problems* and *solutions*.

A few years later, a guy named Clay Less taught me that *risk* and *insurance* are important concepts when you’re selling a custom-manufactured product, which printing certainly is. There’s a lot that can go wrong between the order and the invoice, and we as printers know every bit as well as printing buyers do.

Clay also taught me that it’s dangerous for the seller to attempt to define value. Like beauty, he said, value is in the eye of the beholder. A seller can *think* that some element of his or her proposition will represent value to a buyer, but I think you’ll agree that it’s better to *know*.

The Value Conversation

So let's get away from the race to the bottom, and compete in the race to the top. Rather than asking for the opportunity to quote, let's ask for the opportunity to add value. And most importantly, let's ask what value means to the person we're trying to sell to.

This should start at the very beginning of the process. If you make cold calls, using the telephone, you probably connect with about one out of ten "suspects" on your first attempt. That means you're (hopefully) leaving nine voice mail messages out of every ten initial calls. I say "hopefully" because, if you're not leaving voice mail messages, how will they know that you called them, and that you want them to call you back? Contrary to popular belief, getting connected to voice mail doesn't mean "I'm hiding from you because I don't want to talk to any salespeople." Voice mail is a technology tool which gives you the means and opportunity to tell them why they should talk to you.

It needs to be a good reason, though. So how about a message like this:

"My name is Dave Fellman. I work for a specialty graphic printing company called DaveCo Graphics. I would like to meet with you, to have a conversation about value. See, I think I can bring some value to what you're doing with your printed materials, but I don't know exactly how yet. I'd like to talk to you about what you're doing, about how well it's working, about issues or problems or pain you've had in sourcing the printing and graphics you use in your business. If you'll give me about half an hour, I think we'll both know what you want and what you need and whether I can be of real value, or not. Please call me back, and let's set up a time to get together."

That's whole different message than "I'd like to quote on your printing," isn't it? Let's not assume that every buyer is looking for a lower price. Let's consider that many of them might be looking for greater value!

Risk and Insurance

Nobody really likes writing a check to their insurance company. But everyone likes getting a check if something bad happens to whatever was insured. By the same token, nobody wants to pay more than they have to for anything, but I had observed that most people will pay what they have to pay in order to get what they want or what they need.

The complicating factor is that most people don't know how much that is. What they do know is how to compare prices, and if you let them make their decisions based solely on that, you're probably not going to be happy with your win rate in these competitions.

I've found that it's very good strategy to raise the element of risk—and to do that at the needs/wants assessment stage. I like to ask people "what could go wrong?" or "what would be the worst case scenario for you on this project?" Then if they balk at my price later on, I can tell them that I considered their risk factors in putting my proposal together, and that part of what I did in calculating the price was to build in insurance against the worst case scenario. That might be a reflection of my choice of materials, or how much time I built into the job. The bottom line is that this strategy positions me to ask them to consider if my competitor is really doing them a favor by quoting them a lower price? I encourage you to position yourself to tell your customers and prospects that you're not running the race to the bottom.

"I think," you might say, "that a lot of printers focus on quoting you a low price. They think that's the best way to bring value. I worry, though, that they put you at risk by doing that. I'm trying to minimize your risk, not just your price, and truthfully, I think this is what it actually will cost to be sure that you get what you want or what you need on this project."

I can't promise you that this strategy will always win the race to the top, but I think I'd rather have you win your share of those as opposed to winning a larger share of the races to the bottom.