

## Who Cares About Price?

Back in January, I wrote about “The Importance Of Selling Yourself.” The seed for that column was an article I found online in the Harvard Business Review. The author, Steve W. Martin, wrote on “6 Reasons Salespeople Win or Lose a Sale,” presenting findings from his years of win-loss analysis and research.

Obviously, selling – or not selling! – yourself was one of those reasons. But I bookmarked the article because Martin raised another issue I wanted to write to you about, the difference between *price conscious*, *price sensitive* and *price immune*.

### Three Categories

Here’s what Martin wrote: “Price plays an important role in every sales cycle. Since it is a frequent topic during buyer conversations, salespeople can become fixated on the price of their product and believe they have to be lowest. However, decision makers have different propensities to buy, and the importance of price falls into three categories. For “price conscious” buyers, product price is a top decision-making factor. For “price sensitive” buyers, product price is secondary to other decision-making factors such as functionality and vendor capability. For “price immune” buyers, price becomes an issue only when the solution they want is priced far more than the others being considered.”

Here’s what I think: If you can figure out where *your* buyer fits on that scale, you’ll be way ahead of the game.

### Price and Profit

If you can sell at higher prices, you’ll make more profit. That’s a pretty straightforward concept, right? In execution, though, it often suffers from the perception that a low price is the best way to define value. As Martin points out, that’s true of some buyers, but not all of them.

I use the term “Price Monsters” to describe buyers who make all of their buying decisions based strictly and only on price. I like to ask printers to tell me what percentage of buyers they think fit that category, and the answer usually represents a very small percentage. My own feeling is that 20% would be the high end of the range.

So here’s the question. If only 20% – or less! – of all print buyers are price conscious/Prince Monsters, why should you be so focused on offering everyone your lowest price?

### Risk Tolerance

In my experience, the factor most likely to affect a buyer’s position on price is his or her *risk tolerance*. Printing is a custom-manufacturing industry, and a lot can go wrong between an order and a finished, delivered product. That can include everything from quality failures to service failures to the failure of the product to do what the buyer wants/needs it to do.

That, to me, suggests several questions to be added to your repertoire. In addition to the spec questions, I’d like to see you ask: “How much risk do you feel with a project like this? What could go wrong, and how bad would that hurt?”

A high level of risk and a low level of tolerance would be a pretty good indicator of *price immunity*. A low level of risk and a high level of tolerance would be an equally good indicator of *price consciousness*. Think about the difference between a Marketing Manager who needs something turned quickly for a trade show and a Purchasing Manager ordering a commodity item with no particular deadline. I’m not suggesting that you gouge anyone when they’re desperate, but I am suggesting that you want to sell at the high end of your range whenever you can.

That takes us to my closing thought for today. You should have a *range* on every estimate, from the premium price you’d *like to* get to the lowest price you’d be willing to offer – in other words, the lowest price that would provide you with a satisfactory profit margin. And don’t ever forget that your secondary goal on every quote is to get the order. Your primary goal is to run a profitable business!