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In recent years there has been much emphasis placed on selling value and the benefits of consultative selling. However, even when practiced, it may not be what the customer wants.

When to Sell Value

CERTAINLY IN SOME CASES THIS APPROACH MAY BE A DESIRABLE AND PROFITABLE GOAL TO ASPIRE TO, YET TRUE CONSULTATIVE SELLING DOES NOT ALWAYS GUARANTEE SUCCESS. Furthermore, our experience has shown that few sales professionals actually gain the necessary trust and relationship with their clients to act as a true advisor. To better understand this equation, we need to examine the dynamics of the relationship between the purchaser and the seller.

It goes without saying that it would be extremely difficult to sell something when you don't have a purchaser. For this reason it may be insightful to start not by examining selling strategies, but rather by examining how an individual approaches the purchase decision.

How do people make a purchase decision? How do they determine what they need, where to get it, and how to buy it? There are many examples of every day purchasing that offer insight into this question, so let's look at how people purchase new tires for their car. We use this example, and have posed the question to hundreds of sales professionals in our developmental workshops, and almost invariably they will divide into two distinct groups.

The first group searches for a good price and a convenient supplier that has the tires in

stock. They will watch for price-oriented ads in the newspaper or look up a dealer in the yellow pages. There is little loyalty to a brand, and often less to a supplier.

The second group tends to stay with one brand and/or supplier. Some will take their car (and their business) to their local service center where they are known and often have an existing relationship. Some may visit a specialist center where they can discuss and evaluate the relative merits of several different tires.

These then are two very distinct types of buyers and two equally distinct styles of selling. From the viewpoint of the vendor, we would like to define these two styles as *volume* versus *value*.

It is not surprising that those in the first category were confident that they got what they

needed at the best price. The second group, while acknowledging that they may have been able to find adequate tires at a lower price elsewhere, had perfectly valid reasons for buying what and where they did.

Interestingly, we have noted that those with two cars often follow the first course of action for the “everyday” minivan, purchasing from a volume dealer, based on price and convenience. However for the BMW (or their version of same), they will spend time with the value supplier, researching and reviewing different options. The two purchasing styles embodied in one person indicate that the decision process is not always a result of personality characteristics.

Another clear example of volume vs. value is found in mechanical pencils. Let’s quickly compare a Mont Blanc to a Bic. Both can be filled with the same lead and both do the same job of putting words to paper. In actual fact, it could be argued that the Bic is superior in many ways. The eraser is more accessible, whereas on the Mont Blanc we need to take the top off. If dropped, the Mont Blanc may crack but the Bic is quite sturdy. If lost, the Bic is cheaply replaced and few people will be motivated to steal it. So why is it that some people are willing to pay over 100 times the price of the Bic for a Mont Blanc? Because they are purchasing a pre-conceived notion of prestige and quality that they associate with Mont Blanc, and of course that lovely little white mountaintop on the cap!

It is obvious then, that two very distinct options present themselves when we need to purchase a product or service, and for reasons that we will now discuss, virtually all purchasing has now polarized to either one of these two extremes. It is essential that sales

professionals are aware of the reasoning, methodology and psychology of each. Let’s take a closer look at *volume* versus *value*. When purchasers perceive little or no difference between brands or suppliers and choose strictly for reasons of price and convenience, they will make a commodity style of purchase. They know what they need and are not looking to be educated; they just want to exchange their money for a known entity. It is critically important to underscore that this reasoning is based on the perception of the purchaser and not of the vendor. The purchaser knows that there are many potential suppliers that can meet their needs and that pragmatic commercial factors will dictate their choice. Clearly, there is little loyalty and no call for a relationship with the volume vendor. The key buying factors will be cost, features, and convenience.

At the other end of the spectrum, the value buyer perceives that one supplier has special knowledge and expertise, or that one brand carries with it a prestige or capability that is unique to that product. The purchaser places significant value on this unique attribute and for this reason we call this method of purchasing the value style. As opposed to commodity sales, there is invariably a strong loyalty to the brand and/or the supplier, while price and convenience drop down on the priority scale. There is a significant desire for a buyer/seller relationship and this is usually accompanied with a subtle shift of personal recognition as the buyer or purchaser now becomes a client or customer.

Our research has led us to believe that the purchase decision is invariably approached from one of these two perspectives, and indeed it is the purchaser who drives the per-

ception. When look at how we sell, we can now see with a growing clarity that we must adopt the correct style of selling to match the buyer's purchasing style.

If we are selling a volume commodity, we clearly need to make the purchase equation efficient, convenient, and low cost. We have to emphasize the ease of doing business and provide a wide choice to the buyer. We must make every effort to ensure that when the purchaser is ready to buy, they will think of us. We need to ensure that we are the first called or visited, and that we are able to easily fulfill the requirement.

In this era of mass-marketing, advertising, 800 numbers, and Internet fulfillment, the volume supplier needs to take all unnecessary cost out of the selling and distribution process. These savings must then be re-deployed into both marketing and price advantages to the customer.

It should be emphasized that although classic selling plays only a minor role in the volume style equation, marketing is critically important. The company needs to have a clear and well-defined understanding of who their customers are, what they will need, when they will buy, where they will buy, and what the competition is offering. They must then use highly efficient marketing programs to deliver the right message to the right market at the right time.

When we examine the value selling equation, we see a very different list of concerns. There is a need to establish a relationship with the individual customer. There is a need to understand what each customer is looking for and what the specific value perception is

that's driving the sale. We need to clearly understand the customer's requirements and position our company as uniquely able to satisfy that need. This is a sales cycle that is based on listening to an individual, rather than broadcasting to a market. We must ensure that we clearly and continuously demonstrate why we are uniquely positioned to meet the customer's needs. From the seller's perspective, we also need to ensure that we protect our special knowledge, capability, and expertise. This indeed is the domain of exclusive relationships and true consultative selling.

In our work with clients, we have found that many of the challenges a company may be experiencing are often based in a lack of clarity of this equation. They are either unaware that the customer is now purchasing in a different manner, or they are not offering the value that the customer is searching for.

As a somewhat simplistic though telling example of this mismatch between purchasing and selling style, let's look again at our pencils. When an individual goes to the business supply store to purchase ten pencils for office use, this is clearly a commodity purchase. If the sales person then shows them a Mont Blanc and tries to convince them of what a fine writing instrument it is, they will probably not only not buy, they will most likely be frustrated with the irrelevance of the presentation and the time wasted. Conversely, if our shopper was looking to purchase a special gift, they could very well be looking for a Mont Blanc. However, if the sales person tried to sell them on the benefits and price advantage of the Bic, the shopper would once again feel frustrated and probably leave, feeling that the sales person failed to understand his or her needs.

This is the danger of trying to sell one way, when the purchaser is approaching the situation from the other extreme. We must again reiterate that it is the customer that drives the perception.

If the customer views the purchase as a commodity while the company tries to sell value, we will often see both sides become frustrated. The purchaser will feel that the vendor is unnecessarily complicating the situation by wasting time in lengthy discussions, not addressing their needs, and offering a product or service that is overpriced and over-featured. At best, the purchaser may issue a "Request for Proposal," listing the features they are looking for. They will expect that the various vendors will answer the questions and the buyer can then make a decision based on "best fit." At worst, there will be no sale now, and the danger that any future considerations may be compromised.

Turning again to the opposite pole, let's look at a purchaser who is seeking the sort of value that they perceive few can offer. If all they receive is a list of products, pricing, and special offers, they will again assume that the vendor has failed to understand the customer's needs. What the customer wanted was to discuss and review their needs and a unique solution to their requirements.

Many resources and much time and money have been wasted by sales forces selling in the wrong style.

However, if there is a mismatch between what you are offering and how individuals are buying, there is a valid strategy that allows for changing how the purchaser is viewing the decision. It may not always be successful, it

requires a significant leap of faith, and the strategy must be well planned prior to the selling engagement.

If a purchaser is buying value, a volume supplier may embark upon a strategy that shows how the customer can get what they need from any number of suppliers. In fact, the vendor needs to persuade the purchaser away from the perceived value they are looking for and convince them that there are many suppliers that can meet their needs. In some instances this can be counter-productive because through this marketing initiative, the vendor could be assisting its competition. However, this is the success strategy.

As an example of this strategy in action, we need look no further than the computer industry. In the 70's and 80's the computer departments of the big companies had very close relationships with their vendors, often IBM and Digital. They looked to these vendors for advice and guidance in all technology matters. The high cost of maintaining these relationships was returned as the company purchased all of their computer equipment from this principal supplier. With the advent of the personal computer, we witnessed a dramatic shift.

The upstart PC manufacturers launched numerous campaigns, all targeted at changing the buyers' perception of the low-end hardware product. Their goal was to transform the PC from a value product to a volume commodity. Slowly over time, the large companies finally became convinced that they might not have to purchase this technology from their "valued" supplier. Instead, they could simply issue a request for proposal listing the specifications that were required, and based

on price, features and availability, make their purchase through any one of a number of volume suppliers.

Conversely, if a purchaser views a buying decision as strictly commodity, a vendor may be successful in illustrating how the buyer should really consider the value associated with some additional factors in their purchasing decision. Indeed, they are trying to shift the purchasing style and again, this needs to be planned prior to the selling engagement.

It is interesting to now see some of the PC suppliers - Dell is a good example - quite successfully convincing the market that they offer a unique value through additional services.

When our research of purchasing styles started in the early 80's, we actually viewed a continuum between the two extremes of value and volume. Mostly we would see that a new product or service would become available, and due to it being available only from one company, it was by its very nature unique. Over a number of years, competitors would emulate the new product or service, and possibly even leapfrog the offering. In this manner, a product or service would gently slide across the scale from a unique *value* offering to a commodity *volume* offering.

It is interesting to note, that when products were in the middle ground, many vendors adopted the "value-added" marketing style in an effort to maintain their market profile. Also included would be the promotion of numerous "soft" relationship initiatives, such as customer golf and "appreciation" events, all aimed at grooming customer loyalty.

However it is now a very different world. Through technology and easy access to resources and information, when a product or service moves from value to volume, it does so in a lightning fast manner. This has led to the polarization of the market, and there is no longer any middle ground.

Summary

It is critically important to understand how prospective buyers approach the purchase of the product or service that you are offering. Do they feel that they can purchase this product or service from a number of suppliers, or is there a few select suppliers that will offer a distinct value?

All sales and marketing systems and resources must be aligned to sell in the manner that reflects the customer's purchasing style.

Few companies have been successful concurrently developing or servicing markets in the two domains. That is one reason why we see Toyota and Lexus. Each one is aimed at a different buying style.

If your target customer feels that they can obtain the product or service from any one of a number of suppliers, you must make every effort to be among the best of those suppliers by offering a product that is competitively priced and convenient to buy.

If indeed you are selling value, you need a profound understanding of what value the customer perceives they are purchasing, and you must then promote and zealously protect that valuable attribute of your product, your service, and your brand.