

# Helping Manufacturers And Distributors Improve Sales Performance And Profitability !

## Breaking the discounting habit.

Declining profit margins are a major concern for most businesses. Despite this concern, most companies truly believe their salespeople are selling value rather than price.

## Price discounting is the primary cause of profit margin erosion.

The question at the front of everyone's mind is this: "If our salespeople are selling value, why do they need to offer discounts and extras to get sales?"

## Discounting is a habit.

A habit is something we do automatically in response to a specific situation. Habits are acquired over time and can be difficult to break.

For example, when a customer demands lower pricing, there are basically two things you can do. They can provide the customer with a dollars-and-cents reason to pay more, or they can discount the price.

The majority of salespeople cannot provide customers with a dollars-and-cents reason to pay more for their products - not because they lack the desire, but rather because they simply don't know how to do it.

Extraordinary time, energy and dollars have been spent training salespeople to sell features and benefits.

But if customers are not aware of the dollars-and-cents value they'll gain from these features and benefits, they will view this product as just another commodity. Once a product takes on the commodity status, customers will do everything they can to reduce the PRICE.

When a salesperson lacks the ability to overcome this downward price pressure, they experience fear whenever they encounter it. This fear stems from their sense that they will lose the sale unless they do something. The typical knee-jerk reaction is to discount the price and throw in a few extras to sweeten the deal.

In addition to shrinking your profit margins, price discounting creates a false perception in the customer's mind about what your product is really worth.

## Breaking the discounting habit.

In order to break this habit, salespeople need to learn how to overcome price pressure by giving customers a dollars-and-cents reason to pay more for their product.

## A dollars-and-cents reason to pay more.

Customers have been hearing the promise of added value from advertisers and salespeople for the past twenty years. Yet in reality, this promise is rarely delivered on in a measurable way.

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