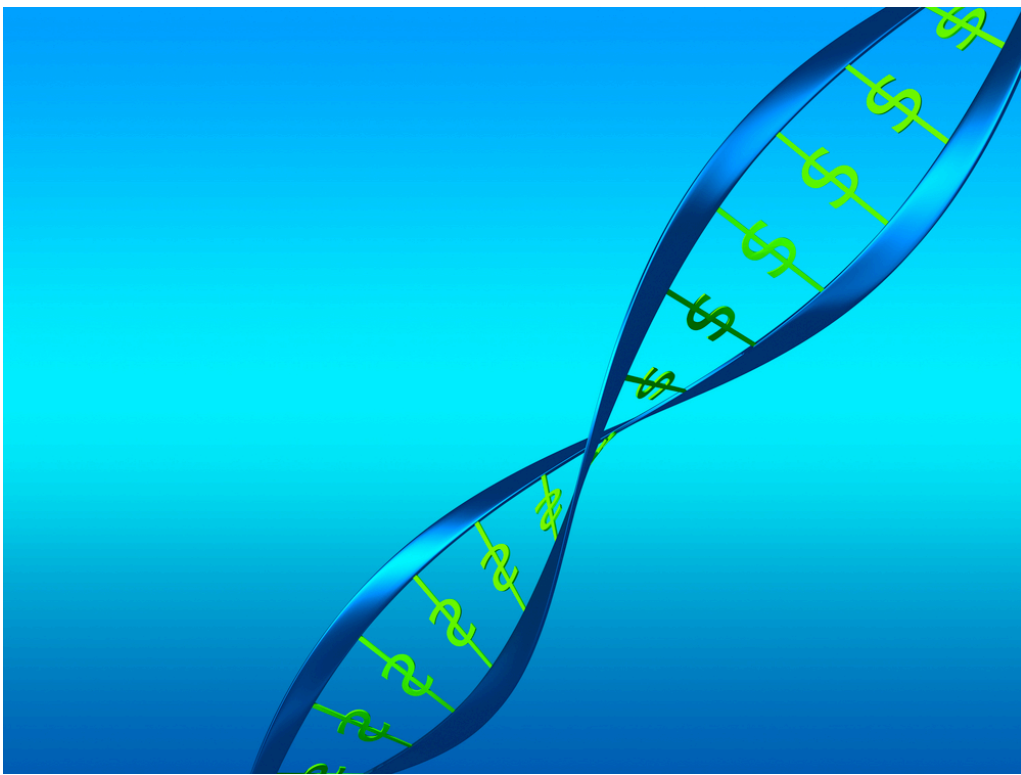


# ADDRESSING BUYER'S ADDICTION TO DISCOUNTS



UNDERSTANDING CUSTOMER NEEDS TO CREATE INTRINSIC VALUE

# Are All Buyers Addicted to Discounts?

## Is it really all about price?

Everywhere we turn, we see advertising claiming: “We have the lowest prices...”, “We will match any price”, “July 4th Sale”, “Memorial Day Sale”...

Price, price, price. It’s no wonder we’ve all become addicted to discounts.

Just look at what happens on Black Friday. People sacrifice their Thanksgiving holiday and time with family to get up well before the sun rises to stand in line so they can be the first to grab heavily discounted products.

Because buyers can easily get a huge discount on almost anything they purchase, this has created a mindset whereby the buyer won’t feel they are getting a good deal unless they receive a significant discount.

This mindset which is commonplace with consumer products, has unfortunately carried over to high value purchases, and B-2-B business contracts as well.

## Challenges & Issues

For suppliers, being competitive is not just a business need, it’s critical to the company’s overall survival.

The challenge is that in order to be competitive companies must reduce costs, however, they can only reduce operations and squeeze suppliers so far. At some point, the reductions hit a wall and beyond that it’s impossible to sustain a business long term selling products and services at minimal gross margins.

For companies that are low cost producers in their markets, it’s still not enough to compete only on price. There will always be someone who is hungry and willing to give product away to enter the market, or start their Black Friday sale earlier in the morning.

*So what are companies to do?*

## What do buyers want and need?

I've been analyzing buying behavior for many years, and I have been surprised lately to see some changes in that behavior. Yes, buyers are still shopping online to find the lowest price, or waiting for the next holiday, or end of a fiscal period... however, I'm also witnessing an increase in purchases being made on factors other than just price.

For example, take a look at Amazon. Most of the people I know swear by their service, and are eager to pay \$99/year to get all their purchases shipped Prime. When I ask them whether or not the products they buy using the Prime service are the absolute lowest price, they say not always.

So if buyers are addicted to discounts, then what is causing this divergent behavior that allows these purchases to be made?

With regard to Amazon, it's the overall service they provide, which at the end of the day boils down to one key factor - *Time*.

We are all overloaded and very busy with work, family, friends, and insane quantities of communications on our phones and devices.

For example, when was the last time you or anyone you knew said they had the time to do everything that was on their To Do List? If you're like me, you have a never-ending list.

Well Amazon has found a way to leverage this need with the way they do business. Their site allows you to quickly search and find anything you could possibly want to buy. They also make billing, shipping and returns a breeze. The combination of these provide customers a way to reduce the time involved in making and managing purchases.

On a similar front, Walmart, the price leader for brick and mortar stores, recently announced they were looking to add a grocery pick up service that allows customers to order online and pick them up at the store. There was also rumor of them partnering with Uber & Lyft to go one step further and use these services to deliver the orders.

Their moves in this area are clear indicators that they have pushed the price envelope as far as possible, and now is the time to develop other capabilities that provide value to their customer base.

Leveraging customer needs to drive value beyond price is not limited only to consumer purchases. Many large B-2-B enterprises have endorsed this approach as well, and truly believe that being customer focused is more than just a tag line in their company's Mission Statement.

They have developed entire organizations that deal strictly with the voice of the customer, and teams that work diligently to manage key accounts. They also train their sales, marketing and internal teams to integrate that customer-focused approach into all their commercial activities.

### **Why buy from you?**

In developing a customer focused approach, the companies that have been most successful have done a thorough job of answering the question *"Why buy from you or your company?"*.

By answering this question they've identified ways to create value for both the tangible and intangible benefits they provide. The net result is the ability to drive a sale where the intangible benefits have the same weight in the decision process as the product itself.

For companies that fail to ask this question, the end result is to have their offerings being "commoditized" by the market.

I didn't realize the extent that this could occur until a recent recent conversation with a marketing executive at a large analytical instrument company who had this happen with the sale of their instruments which cost over several hundred thousand dollars.

## **Leverage unique customer needs to combat the addiction to discounts**

Buyers want discounts and their addiction to getting deals and searching for the lowest prices is not going to end. However, companies that invest in understanding their customer's needs, and developing value added services to meet those needs, will find they can develop an advantage.

That advantage may create a loyal base for repeat business or a sustainable market share position, but may also allow them to add a slight premium to the price, which at the end of the day, could be crucial to the survival of their business.

If you'd like to learn more about developing value with Buyers in today's markets, visit the Selling Resources page on our website, [www.tritonconsult.com](http://www.tritonconsult.com), or contact Triton Consulting directly at 978-232-1113.

*Today's buyers continue to evolve, and the approach to selling needs to adapt to those changes. The papers and content I write are based on the in-depth analysis of over 25,000 sales calls and client interactions, and were written to help sales teams develop and hone their skills.*

*Sales - it's in your DNA! Find it, develop it, and unleash your potential!*