



## Your prices are too high! How to handle price objections

### Article summary

This article provides a number of strategies and examples of words to use when dealing with the price objections, particularly when the product or service you are selling is not a commoditized i.e it has a fixed price in a highly competitive market where, information on comparatives is readily available.

In addition to examples of what to say, it also includes a step by step “template” to use in handling price objections.

### About the Writer

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### **The cheapest product?**

Not everyone buys on price, period! In fact let me rephrase that, almost no one ever buys on price alone. So what’s the proof? Jon McCulloch, who is Ireland’s most expensive script writer (charging about £60,000 a deal) says this:

*Go outside and look down the street where you live or where your business is. If for some reason you can't do it now, just do it when you get home.*

*Now, make note of a few things you can see and then answer these questions:*

- *Are people living in the cheapest houses they can find?*
- *Are the people you can see in the street wearing the cheapest clothes they can buy?*
- *Are they driving the cheapest cars?*
- *Are they buying only the cheapest food from the supermarkets?*
- *Do they own the cheapest mobile phones?*
- *When they eat out, do they only ever go to McDonald's?*

*And I know the answer is no, no, and three bloody times, NO!*

*Fact is, if people really bought on price all the time then there would only be one model or kind of anything: the cheapest.*

*But we know this isn't true. There are minis, Audis, Rolls Royces and Ferraris. If people bought their cars only on the price, then no one would join an empty-month waiting list to splash out a couple of hundred grand for a Ferrari.*

## If people don't buy on price, what do they buy on?

**Key message:** Fact is, if people really bought on price all the time then there would only be one model or kind of anything: *the cheapest*.

People typically want three things:

- High quality
- Great service; and
- Low price

*I do not know anyone who can deliver on all three at the same time. Do you?*



*(The smiley above is to simply insert a break in the content)*

One technique then when someone complains about your price is to say:

*"Look, we all want value for money. And we want three things for it: high quality, great service and low price. But, you know, I don't know anyone who can deliver all three at the same time. So what do you not want? Low price, high quality or great service?"*

Of course, most likely the person will not compromise on quality or great service, which means as you can see that price then is not the issue, the issue is this:

*Can you assure them of excellent quality or value of your produce? If you do, then they will pay higher prices.*

### **Focus on the After Benefits to deal with price objections**

Andy Bounds, author of bestselling book "*the Jelly Effect*" narrates the following story about a technique to handle price objections:

*Recently a large organization asked me to speak at one of their international sales conferences. There were to be 1,500 sales people in the room. They asked for a price. When I told them, they responded by*

asking if I could “do anything about the price”, saying that, “That’s an awful lot of money for a one hour talk”.

To this I replied: Yeah but... you are not paying for the one hour, are you? What my talk will do will give every single one of your 1,500 sales people five new sales techniques they have never seen before.

That is 7,500 techniques your firm will have at their finger tips. The next day. And the day after. And for ever more. The new technique, definitely work. And the average value of one sale for your organisation is over £10,000. So After the conference your sales will shoot up.

And that’s what my fee covers. The extra sales you will get.

**Key message:** Provide proof of why your product is worth the value

### **Focus on the Value of the product/service.**

As you can see from Andy’s example above, the focus was on showing the value of the product.

**Key message:** When you get a price objection, you haven't done a good enough job of selling the value.

Go back to the prospect's needs and goals. Get them to articulate what the solution is worth to them.

When you get the prospect to see the value of the solution and you put it in financial terms, you get much less resistance on the price.

Proofs that you can provide include:

- Testimonials (from similar clients)
- Case studies (from similar clients)
- Process proof (of understanding of the process)

Tom Searcy, an expert who writes for Forbes, Money Watch and Inc [summarises](#) it as follows:

*Price is a reflection of confidence in outcome*

*If there were a 100% guarantee that there would be a resolution to a buyer’s business issue, then his or her willingness to pay that price could go up. When I get price resistance on my proposals, I ask this question, “If we could get you a \$20 million increase in sales in one year, would it be worth a million dollar investment?” Their answer is almost always yes. Then I say, “Well, this discussion is not about price then. It is really about your confidence in the outcome of this proposal. So, let’s talk about what would give you greater confidence in this proposal and also let’s make certain that all of your concerns are on the table.”*

*In my experience, the price resistance comes when no better context has been established for the discussion. Establishing the right context for the evaluation of your proposal is 100% our responsibility. If you are getting price resistance and your offering is not a commodity, then the context needs to be adjusted.*

**Key message:** What proof/assurance can you give the client to ensure that price is not an objection? Focus on this and the objections will melt away.

### **What if a client asks about price too early in the conversation?**

If a client or prospect asks about the price and they do not yet fully understand the value of your services, don't give them one!

If you quote a price too early, you lose control of the conversation. From here forward all conversations will focus around price when you want them to focus around value.

What do you say instead?

There are four [potential options](#):

**1. Offer a range in price** e.g "While it does depend on the exact deliverables we decide upon, it generally ranges between \$35,000 and \$45,000."

*When to use this tactic:* This tactic works very well when you (1) have a sense of the budget the prospect has (and it falls within your range), (2) have a fairly straightforward service you are discussing that you've delivered profitably for other clients within this range, or (3) want to weed out the tire kickers and prospects that have little or no budgets.

**2. Answer "It depends."** *When to use this tactic:* Anytime when you haven't touched upon the full value of your services. If the prospect has not articulated the value, it will be an uphill battle if you give a price too early.

**3. Present your fees next to expected returns:** This changes the conversation from being about a "cost" to being about an "investment." For example, you may ask a line of questions such as this:

- *"What are you currently spending on this process?" Pause and let the prospect answer.*
- *"How much time and resources do you think you'd save if we implemented these three recommendations we're talking about?" Even if the prospect can't answer this question, it's OK. You are just setting yourself up.*
- *"The costs you reference are in line with what we typically see in our clients businesses before we start working with them. Through our X, Y, Z service we typically save our clients \$200,000 - \$300,000 in costs just by making the process more efficient. For example, we were working with one client last month in your industry..." Now you can go ahead and present your price in the context of the typical savings.*

The key here is to make your service and the results you can achieve tangible. If you can tie it back to something financial—a decrease in cost, increase in revenue, or increase in profitability—you are focusing on the value and positioning your services as an investment.

*When to use this tactic:* Use this tactic whenever possible—in conversations and in proposals. It works well with the other tactics here and reinforces the value of the investment.

**4. Ask the question back:** When you think the prospect has a good sense of what they're willing to spend on your service, consider asking the question back to them.

For example, *"I know that you've been doing research on this and speaking with some other companies that offer similar services. What do you expect something like this to cost?"*

*When to use this tactic:* This tactic works best if you know you are in a competitive situation and if you know the prospect has done a lot of research.

### **Recognise the truth about price objections!**

**Key message:** Learn to accept price objections for what they are... opportunities in disguise. They are a sign of an interested customer!

### **Finally.... a 6 step script to use to handle price objections**

1. **Don't interrupt or try to handle the objection immediately.** Listen carefully and patiently to what they have to say. Get the prospect to talk more about the objection. Ask, "And what else is of concern?"

This does a couple of things: first, it allows you to get all the objections out at once. By doing this you get a more complete picture of what's really going on and can respond accordingly. And second, it gives you some time to think about how you want to respond.

2. **Make sure you understand the objection:**

Do this by repeating your understanding of their objection back to them ie

*"So, if I have understood you correctly, what you are saying is...."*

Do not carry on until they have confirmed that your understanding is correct.

3. **Acknowledge the customer's point of view**

*"I can understand why you might say that. In fact, one or two other clients started by saying much the same thing to me in the past...."*

4. **Answer the objection**

Continue from step 3 by saying something like:

"... but what they found - and I'm sure you'll find the same thing - was that..."

If they are objecting to the price, complete this sentence by using some of the techniques we covered above including one or more of the following [techniques](#):

### Price Objection Handling Strategies

Strategy	How to Use it
<b>Postpone</b>	<p>Postpone talking about prices until after you have demonstrated the value.</p> <p><i>"Before we can discuss prices we both need to be absolutely sure that we are right for you. So, if it's all right with you, we'll come back and discuss the price in detail when we both know what you need."</i></p>
<b>Make the value obvious</b>	<p>Paint a graphic picture of what is at stake, quantify the value, and help them to understand how it will make them feel.</p>
<b>Break into chunks</b>	<p>Break down the price into small chunks, such as cost per use or per week. "And you can enjoy all those benefits for just Shs 5,000 a week"</p>
<b>Give them a choice</b>	<p><i>"Most customers looking for this level of service are prepared to invest (Shs. middle). A fortunate few can invest between (Shs. high) and (Shs. very high). And then there are some on a budget who can't go above about (Shs. low). May I ask which of those three categories you fit into most comfortably?"</i></p> <p>Start by mentioning a (Shs. middle) price that is about 20% above the (Shs. low) price you would be happy to receive. Then quote a (Shs. high) to (Shs. very high) range that is about 50% to 100% above your (Shs. low) price.</p> <p>Then tell them the (Shs. low) price - which you secretly know is actually the price you need. This taps into the subconscious belief that Expensive = Good, and that Cheap = Bad. And, as a result, many customers will accept one of the other two (higher) prices.</p>
<b>Change the package</b>	<p>Strip out some elements of the package to bring the cost within their budget.</p>
<b>Reverse the risk</b>	<p>Reduce the customer's risk - perhaps with a money back guarantee. E.g <i>"If the product does not meet your requirements, please return it at no cost. "</i></p>
<b>Trade</b>	<p>Trade something valuable for a price cut eg prompt payment, larger order, long term commitment, special deals on their products, sales leads and referrals etc.</p>
<b>Walk away</b>	<p>If all else fails, be prepared to walk away - or perhaps introduce them to a lower cost supplier who will pay you a commission for the sales lead!</p>

## 5. Check that the answer has met the objection

*"Does that make as much sense to you as it does to me?"*

## 6. Ask for the business

*"So would you like us to go ahead?"*

If the customer still objects, go back to step 1 and start again.

If this still fails, ask more questions to help you establish their needs and the value to them of meeting those needs.

### Action points:

1. Develop a **list of all your products/services benefits**. These benefits should be from the Perspective of the customer. This helps you to know how to handle objections.
2. Think of the **potential savings customers can make**. If you can quantify these benefits, this can help you in handling objections.
3. **Understand from the client the value of your services to them**. This will help you to frame your price and hence reduce objection.
4. Develop your **own strategies for handling price objectives** using the techniques presented above. If possible put this in a script. If you want, steal our copy! 