

Are you making customers an offer they can't refuse?

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Are you making customers an offer they can't refuse?

By Mike O'Riordan

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I was reading an article in Forbes Global just before Christmas entitled 'The Undeaded'. The article considered the great number of software companies who have been losing millions of \$ and eating into their cash mountains built up by raising equity funding in the late 90's. The software industry is of great interest to me and this made me think about the strength of their Sales Propositions. Are the companies and their products searching for problems to solve? Are their propositions delivering real business advantage for their clients?

The issue of preparing and developing strong and robust propositions which deliver advantages to the customer, is a common problem for companies and professional firms throughout the land – and one not always well addressed.

The absence of a strong, coherent proposition which benefits customers is often one of the weak links in building a successful and profitable sale and hence a viable business. A great deal of money is invested in the employment of salespeople, the introduction of marketing programmes, networking and other 'set piece' events to generate interest in a product or service but the return on investment is dramatically reduced because the proposition presented to the customer is weak, misunderstood and lacks 'beef' and 'sizzle'!

It's like providing a mountaineer with eight days rations for a ten-day journey. He will run out of energy before he climbs the peak. This equally applies to the businessperson who is unable to efficiently articulate his / her sales proposition with sufficient knowledge, empathy and understanding and consequently loses the sale.

The sales proposition must always be framed to meet the needs and wants of the customer. [A quick working definition of these terms: 'needs' are logically-based requirements; wants are deeper, emotionally-based desires]. This is achieved first by asking in depth 'open' questions to discover the needs and wants of the customer. It is a great (but very common) mistake to launch into telling your potential customers your proposition before understanding the relationship between their needs and wants and your proposition.

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What do I mean by proposition?

The proposition is built in detail by assembling the features of the product or service, together with the advantages these features deliver for the customer. The appropriate business advantages are listed alongside together with relevant proofs to support the claim. The stronger the proofs are in supporting the advantages, the stronger the proposition and the better the impression made on the potential customer. With a thorough understanding of the features, advantages and proofs associated with the proposition, the easier it will be to ask the right questions and discover whether your proposition matches the needs of the customer. There is a strong correlation between a successful sales result and a well constructed sales proposition, professionally delivered after (and only after) the customer's needs have been comprehensively understood and summarised.

Why not try this as a practical example?

Go to your local car showroom and show interest in buying a car and make a checklist to see if you are asked some of the following questions. These questions should be asked by the salesperson before he provides you with any information or explanation as to his sales proposition.

- What do you use your car for?
- How many passengers do you usually carry in the car?
- How many miles do you expect to travel in the car per year?
- What's your average journey mileage?
- What kind of things do you need to carry in the car?
- What performance are you looking for from your car?
- How important is fuel consumption to you?
- How important is luxury and comfort relating to your purchase?
- Who will be the main driver of the car?
- How important is reliability of service for you?
- Are there any other things I should know about regarding your planned purchase?

There are many other questions, which could be asked to find out the needs and wants but I do not intend to cover them all in this brief article.

If the needs of the customer are to use the car for pleasure, to travel 6000 miles per year with an average journey of 10 miles and to carry one passenger occasionally, then speed may not be so important but low fuel consumption and low cost insurance might be.

With good questions he might ascertain that the main user will be my wife. Comfort and good quality stereo together with a good security system might therefore be important.

Can you see how by asking the questions you are building a profile of the needs and wants of the customer?

You are now able to ensure that when you ultimately present your proposition to highlight the features, advantages and proofs which match the needs of your customer, the proposition will become so much

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more meaningful and powerful in his eyes. Equally, in a worst case sense, if your product or service does not meet the requirements of the customer you will at least gain credibility by recommending another company or product.

My experience of visiting many car show rooms with my wife last year was not good. The salespeople asked very few questions. They supplied brochures, price lists but, critically, paid little attention to my wife who was the decision maker in this purchase as she was to be the main driver of the car. (This of course raises the subject of the decision making process itself but we will leave that for another day). What's your experience of buying a car?

The comparative test

The next test of the proposition is to find out how it compares with your competition? What are the real advantages to the customer of your proposition against the competition? What are the values of your company and proposition versus the competition? How do these values support and relate to the

marketing claims of the product or service? How do these values support the price?

The elevator test

This is the 30-second explanation as to why the customer should invest his time in listening to your proposition. The sales person should really be able to pass this test. It should feel both natural and smooth. The salesperson should ooze confidence, enthusiasm and knowledge as to what's advantageous and distinctive about your company, product and services.

Why not try this out with three people from your organisation to see what happens? The question could be: "Tell me very briefly why I should buy from your company?" Remember they should be able to support their claims with strong proofs if asked to do so.

The reference and proof test

How many of your salespeople have information to hand about positive reference stories supporting the claims of the proposition? The stronger the proof of the proposition the stronger the case for it to be accepted. The spectrum of proof varies from the weakest, which is an unsupported verbal claim, to proof of someone with credibility personally using the product or service.

This reminds me of a true story about a glass company that launched a new range of toughened glass products. The product was given to all salespeople but one particular person achieved disproportionate sales success. The Managing Director called him for a discussion to find out why he was so successful. He explained that after finding out what the customer needed he presented his proposition and took out a large hammer from his briefcase, put the glass on the table, and hit it as hard as he could. This proof convinced the customer to buy by supporting the claims of the proposition.

The Managing Director in response bought all the sales team hammers and built this process into their sales approach, but at the end of the second year the same salesman sold more toughened glass than

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any other salesperson.

He was again called into the Managing Director's office to explain what he was doing to make him the top salesperson again. The salesman replied "I knew you would be supplying all the salespeople with a hammer so I considered how I might make my proof stronger. I decided I would take the hammer out of the case put the glass on the table and ask the customer to hit the glass with a hammer".

Can you see the power of proofs in convincing the customer to buy?

The pricing test

How many salespeople and business managers can defend the price of their product or service by understanding and articulating the proposition supported by advantages, proofs and value to the customer?

The greater the value of the product or service to the customer the easier it is to protect the price and retain profit margin.

Remember (V) Value Added to the customer = (B) Benefits minus (C) Cost.

How many companies set their pricing by looking at the value of the proposition being delivered to the customer? I have attended many meetings where the Finance Director sets the pricing based on the profit margin he requires rather than looking at the value to the customer. Concentrating on preparing,

well-constructed propositions can add significant profit to the bottom line and increase customer satisfaction by convincing the customer of the real value of the purchase.

The differentiation test

Why is your product or service different to the competition's? The more differences you have that are advantageous to the customer the more you can place a premium on the price. If you can't highlight any differences why should the customer buy from you?

Summary

If your sales people, business managers and directors are unable to understand, articulate and present your sales propositions in a professional, consistent and coherent manner with knowledge and enthusiasm then your marketing investment may be leaking like a burst water pipe.

A professionally crafted sales proposition that is delivered to customers in a consistent manner, with thought and enthusiasm, supported by knowledge and understanding of the product or service as to how it will be of advantage to the customer will increase sales, profitability and increase the return on your marketing investment.

- Who has responsibility for Sales Propositions within your organisation?
- How well constructed are your Sales Propositions?
- How good are the skill levels within your organisation in terms of understanding customers' needs and wants and presenting your sales propositions in relation to those needs and wants in a way which

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conveys real, quantifiable business value?

·How do your propositions match those of the competition?

·How does the value of your product or service to the customer support your pricing?

·How do you set the pricing of your products and services?

·What actions are you going to take improve the quality and delivery of your Sales Propositions?

Mike is an Accountant with 26 yrs experience of successful selling and marketing achievement in the IT industry. Having served on the board of many UK companies including Unisys and Acorn Computers, Mike now runs O'Riordan Lawes, a business consultancy working with CEOs to address the issues of improving business performance and is a Non Executive of Quantum, a leading company of sales practitioners specialising in improving sales performance.

Make Them an Offer They Can't Refuse!

By Denise Hall

Every netpreneur knows that the most important aspect of building a business is responsive leads. Whether you publish an ezine or just send occasional sales letters via e-mail, if you don't get a good response, you won't have a profitable business.

The old saying, "You can lead a horse to water, but you can't make him drink" applies here. You can send offers to your prospects, but you can't make them buy.

So how do you turn those prospects into buyers? How do you get them to read, not just skim or delete, your ezine or sales letter?

Make them offers they just can't refuse!

Offline businesses frequently have "Buy one, get one free" specials. Or "Buy one, get one 1/2 off." Or "Today only" sales.

Online businesses need to use those same marketing principles. While the rules on the internet are a bit different than offline marketing, many of the same concepts can be applied with the same results.

How many times have you seen an item on sale that was tempting, but you wanted to think about it before handing over your money? By all means, think about it, especially if it's a large purchase. But if the special is only for "today" or "this weekend", you'll have to decide a little faster, won't you?

Have you noticed that the checkout area at stores always has candy bars, magazines and other inexpensive items on display? Those candy bars sure look good, don't they? The headline on that magazine makes you want to read the article, doesn't it?

Those items are put there on purpose so you'll buy something else while you wait in line to pay for your other purchases. It's called "impulse buying." Retailers have used it for years.

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Another offline marketing tactic is "loss leaders." Retailers advertise an item at or below cost to get customers into their store. Once the customers are there, they'll normally buy more than just the advertised special.

So the retailer takes a loss on one product to sell other products that will bring profits. Pretty clever, huh?

These concepts can, and should, be used for online businesses. Offer your customers a freebie or second item at half price with their purchase of any product at regular price. Or 25% off "Today Only" on one or more of your products.

Customers like to shop for bargains, but on the internet your website, ezine or sales letter can get lost in the vast array of reading material potential customers see everyday.

Make your offer stand out. Your customers will want that candy bar if it comes with a second one for half price. They'll need your newest product if they get one of your other products for \$10 off the regular price.

So dare to make them an offer they can't resist! Your customers will get a great deal and you'll have more sales.

Denise Hall is the publisher of Home Business on a Budget Newsletter. She specializes in free and low cost tools and resources to help netrepreneurs start and build their businesses on a tight budget. To subscribe to her newsletter

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