

Sell on Value . . . Not on Price

In a competitive, price-driven marketplace, manufacturing companies struggle to win new business. This paper addresses some strategies to help you begin to differentiate yourself, demonstrate your value and beat the low-price leader.

No one really wants to sell on price. Most people in business know that winning deals based on being the lowest-price bidder is neither a long-term – nor a highly profitable – growth strategy.

And, truthfully, no one really wants to *buy* on price, either. Ask any of your current customers how they make their purchase decision, and they'll tell you they don't just shop on price. They prefer to make their purchase decisions based on the product/company with the best *value*.

Hmmm. Value.

What exactly does that mean? Well, there are basically three elements to any manufacturing business that are widely considered to comprise "value:"

- Quality:** Does product/service delivered perform as it should, for as long as it should
- Service:** Is my order processed quickly, can people answer my questions, am I made to feel important, can you provide design assistance, etc.
- Delivery:** On-time and complete

But you already offer all these things, you say. Your website, brochures, sales presentations already speak extensively about all these wonderful business attributes. Terrific.

Uh oh. Don't look now . . . so does your competition.

Basically, almost everyone out there is *saying* they offer the best value. How, then, do you differentiate yourself from the pack? How do you give prospective customers a reason to sit up and take notice – a reason other than price to choose you over the rest?

It's actually not as difficult as it may seem, but it does take a slightly different mindset. Here are three techniques you can use to jumpstart the process of differentiating yourself in the marketplace, and positioning yourself to be able to sell on the value you offer – which hopefully will help give you an edge over the low-price provider.

#1: Don't try to be all things to all people

By this, I mean that you should select a point of differentiation for your company and stick with it.

You need to establish your "value proposition." This can be kind of scary for some companies. Many people are afraid to take a stand on *one* aspect of their business, such as an exceptional on-time delivery

record, because they fear it will alienate the other portions of the market looking specifically for better quality, more responsive customer service, etc.

Over time, you've had the opportunity to prove your value to your existing customers. But when you're trying to introduce yourself to a new prospect who doesn't have the benefit of that proven experience, you've got to somehow, some way, get their attention.

Trying to be all things to all people will get you a watered-down, ineffective and unmemorable message that appeals to no one.

Think seriously and objectively about your business; what can you honestly say that sets you apart from the rest? Do you have quality awards, or extra industry certifications? Do you have any proof to indicate your product lasts longer than others? Have you won service awards from your customers? Can you get testimonials from customers touting your reliability?

Your primary messaging – your tagline, advertising headlines, lead generation materials --should reflect your strongest value statement. Your goal is to be known as “the company that . . . *fill in the blank.*”
Operative word: “*known.*”

One more thing on this topic – you also sometimes need to select part of your potential audience and create marketing programs specific to them. Manufacturers whose products apply to a wide variety of industries cannot possibly reach them all in a cost-effective manner. As you choose a message, sometimes you also have to choose a segment of your market and address them specifically.

#2: Sell solutions, NOT products

Tired of hearing this overused sales mantra? Probably. But I still find that most people *talk* about selling solutions (i.e. value), while what they're really presenting to their customers is products. All of their literature, their materials and their sales presentations are about the product. I've even known companies to reply to requests-for-information with nothing more than a product spec sheet. Yikes!

Do you think the majority of your buyers know how your product is made? How it was developed? How it's tested? So why do so many companies constantly trying to share these dreary details with them?

Benefits don't exist in your product; they exist in the mind of your customer. So, to really get their attention, you should be telling them what this quality/service/delivery does *for them.*

This can be a tough one to wrap your arms around, and often takes some outside perspective to help change your current way of thinking. Instead of what *you do* (feature), try to think in terms of what the *result* will be for the user (benefit). Here are a few examples of transforming product features/business functions into customer benefits.

Your Feature/Function:

Lasts longer than the competition
Zero PPM
High quality/ISO certifications
Engineering/design assistance
Guaranteed delivery

Customer Benefit/Value

Lower replacement or maintenance costs
Reduced incoming inspection costs
Ability to extend their customer warranty
Reduced human resource needs
Faster time-to-market

Think about what your quality/service/delivery does *for your customer.* How does it reduce their costs, improve their performance, or even make their job easier? There's your real value.

#3: Dare to be different

There seems to be a common ideology in among manufacturers that sameness is somehow a good thing. If you look at one industrial manufacturer's website, you've seen them all. If one person in the industry puts a picture of their manufacturing plant on their home page, then most everyone seems to do it. It's almost as if the other guy is doing something, then it's at least safe.

The lesson here is to be creative! Don't be afraid to be different.

If you want to bring attention to your unique value in the market, then you need to walk the walk. Be bold in your marketing materials, and be creative. How about using humor? The Direct Marketing Assn. research indicates 22% of people were likely to respond to a humorous advertisement. That's a really high response rate for an ad.

How about a contemporary look and feel to your website or your brochures? Or maybe a classic, elegant appeal? How about a different size or shape to your materials? Bold, simple visuals that stand out?

You have a small window of opportunity to get the attention of a new buyer sourcing your product *now*, and an equally small window to be memorable enough to get them to remember you should they need your product in the future. Let's give them something to remember.

The Bottom Line

The bottom line is that it is, in fact, about the bottom line. Let's face it, there's lots of competition out there -- some of it offshore, offering price differences so vast they're difficult for even the best-intentioned customers to overlook. The me-too approach is safe and may not cost you any business, but it won't necessarily win you new business, either.

To attract and win new customers, you need something dynamic and memorable to set yourself apart and not fall into the low-price trap. These guidelines can begin to help you position your company in an attention-getting, unique light – and help your customer minimize the pressure of falling back on price as a primary factor in their decision-making process.

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