The 6 Core Buying Drivers

PRICE – it's one motivator, and yet not the be all and end all. My journey and experience in up-levelling sales teams has taken me to 29 countries, spanning 26 years, so I'd be an idiot not to notice some distinctions about customers and their main drivers when making a decision to buy. And 'the price', whilst it needs to represent value for money, is not the # 1 concern for many purchasers. Let's unpack what lies beneath the word PRICE.

If a customer comes to you based on price, they WILL leave you based on price. It's that simple. This is a universal certainty. And whilst price will always be in the value equation, I personally love the sign that my old mechanic had on the wall in his office…

> *"Price, Quality and Service: Pick any two. You can't have all three."*

And he was right. You can have price and quality, but you won't get good service. You can have service and price but I'll bet my left leg the quality of the product will be sacrificed. And last, you can certainly go for quality and service, and I can guarantee the price will not be the cheapest. It is not possible in a competitive market to make money trying to serve up all three. By far, of the three, sales reps seem to get overly caught up on price.

The title of this article suggests there are 6 Core Buying Drivers. PRICE is only one, and yet the acronym PRICE reveals the other five:

P rofit

Help me improve my bottom line. Increase my revenue and/or reduce my costs.

R isk

Help me mitigate risk.

I nnovate

Solve other problems for me using your product or service.

C onvenience

Make it easy to do business.

E dge over competitor

Give me leverage over my competitors.

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Let's explore each...

Profit

Let's go back to high school accounting and one of the first formulas they shared:

Profit = Revenue – Costs

Every business, from a corner store to a multinational global brand, operates to this formula. If your product or service can help them improve profit, increase revenue and/or reduce their costs, price becomes more of a moot point.

Recently, a national sales manager asked me in to chat about some key account management training. He felt there was not enough rigor and process about securing the future of their key accounts and had in fact lost a $3 million account which used to put $800,000 straight to the bottom line. OUCH! When I showed him our DIFFERENTIATE Key Account Management template, that ensures the BDM's are doing the right things strategically and tactically to maintain and grow existing accounts, he was sold on moving forward. Getting the whole sales team on the same page, using a common yet tailored template for their business, and up levelling the team's relationship building skills was going to secure his future profit and assist him to make better EBIT/profit. He didn't even blink at my day rate. The price of my service was a fraction of the increased sales and the flow-through profit he would add to his bottom line.

Risk

Certainty is a universal life requirement. Some need it more than others but, as a species, we crave certainty. And we saw what happens when people are not certain they will be able to get enough toilet paper during a global pandemic! If you can discover some issues and challenges that face your existing or potential customer and, through the use of your products/services, you can mitigate, minimise or reduce risk for them, the buying urge will flow. I was recently talking to an air-conditioning installation business owner putting in a unit at our house. He was a dealer who sold one of our client's Actron Air units.

I asked him why he was loyal to Actron. His answer? "Because their units are Australian made to cope with Australian climate conditions, and I simply have fewer call backs and issues." You can see in this example, being an Actron distributor mitigates risks for him and, I would suggest, lowers his costs, thus achieving the 'P' in the price acronym as well. This is where you sometimes need to put on your 'trusted advisor consultant' hat and help them see that by having your installation crew do fewer call backs, you save them money. So, paying a premium for a quality process may be more effective financially.

Innovate

The 'I' in PRICE is INNOVATE. Show me creative ways to solve broader issues and challenges I have in my business and my focus on price fades. It doesn't disappear but it does become less important.

Many years ago, I was doing some sales coaching and went on a joint field visit with a sales rep from Cleanaway – one of Australia's leading domestic and industrial waste companies. We visited a plant in Melbourne that made muesli bars. During the chat and tour with the operations manager, the Cleanaway rep asked a brilliant question… "How does waste get in the way of productivity on this site?" What a cracker of a question. The op's guy shared that due to a build-up of mess during one part of the production line, the Safety Office had insisted they needed to close down the machine every 3 hours during a 9-hour shift and clean up. I won't go into the technical details, and yet 3 weeks later, having put his thinking cap on and consulting his support team, the Cleanaway rep proposed an innovative solution which involved placing specially designed bins along the way that minimised waste build up. They won the contract at a 38% premium over the next lowest bidder. Why? Because the muesli bar producer picked up 45 minutes every shift in production. Imagine the number of muesli bars they can create in that window of time? Cleanaway's innovative thinking solved a bigger problem and helped improve the efficiency of that production line. A no brainer to buy.

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Convenience

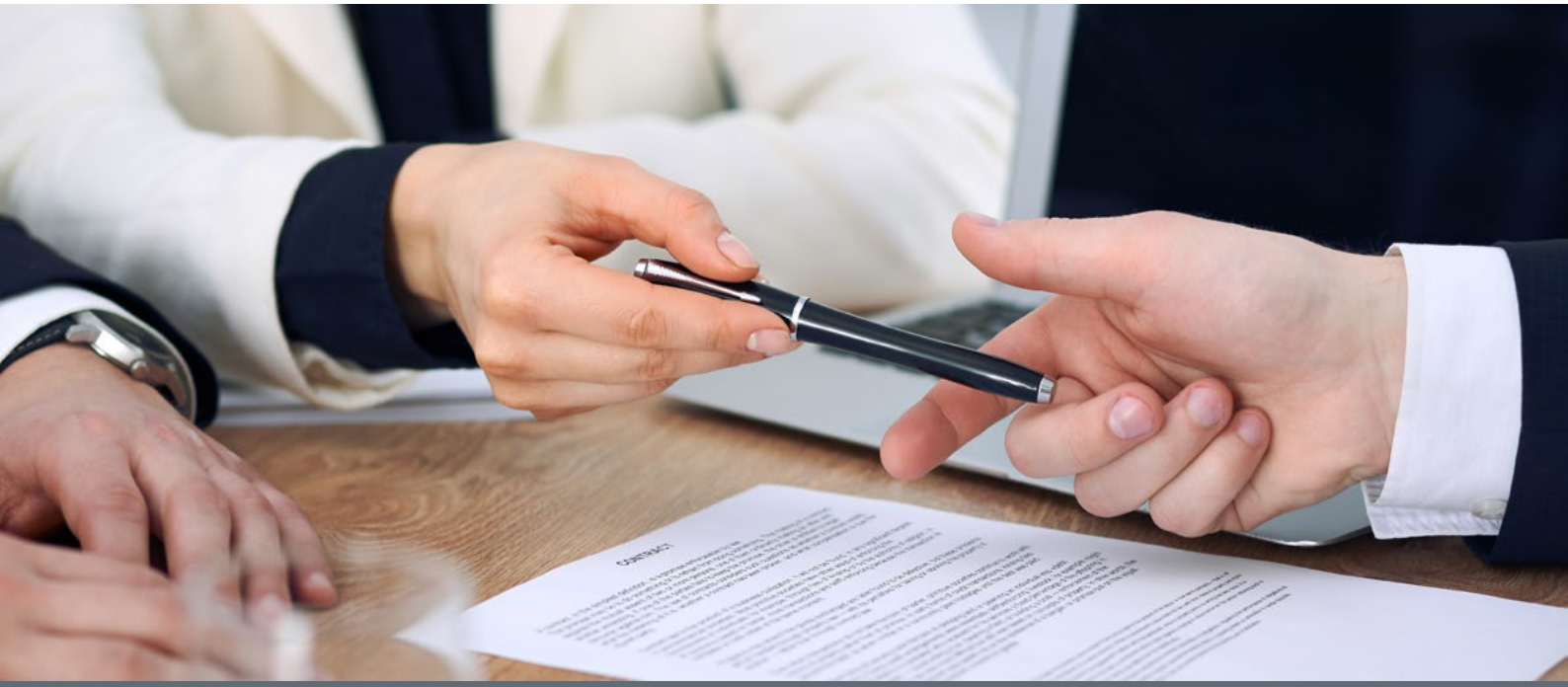
Please be easy to do business with. In all the latest surveys, price still comes third after convenience and service. Karina and I are currently up to our necks in the renovation of a newly acquired investment property. I have been using an app called *HI Pages* to get tradies on the job. They make it so easy. At the push of a few buttons, I get calls and quotes from trades people looking for work in my suburb who are available in the next two weeks. Easy. On the flip side, one of the tradies on site heard us talking about getting the roof painted and shared the phone number of a mate who he recommended. After playing telephone tag with this guy for days, I finally got him on the phone only to be told he is already booked until 2024 – three months away. What a waste on my time chasing him down. Lesson learnt. Now I just go to the trusty *HI Pages* app every time. I can specify the timeframe in which the work must be done, and only those who are free respond. So easy and convenient.

Another example… an international brand who provides a lot of furniture in flat packs (I won't mention their name but by replacing one letter you will get the IDEA!) We found what we wanted in the online catalogue. It was the right price, and so off I drove 50 minutes to get to the closest store (and there ain't that many!). Collecting the item from their click and collect area was easy and, yet, when I got it home and started the assembly process… you guessed it… one critical part missing. Now the nightmare began. I now had no choice but to return the lot and get a new flat pack praying that this time the quality control had been supervised more effectively. The initial right price became very expensive when you consider the two additional hours of driving time I will never get back. And at my hourly rate I charge clients for my coaching services, let's just say this wardrobe cost us dearly compared to its actual value.

Finally, give me an…

Edge

Most people operate in a competitive market and many of your customers are constantly looking for an EDGE over their competitors. How can you provide it? I was recently delivering a 2-day sales training program to a client who has been very loyal to us over the years. Now, there are more sales training consultants out there than there are butts pointed to the ground, and yet they constantly book me for around 6 days every year, offering various training programs to their nationwide dealership sales teams. When I asked why he has never looked at my competitors his answer was simple… "The training and skills you give our sales team give us an edge in the marketplace. We value that." How can your products/service provide your customers with a small inside edge?



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My wish is that you now see there is much more to P.R.I.C.E than first meets the eye. My advice - share this article with your sales team. Discuss which of the six drivers you can serve up? How can you up the game on making it more obvious to your customers that you deliver on some aspects of the PRICE acronym? Then watch your conversion rate improve with new clients buying, or existing clients giving you ongoing repeat business and more share of their wallet/spend.

Yours in sales success

Ian

Ian Stephens is a 25-year veteran in the sales and culture transformation space, and an expert in weaving his Neuro-Linguistic Programming (NLP) Master Practitioner studies and tools into his clients' change journeys.

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