



The Don Hutson Report

Global Expert on Sales & Negotiations

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Mastering Price Differentiation!

(This is part 6 in an 8-part series on Don Hutson's 7 Types of Differentiation.)

Have you ever noticed that The Rolls Royce Motor Car Company never offers you \$10,000 cash back when you buy a new Rolls Royce? Or a zero interest loan? They have no interest in presenting a low budget, cost-saving image. To the contrary, they want you to know that they only make a modest number of their fine Motor Cars per year, and that if you want one you had better get your deposit in as soon as possible to get on the list! The exclusivity justifies the price of these unique automobiles in the minds of the consumer.

How we go to market is critical in terms of the messages we send to our targeted buyers. This entire series on differentiation in the Don Hutson Reports to date has been about the choices we must make to differentiate our offering from our competitors. We must either creatively structure our offering in such a way that our price becomes secondary in our negotiations, based upon our customers' perception of value, or choose a way to project that we are the lowest priced alternative out there! I recommend the former option, not the latter. *If you gain business on price, you can lose it on price.* Anybody can give their stuff away!

So, the question becomes: How we can craft a value proposition that is more compelling than those of our competitors? And, it can get tricky here, because we need to go to market with a strong, broad-based appeal to our targeted clientele/prospects while at the same time maintaining the capability of revealing specific "value points" to individual prospects whose major buying motives have been identified.

At U. S. Learning, we define the *Value Proposition* as the perceived value and benefits imbedded within an organization's deliverables in the context of the investment required for their acquisition. Here are five ideas to keep in mind regarding possible approaches:

1. Keep the conversation with prospective buyers oriented around benefits to them, not financial or numerical discussions.
2. Focus on your best quality points to demonstrate that the ultimate cost over time will be less than the apparent price today, especially when compared to your competition.

3. Offer more convenience and greater accessibility than your competition does to keep your customers constantly impressed with how connected you and your company are when they need you most.
4. When talking benefits, accentuate the value points you captured from them regarding their priorities and preferences when you performed your needs analysis.
5. Constantly educate them and their people about effective usage, creative applications, and maximum benefits of the products and services you offer.
6. Get on their side of the table and problem-solve with dedication and expertise, considering things from their point of view. Maximum collaboration pays off "big-time" in the present, and will pave the way for long-term relationships.

Listen carefully to your customers' comments and use these "price +performance" tools to differentiate your unique value proposition. This will ensure that they will concur that your price is fair and justified.

This article is Part 6 of an eight-article series on the subject of "Differentiation".

For your copy of Parts 1-5, [click here](#) to request them via email.

To view a Don Hutson video that offers some sound advice about Mastering Price Differentiation, [click here](#).



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