

Price Wars – Making Your Sales Approach NOT About the Price!

In the hospitality/special events industry, we are not immune to price wars. As in any industry, they can kill your margins, not to mention making the “closing” process of your sale more difficult. Focusing on a “value-based” selling strategy seems to be a good alternative, but before we talk about that, let’s explore and evaluate the problem a little more closely. When costs increase, they do so across the board for you and all your competitors. Unless your cost structure is wildly inefficient (compared to your competition), one of the major problems is that competitors wait to raise prices until they see if everyone else is as well. They do not want to be the first one to raise prices, and then run the risk of losing business due to what appears to be price gouging. What happens, though, is that if you do not raise prices when all of your costs have increased, you are not being financially responsible with the profits of your business, and run the risk of putting yourself in an unhealthy financial position that can lead to reductions in staffing levels, services and experiences provided, and eventually bankruptcy. When necessary, taking reasonable increases at appropriate times of year is a step to ensuring the financial health of your business.

Clients understand this as well – everywhere they turn, costs are increasing around them, and you are no exception to that rule. While no one wants to “over pay”, customers are always looking for the best value and cost without sacrificing everything that they want. In this type of economy, service standards and experiential touches can be the differential between closing the sale and losing the sale to your competition that is still operating under last year’s prices.

In the sales process, the ideal goal would be to present your product and service in such a way that your customer realizes how much they want it without even knowing the price. If a customer has already made up their mind about you, your product, the reliability, and the overall experience, price almost becomes incidental. Especially in our industry, we have one chance and one chance only to get it right. You cannot have a “do-over” of an event if you make a mistake. You cannot just return the product for a new one as is the case with a tangible product. If your clients know that you realize this, and the importance of getting it right the first time, you have just elevated the trust factor in your relationship and made big points in getting to the final “close”.

Price wars are only possible when the product, service and experiences from different competitors/vendors are so identical that the client doesn’t care who provides them. So make yourself different. Make it all about service, host and guest experience and relationships. And, make sure that in your sales approach, you highlight the DIFFERENCES rather than how you are similar to your competition. This will allow you to stand out from the rest, and when comparing you with your competition, your client will remember YOU and how you made them feel. Price factor shrinks as clients decide that what they want is the differences that you provide. We all have something unique to offer. By taking the time to determine what that is, what your sales approach will be and how you will not focus on price but on quality of service and experience, you shield yourself and your business from the “price wars” that we all want to avoid.

For more information on the Beverly Clark Hospitality Training Programs, please contact Lynne LaFond DeLuca at lynne@beverlyclarkenterprises.com and visit our website at www.beverlyclarktraining.com

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