

# Price Competition

## *It's Here To Stay*

Are you spending a great deal of time and energy worrying about your competitor's prices? If so, you are wasting time and energy that can be much better spent improving your own organization.

Ask yourself this...What value do we add? If you don't add value to the buying and selling process, who needs you? The customer doesn't need you; they can get the same product at the same or better price elsewhere. The vendor doesn't need you; he can replace your market share through any number of other stores. It comes back to the question you've heard so many times before... Why should anyone buy from you? You simply must give them a good reason.

If you believe in your heart that you must have the lowest price in order to sell a product -- you have a weak sales organization. There is a direct correlation between your ability to generate reasonable profit margins and the quality of your sales force. Do your salespeople constantly come to you complaining about competitor's prices or exclaiming, "What am I to do? What am I to do? Store X has a lower price." Why? This is not the first time a competitor has thrown a low-ball or even foolish price at your market and it's not going to be the last. It will happen today, tomorrow and everyday. You can count on it! So, accept it and plan for it.

Salespeople who come to you with price complaints are not providing you with feedback beyond the superficial; they are badly in need of training. It is obvious that they have not taken time to determine their customer's real needs. So either train them or replace them.

Get up in the morning and make plans for every stupid price your competitors advertise that day. Decide what your price will be. Be prepared to justify your price. The best way to justify your price is with more benefits. Decide what you will bundle with the product (10 Year Limited Warranty, Accessories, Delivery and/or Installation, Service, etc.) if you have to sell that product. Decide what product you will step-off to and determine what features and benefits you can use to justify the step. Decide what incentives you will offer salespeople and customers to make the step to a profitable product. Make a plan and communicate it very clearly to your sales force. Stop playing defense and get on offense, fast!

If you feel that this is neither valid nor true, that price is in fact the answer, then start making plans for your life after retail because your business survival is definitely in doubt.

