

Chapter 6: Pricing

Sell at High Prices!

Do you dream of making 50% profit on the orders that you sell? It's challenging, but if you approach the process correctly, it can become an everyday occurrence.

Because most people set the profitability bar too low for themselves, they're never able to make big margins consistently (like some distributors do all of the time). To create a high-profit plan for yourself, you need to mesh the correct contact mix with attractive product lines that people will pay more for.

The biggest mistake that many distributors make is thinking they have to offer cheaper prices than everyone else to sell anything. Once they sell only on price, they never stop, and as a result, they never see big profits. Here are some keys to making big money.

1. Never sell the world.

Make yourself an expert on a few items, and avoid claiming to be the place for all things for everybody. There's no way to know about every product and sell them all the right way.

Action Tip: Never include a phrase like this on your business card: "We offer thousands of promotional products for all your needs."

2. Find prospects interested in service over price.

Stay away from people who are entirely price-conscious. Never be ashamed to tell someone that you specialize in high-quality products and excellent service, which means you can't serve them based on price alone. If you waste time on buyers who foster the best-price attitude, you'll never see high margins.

Action Tip: When someone asks me for a bid, I say that I don't do that. Then I provide the phone number of one of my competitors and suggest they call them. I'd rather my competitor waste his time trying to satisfy low-profit customers. This doesn't mean that I don't give prospects prices. I do; I just avoid bidding wars.

3. Sell unique products.

People who sell low-profit items do so because they don't make a consistent effort to learn about new products. They sell mundane items that are sold by so many people that they lose their profit potential quickly. Make big margins by offering original products and selling things your competitors don't know about. A great way to find these products is by attending shows and watching your in-box on a frequent basis.

Action Tip: When you attend trade shows, start exploring the exhibit hall in the back. That's where I find the completely new products that most people never see because they focus only on suppliers that they already know. High margins come from going where competitors never know to go.

4. Choose to sell high-end products.

High margins are usually made with the sale of more expensive items, often one of a kind, such as high-end gifts and awards. People interested in these items tend not to be as price-conscious.

Distributors often tell me they don't sell awards because they don't get calls for them. I argue they won't get calls because they don't offer them. Many publications claim that the sale of awards usually offers a 50% rate of return, and in many instances, a 75% margin when sold on a totally custom basis.

Action Tip:

To overcome my fear of selling this product line, I took the time to learn all the particulars necessary in order to show the category the right way. Once you learn how to sell awards, you'll find they are as easy to sell as any other product line.

5. Provide samples for your customers.

Product samples imprinted with a customer's logo will help you close a sale. If you have time, you can get a physical sample created. If you're looking for a quick turnaround time, virtual samples are the way to go.

If you develop personal relationships with your suppliers, they'll be happy to provide virtual samples to you at no charge. You can also create virtual samples on Distributor Central, where you can save an unlimited amount of virtual samples in your customer folder. Another option is to use ESP Websites™, a branded online marketplace, and add your client's logo to thousands of products at one time. Your client can then shop and purchase those products from you.

One of my best clients asked me to provide him with several tech products as giveaways. I sent him four, and he couldn't decide which one to choose. The due date was close, so I created a virtual sample with his logo on it and told him that this would be the product I would buy. Minutes later, he emailed back and asked me to create a virtual of a different product, which I did. He immediately ordered 2,000. Even though he didn't buy the item I had initially suggested, the virtual sample caused him to act!

Action Tip:

When I create a physical sample for a customer, I'll drop it off with a note that describes the product's benefits. A few hours later, I'll call and leave a message asking the customer to confirm that he or she received the samples.

6. Don't pass savings on to your customers.

Many suppliers run specials on their products all the time. Too many sales people mistakenly pass the savings on to their customers instead of pocketing the added profits. When anything goes on sale, show the product at the list price and avoid the temptation to use the special price to close the sale. You can

increase margins on orders by more than 60% by selling products that are on special from suppliers.

Action Tip:

People always want to know how I get away with selling orders even though I don't pass along special pricing to my customers. In more than 30 years, not a single customer has claimed that I failed to pass a special price along to them. I treat them well, so they don't need to go elsewhere for pricing. By taking care of your customers and providing them with good ideas and excellent service, you'll make extra margins because your clients aren't shopping around.

Many people think that the art of making real money (high profits) on orders is an impossible task. Separate yourself from the pack by selling unique items to customers who are willing to pay higher prices for service and the creativity you offer. You can make high margins consistently as long as you take the proper steps and focus on quality and service.

Catalog Prices

Suggested catalog price is included for a reason: Those prices are what you should present to customers. Whenever I leave catalogs with anyone or email product images that include pricing, I never mention the selling price. I expect buyers to understand that the price included is what I expect to receive in return for my efforts. Questions regarding pricing do arise, but I never arbitrarily lower them in order to close sales.

Should I Bid?

I never bid on orders because I prefer to sell to clients who value my service. Don't fall for bidding traps that are created by filling out and submitting arduous forms. When I started, I thought it would be wonderful to sell large orders even though I made low margins on them. After filling out many bidding forms and not securing a single order, I decided that the time invested was not worth the return. This does not mean that I don't provide customers with prices; what it means is that I shy away from sales that require bid situations. Instead of spending time trying to determine what to bid, I invest the time in searching for customers who are willing to pay full price.

Never Show the Price

On most product inquiries, I never include pricing along with product images. Since I know to qualify buyers by finding out the quantity needed and the requested price point at the outset, I am not required to include pricing. Using those facts, I'm able to suggest products that fit the purpose of their promotion to a tee. I also limit the number of choices I provide, which is never more than three (as I had mentioned earlier).

Last-Ditch Pricing

On occasion, I do go lower than catalog pricing. When asked to give better prices, I ask when the client intends to pay for the order. If the client gives me a credit card to cover the order up front, I'm willing to sell for a lower price. After this discussion, the issue of lower pricing tends not to be as important.

Charging for Freight

Many distributors obsess over the question of freight charges. They can't decide if they should bill the customer for freight or somehow work that cost into the selling price. I keep it simple: I let the supplier use their preferred carrier and then bill the amount the supplier charges me on a separate line of the invoice. I also don't spend time shopping around for freight quotes.

Lines of Credit

When starting out, do not expect suppliers to extend open credit terms. I have done this a long time and have an excellent credit rating, but sometimes I must place orders with suppliers I haven't worked with before. They usually require pre-payment since I haven't established a relationship with them yet. I provide a credit card since my number one goal is to get the order out the door.

Developing Trust

After some time, when you have placed several orders with suppliers, ask them for terms. If you have a good credit, then the chances of that happening are excellent. If you have less-than-stellar credit, never try to bully a supplier into selling to you without a deposit in place. Just like you expect clients to pay you, suppliers expect to be paid in a timely manner.

The way you operate your business is entirely up to you, but never short yourself by becoming a price-based seller. Instead, demonstrate to clients that you are confident and expect to make an appropriate return for your efforts!



Like us on
Facebook

For Additional
Special Offers!



Visit Our Web Sites: www.gempire.com • www.floralpromo.com

ASI/55610 • PPAI/113471 • UPIC/GEMPIRE • SAGE/55367

**ASK US
ABOUT**



- * Free Paper Proof Upon Request
- * No Overrun Charges
- * On Time Delivery Guarantee
- * Preferred Partner Programs
- * 100% Customer Satisfaction Guaranteed
- * Customized Distributor Flyers
- * Innovative Products
- * End User Friendly Web Sites

TAKE ADVANTAGE OF THESE MONEY SAVING OFFERS!

\$40 REBATE COUPON

- * Offer good on an order of \$500.00 or more (product & tooling only).
- * Limit one offer per sales person, per order.
- * Not to be combined w/any other offer or quote.
- * Coupon must be attached to order.
- * Offer expires 12/31/20.
- * Use code: DS-2020-40

FREE DIE COUPON

- * Free Die up to \$80.00 net value.
- * Minimum 2nd column qty.
- * Limit one offer per sales person, per order.
- * Not to be combined w/any other offer or quote.
- * Coupon must be attached to order.
- * Offer expires 12/31/20.
- * Use code: DS-2020-FD