

Short Subjects

I keep a “storylines” file on the corner of my desk—really a collection of Post-It Notes with ideas for these columns—and while I usually try to stay fairly close to a single idea for an entire column, I have a bunch of “short subjects” in the file right now.

My wife has been after me to clean up my office, so I hope you won't mind if I start with my idea file and throw them all at you this month.

Increasing Average Order Value

A number of my clients have expressed interest in increasing their average order value recently. The idea has obvious appeal, but the best strategy may not be as obvious as it seems. What most of these printers have been doing is suggesting higher order quantities to their customers and prospects, presenting the unit cost savings of a higher quantity as a benefit.

I've been asking these clients to consider the word “value”—as opposed to simply the size of the order. My contention is that a number of smaller orders can have more value to a printer than one large order. For example, if your customer is going to order 3000 letterhead in a year, I think you're better off with three orders of 1000 than with one order for 3000. Your total sales volume will be higher, and your total dollar profit should be higher too. In addition to that, the regular order cycle keeps you in contact with your customer.

I've had printers tell me that more orders creates more opportunity for a competitor to get his/her foot in the door. My response is to meet or exceed the customer's quality and service expectations, which should minimize that possibility. I've had other printers tell me that more orders creates more opportunity to screw up and lose the customer that way. To me, that's simply a crazy reason for employing a larger order strategy. Everyone tells me that they want repeat customers, and now some of the same people are telling me that it's dangerous to have repeat customers. Does that make any sense?

Ultimately, the question of quantity must be decided by what's best for the customer. If we're talking about a letterhead that is absolutely not going to change in the next 12 months, ordering a year's supply at one time might be a good decision. If there is some possibility of change—or if the customer's cash flow situation would be better served by spending more but spreading it out over the year—the smaller quantity would reflect a win-win situation. (Remember that ordering only as many as you need is the whole foundation of digital, on-demand printing!)

The best way to increase your average order size is to develop new customers who place larger orders. Beyond that, the best way to increase average order size with the customers you've already got is to add services which will allow you to do more of the work surrounding the printing—design on the front end or fulfillment and mailing on the back end. Other than that, you could have some success by presenting options to “upgrade” their original specifications—a better grade of paper, perhaps, or the use of more color.

I know that suggesting a higher order quantity is one of the most basic sales strategies in the quick printing industry. Just remember that *order size* is only part of *order value*.

A “Concession” Budget

The issue of lowering prices to win an order comes up a lot in my sales coaching, with the typical scenario being: “I think I can get this order if I match the competitor's price.” My first response is always: “Let's find out for sure. Ask the person directly if you will get the order if you match the other printer's price!” I'm willing to make price concessions under the right circumstances, but I want to make sure that both parties are operating under the same assumptions. If fact, I want to make sure it's not “assumption” in the first place, but rather a clear understanding of the buyer's intent.

What do I mean by the right circumstances? I don't want to have to negotiate every price with my customers, but I'm willing to use price as an incentive to get a prospect to give me that first job. When I do that, though, I always make it clear that I'm making a strategic decision. “I've tried to make the case that we're simply worth a higher price,” I might say, “but I recognize that you've heard things like that before, and you'll need to see it with your own eyes. OK, I'll match that price to give you an incentive to give me a try, so I can show you what make us different and better.”

How often should you do this? I think it's not so much a question of how often, but how many dollars you're willing to invest in this strategy over the course of a year. I'd start out the year by budgeting some number of dollars for *strategic* price concessions, and then expend that budget in what seem to be appropriate situations. To me, this is all part of the overall marketing plan. Let's say that you're willing to budget \$10,000 for a direct mail program. Your

purpose, of course, is to increase your sales volume. If you budgeted the same \$10,000 for strategic price concessions, you might very well generate even more new business.

Here's something else to consider. If you budget \$10,000 for a direct mail program, at least some of that budget reflects "hard" cost on the front end (paper, postage, etc. that have to be paid for in advance of the new business you're hoping to generate.) We're still talking about real cost to your business with a concession budget—because there's no fundamental difference between "money going out" and "money not coming in"—but the return on investment with your concession budget stands to be more immediate.

Does that mean I'm advocating this strategy as an alternative to direct mail or other forms of marketing? Absolutely not! But if I were you, I might spend less on direct mail in the future and apply some of the money I was willing to spend on marketing activities to a concession budget. Of course, I hope you're a printer who operates with a budget in the first place—a budget built around a sales volume objective and a profit objective, and a clear understanding of how every expense item effects your profit performance.

New Customer Appreciation Package

Another issue that comes up in my sales coaching is a variation on the theme of getting a prospect to place that first order with you. In this variation, price is not the issue, it's more a matter of inducing a change from the status quo. This is the prospect you've been working on for months who says: "I'm sure you would do a good job for me, I'm just not quite ready to make a change."

My suggestion is to put together a "New Customer Appreciation Package"—a collection of items with a value between \$20-\$30, which might include candy, baked goods, gift certificates, ad specialty items, etc. Then you go to your prospect and say: "You know, we have a New Customer Appreciation Package that we give out to our new customers, and we generally make a bunch of them up at a time, and I made one for you a couple of months ago when I thought you were getting very close to giving me that first order. I've been looking at the thing for the last couple of months now, and today I decided that I'm going to give it to you anyway, even though you haven't actually earned it yet. But hopefully you will soon, right?"

Please understand, I'm not suggesting that you adopt a policy where you give a gift package to all your new customers. I'm suggesting it as an *incentive* to get people to make the decision to buy from you. Several of my sales coaching clients have used this strategy recently with impressive success.

How Happy?

One of the most common obstacles thrown out in front of printing salespeople is: "We're happy with our current printer." As I've written before, your best strategy in this situation is to acknowledge that they have *good*, but then ask them to consider that you might be even *better!* And the best way to implement this strategy is to provide some tangible means of rating the current supplier.

I recently put a letter together for one of my clients in which we asked the prospect to rate her current printer on a 100-point scale, considering 5 specific areas of performance. Each of these areas or performance—Quality, On-Time Delivery, Price, General Ease-Of-Doing-Business, and Innovation/Providing New Ideas Or New Ways Of Doing Things—was worth 20 points, and the main point of the letter was that if the other printer's point score didn't add up to at least 90, this prospect should at least be talking to my client. He mailed the letter on a Tuesday, and on Thursday the prospect called him and said: "You're right. I'm not as happy with that other printer as I thought I was. Let's get together to hear how you think you can make me happier."

"We Provide Solutions"

Something else I've written before is that I'm tired of hearing everyone who sells anything talking about "solutions." Yes, it's true that I myself have written that the essence of consultive selling is to identify the prospect's problems and offer solutions, but most of the salespeople who irritate me these days aren't putting in the effort to identifying the problems. They are really just making presentations—"we provide printing and copying solutions"—and leaving it up to the prospects to decide if they have printing and copying problems.

C'mon, now, lets do this right. Ask what works well in their current dealings with printing and printing companies. Then ask about what doesn't work as well. As noted, you can use the "How Happy" strategy to make sure that your prospect understands that he/she has a problem. After you've done all of that, then it's time to start talking about a solution. Not before!

The problem for many salespeople has been to communicate their strategy without getting lost in all of the other "solutions provider" noise. I've written a short "script" for this situation—something that could be part of a letter, an e-mail, or even a voice-mail message. If you're interested, you'll find this script on the "Downloads" page at my website (www.davefellman.com) along with some other free selling tools that you might find of value.