

# How do you solve the discount conundrum in b2b sales?

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Research has shown that nearly 11 months of a year-long contract to pay off the associated acquisition costs. In this light, can B2B companies really afford to offer discounts, even if they think that move might help them close more deals?

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In reality, discounts sacrifice long-term value for the sake of a perceived quick-fix. And some estimates have indicated that SaaS firms that sell at a discount by approximately 30 percent. To avoid leaving that revenue on the table, you should investigate why the practice of discounting is so ubiquitous, and how you can create value for your customer and yourself without resorting to slashing prices.

## **The B2B discount conundrum**

In some respects, it's easy to see how we got to a place where discounts in B2B sales seem the norm. Competition often reaches cutthroat-level intensity, and most organizations have already invested heavily in the customer acquisition process. If there's a simple sticking point over price that you could alleviate with a quick discount, why not at least recoup some of these up-front costs and hope to gain the lost revenue back over time?

The issue is that using price as a sticking point is almost always a smoke screen on the part of the B2B buyer. By the time the deal is ready to close, the buyer has likely investigated your pricing structure -- usually much earlier in the process -- and knows what his or her company can and can't afford. The buyer is also working on previously established conventions, and

using your hope for , to try to impress his or her boss by bringing the project in under budget.

### **Focus on fit, not on discounts.**

If you're selling a product that can help solve the customer's pain points and the customer can afford the deal at the stated price, then he or she is willing to buy your product without a discount. If either of the previous statements is untrue, then your two organizations aren't a good fit for each other anyway.

The reason the prospect is even having this conversation with you in the first place is that he or she is looking for a solution to a specific problem, and has received authorization from the other key stakeholders to pay a certain amount to solve it.

If your product doesn't actually fit this person's needs, you may be able to gain incremental additional revenue by selling at a discount, but you'll do more long-term harm to your company than good. And, if the prospect can't afford your product at the full price without compromising his or her fiscal future, then you need to investigate offering more cost-effective options.

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### **Know what your target audience needs.**

By combining thorough industry and company research with robust customer-buying data and your specific conversations with the prospect, you will know definitively what this customer is looking for by the time you begin to finalize pricing. This should give your sales team members

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confidence because they can that their offering is valuable to the client and worth the price that is being asked.

When the client sees that the sales rep is resoundingly confident about the value that the service can contribute, that client will understand that your company is willing to stand behind that service and will have fewer qualms about paying full price.

### **Explain how your company is uniquely situated to provide that value.**

No, this doesn't mean you need to rattle off a comprehensive list of features in order to wow your prospect with specifications; that is a foolhardy strategy. In fact it should still always be about the customer: about listening to this person explain his or her specific situation, about recognizing what will facilitate the customer's job performance.

Further, your strategy should be about proving to the customer that you understand his or her business well enough to know why your product is a good fit. You can put a price on that kind of value -- the price you're asking for in your contract.

### **Be prepared to show in detail why your solution works.**

Of course, if a B2B buyer is going to be prepared to pay full price for a solution, he or she is going to want real results data to help justify, to the other stakeholders in the project, that buying decision. Understand that your customer is doing necessary due diligence just as you have done yours, and come prepared with numerous examples of proof that can be viewed through the prism of their own company.

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This means relevant data from previous customers, , detailed demo products, etc. Once your client sees that you have hard data to reinforce your claims, he or she will feel much more comfortable taking back to the bosses the decision to strike a deal at asking price.