

strategy guide



Educate customers on value

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A. Introduction

- » Discover the importance of educating customers
- » See examples of different methods to educate customers
- » Learn how to educate customers on the value that you deliver
- » See how to position your company ahead of the competition
- » Learn why most businesses suffer from the “curse of assumption” and how to overcome this “curse” and profit.

B. Educate customers explained

When people are in buying mode they crave information and it's often the companies that give people this information that end up securing a sale - information about your product, about product selection techniques, about your competition and about how to get the best results using your product.

4 reason why educating your customers increases your conversion rates

1. Customers can now perceive that the product offers outstanding value for money e.g. benefits vs. cost.
2. Customers can see that your company and your product both offer better value for money than your competitors – and,
3. The act of furnishing information to your customers shows that you care about helping them fulfil their needs. With that, a strong level of trust develops between the customer and your salespeople. And when you consider that people buy from people they like and trust it's easy to see why educating customers is so very important.
4. Last but not least, the more you educate your customers, the more you are seen as the expert on a topic. Customers believe you know what you are talking about so they are much more likely to buy from you. For more ideas see “Positioning Yourself as an Expert” Study Guide.

C. How to educate customers

1. Educate customers on the value your product delivers

Many business owners and salespeople think that most sales are lost because of price. Inside the “Avoid Discounting” and “Increase Your Prices” Study Guides you'll see that price only plays a very small role in determining whether or not somebody buys.

What is ever so much more important is the value-for-money that people perceive they are receiving. People have a need or a want and they want that fulfilled. Your mission is then to show the customer how your product fulfils that need or want in the most effective way possible. From there, the customer then makes a decision based on how well your product or service fulfils that need in relation to the amount of money that you're asking them to spend.



For instance, if you sell widgets that will last the customer 10 years and you're charging \$100, that offers much better value for money than a widget that sells for \$70 and lasts only two years. Make sense?

So – your task in any marketing activity you do is to communicate value to your customer.

During the sales process educate clients on the return on investment they could experience, the perceived dollar value of what you are selling, as well as the bonuses you offer.

In more detail:

- » Price – when mentioning the price always tell the customer exactly what they receive for that price
- » Return on Investment – is there monetary return that the product will produce? If so, mention it so customers can see the potential payback.
- » Sell the offer – sell the benefits of the offer and bonuses showing the perceived value of what you're offering. (See Offer Study Guide)
- » Mention the risk-reversal measures – part of the value decision that people make involves feeling secure in the knowledge that they aren't risking their money. So – if you have trial period or a money back guarantee spell it out to the customer and show them how these initiatives make their purchase risk-free. If you have a guarantee and it's 3 times longer than anyone else's, tell your customer because they may not be aware of the fact that yours is so much better. (See "Guarantee" Study Guide).
- » More value than anyone else



Going one step further than that, show how you deliver far more powerfully than your competitors. And - if when you

were sourcing new products to sell to your customers, you reviewed 80 different manufacturers before you decided on the range you're now offering, tell your customers that. This shows that you're very committed to ensuring the right quality, support, guarantees and service are in place.

In the 70's aluminium cladding (siding) was really popular as an alternative to continually repainting weatherboard or chamferboard homes. With that, there were a large number of companies all selling virtually identical products at virtually identical prices. One company managed to stand out from the pack and sell more than the others.

Instead of trying to compare their company's aluminium cladding with the competition (that was virtually the same) they compared it with expensive alternatives.

Salesperson: "Mr and Mrs Jones, have a guess and tell me how much do you think it would cost to have your home clad in western red cedar?"

Male Customer: About \$5,000.

Salesperson: What do you think, Mrs Customer?"

Female Customer: At least that. I think more like \$7,000

Salesperson: "You should be so lucky. Keep going."

Customer: \$8,000? \$10,000?



As they're saying these figures they are developing a mental picture that the aluminium cladding is going to cost them as much as the western red cedar ... \$10,000 or more. The salesperson then mentions the price is just \$2800. The customer then jumps at the opportunity because they were expecting to pay a lot more. Suddenly the aluminium cladding appears to be very cheap.

Always tell them the true value of what they are receiving....

- » If you do something free of charge for the client let them know and tell them the normal cost of that product or service so they know the real value of it which makes them appreciate it more.
- » Whenever you promote FREE bonuses as an offer ALWAYS include how much these bonuses are worth e.g. (worth \$58).
- » If you offer a special discount deal mention that you don't normally offer this for such a low investment but because they are (whatever the reason) you're prepared to make an exception in their case.

2. Educate customers on how you stand out from the competition

When you do that, you'll minimize the need for prospects to shop around. More of them will purchase from you on the day because you have enabled them to instantly see how you compare with the competition.

There's no need to compare prices or features.

For instance, what's the difference between Coke and Pepsi?

Holden and Ford?

Sony and Sanyo?

If you have a competitive advantage, show your prospect.

Knowing your competition enables you to identify which advertising approaches are working, as well as which products are big sellers. It also helps you better understand who your target market is, as well.

What's more, it enables you to identify how your product stands out so you can confidently and accurately make comparisons with it to your prospective customers.

This last point is especially important as it helps you educate your customers about the benefits of doing business with your company and nobody else.

The first step in making those comparisons is to understand exactly who the competition is and how their product compares with yours to begin with.



Identify the areas that you have a competitive advantage in. And identify the areas where you fall short and determine ways you can plug that gap or be perceived to plug that gap.

How to find out information about your competition:

- » Get copies of all their marketing material.
- » Visit their website.
- » Buy their product and compare it with yours – feature by feature – benefit by benefit.
- » Do a secret shopper exercise. Experience their customer service. Experience their merchandising.



Experience their selling techniques. Notice which benefits and features they promote the most. Notice which they don't.

So, how do you compare with your competition in terms of...(Please list specifics and how each favourable comparison is a benefit to your prospect)

- » Identify how you compare with your competition;
- » Identify which areas you have a competitive advantage in;
- » Identify which areas (if any) you are weak in and work out what can you do to plug that gap or minimise the damage.

Here's a template for a competitor analysis. It gives you a platform for comparing your company with your major competitors. The features listed are indicative only - you might want to delete some of them or add others.

Rating out of 10	YOU	#1	#2	#3	#4	#5	#6	#7	#8	#9
Reliability/ reputation										
Innovation										
Supporting the local community										
Quality of product/service										
Customer service										
Response time										
Location										
Product range										
Environmental friendliness										
Expertise										
Flexibility										
QA										
Years of experience										
Value for money										
No. of staff										
100% Australian owned										
100% Australian made										
Price										
Value for money										
Market share										
Industry reputation										

Base this information on known facts, not subjective opinions. Otherwise you could find yourself landing in a little hot water.



Develop a comparison chart

Once you have completed your research create a comparison chart. A comparison chart can be an incredibly powerful weapon in your sales arsenal.

Using FACTS only, put together a chart that compares you with your competition on an “apples for apples” basis and use that chart in your marketing material and in your sales process.

To protect yourself legally ONLY include well-documented facts in any written material.

Remember a few years ago when there was a war between Herron Pharmaceuticals and Panadol. Herron kept promoting the fact that Panadol is foreign owned whereas Herron is Australian owned so buyers should buy Australian? This was a great example of increasing market share by using comparisons.

Your comparison chart could take the form of a table, pie char or bar graph outlining survey findings (see below).

Your sales people can use this as a referent tool in their sales presentations. You can also feature it in your brochures, on your website and in other marketing material.

	100% Australian owned	Located in the area	Money back guarantee	Lifetime warranty	24hr tech. support
YOU	✓	✓	✓	✓	✓
XYZ co.		✓			✓
ABC co.	✓				✓
DEF co.	✓				✓

Here’s another interesting way to keep tabs on the competition....

Interestingly, you can monitor any changes in your competitor’s websites or any other appearance of your competitors online via press release or mentions on other people’s sites. All you need to do is to utilise Google Alert (www.google.com). Just type in your competitor’s name an you’ll be sent an email every time a page featuring their name is indexed in their search engine.

3. Educate customers on the value of your time

The more “in-demand” you are, the more desirable you become. The more unavailable you become, the more clients want you. The secret is then to become “less available” to your customers or at the very least position yourself as being “less available”.

In other words, don’t rush off to visit them free of charge every time they click their fingers. If you do, your client will expect you to do it all the time. If you do, let them know that this is an exception to the norm and that you would normally charge \$xxxx for an additional consultation of this nature.

When clients want to meet, make them aware that you do have a busy schedule but you have managed to fit them in wherever.

When clients ask to meet don’t say, “I’m free all Thursday and Friday, which would suit you best?”

Instead say, “Mmmm Let me see, I have some time available at 2.15pm Thursday or 10.45 am Friday which would suit you best? Be specific.

Try this approach and you’ll see an instant turn-around in how your clients treat you. They will show you far more respect.



3 more ideas to educate customers

If you haven't written a book yourself, locate a really informative book that relates to your industry approach the author, run a workshop and invite them to be a guest speaker. Record the event and get the rights to the recording.

1. If you're a manufacturer show people around the factory

Introduce them to the Factory manager and give them his/her phone number. Show them the process from the start to finish so they can see how their good are manufactured. People are often fascinated by production processes.

It's also an opportunity for you to explain that process and detail and talk about the 32 quality checklist that the product goes through before it's approved for distribution or the 3 coats of gloss that is sprayed on to protect the product from chipping (instead of the 1 coat of gloss that is used by most competitors).

2. If you do business on a business-to-business basis, add value to your clients by giving them marketing tips to help grow their business.

Your sales people could write a series of tips on selling and marketing and you could send them out regularly.

Or – get a sales training or marketing expert in and run marketing workshops specifically for your clients.

Not only are you seen as the “good guy”, you're also actually helping them grow their businesses and when they grow their businesses their demand for your product will grow which means you'll profit as well.

If you deal business to business, be seen as an expert for a particular industry.

Segment your client base into different industries.

Run sales training workshops for retailers, for trades people, for consultants, for landscape gardeners ... for whoever you like.

Record the event and feature the recording as a download off your website.

3. Run a workshop

A stereo retailer runs a display ad promoting a very low cost workshop that shows people how to work the stereo equipment in their vehicles. The ad is targeted to owners of luxury vehicle owners.

The aim of the day is to educate them on how to get the best sound from their “stock” stereo. It's also an opportunity to up-sell them to a much better sound system.

For more ideas on educating your customers see “Positioning Yourself as an Expert” Study Guide.



D. Key points summarised

- » Importance of educating customers
- » Implement different methods to educate customers
- » Educate customers on the value that you deliver
- » Positioning your company ahead of the competition
- » Avoid suffering from the “curse of assumption” and overcome the “curse” and profit.



E. Action plan

What	Why	Who	When
Undertake a competitor analysis to see how you compare to competitors	Get ideas on pricing. Identify ways to compare yourself favorably with that competition.	You and your key people	
Thoroughly research the benefits of the product and understand them		You and your key people	
Research your production, training, delivery processes to identify some unique stories that you can tell (like the Schlitz Beer Story)	Enables you to stand out from your competitors which will increase conversion rates and increase word of mouth.	You and your key people	
Review your advertising material and see how you can educate your customers more in your advertising	Increase number of leads and increase sales conversion	You	
Check your sales proposals, all marketing collateral and your existing sales presentations to see how you can better educate people on the value-for-money you offer. Make changes where appropriate	Increase sales conversions	You and your key people	
Consider using ebooks, information packs, information nights, workshops as a way of educating your customers.	Educate customers which will increase your sales conversion rates dramatically.	You	
Ask your 10x Coach Coach for assistance	Feedback on the best ways to educate customers	You and your 10x Coach Coach	

