

# Comprehensive Sales Training .

Handling objections is both an art and a science.



# Pricing Strategies

## Discounts & Promotions Module 4

## **Job Descriptions**

Develop roles clearly and completely across varying levels of experience

## **Agreements**

Draft your business agreements across a variety of areas

## **KPI's**

Performance indicator, a quantifiable measure of performance over time versus a specific objective.

## **Strategic tools**

These tools are recognised the world over in business schools, consulting firms and companies who plan strategically.

## **Scorecards**

Designed as functional or subject indicators across a variety of situations to enable performance of situational evaluation versus aligned standards.

## **Assessments**

Assessments are designed around specific areas to conduct reviews and will center around a benchmark reviewing individuals or functions

## **Research**

Research tools for sales and marketing engagement

## **Checklists**

Designed around achieving milestones in a sequential manner.

## **Calculators**

calculate the right ratios for businesses looking for benchmarks in a variety of situations

## **Analytical Tools**

Interactive excel tools on specific business areas based on your data inputs delivered in a workbook model with instructions.

## **Content Modules**

Best practice material in power point for use as a knowledge base in business training , planning and execution .

## **Templates**

Templates are designed based gather information in a structured manner



# **Comprehensive Sales Training Plan**

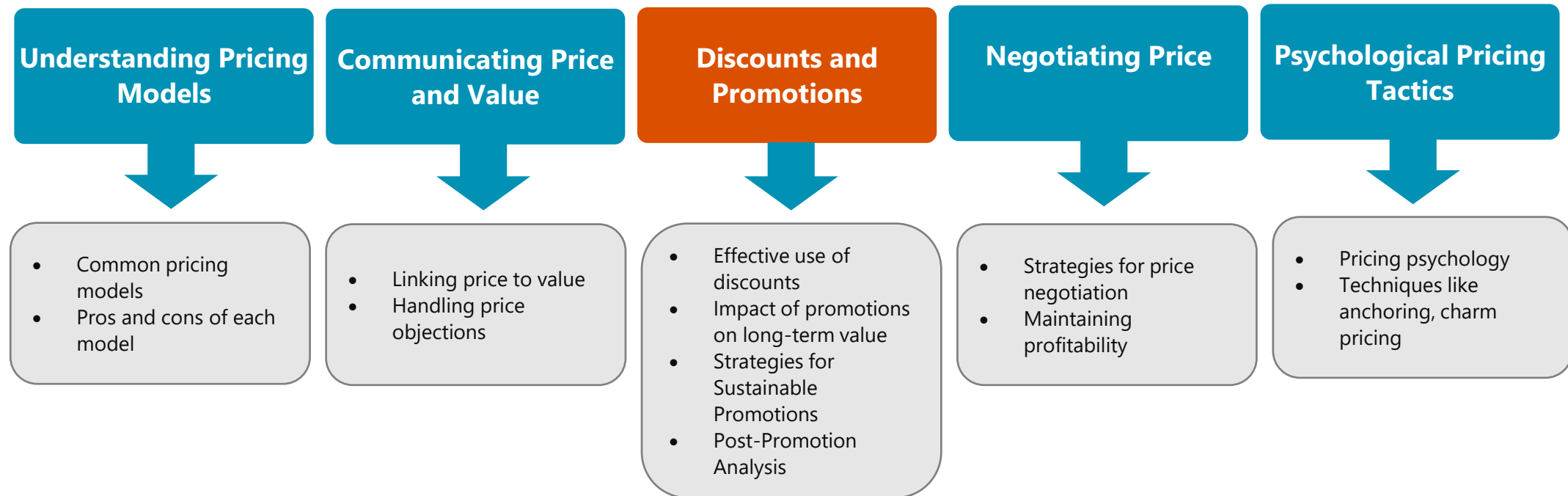
## **Module 4**

### **Understanding pricing models**

# Comprehensive Sales Training Plan

## Module 4 - Discounts & Promotions.

**Learning Objective:** Understand how to create a pricing strategy that aligns product price with perceived customer value to enhance sales and profitability.



# Comprehensive Sales Training Plan

## Module 4 - Discounts & Promotions.

### Summary

Discounts and promotions are strategic tools in pricing that can boost sales and attract customers but must be used carefully to avoid eroding perceived value. Effectively implemented, they can enhance market competitiveness and drive short-term revenue growth.



## **Discounts and Promotions**

Discounts and promotions are powerful tools in a company's sales and marketing strategy. When used effectively, they can attract new customers, boost short-term sales, and enhance customer loyalty. However, it's crucial to understand the impact of these tactics on long-term value to avoid eroding brand equity and profitability. Below are the detailed stages for the effective use of discounts and understanding the impact of promotions on long-term value.

# Comprehensive Sales Training Plan

## Module 4 - Discounts & Promotions.

$$\begin{array}{l} \boxed{\text{List Price}} \times \boxed{\text{Sale \%}} = \boxed{\text{Discount}} \\ \boxed{\text{List Price}} - \boxed{\text{Sale Price}} = \boxed{\text{Discount}} \end{array}$$

## Effective use of discounts



"When your price is very high, people assume that your product must be very good!"



# Discounts & Promotions.

## Effective use of Discounts.

- Effective use of discounts
- Impact of promotions on long-term value

### *Understanding the Purpose of Discounts*

- **Clear Objectives:** Define the specific goals for offering discounts, such as clearing out old inventory, attracting new customers, increasing short-term sales, or encouraging bulk purchases.
- **Target Audience:** Identify the target audience for the discounts, such as new customers, loyal customers, or price-sensitive buyers.

### *Designing Discount Programs*

- **Types of Discounts:** Choose the type of discount that aligns with your goals, such as percentage-off, buy-one-get-one-free (BOGO), volume discounts, or seasonal discounts.
- **Discount Amount:** Determine the discount percentage or amount that will attract customers while maintaining profitability.

### *Timing and Frequency*

- **Strategic Timing:** Offer discounts during strategic times, such as holidays, end-of-season sales, or during new product launches.
- **Frequency:** Avoid overusing discounts to prevent customers from waiting for sales and devaluing the brand.

### *Communication and Promotion*

- **Marketing Channels:** Use multiple marketing channels to promote discounts, including email campaigns, social media, website banners, and in-store signage.
- **Clear Messaging:** Ensure that the discount offer is clearly communicated, including the terms and conditions, duration, and any exclusions

### *Monitoring and Evaluation*

- **Sales Tracking:** Monitor sales data to evaluate the effectiveness of the discount in achieving the desired goals.
- **Customer Feedback:** Collect customer feedback to understand their perception of the discount and its impact on their purchasing decision.

# **Impact of Promotions on long term value**

# Discounts & Promotions.

Impact of promotions on long term value.

## *Assessing Short-Term vs. Long-Term Impact*

- **Immediate Sales Boost:** Measure the immediate increase in sales volume resulting from the promotion.
- **Customer Acquisition Costs:** Calculate the cost of acquiring new customers through promotions and compare it to the long-term value of these customers.



## *Brand Perception*

- **Brand Equity:** Monitor the impact of frequent promotions on brand equity and perceived value. Frequent deep discounts can erode the brand's premium image.
- **Customer Expectations:** Understand how promotions influence customer expectations and buying behavior, particularly if they begin to expect discounts regularly.



## *Customer Behavior Analysis*

- **Repeat Purchase Rate:** Analyze the rate at which customers who took advantage of the promotion return for repeat purchases.
- **Brand Loyalty:** Assess changes in brand loyalty among customers who regularly use discounts and promotions.



## *Financial Impact*

- **Profit Margins:** Evaluate the impact of discounts on profit margins, considering both the reduction in price and the increase in sales volume.
- **Lifetime Value (LTV):** Calculate the lifetime value of customers acquired through promotions versus those acquired through other means.



# **Strategies for Sustainable Promotions**

# Discounts & Promotions.

Strategies for Sustainable promotions.

## *Creating Value-Added Promotions*

- **Bundling:** Offer product bundles at a discounted price to increase the perceived value and encourage higher spending.
- **Exclusive Offers:** Provide exclusive discounts to loyal customers or members of a loyalty program to enhance their sense of exclusivity and value.

## *: Limited-Time Offers*

- **Scarcity Principle:** Use limited-time offers to create a sense of urgency and encourage immediate purchases.
- **Event-Based Promotions:** Tie promotions to specific events or milestones to make them feel special and time-sensitive.

## *Personalized Discounts*

- **Customer Segmentation:** Use customer segmentation to tailor discounts to specific groups based on their purchasing behavior and preferences.
- **Targeted Offers:** Send personalized discount offers to customers based on their purchase history and engagement level.



# **Post-Promotion Analysis**

# Discounts & Promotions.

Post promotional analysis.

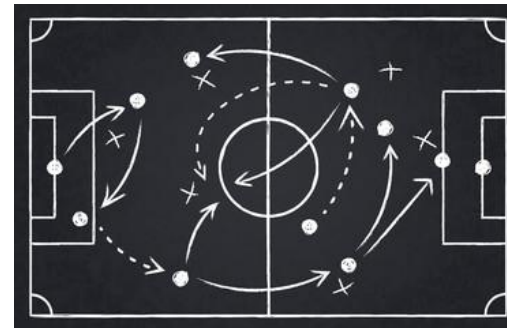
## *Post-Promotion Sales Analysis*

- **Sales Trends:** Analyze sales trends following the promotion to understand its impact on long-term sales growth.
- **Customer Retention:** Measure the retention rate of customers acquired during the promotion period.



## *Adjusting Future Strategies*

- **Lessons Learned:** Identify lessons learned from the promotion to improve future discount strategies.
- **Strategy Refinement:** Refine discount and promotion strategies based on data-driven insights to balance short-term gains with long-term value.



## **Pros and Cons of each model**



# Understanding Pricing Models.

Pros and Cons of the 3 Models of Pricing.

## *Cost Plus Pricing*

### Pros:

- **Ease of Calculation:** Simple to understand and calculate, making it suitable for small businesses or those with straightforward cost structures.
- **Stable Margins:** Provides a predictable profit margin, simplifying financial planning and budgeting.

### Cons:

- **Market Disconnect:** May not reflect what customers are willing to pay, leading to missed revenue opportunities.
- **Inflexibility:** Does not easily adapt to market changes, such as shifts in demand or competitor pricing adjustments.

## *Value-Based Pricing*

### Pros:

- **Customer Alignment:** Directly ties pricing to the benefits perceived by customers, potentially maximizing revenue.
- **Brand Differentiation:** Helps in positioning the product as a premium offering if it provides superior value.

### Cons:

- **Research Intensive:** Requires comprehensive market research and ongoing customer insights to maintain effectiveness.
- **Variable Perceptions:** Different customer segments may perceive value differently, complicating pricing strategies.

## *Competition-Based Pricing*

### Pros:

- **Market Competitiveness:** Ensures that prices are competitive, helping to attract price-sensitive customers.
- **Strategic Positioning:** Allows for strategic positioning within the market relative to competitors.

### Cons:

- **Margin Erosion:** Can lead to reduced profit margins if competitors engage in aggressive pricing.
- **Limited Differentiation:** Focuses on matching or beating competitor prices rather than highlighting unique product benefits.

# Understanding Pricing Models.

Pros and Cons of the 3 Models of Pricing.

## Summary.

### *Evaluating Cost-Plus Pricing*

**Pros:**

- **Ease of Calculation:**
- **Stable Margins:**

**Cons:**

- **Market Disconnect**
- **Inflexibility**

### *Evaluating Value-Based Pricing*

**Pros:**

- **Customer Alignment**
- **Brand Differentiation**

**Cons:**

- **Research Intensive**
- **Variable Perceptions**

### *Evaluating Competition-Based Pricing*

**Pros:**

- **Market Competitiveness**
- **Strategic Positioning**

**Cons:**

- **Margin Erosion**
- **Limited Differentiation**

# Understanding Pricing Models.

Conclusion.

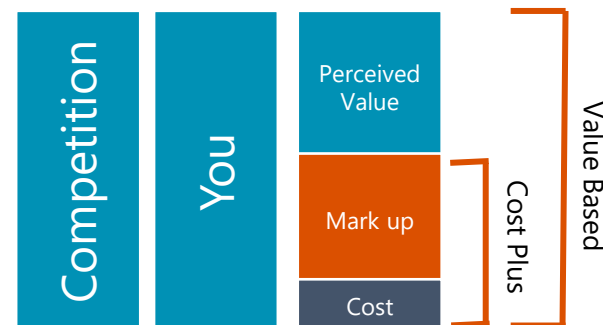
In conclusion understanding and choosing the right pricing model is crucial for a business's success.

Cost-plus pricing offers simplicity and predictability but may not align with market demand

Value-based pricing closely aligns with customer perceptions and can maximize revenue but requires thorough market research.

Competition-based pricing ensures market relevance but can lead to price wars and neglect the unique value proposition.

By carefully evaluating the pros and cons of each model, businesses can select the most suitable approach for their products and market conditions, ultimately enhancing profitability and customer satisfaction.



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# Pricing Strategies

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