

## **Selling on Value, Price, or Both**

### Moderator

Glen McCandless, Focus Marketing

### Panelists

Rhoda Bernstein, PLATO Learning, Inc.

David Kraus, Timecruiser

Dan Meyer, Atomic Learning

Katie Povejsil, iParadigms

The panel believes establishing the price of software to be a challenge.

Povejsil posed the question: price, value, or both – what would you choose? She discussed the irrationality of how we make up our minds on what to buy; rational humans behave in irrational ways.

When solving complex matters, Kraus believed, price doesn't matter. Value is in the eyes of the beholder. Bernstein criticized the misconception that school officials should be making decision about value; price is only an issue in the absence of value. Meyer differentiated between a pricing model and value; price and value may be separate in a new product and then change as value is realized.

What do you do if feedback from field says that the price is wrong? Ask the sales team why they picked the price and reconsider overhead. If the sales team decides the price too early, then they abbreviate the value. Furthermore, if product is priced too low then customer doesn't anticipate the value. The panel found NACB (need, approach, benefits and competition) to be relevant to the discussion. Too many people tackle the approach prior to understanding the need. Producers should primarily focus on the need, not the approach. The marketing group is responsible for establishing this need.

How does subscription renewal system affect a producer's relationship with their customer? A successful subscription renewal system requires a partnership between the customer and the company; the latter must make sure that the customer is using the product satisfactorily (and ideally, renew their subscription). It is important to develop a customer experience team as well as both farmers (the sales force that assesses and maintains the satisfaction levels of current customers) and hunters (sales force that seeks new customers). The panel cited SIIA's software implementation guide as a good source of information regarding customer experience maintenance.

What are the indicators that a product has entered the commodity zone? The panel encouraged avoidance of the commodity zone and to sell on price rather than value. Sometimes the sales force makes a product into a commodity and sells it by price. The speakers urged their listeners to put together a story about a product that nobody else offers.

What course of action is necessary when a sales team encounters a RFP that is hard-wired for another company?

Bernstein said that they have to be fearless; Kraus would ask the sales force why they didn't get the business. Povejsil emphasized the importance of learning from experience.