

Chapter 9 : Handling Objections and Negotiations

Learning Objectives

- Understand the concept of sales objections
- Know why encouraging sales objections is an important part of the selling function
- Discover how to anticipate and handle objections correctly
- Understand the principles of negotiation
- Learn the various strategies used for negotiating

Handling Objections and Negotiations

- Stages of Handling Objections
- Common Objections
- Principles of Negotiation
- Negotiation Strategies

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What is an objection ?

- Objections are statements or questions that indicate the concerns of the buyer or prospect about that product or service.
- Objections are usually requests for more information.
- An objection is raised when the customer is not convinced, is uncertain or needs more information to get convinced.

What is an objection?

- Objections are either practical, real, logical reasons why the product might not work or they could be only psychological.

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Why is an objection raised?

- An objection is raised when the presentation or demonstration made by the sales person was not satisfactory and did not sell the product as it should have done.
- Customer is undecided or apprehensive about making the buying decision.
- When the information is ambiguous.

Significance of Objections

- These are after all the stepping stone towards closing a sale.
- It is an opportunity for the salesperson to better understand and address the issues that are preventing the customer from making a purchase decision.
- By raising an objection, the customer is giving you a chance to convince him about the product.

Stages of Handling Objections



Stages of Handling Objections

- Listening to the objection can help pick up some really valuable clues from the way a prospect phrases his objection
- Say it back to prospect, repeat back the gist of what he's said.
- Explore the reasons - Sometimes the first objections aren't the prospect's real concern. It is critical that you are absolutely clear about what is the main concern of the customer so you can address it accurately.
- Answer the objection - just agree with the customer's thought process or reasoning that led him towards this objection. We have to outweigh the objection with results, experiences of other customers, results, performances, success and value. One of the best ways to respond to objections is to show evidence.

Stages of Handling Objections

- Check back with prospect - Before you proceed confirm with the prospect that you've answered their objection fully.
- Redirect the conversation means bringing the prospect back into the flow of the presentation or conversation.
- If you're in the middle of your presentation when the prospect raises his objection, then once you've answered it quickly summarize what you'd been talking about before you move on.

Guidelines for Handling Objections

- Donot take objections personally or in a defensive manner.
- Never interrupt the customer when he is presenting the objection.
- Restate the objection phrased as a question
- Seek the customer's agreement from your response.
- Empathize with the customer
- Handle objections as they arise, postponing may give a negative image to the customer.

Guidelines for Handling Objections

- Do not fight the customer's objection since that will increase the intensity of the objection. Instead align yourself with the customer and reinforce that you are on their side.
- Do not oversell as it may irritate the customer and sour the buyer-seller relationship.
- Leave the door open for the customer to return to your store.

Types of Objections

- **Factual objections** are often about ‘the numbers’.
- Factual objections must be addressed since they point where your products or services are missing the mark in a certain area.
- “Your price is over our budget.”
- “The return on investment is short of our expectations.”
- “The terms and conditions need to include a three year warranty.”

Types of Objections

- Emotional objections are windows into the buyer's doubts about a product or service or of your company's ability to perform.
- These objections require you to reassure the customer about their objection .

Common objections

- **Price objections** consist of objections where the customer thinks the product price is either too high or too low.
- *Your competitors sell a better product for less money.*
- *I could get it cheaper on the web.*
- *I didn't realize that service was not included.*

Common objections

- The meaning of a price objection could be :
 - The prospect places insufficient value on the product
 - A competitive product is a better deal
 - The prospect just wants to bargain

Common objections

- **How to tackle Price objections**
- Show how your product adds more value.
- Point out the linear relationship between price and quality.
- Stress your product's exclusive features
- Sell quality, exclusivity and differential features
- Sell Down – show the best range first and then let the prospect reduce price by removing features or lowering quality

Common objections

Product objections could be that :

- i. They do not need your product or service for some reason or another
 - ii. They have a need that you cannot satisfy.
 - iii. Objects to some element or features of your product
- *I have one of those already.*
 - *I have no space for any more*

Common objections

- **How to tackle Product objections**
- Compare advantages and disadvantages of your product
- When the prospect is comparing the present product or a competing product with yours, you may make a complete comparison of the two

Common objections

Company objections could mean :

- The buyer is not comfortable buying products from your company.
- May be they are used to buying from a particular retail store and donot want to change the source.
- They may need more information about this retail store and thus are hesitant to buy from you.

Common objections

- They question the source of the product and its credibility.
- *I saw a report about how badly your company treated its workers.*
- *How will I know if you are around to service this in five years?*

Common objections

How to tackle company objections

- Highlight the goods aspects of your company
- Highlight the achievements of your company.
- This is the time to use testimonials, recommendations, results and experiences of previous customers.
- Show them sales statistics to strengthen your case.
- *I can assure you that..*
- *These are the referral emails received from some of our loyal customers.*

Common objections

Personal objections

- Buyer objects to taking a decision.
- It could also mean he is not the final decision maker or not the sole decision maker.
- *I don't know. I need to think about it.*
- *I won't have the money until next month.*
- *I am moving next year, maybe then.*

Common objections

- **How to tackle personal objections**
- *“Is there anything that we have missed?”*
- *“Just supposing they like it, will you go ahead?”*
- *“If I answer all those questions, can we go ahead?”*

Common objections

- **Deadline objections**
- These objections usually relate to the time line of product availability, delivery or installation.
- ‘But I want the product next week!’
- “When will the car be delivered?”

Common objections

- **How to tackle deadline objections**
- This one is slightly difficult to handle since you as the salesperson cannot do much to change the delivery schedule of the product.
- You can move the focus from delivery timeline to the unique aspects and features of your product.
- *“Sir, it is obvious you want this product. Doesn't it make good sense to wait for another 2 weeks to get what you really want and value rather than something that will just get you by ?”*

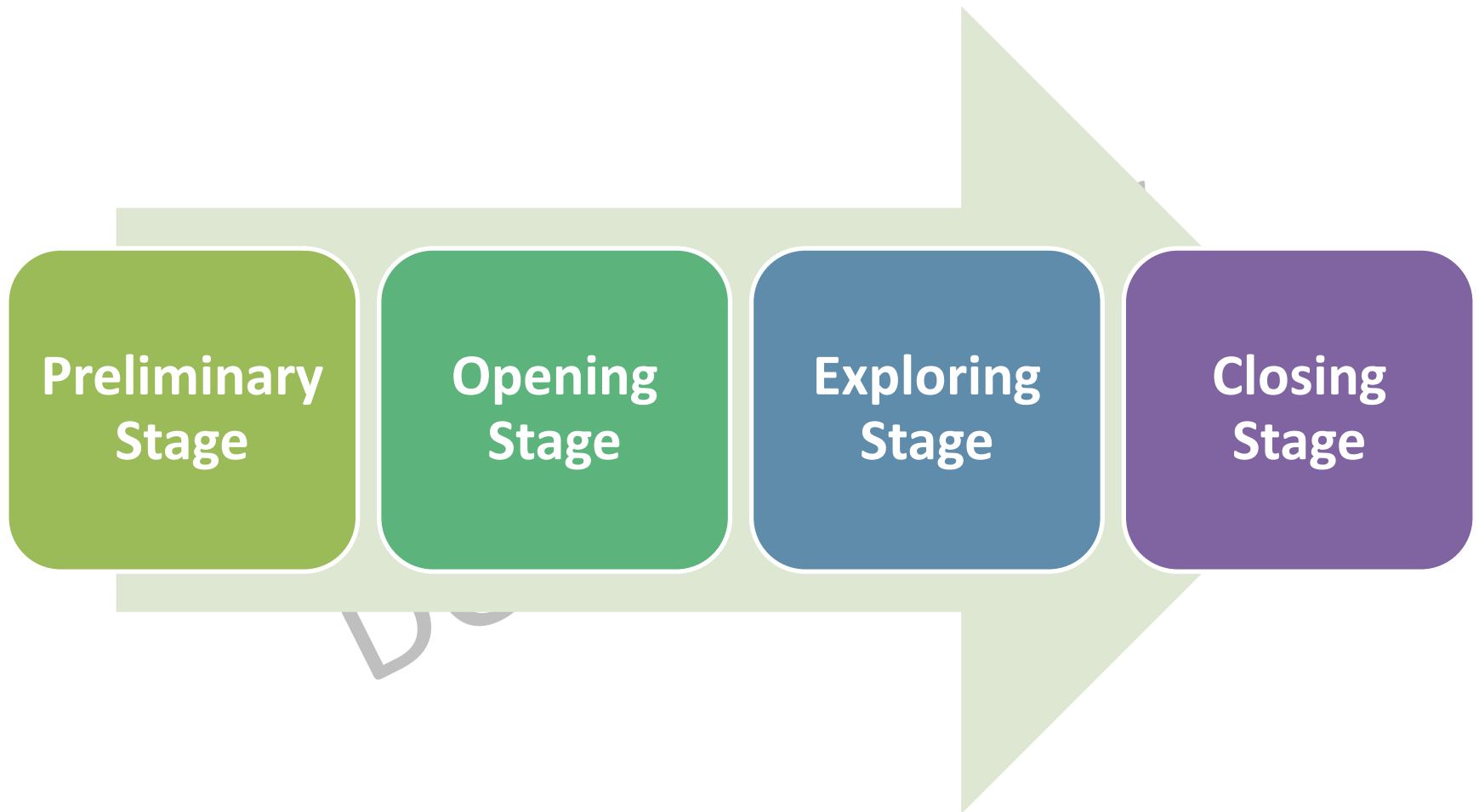
Principles of Negotiation

- Approaches to negotiation:
 - The hard approach involves contending by using extremely competitive bargaining.
 - The soft approach involves yielding, where one party tries hard to meet the interests of the other party and foregoes their own interests.
 - Principled negotiation

Principles of Negotiation

- Principled negotiation focuses on achieving a lasting, win-win outcome by:
 - **Separating the people from the problem** allows the parties to address the issues without damaging their relationship. It also helps them to get a clearer view of the substantive problem.
 - **Focusing on interests not positions**
 - **Generating a variety of options before settling on an agreement :**
The parties should come together in an informal atmosphere and brainstorm for all possible solutions to the problem.
 - **Basing the agreement on objective criteria** makes it easier for the parties to agree and preserve their good relationship. Criteria should be both legitimate and practical.

Phases of Negotiation



Phases of Negotiation

- **Preliminary Stage**
- Objective - create a positive climate for negotiation.
- The parties establish their purpose, values and ideal outcome.
- They set a negotiating agenda and agree on ground rules.
- This stage consists of planning- know how your company compares with the competition, determine upper and lower levels of negotiation.
- Both parties need to do their homework

Phases of Negotiation

- **Opening Stage**
- The parties state their opening positions or settlement expectations.
- The parties then clarify one another's positions and probe for firmness and flexibility.
- The aim of this meeting is to build a relationship that eases the negotiation process.

Phases of Negotiation

- **Exploring Stage**
- The parties explore underlying needs and test the value of alternatives
- Both parties study and look for benefits that can be provided.

Phases of Negotiation

- **Closing Stage**

- The parties structure their agreement by matching alternative currencies to needs.
- They then move to “contracting”: confirming their understanding of the agreement, and planning follow-up actions to finalize and implement the agreement.

Points of Negotiation

Aspects that retail sales people and customers negotiate on:

- the most common aspect is the price.
- delivery schedules
- terms and conditions of purchase.

Negotiation Strategies

- **Win-Lose** in the lower left quadrant is the type most frequently practiced. The appropriate time to use **Win-Lose** is when the *Issue* matters more than the *Relationship*. Then you want to win, and you don't care if they lose.
- **Lose-Win** is in the upper right quadrant. This one is tough to grasp for many buyers when role playing as sellers.

Negotiation Strategies

- **Lose-Lose** , in the lower right quadrant may make sense in rare situations. The conditions under which **Lose-Lose** is appropriate will be when *Issue* and *Relationship* have little value.
- **Win-Win** is in the top right quadrant. Here, we recognize that one shot deals do not apply. When the *Relationship* and the *Issue* are both important, the only appropriate strategies of negotiation is **Win-Win**. **Win-Win** should be the ideal strategies and in all cases involving major customers and suppliers, should be our only choice.

Negotiation Strategies

Negotiation Strategy Matrix

