

SHANE
DECKER
ON SALES



Don't Let the Nibbler Eat Away Your Profits

Part 1 of 3 columns on better negotiating.

Negotiation is one of the most difficult aspects of selling. To do it well, it takes a lot of practice and role-playing. Clients use all kinds of tactics to get you to lower the price. Just about every customer who walks through your door thinks he knows how much your markup is, how much your products cost you, and what goes into making them.

Some clients will even say, "I know the markup you have on this." (If you're a confident salesperson, you might reply, "Well, since you're aware our markups are so low, you're not going to ask me to come down, are you?")

Over my next three columns, I'll be talk about three negotiation tactics — the Nibble, the Bogey, and the Krunch — and strategies to fight them.

The Nibble is used mostly by women. The Nibbler is a customer who innocuously nibbles away at your profit on a purchase, bit by bit, until it's mostly gone.

For example: Let's say your customer is a woman who is looking at a \$1,595 ring. You're



going through your presentation and doing a fine job of selling, and the ring fits her perfectly. The client asks, "If someone buys a ring from you and it doesn't fit, do you size it for free?"

You reply, "Yes, we do."

She says, "Well, since this one already fits me, and I have a couple of rings at home that don't fit, can I have them sized instead?"

You say, "Sure."

You've just felt the customer's the first nibble. You've given away two \$75 ring sizings, or \$150. Considering the cost of gold and your jeweler's time, what you've given away is *not* free.

Next, she asks another innocent question: "When you sell a ring like this one, do you offer an appraisal on it?"

You reply, "Yes."

She responds, "Well, I have another ring at home that needs an appraisal; can I have it done instead?"

You feel trapped, but you want to close the sale. "Certainly," you say. Now, in addition to the \$150 worth of ring sizings, you've given away a \$120 appraisal. That's \$270 total.

That's nothing to sneeze at, but your Nibbler is not done. As you're writing up the sale, she says, "You will throw in the tax, right?"

Let's say you're in a state that charges 8 percent. That's \$127.60. All told, you've thrown in 20 percent of the retail price of the ring in services and dollars. *You've given away a lot of money.*

So here's the solution: If you have a Nibbler, only let her have *one* nibble — it could be a ring sizing. Looked at another way, that equals a 5 percent discount on the sale. But you *never* negotiate tax! If a customer asks you to throw in the tax, reply, "You know, we don't charge tax. We just collect it for the government. It's against the law for us to throw in the tax." If you've already conceded one nibble to the customer, she'll back off.

She bought a ring, she's getting one sizing for free, and everyone's happy. A much better outcome than letting her have a nibble here, a nibble there, until she's eaten all your profit. **IS**

Next month: *The Bogey*

Shane Decker has provided sales training for more than 3,000 stores worldwide. Contact him at (317) 535-8676 or at sell-ence.com.

LINE TIME

"Don't forget to come back for cleaning and checking. My best advertisement is your jewelry looking great!"

WHY? Such a farewell reassures the customer that you're interested in her post-sale satisfaction. And gets her back in the store, creating the possibility of future sales. — SOURCE: INSTORE 2010 BIG SURVEY