
Summarised By Ellen Croux and Deva Rangarajan, Vlerick Sales Center

Article At a Glance:

Based on research conducted in over 46 companies across Europe and the United States, the authors suggest that exceptional suppliers or “tie-breaking sellers” invest in resources that help their salespeople focus on ONLY ONE extra benefit that is relevant to the customer and helps the customer increase their credibility within their own organization. This is particularly relevant for those suppliers whose offerings are not considered to be of strategic importance to the customer. Authors go on to identify methods to identify these justifiers and some additional benefits of these tie-breakers in creating additional, unplanned revenue building opportunities.

Problems with nonstrategic suppliers

When making nonstrategic purchasing decisions customers mainly use price and quality criteria to select finalists that meet all basic requirements. The tie between these finalists is broken by the ability of a supplier to offer ‘something more’. Most suppliers misinterpret this customer request. They respond by stressing distinctive features of their offerings that other competitors’ lack, even when customers don’t want or need them. Or when this well-worn strategy does not work they propose price concessions. In most cases customers are looking for neither of these things. These techniques are the two most common mistakes suppliers of nonstrategic products and services make. For example, price concessions might lead to equal price cuts in other finalist offerings and not resolve the request of the customer for ‘something more’. Lower prices might also create doubts with the customer about the quality of the product or the deal might be considered too good to be true.

Ineffectiveness of these techniques can lead to higher pressure on the sales force, which results in short cuts in time spend with the customers and direct requests of customers that could easily lead to justifiers are ignored. Especially when suppliers focus more on management costs
instead of investing in selling. Most suppliers of nonstrategic products and services are wasting time and resources because they think they have few options other than selling on price or pushing distinctive features that don’t really matter to customers. The justifier approach is an attractive alternative.

The justifier approach

This approach is based on the premise that most customers make their buying decision based on a justifier or tiebreaker, which is an element of an offering that would make a noteworthy difference to their company’s business. It’s a clear-cut reason for selecting one supplier over others and breaking the tie. Suppliers win by giving purchasing managers a visible win. The decision of the purchasing manager gets more recognition and suppliers might get the possibility to price their offerings near the upper end of a customer’s acceptable range. Sometimes the discovery of a new tiebreaker may even lead to a new source of revenue for the supplier. For example, a tiebreaker could be to offer an extra service after purchase at low price. Tiebreaker sellers invest resources in discovering and developing justifiers.

How to discover justifiers: 3 potential sources of ideas

First of all find out how customers actually use their offerings. Check reviews of large customers or ask open-ended questions to find identifiers the supplier is unaware of. Secondly search for opportunities to integrate offerings with offerings from other companies. Suppliers can explore how their products and services relate to other purchases the customer is making and how they might be combined to provide added value.

Thirdly the customers’ business priorities and yearly top goals of a customer’s senior management can also be a great source of ideas for justifiers. For example visit a customer’s website, pursue its annual report or keep track of social media.

Examples of tiebreakers:
- Emphasize financial strength of the supplier; this is a real benefit for customers because it offers them a more reliable supplier source.
- Offer important strategic introductions
- Education and training of customer’s personnel
- Charitable contributions
Identifying fresh justifiers

As justifiers are a response to customer needs they will have a limited life span because of continuous changes in customer priorities and concerns. Justifiers are a competitive advantage that can be copied by competitors. There is a constant need for identification and development of fresh justifiers. New tiebreakers could be discovered in periodic meetings in which segment and regional sales and marketing managers should be encouraged to offer new ideas, in this process brainstorming will be an important tool.

Implementing justifiers

Like any big change, implementing a justifier is not an easy process. Not only investments in new structures and processes will be necessary but it will also require a change in the mind-set of the executives and salespeople of the supplier. But recent successes with the justifier approach demonstrate that when implemented appropriately, it can create a crucial advantage point for a supplier to persuade a customer with ‘something more’.

Word of caution

In tiebreaker selling it is important not to react to quickly to requests by customers, offering a justifier should be well considered by the supplier. All the facts and consequences for the supplier should be examined before granting a benefit.

Vlerick Food for Thought for Sales Executives

1. If you are a supplier, always ask yourself following two questions before going all out with your guns blazing- a) how important is this customer to us, b) more importantly how important are we to the customer.
3. To understand where you can create value for the customer, understand the customer’s workflow or customer journey. (check out our short video on customer journey here: https://www.youtube.com/watch?v=CRZwXFdZK3w&feature=youtu.be)