

NEGOTIATION TACTICS

Backup Strategies in the Event of Price Increase Resistance

PRESENT INCREASE



Emphasize Available Services

Utilize Existing Breadth of Value-Add Services

- Technical services
- Product training
- Engineering capabilities
- Marketing support

Offer Alternate Product to Enable Margin Enhancement

- Are technical requirements met?
- Does margin improve?

Substitute Product

Reduce Increase Selectively

Reduce Price Increase on Select Products Only

- Be wary of price reductions on high-running/low-margin products

Defer Increase Selectively

Defer Increase on Select Products for No Longer than 30 Days

- Allow customer to place one last order at the existing (lower) price
- Considerations:
 - » Limit the order size
 - » Must take delivery prior to a certain date

Trade Selectively for Volume Commitment

Reduce Price Increase on Select Products in Exchange for Additional Volume

- Ensure additional volume is above the price-volume breakeven point
- Request a firm order for volume that warrants the lower price, with fixed release schedule

Broad Reductions Without Any Tradeoff Should be Avoided

- Avoid across-the-board reductions as it undermines the value determination used for the original price recommendations
- Be wary of price reductions on high-running/low-margin products

Reduce Increase Broadly

● Recommended

● Caution

● Not Recommended

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