



Sales Leader Survey Research Brief

Deals and Discounts: The New Realities of Price Pressure and Selling Value

75%

of Sales Leaders surveyed
are grappling with pricing
pressure

80%

of Sales Leaders surveyed
say buyers are requesting
discounts

35%

of Sales Leaders surveyed
say they are attempting to hold to
pre-pandemic pricing

As the sales pipeline drips instead of flows, companies are under significant pressure to close whatever business comes their way. That has put buyers in the catbird's seat when it comes to using the current pandemic as a lever to score some significant deals and discounts.

Price pressure, indeed, is real – and likely here to stay, at least through the balance of 2020. Nearly 75 percent of sales executives surveyed for our weekly Brooks Sales Leader Survey confirmed that they are grappling with pricing pressure in their marketplace.

The survey, for the week ending May 15, offered the most concrete data yet that some of sales' most sacred cows may be put out to pasture in the wake of the pandemic. In this, the ninth week of the survey, administered as a gauge of the impact of COVID-19 on sales teams, it was clear that product superiority and a positive past experience likely will not be enough to stave off measurable pricing reductions.

Among the key findings of this week's survey:

- Nearly 80 percent of respondents indicated that buyers are requesting discounts of at least 5 percent in order to keep business, with 14 percent reporting that buyers are seeking price reductions of more than 15 percent.
- Though 35 percent of those surveyed said they would attempt to hold prices at pre-pandemic levels, a majority expected to offer reductions – though many were thinking creatively in order to maintain the price/value balance. This includes removing items from the order as a means of lowering the price (32 percent); offering lower-cost alternatives (38 percent); or asking the customer to split the difference (34 percent).
- Anecdotally, some respondents are hearing from their buyers that they believe raw manufacturing costs have dropped – a savings that should be passed along to them.

Of course, like any extreme downward force, pricing pressure, too, can expose cracks in a sales organization's foundation.

Many sales leaders are using the occasion of slumping prices to reflect on how effective their sales professionals have been in holding the line, and in closing deals, in the face of pricing pressure. Among the findings:

- Only 4 percent of sales executives felt their sales team had strong skills in handling price concession requests, compared with 60 percent who felt their sales pros were average or below in these selling conditions;
- 52 percent felt confident that their sales pros could hit or exceed their target margins, but more than two-thirds expressed concerns that their sales pros weren't adept at upselling or adding products or services to the initial order.

Now, more than ever, those skills will be critical in supporting both sellers and sales pros in restoring financial balance. According to the survey, bonus or commission compensation is tied to profit margins for 62 percent of sales professionals – a reality that will require sales pros to double down on value-added activities to improve their bottom line.

How are you helping your sales teams face pricing pressure in your marketplace? We'd love to hear from you, email us at research@thebrooksgroup.com.

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