

Smart Company: Growth Article

3. You need a compelling need to buy

The greatest hurdle in business is to extract the money out of the customer's pockets. It is not sufficient to have a great product, lots of energy and passion for your business and do lots of marketing to reach your target audience. In the end, you have to push them over the line to make that purchase decision. What you have to avoid is a situation where they can delay or avoid making the purchase. Thus all your effort to get in front of the right customer can be frustrated if you don't have a 'compelling need to buy'.

You can use up lots of company resources spinning your wheels chasing business. Your conversion rate will depend on your ability to get to the right customer, your competitive advantage and the degree to which they recognize that they need your product or service. If can't find a way to increase your need solution, you will end up with long lead times, low conversion rates and be driven to discount your price to push customers over the line. So how do we improve our compelling need to buy position.

Start with need not desire. What does you customer need to do – not like to do? What problem do they have which would drive them to look for a solution rather than wait for you to present yourself? The key to a compelling need is to satisfy one of the following problems: your product or service resolves a serious physical or psychological pain, saves a life, protects a reputation, if that is important, prevents or mitigates or reduces penalties and risks associated with compliance requirements and keeps the customer out of jail.

The reason why pharmaceutical companies and biotech companies do so well is that they satisfy one of more of these conditions. They have little price pressure, very short lead times and have customers coming to them for solutions. Companies providing audit services or tools to meet compliance requirements don't have to convince their customers to buy. You don't buy, you go to jail.

Peer group pressure associated with brands and designer labels are a form of psychological need. Thus celebrity endorsement is used by companies to increase psychological need.

Most of us in business are not so lucky. We have very ordinary products selling to very ordinary customers. However, you need to examine your product line and your customer needs and reposition your business around higher needs. What problems could you solve which are more urgent and have higher compelling needs? Lead the sales effort with products which satisfy compliance needs and then cross-sell the complementary products in the follow up. Create uncertainty, fear and doubt around problems which increase psychological need. Look for products to distribute which can act as door openers because they have shorter lead time and higher closure rates. Once you have a customer relationship it is much easier to sell in other products and services.

There are many things you can do to facilitate growth but solving the compelling need to buy will have a greater impact than any other improvement you might undertake.

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