

Low-ticket versus High-ticket Sales

America is historically a country of sellers, with a long heritage of salespeople traveling the countryside offering a huge variety of products. It can easily be argued that salesmanship made a difference between the success of the United States and the failure of the former Soviet Union. The two nations were fierce competitors from 1919 to 1989, but the economic output of the Soviet Union was so low the economy and the government collapsed. During that period, there was no position in the Communist economic structure with the job title of salesperson.

Without salespeople, demand is driven by basic needs; with salespeople, demand is driven by desire. Salespeople encourage buyers' dreams and stimulate them to act on those dreams. The economic impact of dream fulfillment reverberates throughout the economy, providing crucial, high-paying jobs that support the upper tiers of the economic pyramid. These are the jobs that disappear during severe economic recession.

These jobs make a difference between a 15 percent unemployment rate in bad times and a 5 percent unemployment rate in good times. That difference keeps tax rates low while supporting infrastructure investment, which is the single most important

determinant of economic growth. These jobs create home ownership in record numbers and a strong middle class. This, in turn, leads to continued political stability and economic growth.

From the turn of the century until the 1930s, several speakers and writers such as Earl Nightingale and J. Douglas Edwards distinguished themselves as sales trainers and motivators. This was during a time when most sellers schlepped sample cases door-to-door, store-to-store, selling small items to homes and businesses. This is high-contact selling that requires the seller to see the people as much as possible. What the seller says and does is important, but the largest factor in successful low-ticket selling is the number of contacts. Consequently, the rules for selling that these speakers developed were for selling smaller-ticket items, thus the emphasis was on motivation as a sales training and management strategy.

Motivation works in high-contact selling because it inspires the seller to exert more effort to make more contacts, and it helps counteract the high degree of rejection that inevitably accompanies such an approach. Many motivational speakers have their listeners actually looking forward to rejection with the assurance that refusal by one prospect means that a so-called real buyer is just around the next corner.

At the end of World War II, America's mighty and, most importantly, intact war machine was converted from military to consumer products, setting off an unprecedented marketing frenzy that has continued strong for 50 years. Today, the average consumer encounters approximately 2,000 sales messages per day.

As this advertising clutter grew, the cost of cutting through it grew as well, at the rate of about \$50 per sales lead per decade. The lead that cost \$50 in the 1950s costs over \$250 today, and that cost continues to rise. This changes the dynamics of selling, at \$250 per appointment, because with a very respectable 25 percent close rate, it costs \$1,000 per sale. Clearly, it is not feasible to sell low-cost items face-to-face. Only high-ticket products can bear today's marketing costs.

What makes a sale a high-ticket sale? High-ticket purchases have high consequences to the buyer, usually in the form of years of payments or savings. Whatever action they take will reverberate through their lifestyle for a long time. They want to make certain that they are happy with their choice.

This level of concern typically occurs when the purchase involves over one month's earnings. For a low-income buyer, this could be as little as \$1,000, while high-income buyers make \$1,000 purchases on impulse, if they are comfortable with the value being offered. The concern threshold increases as the buyer's income increases and seems to roughly correspond to the buyer's monthly earnings.

This one-month formula also appears to hold true for very small businesses, those with fewer than ten employees. If you look at earnings, not revenues, of a one million dollar company, meaning their revenues are \$1,000,000 per year, or \$80,000 a month, on which they may earn 10 percent, this means that it probably takes a committee to approve a purchase of \$8,000 or over.

As businesses get larger, the formula breaks down. Large businesses will require committees and authorizations based upon very individual needs, not necessarily related to branch or company earnings.

Four Differences

There are at least four major differences between low-ticket and high-ticket selling. Understanding these differences is crucial to operating effectively in today's competitive, predominantly high-ticket sales environment.

High-ticket selling differs in that it:

- is not a numbers game,
- requires different sales techniques,
- is best executed with just one closing attempt, and
- is oriented toward preventing objections.

Not a Numbers Game

High-ticket selling is not a numbers game. In low-ticket selling, the seller who sees the most prospects usually outperforms everyone else. In high-ticket selling, this is not the case. It is the quality of the presentation, not the quantity of presentations, that determines success. High-ticket sellers actually find that when they have too many leads their overall performance drops. They find themselves unable to spend the time necessary to do a quality presentation, so they rush through the process, taking shortcuts and making mistakes along the way. Also, having too many leads undermines the salesperson's resolve when buyers' resistance is encountered and time is precious. The net result is that the close rate drops so low that the surplus of leads doesn't make up for the lost sales, and the salesperson loses money while working harder.

In high-ticket selling, the salesperson who sells the most usually sees only one-third as many prospects as the most active seller, who will not do as well in terms of revenue generated. What this shows is that high-ticket selling is about working smarter, not harder. Experienced sellers know that when they have too many leads it's hard to give each one of them a full measure of effort. High-ticket sellers emphasize strategy over activity, thus motivational training will have little beneficial impact since all motivation can do is increase activity, not strategy.

Determine your optimum lead pace. How many new prospects can you, or your salespeople, handle each week and still give each their proper amount of attention? Look back over your old appointment records and sales statistics to reconstruct this information. If your records are not organized enough to do this, you now know why they should be. You will have to monitor your pace and success ratio from this point forward. When business is too brisk, how can you manage the lead pace to optimize the opportunity being presented?

Different Techniques

High-ticket selling requires the seller to use different techniques.

The old sales model promotes a four step process of:

- Warm up,
- Present,
- Handle objections, and
- Close.

This process begins with the awareness that people must have rapport to be receptive to new information. Once rapport is established, the seller tells the prospect all about what he or she is selling. Whether prepared or off-the-cuff, this is the presentation. After presenting, the seller handles, or overcomes, the buyer's objections to buying, followed by the buyer making a tangible commitment to the purchase. This process presupposes that something will be missed in the presentation and that the seller will have to clean up after these lapses to close the sale. This process can be effective in small sales, but large-ticket buyers have a high level of concern when even a slight doubt will stop them from acting.

High-ticket selling requires a process that creates a seamless, objection-free sale by understanding the buyer's needs and resolving any objections before they arise. In the new, sometimes known as consultative, sales process, the four steps are:

**Build rapport,
Interview,
Present, and
Close.**

By examining each step in detail, you will be able to develop and refine habitual patterns that will keep you and the buyer on track without having to consciously remember what to do.

One Closing

High-ticket selling is best executed with just one closing attempt. Most high ticket sales have only one closing attempt. Two closing attempts have about the same success rate as zero closing attempts. The third, fourth, and fifth attempt have an even lower level of success. Successful high-ticket selling requires careful preparation before asking for the order, so you only have to ask once.

Preventing Objections

High-ticket selling is oriented toward preventing objections. In this process, objection handling is a remedial skill. It is usually a sign of failure in carefully and accurately reading the buyer. If, at some point in the process, something is said or done to cause concern and it is not resolved at that point, the buyer will mull it over in his or her mind until it acquires real importance and is not easily dispatched. Great high-ticket sellers are keenly aware of the buyer at every moment and do not let those glitches go by unanswered.