

11.3: Types of Objections and How to Handle Them

Learning Objectives

- Learn strategies to handle objections.
- Understand the different types of objections and how to handle them.

Learning how to handle objections is key, especially when many of the same ones occur regularly. There are six strategies that can help you handle virtually any objection.

1. **View the objection as a question.** Many times salespeople hear an objection as a personal attack. Instead, an objection such as “Why are your prices so high?” should be considered a question. That allows a more positive conversation rather than a defensive one.

2. **Respond to the objection with a question.** As in every step of the selling process, asking the right questions is critical, and handling objections is no exception. Questions, such as “Can you share your concerns in this area?” or “Is there another way to look at this to make it work for you?” are good ways to engage prospects in dialogue that will help you better solve their problems. Keith Rosen, “Respond to your Prospect’s Objections,” AllBusiness.

3. **Restate the objection before answering the objection.** It’s a good idea to check for understanding and demonstrate that you are listening by restating your prospect’s objection. For example, “So what you’re saying is you’re concerned about the capacity during peak periods” is a good way not only to acknowledge the objection but also to give you time to formulate your response. Pam Lontos, “10 Strategies for Dealing with Objections,” FrogPond.

4. **Take a pause before responding.** Many times salespeople “oversell” when they are answering an objection. When a prospect raises an objection, stop, listen, and pause for a few seconds. This shows the prospect that you are legitimately listening to her objection, not just trying to sell. Felice Philip Verrecchia, “How to Identify and Overcome Objections,” Edward Lowe Perspectives, August 11, 2004.

5. **Use testimonials and past experiences.** Don’t avoid answering any part of an objection. In fact, objections are the perfect time to share testimonials. For example, “I have another customer who was concerned about the turnaround time. He found that not only were we able to deliver on time, we were slightly under budget.” Felice Philip Verrecchia, “How to Identify and Overcome Objections,” Edward Lowe Perspectives, August 11, 2004.

Testimonials can be very powerful at any point in your sales presentation but especially when a prospect presents an objection.

Prospect:	I’m not sure this is the right database management tool for us. Technology is not our strong suit, and I’m concerned that we would be buying a product that has more horsepower than we need.
You:	I have several other clients with businesses that are about the size of yours, and they felt that way initially, too. In fact, John Jackson at Premier Services felt the same way, but he said that the product is so easy to use that it took very little time to train his people. He was able to increase his sales by 3 percent and reduce his sales and marketing costs by 5 percent when using our database management tool. Chris Ling at IBS was worried about the same issue. He increased his sales over 5 percent with an 8 percent reduction in selling and marketing costs. Let’s take a look at the demo again.

You can also simply respond to an objection by letting your customers speak for you. Bob Bly, “Overcoming Objections,” <http://bly.com/blog/general/overcoming-objections> (accessed January 6, 2010).

Prospect:	We’ve tried other cleaning products, but they didn’t really work for us.
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You:

Here's what my customers say...

6. **Never argue with the prospect.** “The customer is always right” is always true when it comes to handling objections. It’s never a good idea to disagree or argue with the customer, even when he is wrong. Relationships are built on trust, so it’s best to use an objection to build the trust, not break it. Felice Philip Verrecchia, “How to Identify and Overcome Objections,” Edward Lowe Perspectives, August 11, 2004.

✓ Dos and Don'ts of Handling Objections

The following are things you should concentrate on doing when you are handling objections:

- **Do** maintain a positive attitude and be enthusiastic.
- **Do** remember that objections are a natural part of the sales process and should not be considered as a personal affront.
- **Do** maintain good eye contact, even when under fire.
- **Do** listen closely to an objection.
- **Do** acknowledge the objection and then give your point of view.
- **Do** prepare to prove your position with testimonials, references, and documentation.

The following are things you should avoid doing when you are handling objections:

- **Don't** knock the competition. That takes the focus off you and your company, and you never want to do that.
- **Don't** say anything negative about your company.
- **Don't** say anything negative about your product or service.
- **Don't** tell the customer that they are wrong.
- **Don't** tell the customer, “You don’t understand.”
- **Don't** argue with a customer.
- **Don't** lie to a customer. Long-term relationships are built on trust and honesty. It is far better to say, “I don’t know, but I’ll find out and get right back to you.”
- **Don't** be defensive. That’s not a positive approach to an objection.
- **Don't** lose your cool with the customer.
- **Don't** let an objection go by without an answer.

Reprinted with permission from Edward Lowe Perspectives. Felice Philip Verrecchia, “How to Identify and Overcome Objections,” Edward Lowe Perspectives, August 11, 2004.

Video: How To Handle Sales Objections With The "3 F's" Method



Video: How To Handle -- “I want to think about it.” “I want to think it over.”



Types of Objections

Prospects may object for any reason, but there are six major categories into which most objections fall. When you are prepared for all these types of objections, you will be able to successfully handle them.

- Product objection
- Source objection
- Price objection
- Money objection
- “I’m already satisfied” objection
- “I have to think about it” objection

Product Objection

Sometimes prospects voice an objection as it relates to the product, called a **product objection**. Comments such as “This isn’t as good as your competitor’s product” or “I don’t want to take that kind of risk” are a reflection of a concern about the performance of the product. For complex purchases, prospects may not fully understand all the functions of the product due to lack of familiarity. Listening is an important skill to use, especially when a prospect voices a product objection. It’s a good idea to handle product objections by describing warranties, using testimonials, getting the prospect engaged in a product demonstration, or presenting industry or third-party research to support your claims. Charles M. Futrell, *Fundamentals of Selling: Customers for Life through Service*, 10th ed. (New York: McGraw-Hill Irwin, 2008), 385. For example, consider the following:

Prospect:	I’m not sure your product stacks up to your competition.
You:	So what you’re saying is you are not convinced that this product will perform as well as others on the market? I’m glad you brought that up. I have customers who felt the same way when I began talking with them. Now they actually speak for the product themselves. Let’s take a look at these three short videos from some of our current customers talking about the product performance and how much better it is than that of the competitors.

✓ Power Player: Lessons in Selling from Successful Salespeople

The Edge That Works

How do you compete with the big players in a crowded business-to-business (B2B) industry? Bob Ladner, founder and president of a market research firm in Florida, wanted to compete with the big players but couldn’t get any prospects to give him a chance. Finally, in the middle of a sales presentation when he was overcoming objection after objection, he asked the prospect, “What do you want? A guarantee?” While it’s almost impossible to offer a guarantee in the market research business, Ladner ultimately designed one that works. His successful firm now boasts major clients thanks to the guarantee. “The guarantee is a method of generating confidence,” says Ladner. Leslie M. Schultz, “Guaranteed Advantage,” *Inc.*, June 1, 1984.

Source Objection

Some prospects voice objections about the company or about doing business with you as a salesperson. This is called a **source objection**. While this type of objection doesn't happen often, it does happen so it's important to know how to handle it.

Source objections as they relate to the company may be voiced with comments about the stability or financial health of the company or about how the company does business. But this is an opportunity for you to help your prospect understand your company's strengths. Consider the following example:

Prospect:	Your company hasn't been around for very long. How can I trust that your company will be here in three years to support the warranty?
You:	I'm glad you brought that up. I can see why that might be a concern for you, but let me give you some information about the company that I think will put your mind at ease. Our company is backed by some of the largest investors in the industry. The reason they invested in the company is because they see the vision of how we can bring more solutions to companies like yours. They have made a commitment to support all customer warranties for the next ten years. Talk about putting your money where your mouth is. The bottom line is that we are trying to reduce your risk.

When a prospect has a source objection as it relates to you as a salesperson, it might not be as obvious to overcome. As with other objections, the best way to handle it is to get it out in the open: Charles M. Futrell, *Fundamentals of Selling: Customers for Life through Service*, 10th ed. (New York: McGraw-Hill Irwin, 2008), 386

Prospect:	I don't think we would make this purchase from you.
You:	I can respect that. May I ask you why?

Price Objection

One of the most common objections is the **price objection**. It is important to ask probing questions to really understand the nature of this objection. Many prospects use the price objection as a negotiating ploy to determine how much flexibility there is in the pricing, while others use it as a way to object due to budget constraints. It's best to always be prepared for the price objection. The bottom line on the price objection is that people buy when they see the **value**. Cost (or price) is what the customer actually pays for the product or service. Value is the benefit that the customer receives from the product or service. It is value that customers assign to a product or service that determines the price. For example, value is what dictates that a shack on the beach in Monterey, California, is worth more than a similar home in Omaha, Nebraska. Or in another example, value is what causes customers to pay more for an iPod than a comparable MP3 player. Customers perceive that the design and function of an iPod delivers more value, even at a higher price, than comparable products made by other manufacturers. This is the essence of value.

"The customer is typically going to throw the price objection out there just out of habit, out of rote," according to sales trainer Chuck Reeves. When salespeople really listen to customers, Reeves says that they actually hear customers saying, "I don't see the value, and if you can convince me there is value, there is return, then I just might pay." Rick Weber, "How to Overcome the Price Objection," *Trailer/Body Builders*, January 1, 2003. Even when budgets are tight, companies make adjustments to purchase the products or services that they find compelling and can help them profitably grow their business. If you think about it, the same is probably true for your personal purchasing; when you want something bad enough, you are able to somehow find the money for it.

Many salespeople believe that price is the barrier standing in the way of making a sale. That is, they think that cutting the price will help them get the sale. Many times salespeople are willing to cut the price or a product or service when a prospect objects because they feel that if the product or service is priced lower, they will get the sale. This situation is sometimes compounded if the salesperson rationalizes cutting the prices because she believes the margins are high enough, or even too high. This "sense of fairness" approach never recognizes the value that the product or service brings to the prospect. If simply reducing the price were the answer, selling would be easy—and probably wouldn't require your skills and intuition.

The truth is that price is not the driving factor in most purchasing decisions. More important, pricing shouldn't be determined based on your product cost. To be successful, you need to understand more about the value your product or service is delivering to the customer. It's the value that should determine the price, not product cost, or even prospect objections. Tom Reilly, "What Is a Fair Price?" Tom Reilly Training.

So be prepared for the price objection. Preparation will make you look at the product or service through the eyes of the prospect and will help you establish the value. The price objection might be handled in the following way:

Prospect:	Your prices are much higher than anyone else I've looked at.
You:	So what you're saying is you think that our prices are higher than others? Certainly, price is part of the equation, but it's also important to look at the value for the price. You mentioned that real-time inventory information was an important strategic issue for your business. Ours is the only product on the market that provides real-time inventory information without any integration costs. Our system is a true plug-and-play application so you can begin getting real-time inventory the day we sign the deal. In fact, one of my customers was concerned about the same thing, and now we provide his entire backend logistics.

Video: Pricing, Price Objections, And Lying Customers



✓ Timing Is Everything

Timing is everything when it comes to objections. While a prospect may raise an objection at any time during the selling process, it's best to keep the pricing discussion until the end of your sales presentation rather than discussing it early on. (In fact, the same is true about salary when you are on a job interview—always postpone the conversation about salary until an offer is made.) The reason for this is simple: it gives you the opportunity to talk about *value* rather than price.

Think about the process of buying a new car. First, you go into the showroom and talk to a salesperson, then you go for a test drive and really fall in love with the car—how it handles, the smooth ride, the sound system, the GPS system, the smell of the leather seats. While you probably looked at the sticker price before you got into the car, you don't really start talking about price until after you determined that this car has what you want. At this point, the value has been established, which makes it easier for the salesperson to sell on value than to simply sell on price. Lance Baird, "Overcoming the Price Objection," B2B Insights Blog, October 1, 2009.

Money Objection

An objection that is related to the price objection is the **money objection**, sometimes called the budget objection, which relates to the prospect's financial ability to make the purchase. While some budget objections are true, when the prospect really doesn't have the means to purchase the product or service, it's important to avoid these types of objections with proper qualifying.

Even if you do your homework before you begin the selling process, there is still a good chance that a prospect may present a money objection. In some cases, the prospect's budget may not be large enough to accommodate the cost of your product or service. If this is true, you may determine that this is a prospect for the future when his business is large enough to afford your offering. However, it is worth probing to determine if the objection is price or budget related. Like the price objection, this objection is also related to value. When prospects can't see the value for the price, they object by saying either the price is too high or they can't afford it. The best way to handle it is to anticipate it and be prepared:

Prospect:	I really can't afford this right now.
You:	You mentioned that you are already paying \$5,000 per month on your current plan. This plan even gives you a broader service at a lower cost per transaction cost. If you continue with your current plan, you will actually be paying a higher cost per customer. The fact is you really can't afford not to switch. Let's try this service for thirty days, and I can prove to you that your cost per transaction will be lower.

In this example, the broader service, which results in a lower cost per transaction, is what establishes the value in this example. It's the value that allows the salesperson to handle the money objection and make a trial close.

Another approach to this objection is to help the prospect see how they can afford your product or service. Consider the following example:

Prospect:	We really can't afford this in our budget right now.
You:	It sounds like this can really help you increase your sales. If I can show you how this product can pay for itself, would you be interested?

✓ Power Point: Lessons in Selling from the Customer's Point of View

Just Ask

Want to be able to handle objections with ease? Deliver value. When prospects object with price or money objections, differentiate your product with a value-added service. If you want to know which service will make a difference—and help make the sale—just ask your customers. You'll be surprised what you learn when you just ask.

"I'm Already Satisfied" Objection

Many times prospects will object with what is called the **"I'm already satisfied" objection** (also called the need objection). This can be a more challenging objection than price because it might include a **hidden objection**, an objection that is not openly stated by the prospect but is an obstacle in the way of making the sale. In this situation, a prospect doesn't state his concern about making the purchase. Instead, he might ask trivial questions to avoid the issue or he might not ask any questions at all and simply state that he does not have a need for the product or service. Charles M. Futrell, *Fundamentals of Selling: Customers for Life through Service*, 10th ed. (New York: McGraw-Hill Irwin, 2008), 378. The best way to handle hidden objections is to bring them to the surface. In other words, ask questions to get your prospect to talk openly about her objections. If she says no simply continue to ask questions until you are able to identify the true objection.

Anticipation is best to avoid the "I'm already satisfied" objection. According to sales maven Jeffrey Gitomer, engaging the prospect is key. He preaches that there is a huge difference between customers being satisfied and being ecstatic and profitable. The secret is in engaging the prospect and talking about the value that other customers have received. According to him, when a prospect is satisfied with their current supplier, it's the perfect time to make a sale.

"I Have to Think about It" Objection

While the **"I have to think about it" objection** might sound like an objection, it is actually a stall. This "objection" usually occurs when a prospect isn't completely comfortable with you and your product or service. This is the classic stall tactic and is a signal for

you to build your relationship. Prospects usually use this objection when they are trying to mask some fear or risk that they have about committing to the sale. Your challenge is to uncover the risk that the prospect sees and build your relationship with him to build a deeper trust. Just as with other objections, asking questions is important to understand why the prospect is stalling and what kind of information will help him feel more comfortable. In reality, this objection is one that is a signal for you to work on improving your relationship with the prospect:

Prospect:	I need some time to think about it.
You:	I want to give you the time you need to think about it. But let's talk specifically about your reasons for buying now versus later.

This type of approach will help you engage the prospect in conversation so you can understand more specifically what the barriers are to the sale.

Video: Sales Objections - Let Me Think About It



Key Takeaways

- There are six strategies that will help you handle any objection: view the objection as a question, respond to the objection with a question, restate the objection before answering the objection, take a pause before responding, use testimonials and past experiences, and never argue with the customer.
- There are six major types of objections: **product**, **source**, **price**, **money**, **need**, and **thinking about it** (which is actually a stall).

? Exercise 11.3.1

1. Assume you are a sales rep for an interactive advertising company. Your prospect is learning about how social networking works and has responded to your presentation with the following comment: "I'm not sure this is really for us." What type of objection is this? How would you respond?
2. Imagine that you are a sales rep for a commercial landscaping company. You have just finished a presentation that includes a five-year landscaping plan for your client's property. She responded by saying that she doesn't think there's enough money in the budget for the plan. What kind of objection is this? How would you respond to her?
3. Assume you just presented your ideas to help your prospect increase traffic to his store by adding a sign on the side of the building. The customer was polite and listened to the presentation but said that he's not sure he really needs the additional sign since there is already one in front of the store. What type of objection is this? How would you respond?
4. Choose a type of car that you might like to own. Review the company's Web site along with Edmonds.com to identify the elements that create value for the car. How does the value relate to the price?
5. Assume you work for the school you are attending and are responsible for selling sponsorships of campus events to local companies such as restaurants, gyms, and retail stores. If your prospects say the price is too high, how would you overcome this objection?
6. Visit a retail store that engages in personal selling. Assume you are a customer for the product and present an objection to the salesperson. Record how she responds to it. Is it an effective handling of your objection? If so, why? If not, what you would suggest to make it more effective?

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