



Sample

THE RISE OF PURCHASING POWER

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There's been a Rise in Purchasing Power...

This has been a global revolution, changing buyer behavior since as long as social media started changing the way people communicate.

It's just this revolution has slipped quietly under the radar.

Let me explain.



You've probably noticed your customers treating you more like a commodity lately. At the same time, they demand more expertise, more depth and better support.

How can that be?

"A commodity is defined as a good for which there is high demand, but supplied without qualitative differentiation across a market place."

Yet, over the past 5 years, buyers have become more demanding, much smarter, tougher even,

... I would go so far as **"saying"**, predatory in nature.

They're more strategic and better equipped to use purchasing techniques that force better concessions, from sellers, like **"YOU"**.

Well actually, **"ho-hum"**, we're all a little bit of both really.

Entrepreneurs are buyers and sellers, which should make it easier for us to **"get-this"** than most.



Buyer purchasing strategies, *(for both consumers and commercial buyers)*, has become more strategic than ever before.

Any offer on sale today that's of low strategic importance, where an alternative can easily be found,

...unless it's easy to buy, sold at a lower cost point to competitors *(with a seamless buyer experience)* --- and comes with great customer support, **"it's dead in the water"**.

If, as a vendor, you can't meet these tough new demands, buyers switch to sellers who can *(in a heartbeat)*.

You need only think about this from a commercial buyers *(B2B)* perspective to comprehend its significance.

Take **"you"** *(for example)*, when buying stock or supplies for your business.

You can cut costs through either better efficiency

(only if you invest capital into new technology first)...

Or, Diminishing scales

(at the risk of investing in larger volumes {so spending more} up front)...

Or, By screwing your suppliers for better prices, because if they can't do it, another seller will.

(this delivers your business a 100% saving at the expense of your seller's bottom line, not yours)

Don't sweat it though.

We're not going to let you become the seller that gets screwed.

I told you I've got your back on this one!

First though,

...I need you to understand the significance of **"a-turning-point"** in the history of sales.



A Turning Point In the History of Sales



It came about when Walmart, the world's biggest retailer, completed an internal audit of their purchasing department.

They discovered that 75% of an annual \$1 billion dollars spent on purchasing, accounted for less than 5% of total sales.

In a lot of instances it had cost Walmart more to buy than profit from it.

“OUCH...”

What Walmart did in response, coinciding with the **rise-and-rise** of the Internet (*and social media*) as a delivery platform,

...changed the dynamics between buyers and sellers, forever.

You may not know this yet, but it also changed the dynamics of your business forever. I dare say it's the primary reason your business is feeling the pinch today, not the poor economy.

If it ain't broke don't fix it...

RIGHT!

Mmmmmm...

What if it's broke, but you don't know its broke?

Or,

...you know its broke, but you don't know where?

“Now I’m sure you’ve had a tonne of advice from social media and Internet marketing experts to date. You’ll find one on every corner after all. But before I can properly help you I need to know that you understand two things;

1. **“Great coffee”** is as good as the best cup you’ve tasted.
2. You **“don’t know”** what you **“don’t know”**.



Walmart is the World's Biggest Retailer...

Their national purchasing department supported close to 4,000 staff.

The average purchasing agent at the time was meeting with 6.8 sales people, every day.

I told you already, as it turned out, 75% of their purchasing costs contributed to less than 5% of all sales.

Clearly Something Had to be Done!

“**The obvious goal**” would have been to increase productivity in the purchasing department.

But who was Walmart going to “**bring-in**” to improve their current average of 6.8 sales meetings (*per 8 hour working day*), per purchasing agent?

That’s “**purty**” efficient already...

It’s like one meeting an hour (*with an hour lunch break*), every day.

Well, how many eCommerce websites do you think a purchasing rep can visit in a day?

Six an hour maybe, 50 - 60 a day perhaps?



**Think about that
for a second...**

Think About That for a Second...

I'm going to borrow a phrase (*or two*) from my virtual mentor on this stuff (*Neil Rackman*).

Neil asks his students (*me*) the following question;

Why would Walmart continue to have 6.8 walking talking sales brochures visit their offices every day?

Just to communicate features and benefits of mouse traps (& *what ever else they're selling*), to Walmarts purchasing reps (*buyers*),

...If purchasing reps can visit a supplier's eCommerce store to read about features and benefits, or place orders, as and when they need?

So What did Walmart do?

What any “**world's biggest retailer**” would.

Change their entire purchasing strategy.

They cut purchasing staff from close to 4000, to half that number.

They decided they no longer needed to pay so many buyers to sit in cubicles --- listening to sales reps recite sales brochures.

They invested in Internet infrastructure instead.

They told vendors:

Don't send anymore sales reps. We no longer pay staff to meet with them.

We'll still buy your stuff. But we'll buy it online.

(That way you don't need to employ so many sales staff, and we don't need as many purchasing staff.)

Not to mention the savings in administration because online transactions leave data trails that we can map into our inventory & accounting systems --- automatically.

Oh, and one more thing.

Because you're paying fewer sales staff.

We expect **bigger** discounts.



While we're at it "another-free-tip,"

...improve your website's navigation because if buyers don't enjoy their online buying experience,

...or, you "**drop the ball**" on support.

We'll "**drop you**" like a "**fish milkshake**".

Our people no longer share *real-world relationships* so "**we're not going to miss you**" should we find a better deal.

Here's the kicker though...

Most larger retailers throughout America adopted the same (*Walmart*) purchasing strategy.

Estimates have the average saving at 11% of purchasing costs, for the exact same volume of goods purchased across the country.

That meant this model on average, is costing retailers 11% less whilst generating the same revenues.

Your buyers (*customers*) are no different to Walmart's buyers (*Walmart are vendors customer*).

Buyers have become both strategic and ruthless in how they secure a deal for themselves.

They're using better information accessible over the Internet, as the vehicle (*tech tools*).

It cuts both ways, though.

Walmart's buyers (*consumers*) will use mobiles to comparison shop whilst standing in their store.

Today's young buyers are more than happy to use retailers store fronts to pick the brain of experts paid to sell product,

...or, try new clothes to confirm their desired label and sizes. Knowing full well once they extract the information they need at the expense of a local retailer, they'll buy it online cheaper.

What Can a Business Owner Do?



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Part 2 A Turning Point In the History of Sales

Part 3 What Can a Business Owner do?

Part 4 Humans have Been here Half a Million Years

Part 5 The Only Reality that Counts

Half a Million Years

Reality