

Media Selling, 4th Edition

By Charles Warner

Chapter 8 – Influence and Creating Value

When I made my first sales call on Parrott’s Flowers, the first question Mr. Parrott asked after he figured out what I was trying to sell him, was, “How much is it?” The how-much-does-it-cost question is typically the first one people ask when they are considering a purchase. If they are inexperienced buyers, they often ask the price question defensively because they do not want to go over an arbitrary price limit they have set. If they are experienced buyers, they often ask the price question because they want to react negatively in an attempt to scare the seller and keep the price as low as possible. Experienced buyers also try to convince sellers that they are selling a commodity.

A *commodity* is a product that is interchangeable with other products, widely available, and, therefore, undifferentiated – differentiated only by price. Because commodities are interchangeable with other products and are undifferentiated, meaning there are many substitutes, it is difficult to charge a higher price than other similar products charge. Because commodities are widely available and, thus, a supply surplus exists, it is even difficult to maintain price levels. Because commodities are products that are differentiated only by price, commodities are sold to the highest bid among low bids. Examples of commodities are wheat, corn, and soybeans, which are typically sold in commodity markets such as the Chicago Board of Trade.

Advertising agency media buyers and price-conscious advertisers naturally want to convince media salespeople that they are selling undifferentiated commodities and, invariably, start price negotiations as quickly as possible and with a low offer. In fact, media buyers’ primary objective is to try to lower media prices; therefore, they want media salespeople to believe they are selling a commodity and to sell based exclusively on price.

The hallmarks of weak or inexperienced media salespeople are that they do not know how to position their products effectively, that they readily accede to buyer demands, and that they sell based only on price. The sales pitch of weak salespeople is “I have the lowest price,” a technique that does not add value. Companies do not need salespeople who can sell based only on low prices; employers can hire hourly-wage order takers to handle commodity-like transactions or can use an online auction service such as Google’s AdWords, which disintermediates salespeople.

World-class media salespeople do not sell their product as a commodity or on online auctions, and they do not lower their rates except in extreme circumstances. One of the main reasons world-class salespeople do not discount their rates is because lower prices affect their income – less revenue equals lower commissions or bonuses. Instead, they position themselves and their products persuasively and they create value before they mention or discuss price.

In this chapter, you will learn more about some persuasive techniques that can influence people, discover why creating value is important, and learn how to create value for your medium, for your company, and for yourself.

The Psychology of Influence

In 1984 Robert Cialdini wrote an extremely influential book, *Influence: The Psychology of Persuasion*. In 2001 he published the fourth edition of the book, re-titled, *Influence: Science and Practice*. Perhaps he dropped the word persuasion from the title because it has a negative, manipulative connotation.

The concept of persuasion somehow indicates that people are persuaded to do something they would rather not do or that is against their better judgment. This book advocates non-manipulative selling; therefore, the concept of persuasion is dealt with gingerly to emphasize ethical persuasion in order to be consistent with the book's approach to selling. Therefore, I will advocate that any attempt at persuasion should be viewed as *influence*, suggesting that people are being tilted or swayed to consciously, willingly do something, which is more suitable for the relationship-based, solution-selling approach advocated in this book.

Cialdini studied compliance practitioners and professionals such as salespeople, fund-raisers, and advertisers. He studied compliance using participant observation and gained experience in organizations that practiced persuasion techniques, such as organizations selling encyclopedias, vacuum cleaners, portrait photography, and dance lessons – some of the worst examples of manipulative persuasion techniques. Over a three-year period, Cialdini observed thousands of different tactics that compliance practitioners employed to produce a yes, and he found the majority fell into six basic categories. “Each of these categories is governed by a fundamental psychological principle that directs human behavior, and in so doing, gives the tactics their power.”ⁱ

I have modified Cialdini's list of six principles by combing two, liking and authority, and have added one, which I call automatic responses, which was not on Cialdini's original list. I believe this modified list makes it easier to understand, to remember, and to use.

Exhibit 8.1 shows a modified list of the six principles of influence.

Exhibit 8.1

Principles of Influence

1. Automatic responses
2. Reciprocation
3. Commitment and consistency
4. Social proof
5. Scarcity
6. Liking and authority

Source: Robert B. Cialdini. 2001. *Influence: Science and Practice*. Boston: Allyn and Bacon.

Let's now look at each of the six principles of influence separately. While you are reading the descriptions, think of ways that you might use them to honestly and ethically influence people.

Automatic Responses. Being trained in psychology, Dr. Cialdini begins his research by looking at animals, fish, and insects. He writes about the many animals that have instincts that cause them act in certain fixed action patterns that involve intricate sequences of behavior, such as in mating rituals. Cialdini refers to these instinctual behaviors in animals as pre-programmed tapes and believes that humans, too, have pre-programmed tapes that can trigger unconscious, automatic responses of compliance, sometimes at the wrong times.ⁱⁱ An example that Cialdini uses to support his thesis is research conducted by social psychologist Ellen Langer and her colleagues, which reinforces the “well-known principle of human behavior that says when we ask people to do us a favor we will be more successful if we provide a reason.”ⁱⁱⁱ

Langer demonstrated this need for a reason by asking a small favor of people waiting in line to use a copy machine: “Excuse me, I have five pages. May I use the Xerox machine *because* I'm in a rush.” Langer reports that this request plus a reason was successful 94 percent of the time, compared to the 60 percent success rate of the request “Excuse me, I have five pages. May I use the Xerox machine?” In another experiment Langer used another “because” phrase that added no new or even any logical information to a request: “Excuse me, I have five pages. May I use the Xerox machine because I have to make some copies?” The result was 93 percent compliance. There is no logical explanation for the high compliance rate; therefore, a “because” explanation must trigger an instinctual response that, as human beings, we have been pre-conditioned to make.

There are many automatic responses or inherent assumptions that we can use to influence people. Many of these inherent assumptions are culturally based and may not be valid in all circumstances. For example, most Americans have is the expensive-equals-good assumption and its opposite, an inexpensive-equals-bad assumption. As Cialdini points out, “...in English, the word cheap doesn't just mean inexpensive; it has come to mean inferior, too.”^{iv} Therefore, when we combine this expensive-equals-good inherent assumption with a material self-interest assumption that people want to get the most and pay the least for their choices, our sales tool becomes more powerful when we mix in the concept of *perceptual contrast*.

We see the use of the perceptual contrast principle daily in automotive sales, retail clothing sales, and real estate sales. An example would be new car salesperson who tries to sell us a \$22,000 car and then adds on, one at a time, options that seem to be a minor expense when contrasted to the \$22,000 price of the car. But the options add up, and soon the car costs \$30,000. Another example would be a real estate salesperson who shows prospective buyers three houses that are dumps and then shows them a reasonably clean house that looks spotless in comparison. In the retail clothing business, salespeople are taught to show expensive items first so that subsequent, lower priced items seem like a bargain in comparison. If customers say they are interested in several items, say a suit and some socks, salespeople are taught always to sell the most expensive item first, in this case the suit, then to show them expensive cashmere socks. Why? Because cashmere socks, when compared to regular socks, would seem expensive; but compared to what a suit costs, the socks are not perceived to be overpriced. Many prospective buyers are not perceptive enough to see the effects of the contrast principle working.

Another example Cialdini uses is one from a student who relates that while waiting to board a flight at O'Hare airport, the student heard a gate attendant announce that the flight was overbooked. In an attempt at humor, which some airlines encourage, the gate attendant announced that anyone willing to take a later flight would be compensated with a voucher worth \$10,000. Because people waiting at the gate knew it was a joke, they all laughed, but when the attendant then offered a \$100 voucher, no one took it. Why? Because compared to \$10,000, \$100 seemed measly. No one took a \$200 or \$300 voucher either and the attendant had to raise the ante to \$500 to get any takers. Had the attendant started with a ridiculous \$5 joke offer, there probably would have been many takers for a real offer of \$100 because, compared to \$5, \$100 would have seemed generous—a good deal.

Thus, the perception of a good deal is based on several things, including inherent assumptions and contrast. The broadcast television networks use these principles of influence effectively when they price commercials in their top-rated programs such as the Super Bowl, the price of which is usually announced in July. One reason for announcing high Super Bowl pricing in July is to make prices for commercials purchased during the television scatter market, which breaks in September, seem reasonable at \$300,000 to \$600,000 each.

Used appropriately, the contrast principle is a legitimate method of positioning your offers when selling media. For example, compare the price of your offers to much more expensive prices of competitive media. Or, make your first offer or proposal unreasonably high so that the second one seems reasonable, regardless of its actual value. Or, make your first offer very low and refer to it as cheap, which will imply not only a low price, but low quality, and then show that subsequent offers, each more expensive, are better, of higher quality.

Reciprocation. Noted archeologist Richard Leakey ascribes the essence of what makes us human to the principle of *reciprocation*. The rule of reciprocity is that *we must provide to others the kind of actions they have provided us*. We learn reciprocity as the major motivation for cooperation, which is essential to the functioning of society. It creates a web of indebtedness that allows for the division of labor, the exchange of diverse forms of goods and services, and the interdependence that binds people together into workable units, groups, and cultures.^v The concept of indebtedness, or *future obligation*, allows people to exchange goods without fear of loss and to build sophisticated systems of aid, gift giving, defense, and trade.

We are taught from early childhood that if someone gives us something, we have an inviolable future obligation to return the gift or favor, no matter how small, whether or not we asked for the favor. The rule of reciprocity is overpowering. “The rule possesses awesome strength, often producing a yes response to a request that, except for an existing feeling of indebtedness, would surely be refused,” writes Cialdini.^{vi} People who do not reciprocate are held in the lowest possible esteem and are seen as welshers or moochers.

According to Cialdini, a researcher sent Christmas cards randomly to people the researcher did not know, had never met, and who were unaware of who the researcher was. The researcher got almost a universal response. Everyone felt obligated to send the researcher a Christmas card the next year. Probably the most notorious abuse of the rule of reciprocity occurs with the Hare Krishnas when they solicit donations by first giving a target person a gift of a book, a flower, or a magazine. Even if targeted passerbys are

initially repulsed by the look of the Krishnas, when they have flowers given to them or pinned to their lapels, and say, “No, thank you,” they are told that the gift cannot be taken back, that, “It is our gift to you.” That is when the overpowering rule of reciprocity kicks in and the vast majority of people feel obligated to make take a reciprocal gift because refusing it would be against our nature. It is an automatic, uncontrollable response. There are two overwhelming obligations involved: to accept a gift and to reciprocate. So, of course, people take the flower and then feel obligated to make a contribution.

We can see the reciprocity rule used in a myriad of circumstances. Waiters who leave a gift of a candy mint know that it will increase tips, grocery stores that offer free samples of food know that sales will increase significantly, and marketers that give away free samples of their products know trial and future use of a product will increase.

The reciprocity rule works both ways. Not only is there an obligation to reciprocate when someone gives you a gift or does you a favor, but also there is an obligation for the gift-giver to provide an opportunity for the gift receiver to repay the debt or return the favor. A socially satisfactory closure only occurs when a gift has been given and the receiver’s reciprocation is accepted. “Thank you” must be followed by “You’re welcome.”

This rule applies to concessions also, and it is called the rule of *reciprocal concessions*. Imagine that I am heading our college class fundraising drive and I call you up, introduce myself, and then say, “How are you doing today?”

You respond by saying, “Just fine, thanks, Charlie.”

“We have a huge big fundraising goal this year. Can you pledge \$500 because I want our great class to win the competition for raising the most money?”

You decline by saying, “Gee, that’s a lot. I just can’t afford it now?”

“So \$500 is a little steep?”

“Yes.”

“I certainly understand; a lot of our classmates are in a similar position. Could you give \$10, then we stand a good chance of winning the competition for the highest percentage of participation, and could you volunteer for three hours a week to help me solicit our classmates on the phone?”

How can you not give \$10 and three hours of your time, during which you will raise more than \$500 using the same technique I used on you: I asked for something, you felt a little guilty but declined. I then came back with a lower ask, a concession to my original ask, to which you felt obligated to reciprocate with a concession—a small gift of money and time.

In Chapter 12, we will show you how to use reciprocation tactics to your advantage in negotiating and closing – not unfairly, of course – but to help you counteract people’s tendencies of material self-interest (getting the most for the least amount) and receive a fair price for your product.

Commitment and Consistency. Cialdini reports on a study of people placing bets on horses at a racetrack. They were much more confident of their horses’ chances of winning after placing a bet than before. The same thing happens with voters; they believe much more strongly that their candidate will win after they vote than before they vote. The need for our beliefs to be consistent with our actions lies deep within us and directs our actions with quiet power. As Cialdini writes: “*Once we make a choice or take a stand, we will*

encounter personal and interpersonal pressures to behave consistently with that commitment.” ^{vii}

But in order for people to be consistent, they must take a stand – have something to be consistent about. Commitment comes first. There are several techniques to get people’s commitment. Telemarketers and fundraisers understand the power of commitment when they call and ask, as I did in the conversation above, “How are you doing today?” or “How are you feeling?” If you say, “Fine,” or something similar, you are responding to the apparent concern about you that has been expressed and you will find it difficult to be subsequently grouchy or stingy. Other ways to intensify commitment is to *get people to say yes to small things first*, to give a small amount of money or to volunteer or both. This works even better if you can *get people to write something down*, put a check mark in a box, or sign their name to a petition. The third way to strengthen commitment is to *get people to tell someone else*. All of these techniques are powerful ways to increase commitment.

One of the best illustrations of the principles of commitment and consistency comes from research by psychologists Jonathan Freedman and Scott Fraser. They reported on the results of an experiment in which a researcher, posing as a volunteer, went door-to-door in a residential California neighborhood. They first asked people if they were in favor of driver safety, and, if so, to sign a petition. Everyone signed. Who could be against safe driving? Then the researcher asked if the homeowners would put a small sign on their lawns that read BE A SAFE DRIVER. It was such a trifling request that nearly everyone agreed to it. Two weeks later the “volunteer” returned and said that speeding on local streets had not diminished and asked if people would put up a very large, poorly lettered sign that read DRIVE CAREFULLY. The sign almost completely obstructed the view of their house from the street. Seventy-six percent of the people who had put up the small sign agreed to put up the ugly, massive sign. Even the researchers were amazed at how well the consistency principle worked. Once people committed to being involved in a safe driving campaign, they went all out. ^{viii} This technique of getting people to agree to a small request and then to larger and larger ones is called *the foot-in-the-door technique*.

In a follow-up experiment, the researchers went to another neighborhood and asked homeowners if they supported safe driving. If the answer was yes, they showed pictures of the houses with the huge, ugly DRIVE CAREFULLY signs on the lawns, and asked homeowners if they would be willing to put the signs up. Interestingly, only 17 percent said yes, which not only demonstrates the power of the foot-in-the door technique, but also shows the importance of getting an original commitment to safe driving. ^{ix}

The researchers then went to another neighborhood and tried a different procedure. First, they asked homeowners to sign a petition that favored “keeping California beautiful.” Naturally, nearly everyone signed it because everyone believes in maintaining the quality of the environment. Two weeks later, the people who signed the “keep California beautiful” petition were asked to put the big DRIVE CAREFULLY sign on their lawn. The response of the homeowners astounded the researchers; over fifty percent of those asked said yes. Freedman and Fraser finally realized after examining the data that when people signed the beautification petition, they changed their view of themselves to public-spirited citizens who acted on their civic principles and who supported good causes. ^x

If Freedman and Fraser had first gone to homeowners and asked them if they supported safe driving, and, if they said yes, then asked them to put a huge DRIVE CAREFULLY sign, the results would have been different. The majority of the homeowners would have refused them. And, if the researchers had returned in two weeks and asked homeowners to put up a smaller four-foot-by-three-foot sign, they might have received over 75 percent compliance using this *door-in-the-face* technique.

Finally, the technique of making a public commitment is an important one to amplify commitment. For example, if you want to stop smoking, tell everyone you know that you have stopped. Cialdini writes that Chicago restaurant owner Gordon Sinclair lowered his no-show rate for reservations from 30 percent to 10 percent by simply changing “Please call us if you change your plans,” to “Will you please call us if you change your plans” and then waiting for a response. When people responded with a yes, they were publicly expressing their commitment.^{xi} The pause was the key to this technique. Public commitments work especially well with people with high levels of pride, self-esteem, or public self-consciousness because their egos are involved.

For media salespeople these lessons are important ones to keep in mind when you make present proposals and offers. We will discuss some of these techniques in more detail in Chapters 11 and 12.

Social Proof. According to Cialdini, the principle of social proof states that people determine what is correct by finding out what other people think is correct. The principle applies especially to the manner in which we decide what constitutes correct behavior.

“We view behavior as correct in a given situation to the degree that we see others performing it.”^{xii} Whether it is when to laugh in a movie, how to eat chicken at a dinner party, or whether to help someone lying on a sidewalk, the actions of others is what guides our behavior.

Examples of compliance practitioners using social proof are all around us: Street performers who salt their empty fiddle case with a five-dollar bill and public radio and television stations during pledge weeks that constantly give us the names of people who contribute. This technique tells us that, “everyone is doing it, so it must be the right thing to do.” Evangelical speakers, such as Billy Graham seed their audiences with ringers so they will come up and give witness and donations at the proper time. Nightclub owners will keep a long line waiting outside even when there are plenty of seats inside to increase the perception that it is a hot place. Advertisers inform people that their product is “the fastest growing” or “number-one” because they do not have to convince us directly that that their product is good; they need only to tell the public that others think it is good.

Social proof has particularly strong influence under two conditions: *when we view others to be similar to ourselves* and *when people feel unfamiliar or insecure in a specific situation*. In other words, in the first instance monkey see, monkey do, but not when a monkey sees an elephant do it. And in the second instance of monkey see, monkey do, the monkey copies if the monkey is not sure what to do. Therefore, in media selling give evidence of what other people who are similar to a customer have done, and always give evidence or social proof to people who seem to be insecure or lack confidence.

Scarcity. For media salespeople, the scarcity principle is probably the most important principle and the one they will use most often. Cialdini states the scarcity principle as: *opportunities seem more valuable to us when they are less available*. We are familiar with this principle because we see it operating in everyday life in collecting baseball cards, in

scalping tickets outside a big game, in choosing wine, in the dating game. Everyone knows that when you tell people they cannot have something, that something becomes even more desirable.^{xiii}

However, there are several interesting corollaries to the basic scarcity principle. The first one is that people are more motivated by the thought of losing something than the thought of gaining something of equal value. The threat of a potential loss looms especially large under conditions of risk and uncertainty. So, when people are faced with a great deal of risk or uncertainty about the future, they worry about loss and do not think of a possible gain.

For this reason, Cialdini suggests the limited-number tactic is particularly effective. When people are informed that there are only a *limited number* of tickets or shares of stock left to purchase and they are then urged to make a decision quickly, they invariably make an immediate decision and say yes. This tactic is so powerful that unethical salespeople often use it even when it is not true. Keeping with the spirit of this book, we urge media salespeople to use the limited number tactic only when it is true, but when it is true, use it, because it works.^{xiv} You are doing a service to your buyers and customers to inform them that a desirable opportunity such as the Super Bowl, special website content, or the last episode of a hit television program has only a few slots left. If you have done your job of creating value, they will be motivated by fear of losing it.

In addition to time, *information*, particularly if it is scarce, can be valuable. Businesses know that information is their most valuable resource, and information is more valuable if it is scarce, that is, if very few have it. And having exclusive information is even more precious, more powerful, and, therefore, provides greater opportunities for misuse and corruption, as seen in the continuing insider trading scandals on Wall Street.

What kind of information can media salespeople use ethically with customers in order to influence decisions? Certainly not inside information about a competitor's advertising before it runs, as we pointed out in earlier in Chapter 3. You also cannot lie to customers and tell them that competitors are interested in something the customers are considering if it is not true. Also, do not promise customers exclusive information for their eyes only. On the other hand, it is your responsibility to tell customers if others, particularly their competitors, are considering buying the same thing. The rule is simple, always play it straight and be honest. You must be fair to everyone and make any relevant information available to everyone.

What you can share with your customers is non-exclusive and non-proprietary information that they might not be aware of, information about advertising trends, information in blogs and trade journals about new products, or information about new creative approaches that customers would find valuable. It takes time to dig for this kind of information, but it is worth the effort. Give it to customers, and they will appreciate it and you will take a big step toward becoming the preferred supplier.

The final corollary to the scarcity principle is that limited resources become even more valuable when other people are competing for them. Frantic bargain basement shoppers grab up merchandise when they see others competing for the same merchandise and the ardor of an indifferent lover surges with the appearance of a rival, for example. So, when competition does really exist for a scarce resource that you are selling, make sure everyone knows about the competition.

Liking and Authority. The liking principle is straightforward and comes as no surprise: *we prefer to say yes to people we know and like,*^{xv} which is similar to the second Golden Rule of Selling, people like and trust people exactly like themselves. Dale Carnegie's book, *How to Win Friends and Influence People*, was first published in 1937 and became the best-selling self-help book of all time. Even though the book is simplistic, Carnegie's essential point was that the best way to influence people is to get them to like you. This is an effective approach if you are a likable, credible, caring person, but it does not work if you are insincere or not authentic.

Cialdini refers to the principle of authority as *directed deference*. The great power of the authority principle is that for a society to function, we must obey the rules of that society and, therefore, obey its designated authority figures and symbols. Thus, we are trained from childhood on to obey the commands and requests of legitimate authority figures: our parents, policemen, fireman, government officials, judges, tax collectors, and presidents.

There are many symbols that communicate authority: titles, clothes, and trappings.^{xvi} Titles are important, they communicate status, prestige, success, power, and authority. When I was a Vice President in AOL's Interactive Marketing Division in 1998, I remember the constant battles our top management had with AOL's inflexible HR department attempting to get the regional sales managers and business development salespeople titles of Vice President. The sales managers and BD salespeople used the valid argument that they called on CEOs and Senior VPs of Marketing and Advertising and that these high-level people wanted to deal only with correspondingly high-level executives, not merely salespeople. Although HR held firm for several years, the regional managers and business development salespeople had a simple solution; they called themselves Vice Presidents on their calling cards. It worked and it became easier to get appointments with top executives. Unfortunately, what this title-consciousness leads to is title inflation and eventually everyone is a Senior Vice President calling on Senior Vice Presidents. But title inflation is rooted in the basic principle that people do tend to defer to authority.

Clothes are another symbol of authority, status, and power. Clothes, like titles, can trigger compliance. A policeman's uniform, a doctor's coat, and a pilot's uniform are all symbols of authority. Slightly more subtle, but no less authoritative, are colored shirts with white collars and white cuffs. Add a Hermes scarf or Ferragamo tie and Gucci loafers, and you have an outfit that reeks with authority and commands respect. Trappings of authority such as Rolex watches, huge offices and desks, and luxury cars all add to the cache of authority and power in some circles, particularly in urban centers such as New York. In Silicon Valley, black turtle necks and jeans might be the symbols of power. But salespeople must be sensitive to these subtle displays of power fashion and keep in mind the second basic rule of selling that people like and trust people exactly like themselves, including people who dress like they do.

There are two reasons to learn about the principles of influence, offensive and defensive. Offensively, it is a good idea for you to use the principles of influence when it is appropriate in order to influence people legitimately. But be mindful of the *law of instrument*, which was defined by Abraham Kaplan in *The Conduct of Inquiry*, as "give small boy a hammer, and he will find that everything he encounters needs pounding."^{xvii} In other words, now that you know a little about the theory of influence and the power of automatic responses, reciprocity, commitment and consistency, social proof, scarcity, and

liking and authority, do not use them as a hammer in every sales situation. However, do use them when appropriate to position your proposals and product effectively to create added value for them.

I strongly recommend that you read Robert Cialdini's book, *Influence: Science and Practice*, study it carefully, and become an expert at using and recognizing the tactics of influence. By being an expert on these principles you can defend yourself against others who use them. Customers and buyers in their attempt to get more for less will often use one or all of these principles to get you to give them more, lower your prices, give them better position, say yes to a deal that is good for them, or to defer to their power and authority. The defense against the use of these principles of influence is to recognize them for exactly what they are and to stop before you respond automatically, to name the tactic ("that's reciprocation," or "the buyer is using social proof to try to influence me"), and then to respond appropriately and rationally.

Creating Value

Creating value encompasses salespeople's main purpose of creating customers and keeping them, their four objectives, their five primary strategies, and their three key functions as they go through the six steps of selling. In the following section you will learn why creating value is important and you will learn five steps to help you create value.

Why Creating Value is Vital

Remember why it's important not to sell media advertising as though it was a commodity—an undifferentiated product that is sold only on the basis of price? Because if price is the only consideration, a product, including advertising, can be sold by means of an online auction on Google or eBay. This online auction model disintermediates salespeople—puts them out a job. A company that sells on a commodity basis doesn't need salespeople. Therefore, if you want a long-term career in sales, you must learn how to differentiate a product, how to create value for it. Here are two more reasons for learning how to create value.

1. Creating Value Addresses Sales Objectives, Strategies, and Key Functions During the Six Steps of Selling. Let's review sales objectives, strategies, key functions, and the six steps of selling:

Four Primary Sales Objectives

1. To get results for customers
2. To develop new business
3. To retain and increase current business
4. To increase customer loyalty

Five Primary Sales Strategies

1. To sell solutions to advertising and marketing problems
2. To reinforce the value of advertising and your medium
3. To create value for your product
4. To become the preferred supplier
5. To innovate

Three Key Functions of a Salesperson

1. To create a differential competitive advantage in a buyer's mind
2. To manage relationships
3. To solve problems

The Six Steps of Selling

1. Prospecting
2. Identifying problems
3. Generating solutions
4. Presenting
5. Negotiating and closing
6. Servicing

2. Creating Value Addresses Buyer's Needs. If we review the results of two time buyer surveys from Chapter 2, as shown below, we see that they provide a virtual road map for creating value. In other words, if you give buyers what they ask for, you will create value. Note in the lists below of what buyers want, "a low price" is not one of the answers. This fact reinforces the notion that buyers will always ask for a lower price than you first offer, but they do not necessarily expect to get a lower price. It is their job to ask; it is material self-interest at work.

International Radio-Television Society (IRTS) Time Buyer Survey of what buyers want: (1) Communication skills – Clarity and conciseness, not oral skills or flamboyance, were ranked as most important; (2) Empathy – Insight and sensitivity; (3) Knowledge of product, industry, and market; (4) Problem-solving ability – Using imagination in presentations and packaging; (5) Respect; (6) Service; (7) Personal responsibility of results; and (8) Not knocking the competition.

Major radio station group buyer survey of what buyers want: (1) Ideas – Especially in the area of *added value*; (2) Communication – Clear concise communication, not long-winded, exaggerated sales pitches; (3) Respect for their time; (4) Run as ordered; and (5) Responsiveness – Return calls *fast*, be available at all times, and get schedules confirmed quickly and correctly.

Advertising Perceptions study reported in *Advertising Age*: "In addition to brand knowledge, media buyers and planners are also looking for good communication skills, professionalism and an understanding of marketers' needs and priorities.

The least important characteristics in a sales rep identified by marketers were sales presence and entertainment. Only eight percent of respondents said going to dinners, shows and sporting events with sellers was important ... 'Most people probably aren't going to own up to the fact that they really love being entertained.'^{xviii}

Added Value

Please note the phrase “added value” associated with answer (1) in the survey above. Added value to buyers means additional value that a medium gives at no charge. What buyers want is something free: bonus spots, bonus banners, free promotions, free event tie-ins, free merchandise, or free opening and closing billboards, among other things. The push for added value has become so pervasive in some media, especially in radio, that many buyers claim they will not place an order without something free thrown in the deal. To salespeople a request for added value should not be seen as a problem, but as a negotiating opportunity. In Chapter 12, when I cover negotiating and closing, I will show you how to use requests for added value to your advantage by using contrast, social proof, and other principles of influence. However, for the time being, suffice it to say that creating value for your medium and your company does not mean giving stuff away free.

3. Creating Value Addresses Companies’ Needs. Creating value also addresses sales management’s needs because if salespeople can create the perception of value for their product and, therefore, keep prices up, they will help accomplish their company’s primary purpose for a sales department: *to maximize revenue*. Top management of media companies today must look at both the top line (revenue) and the bottom line (profits). The best way for media companies to grow is to manage the top line and increase revenue, for which they depend on salespeople who sell advertising. Advertising is responsible for the majority of revenue for most media companies. Thus, maximizing revenue is management’s mantra for media sales departments.

The push for maximizing revenue is understandable, but it creates a dilemma for media salespeople. On the one hand, they must please management (and keep their jobs) by maximizing revenue. On the other hand, they must consider the needs of their customers and follow the tenet of their number-one objective, getting results for customers. How do they resolve this dilemma? By creating value. It is often difficult to create value in and to hold rates. The only hope salespeople have of keeping their rates is to be creative and innovative in differentiating their product and creating value.

Additional Reasons for Creating Value

- 1. Creating value reinforces the value of advertising, of your medium, and of your product.** Customers and buyers often look for reasons to cut back on their advertising, to look for a less-expensive placement in your medium, to look for less expensive media, or to ask you to lower your prices in order to keep the business you have. If you call on a customer who is considering cutting back on advertising, go to www.mediaselling/downloads.html.us, download the presentation “Advertising Strategies in a Slowdown,” and show it to the customer. The presentation gives facts, based on research conducted during recessions in the past, that show when companies cut advertising, they lose market share, often for five years, while competitors who continue advertising gain share. It also shows that market share, once lost, is extremely difficult and expensive to gain back.
- 2. Creating value enhances your credibility and builds trust.** In the process of creating value, you display your expertise, which builds your source credibility. You demonstrate that you understand customers’ businesses, their marketing goals and problems, your product, your market, media trends, buyers’ and

customers' business needs (as indicated in the above buyer surveys), and buyer's personal needs. All of these elements build trust.

- 3. Creating value can forestall and minimize future objections, especially the price objection.** Before you make a specific proposal that includes prices, if you invest time in creating value for your product, you forestall, or answer beforehand, many potential objections that might come up during a discussion of your proposal. During the creating value process, you justify your pricing.
- 4. Creating value reinforces your solutions-selling approach.** During the process of creating value, you can show customers that you are taking a solutions-selling approach and that you are trying to help them solve their advertising and marketing problems. By taking this approach, you are able to demonstrate that your primary objective is to help them get results, not necessarily to sell them something.
- 5. Creating value helps you avoid commodity selling.** By creating value, you reinforce your product's worth. An old adage says, "There are people who know the price of everything, but know the value of nothing." In other words, price and value do not mean the same thing, as you will see in the next section of this chapter. During the process of creating value, you differentiate your product and its features, benefits, and advantages and make it worth more to your customers so that they will be willing to pay a fair price. In creating value you want to reinforce the inherent assumption expensive equals good.
- 6. Creating value helps you control your customers' expectations.** When people contemplate investing in advertising, they do so with the expectation that their business will increase. And because their hopes are high, their expectations usually rise to meet them. In other words, there is a natural tendency for people to expect too much. Part of creating value is creating *realistic value* in the minds of customers, which means lowering your customers' expectations. The lower you can set their expectations, the more pleased they will eventually be with their results, as they define them.

What Is Value?

The Perceived Value Formula

The formula for perceived value is:

$$\text{Perceived Value (PV)} = \frac{\text{Quality (Q)} + \text{Results (R)} + \text{Service (S)}}{\text{Price (P)}}$$

In order to increase the Perceived Value to a customer, you must increase the value of the numerator in the above equation (quality, results, and service) and not lower the denominator (price). In fact, if salespeople are expert in creating value and increasing the perception in a buyer's mind of the value of quality, results, and service, then they can increase the price.

Quality is a subjective concept. Like the concept of beauty, quality is in the eye of the beholder. Perceptions of quality are defined by several attributes of a medium. For example, a magazine might be perceived to be a high quality because of glossy paper

stock, beautiful four-color photographs, a pleasing layout and design, and eye-catching, tasteful graphics. A newspaper might be perceived to be high quality because of the up-scale demographics of its audience and because of the many Pulitzer Prizes it has won. A radio station might be perceived to be a high quality station because it plays classical music. A television station might be perceived to be a high quality station because its season kick-off parties and presentations are eye-popping, expensive, and include television stars. A website might be perceived to be a high quality site because of its design, its non-cluttered look, its lack of clutter – Google’s site would be a good example. The more attributes that a medium and its salespeople can promote to create a perception of quality, the higher perceived quality is, the higher prices the medium can charge.

Results in a media context means, primarily, does advertising in that medium get an acceptable return on investment and get results as defined by the customer. Customer-defined results vary a great deal by media and by customer. In some cases, results can mean beautiful reproduction and display of four-color ads. At other times, results can mean sales. With some clients, results can mean recall of specific product claims in an ad or commercial. With others, results can mean return on advertising investment as measured by increased stock price. And with other clients, results mean an increase in market share.

With advertising agencies, results might mean fast response times to request for avails or RFPs, proposals that meet their buying criteria, excellent service and follow-up.

By understanding a customer’s definition of results, salespeople can demonstrate how their medium in general and their specific media outlet can improve results.

Service is a product attribute that is becoming more and more important in our economy. In fact, with many products, especially those that are either highly undifferentiated or are intangible, customers consider service to be the most important differentiator. Also, as an industry matures, customers migrate from being inexperienced generalists to being experienced specialists. Inexperienced generalists are interested in learning more about a product, understanding how to use it, and figuring out how to buy it, and because of the FUD factor – fear, uncertainty, and doubt – will often be predisposed to pay a premium price in order to gain experience. On the other hand, experienced specialists, such as agency media buyers, know a product well. They know how to use it and how to buy it, and price and responsive service are most important to them. To experienced specialists, who have multiple substitutes for virtually all mass media, the single most important differentiator, after price, is service.^{xix}

By emphasizing the importance of quality, results, and service, salespeople can divert the discussion away from price and get customers and buyers to focus on these other attributes.

Value Is a Perception

Every person or potential buyer places a different weight on the relative importance of the quality/results/service mix and, thus, has a different definition of the value of that mix. Therefore, *value is a perception* that is unique to each individual. Thus, the price people will pay for a product is a result of their unique solution to the perceived value formula. For example, a commercial on a local television station news program may be worth \$1,000 to one advertiser based on how many adults between the ages of 18 and 49 the newscast reaches. On the other hand, it might be worth \$2,000 to another advertiser who

wants to have the company's name associated with a station's newscast or sports segment within that newscast, who desires to reach mature, male business decision makers, and who likes an association with sports. Therefore, paying a premium for sponsoring a sports segment that features a brief opening *billboard* such as "Sports brought to you by Warner Ford," makes economic sense to that advertiser.

Value Signals

Value signals reinforce the perception of value. Here is a list of some value signals:

- 1. Company image and reputation.** Does a company's management have a track record of success and a philosophy that stresses dedication to excellence and high business standards? Apple has an excellent reputation, Haliburton a horrible one, for example.
- 2. Media outlet reputation.** *Time* magazine has an excellent reputation; the *National Inquirer's* is not so good.
- 3. Ethical practices.** Does the media outlet have a reputation for treating its customers fairly? Is its word its bond? Do advertisers trust it?
- 4. Awards and prizes.** How many awards for excellence or Pulitzer Prizes has a media outlet amassed? Awards and prizes are the best proof of quality.
- 5. Cumulative advertising and promotion.** Coca-Cola is the world's most recognized brand because it has consistently advertised its product for almost 100 years.
- 6. Content.** Editorial or programming content. *The New York Times*, *The Washington Post*, Slate.com, and National Public Radio (NPR) are perceived to have high-quality reporting and content.
- 7. Sales promotion material.** Slick, well-designed, tasteful, informative sales brochures speak volumes about an organization.
- 8. Continuity.** The number of years a company has been in business, the number of years a television news anchorperson has been on the air, the number of years a website has been in existences, or the tenure of a magazine editor all impart a perception of value.
- 9. Advertisers.** The presence of well-known, prestigious advertisers give a medium credibility and value – they reinforce the idea that "you are known by the company you keep," an example of social proof.
- 10. Audience or reader quality and quantity.** High-income readers of *Smithsonian* magazine or the huge audience of Yahoo.com or a Super Bowl telecast, for example.
- 11. Price.** The higher the price of a product, the higher the perceived value (expensive equals good). Patek Philippe watches are perceived to have more value than Casio watches, for example.
- 12. Management.** The better the reputation of top management and the more visible managers are in the business community, the more favorably a company is viewed.
- 13. Production values.** Well-produced YouTube.com videos, slick magazine ads, and well- produced radio and television commercials add value to a medium.
- 14. Sales presentations.** Well-written, problem-solving, and graphically arresting proposals and presentations not only help make a product tangible, they also add value. See Chapter 10 for guidelines for generating winning proposals and presentations.

15. **Salespeople.** One survey asked media buyers what first came to mind when the call letters of a radio or television station were mentioned. Seventy-five percent of all buyers gave the name of the salesperson who called on them. Thus, salespeople are the surrogate for the product and can make tangible intangible media advertising and add value.
16. **Ideas for added value.** Promotion or event sponsorships, community service project tie-ins – see the list of creating value ideas at the end of this chapter in Exhibit 8.9.
17. **Creative approaches.** Ideas for arresting ads, banners, or commercials can add value for direct clients without advertising agencies. Agencies usually do not appreciate suggestions for creative approaches in copy and art because they see creative execution as their prerogative.

Positioning Value

Positioning is creating a unique perception of your product to have a differential competitive advantage in the mind of your customers. As marketing guru Philip Kotler says, “Having a competitive advantage is like having a gun in a knife fight.”^x

When you position your company and your product to have a competitive advantage, a competitor’s image is as important as your own image, if not more so, because you are positioning your product against the image of your competitor’s medium and product. If you position properly, you can accomplish two things: You position your product to have an advantage and you position your competitors’ products to have a disadvantage.

You must clearly establish a differential competitive advantage in the minds of potential customers for your medium, your company, and your product. To do so, you should begin the positioning process by asking yourself the following questions:

1. What position, if any, does my product already occupy in the mind of my customer? Of course, the best way to find out is to ask. In Chapter 9 there is a list of Discovery Questions you can use that will help answer this question.
2. What position do I want to occupy? It must be unique and concise. It must have an easily definable competitive advantage that clearly makes a difference; if it takes too long to explain, customers will not stick around or stay awake long enough to find out how good it is.

When you position your company, your medium, and your product, you should use the right words to paint a positive, colorful picture. For example, you do not sell advertising; instead, you present a traffic-building ad campaign. You do not peddle banner positions; instead, you offer profit-producing advertising. You do not sell advertising; instead, you sell the opportunity to influence prospective customers. Advertisers do not buy ads, banners, or spots; they buy the most effective and efficient way available to generate sales. Always use phrases that color your offer green – the color of profits.

Create Value in Both Types of Selling

No matter what type of selling you are engaged in – missionary/development selling or service/transactional selling – you must always find ways to create value. In missionary selling creating value comes by generating practical creative solutions to marketing

problems and creating arresting, exciting presentations. In service selling creating value comes by giving outrageously excellent service, as detailed in Chapter 13.

Six Steps for Creating Value

One of the oldest rules of selling is, “Don’t mention price until you are ready to negotiate and close” Before you get into a discussion about price, you should position your product to create the perception of value, and the best way to increase the value of what you are selling is to follow the five steps for creating value. As part of the creating value process, it is a good idea to have a general presentation (GP) for your media outlet. Many media organizations have a GP, which is an introduction to their product that reinforces the product’s history, reputation, and combination of quality, results, and service advantages and benefits – without mentioning price. To see an example of a GP, go to www.mediaselling.us/downloads.html and look at the presentation for the *DeSoto Times*, a small community newspaper.

The six steps of the creating value process parallel a salesperson’s six primary sales strategies.

The Six Steps of Creating Value

1. Reinforce your expertise as a problem solver.
2. Reinforce the value of advertising.
3. Reinforce the value of your medium.
4. Reinforce the value of your product (your website, your network, or your television station, for example).
5. Position the benefits and advantages of your product.
6. Include a return-on-investment (ROI) analysis, if appropriate.

1. Reinforce your expertise as a problem solver. You want you prospects to consider you as a marketing and advertising expert who can solve their advertising and marketing problems. In order to demonstrate your expertise, you should demonstrate your broad-based knowledge of national and international economic and business trends, economic and business trends in your market, economic and business trends in the media and in your medium, and economic and business trends in your customers’ businesses. There are two major benefits of having up-to-date information in these areas: (1) You will be welcome at top-management client levels and (2) you will be welcome at all client and agency levels because you provide updated information to your customers and buyers.

Other examples of some of these trends can be found in the “Creating Value for Television” presentation on www.mediaselling.us/downloads.html.

Also, demonstrate your knowledge of marketing and advertising – the goals, strategies, and tactics of not only your customers and their competitors, but also of your own competitors.

Finally, provide your customers with the latest research available. Do not just present reams of data, but put research information in a concise, summarized, easy-to-read format. Customers will appreciate and reward you for your consideration and respect for their time.

Your goal in providing all of this information is to become your customers’ preferred supplier—the salesperson and organization your customers would most like to do

business with, and, more important, the salesperson they will always call first when they want information.

2. Reinforce the Value of Advertising. In most cases, especially with advertising agencies, you do not have to reinforce the value of advertising. However, at times you will find an organization that is not advertising in the mass media. It may be hard to believe, but there are still a few holdouts. For example, it was not until recently that hospitals became major advertisers in many communities. Or, an organization may be investing its marketing dollars primarily in promotion. Or, an organization might be considering investing less money in advertising and investing more in promotion.

In all of these cases, it is necessary to sell the value of advertising and reinforce the first principle of creating value, that *advertising is not an expense, it is an investment*. You must continually reinforce this concept throughout all of your sales presentations and sales conversations. For example, never ask someone, “How much do you spend in advertising?” Ask, “How much do you invest in advertising?” When you submit a proposed schedule or campaign, never show a total cost, refer to it as a total investment.

Also, as pointed out in Chapter 2, you must reinforce the value of advertising as opposed to the costs of promotions. Remember that in 1978, 60 percent of all marketing dollars were spent in advertising, 40 percent in promotion. In 2006, it was estimated by some experts that about 60 percent of all marketing dollars were spent in promotion, 40 percent in advertising. The migration of marketing dollars from advertising to promotion hurt the growth rate of advertising over those years. You must continually reinforce advertising’s positive long-term effects and the value of advertising to build brand image and, thus, try to reverse the shift of advertising dollars to promotion. Exhibit 8.2 shows seven problems with promotions that you can discuss with your customers that will help stem the tide of advertising dollars being switched to promotion.

Exhibit 8.2

The Seven Problems With Promotions

<u>Problem</u>	<u>Description</u>
1. Short-term effects	There is overwhelming evidence that “the consumer sales effect is limited to the time period of the promotion itself.” Contrary to some marketers’ belief, there is no residual effect of a promotion. Consumers do not turn into long-term customers. “When the bribe stops, the extra sales also stop.” ¹
2. Mortgage future sales.	By encouraging consumers to take action immediately, a promotion brings forward sales from a future period and, therefore, future sales are lower than forecast because of problem #1 above.
3. Encourage stockpiling.	Savvy consumers stock up on low-priced promotion items, which cannibalizes future full-price sales, which lower margins.
4. Train consumers not to pay full	Price-conscious consumers are aware of continual promotions and wait for them—they become trained never to pay full price—which lowers profit margins.

¹ John Phillip Jones. 1990. “The Double Jeopardy of Sales Promotions.” *Harvard Business Review*. September-October. Reprint 90505. p. 5

- price.**
5. **Promotions devalue a brand's image.** Continual promotions create a low-price, even “cheap,” image and often appear to be desperate measures of a sinking brand in trouble. If consumers believe price cuts come from an oversupply, they will often wait for an even lower price.
 6. **Promotions are addictive.** Marketers become dependent on more and more quick fixes in a vicious circle of more and more promotions at lower and lower prices at shorter and shorter intervals. Unilever describes this circle as “promotion, commotion, and demotion.”²
 7. **Continual use of promotions leads to retaliation.** Promotions “fuel the flames of competitive retaliation far more than other marketing activities.”³ Competitors join the price war to defend their position. The long-term result of price wars can lead to the elimination of both retailers’ and an entire industry’s profit margins.⁴

Furthermore, the majority of promotions involve some inducement for consumers to act immediately and purchase a product. Inducements invariably involve a price reduction in some form such as rebates, coupons, or free merchandise, for example.

Examples of promotions that have hurt the profit margins of entire industries are the costly rebates American automotive manufacturers offer.

These losses due to rebates – essentially a price cut – back up and reinforce the claim that “the cost to a manufacturer of a 1-percent reduction in price is always far greater than the cost of a 1-percent boost in advertising expenditure.”^{xxi} Do your customers want to increase sales? Recommend that they raise their advertising investment and do not reduce their prices.

Of course, all of these reasons why cutting prices is not a good idea for customers doubly reinforces why media salespeople should not cut their rates.

3. Reinforce the value of your medium. In many cases, you may not think you have to sell the value of your medium to a current advertiser who is a heavy user. However, keep in mind that competing media salespeople are calling on your advertisers and doing their best to switch your customers’ advertising to their medium. It is a good idea to reinforce the value of your medium, and you can do this in three ways with current advertisers:

1. At yearly renewal times, or at mid year, make a *stewardship presentation* that shows the ads or commercials an advertiser ran during the previous year, what results they got, and remind them of the excellent service they received from you.
2. Ask advertisers for testimonial letters or, better, to participate in a success case study. Go to www.charleswarner.us/advcase.html to read a paper titled “How to Write an Advertising Success Case Study.” Helping you write a success case study reinforces an advertiser’s excellent judgment in buying your medium.
3. Invite advertisers to your industry’s trade association presentations. Association such as the Television Bureau of Advertising (TVB), the Interactive Advertising Bureau (IAB), the Cabletelevision Advertising Bureau (CAB), and the Radio Advertising Bureau (RAB) regularly make presentations touting their medium in

² *ibid.* p. 7

³ *ibid.* p. 7

⁴ Shuba Srinivasan, Koen Pauwels, Dominique Hansses, and Marnik Dekimpe. 2002. “Who Benefits from Price Promotions?” *Harvard Business Review*. September-October. Reprint F0209C. p 2.

cities around the country. It is the job of these associations to sell the value of their media and they do it very well.

You should also make presentations to advertising agencies, especially on media planners, on the value of your medium if you sell for a medium other than television. Agencies have prejudice in favor of television, as covered in Chapter 2. If you are not selling television, selling the value of your medium to agencies is important in the long term even though it is not likely to produce an immediate order.

Another reason for reinforcing the value of your medium to both agencies and clients is to attempt to get them to invest more dollars into your medium – increase the size of the advertising dollar pie. You should sell the value of your medium first and worry about your share of the pie later. In many markets, there are radio or television station associations that cooperate in an attempt to get new advertisers into their particular medium and away from another, usually newspapers. For example, a team of television station sales managers will call on a major department store that invests all of its advertising dollars in the local newspapers and try to convince the department store to invest some that money in television.

4. Reinforce the value of your product. One of the best examples of a company that positions itself superbly is Patek Philippe, the Swiss watchmaker. Go to the company's website at www.patek.com, click on "The Art of Watch Making" link, and then click on the "History" link and see how the company promotes its history, its patents, its customers, and its complicated watches. Notice that while price is never mentioned for any of their watches, some of the famous people who have bought them are listed, such as Charlotte Bronte, Queen Victoria, Madame Curie, and Albert Einstein. After seeing how Patek Philippe positions itself and creates value for its watches, ask yourself if you would like own one and if you would rather sell these watches as a commissioned salesperson than sell Casio watches.

Just as the Patek Philippe website reeks of quality, you want your customers to get the same sense of quality when you talk about your product. One way to create the perception of quality is to repeat the word, to use it in every possible context, such as "We have a quality news website and quality bloggers," or "We have a quality production department that produces the highest quality commercials."

Remember, you are trying to position the quality, results, and service of your product to have a competitive advantage. After quality, comes results; stress that your medium gets results, and the best way reinforce this concept is with advertising success case studies. These cases studies are not only good for positioning the value of your medium with an advertiser who is involved in developing the case study with you, but they are also powerful sales tools. An example of excellent success case studies can be seen at www.msn.com. At the bottom of MSN's home page there is an "Advertise" link, click on it and then click on the "Research Library" link. Also, on www.mediaselling.uss/downloads.html you will find a paper titled a success case study titled "Aladdin Resort and Casino." Download and read this case study and set a goal of writing several success case studies for your medium. You will find case studies are an effective proof of performance that your medium gets results for advertisers.

Another way to reinforce the value of your product and communicate an image of being responsive to customer needs is to present a *value proposition* to customers. Here is an example of a value proposition for a television station:

“We are committed to partnering with our advertisers (and their agencies) by providing innovative solutions for connecting them to our audience in a way that delivers advertiser-defined results and jointly builds both of our brands.”

The above value proposition states that you want to do more than sell your customers something. It means that you want to partner with them, you want to get results for them, and you want to create a win-win situation.

5. Position the benefits and advantages of your product. Too often inexperienced media salespeople sell on the basis of the *features* of their product and do not place enough emphasis on *advantages* and *benefits*. Here are the definitions of these elements:

Features. Features are descriptive. Features are facts and information about your product and its various parts. The features of a radio station, for example, are its tower, its transmitter, its programming format, its personalities, its coverage, its audience, and its ratings. The features of a newspaper are its presses, its delivery methods, its editorial stance, its comics, its editors and reporters, its special sections, and its circulation. Features describe what you have to sell, but they do not indicate or imply if the features are good or bad or why a customer should care about them. Customers do not buy solely based on product features.

Advantages. Advantages are comparative. They describe why the features of your product are better. Customers are interested in a feature’s advantages and consider these advantages when they make a purchase (or in the case of advertising, an investment) if they feel the features are relevant. Use the contrast principle when you present advantages. Also, you must present the advantages of your product as customers go through each phase of the buying decision process.

In his classic book, *Major Account Sales Strategy*, Neil Rackham, describes the *buying decision process*. Rackham suggests that people go through three initial phases when making a buying decision:^{xxii}

Recognition of Needs. With consumers, this phase might come when they discover their old car has broken down and they need new one. With advertisers it might come when they have planned a sale event and want to advertise it and call salespeople and ask them to present schedules. Or, with an agency buyer, it might come when they send out a request for an RFP to the media they are considering buying.

Evaluation of Options. In this phase buyers ask: “What are my choices?” “Should I buy what I did last time?” “Should I look for alternatives or for a lower price?” It is in the Evaluation of Options phase that product advantages become critical because it is during this phase that buyers narrow down their choices by eliminating those products that are considered less desirable or to be of lower quality.

Resolution of Concerns. In phase three buyers look carefully at the few products they are considering and ask themselves: “What happens if the car breaks down; does it have a warranty or service guarantee?” “Which one

has the best quality-to-price ratio?" It is in this final stage in which benefits are of critical importance, and we will get to benefits shortly.

You must position your advantages so they are clear in your customer's minds when they reach the Evaluation of Alternative phase of the buying process. The best way to accomplish this positioning is *always to show comparative advantages and dramatize them*. Exhibit 8.3 shows four examples of how a television station might display the ratings of its evening newscast in a sales presentation. The first four examples are for station WAAA-TV, the fourth example is for station WBBB-TV.

Exhibit 8.3

Poor WAAA-TV Display of Ratings

Adults 25-54
Nielsen Ratings
WAAA-TV

Early News 6.0

Fair WAAA-TV Display of Ratings (shows a comparative advantage)

Adults 25-54	Adults 25-54
Nielsen Ratings	Nielsen Ratings
<u>WAAA-TV</u>	<u>WBBB-TV</u>

Early News	6.0	4.0
------------	-----	-----

Good WAAA-TV Display of Ratings (quantifies a comparative advantage)

Adults 25-54	Adults 25-54	
Nielsen Ratings	Nielsen Ratings	<u>WAAA-TV</u>
<u>WAAA-TV</u>	<u>WBBB-TV</u>	<u>Difference</u>

Early News	6.0	4.0	+ 2.0
------------	-----	-----	-------

Best WAAA-TV Display of Ratings (dramatizes a comparative advantage)

Adults 25-54	Adults 25-54	
Nielsen Ratings	Nielsen Ratings	<u>WAAA-TV</u>
<u>WAAA-TV</u>	<u>WBBB-TV</u>	<u>Advantage</u>

Early News	6.0	4.0	+ 50%
------------	-----	-----	-------

WBBB-TV Counterproposal Display of Ratings (minimizes a comparative disadvantage)

Adults 25-54	Adults 25-54	
Nielsen Ratings	Nielsen Ratings	<u>WBBB-TV</u>
<u>WAAA-TV</u>	<u>WBBB-TV</u>	<u>Disadvantage</u>

Notice the WBBB-TV proposal. WBBB-TV saw a copy of WAAA-TV's proposal that claimed WAAA-TV had a 50 percent lead over WBBB-TV, which is accurate. However, WBBB-TV showed in its counterproposal that things weren't all that bad – that it only trailed WAAA-TV by 33 percent, which is also accurate. The lesson here is to learn how to use numbers to compare, maximize, and dramatize your advantages and to minimize your disadvantages.

Benefits. Benefits are reasons why the features and advantages of your product solve customers' problems. Benefits are what you should concentrate on selling because that is what customers buy – benefits. Peter Drucker explained succinctly that people do not buy quarter-inch drill bits, they buy quarter-inch holes. Every time you state a feature or advantage of your product or proposal, customers ask themselves the WIIFM question, "What's in it for me?" Benefits answer that question. You must never let a customer ask the WIIFM question out loud, you must answer the question by attaching a problem-solving benefit to every feature you mention.

6. Include a Return-On-Investment (ROI) Analysis, If Appropriate. Bill Grimes was CEO of ESPN during its major growth years in the 1980s. In the early 1990s he was CEO of Multimedia, Inc., which owned radio and television stations, newspapers, and produced and distributed syndicated television programs, including "Sally Jesse Raphael." He wrote the about how to use an ROI Analysis effectively in Chapter 21 of the previous edition of *Media Selling*.

At one point in my career when I had responsibility for a group of television stations and newspapers. The economy was weak at the time in many of our key markets and advertising budgets were not increasing. Thus, driven by a desire to preserve my comfortable employment, I began seeking a more intelligent way to sell advertising than packaging the best combination of CPMs, reach and frequency. To begin, I made the assumption that the most interested person at any client company should be its owner or chief executive. Next, I asked my sales managers and myself: why do companies advertise and why should they? The simple answer was that companies advertise to acquire and maintain customers for their business. Then I recognized that attracting new customers was not an economically sufficient reason. What company needs new customers if it loses money because of the cost of attracting them? The profit that a company achieves from the new customers generated by an advertising expenditure on my stations and newspapers must exceed the cost of the advertising. Note that I said profit, not sales.

It then occurred to my increasingly excited team of television and newspaper sales managers that the cost of advertising is a business expense to companies and that the same money spent in advertising its products or services could also be spent – or better, invested, as you have learned elsewhere in this book – on other projects or assets that could increase a company's profits. For example, the company could hire more people; it could open new stores or offices, it could buy other businesses, or it could simply take the money allocated for advertising and return it as a dividend to its shareholders if it were a public company.

Then it became clear to us all that advertising expenditures were indeed a business expense, but more importantly an investment. When companies make investments of capital they expect a return on their investment (ROI).

At last we sensed a breakthrough. What if we could demonstrate to the client some estimated ROI that he or she might find believable—an ROI estimate both believable and financially acceptable? Would that not lead to making the client very happy? And would that not lead to even more advertising? From that revelation I was determined to develop a ROI model for a large client of one of our stations or papers. To do that, I needed lots of information about that company's business and then I would need to test the ROI model with our salespeople.

The prospective client we selected was a large supermarket chain in St. Louis where we owned the leading television station. To gather the necessary information about its business that could not be found through our researching efforts at the station, I called the company's CEO who arranged for a meeting with his senior managers. In preparation we read the company's annual report and gathered as much information from local market sources that we could. At the beginning of the meeting I told the client that we were not there to talk about our station but to learn about their business and then determine whether we could help improve profitability. "No media peddler has ever said that to me," the CEO stated. "Ask your questions."

First we learned that the company owned eleven supermarkets in the St. Louis market which generated \$200 million in sales and that its market share was 25 percent. Total sales annually in the market were therefore \$800 million. The company's management also said that their market share rank was third among the six competing supermarkets. Its operating or pre-tax profit margin was three percent (about average for the supermarket industry) which meant that after paying all operating expenses – cost of goods sold, salaries and benefits, rent, and marketing costs – the company had three percent of revenues remaining before paying taxes. Also, we were told that the lifetime of a customer of the company was a little over three years. This meant that the supermarket chain's customers remained loyal customers for that period of time. Finally, and importantly, we learned that the shares of the company's stock were selling for 12 times the company's pre-tax profits.

We thanked management for the information; assured them that we would use it in confidence; and, that we would return with a recommendation to invest in advertising on our station only if we believed we could increase their profits and their shareholders' value. Note the words "invest," "increase," and "profits."

Back at the television station, I asked our team the key question: did we believe that with a substantial expenditure of advertising on our station over a sustained period – at least a year – that the supermarket chain could increase its share of market? And, if we believed that our station could grow the supermarket chain's business enough for it to have a positive and competitive ROI, could we convincingly present this to the client? Our salespeople, citing several success stories of how several station advertisers had experienced solid market share increases, stated strongly their belief that with an expenditure of \$1 million over the course of the year and with maximizing the commercial placement of the client's

schedule, and with a solid creative approach, the supermarket could attain a two percent market share increase. With each market share point worth \$8 million in total sales in the market (one percent of \$800 million total market supermarket sales) and with our client's 25 percent market share; that meant each share point increase was worth \$2 million in sales for our client. It seemed to me that we could make a strong case that our supermarket client could likely receive a compelling ROI with an investment on our station.

We decided to build our ROI model on the client gaining a one percent market share increase – not the two percent our people felt achievable – because it would obviously be more believable to the client. With the one percent of market sales worth \$2 million annually for our client we now had to estimate what the incremental costs associated with our recommended program would be. First, there was the \$1 million in additional advertising invested by the client on our station. We then assumed for the eleven stores to generate \$2 million in additional sales, it would not require much additional operating expense. It seemed unlikely that the stores would have to stay open more hours a day. Therefore, essential non-personnel costs such as rent, lighting and heating expenses would not increase. We did build into our model \$200,000 for several new checkout counter personnel and another \$300,000 in miscellaneous expenses since we did not know as much about the supermarket business as our client did and because we wanted as few of our assumptions challenged by the client as possible.

Exhibit 8.4 shows the way the economics of our ROI program for our client now looked.

Exhibit 8.4

Advertising Return-on-Investment Analysis

A. Investment in TV advertising	\$1,000,000	
B. Investment in 8 check-out personnel	\$200,000	
C. Miscellaneous expenses	\$300,000	
D. Total investment	\$1,500,000	D = A+B+C
E. 1% market share increase realized from TV advertising	\$2,000,000	
F. Increased pre-tax income	\$500,000	F = E-D
G. ROI	50%	G = F/A

A 50 percent return on investment was almost 17 times the three percent ROI the supermarket chain was currently receiving on its shareholders' investment. Therefore, we knew the client – if he accepted our assumptions in our ROI model – would acknowledge that the ROI was more than acceptable. But I knew that there

was one more vital piece of missing information that our client would find even more appealing.

Because we had learned that the equity value of the company was currently based upon a multiple of 12 times the company's pre-tax profits, we could now provide a believable estimate for the increase in the enterprise value of the supermarket chain company. This information is readily available on the Internet for all publicly traded companies and can be determined for private companies relatively easily by any financially trained person. Therefore, multiplying \$500,000, the incremental pre-tax profit the investment in advertising with our station produced by 12, the pre-tax multiplier the stock market had placed on the company's share price resulted in an increase of \$6 million in the market value of our supermarket chain. Assuming that there were 50 million shares outstanding, the price per share of the company's stock would increase about 12 cents. This is this kind of information that CEOs like to hear. See Exhibit 8.5 for the potential affect of the advertising investment on share price.

Exhibit 8.5

ROI Impact on Share Price Analysis

A. Return on \$1,000,000 advertising investment	\$ 500,000	
B. Equity value of company multiple	12	
C. Increase in company market value	\$ 6,000,000	C = A*B
D. Outstanding shares of stock	50,000,000	
E. Increase in value per share	\$.12	E = D/C

We added one more assumption to our ROI model that gained the attention and approval of the client's management team. We assumed that half of the incremental sales revenue, or \$250,000, generated by the advertising on our station would come from current customers spending more money per shopping visit. The other half we assumed would come from new customers. Since the client had told us before that new customers remain with stores on average three years, we then estimated that our advertising program would also add \$250,000 more in profits during the two years following the advertising campaign on our station even it the \$1 million advertising investment was not continued. This additional pre-tax profit also increased the already high ROI on the \$1 million investment and it would positively impact the share price in the following two years as well.

It is important to note here that we did not attempt to persuade the client to allocate any of his current advertising budget to our \$1million proposal. We believed that if we proposed that any of the dollars the client was currently spending on media in St. Louis, including investment on our station, were re-allocated, the client may well argue that his current share of market sales could be

offset to some degree. We knew that our ROI proposal had to be judged on its own merits as a new and incremental investment opportunity and to suggest switching any of its current advertising investment to our proposal would lead to a debate on existing market share and possibly upon existing relationships the client may value.

Two meetings later we had the sale. Two wonderful other things happened. The salespeople had reason to believe that advertising on our stations or in our newspapers meant a lot more than cost-per-thousand and cost-per-point. Advertising was a very valuable investment made by a company, and discussing ROI with senior management was a smart way to build a really deep relationship with a client. And that leads to the next wonderful thing that happened: the CEO of the supermarket chain wrote and said, “Never before have I worked with media people who knew something about business, finance, and corporate value. Your team was a combination of the best consulting firm and investment banker we have used.”

Position Benefits According to Business and Personal Needs

As mentioned before, there are two types of needs: business needs and personal needs. You must position benefits so that they directly address business problems (it is better to refer to them as *challenges* when you make presentations to customers) and business needs and how your proposed solutions help customers get what they want – achieve their marketing and advertising goals and get results as they define results. There is also a subtle subtext involved that you should master. You must also position the benefits of your product and solution in such a way that it appeals to customers’ personal needs.

This type of subtle, indirect positioning according to personal needs is where it gets difficult. You can hardly say to a customer, “My proposal to run commercials just before the Super Bowl on my television network will not only help you achieve your marketing goals of reaching the largest possible male audience and locking out your competitors from this valuable position, but it will also appeal to your huge, oversized ego to be in the Super Bowl.” Or, “My proposal to run remnant space on my newspaper’s website when it is available will not only help you achieve your goal of making your advertising investments as efficient as possible, but it will also appeal to your obsessive, miserly fear of losing money.”

No, you have to be careful and practice subtly positioning your benefits to meet personal needs. Creating a needs-based portrait, as discussed in Chapter 7, is the first step in positioning benefits according to personal needs. The next step is to develop a Benefits Matrix, as seen in Exhibit 8.6. You can download a blank Benefits Matrix from www.mediaselling.us/downloads.html.

Exhibit 8.4

Benefits Matrix

						Position
--	--	--	--	--	--	-----------------

Customer	Business Challenge	Personal Needs	Feature	Benefit	The Benefit
Beer	Increasing market share	Risk taker; likes to dominate competitors; motivated by greed.	Sports on television	High reach in target audience.	“High up-side potential;” ”Buy now, beat the competition.”
Financial Services	Increase share of mind and share of market	Likes to play it safe; conservative; motivated by fear of loss.	News on radio	Ideal environment to improve brand image; credibility.	“We’re a safe buy;” “No one will criticize you for buying my station—it’s number one in news.”
HMO	Perceived as hindering choice	Goal oriented; likes to have friends, be liked; motivated by pride.	Health website	Associated with positive concept such as health and wellness; image enhancement; accurate information.	“Help you achieve your goals;” “You’ll look good.”

You will notice in the Benefits Matrix that the statements that position the benefits reinforce the benefit in terms of both business and personal needs. For example, in the first row, the “High up-side potential” statement could refer to investing in commercials in a Super Bowl telecast that might feature a dramatic match-up that could attract a huge audience. This benefit not only has a practical, business advantage of achieving higher-than-expected reach in an advertiser’s target audience, but also a personal, emotional advantage of appealing to the customer’s risk-taking nature and greed. The “Buy now, beat the competition” statement also has the practical advantages of investing before all the spots are gone, but also it appeals to the customer’s need for domination and competitiveness.

The Home-Run Secret

The most important skill in media selling is being able to subtly position the benefits of your product according to personal needs – without being obvious, as shown in the Benefits Matrix. You should create a Benefits Matrix for your key customers and buyers and you have to practice saying the right words to hit their hot buttons. However, if you can master the art of positioning benefits in this manner, it is the biggest home run in selling media and, in fact, in all personal selling.

Two Don’ts in Creating Value.

Don’t Promise Results. The first principle of creating value is: *Advertising is not an expense, it is an investment.* The second principle is: *Under-promise and over-deliver.* One of the main things you accomplish when you create value is that you imbed and, thus, control your customers’ expectations. Do not be guilty of setting unrealistic expectations in your customer’s minds; it is the fastest way to lose credibility, create a furious client, and guarantee no renewal. You will have happy customers if you lower their expectations

and then, as their advertising runs, if they have better results than they expected, you will get an enthusiastic renewal. Conversely, you will have an unhappy customer if you raise their expectations by hinting at or promising unreasonable results. If they have worse results than they expected, you will get an angry cancellation and possibly even a law suit.

Unfortunately, you cannot promise or even predict results with confidence or accuracy because there are many other marketing variables that affect customers' sales that you have no control over, as seen in 8.7.

Exhibit 8.5

Marketing Variables That Affect Sales

<u>Variable</u>	<u>Description</u>
1. Competitors' offers	Competitors might offer contests, sweepstakes, rebates, free delivery, cash back on purchases made elsewhere for less.
2. Competitors' advertising activity	No matter how much an advertiser invests, if a competitor invests substantially more, especially in the same medium, it's difficult to gain market share
3. Competitors' creative	Competitors' effective and attention-grabbing creative approaches can blunt your customer's attempts to gain market share. Bud Light buried Miller Light over the years not only with heavier advertising weight by also with consistently brilliant, funny commercials that young men loved.
4. Customer's backend	Advertisers may have great creative and sufficient advertising weight, but if their backend cannot process orders efficiently or deliver on time, they lose customers and sales.
5. Competitors' backend	If competitors' have highly efficient backend systems, they might steal customers with faster delivery cycles, better after-purchase service.
6. Competitive pricing	No matter how much an advertiser invests, if competitors' prices are lower for similar quality, it is very difficult to increase sales.
7. Competitors' innovations	New, improved product lines and models from competitors can slow your customer's sales.
8. Purchasing cycle	No amount of advertising can change a product's historic purchasing cycle. No advertiser can sell bikini bathing suits in the middle of zero-degree cold spells in January.
9. Interest level, novelty	Some products are ho-hum products—they have low consumer interest. Household products such as toilet paper do not elicit a lot of interest from consumers. New, novel products like the Apple iPod create interest. An advertiser with a ho-hum product can see sales fall when competitors introduce exciting new products.

Don't knock the competition. The third principle of creating value is: *Don't knock the competition.* Its corollary is: *Don't even mention the competition.* Perhaps the best reason for not knocking the competition is because, as shown in the survey mentioned at the beginning of this chapter, buyers do not like it. Unfortunately, in some highly competitive

industries such as radio and magazines, weak, unprofessional salespeople habitually sell negatively. Exhibit 8.8 shows the reasons why not to knock or mention the competition and gives you some ways to deal with competitors when asked about them.

Exhibit 8.6

Reasons For Not Knocking (or Mentioning) the Competition

<u>Reason</u>	<u>Description</u>
1. Buyers hate it.	How would you like it if every conversation you had during a business day were negative, nasty, and mean spirited. You would probably become depressed. Buyers feel the same way.
2. You tear down the image of your medium.	After buyers hear how bad several competitors are, they begin to have a negative impression of the whole medium. Knocking the competition is destructive to your medium.
3. You waste time.	Customers' and buyers' time is limited; you usually have just few minutes to get their attention and make a presentation. If you spend time knocking the competition, you waste valuable time. Remember the old adage, "You can't sell what your competitors don't have." You can only sell the benefits of what you have to offer, so get on with it.
4. You lose credibility.	When you knock the competition, you are not perceived as being objective. Buyers say to themselves, "Of course you're badmouthing the competition; you're trying to sell me something. Why should I believe you?" Therefore, when you knock competitors, you lose credibility.
5. You lower your image.	Selling negatively puts you down in the gutter with other negatively selling salespeople. Stay above it; refuse to throw dirt. Buyers will appreciate your positive approach and like you better for it.
6. You can touch hidden sore spots.	You may not know if a customer or buyer has invested in advertising with a competitor (in your medium or another medium), so if you knock a competitor a buyer has invested in, you are insulting the buyer's judgment. When this happens, buyers become defensive and entrenched, and they vigorously defend their past decisions. Also, a buyer may like a salesperson (may even be dating the salesperson) and when you knock that salesperson's medium, you are knocking the salesperson and the buyer will become very defensive and defend their friend's product (and dislike yours). Remember, the media are an intangible product and, thus, salespeople become the surrogate for their products— <i>are</i> the products in the minds of buyers.
7. You build competitors' importance and image.	Did you ever see an ad in a magazine for Rolex that had a headline "We're better than a Timex?" <i>Never</i> mention the competition below you in rank position; all you do is elevate them to your level. If you mention competitors under you in rank position, buyers' reactions are "Why is this salesperson talking about that competitor? What is the salesperson afraid of?"

How to Respond When Asked About Competitors

<u>Response</u>	<u>Description</u>
1. Compliment competitors.	Use a two-sided argument. The first side is a compliment of your competitors (remember, you do not know who your buyer knows or likes at your competition). By complementing, you boost the image of your medium and come across as a positive, nice person. For example, if a buyer asks, “I understand <i>US News</i> has lowered its circulation base rate. Is this true?” You might respond with something like: “I’ve heard that, too. It’s a shame. <i>US News</i> is a solid news magazine with an excellent editorial product and sales staff.”
2. Talk about your strengths.	Do what politicians do, do not answer the question directly, answer the question with information about the benefits of your product. For example, if a buyer says, “WAAA-TV’s late news had a 20 percent drop in women 18-49 ratings.” You might respond with “My station, WBBB-TV’s, late news had a two percent increase in that demo even though it was a summer book and viewing levels were down.”
3. Expose generic weaknesses.	The second side of the two-sided argument is an exposure of your competitor’s generic weakness—weaknesses that are not specific to that individual competitor, but to a type or genre of products. For example, in response #1 above to the question, “I understand <i>US News</i> has lowered its circulation base rate. Is this true?” You might respond not only with, “I’ve heard that, too. It’s a shame. <i>US News</i> is a solid news magazine with an excellent editorial product and sales staff,” but also with the second side of the argument, “all news magazines are suffering from the advertising slowdown and are looking to cut expenses, and cutting subscriptions is one way to do this. Also, general news magazines are suffering mass circulation erosion because of people getting their news online.”

Creating Value Ideas

To wind up this chapter, in Exhibit 8.9 you will find a list of creating value ideas. These are just a few of hundreds of ideas that can help you add value for your product, reinforce the perception of quality, results, and service for your company and your product, and help you become a world-class media salesperson.

Exhibit 8.7

Creating Value Ideas

1. Show audience demographics by ZIP codes.
2. Show Simmons, MRI product-usage data to advertisers.
3. Provide customers with information from their trade journals.
4. Assign category sales specialists.
5. Conduct seminars on strategy for advertisers. For example, “How Retailers Can Use Television,” or “How to Use Cable Television to Reach Upscale Viewers,” or “How to Get Results Using Online Advertising.”

6. Offer Business Breakfasts once a quarter for local business leaders featuring well-known, expert speakers.
7. Create a Buying Spectrum graphic that includes your competitors and shows a continuum of values ranging from price to quality, with quality entailing better placement and position and your medium at the quality end of the spectrum.
8. Sponsor a Kid's Fair or Bridal Fair at a local convention center or fair grounds.
9. Develop a system for the sales staff for presenting a predetermined number of speculative ads or speculative commercials per week.
10. Sell production packages to advertisers. For example, mat services in newspapers or jingle packages in radio.
11. Create SWAT teams of salespeople by category and have the team develop category presentations for the use of the whole sales staff.
12. Have exhibition booths at relevant industry trade shows such as truckers' conventions, retail trade conventions, or Comdex (yearly computer industry trade show).
13. Conduct seminars for advertisers and advertising agencies on how to plan and buy your medium.
14. Conduct creative execution seminars for advertisers and advertising agencies.
15. Offer joint promotions with a charity group, an advertiser, and your company.
16. Sponsor city association luncheons honoring advertisers and advertising agencies and present creative awards.
17. Create fun carnival days to promote your medium at local trade association or civic organization meetings.
18. Offer reciprocal trade arrangements for retail shelf space.
19. In broadcasting, offer remote broadcasts to advertisers; call them marketing opportunities.
20. Distribute magazines and newsletters about your company in both print and e-mail versions.
21. In broadcasting and cable, offer special weeks on the air, similar to a newspaper or magazine advertising section, such as a week featuring furniture styles and values. In print, offer these types of special sections.
22. Develop a "Little Things Mean a Lot" list: Top management follow-up calls; thank-you notes and birthday cards in invoices; Rolodex-shaped calling cards for salespeople with business, home, and cell phone numbers and e-mail addresses on the cards; framed success letters (on your walls and on your customers' walls); and shopping bags for stores imprinted with your logo and theirs.
23. Develop a total customer responsiveness (TCR) mentality throughout your company, especially by those

- who answer the telephone. Distribute to the entire staff the “Close to the Customer on the Telephone” paper found on www.mediaselling.us.
24. Provide copy-testing research.
 25. Offer premium prices for a guaranteed position or placement.
 26. Provide advertisers with several advertising success stories in their category.
 27. Provide advertisers marketing research by category.
 28. Conduct media auctions for a charity to establish the value of your advertising rates: Donates space or time and then the charity auctions it off to advertisers, who use the time; the money goes to the charity.
 29. Look for advertising agency account synergy opportunities for two or more accounts at an agency to share in an idea, promotion, or advertising.
 30. Have an area on your Web site on which someone interested in advertising with you can go to contact you. Also, have access to case studies and other research material on the Web site. See www.msn.com for an example.
 31. Conduct shopping mall research among a store's customers asking them why they shop at competitors' stores.
 32. Provide a list by category of your advertisers over the last year.
 33. Use Reception Referrals, a system at your reception desk where you put on file detailed information about advertisers, the products they promote or stock, and dates of their sales so if people call and ask about a commercial they heard on your station, the receptionist can give them complete details.
 34. Conduct brainstorming sessions. Invite clients to your offices and let the sales staff create ideas for that client, not ideas why a client should purchase you, but ideas for promotions, positioning, slogans, for example.
 35. Spend time in a customer's business. For example, bag groceries, wait on tables, or clean up a showroom.

Test Yourself

1. What are the six principles of influence outlined in this chapter?
2. Discuss what the meaning is of the two terms foot-in-the-door and door-in-the face.
3. What is the definition of a commodity?
4. What are the five reasons for creating value?
5. Give an example of an advertiser's positioning strategy as seen in an ad or a commercial.
6. What are the five steps of creating value?
7. What are the seven problems with promotions?
8. What are the differences between features, advantages, and benefits?

9. What are the three principles of creating value?
10. What are seven reasons for not knocking the competition?

Projects

Project #1: Select a week in your life (the same week that you do the project at the end of Chapter 6 would be a good one to choose, then you can combine the two projects) in which you commit yourself to taking notes on encounters you have with compliance practitioners during the week, waiters in restaurants, telemarketers, retail salespeople, or fundraisers, for example. Take notes in two columns. In the first column, note which one of the six principles of influence, if any, the compliance practitioner used. In the second column, note whether the attempt to influence you was effective or, if the person did not use a principle of influence, which one might have been appropriate. At the end of the week, look over your notes and see: (1) If you identified different principles of influence and (2) if those principles of influence were effective in influencing you and if not which principles might have been used.

Project #2: Go to a local radio or television station, a local cable system, a local newspaper, or local website and ask for a copy of a general presentation. If they do not have a general, introductory sales presentation, ask for a copy of a sales presentation to a specific account. Assure them that you are requesting the presentation for a class project and will not show it to competitors. Using what you have learned in this chapter about creating value, critique the presentation – make notes in it on how it could be improved to create more value. As part of this project, craft a value proposition for the organization and include it in the presentation.

References

- Tony Alessandra, Phil Wexler and Rick Barrera. 1992. *Non-Manipulative Selling*. New York: Fireside Books.
- Michael T. Bosworth. 1995. *Solutions Selling*. New York: McGraw-Hill.
- Robert Cialdini. 1984. *Influence: The Psychology of Persuasion*. New York: William Morrow.
- Robert Cialdini. 2001. *Influence: Science and Practice*. Boston: Allyn and Bacon.
- Conger, Jay. 1998. "The Necessary Art of Persuasion." *Harvard Business Review*. May-June.
- Mack Hanan. 1999. *Consultative Selling*. New York: AMACOM.
- Stephen E. Heiman and Diane Sanchez with Tad Tuleja. 1998. *The New Strategic Selling*. New York: Warner Books.
- Charles U. Larson. 1986. *Persuasion: Reception and Responsibility*. Belmont, CA: Wadsworth.
- Jones, John Phillip. 1990. "The Double Jeopardy of Sales Promotions." *Harvard Business Review*. September-October. p. 5 of Reprint #90505
- John Phillip Jones. 1995. *When Ads Work: New Proof That Advertising Triggers Sales*. New York: Lexington Books.
- Philip Kotler. 1999. *Kotler on Marketing*. New York: Free Press.
- Neil Rackham. 1989. *Major Account Selling Strategy*. New York: McGraw-Hill.

- Al Ries and Jack Trout. 1981. *Positioning: The Battle for Your Mind*. New York: McGraw-Hill.
- Al Ries and Jack Trout. 1986. *Marketing Warfare*. New York: McGraw-Hill.
- Jack Trout with Steve Rivkin. 2000. *Differentiate or Die*. New York: John Wiley & Sons, Inc.

Resources

- www.mediaselling.us (This book's website with useful downloads)
- www.msn.com (Microsoft's Network website with case studies)
- www.patek.com (Patek Philippe's website)

Endnotes

- ⁱ Robert Cialdini. 2001. *Influence: Science and Practice*. Boston: Allyn and Bacon. p. x.
- ⁱⁱ Ibid. p. 4
- ⁱⁱⁱ Ibid. p. 4
- ^{iv} Ibid. p.4
- ^v Ibid. p. 20
- ^{vi} Ibid. p. 22
- ^{vii} Ibid. p. 53.
- ^{viii} Ibid. p. 65
- ^{ix} Ibid. p. 66
- ^x Ibid. p. 67
- ^{xi} Ibid. p. 74
- ^{xii} Ibid. p. 100
- ^{xiii} Ibid. p. 205
- ^{xiv} Ibid. p. 206
- ^{xv} Ibid. p. 144.
- ^{xvi} Ibid. p. 188.
- ^{xvii} Abraham Kaplan. 1964. *The Conduct of Inquiry*. Scranton, PA: Chandler Publishing. P.28.
- ^{xviii} Megan McIlroy. 2008. "Media Buyers Single Out Top Ad Sales Reps." *Advertising Age*. January 15.
- ^{xix} DeBruicker, F. Stewart and Gregory L. Summe. 1985. "Make Sure Your Customers Keep Coming Back." *Harvard Business Review*. January-February.
- ^{xx} Philip Kotler. 1999. *Kotler on Marketing*. New York: Free Press. p. 94.
- ^{xxi} John Phillip Jones. 1995. *When Ads Work: New Proof That Advertising Triggers Sales*. New York: Lexington Books. p. 53.
- ^{xxii} Neil Rackham. 1989. *Major Account Selling Strategy*. New York: McGraw-Hill. p. 4