



JEDI MIND TRICKS: How to Get \$700,000 of Advertising for \$10,000

Let us never negotiate out of fear. But let us never fear to negotiate.
-John F. Kennedy

Life is not fair. For those who understand the few rules that matter in negotiation, this is good news—it's possible to get much more than you deserve.

Negotiating is, for most, an uncomfortable attempt at impromptu haggling. For the NR, it is a planned sequence of predictable objections and responses that can be orchestrated to produce the desired outcome. It's like planning three or four moves ahead in chess, forcing an opponent to put themselves in check-mate.

Some of the most effective strategies and set-ups are illustrated in the following sample dialogue for a print advertisement. The NR in question has planned the entire sequence and all questions in advance.

Note that, even if you don't practice all of these common gambits, some of which are games of mutual make-believe, it is important to recognize them or you cannot counter them.

To preserve the flow of the dialogue, the principles are put in parentheses () when used and then summarized afterwards. I have used three of them alone (1, 5, and 7) to get \$700,000 of radio advertising on 152 stations for \$10,000, \$20,000 full-page print advertisements for \$2,000, and 60% off new cars, and those are just the most believable.

Negotiating is predictable and learnable. Simple phrases and questions can be used over and over again to reap huge dividends. Practice small, practice often, and view it as a game—it's a game worth winning.

First introductory call:

NR: "Hi, can I speak with someone about advertising in your magazine?"
(Transfer to Cheryl) "Hi, Cheryl, my name is _____ and I'm Director of Marketing at _____ Company. We're considering advertising with you but are also looking at [competing magazine A] and [competing magazine B]. When

does the next issue close and go to print? Can you please e-mail me your rate card and current discounts?"

June 20th at 3:30pm (1):

NR: "Hi, Cheryl, we're deciding today which magazine we're going with. You're competing against [competing magazines] and we can only choose one. We're looking to do a full 12-month roll-out but are doing a one- or two-month test first. What is the best price you can offer on a full-page four-color ad?" **(2)**

Cheryl: "Hmmm... well, I suppose we could do \$2,500."

NR: "\$2,500?!! Yikes..." **(3)**
(or "\$2,500?!! Wow. Based on the other mags, I was expecting a lot less...")

30 seconds of excruciating silence later:

Cheryl: "Uh...It's possible we could go as low as \$2,300, but I'd have to speak with my boss."

NR: "What else could you add to that? Could we write a product review, add in a 1/6th-page ad, a classified? Perhaps we could get a one-time mailing to your subscriber mailing list? It's important that we make this first time a homerun." **(4)**

Cheryl: "I'd have to check."

NR: "OK, well I need to get on the phone with my board [partner, supervisor, etc.] in 15 minutes. I'll tell you now that \$2,300 isn't very competitive. Can you call me in ten after speaking with your boss?" **(5)**

10 minutes later:

Cheryl: "We can do \$1,850 but just this once. I can also give you a product review of 300 words and a classified."

NR: "Is that really the best you can do?" **(2)**

Cheryl: "I think so."

NR: "I have authorization right now to pay \$1,200 **(6)**, but I'd need to go through my [superior of some type] otherwise. Can you ask your boss now if we can do that?"

Two minutes later:

Cheryl: "She said that we can do \$1,500."

NR: “I have to speak with my [superior]. I’ll call you back in five minutes.”

Five minutes later:

NR: “Hi, Cheryl. Here’s the situation. I have them on the other line and they want to decide on one magazine now. I want to go with you guys but you’re higher than the other two competitors. We’re not that far apart here. If we can just split the difference and do \$1,350, I can fax you the insertion order now and have a check FedEx’d overnight to arrive at your desk tomorrow morning. I have 20 minutes before FedEx closes. Can we split the difference to \$1,350 and I’ll get the check off? Let’s just do it and call it a day.”

Cheryl: (after a pause and speaking with someone in the office) “OK, \$1,350 it is. Where should I send the insertion order?”

That is how a hypothetical NR gets a \$5,000 package for \$1,350. How \$5,000? In addition to the main full-page ad, he or she secured a 1/2-page product review worth at least \$1,500 and a classified ad worth \$500, bringing the total package value to \$5,000, purchased at 73% off.

Here are the principles used:

Principle 1: Negotiate just prior to the other side’s deadlines. If purchasing advertising, find out when the space or air time must be filled and negotiate last minute. No one will sell you hard goods such tractors for \$5 to get rid of them, but this happens all the time with ad space, as it is worth \$0 if not filled. It expires like food products on a shelf. The same approach can be used for cars if you find out when new models come in or when sales quotas are calculated. In this dialogue, assuming the deadline for ad submission is June 30th and the rate card for a full-page ad is \$3,000, the follow-up call is around June 20th at around 3:30pm your time (just prior to FedEx drop-off deadlines).

Principle 2: Make them negotiate against themselves. Give them multiple chances to lower their own price before making an offering yourself. People will often offer less than you were planning to ask for.

Principle 3: Use a “flinch” whenever someone mentions their first discounted offer. Recoil in shock and then be silent. DO NOT speak, even if the other side says nothing for minutes (I often check e-mail during this battle of wills). The tension is uncomfortable, and the salesperson usually fills this void with a concession.

Principle 4: Increase value while lowering price. Ask for bonuses as you

negotiate on the original dollar amount. Most people across the negotiating table let these slip while too focused on negotiating a single price. Our goal is to get the most advertising per dollar, so add to the package as you cut price. This also gives you items to later concede or remove for further discounts.

Principle 5: Never be the ultimate decision maker. Having partners or superiors, often imagined, with veto power allows you to negotiate hard and make impossible demands without being viewed as a bastard and damaging the ongoing relationship with the other side. This is the same reason business people perfectly capable of negotiating their own deals use lawyers as go-betweens: to blame points of disagreement on “legal” and create a non-hostile bargaining environment where egos don’t collide.

Principle 6: Use intelligent “bracketing.” If the list price is \$2,000 and I want to pay \$1,500, for example, I’ll offer \$1,000, creating a \$500 buffer on either side of the target price. The other side will offer \$1,750, I’ll compromise at \$1,250, and then we’ll settle at \$1,500. “Let’s just split the difference” creates the illusion that they are getting a concession from us when, in fact, it was all pre-planned.

Principle 7: Practice using the “firm offer.” This is when, rather than asking the non-committal “Can you do \$___?” you make an if-then commitment such as “If you can do \$___, we will pay you now.” The latter is an offer of payment rather than idle haggling. To circumvent this entire phone conversation, it is possible to use a pre-emptive firm offer and send an e-mail stating that you are prepared to immediately pre-purchase one ad—whether full-page, half-page, or 1/3rd-page; whichever they prefer—at 30% or 40% of rate card. To make this “firm offer” even harder to resist, FedEx them three signed checks for 30% of each of those ad sizes and tell them to cash one, whichever preferred, or rip them all up.

Negotiate once per item (whether a one-page ad or a 12-month radio campaign) and do it hard. Once a price is agreed upon, do not renegotiate the price again. Be tough as hell but be fair. A deal is a deal.

Here are a few other tips for purchasing media:

1. If dealing with national magazines, consider using a print buying agency that specializes in negotiating discounted pricing of up to 90% off rate card. Feel free to negotiate still lower using them as a go-between.
2. Ask for a 15% “mail-order discount” or “first-time advertiser discount”
3. Ask for a discount for paying upfront vs. net-30 or ask for the standard 2% discount for paying net-10 instead of net-30. This can often be negotiated with

their accounting after settling on the ad price with a sales rep.

4. Once you have strong cash-flow and know ads in a certain magazine are consistently profitable, offer to pre-pay 3-12 issues at a time for an additional 30-40% off. Don't ask—make a firm offer to show that it's not window shopping.