

Beliefs, Morals, Goals and Behavior

LBS WEBINAR SERIES
2nd
TUESDAY

Does Pricing Matter to Your Clients and Station?

Gary Moore - President - www.LocalBroadcastSales.com

When employees were asked “Are you one of the top 10% performers within your organization ...

90%
said “Yes”!



It's Essential Pricing Is Done Right



- **Clayton Act and Robinson-Patman Act**

<https://www.ftc.gov/advice-guidance/competition-guidance/guide-antitrust-laws/antitrust-laws>

- **Political Pricing – Lowest Unit Rate**

https://www.insideradio.com/free/what-the-lowest-unit-rate-window-means-for-political-ads/article_88b92d64-e1db-11ea-ab3b-1f00541f3b24.html

- **Be aware of Pricing Discrimination**

Responsibility of a Broadcast Sales Pro

Each, and every, marketing transaction are completed on behalf of your station's broadcast and digital services in accordance with the rules or standards; legitimate and **without misleading or trying to achieve unjust advantage.**



“The job of sales and marketing is not simply to process orders at whatever price customers are willing to pay”

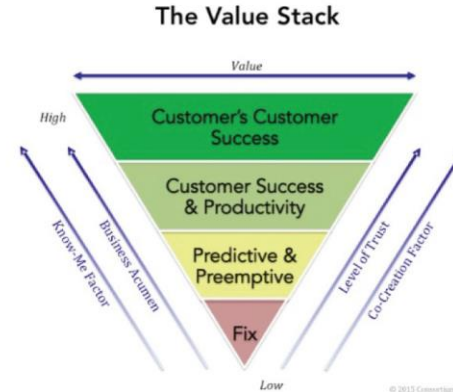
—Thomas Nagle and Reed Holden
The Strategy and Tactics of Pricing

To create a value-based strategy to maximize the difference between the value created for the advertisers and the costs incurred by your company.

The goal of pricing is to capture a substantial share of the value created in the earnings of your station.

It's your job to raise your customer's willingness to pay a price that better reflects your station's true value.

Keep each, and every, one of your accounts fully informed on your station's full value?



Intermediary

Middleman

Station

Advertiser



Honesty

Fair Price

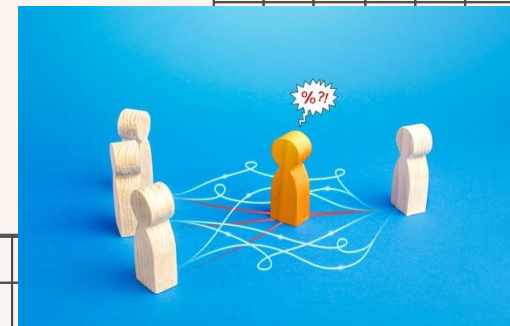
Profitable

Great Creative

Here's What I can Do

Long-term relationship

Nobody is Happy All the Time



It's a War Out There for Advertising Dollars! You Need All the Support You Can Get!

- Embrace your managers pricing strategy
- Ask your manager "why" questions when your pricing request is rejected
- Ask your manager how they would justify and present the latest proposal
- Ask you manager to join on more calls

My Personal Gut Check On Pricing

10 O'clock
News Test



I Build Value
for My Clients

My Station Is Awesome and my Client
Has a Chance to Profitably Succeed
With This Schedule and Price!

OK



Not OK



Don't Tell, No One
Will Ever Find Out



I Did Enough
To Get By

Am I Creating a Competitive Price
Disadvantage to Other Clients in
the Same Business Category?

Post Covid Realities We Must Overcome

- Group decisions
- Less customer loyalty
- Longer, more complex sales cycle
- Selling to experts who may know more than us
- Cautious/skeptical decision makers due to uncertainties
- Intense competition and a broader definition of competitors



Build Value Over Price with the “So What” of Why Use My Station



Theatre of the Mind
Selective Targeting
Measurable Results
Improves Brand Awareness
Anywhere, Anytime Medium
Cost-Effective

Tremendous Frequency and Reach
My Radio Works Well with Other Marketing Channels

Build Value Over Price with the “So What” of Why Use My Station



Sight, sound, motion, emotion
Reach Measurable Results
Mass Audience
Time Spent
Competitive Separation
Intrusive
Community Involvement
My TV Works Well with OTT

Becoming Your Markets Outstanding Broadcast Seller By Adding Value to Your Station

The 30 Things Customers Really Value

by Eric Almquist

Harvard Business Review

FUNCTIONAL



Saves time



Simplifies



Makes money



Reduces risk



Organizes



Integrates



Connects



Reduces effort



Avoids hassles



Reduces cost



Quality



Variety



Sensory appeal



Informs

Teach Price: Expense or Investment?

Cost

- When advertising is understood as an expense
- When poor creative misses the mark of the consumer and advertiser
- When the schedule is too small to provide the proper results for all
- When advertising is noise without specific growth objectives

Investment

- When advertising is a motivation for moving products and services
- When the proper message brings results and builds brand
- When the schedule has enough coverage to increase sales
- When advertising spotlights the advertiser's competitive advantage

Don't Celebrate Too Early

Discounting might produce immediate sales and less profit. However, it often recks havoc for you later. Don't be seduced by the quick high of a short success and fail to recognize the long-term consequences that mess things up for a long, long time with that and other clients.

**Celebrate Your Second Profitable Sale,
not Your First Discounted Sale!**



Building Value That Trumps Price

Marketing and Advertising

To get the most out of your advertising, your goal should be to create an E _____
P _____ in a target market and to reach and motivate a sufficient number of
consumers so that your business can realize a specific growth objective.

What is your equity position? It's when people think of your business when they have a
need for the product or service that you provide.

The T _____ Equity Position is when the consumer thinks of that business f _____!

You certainly want to establish an Equity Position, and should strive to have Top Equity
Position... d _____ this s _____ from your media partners!

M _____ l _____: People (consumers and potential consumers) will
perceive your business the way your advertising represents your business.

THAT MEANS E _____, from the way the phone is answered, to the cleanliness of
the place of business, to the advertising, to the after-sale customer service.

The Marketing Audit to Success

Business Element	1 to 10 Poor to Excellent	Next Steps
Location		
Employees		
Service		
Telephone		
Signage		
Inventory		
Advertising		
Website		
Reception		
Store Visibility		
Name Recognition		
Parking		
Reputation		
Name		
Pricing		

- Know key things about your clients
 - Create Their Equity Position
 - Shoot for Top Equity Position
 - Ask how other mediums help them accomplish these key goals
- Marketing Audit
 - Get inside their day-to-day operation

Source: On www.LocalBroadcastSales.com

Taking Your Marketing to a New Level of Excellence

Building Value That Trumps Price

Who Is Your Target Market?

Take an inventory of your present customers:

Age range: Majority between _____ and _____
Most others _____ and _____

Gender %: Female _____ Male _____ Couples _____

Employment %: Blue Collar _____ White Collar _____
Professional _____

Ethnicity: Majority _____ Most others _____

Proximity to business %: Under 5 mi _____ 5-10 mi _____
10-20 mi _____ Farther _____

Most customers' income between \$ _____ and \$ _____

Target Customers

- Who do you want to reach?
- Focus on the ones you want most!
- What is a customer worth?
- Do you have the customers you want?
- Forget about being everything to everyone!

Do the Math



What is the value of your average sale (ticket)? \$ _____
(Total sales divided by total number of transactions)

How many times does an average customer come to your business each year? _____

What is your average annual revenue per customer? \$ _____
(Multiply the first two figures above to get the average annual revenue per customer.)

What percentage of your business is repeat business? _____ %

- Study your advertisers target for each specific campaign
 - Deliver logical programing
 - Dissect the target customers with your client
 - Do the Math
 - Use the formula on the worksheet to figure the value of each new customer
 - See Paul Weyland's Gross Margin of Profit Formula
- Source: www.Paulweyland.com

Building Value That Trumps Price

What Makes Your Business Special?

Shout your U_____ S_____ Proposition, or your
P_____ A_____.

In order to gain (and keep) customers you must understand who/what you are. When you do, and when you promote th at well, you will have the most powerful tool in local advertising.

What is it that you have or do that your competition does not have or cannot do?



The value in having a USP or PA is in its reality, and in its perception!

Determine what you have or what you do, then continue to exploit that in all elements of your advertising and marketing audit!

D_____ : In addition to consistency and thinking long-term, another key element in advertising success is the concept of domination. Few advertisers have the budget to dominate all communications and advertising channels (media).

When you have set a reasonable budget for growth, spend it so that you dominate what your budget can afford.

Dominate Something!

- Find the power elements that make your clients business special
 - Find out your client's story and be fantastically creative telling their story
- Make sure your schedule is effective enough to Dominate
 - Dominate what they can afford

Source: www.LocalBroadcastSales.com

Selling by Personality Style

Client's Perspective of Your Value

Local Direct

ROI Focused

Overall sales they can expect compared to cost of ad solutions



Be an ROI Expert

www.LocalBroadcastSales.com
or somewhere else for formulas

Agencies

Ratings Focused

To show their clients how low they negotiated CPMs/ad cost

Be a Ratings Expert

But still sell the value of your audience over your competitors

FACTS OF AGENCY LIFE >>> IT JUST IS

- “Barry Broadcastless”
- “Renee Revenge”
- “Paul Proveself”
- “Nicki Numbers”

Previous Digital Only Sellers
Previous Broadcast Sellers
Anyone Fresh Out of College
Blind to All Other Factors



Pick and Build Your Go-To-Market Pricing Strategy and Train Accordingly

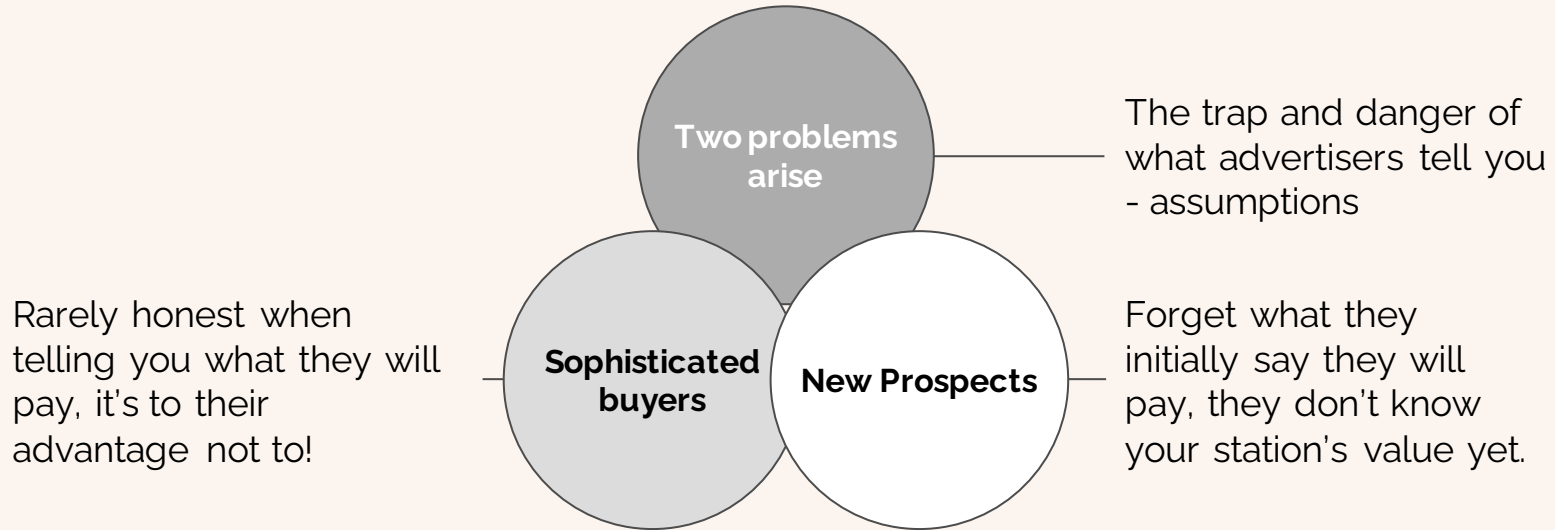
Cost Based

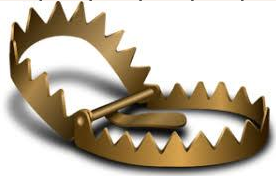
- Product
 - Cost
 - Price
 - Value
 - Customers
- Flawed**
- Progression**

Value Based

- Customers
 - Value
 - Price
 - Cost
 - Product
- Necessary**
- Progression**

When Prices Reflect the Amount Buyers Seem Willing to Pay





Avoid Competition Traps



Your prices should only be lowered when they are no longer justified in comparison to the value offered by the competition.

It's true that price cutting many times is the quickest way to reach short-term sales objectives, but because it can easily be matched, it's usually a poor decision, it offers only a short-term competitive advantage at the expense of permanent lower margins.

Hard to Measure but Oh! So Important!

Skill:

- ✓ It's important that you know how to win pricing battles that remain profitable.

Wisdom:

- ✓ It's more important that you know how and when to avoid pricing battles. Effectively provide clients information that builds the value awareness of your station's solutions and quality service levels.

Win Some and Lose Some

Price competitive situation, draw lessons from warfare instead of what you may have learned from sports or game scenarios.

Learn diplomacy for real success by winning sales and market share, but also doing it at reasonably profitable levels for the long haul

**Over Time, Teach
Your Small Price Sensitive Advertisers
to Respect Value or Eliminate Them**

***“It isn’t the advertisers that you fire
who make your life miserable,
it’s the advertisers you don’t”***

Harvey Macay



**Why are your station and
digital solutions the BEST in
the local market **creating**
customers for your clients!**

**Your team should be tenacious by consistently
(monthly) reevaluating your competition and
trends within the marketplace.**

Your Advertisers May, or May Not, Use Supply & Demand in Own Their Pricing Strategy

Remember
Supply and
Demand
May, or May
Not matter
to your
Advertisers!
However,
explain it to
them
anyway.

How does supply and demand work together to determine price?


- The forces of supply and demand act in opposite ways when it comes to the price of goods and services.



- Eventually, the producer and consumers will come to an agreement with the price.

Logical Buy

“Sell you clients on why your station is THE logical buy, regardless of your ratings by demonstrating that using your station is not a gamble, but a good calculated risk.”



Value

Worth
fair and suitable eq
desirability, utility
being useful or de

Added Value

- Rotation of commercials
- Production of commercials
- Commercial spot placement
- Website and digital online crossover
- Tickets to sporting or entertainment events
- Additional exposure w/talk show hosts/DJs

Most Effective Time to Close - Competitive Edge

Earn the right to ask for the order – Know Your Client

Dominant: Any time you have provided a solution that addresses a challenge to overcome or an opportunity to improve the bottom line.

Expressive: Any time they confirm your station or the ad solution you present sounds good. If they are in a friendly mood and very talkative.

Analytical: Once you have asked them if they have any other questions and they answer "no".

Amiable: Any time the client confirms your station, or your ad solution, is good for the team. Any time one of their associates who is in the meeting confirms your station or your ad solution is a good idea.