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FLOWERS CANADA RETAIL

NewsBud

GROWING YOUR BUSINESS TOGETHER

HOW TO MASTER THE ART OF NEGOTIATING PRICE

At what point in a negotiation do you show your hand? Most people believe if they know what their prospective client is thinking it will give them an advantage. So they wait to quote a price.

They do their homework. They look for clues. Sometimes they just come right out and ask: "What's your budget? Are you looking for great quality, a fast turnaround, or do you plan to go with the cheapest option? What number are you thinking of?"

Big mistake.

If you want to come out on top, use this simple shortcut: Be first. No dancing around the issue. No hemming and hawing. Just give them a number right off the bat. In doing so, you'll set the starting point for the discussion, from which all further discussions will stem.

If you quote, say, $8,000 to complete a project, your prospective client may want to negotiate the price or other parameters of the deal, but all negotiations will start at $8,000. You may come down a bit in price, or agree to different payment or delivery terms, but if she hires you, you'll get a number close to $8,000. On the other hand, if you wait for her to tell you she expects to pay $2,000 for a project, you may be able to negotiate an extra thousand or two, but you're never going to get the $8,000 you feel you deserve.

Divergence is a huge time waster. If a prospect can't—or won't—pay a fair price, why would you spend one more second trying to land her as a client? Even if you lose the deal because your price is too high, you still come out on top because you haven't invested much time trying to win her business.But what if she can't afford to pay more than $2,000? Well, can you do the work for $2,000 and still buy groceries? Probably not. (Ramen noodles don't count.) So what difference does it make if you scared her away with your reasonable price?

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Another common mistake is to do "the range thing," which is to ask prospects to tell you the range they are willing to spend, or for you to give them a range they can expect to spend. For example, say your prospect needs a new phone system for his office. You do the dance, avoid the giant dollar sign in the room and eventually say, "This will cost you somewhere between $100 and $400 per phone." "Great," your prospect says, thinking he's getting a new phone system for only $100 per phone. "Great," you say, thinking you're getting $400 per phone. From that moment on, no one is happy. When your prospect sees the written quote, which of course reflects the price you expect to get, he'll grumble. He heard $100, you heard $400, and now you're both frustrated. Even worse, you probably won't get the deal you desire.

Be first. When I started applying this negotiation shortcut, I was able to increase my prices by nearly 50% and filter out prospects who were not a good fit. No more laboring over proposals for people who couldn't afford my services. No more playing guessing games with myself, trying to figure out what my prospects wanted. No more saying yes to low-ball deals that kept me working 100-hour weeks just to get by.How many times have you entered into a deal that you later regretted? When you try to read a prospect's mind or wait for the person to reveal what he or she expects, you invariably end up doing more work at a discounted rate. How are you going to make it using this old negotiation strategy? (Hint: You won't.)

When it comes to successful negotiations, the single most important matter isn't what your prospect is thinking. It's how fast can you get your number on the table. The person who goes first wins. Period.

Source: Wall Street Journal

THE GROUPON PARADOX

How its coupon business could eventually cripple the merchants that rely on it.

Internet firms are supposed to be all about the cutting edge, but reality and buzz sometimes conflict. Consider Groupon: Its focus is the power of groups, but its actual business is the old standby of direct- mail marketing and coupons. Groupon is spreading that model to a much wider audience—not so much to coupon users, but instead to merchants offering coupons. Groupon is doing for e-mail marketing what other Internet companies are doing for the Yellow Pages or classified ads: encouraging merchants to use modern technology to reach their customers.

Groupon now has more than 50 million subscribers and aims for 150 million by year-end. Its revenues—about half the value of total transactions—were an estimated $760 million last year and should hit $2 billion or more this year. Unlike most Internet companies, it has a lot of employees relative to its revenues—about 5,000.

Thousands of companies have used Groupon to sell their wares, though Groupon does not disclose its rate of repeat sellers.

In theory, Groupon's business model is "group coupons": If enough people sign up, the deal "tips" into action (because Groupon is so large, almost all deals now tip). In practice, Groupon's original idea—to encourage users to form groups to negotiate with merchants—seems to have disappeared. The notion of user empowerment has likewise vanished amid intense competition for the direct-to-consumer e-mail marketing business.

And Groupon is good at it. While privacy is a big issue in the online consumer business, it is a moot point in the Groupon world, because customers voluntarily and explicitly sign up to be targets (otherwise known as "opt-in"). While some brave start-ups are trying to create "you-own-your-own-data" businesses, Groupon and its many clones/competitors simply appeal to the consumers' lust for deals and discounts. They don't talk about privacy at all—either pro or con.

This model is likely to spread, but it is unlikely to be as centralized as search, whether for Groupon or some other competitor. Just as users indicate their interests when searching the Internet, they sign up for deals that interest them. So, you could say that Groupon is opening up e-mail marketing just as Yahoo opened up search. Yes, I said Yahoo on purpose: There is no guarantee that Groupon will be the long-term winner. Other players, including Facebook (which can mine a 500-million-plus customer base), could give it strong competition, using newsfeeds or its evolving messaging functions rather than e-mail.

Groupon's emergence is another step in the Internet's move toward ever-greater efficiency and transparency. That is good news for the strong players, but not so good for the weak.

Consider the airline business in the United States. Long ago, the online aggregators Expedia and Travelocity opened up the market. In response, the leading airlines united to create Orbitz in an effort to control the distribution of their services to consumers. But Orbitz became too powerful for them. Now American Airlines is at war with Orbitz for control of its customers. Increased transparency has made the airline business more "efficient," but now airplane seats are hard to sell on any basis other than price. In an effort to keep their headline prices low, airlines are tacking on surcharges for baggage, drinks, pillows, and other items that once were free.

Thanks to Groupon, merchants may face a similar, but perhaps even more damaging, fate. Prices are likely to erode as consumers come to expect deals. They will wait for sales to buy, and merchants will find themselves competing ever more fiercely. Meanwhile, merchants' brand power will be eroded as consumers look to Groupon (as they do to Orbitz), rather than to the merchants themselves, for the best deals.

The logic is simple: Merchants are encouraged to use the deals to attract new customers, who in theory will return at full price. But, in what seems to be an increasing number of cases, customers come for the deals and then leave for deals offered by other merchants through Groupon. So the number of "new" customers attracted by cheap prices increases, and the number of loyal customers decreases as shoppers prefer to become "new" again for whoever offers the best deal. Over time, merchants are likely to lower the level of their discounts (they can't afford to do otherwise). But Groupon and its ilk will continue to offer an effective way for new merchants to enter the market and attract new customers. Overall, this newly efficient market will be tough on both incumbents and new entrants. All to the good, most people will say: More consumers get good deals, and bad companies have a tough time staying around or getting established in the first place.

But that same trend is likely to affect Groupon itself. As the market becomes more efficient, Groupon will have to work harder to keep its edge. Its sales force is training thousands and perhaps millions of merchants to use e-mail marketing and coupons. In the long run, they will figure out how to do it for themselves, and Groupon and its competitors are likely to offer self-service, just as Google does for search ads. Merchants may well use intermediaries to reach consumers, but they are unlikely to continue to hand over such a huge share of the revenues. In other words, the market is working faster and faster, and it's getting harder for anyone to stay ahead for long, whether it's Groupon's merchant-customers or Groupon itself. For my money, Facebook has a stronger position than anyone in the market. If it can extend its power to daily deals, its competitors had better watch out.

Source: Slate

TELEFLORA ACQUIRES 1300 FLORISTS TO ITS NETWORK

Teleflora added 1,300 florists to its network of 16,000 North American member florists yesterday with the purchase of Petals Network, an Australian and New Zealand floral delivery service.

“We are extremely pleased to welcome Petals Network into our worldwide Teleflora family,” said Teleflora President Shawn Weidmann, of the company’s first international acquisition. “Their commitment to quality, customer service and working exclusively through local florists clearly creates a strong synergy with Teleflora. We look forward to leveraging their excellent reputation and broad network of top-notch florists throughout the region.”

Like Teleflora, Petals Network offers same-day delivery throughout Australia and New Zealand and next-day delivery to more than 90 countries around the world. As part of Teleflora, Petals Network florists will have access to the wire service’s products and services.

“When we first started our floral delivery business in 1992, Teleflora was one of the successful models we studied from the outset,” said Scott Williams, co-founder and CEO of Petals Network. “So to become a part of that company nearly two decades later is very exciting for us."

Petals Network is based in Armidale, New South Wales, Australia, and has won a number of awards, including Australian National Small Business of the Year in 1996. It was also listed as one of Australia's Top 100 Fastest Growing Businesses for 1997-1999 and 2001. Petals will continue to operate under the Petals name in Australia and New Zealand. In addition, the company will also continue using the Teleflora name in New Zealand where Petals currently owns and operates under that name. It will continue to use the www.petals.com.au website for its consumer direct business in Australia, and www.petalsnetwork.co.nz and www.teleflora.co.nz in New Zealand.

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