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Tactic of the Week #50

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Peter Barron Stark President

Peter and his team of expert negotiators train leaders, sales professionals and procurement specialists in the art of negotiation.

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Tactic #50 - The Power of Competition

Summary: Using competitive bids to put pressure on a counterpart.

In most businesses, The Power of Competition can be devastating. The seller, who knows that a customer can easily go to the competition for the same product or service, has to justify everything and may end up giving away more than originally planned. Just the threat of competition may be enough to force concessions.

Example

Using The Power of Competition, a client states, "I have gotten three bids, and yours is five hundred dollars higher than the other two. I would really like to work with you, but your price is too high."

Counter

To counter this challenge, the vendor should defend her price, citing her product's quality and service. Once we were out on a sales call with a seasoned veteran who responded to a client's question about price by stating matter-of-factly, "Mrs. Jones, my price is higher than the competition's because I am the one who is going to do the job right." He said this so confidently that he convinced the client and us.

Another approach is to ask the client to show you the other bids. In some cases, you might be able to detail how your service or product surpasses the other bid.

Finally, realize that many clients will say your price is too high just to get rid of you when they have no intention of working with you even if you do lower your price.

Do you have any negotiation questions? If so, then send them to us by hitting the "reply" button in your email window. We'll do our best to address them in upcoming issues.

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This tactic is one of 101 strategies and tactics featured in [The Only Negotiating Guide You'll Ever Need](#), by Peter Stark and Jane Flaherty.

info@everyonenegotiates.com

858.451.3601

11417 West Bernardo Court
San Diego, California 92127



11417 W. Bernardo Ct.
San Diego, CA 92127

Phone: 858.451.3601
FAX 858.451.3604

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