Chapter One: Sales Strategy

What Is Strategy?

Strategy is a "deliberately chosen direction" of a business.[i] In order to organize this chosen direction, businesses use a hierarchy of elements that make up their business plans. A business plan shows how a company is going to conduct its business and serve its customers, and it consists of the following elements: (1) mission (2) goals, (3) objectives, and (4) strategy.

Mission

The foundation of a business plan is a *mission* (which is similar to a *purpose*). There are as many missions, or purposes, for media and internet companies as there are companies. The mission for some is merely to make a profit. This is a mission that puts the needs of shareholders, or owners, first. The mission for some firms is primarily to serve their community. Many organizations have missions that serve multiple stakeholders: audiences, employees, communities, customers, and shareholders. ESPN's mission statement is an excellent example of a mission that serves multiple stakeholders and one that, like the missions of the leading companies in Collins and Porrass's *Built to Last*, is inspiring.

> ESPN is committed to enhancing its position as the premier sports programmer in the world by delivering a superior product to its viewers, affiliates, and advertisers. We seek to attract and retain the most talented people by fostering an environment for them to thrive in their work efforts as they develop the finest sports program distribution system for both domestic and international markets.
>
> People are the most valuable resource at ESPN. We believe in treating every employee with respect and dignity. We endeavor to support and reward our people for their efforts and we will strive to make ESPN a caring company, cognizant of each employee's personal and professional needs.
>
> Our success has always been dependent upon people working together as a Team. To sustain our success and competitive advantage, we must communicate with one another openly and honestly, assist each other in time of need and vigorously support the team building effort.
>
> From the start, aggressive thinking and risk taking have been at the heart of our success. We must constantly practice and encourage these qualities to secure our future. We must feel free to honestly disagree with one another while knowing when to treat mistakes as learning opportunities. In our competitive environment, creative risk taking can net us huge rewards.
>
> We will continue to maintain our reputation for excellence while insuring our levels of profitability, as we look for creative ways to deliver the best programming and services within cost effective practices.

As an organization, we will strive to abide by these Values. We believe that by embracing them, our EMPLOYEES will be enriched, our CUSTOMERS will be better served, we will have a positive impact on our COMMUNITY, and our SHAREHOLDERS will enjoy a healthy return on their investment.

Once a company determines its mission, or purpose, like ESPN's, it can then determine its long-term goals and short-term objectives to accomplish its mission, or purpose.

Peter Drucker wrote: "There is only one valid definition of business purpose: to create a customer,"[ii] but, even though I quoted this as a business purpose in *Media Selling, 4th Edition*, I did so to emphasize the vital importance of the marketing concept, which is to be customer focused. But in the hierarchy of a business plan, "to create a customer" would be an *objective*.

Goals and Objectives

A company's mission determines its goals and objectives. If its mission were just to make a profit, then it would consider only long-term goals and short-term objectives that contribute directly to the bottom line. If there were multiple stakeholders in a company's mission, then multiple goals and objectives would be necessary. For example, ESPN might set yearly programming (ratings and share) objectives, innovation objectives (new programming), employee development objectives (teamwork training), community service objectives, customers service objectives, and revenue and profit objectives.

Media Sales Departments

Because a media sales department sells advertising to customers (advertisers), it is responsible for advertising revenue. Therefore, the primary mission of a media sales department is *to maximize revenue* and its primary long-term *goal* is *to get more than its fair share of advertising revenue*.[iii] Other sales department goals might be to grow revenue at a particular rate each year (say, 10 percent), to increase renewal rates, to increase response time to customer inquiries, or any number of goals based on improving its competitive position and to coordinate with the overall mission of the business.

After a few (not more than five) long-term goals are established, then several short-term *objectives* can be set that will ensure accomplishing long-term goals. The primary objectives of a media sales organization, has outlined in *Media Selling, 4th Edition* (Chapter 2), are:

Media Sales Department Objectives

1. To get results for customers (another way of saying "create a customer" that is specific to the media business)
2. To develop new business
3. To retain and increase current business
4. To increase customer loyalty

If a sales department achieves these primary objectives and executes the associated sales and sales management strategies well, maximizing revenue and getting more than a fair share will follow.

Furthermore, sales management must focus obsessively on these four objectives, communicate them constantly to a sales staff, and see that salespeople execute on them every day. It is all too easy for salespeople to focus on their own interests, such as commissions and bonuses and not on customers and getting customer-defined results for them. It is also all too easy for salespeople to try to retain current business and over-service current advertisers and not develop new business. Sales management must also constantly remind and reward salespeople not only to retain current business, but also always to sell for an increase.

Chapter 6 of this book contains systems, including compensation plans, that will help sales managers ensure that these objectives are met.

Strategy

Strategy consists of policies, activities, and tactics that ensure meeting defined business goals and objectives. Strategy can also be defined as a "distinctive competence."[iv]

In a 1996 article in the *Harvard Business Review*, titled "What is Strategy?", Michael Porter wrote:

> Operational effectiveness (OE) means performing similar activities *better* than rivals perform them. Operational effectiveness includes but is not limited to efficiency. It refers to any number of practices that allow a company to better utilize its inputs by, for example, reducing defects in products or developing better products faster. In contrast, strategic positioning means performing *different* activities from rivals' or performing similar activities in *different ways.*[v]

So, the key to strategy is doing something different, or as Porter writes in the article mentioned above, "A company can outperform rivals only if it can establish a difference that it can preserve."[vi] Thus, media sales management must understand how its competitors are selling and then craft sales strategies for pricing, creating value, negotiating, and servicing that not only create a perceived competitive advantage over competitors' practices but also are also significantly different in ways that can be sustained and not easily replicated. According to George Day in his book *Market Driven Strategy: Processes for Creating Value*:

> The essence of competitive advantage is a positioning theme that sets a business apart from its rivals in ways that are meaningful to the target customers. The most successful themes are built on some combination of three thrusts: better (through superior quality or service), faster (by being able to sense and satisfy shifting customer requirements faster than competitors), and closer (with the creation of durable relationships). The task for management is to simultaneously find a compelling theme and ensure continuing superiority in the skills, resources, and controls that will be the source of this advantage over target competitors…Successful businesses can't afford to stop and celebrate their current advantages. They have to be paranoid about competitors and move aggressively to defend their position. This means continuously innovating to build new sources of advantage before rivals overtake."[vii]

Media Sales Strategy

A media sales department has the following hierarchy of objectives and strategies (from *Media Selling, 4th Edition*, Chapter 2):

Table 1.1

Mission	To maximize revenue
Primary Goal	To get more than a fair share of advertising revenue
Primary objectives	1. To get results for customers 2. To develop new business 3. To retain and increase current business 4. To increase customer loyalty
Primary Sales Strategies	1. Sell solutions to advertising problems 2. Reinforce the value of advertising and of your medium 3. Create value for your product 4. Become the preferred supplier 5. Innovate
Primary Sales Management Strategies	1. Demand pricing vs. supply pricing 2. Sell for share vs. sell for rate approach 3. Commodity vs. differentiated approach 4. Concentrate on available business (reactive) vs. concentrate on new business (proactive) 5. Concentrate on agencies vs. concentrate on direct business 6. Simple, single unit pricing vs. complex packages approach 7. Traditional vs. Innovative approach 8. Single-medium vs. cross-platform approach 9. Results- and solutions-oriented vs. numbers-oriented approach
Tactics	Day-to-day responses to market conditions and competitive pressures in attempt to carry out long-term strategies.

In Table 1.1 above Sales Strategies are labeled as such because they are what salespeople, the foot soldiers in the battle for revenue, must execute every day and which are under their individual control. Sales Management Strategies are labeled as such because they represent a strategy, or approach—they mean the same thing—determined by, executed by, and under the control of sales management. Furthermore, the Sales Management Strategies above are at the two extreme ends of a continuum. In practice, media sales managers typically use a complex combination of strategies along a continuum of each of the Sales Management Strategies mixed with appropriate Primary Sales Strategies, depending on the medium and the competitive situation.

When sales management crafts its overall sales strategy, it should consider all of the six Primary Sales Strategies and all ten of the Primary Sales Management strategies and their gradations in order to come up with a mixture that maximizes revenue and will get them more (slightly more) than a fair share of advertising revenue for their medium and their media outlet.

Why Strategy Comes First

Sales management must craft its strategy before it acts on all of the other areas in the Media Sales Management Ecosystem of Excellence (structure, culture, talent, innovation, execution, and leadership—as shown in Figure 0.3 in the Introduction), because all of them depend on strategy. To reinforce this point, an old management bromide states "structure follows strategy," and so should culture, talent, innovation, execution, and leadership.

What Really Works indicates that a company should "maintain a fast, flexible, flat organization;" "eliminate redundant organizational layers and bureaucratic structures and behaviors: to promote cooperation and the exchange of information across the whole company;" and "put your best people closest to the action and keep your frontline stars in place."[viii] In addition to these practices, sales management should design an organizational structure that effectively and efficiently carries out its sales strategies

For example, a city magazine's (*New York*, e.g.) might be to concentrate on large national advertisers and, therefore, would have an organizational structure that included a National Advertising Sales Director and would hire salespeople who had relationships at the client level and with advertising agency planners. On the other hand, another city magazine might decide to concentrate on large local advertisers. Therefore, it might have a structure that included a Local Advertising Director as well as a National Advertising Director and would hire salespeople who had relationships with buyers and merchandisers at the large local department stores as well as with top-level management at those stores.

Another example of different structures would be in local radio. One station that is number-one in the ratings might have a National Sales Manager and a Local Sales Manager and hire salespeople to handle mostly transactional agency business and who have relationships with agency media buyers These salespeople would be experienced negotiators and who are service-oriented. Another station that has low ratings might not have a National Sales Manager but structure its sales department to include both a Local and a Retail Sales Manager and hire salespeople who are development oriented and well trained in selling direct to advertisers value-added packages that might include events and promotions.

Another example would be an online business that has an outside sales staff, organized by verticals, or categories, that calls on large agencies and direct clients and an inside sales staff that makes calls on smaller direct clients using only phone calls and e-mails.

How a sales organization crafts its strategy will also define the elements of execution. Because execution involves delivering, "products and services that consistently meet customers' expectations and empowers "front lines to respond to customer needs,"[ix] the type of customers and their needs will vary, and, thus, the strategy will vary. Strategy also defines performance in a sales organization's culture, dictates the type of innovation that is required, and the type of sales talent that is hired. Leadership (sales management) coordinates, helps craft, and, most importantly, communicates strategies to a sales organization.

Table 1.2 below shows a comparison of the various types of strategies proposed by *What Really Works*, the Sales Executive Council World-Class Sales Organizations, and *Media Selling, 4th Edition.* The most important strategies for media sales organizations are in bold. In the remainder of this chapter, I will discuss how the various highlighted strategies apply to a media sales department.

Table 1.2

<u>Strategies</u>

What Really Works	**Sales Executive Council**	***Media Selling, 4th Edition***
1. Build a strategy around a clear **value proposition** for the customer.	1. 1. We **tier customers** based on value (current and potential) and deploy sales resources effectively based on customer value.	1. 1. **Sell solutions to marketing and advertising problems.**
2. Develop strategy **from the outside in.** Base it upon what your customers, partners, and investors have to say—and how they behave.	2. 2. We have a holistic view of the customer through an **enterprise information system**, and we use this system effectively to manage customer relationships.	2. 2. **Reinforce the value of advertising and of your medium.**
3. Maintain antennae that allow you to **fine-tune your strategy** to changes in the marketplace.	3. 3. We make use of **multiple channels**, deploying according to customer preferences and customer value.	3. 3. **Create value for your product.**
4. **Clearly communicate** your strategy within the organization and among customers and other external shareholders.	4. 4. We have **effective methodologies for deepening or broadening relationships** (and getting paid for them) with customers.	4. 4. **Become the preferred supplier.**
5. Keep growing your core business, beware the unfamiliar.	5. 5. We effectively align the organization across divisions, functions, and geographies to **present a "seamless" face to the customer.**	5. 5. **Innovate.**
		6. 6. **Help the competition get rich.**

How to Craft Sales Strategies

Henry Mintzberg, in an article titled "Crafting Strategy," developed the concept that strategy should be crafted, as a potter crafts a bowl on a potter's wheel with hands-on skills, experience, and knowledge. Mintzberg also believed that strategy should continually be crafted and updated based on day-to-day experience. Managers "sit between past corporate capabilities and future opportunities," according to Mintzberg, and they must train themselves "to see, to pick up things other people miss" in order to craft a different way of doing things and have "peripheral vision…to detect and take advantage of events as they unfold."[x] Thus, flexibility is the key, responding to what works best daily and learning, changing, and molding strategy as you go along in response to competitive pressure and changes.

Know the Business

First, in order for sales managers to craft strategy they must "have intimate knowledge of the business and the creativity to do something with it."[xi] They must be experts in selling, in the sales process, in sales systems, in coaching salespeople, and, most important, in their customers' needs. Also, sales management, not general or corporate management, must craft strategy. Corporate executives (CEOs, CFOs, division presidents, e.g.) must allow sales management to make strategy decisions and avoid what marketing theorist and Harvard Business School professor Theodore Levitt referred to as "the bull-fight syndrome"—sitting in the stands and discussing among themselves how the bullfighter down in the ring should fight a bull.[xii] Levitt's message to corporate executives is clear; let those down in the ring decide on the best strategies and systems for fighting the bull because bullfighters are closest to the action and are experts at doing their job.

Know the Strategy Process

Michael Porter in his 1980 groundbreaking book *Competitive Strategy: Techniques for Analyzing Industries and Competitors* recommended a process for determining competitive strategy by asking the following questions:

1. What is the business doing now?
    a. What is the implicit or explicit current strategy?
    b. Implied assumptions (about a company's strengths and weaknesses and relative position in an industry)
2. What is happening in the environment?
    a. Industry analysis (What are the key factors for competitive success and the important industry opportunities and threats?)
    b. Competitor analysis (What are the capabilities and limitations of existing and potential competitors, and their probably future moves?)
    c. Societal analysis (What important government, societal, and political factors will present opportunities or threats?)
    d. Strengths and weaknesses (Given an analysis of industry and competitors, what are the company's strengths and weaknesses *relative to present and future competitors?)*
3. What should the business be doing?
    a. Tests of assumptions and strategy
    b. Strategic alternatives (What are feasible strategic alternatives and is the current strategy one of these?)
    c. Strategic choice (Which alternative best relates the company's situation to external opportunities and threats?)[xiii]

George Day in his 1990 book *Market Driven Strategy: Processes for Creating Value* offered a more concise version of the strategy crafting process:

1. Scanning the overall environment

2. Scanning and researching the industry/market environment
3. Researching direct competitors
4. Researching your media outlet's skills and resources
5. Analyzing current strategy.[xiv]

Scanning the Overall Environment
Sales managers must constantly monitor the *external environment* and "maintain antennae" (Table 1.2 above) in order to stay in touch with regulatory, economic, social, technological, demographic, competitive content and pricing, advertising, and audience trends so they can, as recommended in *What Really Works,* fine-tune their strategy in order to stay ahead of competitors. For further details on how to research the external environment, see "How to Develop a Winning Strategy" in Appendix A. This paper is also available in the "Papers by CW" link on my website, www.charleswarner.us.

Scanning and Researching the Industry/Market Environment
Sales managers must continually scan and conduct research (systematically gathering information) on their industry and market conditions by means of an "enterprise information system" (Table 1.2 above) and as detailed in Scanning and Researching the Industry/Market Environment section in "How to Develop a Winning Strategy" in Appendix A.

Most important, sales managers must constantly be in touch with their customers. As the authors of *What Really Works* recommend, strategy must come "from the outside in" (Table 1.2 above), based on what customers have to say and how they behave. Sales managers must constantly be in touch with their key customers and ask, "How are we doing?" And at least once a year conduct a formal Customer Satisfaction Survey as suggested in Chapter 13 of *Media Selling, 4th Edition.* A sample of a Customer Satisfaction Survey is available on www.mediaselling.us, in the "Downloads" link. Read Chapter 13 of *Media Selling, 4th Edition* thoroughly and make sure salespeople are drilled, encouraged, and evaluated based on giving customers outrageous service, because giving significantly better service than competitors can be one of the most important differentiators available to media sales organizations.

Researching Direct Competitors
Researching direct competitors is the most important type of research sales management must do. Too many sales organizations hear only the negatives they want to hear about their competitors so they can sell negatively against them. Selling negatively is not a strategy; it's stupidity. Read Chapter 10 of *Media Selling, 4th Edition* and drill deep into your salespeople's brain the third principle of creating value, which is "don't knock the competition." From a management standpoint, it's even worse to be non-objective about the competition, because how sales management determines its overall sales and sales management strategies is not necessarily based on what the best strategies are according to its organization's strengths and weaknesses, but in response to competitors' strategies. Game theory has taught strategists with mathematical precision the lesson that in the games of business, poker, football, or war, strategic moves must be based on determining the optimal response to all of your competitors' possible moves.

Sales management must be on the lookout for threats of new competitors coming on the scene or for opportunities caused by the weakening of current competitors. Furthermore, sales managers must be proactive (changing fast) when they see problems rather than being reactive (changing too late, after competitors have changed) in order to continue to be successful.

Therefore, sales managers must have a system for continually gathering information about competitors. Sales management must monitor competitors' strengths, weaknesses, and vulnerabilities. Research becomes likes spies in wartime. As the Chinese general Sun Tzu wrote, "Spies are a most important element in war, because upon them depends an army's ability to move."[xv] Competitive intelligence and analysis (not illegal spying) includes detailed descriptions of the following elements, some recommended by Michael Porter in *Competitive Strategy*.

1. *Future goals*. What drives competitors; where do they want to go? (Getting results for customers, or getting the price of their stock options up, for example.)
2. *Assumptions*. What are competitors' perception of their relative position and what are the historical or emotional identifications they make? (With show business or journalism, for example.)
3. *Current strategies*. Sales strategies do not have to be explicitly stated, they can be implicit in actions. Competitors' strategies are best described by the major operating policies in the sales department and, most important, by the management style and values of its key sales executives. Sales management must gather information in six areas of current strategy:
    a. *Pricing.* What are competitors' current prices and overall pricing strategy? Are they consistent in executing their strategy?
    b. *Sales promotion material and presentations.* How good and professional are competitors' media kits and sales presentations? Do they have success case studies? Do they have a good, functional, informative website? Poor execution of sales promotion material and presentations by competitors can provide good competitive opportunities.
    c. *Negotiating approach.* Are competitors fiercely competitive, win-lose negotiators, or are they cooperative, win-win negotiators?
    d. *Added value approach.* Do competitors offer significant added value at no cost or at very little extra cost?
    e. *Servicing approach.* Do competitors give outrageously good service and make raving fans of their customers (see Chapter 13 of *Media Selling, 4th Edition*) or are they arrogant and do they virtually ignore customers after they receive an order? Do they lavish entertainment, tickets, perks, and gifts on their customers? Poor service execution by competitors offers excellent competitive opportunities.
    f. *Sales process.* Are competitors easy to deal with or are their sales processes cumbersome and slow, their contracts massive, and their lawyers and financial people interminably involved? Bureaucratic, difficult sales polices of competitors can offer competitive opportunities.
4. *Capabilities*. How good are the competitors' top management and its sales management? What is their staying power and probable job tenure?
5. *Competition's response profile*. Is the competition happy with its current position? What likely moves will competitors make and what sales strategies, if any, are they likely to respond with? Where are competitors most vulnerable? What actions will provoke the greatest and most effective retaliation from them? Obviously, avoid taking these actions. It is vital to have a well-organized and thorough competitor-intelligence-gathering system

in order to collect, compile, catalog, digest, and evaluate complete, detailed information about your main competitors' response profiles. Scenarios about competitors' likely strategic moves can then be developed as well as your possible responses to their strategies.

6. *Commitment*. What are competitors' histories of commitment? How long are they likely to be in business? Do they run from a fight? Do they raise prices and then back off at the slightest resistance? Do competitors flit from one strategy to another, or do they tend to stay determinedly on course?
7. *Flexibility and change profile*. How flexible are competitors? Do they stick rigidly to policies and procedures? Do they change rapidly in response to market conditions and customer needs, or are they inflexible, rigid, and hide-bound?

One very good way to keep up on what major competitors are doing is to appoint salespeople to be experts on your main competitors, one salesperson for each major competitor. Then, ask the salespeople to prepare detailed presentations on each of these major competitors every three or six months to your sales staff. The presentations should detail how competitors sell themselves to advertisers, what their sales strategies are, who their sales management and salespeople are (and, objectively, how good they are), how good their service is, what customers think about them (where they rank in your Customer Satisfaction Surveys), what their pricing is, and what their strengths and weaknesses are. (For guidelines on what to look for, see the seven elements above.) The more you know about your competitors, the better you can craft your competitive strategy and the more knowledgeable and convincing your salespeople will be when they talk to customers about your advantages.

Researching Your Media Outlet's Skills and Resources

Sales managers must also constantly monitor the *internal environment* in order to stay in touch with changes in leadership (which often brings a change in overall corporate strategy), political changes, resources, and shifts in internal capabilities, strengths, and weaknesses. See "How to Develop a Winning Strategy" in the Papers by CW section of my website, www.charleswarner.us/indexppr.html.

Your Current Strategies and Tactics

Finally, sales managers must continually analyze their current strategies. The best way to do this analysis is with thorough debriefings, as recommend in *Media Selling, 4th Edition.* After every major presentation, every major negotiation, and every major sales call, debrief with the people involved to find out what went right, what went wrong, and what could be done better. Remember, you learn much more from failures than from successes. When you get an order, you often don't know why for sure, but a good debriefing can often bring out something you did that you can repeat. But when you lose an order, it is often easy (but painful) to identify mistakes and miscues, and a good, in-depth debriefing can identify areas where corrections and adjustments can be made.

Don't' assign blame; look at losses as learning opportunities, not mistakes. Remember, flexibility in the key. Constantly analyze, change, and improve.

Some Things to Watch Out For

Sales managers can respond only to problems they perceive. Some sales managers are complacent and do not take an imaginative look at opportunities, and when they do, the tendency is to search in their neighborhood—to look in familiar and traditional places—for solutions. Another dangerous perception is "we know it all." Too many sales executives, especially in network television, believe that their successes are due to their own brilliance and expertise.

Often successes, by their very nature, contain the seeds for their own destruction. This tendency is labeled the Icarus paradox by Danny Miller in a book by the same name.[xvi] As was the case with Icarus, whose powerful wax-and-feathers wings melted when he flew too close to the sun and plunged to his death, the greatest asset of every successful business contains the potential for destroying the company. As Miller writes about people who were once quality-conscious craftsmen but become nit-picking tinkerers:

> (They) get so wrapped up in tiny technical details that they forget that the purpose of quality is to attract and satisfy buyers. Products become overengineered but also overpriced; durable but stale. Yesterday's excellent designs turn into today's sacrosanct anachronisms.[xvii]

That passage could have been written with several once-dominant television network or newspaper sales organizations in mind. They key point made by Miller was that "they forget that the purpose of quality is to attract and satisfy" customers.

Another perceptual problem that can crop up is Defender Hubris, as defined by Richard Foster in *Innovation: The Attacker's Advantage*.[xviii] Defender Hubris occurs when leaders in any product or service category not only tend to become complacent, but also to develop a hubris, or arrogance, about their current strategy (or presumed strategy, which is often more like drifting with the tide than purposefully sailing). The five areas of managers' Defender Hubris are:

1. To assume that an evolutionary approach is good enough
2. To assume that they will have early warnings of changes because they understand current technology, customer needs, and competition
3. To be convinced that they understand customer needs
4. To have wrongly defined the market (market definition is extremely difficult in changing times)
5. To believe they understand their competitors (when in reality they don't know which competitors to watch).

Too often sales management in network television, high-rated local television stations, large national magazines, and many large metropolitan newspapers suffer from Defender Hubris and need to develop some humility and reality in the face of online advertsing eating their lunch.

Develop a Game Plan

After you have conducted in-depth research on the external and internal environment, your capabilities, and, most important, on your competitors and your customers, you can develop a game plan.

A game plan consists of a series of tactics that are designed to carry out on a daily basis the six Primary Sales Strategies and the mixture of Primary Sales Management Strategies that is appropriate for your company and your competitive position.

Developing a game plan also means having some understanding of game theory, which is the purest form of strategic thinking. Two excellent books on game theory are: *The Art of Strategy* by Dixit and Nalebuff and *Game Theory at Work* by James Miller.

Intuition

Intuition is a combination of imagination and experience. However, in order for the creative imagination to function, it must be thoroughly absorbed in the subject—it must have lots and lots of information. The ability to absorb large quantities of competitive information, synthesize it, and then come up with an unusual approach is at the heart of creative thinking. Imagination comes from being able to think of a large number of alternatives, analyzing them all, and then making an unusual, unique connection. Imagination also involves taking risks, in doing something new. However, just because something is new, different, or "creative" does not mean it is right or that it will work. What works is keeping up on industry trends, competitors' moves, and customers' needs and then using imagination to provide customers with what they want, as determined by a Customer Satisfaction Survey and being in constant touch with customers, more effectively than the competition. Experience is essential in knowing how to spot trends and opportunities and in understanding what alternatives have not been successful in the past and why.

Final Steps in Crafting Sales Strategies

1. Write a value proposition for your department. George Day in *Market Driven Strategy* writes: "The essence of competitive advantage is a positioning theme that sets a business apart from its rivals in ways that are meaningful to the target customers."[xix] In media sales, a positioning theme is a *value proposition*. Here is 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 that jointly builds both of our brands.

   A well-crafted value proposition becomes a mission statement for your sales organization. It is a deeply felt commitment and what you live by and manage by. It is a concise, easily understood two-minute elevator pitch, as well as a statement that can be included in sales promotion material and sales presentations.
2. Craft sales strategies that are based on the following principles, as recommended by Day:
   a. Better. A perception or image of better service, better operational support, better technology, and a better and easier sales process.
   b. More. A perception or image of more value, more credibility, and more reliability.
   c. Closer. A perception or image of having nurturing, close relationships, being friendlier, more caring, or "more like me" (the similarity principle).
3. Develop a one-, two-, and five-year strategic plan. Revenue and profit budgets usually do not have strategic components, and, therefore, do not show in detail how budgets are going to be achieved. A strategic plan should include the sales tactics you will use to carry out your strategy.

Potential Traps
When crafting a strategic plan, there are several traps to avoid:

1. Meaningless differentiation. For a benefit to be a key differentiator it must make a real difference to your customers.
2. Getting greedy. Remember, your primary long-term goal is to get more than your *fair* share, not getting an unfair share. Too often sales organizations that are successful in getting more than their fair share begin to want it all, the whole pie instead of a reasonable piece. Because it is difficult to determine shares of advertising dollars in any medium with precision, often a media outlet that gets, say, a 10 percent higher share than its fair share often goes unnoticed. But if that outlet were to get greedy and try to get it all, competitors will notice and will often gang up on the offender. It's always best to leave some crumbs on the table to avoid retaliation. Another, and potentially larger problem, with getting greedy is that when sales management and salespeople get greedy, they forget that their number-one objective is to get results for customers and they tend to sell things that *they* want to sell to increase *their* revenue and share rather than selling what is best for their customers.
3. Group-think. Group-think occurs when salespeople get together and start talking about how great they are and how awful competitors are. Successful companies and athletic teams usually begin to lose when they underestimate their competition. Never underestimate the competition, never allow salespeople to be comfortable or complacent. Group-think also occurs in a meeting or among a group when dissension is discouraged, and subsequently everyone agrees with an idea. A popular member of the group might throw out an idea and someone else will agree with it. Suddenly everyone begins agreeing and reinforcing everyone else, which squelches dissention.
4. Always selling for share. (See the Local Television section below.)
5. Lack of commitment. Some companies have a track record of giving up easily and not fighting a challenge, and they are easy to pick on. Don't be wishy-washy. Write a value proposition, craft a viable strategy based on better, more, and closer, develop a long-term strategic plan, and commit to it. When Caesar invaded Britain, he burned the boats in which his troops crossed the English Channel so they would have no choice but to advance and conquer. Sales managers must create the same commitment in their salespeople; they must destroy all excuses for failure.

Creating Contingency Game Plans

The most challenging and creative act of strategic planning is to dream up the possibilities from among which choices can be made, and a possibility has to be created before it can be chosen. Brainstorming is an excellent way of stimulating creative juices and coming up with a wide variety of strategic possibilities (see "Rules for Brainstorming" in the Papers by CW section of my website: http://www.charleswarner.us/indexppr.html).

Creating possibilities also means creating contingency plans for several potential scenarios that might come about in the future. Although no one can accurately predict the future, it is possible to guess what might happen if current trends continue and to determine several possible moves competitors might make. Developing contingency plans for these possible future scenarios and competitive moves is a way to prepare a sales department to make lightning-fast strategic moves when something close to one of the scenarios occurs. Without contingency plans, when something happens that calls for an intelligent response, a sales organization might have to slow down and plan, which could be disastrous.

Different Game Plans for Different Media

Just as baseball, football, basketball, and soccer teams have different types of game plans, different media and different outlets in any one medium should have different types of game plans, depending on the competitive situation.

Most of the strategies and tactics used by media sales departments depend on the forces of supply and demand in a medium. Media with an elastic supply, such as newspapers, magazines, and websites, can add supply as demand varies, so the correct pricing strategy is to encourage advertisers to buy more by using a variety of volume discounts. Media with an inelastic supply, such as television, cable, radio cannot add supply as demand varies, so prices vary, often dramatically, based on demand, and the correct pricing strategy is to get the maximum price for high-demand inventory regardless of how much is purchased.

Let's look at the Primary Sales Strategies and the Primary Sales Management Strategies again and see how these strategies change by medium.

Table 1.3

Primary Sales Strategies	1. Sell solutions to advertising problems 2. Reinforce the value of advertising and of your medium 3. Create value for your product 4. Become the preferred supplier 5. Innovate
Primary Sales Management Strategies	1. Demand pricing vs. supply pricing 2. Sell for share vs. sell for rate approach 3. Commodity vs. differentiated approach 4. Concentrate on available business (reactive) vs. concentrate on new business (proactive) 5. Concentrate on agencies vs. concentrate on direct business 6. Simple, single-unit pricing vs. complex packages approach 7. Traditional vs. transformative approach 8. Single-medium vs. cross-platform approach 9. Results- and solutions-based vs. numbers-oriented approach
Tactics	Day-to-day, sales-call-by-sales-call responses to market conditions and competitive pressures that attempt to carry out strategies.

Newspapers

The majority of newspapers have no other significant newspaper competition, they are the only newspaper in their cities, and thus have a monopoly**.** Monopolistic newspapers maximize revenue and get more than their fair share of total advertising revenue by emphasizing these Primary Sales Strategies:

1. Selling solutions to advertising problems
2. Reinforcing the value of their medium
3. Becoming the preferred supplier
4. Innovate

Selling solutions to advertising problems. Because they are monopolies, newspapers don't have to worry about competing newspapers. Newspapers emphasize getting results because it is a results-driven medium, especially for retailers, and so newspapers sell solutions to advertising problems as opposed to a numbers-oriented approach.

Reinforcing the value of their medium. Competition for newspapers is all other media, especially local craigslist.com, local television, local cable, and local radio, so newspapers emphasize the value of the medium because they get virtually 100 percent of newspaper advertising dollars and, thus, seek to get money from all other media. However, with the implosion of newspaper advertising revenue, currently newspapers are desperately trying to hold on to existing advertising revenue in the face of declining circulation, which means a concomitant decline in advertising revenue.

In the decline phase of the business cycle, the only viable strategy is to super-serve existing customers.

Becoming the preferred supplier. Because newspapers have traditionally been the primary advertising medium for local retailers, newspapers court large retail advertisers with fervor and with massive amounts of information. Newspapers more salespeople and resources, especially research, than other media outlets. Newspapers are often the medium advertisers new to a market go to first for information. Newspapers make a special effort to be the preferred supplier of information to advertisers, and usually are just that.

Innovate. Innovation comes in the form of new editorial content, typically in new sections (such as *Science Times,* or *Technology*) or special sections (such as *Spring Clean-up* or *Elder Care*) that will attract both new advertisers and increases from current advertisers.

In large cities such as New York, Chicago, and Los Angeles where there are *competing newspapers* and no joint operating agreements (JOAs – See Chapter 19 in *Media Selling, 4th Edition*), there is usually fierce competition and these newspapers' Primary Sales Strategies change to:

1. Becoming the preferred supplier
2. Innovate
3. Selling solutions to advertising problems

Becoming the preferred supplier is typically based on providing added value, perks, managing and solidifying relationships at the client level, and exploiting the editorial position of a newspaper or the demographics of its readers. Some newspapers with a conservative editorial policy become the preferred supplier to conservative businesspeople who support the paper almost as much because of its editorial position as its ability to get results. In multiple-newspaper cities such as New York, the daily newspapers become the preferred supplier by appealing to different demographic groups and, therefore, have vastly different types of advertising.

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Innovate – In competitive markets innovation is the same as in non-competitive markets.
Selling solutions to advertising problems. Just like in non-competitive markets, in competitive markets newspapers emphasize getting results because it is a results-driven medium, especially for retailers, and so they sell solutions to advertising problems as opposed to a numbers-oriented approach.

Furthermore, all newspapers attempt to maximize revenue and get more than their fair share of newspaper advertising revenue by using the following Primary Sales Management Strategies:

1. Supply pricing
2. Sell for rate
3. A combination of national vs. local approaches, depending on the newspaper
4. Differentiated approach
5. A combination of available vs. new business approaches, depending on the newspaper
6. Concentrate on retail/direct rather than on agencies
7. Single-unit vs. complex package approach
8. Traditional approach
9. Single-medium approach
10. A results- and solution-oriented approach instead of a numbers-oriented approach

Supply (supply-based) pricing. Supply pricing means that pricing is based on there being an elastic supply of ad inventory that is not fixed and that can be adjusted based on demand. Thus, when demand increases, the supply of inventory can be increased without necessarily raising prices, and because inventory is virtually infinite, pricing strategies should reward advertisers with discounts to buy more of it. So, generally, pricing strategy should emphasize getting a larger expenditure and giving up inventory to get more money. Supply pricing also means that newspapers structure their rate cards to encourage advertisers to buy more space *more often*. Because they can add pages (supply), newspapers structure discounts that reward advertisers for buying more space more often. Of course, negotiating over price exists, but as a rule, newspapers prefer negotiating over position in the paper rather than giving too steep discounts, usually giving the most favorable positions to the largest and longest-running advertisers.

In supply pricing situations, large advertisers typically sign long-term contracts (a year) in order to get the maximum possible discounts.
Sell for rate. As opposed to selling for share, newspapers attempt to maintain their rates according to their rate cards, which is increasingly more difficult. Typically, newspapers try to hold their rates from year to year even in the face of continual decline. In markets where there are competing newspapers, there is little need to sell for share, which usually means lowering

prices to gain share, because advertisers buy according to the demographics of a paper's readers, not necessarily because of price. Therefore, in New York, Macy's places the majority of its newspaper advertising in the *Daily News* because that paper reached its targeted consumers more effectively than *The New York Times* or the *New York Post.* Macy's reached its targeted consumers efficiently also because it received big discounts because of its high linage in the paper that day and during the year.

A combination of national and local approaches. Whether a newspaper concentrates on national or local business, depends on the individual paper. The *Wall Street Journal* and *US Today* are national papers and, therefore, concentrate on national business. *The New York Times* is a both a national and a local newspaper, so it sells ads in its national edition to national advertisers and ads in its local edition to both local and national advertisers. All three papers also sell to regional advertisers for regional editions. On the other hand, the *Kansas City Star*, for example, in the thirty-third market concentrates on local business. Only 15.4 percent of total newspaper advertising dollars are national, so outside of the three large national dailies and papers in the top ten markets, the vast majority of newspapers concentrate on local business.

Differentiated approach. As opposed to a commodity approach, newspapers in monopoly situations differentiate based on the newspaper medium versus all other media. In competitive markets such as New York, newspapers differentiate based on the demographics of their readers and their editorial approach, content, and columnists, not based on price. A commodity selling approach means differentiating based on price alone.

A combination of available-business and new-business approaches. Because newspapers still have significant advertising revenue (still the number-one local ad medium), they typically have large sales staffs compared to radio and television stations and cable systems. Therefore, newspapers can concentrate on both available business (regular newspaper advertisers) and new business development, especially in monopoly markets in which a newspaper will get 100 percent of any new newspaper business it develops.

Concentrate on retail/direct business rather than on agencies. Advertising agencies don't like to buy newspapers for several reasons. One being that they can make a lot more money buying time and doing production for television, and another being that typically newspapers do not pay agency commissions, which means they have to gross up whatever newspaper advertising their clients make them buy by 17.65 percent, which makes newspapers seem more expensive to advertisers. Also, agencies typically handle larger national accounts and all newspapers charge significantly higher rates to national accounts, thus discouraging them from buying newspapers. The big rate differential between national and local also encourages national advertisers to offer co-op advertising to local vendors, such as department stores and grocery stores, to take advantage of their low local and multi-line rates.

Single-unit approach. The concept of a package generally means that buyers are offered discounts if they will buy some highly desirable inventory bundled with some less desirable inventory. Packages are often found in broadcasting and cable where commercial positions with high ratings are usually in demand and commercial positions with low ratings often go begging. They are bundled together and the good spots are discounted if the low-rated spots are also purchased—they are packaged or bundled together; you can't buy one without the other. In newspapers a single-unit strategy typically is to sell each unit on its own merit according to its rate card line rate and not bundle anything together. Discounts are typically for buying more space more often, not for buying other, less desirable space. On the other hand, newspaper rate cards are not simple. They are typically highly complex so that a retailer cannot figure out what an ad costs with the help of a newspaper salesperson. Newspapers want it this way so that their customers depend on their salesperson to get the best rates for them, according to the rate card, which gives salespeople an opportunity for an up-sell.

Traditional approach. Newspapers typically emphasize their traditional product—a paper divided into various interest sections such as the main editorial section, a Living section, a Sports section, and so forth. In recent years newspapers have begun to be more innovative and have come up new sections such as Arts, Science, Dining Out, Senior Citizens, Personal Finance, and so forth, designed largely to attract a particular category of advertisers.

A single-medium approach. The majority of newspapers take a single-medium (newspapers only) approach as opposed to a cross-platform approach. Of course, cross-platform approaches can only be attempted by large media conglomerates that have multiple media assets, such as Time Warner, Viacom, News Corp., Disney, and Clear Channel, but as there are more media mergers, cross-platform selling will become more prominent.

Results- and solutions-oriented approach. Newspapers don't sell ratings or CPMs, they typically sell results, as they should. As rates go up and circulation goes down, CPMs increase correspondingly, so by concentrating on results, newspapers try to avoid a CPM or numbers-based sell. They can get away with this approach because newspapers continue to get results for retailers.

Television

Network television is extremely competitive, especially for advertising dollars that concentrate on the 18-49 demographic. Because of its effectiveness for branding, its comparatively low CPMs (compared to newspapers, magazines, and spot television), and the comparative ease of buying it, network television has enjoyed strong demand for years. Because of this strong demand and the relative ease of selling network television, its salespeople have become complacent, even lazy, and, as explained in Chapter 8 of *Media Selling, 4th Edition*, it has become a commodity. As I write in Chapter 8, "A *commodity* is a product that is interchangeable with other products, widely available, and, therefore, differentiated only by price." Because commodities are interchangeable with other products, meaning there are many substitutes, it is difficult to charge a higher price than other similar products charge

Not only is network television a commodity, it is also losing some of its panache as advertisers are balking at its annual rate increases in the light of an economic slowdown and diminishing audiences.

In the past, networks maximized revenue and got more than their fair share of total advertising revenue because of demand, not because of effective sales strategies. The Primary Sales Strategies the television networks have used in the past are:

1. Reinforcing the value of their medium
2. Becoming the preferred supplier

Reinforcing the value of their medium. Television networks pitch the value of television in chest-thumping presentations that make it sound like anyone who buys anything by network television is an idiot. Large advertising agencies accept this premise because it reinforces their own bias toward network television.

Becoming the preferred supplier. Because advertising agencies make more profit for creating and producing expensive television commercials than for buying the time, and because it is more profitable to buy network television than virtually any other medium (it takes fewer people to spend more money in network TV), they prefer network TV. Large advertisers like network TV because it's glamorous and still has huge reach. So the networks woo agency and advertiser executives with extravagant entertainment, including parties at the Super Bowl and tickets and access to glamorous network events and programs.

Another way network television maximizes revenue is by using the following Primary Sales Management strategies:

1. Demand pricing
2. Sell for share
3. Concentrate on national business
4. Commodity approach
5. Concentrate on available business
6. Concentrate on agencies
7. Complex packages
8. Traditional approach
9. Single-medium approach
10. Numbers-oriented approach

Demand Pricing. Because the television networks are selling a non-differentiated commodity (a 10 rating among women 18-49 is a 10 rating, is a 10 rating, no matter on what network), pricing is their main focus. And network pricing is driven by demand because there is a limited supply of high-rated network spots, which advertisers covet because of their enormous reach. In especially high demand are network programs that attract 18-49 year olds. Demand pricing means that prices fluctuate, often daily, based on demand; rising when demand is high, such as before the Christmas buying season, and dropping, often dramatically, when demand is low, such as in January. Demand pricing is different from supply pricing in that supply pricing is more stable because supply is elastic and more supply can be added in response to higher demand. Because demand is inelastic in television and radio, supply cannot be increased because programs are formatted for a fixed number of commercial slots and cannot be changed easily, thus prices are not stable and vary with demand.

In demand pricing situations buyers often buy for short periods – two or three weeks is typical – and the longest contracts are for a quarter or for a sports season for baseball or football. The buying periods are shorter because it gives agencies the opportunity to negotiate each buy separately based on the current level of demand. So, a buyer might buy "American Idol" for $450,000 in November, but pay only $250,000 in January.

Sell for Share. Networks sell primarily for share rather than for rate because TV network budgets are typically set relatively far in advance and, thus, are fixed, so networks will negotiate favorable rates to get a larger share of a fixed budget.

Concentrate on national business. There is no local business in network television, but there are some split regional feeds for national products. For example, in the winter viewers of NFL football game broadcasts in the north might see a commercial for Prestone Anti-freeze and viewers in the south might see a commercial for iced tea.

Commodity approach. Networks sell based on price, not added value or results.

Concentrate on available business. Networks don't make much of an effort to develop new business; business comes to them.

Concentrate on agencies. Networks virtually never go direct to customers. Agencies love to create commercials and buy network television and try to steer clients into network television, so

there is no need to go direct to clients except to entertain them lavishly as a reward for spending their money in network TV.
Complex package approach. Networks try to bundle low-rated, low-demand inventory with high demand inventory. These packages, often called scatter plans, are sold at discounted prices. In other words, in an advertiser wanted to buy just "CSI" on CBS, the advertiser's agency would have to pay the full price for a spot, but if the agencies buys a package that includes several low-rated programs, the price for "CSI" spots will go down.
Traditional approach. As opposed to a transformational approach, which I will describe in a Transformational Approach section below.
Single-medium approach. In the past television networks have not sold in combination with other media, but in recent years, Time Warner, NBC, News Corp. (Fox and MySpace),Viacom, and Clear Channel, among others have begun to do cross-platform selling.
Numbers-oriented approach. Networks sell and agencies buy on a CPM basis. That's it, no results-oriented or little added-value selling.

Local television is even more competitive than network television. Recently, there has been less demand for local television because cable with a vast amount of inventory, has become very aggressive (and successful) in going after local television dollars, and online media such as Google and craigslist.com have become attractive alternatives. Local television is less a commodity than network because in many markets, there is often a dominant, highly regarded local station, such as WSB in Atlanta, KMBC in Kansas City, or WRAL in Raleigh, that because of their overall reputations in the community, their news reputations, and their community-service image can command higher rates.

Local television stations maximize revenue and get more than their fair share of local television advertising revenue by using the following Primary Sales Strategies:

1. Reinforce the value of their medium
2. Become the preferred supplier
3. Sell solutions to advertising problems
4. Innovate

Reinforce the value of their medium. Local television stations typically do a reasonably good job of selling the value of television, especially against newspapers, which has become easier in recent years as newspaper circulation has plummeted.
Becoming the preferred supplier. Local television stations usually do a good job in larger markets, in which most television buying comes through agencies, of trying to become the preferred supplier for the agencies, but they don't do as good a job of becoming the preferred supplier for direct clients as newspapers do. Television stations in larger markets woo agency buyers with perks, tickets, and parties, and often a station's competitive advantage is a salesperson that has especially strong relationships at one or more agencies.
Sell solutions to advertising problems. Some local television stations, especially in medium-sized and smaller markets, do a good job of selling solutions to advertising problems by means of solutions selling. The salespeople at these stations get close to clients and try to solve their problems, often by helping them create and produce commercials and with traffic-building promotions and events (parades, e.g.) and concentrate on ROI measures rather than CPMs.
Innovate. Local television stations have innovated in several ways, among them: (1) To find more opportunities

Local television stations maximize revenue and get more than their fair share of local television advertising revenue by using the following Primary Sales Management Strategies:

1. Demand pricing
2. Sell for rate
3. Concentrate on both national and local business
4. Commodity approach
5. Concentrate on available business
6. Concentrate on agencies
7. Complex packages approach
8. Traditional approach
9. Single-medium approach
10. Numbers-oriented approach and results-oriented approach

Demand pricing. As in network television, local television stations are selling a largely non-differentiated commodity (a 5 rating among women 18-49 is a 5 rating, is a 5 rating, not matter what station), pricing is their main focus. The prices of local television inventory is determined by demand because of the limited supply of high-reach inventory, especially in local news. Like in network television, schedules are typically negotiated on a short-term basis, which keeps salespeople busy.

Sell for share. At most local television stations and at all of their national representative firms, selling for share is de rigueuer. The majority of local televisions stations attempt to maximize revenue and get more than their fair share of business by using a strategy of selling for share, or trying to get the highest possible share on every piece of business, especially when the economy gets soft. Many television stations and station groups evaluate and reward sales management and salespeople for getting the highest share of available business, and it's the wrong strategy.

Furthermore, according to Warner and Spencer, approximately 86 percent of the television stations in the country pay on some form of straight commission compensation system, which tends to reward salespeople for being individual contributors (as opposed to team players) and for selling to maximize their own billing, which in leads to selling for share on virtually every available piece of business.[xx]

However counterintuitive it might be, selling for share on every piece of business was never the best sales strategy in local television, and is even a worse strategy when the economy of market revenues are soft, because it lowers market rates. In times of strong demand, selling for share assures that rates will not rise to keep up with demand.

One of the most dramatic ways to illustrate this point is to use an example based on the strategic logic of game theory. The Prisoners' Dilemma is perhaps the best-known strategic game, so let's develop it to its logical conclusion, as suggested by Dixit and Nalebuff.[xxi]

Suppose that in Russia during the Stalin era, a conductor of an orchestra was traveling by train and was reading the score of the music he was to conduct at his next engagement. Two KGB policemen watched him reading and, thinking that the musical notations were some secret code, arrested him as a spy. The conductor protested that it was only Tchaikovsky's Violin Concerto, but with no success. On the second day of his imprisonment, an interrogator walked up to the conductor and said confidently, "You had better tell us everything you know. We have caught your friend Tchaikovsky, and he is already talking."

The KGB had, in fact, picked up a man whose only offense was that he was named Tchaikovsky, and they were subjecting him to the same kind of intense interrogation. If the two innocents withstand this treatment and confess nothing, they will both get off with a relatively mild three-year sentence (the standard punishment at that time for doing nothing). On the other hand, if the conductor makes a false confession and implicates Tchaikovsky while Tchaikovsky holds out, the conductor gets a reduced sentence of one year and Tchaikovsky gets the maximum sentence of 25 years for being recalcitrant. Of course, the tables will be turned if the conductor stands firm and Tchaikovsky gives a false confession and implicates the conductor (25 years for the conductor, one year for Tchaikovsky). If both give false confessions and implicate the other person, then both get a reduced sentence of 10 years. If neither one of them confesses nor implicates the other, they each get three years. These options are clearly laid out for the two prisoners, who, of course, are never allowed to talk to each other.

The conductor reasons as follows: He knows Tchaikovsky is either (a) confessing and implicating him or (b) holding out. If Tchaikovsky confesses and implicates him, the conductor gets 25 years by holding out, but only 10 years by confessing and implicating the other person, so it is to his advantage to confess. If Tchaikovsky is holding out, the conductor gets three years if he holds out and only one year if he confesses and implicates Tchaikovsky, so it is to his advantage in this scenario to confess and implicate Tchaikovsky. Thus, confession is clearly the conductor's best strategy.

Tchaikovsky is no dummy, he's sitting in his cell doing the same mental calculations. He comes to the same conclusion. The result is, of course, that both men confess and implicate the other and are sent to Siberia for 10 years (the KGB have played this game many times and know they will get something on both men, regardless if it is true or not, and be able to fill their quota of prisoners).

When the two men meet in the Gulag Archipelago, they compare stories and realize that they are both innocent and that they have been duped. If they had both held out and said nothing, they each would have gotten only three years instead of the 10 they wound up with. However, the temptation to get sent away for only one year by confessing and implicating the other was so overwhelmingly tempting at the time that they could not resist, and thus were in for 10 years.

The decisions the prisoners had to contemplate is best illustrated by using two decision tools, a decision tree (Figure 1.xx below) and a payoff matrix (Figure 1.XX) below. The term "rat" or "not rat" is used to indicate whether one prisoner will implicate the other by making a false charge against him. The numbers in the decision tree and the payoff matrix are arranged with the conductor's consequences of ratting or not ratting first, then Boris's consequences of ratting or not ratting.

Figure 1.1

Decision Tree

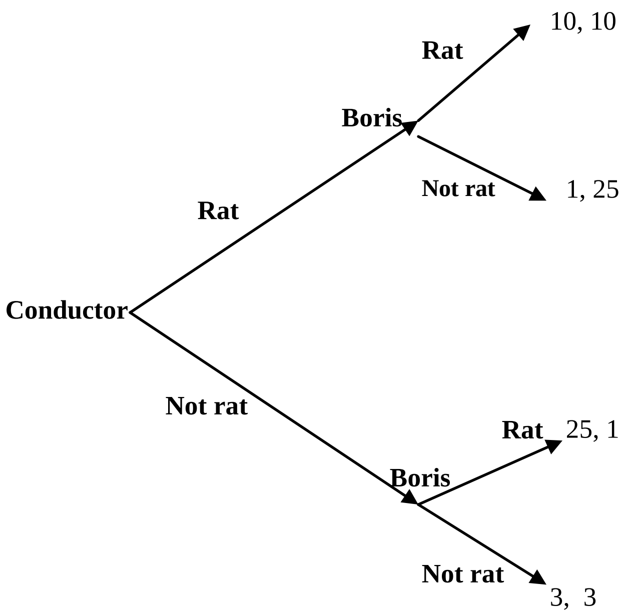

Figure 1.2

Payoff Matrix

		Boris		
		Rat	**Not Rat**	
Conductor	**Rat**	10, 10 *	1, 25	
	Not Rat	25, 1	3, 3	(Saddle point)

* Conductor 10, Boris 10

The decision tree and the payoff matrix show the different consequences or outcome of each decision in years in the Gulag. The saddle point in the payoff matrix is that decision which is the optimum one for both to make.

The point of the Prisoners' Dilemma game is that if both had not been greedy and had not tried to maximize their own advantage (one-year sentence) at the expense of the other, and had cooperated silently, they both would have been better off (lower right-hand box). If both had accepted the second best conditions (three years by both holding out), both would have been out seven years sooner.

When making a pricing strategy decision, or any strategy decision, for that matter, it is a good idea to use a decision tree and a payoff matrix, because these decision tools can help you visualize and analyze your alternatives. See "Game Theory – Programming" and "Game Theory – Sales" in the "Papers by CW" link on www.charleswarner.us for examples of how to use decision trees and payoff matrices in business strategy situations.

Now, let's apply this same strategic logic to today's current television marketplace.

Sales Tactic: Go For Rate Or Share?

Suppose an agency buyer says she is buying 100 points in a market for four weeks. She will not reveal a total budget figure, but she claims she must bring the buy in at $48.00 cost-per-point (CPP) for adults 25-54 and she is buying all dayparts. This CPP is lower than the $60.00 CPP adults 25-54 she paid on the last buy because "business is off" or "the other stations are coming in this low." She insists that she will only buy three stations (and she has always bought only three stations). Following are the expected shares of the budget that the three stations involved can reasonably expect according to their audience shares adults 25-54, and assuming they all submit at $60 CPP, instead of the $48.00 CPP the buyer requested.

	Average CPP	Audience Share	Expected Share of Business
WAAA	$60	30%	30%
WBBB	$60	33%	33%
WCCC	$60	37%	37%

How many points does each station go for? Following are two scenarios. Scenario #1 is one in which the dominant station, WCCC, decides on a strategy of selling for rate. WCCC knows that WAAA has consistently sold for share and that WBBB has usually been reluctant to cut rates and has tried to keep prices at the current market CPP level.

Scenario #1 (WCCC's Sell-For-Rate Strategy)
All spots on schedules below have a rating of 1, Adults 25-54.

	Received $Share	Received $	Received CPP	Received Points (Share)	Agency Lie Share
WAAA	40%	$2,400	$48	50 (50%)	60%
WBBB	35%	$2,100	$60	35 (35%)	50%
WCCC	25%	$1,500	$100	15 (15%)	5%
Total		$6,000	$60 av.	100 (100%)	115%

WAAA submits first and goes after a 50 percent share of the points (as WCCC expected it would). The buyer gives WAAA 50 percent of the points because of its low rates. However, WAAA receives only 40 percent of the budget because it lowered its CPP. WBBB gets its expected share by keeping its CPP at previous market levels. WCCC submits last and receives only 15 percent of the points because it raised its rates considerably (from $60 to $100 CPP). However, WCCC gets 25 percent of the market budget. Furthermore, and more important, WCCC still has more avails left to sell than the other stations do. WCCC could get $5,000 at its rates for the same points WAAA got $2,400 for. Also, WAAA will sell out more quickly at these lower rates. Notice that the buyer spent 100 percent of her market budget (100 points at an average of $60 per point, even though she began by asking for $48.00 per point).

Remember, it is not in the agency's best interests to spend less than the market budget, and the agency's client needs 100 rating points to make an impact. Also, notice what share of the budget the agency buyer told each station that it received (the "lie share"). The buyer wanted to encourage WAAA to keep lowering its rates to get a greater share and wanted to avoid telling WCCC how much share it got by keeping its rates high. There is no advantage whatsoever for the buyer (or any buyer) to tell stations the truth about their shares of the budget.

In Scenario #2, none of the stations want to let another station get a higher share—all salespeople know their management will be upset if any station comes out of the buy with a higher share. Therefore, all of the salespeople sell for share and go in at a rate lower than the buyer asked for in order to receive a higher share. The classic marketing strategy for getting a higher share is to lower the price. That is what price wars are all about in gasoline or computer chips—lower the price to gain market share.

Scenario #2 (Sell-For-Share Strategy)

All spots on schedules below have a rating of 1, Adults 25-54.

	$Share	Received $	Received CPP	Received Points (Share)	Agency Lie Share
WAAA	30%	$1,440	$48	30 (50%)	50%
WBBB	33%	$1,584	$48	33 (35%)	50%
WCCC	37%	$1,776	$48	37 (15%)	50%
Total		$4,800	$48 av.	100 (100%)	150%

Because all three stations went for share, and went in with the buyer-requested $48 CPP, they left 20 percent of the money on the table, so market revenue is off 20 percent. In this case the buyer either: (a) Spent the extra $1,200 in Peoria to avoid getting fired, or (b) bought another 20 points at the low rates to look good to the client, thus leaving all stations with less inventory to sell and therefore no hope whatsoever for future revenue increases. In a panic, all stations lowered rates to try not to lose share (negative goal). If they had tried to maximize their revenue (positive goal), all the stations would have sold for rate and charged at least what they did for the last buy ($60 CPP).

Also, if the compensation plans for all the salespeople at all of the stations were based on commission, the salespeople got the same share as on the last buy (didn't increase their share) and made 20 percent less money on each of their sales because management pushed them to sell for share.

When business is good, here are the probable outcomes of the two strategies:

1. If stations sell for share, they will sell out early at low rates and then can raise rates for subsequent business that is certain to come. Everyone wins a little.
2. If stations sell for rate, they will sell out later (makes sales managers a little nervous). However, stations have more inventory to sell when subsequent business breaks and can command high rates. Everyone wins big.

When business is slow, here are the probable outcomes of the two strategies:

1. If stations sell for share, they will watch rates in their market plummet. Everyone loses big. It is a short-term, disastrous strategy.
2. If stations sell for rate, the worst that can happen is equilibrium (no one wins and no one loses) and market revenue tends to decline in correlation to decline in retail sales. The best that can happen is that market revenue increases (it gets money from other markets where rates have plummeted) because rates in the market have increased.

As in the Prisoner's Dilemma, the loosing strategy is not to cooperate and to get greedy. Remember that good salespeople can create added value and get higher rates for a station, and it is these two things that they should be rewarded for.

Ineffective salespeople, with low confidence in their medium and in their station and with low self-esteem and self-confidence will sell for share. They will sell at low rates and only for themselves, and it is these things they should be terminated for.

When there is no fixed budget, selling for share makes no sense. For example, some advertisers have no fixed advertising budget, such as is the case with per-inquiry advertisers (PI) or with advertisers who invest based on specific results and profits on those results. These types of advertisers often buy on a week-by-week basis. If they get results, they will come back the next week and continue until results drop off making advertising inefficient. In such situations, television stations should sell only as much as they believe they can produce results and at current rates.

Setting Rates Based On Revenue Budgets

Another practice that tends to keep rates down, especially when market revenues are increasing, is for a television station to set rates according to its revenue budget. By setting rates according to what it will take to make budget, sales managers completely ignore external market conditions. It is a passive way to set rates. Instead of trying to affect market conditions and demand by proactive selling strategies, lazy managers set rates to make budget, and no more, because they know that corporate headquarters will raise budgets the following year accordingly. In order to avoid the challenge, they set rates to make budget regardless of market demand. This practice leads to underselling when demand is strong, and tends to keep rates in a market down. Here is what Jack Welsh, ex-CEO of General Electric, thinks about budgets. His answer is in response to a question about what it takes to reach high goals.

> It (success) takes an atmosphere where a goal doesn't become part of the old-fashioned budget. The budget is the bane of corporate America. It never should have existed. A budget is this: If you make it, you generally get a pat on the back and a few bucks. If you miss it, you get a stick in the eye—or worse.
>
> Making a budget is an exercise in minimalization. You're always trying to get the lowest out of people, because everyone is negotiating to get a lower number. If I worked for you, Marshall, you would come charging into the boardroom and say, "I need four!" We'd haggle all day, me making presentations, with 50 charts, saying the right number is two. In the end we'd settle on three. We'd go home and tell our families that we had a helluva day at the office. And what did we do? We ended up minimizing our activity. We weren't dreaming, reaching. I was trying to get the lowest budget number I could sell you. It's all backward. But if instead you ask people, "Give us all you can; give us the best shot at what you can do," then you can't believe the numbers you'll get. You'll get more than you need. There's a trust built that people are going to give their best.[xxii]

In local television, the best strategy is to set high goals and sell for the highest rate (CPP) possible by focusing on selling added value, not by focusing on rates, ratings or, the worst strategy, to make budget.

Selling For Rate Is Always the Best Strategy—Everyone Wins

If every station adopted a strategy of selling for rate and tried to do what was the best for all stations and for the market, they would all come out ahead, as in the Prisoners' Dilemma. On the other hand, the temptation is invariably too great for one station to do what is perceived in the short term to be in its best interests and will sell for share on each pending piece of business. But no station operates in a vacuum (agency buyers see to that), and stations are always told that other stations are cutting their rates (no matter what the truth is). Therefore, when one station cuts its rates in order not to be left with a smaller share, the other stations begin the destructive cycle of cutting their rates too. Like lemmings, the stations follow each other to rate-cutting devastation. The market revenue pie gets smaller and smaller, and when advertising plans are made for the following year, less money is allocated to the market (why should planners increase expenditures when they were able to get the necessary rating points for less money).

If every station sold for rate and kept its rates up, there would be equilibrium: each station would get its reasonably fair share according to its demo audience share. In fact, if one station were particularly adept at getting higher rates (higher CPPs) than the other stations because its salespeople were able to create value more effectively and give better service, in the long run that station would wind up with a higher share of overall market revenues because the relatively higher rates would eventually translate into larger shares of market revenue. So, the way to get more than your fair share is to have higher rates. Imagine what a wonderful battle it would be if every salesperson in a market fought desperately to get the highest possible rates (based on CPPs) on every buy. The result would be an increase of the revenue pie. But, of course, sales strategy is often set at the corporate level (the bullfight syndrome in action—executives in the stands telling the bullfighter in the ring how to fight the bull). A salesperson or sales manager can do little if corporate management dictates "get the business, regardless," except send them this section of this chapter.

Another reason that selling for share makes little sense in the broadcast business is that the cost of producing the product does not go down with greater sales volume as it does in manufacturing businesses. When a computer chip manufacturer dumps chips (sells them for less than it costs to make them), it does so in the hopes that it will gain market share and thus increase its volume. With increased manufacturing volume, the learning curve goes into effect and the cost of making each unit drops to a point where the company can become the low-cost producer and thus sell for less. This cycle has no relevance in broadcasting—selling more spots does not lower a station's costs of operation, of programming, or cost per avail. The costs of a station are fixed regardless of how many spots are sold (except for sales commissions).

Broadcasting Today: New Types of Salespeople for Two Types of Selling

The old-fashioned strategy of selling for share might have been appropriate in the days of automatic double-digit advertising growth every year, when buyers called for avails and paid virtually whatever rates they had to in order to get on the air. But in the new era of increasing audience fragmentation and audience declines in television, when calling on clients and developing new business are vitally important objectives of a sales staff, there is a need for a new strategy and new types of salespeople. The new selling realities have made a clearer distinction than ever before in the two types of selling necessary in today's highly competitive business environment: service and developmental selling. Below, in Table 1.4, is a comparison between the two types of selling:

Table 1.4

	Service Selling	Developmental Selling
Type of Account	Major current customer (account/agency)	Prospect (new business)
Account evaluation criteria	Ratings, coverage, weight, reach, frequency	Results, marketing goal achievement
Evaluation Focus	Easily measured	Difficult to measure
Key selling skills	Negotiating, servicing, maintaining relationships	Problem-solving, creating value
Key salesperson characteristics	Short-term orientation, impatient, competitive	Long-term orientation, patient, cooperative, disciplined
Levels of client Contact	Single-level	Multi-level
Focus	Station needs, customers' personal needs	Customer, customers' business needs
Primary interest	Self	Customer

New Types of Rewards and Compensation Needed

The necessity for new types of selling in television today and the necessity for a sell-for-rate strategy dictate that new compensation systems be designed that reward salespeople for selling according to what is best for a station: new business development, cooperation, and high rates.[xxiii] Effective compensation systems will be covered in depth in Chapter 6. Stations should never reward salespeople, sales managers, or national sales representative firms for selling for share, as it will only drive market rates down. This fact is especially true for national business. National spot has shown the lowest percentage increase of all 20 media categories over the last several years. Selling for share is the major reason for this weak performance.

How to Achieve Rate Equilibrium In a Market

Since it is illegal for stations in a market to get together and agree to fix rates or not to cut rates, how do you force cooperation in order to keep rates up (maintaining rate equilibrium or similar CPPs)? There are several ways that do not involve collusion; two of them are: (1) Severe retaliation and punishment and (2) guarantee punishment.

Severe retaliation and punishment. It is typically not the number-one rated station that begins the rate-cutting cycle. Typically, a weaker station cuts its rates to get a higher share. If the number-one station in a market begins cutting its rates (lowering its CPP), then it is completely abrogating its leadership responsibility and is beginning an inevitable cycle of plummeting rates. The general manager of such a station should be locked in stocks and put on shameful display in the public square. If one station in a market begins to cut its rates dramatically, the other stations can cut their rates even more and go after every piece of business on the offending station—ruthlessly taking every piece of business the transgressor has on the air regardless of what rates it takes to leave the offender penniless. This solution is very costly to carry out, but if it is used once, the offending station will probably get the message and avoid cutting rates in the future. On the other hand, if the management of the top two or three stations in a market have great credibility and are known inevitably to make good on their promises, warnings, and threats, they could threaten or, better, warn the above type of action with a high probability that weaker stations would not risk retaliation. This is called a credible threat.

Guarantee punishment. A strategy used by many retailers to enforce price maintenance is to use a price guarantee, all in the name of competition. Such a retail price guarantee might read:

> If, after your purchase, you find the same product advertised or available for sale for less (confirmed printed proof required) by any other merchant in this area, during the lifetime of your purchase, we will refund by check 100 percent of the difference plus an additional 25 percent of the difference. Or, if you prefer we will give you a 200 percent gift certificate refund (100 percent of the difference plus an additional 100 percent in gift certificates).

This guarantee may seem like it encourages price competition; however, promises to beat a competitor's price in reality reinforce price discipline. Such a guarantee really is a punishment guarantee.

Suppose a VCR costs $150 wholesale and both Merchants A and B are selling it for $300; however, Merchant A is contemplating cutting the price to $275. Without the beat-the-rival guarantee, Merchant A would hope his lower price would attract some customers who might otherwise go to Merchant B because, for example, they might live nearer Merchant B. However, if Merchant A cuts the price to $275, a customer merely has to take Merchant A's ad to Merchant B who will rebate the difference ($25 difference between B's $300 and A's $275) plus an additional $6.25, or a total of $31.25. Or even better, Merchant B would offer a gift certificate to the customer for $50, which encourages the customer to make another purchase, even though it reduces the merchant's overall margin. Of course, Merchant B would prefer not giving the rebate, but offering the rebate which he might not have to give is preferable to cutting his price to $275 which lowers his margin by $25. Merchant A is worse off after the price cut no matter which of Merchant B's option a customer takes, so Merchant A wisely keeps his price at $300. Neither merchant gets an advantage at $300 (equilibrium), and they both keep their margins up. They might even begin to compete on other benefits than price, such as better service, extended warranties, or a wider selection of merchandise.

Punishment guarantees, as long as they are credible, will usually keep competitors from getting greedy and going after more than their reasonable share.

Sell For Rate

In local television, every station's sales strategy should be to sell for rate and to develop new business, hoping to increase the size of the revenue pie, which will benefit all stations. This rule applies to other mediums, also: radio and websites, too. Selling for share tends to reduce rates and thus reduce the size of the revenue pie, it begins a murderous cycle of retaliation in which there are no winners, and what is most important, the audience eventually becomes the loser because as revenues decrease, lay-offs in news and other areas occur, and the audience is left with less and lower-quality news and other quality programming.

Sales management must train salespeople to create value for their station (or website)—to sell specials, promotions, sports, community-involvement projects—and not focus on rates or ratings. Stations must find ways to become the preferred supplier in the market by having such customer-satisfying policies as minimal preemptions, fast response to customer inquiries, and Web pages for better, faster customer communication and service.

Furthermore, lowering rates has never created demand in the broadcasting on online business. One of the concepts behind lowering prices in some industries (retail, autos, for example) is that lower prices create demand and brings out shoppers. This concept is not valid in television because demand in broadcasting is in direct proportion to GNP and retail sales, because advertising expenditures are typically based on a percentage of sales. If retail sales are down, advertising expenditures are down regardless of what prices stations charge, and if retail sales are up, advertising expenditures go up, regardless of rate increases. Thus, if prices are lowered when business is down, new money will not materialize out of a recessionary fog and revenues will dive precipitously, pushed by lower expenditures and lower prices.

On the other hand, if all stations or website sell for rate and can be satisfied with relative equilibrium (everyone gets about their fair share) and can develop new business, then everyone can win by market revenues remaining steady or increasing. A good strategy to adopt is to help your competitors get rich, and the best way to accomplish that is to get rates up so everyone can benefit. True, the leading station in a market has the obligation to keep rates up, but the stations below it also have an obligation to bring their rates up just a tiny bit under those of the leading station—a rising tide lifts all boats.

Audiences can win, too, by stations having enough money to compete with each other in producing more and better local news and other quality programming.

Ron Steiner, the leading sales trainer in local television and head of the Marketing Communications Group in a speech in 2003 on creating value to the Pappas television station group, made these points about pricing and selling for rate:

> As stated earlier, and fully understood, market pricing is determined by a lot of factors. To suggest it is a simple process to correct an under-performing market would be naive on my part. It takes leadership, by the station or stations with ratings. It takes courage to demonstrate that leadership. It takes "followership" by all of the other stations that are not market leaders. It takes close analysis of one's inventory to determine what you do have and how that matches with certain advertisers and advertising categories. To say that a WB can't lead the market is not entirely true. They can lead the market when it comes to Taco Bell, to Pepsi, to youth-oriented budgets. To fall all over a buyer, trying to drop your drawers and rates in order to get a "bigger" share sometimes is not the best long-range course of action.
>
> To push rates in particular day-parts, in specific programs where you may have leadership and with certain advertisers that match your audience profile is a choice that you have. It takes courage and it also takes support by top management to allow the process to work.

Again, it is not simple…..but it also is not impossible to do. Allow me to share two market stories with you where the courage and the choices made have paid off. First, we need to go back about 8-9 years in Buffalo, NY. Buffalo, along with the other "rust-belt" markets of Pittsburgh, Cleveland, Detroit were perennially way behind their household ranks with CPP….somewhere between 8 and 12 ranks behind where they should have been.

WKBW, the ABC affiliate in Buffalo, was the long-time rating leader in the market. Paul Cassidy was the GM and Tim Gilbert had just come on board as the GSM. Looking at the market, our ranking report, the station and its rating dominance, Paul and Tim bit the bullet and decided to try to change the market by exerting some pricing leadership. I do not need to tell you that to meet with other stations to discuss rates is patiently illegal…so don't think about that as an option. They needed to … get out in front of their troops and the market.

They looked at their list of advertisers and easily spotted a few bottom-feeders that were using a lot of inventory and enjoying very low prices. They presented their new annual rates to these large-volume accounts with sizable increases on unit rates and waited for the hammer to fall. The advertisers told them they "could not do that," to which Tim replied that he "would love to do business with you, but it would have to be at the new reasonable station rates." The advertisers balked, Tim held his ground, and two of the largest advertisers on the station took their lowest- rates-in-the-market business across the street to clog up the competitors' logs.

Making a long story short, Tim and Paul's courageous strategy worked. WKBW rates started to move up immediately. The competition saw the signal and followed. Today, in the 2003 report, Buffalo is +4 in their CPP ranking, as opposed to the –8 or –9 or –10 that they had before.

Fast forward to 2000. Tim Gilbert is now at WLEX-TV, the NBC affiliate in Lexington, KY. Despite the lofty NBC national ratings, they are #2 to WKYT-TV, the dominant CBS affiliate and rights-holder for University of Kentucky basketball. Again, the market was under-performing by a high single digit number.

Tim did his thorough analysis of the station, the competition, the rates in the market, and on his station. He decided that in order to get a sales staff of veteran sellers to make a turn-around in asking for higher rates he would have to make some drastic moves with his own inventory. Until they had rating leadership, he could not change the market without getting his staff to add value and understand that higher rates were an absolute necessity. He did what so few people have the courage to do, he reduced his own inventory. Most sales managers are begging their GMs for more inventory, more sponsorship opportunities, and for the anchors to wear logo caps of sponsors while on the air. Not Tim, he went to his GM with a plan to reduce the inventory by 3,000 units over the course of the year and eliminate most of the added value (meaning free spots) deals on the station. At the same time as he reduced inventory, he raised rates. Tim created scarcity as a concept to raise rates. (Beany Babies is another example of a successful marketing strategy, using the scarcity concept.)

As an example of what a tough lesson it was for some of the recalcitrant sellers who found it easier to sell low unit costs than high unit costs, Tim sites Kroger Supermarkets. Kroger is the market's largest television advertiser. Despite the fact that Kroger spends much more in print than they do on TV, they spent the most TV money in the market, led by the low rates on the market leader WKYT, which had the worst rates in the market. Same deal…..went to Kroger with the new annual rates, much higher than before, and waited.

One day his senior AE who had handled the account for several years raced into his office in a panic. "With your new higher rates we are going to only get 6 percent of the Kroger business for the whole year." Tim had done a lot of explaining, training, and coaching to get the staff to understand the need to do this and prepared to sell higher rates. This fellow just had not fully bought in. Tim's response was, "Well that will be too bad for you." Again, long story short…..the station does have less Kroger business, but they are now out-billing the market leader. They have made some rating gains and are closing in on WKYT, but went ahead in billing before that has happened.

Lexington in the 2003 report is only – 4 and moving up. Lead by one courageous station's effort. These two stories are excellent examples of how stations will improve when they examine the philosophy of scarcity and abundance. Making station inventory scarce, rather than abundant can lead to new ways to sell your station. It can lead to new outlooks by your sales people. It can encourage other ways to add value to your inventory and station in ways beyond how you price your 6 rated spots.[xxiv]

Concentrate on both national and local business. The concentration or national or local business depends to a large degree on market size. Of total television dollars going to TV stations, 45.4 percent is national and 54.6 percent is local in 2002. In the top 25 markets the percentage of national business is higher and stations in those markets place about equal emphasis on both types of business. In markets 100+ the emphasis is on local sales.

Commodity approach. On the local level, as in network television, it's all about price. In local television, the prices are CPP-based not CPM-based as they are at networks.

Concentrate on available business. Stations in larger markets and those in the top three or four in ratings concentrate on available local and national business. Low-ranked stations, because their inventory is in low demand, take the opposite approach and try to develop new business.

Concentrate on agencies. Same as above.
Complex package approach. Same as network television.
Traditional approach. Same as network television.
Single-medium approach. Same as network television.
Numbers-oriented approach. Same as network television.

Transformational Approach

In the past all media have taken a fairly traditional, straightforward approach to selling advertising based on CPM, CPP, circulation, impressions, CPC or results. But with the advent of the internet, a classic example of a disruptive technology,[xxv] businesses were faced with the opportunity to transform their business model. For example, before the internet came along, used cars were sold in auto dealers' used car lots by salespeople trained to maximize a dealer's profits, largely because buyers lacked the knowledge of how much their trade-ins were worth or what cars on a lot were really worth—let the uninformed buyer beware. Today, eBay is the largest used car dealership in the world. Fifty percent of all used cars sold in America are sold on eBay. Over 60 percent of all the people who buy a new car conduct research on the internet before going to a dealer's showroom. They come armed with the latest information—let the commission-hungry car salesperson beware. The internet has transformed the automotive business. It has transformed the book-selling business. It is transforming the airline ticket-selling business and the travel business.

Online media companies, such as Google, Yahoo, Facebook, not only sell advertising, but they sell content-creation opportunities and content-integration opportunities, as well as shopping, customer service, and customer registration opportunities. One of the most exciting things about the online media is that marketers are just beginning to learn how to use it, and the possibilities are endless. Large media conglomerates, especially Time Warner, which owns Yahoo, can sell advertisers cross-platform deals across all of their multiple media assets that, when bundled with an online component can transform a company's business model and potentially save it millions of dollars by reducing selling and servicing costs while increasing it sales.

If sales management in any medium can craft a meaningful online and cross-platform strategy, it can begin to offer transformational deals that are more than advertising—they are total marketing opportunities.

Choose an Appropriate Strategy

I won't go through all sixteen strategies for radio, cable television, magazines, online, and outdoor, because you get the idea. If you are a media sales manager, choose the most appropriate of the six Primary Sales Strategies and ten Primary Sales Management Strategies for your current competitive situation. Print out Table 1.3 that lists the Primary Sales and Primary Sales Management Strategies, decide which ones are most relevant to your current situation, and then train your salespeople to use suitable sales tactics that will ensure excellent execution of your selected strategies. What Table 1.3 and this chapter give you is a multitude of alternatives from which to select applicable strategies that will give your sales organization a differential, sustainable competitive advantage that will allow you to consistently maximize revenue and get more than your fair share.

Test Yourself

1. What is strategy?
2. What is the primary mission of a media sales department?
3. What is the primary goal of a media sales department?
4. What are the four primary objectives of a media sales department?
5. What are the six primary sales strategies of a media sales department?
6. What are the ten primary sales management strategies of a media sales department?
7. What two things must a sales manager know in order to craft strategies?
8. According to Day, what are the five initial steps in crafting strategy?
9. What are the three final steps in crafting a sales strategy?
10. Give two reasons why selling for share in local television is a bad strategy.
11. What are the two types of media selling?
12. What is a transformational approach?

Case Studies

1. "Game Theory – Programming" case in "Case Studies" link on www.charleswarner.us

2. “Game Theory - Sales” case in “Case Studies” link on www.charleswarner.us.
3. “The Rate Card Game” case in “Case Studies” link on www.charleswarner.us.
4. “Select Supermarket” case in “Case Studies” link on www.charleswarner.us.
5. “Unicom Bank” case in “Case Studies” link on www.charleswarner.us.

Project

Create a decision tree and a payoff matrix (see the game theory cases above) for an important decision your sales department is currently considering, and then discuss the options with the entire sales department. Brainstorm to come up with the optimal strategy.

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