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VIEWS

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The Sleepover:

MODERATOR-LESS RESEARCH WITH KIDS AND TEENS

**BEHAVIORAL ECONOMICS
CHALLENGING THE ESSENCE
*OF QUALITATIVE RESEARCH***

**SOCIAL MEDIA
CONVERSATIONS...
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TALKING PRICE *without* ALIENATING CUSTOMERS

BY ILISE BENUN

Marketing Mentor ■ Hoboken, NJ ■ ilise@marketing-mentor.com

Conversations with new prospects usually begin very positively. They are interested in your services, and you are eager to learn about their projects. You ask a lot of questions to gather the objectives and other requisite information. The more you talk, the stronger the bond you forge and the better your chances of a successful project. None of this can happen without the back and forth of conversation.

These initial conversations, including and particularly “the money conversation,” set the foundation and build the trust necessary to ensure a solid business relationship. The money conversation, however, can be challenging. Consultants and clients alike are not always comfortable talking money.

What is the best way to broach the subject? Will you bring it up, or will they? Should you talk numbers before

writing a proposal, or use the proposal to position and provide context for your price? Should you ask for the client’s budget, or simply provide a price for your level of service? And what if the client does not have a budget, or will not reveal it to you?

Talk Money Early On

It is important to broach the subject of money as early in the process as possible. Doing so puts you in the driver’s seat, planting the seeds for the client to trust that the project is in good hands.

Talking money up front will also save you precious time. Before spending time on a proposal, you should have a strong indication that the project, the client and — especially — the budget are a good fit. Some QRCs skip this step completely, instead going directly to writing a full-length proposal. If you do,

the price you may pay is time wasted on proposals you lose, often because your price was too high. “What’s the point in bidding a \$50,000 project when the budget is \$15,000?” says Francesca Moscatelli of Integral Researchers (based in New York and Beverly, Massachusetts), who believes that not talking about money early practically guarantees animosity later.

Understanding the client’s budget allows you to weed out inappropriate candidates by addressing important issues early on. You can find out:

- *If they are serious about engaging a researcher, or just looking for free consultation.* Talking money up front helps Rebecca Bryant of Knoxville-based Bryant Research determine whether her prospect is a real contender or a tire-kicker. She is happy to provide “peeks under the tent”

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Moscatelli asks for budget in conjunction with the prospect's objectives. "The ones who hesitate tend to be the ones who are looking to 'shop' the project around," she points out.

before writing the proposal, but she does not work for free.

- *If they understand the cost of research.* While most clients are seasoned business people, you will be able to quickly determine which ones need some education regarding the pros and cons of available research options and the associated costs.
- *If this is an unbudgeted request.* Finding out early on if the project is unbudgeted can take your initial questioning in a different direction. Bryant says, "This cues me to ask probing questions about who, beside the immediate client, needs to profit from the research, and how can we make sure that what is important to these — call them ghost stakeholders — gets woven into the written proposal or letter of agreement. It also cues me to look for ever-creative ways to accomplish their objective in a cost-effective manner, such as phased research where they can push the pause button once they think they have enough information to make immediate decisions."

PRICING CONVERSATION CHEAT SHEET

Here are the most important things you need to do when having a pricing conversation with a prospective client.

- Make sure you are talking to the decision-makers.
- Take the lead in the conversation, and talk money early on to weed out tire-kickers.
- Do not be shy about asking for the budget.
- If you cannot get it at first, keep probing by floating some numbers, giving a ballpark or helping to define the scope of the project that the client can afford.

Bryant finds this up-front agreement on dollar-value-for-the-scope-contracted to be of great value. "It creates a common understanding of what to expect from the work and any trade-offs made in order to keep within budget," she explains. "This way, we're all on the same song sheet. If we need to adjust, it's no problem because we all agreed on where we started."

Variations in the Money Conversation

One challenge is that each client is different, so you want to choose the approach that best fits the situation, from broaching the topic to asking for the budget and negotiating.

There are many ways to segue into the money conversation. Most are variations on the simple theme of "Let's talk about money."

- **Be matter of fact.** *"We've talked about everything else. Now, let's talk about the cost."* Note the use of "the cost" and not "our fees." This is about what it costs to do what they need done, not what "you" will charge. Precise language makes it more objective and professional.
- **Take the pressure off.** *"It's helpful to get the money thing rolling. We don't have to settle it this minute, but I wanted to give you some ideas about what we should be thinking."* Note the use of "we," which implies a collaborative process.
- **Give them your thinking.** *"Here's how we think about the money."* This approach implies that you have given it thought and that you have done this a lot, instilling confidence and credibility.
- **Make a joke.** *"Here's everyone's favorite part of the conversation."* A little levity goes a long way.

From there, the money conversation can go any number of ways, and often it will depend on whom you are dealing with and what level of decision-making power they have. In most situations, it

helps to start by asking for their budget. This may be obvious, but many people neglect to ask this basic question.

Moscatelli asks for budget in conjunction with the prospect's objectives. "The ones who hesitate tend to be the ones who are looking to 'shop' the project around," she comments. "I'm direct, and I say, 'If you're looking for the most inexpensive qualitative researcher, I'm not your best option.'" This simple sentence can help you weed out anyone who is not a serious prospect early on.

A response such as "I don't have much to spend" or "We don't really have a budget" should be treated like a red flag. They cannot expect you to do it for nothing, but with a very limited budget, this prospect could be buying on price only. You might be better off making a referral.

Bryant has made asking for the budget a habit. "Asking about the budget on the front end is an old habit I started long ago," she says. "After clarifying their objective, I ask what budget figure they have in mind. These are business professionals, so the response is usually rather matter-of-fact. They don't take it personally."

Whether and when you ask for the budget may be determined by whom you are dealing with. Ricardo Lopez, of Hispanic Research Inc. (in East Brunswick, NJ), does not think it is necessary to ask for budget when working with corporate clients who regularly hire qualitative researchers. "The marketing research or insights manager at a corporation generally knows what qualitative research costs," he points out. "These clients know what they want and give you specific requirements. When that happens, you do not need to ask for a budget; if you price it correctly, it will be in their ballpark... They are not going to have sticker shock if the job is priced correctly."

With prospects less experienced in market research, though, it is essential

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to nail down the budget before writing a proposal. Lopez continues, “The difficulty arises when you deal with people who do not really know research within bureaucratic organizations or government agencies. They do not want to reveal the budget and give very little direction as to what they want.”

Strategies for Discussing Price with a Prospective Client

1. Start with a question.

You need to open up space for an honest conversation without being too bold, so you might ask a question...

- “What do you have in mind to spend?”
- “What can you afford?”
- “What budget have you allocated for this project?” The construction of this question presumes they have allocated a budget.

2. Use pricing intervals.

When a client cannot cite a specific dollar amount for the project, Betsy Leichter, of New York-based, Leichter Associates, gauges the service level for a particular project by presenting specific breakpoints: “I don’t want to waste your time recommending anything that would be too limited or unaffordable. Are you interested in options under \$20k, under \$50k, under \$100k?”

When you throw out specific dollar figures, serious prospects know that the lowest number indicates low quality. If they affirm the low number for a high service level, that is your cue to walk away.

3. Give them a ballpark.

Most prospects know what they are willing to spend, even if they tell you they do not have a budget. Scott

Swigart, of Cascade Insights in Oregon, says, “If they won’t give a number, we’ll say, ‘This sounds like it’s in the \$30k range.’ If that’s totally out of their range, then it generally pops the door open and gets them talking.”

It can be risky to be this specific if you have not collected the requirements for the job, but this strategy works well when you are offering a reasonable quote that takes into consideration all dimensions of the project.

4. Offer a menu of discrete services.

When the prospect truly does not know what your services should cost or has never engaged a professional like you, they may need your guidance. That is when a menu of itemized deliverables is handy. After nailing down the amount of work in a prospective project (e.g., sample size, length of interview, recruiting criteria), WAC’s Arthur Savitt presents a list of optional research services, such as multivariate analyses, videotaping, analysis and report vs. data tabulations only, video included in the final reports, debriefing stages included or not, even food preferences for respondents and observers. “If we include certain items and deliverables and the client doesn’t want them to begin with, we’re adding in unnecessary extra costs that could confuse them and undermine our own efforts,” he says, “so it is prudent to gain clarity prior to the costing stage.”


Moscatelli also presents various options to develop the project scope her client can afford. “Without compromising the project objectives, there are often other ways to save, such as recruiting smaller groups or using a facility in one of the smaller markets, paying a note-taker instead of ordering transcripts, writing a top-line report instead

of a full report or relaxing some specifications,” she suggests.

What If the Client Just Won’t Give You the Budget?

Sometimes, no matter how you ask, no matter how creatively you probe, a prospect will not reveal the budget. But do not give up; a bit of online research, as well as ingenuity and persistence, won Ricardo Lopez a recent project.

“If you can’t get them to tell you the budget, even when using good qualitative probes, you may be able to go around them to find out,” says Lopez. “A recent project came as an RFP that asked for a creative approach but gave very little idea of the actual budget or scope. I asked about the budget and was told that they could not reveal it. I asked about the scope they were shooting for and was told that they preferred not to say in order to get my most ‘creative’ approach. The best I was able to get was a list of objectives; I also found out that the project was being funded through a government grant. Aha! Government grants are often in the public records. It took a five-minute search of the internet to find out how much money was granted for the research. My proposal was not only on target with the objectives, but it also was surprisingly very close to their budget.”

To run a successful practice, you must be a clear communicator, especially when it comes to talking about money. Some prospects may not be willing to give you specific numbers when asked, and you risk annoying them if you push too far. But the more you welcome these exchanges and communicate about money right from the start of your relationship, the more smoothly things will go. 



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