**THE NEW SCHOOL**

School of Media Studies  September, 2019

**JANET CREATES VALUE [[1]](#endnote-1)**

Creating Value Before Discussing Price or Negotiating

Janet Holcombe, a salesperson for TheDailyNews.com, returned to the office to discuss with her sales manager the aggressive, low-ball, threatening offer that Sy Abell of Hess Jewelry had just presented her.

1. “Sy Abell will spend three times what Harry Godowski's of Godowski Jewelry spends with TheDailyNews.com. But to do this Abell must know exactly what Godowski spends on a yearly basis and precisely what Godowski is going to spend for his upcoming Christmas promotion. Abell wants to know Godowski’s schedule, Godowski’s rates and Godowski’s expenditures.  If Abell doesn't get this information, he won't buy TheDaiyNews.com.”
2. “Because Abell wants to dominate TheDailyNews.com website, he wants guaranteed banner positions (Leaderboards) above any banners Godowski runs on all the pages on which Godowski runs.”
3. “Abell will give TheDailyNews.com an equal amount of business, on a dollar basis, in all four quarters of the year if TheDailyNews.com will give Abell a 33 percent discount off the rate Godowski is paying.  This business is good for TheDailyNews.com because the business involves three times more money than Godowski is investing and has a better spread throughout the year. Furthermore, if theDailyNews.com makes this deal with Abell, he will give TheDailyNews.com 50 percent of Hess Jewelry’s advertising dollars.”
	1. “Abell offered me a Rolex ladies watch for looking after the positioning of his banners, but of course I’ll turn that down.”
4. “If we don't meet all three of his demands (Godowski's expenditures and schedules, guaranteed page positions, and a 33 percent discount off Godowski's rates), Abell threatened to put all of his money in radio.”

Janet’s sales manager asked, “Well, what are you going to do to get the business, Janet?”

Janet replied, “I think Abell is bluffing. He has to buy The DailyNews.com. Our CPMs are on average 15 percent lower than the top radio stations, plus we offer video at lower CPMs than the TV stations. Our audience is three or four times what the top radio stations audience levels are on a cumulative audience, or unique visitors, basis. Our demos are much more upscale than the three top radio stations—Hot Hits, Urban Contemporary and Country stations—and the other top stations have older audiences like Talk, News-Talk and Sports. He can’t buy TV effectively with the budget he’s got, so he needs us.”

Janet’s sales manager smiled and nodded, “Very good. I agree. What are your next steps?”

“Abell doesn’t know what the value of our site is. He doesn’t understand our valuable, upscale audience or the positive editorial environment of our content or ts high credibility, which rubs off on our advertisers.

“I’m going to do some research and create a presentation that will demonstrate our value to Hess Jewelry. I’ll give Abell some insights and recommend a unique positioning and a creative approach.

“I’ll create a personal needs portrait for Sy Abell, then complete a Benefit Matrix that our sales consultant gave us, and then put together some positioning statements that will frame TheDailyNews.com’s benefits according to Abell’s personal needs,” Janet replied.

“Then, I’ll do the same for Harry Godowski. I’ll give him a presentation and proposal for a higher investment, without revealing any details of the proposal to Abell or of his deal when he makes one. Of course I’ll mention to Harry that it looks like Hess is coming into the market.

“I’ll get results for both of them!”

Janet spent a couple of days doing extensive research on Hess Jewelry, Godowski Jewelry, the jewelry vertical, the market and the region. What she discovered was that Hess’s customers were primarily lower- and middle-income, working-class and African-American consumers. The mall Hess was going into was in a geographic location that appealed to this consumer profile.

Godowski Jewelry, on the other hand, was downtown and appealed to high-end, luxury-goods consumers. It was perceived as the local Tiffany’s. Therefore, Hess and Godowski were not competitors for the same consumers. Janet also discovered in checking around and talking to other downtown retailers that Sy Abell had a personal grudge against Harry Godowski based on a personal incident that had happened over ten years ago when Abell hadn’t paid for a graduation ring he had ordered from Godowski Jewelry. Godowski had turned the debt over to a collection agency, which Abell had resented and complained about around town vociferously. It appeared the animosity was personal, not business, and that Godowski didn’t even recall the incident.

In her research Janet also noted that her Metropolitan Area had the highest percentage African-American population of any top-25 market, that J-Z and Beyonce’s s last concert in the city had sold out faster than anywhere in the country and that the Urban Contemporary radio station was the number-one rated station in the city with people under 54.

ASSIGNMENT

1. Go to the Downloads section of <http://www.mediaselling.us> and download a blank Personality Profile and Blank Benefits Matrix.
2. Create a Personality Profile for Sy Abell and for Harry Godowski.
3. Complete two Benefits Matrices—one for Sy Abell and one for Harry Godowski based on the information in “A Salesperson’s Dilemma” and in this case. Frame the benefits of TheDailyNews.com according to the Personality Profile of Sy in one Benefits Matrix and according to the Personality Profile of Harry in the other Benefit Matrix.
4. Assume that the Daily News website and app have the same layout and sections as the New York Times website and app does.
5. Recommend: (1) a positioning tag line or slogan and (2) a creative ad strategy for Hess Jewelry.
6. Recommend: a (1) a positioning tag line or slogan and (2) a creative ad strategy for Godowski Jewelry.
1. This case was prepared by Charles Warner. [↑](#endnote-ref-1)