

How to avoid falling into the trap when a customer brackets your price

Have you ever been the one to offer to split the difference? If so it may have ended up costing you money. This lesson will show you how to take control when someone offers to split the difference.

As soon as someone suggests splitting the difference, the whole game changes.

The side that makes the offer has essentially revealed what they will settle for. You, a seller, should always let the buyer be the one to offer to split the difference first.

Suppose that after the initial negotiating, you a sales person, have a price of \$50 per case on a one thousand case order and the customer wants to pay \$45. The buyer says, "Let's split the difference." What they have just done is raised their offer to \$47.50.

The negotiating range has changed. Before, the difference was \$5. Now the difference is \$2.50 per case.

What's your move? Acknowledge the offer with appropriate respect but make it clear that you cannot yet accept because the price is still too low. (Continue to maintain that the top of your limit is \$50).

After waiting a few seconds, it becomes your turn to make a counter offer. But now the negotiating range is between \$47.50 and \$50.00. You say, "Let's meet half-way; I'll come down \$1.25 and you come up \$1.25."

The deal is struck at \$48.75 per case. If you had been the one to offer to split the difference just the opposite might have happened. If you agree to split the difference you would have lowered your price to \$47.50.

The buyer would have said to YOU: "Let's meet half-way; I'll come up \$1.25 and you come down \$1.25. The deal would have been struck at \$46.25.

On a one thousand case order the difference would have been \$2,500. (Which, of course, would have come out of your gross profit).

The first person who places a value on a product or service establishes its worth.

A perceived value must be established when the customer or buyer makes a low offer gives you a low price, you should counter by presenting an equally high price. This is sometimes referred to as "bracketing."

When the prospect makes a low offer or a sales person presents you with a high price your first reaction should be to "bracket" the price. For example, you are selling a product at \$10 , you open with \$12, the customer is shocked and offers you \$8 and you compromise at \$10.

Reverse it if you are buying: The sales person offers up a price of \$12. You are shocked and offer \$8, knowing you will be happy to get it for \$10.