Are you well prepared for a tiebreak? Some tips for B2B marketers and sales people

Professor Marc Logman
Leuven University, Belgium and Hasselt University
The European Marketing Confederation (EMC) is the organisation responsible for the bringing together marketing, sales and communication associations across Europe.

The aim of the EMC is to share best practice as well as promote and develop marketing, sales and communication as a fundamental business process.

The EMC’s Academic Group was created to provide practising marketers with access to simple and straightforward academic marketing research, which could be used to enhance their own marketing strategies.

The group is made up of a pan-European network of senior marketing academics and practising marketers, who translate the latest marketing research into practice.

Through their articles, marketers operating at the coalface of the profession can learn about the latest trends and developments affecting their sector.

Each month EMC member associations publish articles summarising the key aspects of each piece of research they have analysed, so that practising marketers can choose to implement changes within their own organisations based on informed research.

We’d like to thank the latest contributor to this edition.
Professor Logman has a PhD in applied economics and extensive experience in executive training. He is also the founder and managing director of Logical Management and has two part-time professor positions at Leuven and Hasselt Universities in Belgium.

He has written many international articles and received an International Award in 2008 from SAVE International for best paper on value engineering. He is also the author of several textbooks about Marketing Planning and Entrepreneurial Marketing.

Example Academic Group article: Getting inside the mind of the marketing managers

Selected publications:
- (English textbook) Entrepreneurial marketing. A guide for startups and companies with growth ambitions
- (Nl. talig boek) Marketing voor ondernemers. Een gids voor starters en bedrijven met groeiambities
- (Nl.talig boek) Marketingplan. Een stapsgewijs model met checklists, tools en tips
• Logman, M. (2008), Customer value as an ideation tool, Value World, 31 (1), Spring, 3-13 (Save International Award Winning Paper)
• Logman, M. (2008), Contextual intelligence and flexibility in today's marketing environment. Marketing Intelligence and planning, Vol.25, No. 5, 508-520.
This paper explores two pieces of marketing research which look at the buyer-seller relationship, and the techniques employed by companies in order to secure deals or leverage more sales.

In the first study, Anderson, Narus and Wouters (2014) researched 46 companies located in the United States and Europe, which operated in a variety of industries including: beverages, construction materials, facilities management, healthcare, logistics and transportation, power generation, and recruitment services.

The study looked at both the customer and supplier perspective by interviewing the top executives, supply chain directors, and purchasing managers at 31 companies to garner the former, and the top managers, salespeople, and marketing and business-development executives at 15 companies for the latter.

Their research revealed that winning deals or increasing sales was becoming more and more associated with what we call 'tiebreaker selling'.

In the context of sport, the term tiebreaker is used when determining a winner from amongst a number of players or teams that are tied at the end of a contest.
However, in the context of marketing, tiebreaker selling is about selling products or services by adding what is known as a ‘justifier’.

The use of a justifier provides a clear-cut reason for a procurement managers to select one supplier over and above another, despite the similar offer on the table, and is usually done following in-depth negotiation and comparison by the customer.

The technique of tie-breaker selling is used a lot for non-strategic products and services – that is to say products and services that don't contribute significantly to differentiating the customer's offer, for example in catering, cleaning, car leasing or construction materials.

For these types of products/services, procurement managers often receive several nearly identical offers within a very tight price range.

In order to compete for and win the deal, some sellers will lower their price, however, this technique doesn't always work and making excessive price concessions can raise suspicion rather than secure a deal – often if it sounds too good to be true, it is!

By employing the use of a tie-breaker, procurement managers can make an extra contribution to their business and transform a non-strategic product or service into more of a strategic one.

Are you well prepared for a tiebreak? Some tips for B2B marketers and sales people

---

For competitive pricing, we may continue to pass on...
If you’re of the view that a tiebreaker being a mere unique selling point (USP), then think again.

A tiebreaker is very different from the USP, which simply refers to a factor, such as low price or good quality, that makes a company or product different or better than others. USPs often form part of a business’ strategic plan which is developed “in advance”, whereas the same cannot be said of the tiebreaker.

The tiebreaker adds an extra proposition that can be used in convincing the purchasing manager “at the end of a negotiation process”, when the initial USP has failed to yield the necessary result.

Some might argue that the tiebreaker is the result a badly chosen USP in the first place, but that is not entirely true.

Having developed your proposition, you may find that what appeared to be unique from your perspective, might actually turn out to be quite normal in terms of offer when compared with your competitors’ or customers’ requirements. It’s all about doing your research as effectively and in-depth as possible.

What makes a good justifier?
Through their research, Anderson, Narus and Wouters discovered a variety of ways to detect the best justifier to use in a tiebreaker situation.

1. Understand exactly how the customer would use the offer.

For instance, Randstad, a provider of temporary staffing and other HR services, sends its process managers, who are experts in staffing practices and industry and regional trends, to talk with operations managers at their customers’ sites. By doing this, their managers identify a likely justifier which is tailored for each customer, and helps them to determine how workers could be shared across departments to improve efficiency.

2. Explore the relationship between your own products or services, and the additional purchases that your customer makes

This is about learning more about your customer and exploring ways in which you can provide added value, by partnering with other complementary products or services.

3. Understand what your customers’ senior management want to achieve

This is one of the most obvious, but perhaps overlooked sources of intelligence that can help to seal a deal or leverage more sales.

Understanding the top goals of your customers’ senior management and carrying out in-depth research of your customers’ websites to analyse annual reports and such, can help you to learn what their priorities are at the time of negotiation.
Always take the front foot
When using justifiers in a tiebreak situation, you need to understand that it’s a dynamic and ever-evolving process.

By their very nature, successful justifiers have a limited life span. The priorities and concerns of your customers will change, and competitors will catch on to and emulate your techniques.

This means that as a supplier, you have to be on the continual lookout for fresh justifiers to use, without compromising too much on your own values.

Take multinational package delivery company, UPS, for example.
To encourage innovation in their product offering, they encourage regional marketing and sales managers to offer ideas at periodic meetings (through teleconferencing).

They begin with postmortems of recent deals that they either won or lost. Participants then bring up new business challenges that their customers face, and together they explore any gaps in their current offer and emerging customer requirements.

As part of this, they also explore how their competitors are attempting to address the gaps in their service offerings.
The meetings conclude by proposing new services and justifiers that could effectively and profitably plug those gaps.

Sometimes a specific justifier can be a justifier in its own right to build a new product or business. At UPS one such justifier that emerged from the meetings was the concept of using Customised Express Envelopes.

During a regional conference call, a marketing manager noted that while a key requirement of professional services was brand building, few small to medium sized firms (SMEs) had the resource to do it. As a result, they used a lot of overnight express envelopes which were largely blank.

The marketing manager proposed that UPS print the customer’s logo or advertisement on them and this led to them introducing the new envelope, which in turn helped the company to win new business in the SME market.

**Knowing your clients’ customer**

Understanding who your client’s customers are can play another important role in tiebreaker selling.

Another study of Anderson and Wouters (2013), which was also based on companies, located in the United States and Europe – this time active in the bioenergy, consumer electronics components, food packaging, telecommunications and diagnostics sectors – revealed that companies understand the importance of getting to grips with their clients’ customers.

For instance, Smart Signs Solutions, located in the Netherlands, designs dynamic sign systems for large buildings, including directional signs, door signs, meeting room signs and message boards.

Although the company sells predominantly to installation companies, their products are also used in settings such as hospitals that are notoriously complicated for visitors to navigate.

To better understand the context of their clients’ customers, Smart Signs relied heavily on direct communication with facilities managers and intended users of their product.

By doing this, they were able to refine their product proposition based on feedback direct from the end user.

Previously, the company had assumed that because its products were so technically oriented, their clients were attracted to them because they were state-of-the-art.

However, by understanding the needs of their clients’ customers better, they discovered a preference for a simpler version of their product which was more user friendly. Not only this, they were able to offer an additional integration service as a result of a simple presentation to one of their client’s customers.
Managers presented two alternatives: option one included only door signs, leaving it to the hospital’s IT department to develop the control system and integrate it into the information system. Option two involved Smart Signs developing the control system and taking responsibility for system integration. The hospital chose the second option, which was priced 20% higher but saved their client work and potential headaches.

This example demonstrates that even though the higher price didn’t cover all of Smart Sign’s development costs, the process of liaising with their client’s customers allowed them to produce a more complete offering that they would then be able to deploy amongst other prospective customers.

To conclude, the importance of understanding the buyer-seller relationship is vital, but so is getting underneath the skin of the end user of a product or service.

This will help to develop effective USPs, but will also create justifiers or tiebreakers that could lead to your business leveraging more sales, winning new clients, or developing new product innovations.

If you have the resource available to invest more in researching how your products or services are used, and are prepared to add an appropriate justifier which is more than just a price concession, you can increase your market share as a result.

Full references for this article:
Following on from this article about the use of tiebreakers in marketing by EMC Academic Group Professor, Marc Logman, we spoke to him to find out more about why he chose to focus on this subject.

1. What is a tiebreaker and how is it different to a simple USP?
The tiebreaker, or justifier, is used as part of the sales pitch to add an extra proposition to help convince a buyer “at the end of a negotiation process”. It is used when the initial USP has failed to yield the necessary result.

2. Why should a marketer consider the use of a tiebreaker or justifier, and are there any associated risks?
There certainly are risks. If you don't get selected as a possible supplier by a client in the first instance, then having an appropriate justifier ready in your back pocket can prove a waste of time, and its value totally disappears.

In this situation, the lost client didn't even know the extra justifiers you were prepared to unveil as part of the next stage of negotiation.

This makes the timing of the deployment of your justifier very important – reveal it too soon, and you could undersell yourself, reveal it too late, and you might not win the deal.

Another issue is that of intersegmental conflicts. For instance in 2011, millions of people received emails from the New York Times offering a special discount (50% reduced rate for 16 weeks on home delivery) if they would reconsider their decision to cancel their subscriptions.

However, the mailing was only ever intended for 300 people who had decided to stop taking home delivery of the newspaper, leading the rest of their subscribers to question why this wasn't part of the initial ‘offer’ in the first place.

Therefore, the use of justifiers will only work if there is a logical sequence in building marketing (value proposition) and sales arguments, and when there is a good internal alignment (avoiding mistakes by any marketing and sales departments involved).
3. What are the barriers to the effective use of tiebreakers, and how can marketing managers overcome these?

A first barrier is that it is not an easy process, as it is very difficult to formulate justifiers in advance, not knowing for sure the specific customer contexts in which they will need to be used.

It is only by getting into the negotiation process (being selected as one of the possible suppliers, often based on a good initial offer/USP) that it becomes clear what additional justifiers might clinch a deal.

In this respect, marketing can support sales in helping them to get a good customer insight in advance, based on customer analytics data, buyer persona profiles, etc.

A second barrier is the one already raised above – the fact that the use of extra justifiers can lead to much higher expectations of the brand or product, and can ultimately force a company to make them part of their initial, universal USP.

As such, justifiers need to be used carefully and strategically – you won’t always get it right, but when you do, it can make the difference between clinching the deal, and not.
Contact us

We hope that you enjoy reading this edition. If you have any questions about the issues raised in this paper, please don’t hesitate to contact us.

Germany
German Marketing Organisation (DMV)

Greece
The Hellenic Institute of Marketing (HIM)

Ireland
Marketing Institute of Ireland (MII)

Lithuania
Lithuanian Marketing Association (LiMA)

Russia
High School of Marketing, Business Developments and Economics (HSE Moscow)

Switzerland
Swiss Marketing (SM)

The Netherlands
Nederlands Instituut voor Marketing (NIMA)

United Kingdom
The Chartered Institute of Marketing (CIM)

European Marketing Confederation (EMC)
Square du Meeûs 35
De Meeussquare 35
1000 Bruxelles
Tel; 00 32 2 7421 780
info@emc.be
www.emc.be
Twitter: @infoeumarketing

2018 The European Marketing Confederation. All rights reserved. The European Marketing Confederation is the umbrella organisation for marketing, sales and communication associations in Europe. Operating since the 1960s, our Brussels headquarters was established in 1993. Our mission is the promotion and the development of marketing as the fundamental business process leading to economic growth and prosperity and the improvement of the competitive position of Europe’s trade, commerce and industry. We deliver our mission by defining standards for marketing education and training in Europe, with qualifications that are comparable and recognized across borders, supporting the science and practice of sales marketing and communication and providing a unique source of information, studies and best practice.

Articles produced by the Academic Group of the European Marketing Confederation (EMC). Copyright © 2018. All rights reserved. Editor: HAN Communications