

How to negotiate a better deal

Most of us spend far more than we need to on the products and services we use. We all know there are better deals to be had but we avoid chasing them. Sometimes because we are embarrassed to ask, sometimes we lack the confidence and sometimes we might not think it's worth the effort.

To help we've compiled some tips to make the process easier.

Regardless of what products or services you are negotiating we think the following things are important:

1. **Preparation is key** – gather all the information you can about your current product or service. Know what you pay, how long you've been a customer, what features you value and which ones you don't. Have a plan for what you want to achieve – do you want to reduce your cost or increase the value by getting more for what you pay? Would you really be willing to walk away if you can't get what you want?
2. **Knowledge is power, so do your research** – you need to know everything you can about alternate products and services in the market. Use MoneyBrilliant Bill Watch suggestions, comparison sites and customer reviews to brush up on what else is available. Have a look at what your existing service provider offers on other plans and what they offer to new customers
3. **Get the timing right, if you can** – this can mean different things in different circumstances. Sometimes it's about negotiating when you are about to sign a new deal (you might have a better chance of getting a discount if the seller thinks it will secure a new sale), sometimes it's about negotiating at the right time of day or time of year (you might get a better deal at the end of a day or at the end of a financial year when a seller is keen to increase sales) and sometimes it's about where you are in your current contract (you might get a better deal at renewal time than in the middle of an existing contract)
4. **Put aside any emotion or embarrassment you feel** – this is a process to deliver an outcome. This is about you getting the best value you can for your hard earned money. And it's about you having more money to spend on the other things that are important to you!

How to have the conversation

After you've done your research and preparation, we think there are a couple of ways to have the conversation that will improve your chances of success. Of course, if you are used to negotiating then feel free to do it your own way, but if you need some help, follow these scripts.

1. Start the conversation and signal your intent

Make it clear that you want to negotiate a better deal. Be firm about it but be polite. People are more likely to do what they can to help you if they like you than if they don't. You could signal your intent using statements like:

"I don't think I'm getting the best deal I can on my home loan. I've checked other lenders' offers online and some have rates that are much cheaper than what I am paying"

"I think I'm paying more than I need to for my electricity. I've had a look at plans offered by some of your competitors and it looks like some of them are much cheaper."

"I've just received my insurance renewal and it's much higher than I was expecting. I've been given a quote by one of your competitors which is much cheaper."

"I'm looking around to see if I can save some money on my home loan. Are you able to offer me a discount if I stay with your company?"

"I'm looking to make a decision / buy a television / buy something else today. Is this the best price you can do?"

2. Make sure you are talking to the right person

There is no point continuing the conversation with someone who doesn't have the authority to offer you a better deal. In general, the more senior the person you're talking with the more authority they will have to do a deal. So, within reason you want to speak to the most senior person you can. At the very least you want to talk with someone who has the authority to do a deal.

The easiest way to do this is to ask the person you are talking with whether they have the authority to give you a better deal. So, you might say something like this:

"Can you offer me a better deal or do I need to talk to someone else?"

If the person you are talking with won't, or says they can't offer you a better deal you may need to push this point a little further. You might want to say something like this:

"I'm thinking of leaving / switching to a competitor does your business have a retention team I can talk with?"

"I'm thinking of leaving / switching to a competitor, is there someone else I can talk to who might be able to give me a better deal?"

3. Provide specific details

Once you know you are talking with someone who can give you a better deal you have to be prepared to give them specific details of better offers that are available. The more specific your examples the more likely you are to get a good deal that matches what you have found. You might say something like:

"Bank A is currently offering new customers an interest rate of X% with no application fee. I'm currently paying Y% with you. Would you be able to match that offer?"

"I've checked on line and Electricity Company A has a special offer for new customers of \$X. Would you able to match that offer or even do a little better?"

"I've noticed you are offering brand new customers X, I have been a loyal customer for Y years, would you be willing to give me the same offer you are giving new customers?"

4. Know what you want – but be prepared to negotiate

Sometimes you might be able to offer up something of value to your current provider in exchange for a better deal. For example, you might be able to bundle more products and services in exchange for a discount, or commit to a longer contract period. These can certainly help in the negotiations. But make sure you have done your research and that by bundling or committing for a longer contract term you are still getting a good deal.

5. Be prepared to walk if you have to

Ultimately, the strongest leverage you have, to get a better deal, is the threat to leave and take your business elsewhere. Businesses are very aware that it costs them a lot to win new customers and that it is almost always cheaper to retain an existing customer than win a new one. This is your Ace card, play it carefully and only when you need to.

Good luck. Remember, the more you save on these things the more you can spend on things that are important to you. It's worth it!