

PRICING AND NEGOTIATING FOR PROFIT

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For many, pricing and negotiating are the most difficult aspects of being a freelance outdoor photographer. We all want to earn as much as we can, and negotiating a profitable sale or assignment fee is important to our success. Mastering the skills of setting a price for your work and then negotiating to come as close as you can to your goal requires learning, preplanning and persevering...and a little luck doesn't hurt.

Agreeing to a client's offer, no matter the price, to avoid the discomfort of negotiating may not meet the needs of your photography business. You need to sell products and services at a profit. To keep solvent, a bottom line of revenue must be met, including profits that are reinvested into the business. For nature photographers, successful sales provide a living, more travel and shooting opportunities. This is why we are in this business!

So how much should you charge? On this point, most of us enter a no-man's land of uncertainty. What is a fair price? What is the going rate? How much is our work worth? All these are legitimate and important questions. While some well-known photographers can command prices and sell products based on name recognition and the historic value of their work within the market, most photographers compete in the mainstream markets battling for respectable fees.

Is there such a thing as a fair price or a going rate? Fair price is the value perceived by the buyer, and ultimately he/she decides if it is fair. Going rates are common in a service business where that business sets pricing based on what competitors charge. While there have been business models that try to set a going rate in photography, there have also been business models that undercut to create an advantage. We saw this happen in the stock photo industry when it went online and the "one-price-fits-all" model emerged.

With the growing use of automated pricing models, mainly online, there is still plenty of room for a business to promote the value of its products directly with the client. This approach, when followed with successful negotiations, demonstrates to the client that value received is higher than price paid. While some clients have set prices with no room for discussion, others are open to negotiating. Here, great negotiating skills can result in a higher fee.

The first step is establishing a price to present to the client. During your initial conversation ask how and where the image(s) will be used, such as a brochure, magazine, poster, web, etc., followed by the size of the use, the print run, or length of time. Different usages provide different value to the customer. An outdoor product catalog cover has a greater value than 1/8-page inside.

Ask what rights the client wants. For example, limited or unlimited use of the image(s) in a specific product or multiple products. The client's interest may be varied but the longer the time or the more printings, the more value the client receives. Take notes for careful evaluation later when you sit down to establish the price.

With the answers to those questions, how do you establish a fair price based on value? While it might seem tempting to just pick a number out of the air because you honestly don't know pricing, most clients are savvy to the business and mindful of their budget. Instead, take the time to set up a pricing strategy that is competitive in today's markets and takes into consideration your cost of doing business. This, if nothing else, keeps you mindful of your bottom line when it comes to negotiating and making your monthly sales quota.

Some great tools for helping you establish your prices are: Blinkbid (<http://blinkbid.com/>) and FotoQuote (<http://www.cradocfotosoftware.com/fotoQuote-Pro/>).

Both software programs aid in establishing competitive prices for image sales and assignment fees. While these tools guarantee nothing, they provide starting points and negotiating tools to assist you in completing a sale. As the economy adjusts, you can adjust these rates to align with current market conditions. Another informative site on industry standards is the PLUS Initiative (<http://www.useplus.com/index.asp>). While this site does not provide pricing schedules or guides to negotiation, its mission is of interest to professional photographers licensing their images. PLUS's goal is to promote uniform standards across the globe on licensing models and usage rights.

In reality, pricing guides do not justify the value of a photograph in itself. The value perceived by you versus the value perceived by the client is rarely the same. This value in the end comes down to what the

client is willing to pay and whether it is acceptable to you. However, when you put solid effort into establishing a price and can justify it through negotiations, while also giving the client what it wants, you achieve a sale you can feel good about.

There will be, in some cases, clients who cannot be sold on your price or, it seems, any reasonable price. You want to make the sale and the client wants your product, so it's important to find common ground. While there are plenty of clients

who we feel just don't get it, I try to consider every client as my best client and my last client. This mindset motivates me to work hard on negotiation by being understanding and flexible.

Clients are doing their jobs by finding the best deal at the best price. There is no take it or leave it in my pricing! While I avoid giving away the farm, a more common strategy is to negotiate a trade up. If the client can't or won't agree to my price, then I might suggest a variety of changes to the usage such as: smaller print run or shorter time frame. Another approach, especially for smaller publications that might be struggling, is a trade for a small ad in the magazine.

Successful negotiation starts with you believing in what you are asking for. Understanding your needs makes your negotiating position stronger and the process smoother. Start with a price range that you feel is fair and back that up with why you feel it's fair. Listen to the client's offer with understanding, but also understand that the client may be providing the bottom of its price range. When a client says, "We only have a budget of \$X," understand that that is the bottom of what the client is willing to pay, meaning it will pay no less and hopes you will agree to the fee.



It is difficult to negotiate a higher fee for images like this one of the Grand Staircase at Escalante National Monument, Utah, because the tripods of many nature photographers have been planted in the same location to capture similar images. That could change however, if photographers are required to have a permit to photograph at Escalante—something the Park Service considers from time to time. If that were to happen, timely images of the Grand Staircase could become rare.

Counter with some flexibility, but don't agree to the low-end price unless you absolutely feel it is fair. When you counter back, you should set the top of your range reasonably higher than the client's initial price and explain why in a convincing manner. Your price should leave plenty of room for negotiation. The client started by setting its top price and now that you set yours, the client's price becomes the bottom price range in the negotiations. You might not get your price, but presenting what you need in a convincing manner—such as explaining how rare the image is—only increases the likelihood that the agreed price will be closer to your price.

During this process, don't forget to listen to the client. Oftentimes clients are less concerned about the total price than they are about paying too much. This proves why it is important for you to be ready to justify your price and why, in the end, successful negotiation may not be so much about getting what you want, for either side, but in finding common ground. ☺