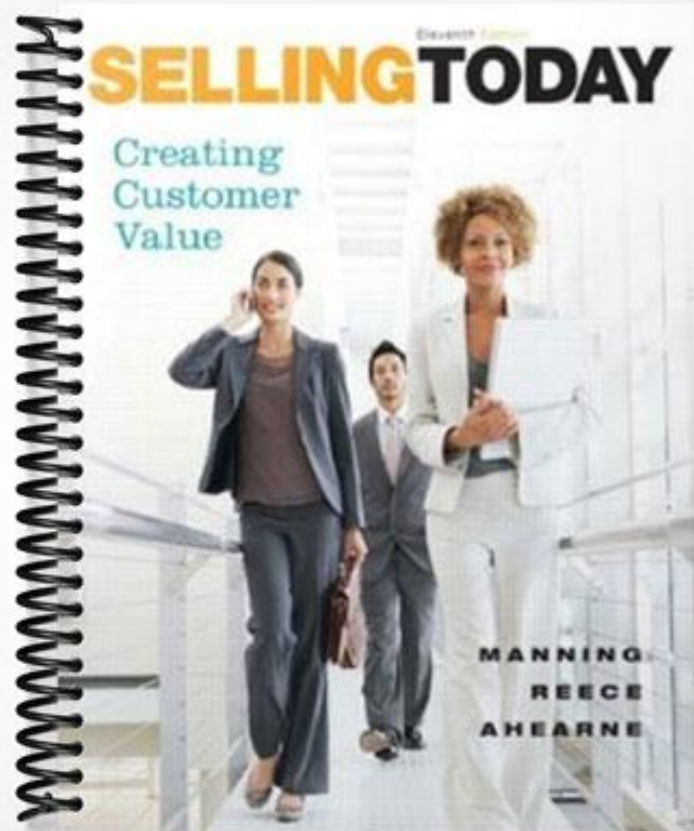


## SOLUTIONS MANUAL



## **Part II**

# **PRESENTATION OUTLINES**

The following extended presentation outlines provide a detailed and organized listing of topics presented in each chapter of the text. They are provided as a guide for planning and presenting classroom presentations.

# 1

## PERSONAL SELLING AND THE MARKETING CONCEPT

### EXTENDED PRESENTATION OUTLINE

Personal selling is an important force in maintaining the economic vitality of a nation. Many productive salespeople are using the strategic consultative-selling approach to determine and fulfill consumers' product and service needs.

#### I. Personal Selling – A Definition and a Philosophy

- A. Definition: **Personal selling** occurs when a company representative interacts directly with a customer to present information about a product or service.
  - 1. Personal selling is a process of:
    - a. Building customer relationships.
    - b. Discovering customer needs.
    - c. Matching the appropriate products with these needs.
    - d. Communicating benefits through informing, reminding, and/or persuading.
  - 2. A **product** is broadly defined as information, services, ideas, and issues.
- B. Developing a personal selling philosophy includes three prescriptions:
  - 1. Adopt the marketing concept.
  - 2. Value personal selling.
  - 3. Become a problem solver/partner.

#### II. Personal Selling in the Age of Information

- A. Major advances in information technology.
- B. Strategic resource is information.
  - 1. Information is often too plentiful.
  - 2. Salespeople help filter information.
- C. Business is defined by customer relationships.
  - 1. The new economy is the customer economy.
  - 2. Relationships build a conduit of trust for information exchange.
- D. Sales success depends on adding value.
  - 1. **Value-added** selling is defined as a series of creative improvements in the sales process that enhance the customer experience.
  - 2. The value added by salespeople today is increasingly derived from intangibles.

#### III. Personal Selling As an Extension of the Marketing Concept

- A. Evolution of the marketing concept.
  - 1. The **marketing concept** is a principle that holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired products.
  - 2. The foundation for the marketing concept is a business philosophy that leaves no doubt in the mind of every employee that customer satisfaction is of primary importance.
  - 3. The marketing concept was introduced in the early 1950s (discuss Table 1.1).
- B. Marketing concept yields marketing mix.
  - 1. The **marketing mix** is a network of marketing activities that will maximize customer service and ensure profitability.
  - 2. Elements of the marketing mix:
    - a. Product
    - b. Promotion (includes personal selling)
    - c. Place
    - d. Price
- C. Important role of personal selling.
  - 1. Personal selling is often the major promotional method used in—whether measured by people employed, by total expenditures, or by expenses as a percentage of sales.
  - 2. Firms make investments in personal selling in response to several major trends:
    - a. Products and services are becoming increasingly sophisticated and complex.
    - b. Competition has greatly increased in most product areas.
    - c. Demand for quality, value, and service by customers has sharply risen.

#### IV. Evolution of Consultative Selling

- A. **Consultative selling** emerged in the late 1960s and early 1970s (see Table 1.1) and is an extension of the marketing concept.
- B. **Transactional selling** is the sale process that serves the buyer primarily interested in price and convenience.
- C. Major features of consultative selling
  - 1. The customer is seen as a person to be served, not a prospect to be sold.
  - 2. The salesperson doesn't use a high-pressure sales presentation; two-way communication identifies (diagnoses) customer's needs.
  - 3. Consultative selling emphasizes need identification, problem solving, and negotiation rather than manipulation.
  - 4. Consultative selling emphasizes service at every phase of the personal selling process.
- D. Consultative selling practices are not easily mastered.

#### V. Evolution of Strategic Selling

- A. Strategic selling began receiving considerable attention during the 1980s (see Table 1.1).
- B. During the 1980s we witnessed the beginning of several trends that resulted in a more complex selling environment.
- C. **Strategic planning** is the managerial process that matches the firm's resources to its market opportunities. It takes into consideration the various functional areas of business that must be coordinated such as financial assets, workforce, production capabilities, and marketing.
- D. The strategic market plan is often the guide for a strategic selling plan.
  - 1. **Tactics** are techniques, practices, or methods you use when you are face-to-face with a customer.
  - 2. A **strategy** is a prerequisite to tactical success. If you develop the correct strategies, you are more likely to make your sales presentation to the right person, at the right time, and in a manner most likely to achieve positive results.
  - 3. Strategic planning sets the stage for a form of consultative selling that is more structured, more focused, and more efficient.
- E. Strategic/Consultative-Selling Model.
  - 1. The model is divided into four broad strategic areas:
    - a. **Relationship strategy**: A well thought-out plan for establishing, building, and maintaining quality relationships.
    - b. **Product strategy**: A plan that helps salespeople make correct decisions regarding the selection and positioning of products to meet identified customer needs.
    - c. **Customer strategy**: A carefully conceived plan that will result in maximum responsiveness to the customer's needs. It involves the collection and analysis of specific information on each customer.
    - d. **Presentation strategy**: A well-developed plan that includes preparation of the sales presentation objectives, understanding the buying process, and renewing one's commitment to provide outstanding customer service.
  - 2. Interrelationship of basic strategies—the relationship, product, and customer strategies all influence development of the presentation strategy

## VI. The Evolution of Partnering

- A. The partnering concept emerged in the early 1990s (see Table 1.1).
- B. **Partnering** is a strategically developed, long-term relationship that solves the customer's problems.
- C. Today's customer wants a quality product and a quality relationship. Partnering requires that salespeople continuously search for ways to add value to their selling relationships.
- D. Partnering is the key to building repeat business and referrals.  
Note: The partnering concept is covered in more detail in Chapter 3.

- E. Strategic Alliances – The Highest Form of Partnering
  - 1. The goal of strategic alliances is to achieve a marketplace advantage by teaming up with another company.
  - 2. Partnering is enhanced with high ethical standards.
  - 3. Partnering is enhanced with **customer relationship management (CRM)**.

## **VII. Value Creation – The New Selling Imperative**

- B. The *information economy* will reward salespeople who can create value at every step of the sales process.
- C. Traditional selling has too often emphasized communicating value that lies in the product rather than creating value for the customer.
- D. Creating and Delivering Customer Value Model:
  - 1- Understanding Customer's Value Needs.
  - 2- Creating the Value Proposition.
  - 3- Communicating the Value Proposition.
  - 4- Delivering the Value Proposition.

## **PERSONAL SELLING OPPORTUNITIES IN THE AGE OF INFORMATION**

### **EXTENDED PRESENTATION OUTLINE**

A major goal of this chapter is to describe how personal selling skills contribute to work performed by knowledge workers. Today's workforce is made up of millions of knowledge workers who succeed only when they add value to information. Salespeople, and many other knowledge workers, add value to information when they collect it, organize it, clarify it, and present it in a convincing manner.

#### **I. Personal Selling in the Age of Information**

- A. Everybody sells.
- B. Salespeople add value to information.
- C. Effective relationships aid information communication.
- D. Knowledgeable workers use selling skills.
- E. Managerial personnel.
  - 1. Some of the managers' most valuable information comes from customers.
  - 2. Executive selling helps managers learn more from customers.
- F. Professionals.
  - 1. Doctors, accountants, lawyers, engineers, and other professionals need to use selling skills.
  - 2. Technical skills are not enough in the information age.
  - 3. Professionals need relationship skills to develop new business.
- G. Entrepreneurs.
  - 1. Entrepreneurs need to sell their new business plan to investors and others.
  - 2. Business owners rely on personal selling to build their business.
- H. Customer Service Representatives (CSR).
  - 1. CSRs have traditionally worked with customers in non-selling areas.
  - 2. CSRs are now learning and applying selling skills.
  - 3. CSRs often discover customer needs.

#### **II. Your Future in Personal Selling**

- A. Over 17 million sales jobs in America.
- B. Opportunities exist that match your interests, talents, and ambitions.
- C. Rewarding aspects of selling careers.
  - 1. Above average income.
    - a. Table 2.1 describes sales force compensation for different performance levels.

- b. Research indicates that salespeople involved in transactional sales earned the lowest compensation. Sales personnel involved in value-added sales earned the highest compensation.
- 2. Above average psychic income.
  - a. **Psychic income** (psychological rewards) gained from a selling career may include recognition and security.
  - b. In selling, recognition will come more frequently and with greater intensity than in most other occupations.
  - c. Accomplishments of sales personnel seldom go unrecognized.
- 3. Opportunity for advancement.
  - a. High visibility affords opportunities for advancement.
  - b. Sales experience is invaluable in many middle and high management positions.
- D. Opportunities for women.
  - 1. Sales offer women high income and flexible work schedules.
  - 2. There is a growing awareness that gender is not a barrier to success in selling.

### III. Employment Settings in Selling Today

- A. Three major settings include:
  - 1. Service Channel
  - 2. Business Goods Channel
  - 3. Consumer Goods Channel
- B. Service Channel
  - 1. Nearly 80 percent of the U.S. labor force is now employed in the service sector.
  - 2. Opportunities in the service field
    - a. Hotel, motel, and convention center services
      - (1) Salespeople sell room space, food, beverages, and services related to hosting seminars, conferences, and meetings.
      - (2) Competition for convention business is intense.
    - b. Telecommunication services
      - (1) Deregulation of telephone service has resulted in the fragmentation of major telephone companies and the creation of numerous new communication companies.
    - c. Financial services
      - (1) There are nearly 1 million sales jobs in securities and financial services.
    - d. Media sales
      - (1) Sales force employed by radio/television stations sell broadcasting time to current and prospective advertisers.
      - (2) Newspapers and magazines generate their main revenue from advertising rather than from subscriptions.
      - (3) Media sales personnel help develop advertising campaigns.



- e. Real Estate
  - (1) Buying a home is usually the largest single expenditure in average consumer's life.
  - (2) Real estate salespeople play an important role.
- f. Insurance
  - (1) One of the most rewarding careers in sales.
  - (2) Policies sold include fire, liability, life, health, automobile, casualty, and homeowner's.
  - (3) Two broad types of insurance salespeople.
    - (a) Those employed by major insurance companies.
    - (b) Independent insurance agents who represent various companies.
- g. Business services.
  - (1) Outsourcing of services is increasing.
- h. Other fields of service sales include home and business security, travel and recreation, pest control, and transportation.

#### C. Business Goods Channel

- 1. Common titles of salespeople:
  - a. Sales engineer or Applications Engineer—must have detailed and precise technical knowledge.
    - 1. Requires expertise in identifying, analyzing, and solving customer problems.
    - 2. May introduce new products and answer technical questions.
  - b. Field salesperson—finds and meets needs.
  - c. Detail salesperson—primary goal is to develop goodwill and stimulate product demand.
    - 1. Calls on wholesale, retail, and other customers to help improve their marketing.
    - 2. Collects information regarding customer acceptance of products.
    - 3. Must be able to offer advice on credit policies, pricing, displays, and so forth.

#### D. Consumer Goods Channel

- 1. Profile: Asbury Automotive Group
  - a. Success due to expert staff.
  - b. Customers are willing to pay higher prices because they value the quality products and assistance provided by salespeople.
  - c. Well- trained salespeople add value to the shopping experience.

### IV. Learning to Sell

- A. Basic question: "Are salespeople made or are they born?"
  - 1. The principles of selling can be learned and applied by a variety of people.
  - 2. Hundreds of corporations spend millions of dollars to develop salespeople.
- B. Types of sales training.

1. Business training programs to develop their salespeople
2. Firms specializing in the development of sales personnel (see Table 2.3).
  - a. Wilson Learning Corporation
  - b. The Forum Corporation
  - c. Dale Carnegie Training
  - d. AchieveGlobal
  - e. Sales Performance International
  - f. Huthwaite, Inc.
3. Sales Training Offered by a Sample of Universities (see Table 2.4).
4. Courses to earn certification, such as CMR.
5. University and college business departments.

# 3

## CREATING VALUE WITH A RELATIONSHIP STRATEGY

### EXTENDED PRESENTATION OUTLINE

The manner in which salespeople establish, build, and maintain relationships is a very important aspect of personal selling. Salespeople who are honest, accountable, and sincerely concerned about the customer's welfare bring added value to the sale.

#### **I. Developing a Relationship Strategy (see Figure 3.1)**

- A. Selling involves three major relationship challenges.
  - 1. Building new relationships.
  - 2. Transforming relationships from personal to business level.
  - 3. Managing relationships.
- B. Relationships add value. Several major sales-training courses stress a style of selling that favors a close, trusting, long-term relationship over the quick sell.
- C. Partnering—the highest-quality selling relationship.
  - 1. With increased competition and greater product complexity, we see the need to adopt a relationship strategy that emphasizes the “lifetime” customer.
  - 2. Partnering can be defined as a strategically developed, high-quality relationship that focuses on solving the customer's buying problems.
- D. Relationship strategies focus on four key groups.
  - 1. Customers.
  - 2. Secondary decision makers.
  - 3. Company support staff.
  - 4. Management personnel.
- E. Tailoring the relationship strategy.
  - 1. Ideally, the relationship strategy should be tailored to the type of customer you are working with.
  - 2. Chapter 1 provides a description of the three most common types of selling situations: transactional selling; consultative selling, and strategic selling.

#### **II. Thought Processes That Enhance Your Relationship Strategy**

- A. Myth of the born salesperson
  - 1. Created by folklore to be dynamic, outgoing, and highly assertive
  - 2. Sales success depends on a positive self-image and the ability to relate to others in effective and productive ways.
- B. Self-concept—an important dimension of the relationships strategy.

1. **Self-concept:** a bundle of facts, opinions, beliefs, and perceptions about yourself that are present in your life every moments of every day.
  2. Once we acquire an idea about ourselves, it serves to edit all incoming information and influence our actions.
  3. How to improve your self-image.
    - a. Focus on the future and stop being overly concerned with past mistakes.
    - b. Develop expertise in selected areas.
    - c. Learn to develop a positive mental attitude
- D. The **win-win** approach is when both the customer and salesperson are satisfied; this selling can set the stage for a long-term relationship, repeat business, and future referrals.
- E. Empathy and ego drive
- 5- Empathy is the ability to imagine yourself in some else's position to understand what that person is feeling.
  - 6- Ego drive is an inner force that makes the salesperson want and need to make sale.
- F. Character and integrity.
1. Character is composed of personal standards, including honesty, integrity, and moral strength.

### III. Verbal and Nonverbal Strategies That Adds Value to Your Relationships

#### 1- Nonverbal Messages

- A. Every salesperson projects an image—positive or negative.
- B. Effect of nonverbal message on relationships.
  1. **Nonverbal messages** can be defined as “messages without words.”
  2. Studies suggest the relatively small role played by words alone in the communication process.
  3. Voice communicates in many ways: tone, volume, and speed of delivery.
  4. Nonverbal messages can reinforce or contradict the spoken word.
- C. Entrance and carriage.
  1. The key to a successful entrance is believing and projecting that you have a reason to be there and something important to say.
  2. A confident manner suggests that the meeting will benefit the client.
- D. Shaking hands.
  1. The handshake is an important symbol of respect, and in most business settings is the proper greeting.
  2. In selling, the handshake is usually the first, and frequently the only, physical contact during a sales call.
  3. The message communicated with a handshake will be determined by a combination of:

- a. Eye contact during handshake—maintaining eye contact throughout the handshaking process is important.
- b. Degree of firmness—generally speaking, a firm handshake communicates a caring attitude while a weak grip communicates indifference.
- c. Depth of interlock—a full, deep grip will communicate friendship to the other person.
- d. Duration of the grip—although there is no ideal duration of grip, by extending the duration of the handshake we can communicate greater interest and concern for the other person.
- e. Degree of dryness of hands—a moist palm can give the impression of nervousness; a clammy handshake is likely to repel most customers.
- 4. The best time to present your name is during the handshake.
- E. Facial expressions tell us important things about the other person’s inner feelings.
  - 1. A frown or a smile will communicate a great deal.
  - 2. When you smile at someone, you usually get a smile in return.
- F. Eye contact.
  - 1. Eye contact is one of the best ways to say “I’m listening.”

## 2- The Effect of Appearance on Relationships

- A. **Unconscious expectations**—views we all have concerning appropriate dress and grooming.
- B. When selecting a wardrobe for sales work, consider factors of simplicity, appropriateness, and quality.
  - 1. Simplicity—color and design communicate a message; avoid flashy colors.
  - 2. Appropriateness—consider the clients served; select business casual clothing with care.
  - 3. Quality.
    - a. A salesperson’s wardrobe should be regarded as an investment.
    - b. Select neatly tailored attire.
  - 4. Visual integrity. Attention should be given to details. The image you project is made up of many factors.

### **3- The Effect of Voice Quality on Relationships**

- A. Voice quality contributes a great deal to the meaning attached to spoken messages.
- B. Voice quality is particularly important when using the telephone.
- C. Suggestions for a pleasing verbal presentation.
  - 1. Don't talk too fast or too slow.
  - 2. Avoid a speech pattern that is dull and colorless.
  - 3. Avoid bad speech habits.

### **4- The Effect of Etiquette on Your Relationships**

- A. Good manners are as important in a business setting as in a social setting.
- B. Rules of etiquette are important to salespeople.
  - 1. Avoid the temptation to address a new prospect by first name.
  - 2. Avoid offensive comments or stories.
  - 3. Recognize the importance of punctuality.
  - 4. When you invite a customer to lunch, don't discuss business before the meal is ordered unless the client initiates the subject.
  - 5. When you use voice mail, leave a clear, concise message.
  - 6. Avoid cell phone contempt.

## **IV. Conversational Strategies That Enhance Relationships**

- A. Apply three of Dale Carnegie's guidelines for building strong relationships.
  - 1. Become genuinely interested in other people.
  - 2. Be a good listener. Encourage others to talk about themselves.
  - 3. Talk in terms of the other person's interest.
- B. In developing conversation, the following three areas should be considered:
  - 1. Comments on here and now observations.
  - 2. Compliments.
  - 3. Search for mutual acquaintances or interests.

## **V. Strategies for Self-Improvement**

- A. Set and achieve personal development goals.
  - 1. Goal setting is an important part of self-improvement.
  - 2. Write out goals in clear, concise language.
- B. Use visualization. To **visualize** means to form a mental image of something.
- C. Use positive self-talk.
  - 1. Eliminate negative self-talk.
  - 2. Replace with positive self-talk and repeat often.
- D. Reward your progress.
  - 1. Reward yourself when goals are achieved.
  - 2. Take pride in your accomplishments.

## COMMUNICATION STYLES: A KEY TO ADAPTIVE SELLING TODAY

### EXTENDED PRESENTATION OUTLINE

The major goal of this chapter is to introduce communication-style bias and examine the implications of this concept for a person in selling. Many sales are lost because effective relationships fail to develop between the salesperson and the customer.

#### **I. Communication Styles – An Introduction to Adaptive Selling**

- A. We form impressions of people by observing their behavior. The patterns of behavior that others observe can be called communication style.
- B. Adaptive selling can be defined as altering sales behaviors in order to improve communication with the customer. It relates to a salesperson's ability to collect information regarding customer's needs and responding appropriately.
- C. **Communication-style bias**—when we have contact with another person whose communication style is different than our own.
  - 1. The most prominent form of bias, experienced by almost all of us from time to time.
  - 2. A state of mind present when two people have difficulty talking to one another.
  - 3. Improving communication-style awareness aids in achieving improved sales productivity.
  - 4. Communication-style theory is a practical blend of concepts from the fields of psychology, communication, and sociology.
- D. Communication—style principles.
  - 1. Individual differences exist and are important.
    - a. Voice patterns are used by customers to judge communications.
    - b. Facial expressions, eye movements, and posture vary from person to person and constitute some of the nonverbal components of our communication style.
  - 2. A communication style is a way of thinking and behaving.
    - a. It's a preferred way of using abilities.
    - b. A style refers to how someone likes to do something.
  - 3. Individual style differences tend to be stable.
    - a. Our communication style is based on a combination of hereditary and environmental factors.
    - b. Our style is somewhat original at birth but takes on additional individuality in the first three to five years of life.

- c. By the time we enter elementary school, our communication style is identifiable and remains rather constant throughout life.
- 4. There are a finite number of styles.
  - a. By combining a series of descriptors, a single label can be developed to describe a person's most preferred communication style.
- 5. To create the most productive relationships, it is necessary to get in sync with the communication style of the people you work with.
- E. Improving your relationships—management skills.
  - 1. Awareness of communication-style classification methods greatly reduces the possibility of tension arising during the sales call.
  - 2. Awareness of communication-style bias will allow the salesperson to tailor the sales presentation to the style of the customer and, thus, close more sales.

## II. Communication-Style Model

- A. The communication-style model defines the four basic communication styles using two important dimensions of human behavior: dominance and sociability.
- B. Dominance continuum.
  - 1. **Dominance** is the tendency to command, control, or prevail over others.
    - a. Other descriptions include competitive, decisive, and determined.
    - b. People high in dominance are generally “take-charge” people, whereas people low in dominance usually display non-assertive behavior.
  - 2. The dominance continuum is depicted as a horizontal axis ranging from low to high. Everyone falls somewhere on the dominance continuum.
  - 3. David W. Johnson's Interpersonal Pattern Exercise divides people into two dominance categories.
    - a. Low dominance: Tendency to be cooperative and eager to assist others; low in assertiveness.
    - b. High dominance: Tendency to give advice freely and frequently initiate demands; more aggressive in dealings with others.
  - 4. The first step in determining your most preferred communication style is to identify where you fall on the dominance continuum (see Figure 4.1).
    - a. Complete the Dominance Indicator form shown in Table 4.1 by placing checkmarks on the scales at the points which best represent how you perceive yourself.
    - b. If most of your checkmarks fall to the right of center, you are someone high in dominance, and vice versa.
    - c. There is no best place to be on the dominance continuum.
- C. Sociability continuum.
  - 1. **Sociability** is the tendency to seek and enjoy interaction with others.
    - a. Other descriptors include open, talkative, and enjoys personal associations.
    - b. High sociability is an indicator of a person's preference to interact with other people rather than working with little interaction.



2. The sociability continuum reflects the amount of control we exert over our emotional expressiveness.
3. The sociability continuum is depicted as a vertical axis ranging from low to high. Everyone falls somewhere on the sociability continuum.
4. The second step in determining your most preferred communication style is to identify where you fall on the sociability continuum (see Figure 4.2).
  - a. Complete the Sociability Indicator form shown in Table 4.2 by placing checkmarks on the scales at the points which best represent how you perceive yourself.
  - b. If most of your checkmarks fall to the right of center, you are someone high in sociability and vice versa.
  - c. There is no best place to be on the sociability continuum.

### III. Four styles of communication.

1. The dominance and sociability dimensions of human behavior can be combined to form a partial outline of the communication-style model (see Figure 4.3).
2. The **emotive style** combines high sociability and high dominance (see Figure 4.4).
  - a. Signified by the upper right-hand quadrant of the communication-style model.
  - b. Descriptors—expressive, excitable, desirous of creating a social relationship quickly, prefers informality (see “Key Words for the Emotive Style”).
  - c. Examples: David Letterman, Steve Martin, Jay Leno, and Oprah Winfrey.
  - d. Verbal and nonverbal characteristics:
    - (1) Appears to be quite active, even restless; likely to express feelings with movement of hands and rapid speech patterns.
    - (2) Takes the social initiative in most cases; apt to initiate and maintain a conversation; more inclined to initiate the handshake.
    - (3) Likes to encourage informality; moves to a first-name basis rapidly; prefers relaxed social setting.
    - (4) Expresses emotional opinions, often dramatically and impulsively.
3. The **director style** combines high dominance and low sociability (see Figure 4.5).
  - a. Signified by the lower right-hand quadrant of the communication-style model.
  - b. Descriptors—frank, demanding, aggressive, very determined (see “Key Words for the Director Style”).
  - c. Examples: stereotypical image of a Hollywood film director, Lee Iacocca, Barbara Walters, Mike Wallace, Dick Cheney, and Judge Judy.
  - d. Verbal and nonverbal characteristics:
    - (1) Appears to be focused; does not like to waste time; wants to get right to the point.

- (2) Gives the impression of not listening; feels more comfortable talking than listening.
  - (3) Displays a serious attitude; may communicate a lack of warmth; businesslike and impersonal.
  - (4) Voices strong opinions; likes to maintain control.
- 4. The **reflective style** combines low dominance and low sociability (see Figure 4.6).
  - a. Signified by the lower left-hand quadrant of the communication-style model.
  - b. Descriptors—tends to examine all facts carefully before arriving at a decision; reserved; cautious (see “Key Words for the Reflective Style”).
  - c. Examples: Albert Einstein, Dr. Joyce Brothers, Jimmy Carter, and Alan Greenspan.
  - d. Verbal and nonverbal characteristics:
    - (1) Controls emotional expression; generally does not display warmth openly.
    - (2) Displays a preference for orderliness; enjoys a highly structured environment; feels frustration when confronted with unexpected events.
    - (3) Tends to express measured opinions; displays disciplined, businesslike actions.
    - (4) Seems difficult to get to know; tends to be quite formal in social relationships and may be perceived as aloof.
- 5. The **supportive style** combines low dominance and high sociability (see Figure 4.7).
  - a. Signified by the upper left-hand quadrant of the communication-style model.
  - b. Descriptors—good listeners; don’t express their views in a forceful manner; prefer low visibility; low assertiveness; sometimes too agreeable; avoid conflict (see “Key Words for the Supportive Style”).
  - c. Examples: Mary Tyler Moore, Kevin Costner, Meryl Streep, and the late Princess Diana.
  - d. Verbal and nonverbal characteristics:
    - (1) Gives the appearance of being quiet and reserved; can easily display their feelings, but not in an assertive manner.
    - (2) Listens attentively to other people.
    - (3) Tends to avoid the use of power, more likely to use friendly persuasion.
    - (4) Makes decisions in a thoughtful and deliberate manner.
- D. Popularity of the four-style model (see Figure 4.8).
- E. Determining your communication style:
  - 1. High dominance/low sociability: director communication style.
  - 2. Low dominance/high sociability: supportive communication style.
  - 3. Low dominance/low sociability: reflective communication style.
  - 4. High dominance/high sociability: emotive communication style.

5. Our most preferred style remains very stable throughout life, although we will sometimes display behavioral characteristics of another style.

#### **IV. Minimizing Communication-Style Bias**

- A. Communication-style bias is a barrier to success in selling.
- B. A salesperson must be able to develop rapport with people in each quadrant.
- C. How communication-style bias develops. Example: director salesperson encounters supportive customer.
- D. Achieving interpersonal versatility
  1. Mature and immature behavior.
    - a. Although both sides exist in each communication style, we all have the potential for developing the mature side.
    - b. Example: emotive style can be open and genuinely friendly, but it can also be too talkative and emotional.
    - c. Example: reflective can be industrious and precise, or aloof and stuffy.
  2. Strength/weakness paradox
    - a. Your greatest strength can become your greatest weakness.
    - b. Examples:
      - (1) Reflective:
        - (a) Strength—well-disciplined approach to life.
        - (b) Weakness—too serious, too questioning, too inflexible.
      - (2) Director:
        - (a) Strength—open, frank, direct.
        - (b) Weakness—too straightforward, too blunt, opinionated.
    - c. Intensity zones (see Figure 4.9):
      - (1) Zone one—behavioral characteristics of people in this zone displayed with less intensity than in zone two; more difficult to identify because of less intensity in both dominance and sociability continuums.
      - (2) Zone two—behavioral characteristics of people in this zone displayed with greater intensity than in zone one.
      - (3) Excess zone—this zone is characterized by a high degree of intensity and rigidity.

## V. Achieving Versatility Through Style Flexibility

- A. **Style flexing** is the deliberate attempt to accommodate the needs of the other person. You are attempting to communicate with the other person on his/her own “channel.”
- B. Try to determine the customer’s most-preferred style as quickly as possible and adjust your own accordingly.
  - 1. The clues which can help you identify the other person’s communication style are everywhere.
  - 2. Note tone of voice, gestures, and so forth.
- C. Selling to emotives.
  - 1. Move at an entertaining, fast pace.
  - 2. Be enthusiastic, not overly formal.
  - 3. Plan actions that will provide support for their opinions.
  - 4. Maintain good eye contact.
  - 5. Be a good listener.
- D. Selling to directives.
  - 1. Keep the relationship businesslike.
  - 2. Be efficient, time-disciplined, and well organized.
  - 3. Ask specific questions and carefully note responses.
- E. Selling to reflectives.
  - 1. Use a thoughtful, well-organized approach.
  - 2. Be on time.
  - 3. Use specific questions that show clear direction.
  - 4. Present proposal in a slow, deliberate fashion without pressure.
- F. Selling to supportives.
  - 1. Take time to build personal relationship.
  - 2. Listen carefully for expressions of personal opinions, feelings, and emotional needs.
  - 3. Be patient.
- G. Word of caution.
  - 1. Look for additional information about a person versus just placing a label on the person.
  - 2. Do not let your own label make you inflexible.
  - 3. Do not let labels inhibit you from effective communications with others.

## **ETHICS: THE FOUNDATION FOR RELATIONSHIPS IN SELLING**

### **EXTENDED PRESENTATION OUTLINE**

Salespeople frequently provide the only link between customers and the firm. Therefore, the ethical conduct of the salesperson must always be above reproach in order to avoid tarnishing the image of the firm. Salespeople must operate daily by high ethical standards, without compromise.

#### **I. Making Ethical Decisions**

- A. Every day salespeople must judge the rightness or wrongness of their actions.
  - 1. **Business ethics** are the rules that direct your conduct and moral judgments. Ethics help translate values into behavior.
  - 2. There is no uniform code of ethics for all people.
  - 3. Many organizations establish a written code of conduct for their salespeople.

#### **II. Character Development**

- A. Despite growing interest in business ethics, unethical behavior has become all too common. The current generation of workers may be more tolerant of unethical behavior.
- B. The Erosion of Character
  - 1. Several “half-truths” have influenced the erosion of character in the business community.
    - a. We are only in it for ourselves.
    - b. Corporations exist to maximize shareholder value.
    - c. Companies need to be lean and mean.
  - 2. Many business firms are struggling to align their values, ethics, and principle with the expectations of their salespeople and their customers.

#### **III. Factors Influencing the Ethics of Salespeople**

- A. Salespeople are continually tempted to compromise ethical standards for short-term gain.
  - 1. Figure 5.2 outlines the forces that can help salespeople deal honestly with customers.
- B. Top management as role model.
  - 1. Ethical standards filter down from the top of an organization.

2. The moral tone of an organization, as established by management personnel, is the single most important determinant of employee ethics.
- C. Company policies and practices.
  1. Many business organizations develop written policies that deal with ethical problem areas; these give direction to all employees and offer a clear-cut philosophy of how to conduct business transactions. This can improve financial results. (Discuss “Values for Success” developed by Mutual of Omaha.)
  2. Sharing confidential information.
    - a. Salespeople must preserve the confidentiality of information revealed to them by customers.
    - b. Confidential information that may be helpful to a competing firm should not be disclosed.
  3. Reciprocity.
    - a. **Reciprocity** is a mutual exchange of benefits, as when a firm buys products from its own customers.
    - b. Some business firms actually maintain a policy of reciprocity, although in some cases reciprocity is not acceptable.
    - c. Business relationships based on reciprocity often have drawbacks.
  4. Bribery.
    - a. In some cases, a bribe is wrong from a legal standpoint; in most cases, it is wrong from an ethical point of view.
  5. Gift giving.
    - a. The giving of gifts is sometimes closely related to offering bribes, although it is a more widespread practice.
    - b. Gifts can be inexpensive tokens of appreciation for business, or expensive items.
    - c. Guidelines for the giving of gifts:
      - (1) Do not give gifts before doing business with a customer.
      - (2) Never give the impression you are “buying” the customer’s business with gifts.
      - (3) Customers should have a clear understanding that gifts are given as tokens of appreciation.
      - (4) Be sure the gift does not violate the policies of your firm or the customer’s firm.
  6. Entertainment.
    - a. The dividing line between gifts, bribes, and entertainment is often arbitrary.
    - b. In a few industries, entertainment is seen as the key to obtaining new accounts.
    - c. Entertainment is a highly individualized process and should be planned with the personal preferences of the prospect in mind.
  7. Business defamation.
    - a. Business slander arises when unfair and untrue oral statements about a competitor are communicated to a third party, thus damaging the

- competitor's business reputation or the personal reputation of an individual in that business.
- b. Business libel may be incurred when an unfair and untrue statement is written about a competitor and communicated to a third party, thus damaging the competitor's business and reputation.
- c. Product disparagement occurs when false or deceptive comparisons or distorted claims are made concerning a competitor's product, services, or property.
- 8. Use of the Internet.
  - a. The Internet can create a number of ethical dilemmas.
  - b. Many companies have developed policies that define permissible uses of their e-mail system.
- 9. Effectiveness of company policies as a deterrent to unethical behavior depends on two factors:
  - a. The firm's attitude toward employees who violate these policies.
  - b. The participation and support of the entire sales staff when developing policies.
- D. Sales manager as role model.
  - 1. The actions of a salesperson often mirror the behavior and expectations of the sales manager.
    - a. Sales managers provide new salespeople with their first orientation to company operations.
    - b. They interpret company policy and provide feedback regarding the salesperson's work and conduct.
  - 2. If the moral fiber of a sales force begins to deteriorate, the sales manager must shoulder a great deal of responsibility.
  - 3. Sales managers influence ethical behavior of salespeople by virtue of what they say and what they do.
- E. Salesperson's personal values.
  - 1. Values represent the ultimate reasons people have for acting as they do.
  - 2. Values serve as a foundation for our attitudes, and our attitudes serve as a foundation for our behavior.
  - 3. Education and life experiences help people clarify their values.
  - 4. Values can serve as a deterrent to unethical behavior in a selling situation.
  - 5. When salespeople discover a conflict between their value system and that of their employer, they have three choices:
    - a. Ignore the influence of their values and engage in unethical behavior.
    - b. Voice strong opposition to the practice that is in conflict with their value system.
    - c. Refuse to compromise their values and be prepared to deal with the consequences.
- F. Laws, contracts, and agreements.
  - 1. Legal standard is enforced by statute.
  - 2. Ethical standard is an outgrowth of the customs and attitudes of the society.
  - 3. Nearly all sales activities are subject to regulation.

4. Defending ethics claims can be costly to a company.
5. The Uniform Commercial Code.
  - a. A legal guide to a wide range of transactions between the seller and the buyer, dealing with:
    - (1) Definition of a sale.
    - (2) Warranties and guarantees.
    - (3) Salesperson and the reseller.
    - (4) Financing of sales.
    - (5) Product consignment.
  - b. Has been adopted throughout the United States.
6. Cooling-off laws.
  - a. Legislation that establishes a cooling-off period, during which the consumer may void a contract to purchase goods or services.
  - b. Provisions of the laws vary from state to state.
  - c. Primary purpose is to provide consumers with an opportunity to reconsider their buying decision made under the persuasive influence of a salesperson.
7. Contracts and agreements.
  - a. A contract is simply a promise or promises (oral or written) that the courts will enforce.
  - b. Salespeople are sometimes the legal representatives of their company and therefore must be careful when they sign contracts or agreements.
8. Ethics beyond the letter of the law.
  - c. Ethics are not a matter of law alone.
  - d. A salesperson's ethical sense must extend beyond the legal definition of what is right and wrong.
  - e. Salespeople must develop their own personal codes of ethics.

#### **IV. A Personal Code of Ethics That Adds Value**

- A. The apparent decline in moral integrity throughout various segments of our society has precipitated a concern toward firming up our ethical standards.
- B. If the business community cannot police itself, people will look to government for solutions to the problem.



- C. General guidelines can be used as a foundation for a personal code of ethics.
  - 1. Personal selling must be viewed as an exchange of value.
  - 2. Relationships come first, tasks second.
  - 3. Be honest with yourself and others.
- D. Although trust is an essential element of every sale, the meaning of trust changes with the type of sale:
  - Trust in transactional sales
  - Trust in consultative sales
  - Trust in strategic alliance sales

## **V. Ethical and Legal Issues in International Business**

- A. Ethical and legal issues that are quite complex on the domestic scene become even more complicated at the international level.
- B. Cultural Issues:
  - 1. Culture is the sum total of beliefs, values, knowledge, ethnic customs, and objects that people use to adapt to their environment.
  - 2. When the salesperson understands the cultural background of the foreign customer, communication problems are less likely.
  - 3. Perceptions of time differ from country to country.
- C. Legal Issues:
  - 1. Monitoring illegal activities throughout the world is a very difficult task.

## CREATING PRODUCT SOLUTIONS

### EXTENDED PRESENTATION OUTLINE

Salespeople serve as ambassadors for their company, providing what is often the only direct source of information the prospect has about the company. Information about the company can be a strong appeal during the sales presentation, particularly when products are very similar. Being fully acquainted with their product is also necessary for a successful sales plan. Well-informed salespeople also have adequate knowledge of the competition.

#### I. Developing a Product Solution That Adds Value

**Product strategy** is a well-conceived plan that emphasizes becoming a product expert, selling specific benefits, and configuring value-added solutions.

- A. A **solution** is a mutually shared answer to a recognized customer problem.
  - 1. A solution is often more encompassing than a specific product.
  - 2. A solution provides measurable results such as greater productivity, increased profits, or less employee turnover.
  - 3. Selling a solution usually requires a greater effort to define and diagnose the customers problem.
- B. Tailoring the product solution (See Figure 6.2).
  - 1. A product strategy should be tailored to the customer's buying needs.
  - 2. Transactional buyers are usually well aware of their needs.
  - 3. The consultative buyer may lack needs awareness and will usually welcome need clarification.
  - 4. Developing a product strategy for the strategic alliance customer usually offers the greatest challenge.
- C. Explosion of Product Options
  - 1. The global market is overflowing with a vast array of goods and services.
  - 2. Important role of salesperson is to simplify the customer's study of product choices.
- D. Creating solutions with product configuration.
  - 1. **Product configuration** is the product selection process.
  - 2. Product configuration considers product options, prices, delivery schedules, and other parts of the product mix while working.
  - 3. Software can help salespeople with the product configuration.
- E. Preparing written proposals.
  - 1. Written proposals are part of the product strategy.
  - 2. Well-written proposals add value to the product solution.
  - 3. Written proposals include.

- a. Budget and overview.
- b. Objective.
- c. Strategy.
- d. Schedule.

## II. Becoming a Product Expert

- A. Product development and quality improvement processes
  - 1. In **product development** the original idea for a product is tested, modified, and retested before being offered to the customer.
  - 2. Product development history will set the stage for stronger sales appeals.
  - 3. Quality improvement continues to be an important long-term business strategy for most successful companies.
  - 4. Quality control involves measuring products against established standards.
  - 5. Companies can confirm their quality control through ISO 9000 and 9002 certification.
- B. Performance data and specifications.
  - 1. Performance data are of interest to most sales prospects.
  - 2. Performance data can be critical in cases in which the customer is attempting to compare the merits of one product with another.
  - 3. Comparative performance data may be supplied by testing programs.
- C. Maintenance and service contracts.
  - 1. Prospects often want written information regarding maintenance and care requirements.
  - 2. Service agreements add value to the sale.
- D. Pricing and delivery.
  - 1. Professional salespeople should be able to supply accurate price and delivery information about their products and competing ones.
  - 2. Delivery rates and prices may vary according to factors such as size of purchase, delivery method, and payment plan.
- E. Quantifying the solution.
  - 1. The process of determining whether or not the proposal adds value is often called **quantifying the solution**.
  - 2. Quantifying the solution often involves a carefully prepared cost-benefit analysis.

## III. ROI Selling Appeals

- A. As products and services become more complex and more expensive, customers are more likely to look at the financial reasons for buying.
  - 1. Salespeople who can develop a sales proposal that contains specific information on return on investment (ROI) are more likely to get a favorable response from key decision makers.
  - 2. To perform accurate ROI calculations often requires the collection of detailed financial information.
  - 3. The use of ROI selling appeals requires more work up front, but it often leads to shorter sales cycles.

#### **IV. Know Your Company**

- A. Company culture and organization.
  - 1. Sales personnel need to be informed because they are often the firm's closest point of contact with the customer.
  - 2. In the eyes of the customer, the salesperson is the company.
  - 3. Type of company knowledge needed by the consumer will be influenced by the "brand power" of the product.
  - 4. Pride in the company you work for grows out of an understanding of this history and mission of the firm.
  - 5. **Organizational culture** is a collection of beliefs, behaviors, and work patterns held in common by people employed at a specific firm.
  - 6. Many prospects will use the past performance of a company to evaluate the quality of the current product offering.
- B. Company support for product.
  - 1. Keep in touch with customers to determine if they are satisfied—"service after the sale" theme.
  - 2. Involving workers in product support increases their commitment.

#### **V. Know Your Competition**

- A. The influence of competition.
  - 1. Acquire knowledge of the competition in order to develop product knowledge.
  - 2. Because prospects often ask about competing firms, the answers may help sell your product.
- B. Your attitude toward competition.
  - 1. Regardless of how impressive your product is, customers will naturally seek information about competing products.
  - 2. In most cases, do not make references to the competition during the sales presentation.
  - 3. Never discuss the competition unless you have all your facts straight.
  - 4. Never criticize.
  - 5. Be prepared to add value.
- C. Become an industry expert.
  - 1. Salespeople should focus on a specific industry.
  - 2. Salespeople can study the industry's trade journals and join associations.

#### **VI. Sources of Product Information**

- A. Product literature, Catalogs, and Web-Based Sources
  - 1. Often prepared by the company; provides detailed descriptions of the products.
  - 2. May be in the form of brochures, catalogs, labels, or advertisements.
- B. Plant tours.

1. First-hand viewing will provide valuable product knowledge and increase the salesperson's enthusiasm for the product.
2. A new salesperson may spend several days studying the production process.
- C. Internal sales and sales support team members.
  1. Professional salespeople learn from each other.
  2. Team selling has become more common.
- D. Customers.
  1. Have observed product performance under actual working conditions.
  2. Can provide objective assessment of the product's strengths and weaknesses.
  3. Testimonials from satisfied customers can be collected and made available to sales staff.
- E. Product.
  1. Investigation, use, and careful evaluation of the product and its competition will provide a sales person with additional confidence.
- F. Publications.
  1. Trade and technical publications, popular magazines, and the business section of the newspaper offer considerable product information (example: *Consumer Reports*).
  2. Findings reported in non-technical language.
- G. Word of caution.
  1. It is generally not possible for salespeople to know too much about their products and services.
  2. Salespeople should be careful not to overwhelm the potential buyer with facts and figures or knowledge that is above the prospect's level of understanding.
  3. Salespeople should adopt the feature/benefit strategy.

## VII. Adding Value with a Feature/Benefit Strategy

- A. All successful sales presentations translate product features into buyer benefits; people do not buy features, they buy benefits.
- B. Distinguish between "features" and "benefits."
  1. **Product feature** is any feature of the product that you can feel, see, or measure.
    - a. Answers the question, "What is it?"
    - b. Includes such things as craftsmanship, durability, design, and economy of operation.
    - c. In most cases, these are technical facts that reveal how the product was developed and manufactured.
    - d. Are often found in the literature provided by the manufacturer.
  2. **Product benefit** is whatever provides the customer with personal advantage or gain.
- C. General versus specific benefits

1. Neil Rackham, author of *The Spin Selling Fieldbook*, says that a statement can only be a benefit if it meets a specific need expressed by the buyer.
  2. Benefit statements linked to the customer's expressed need are especially effective in large or complex sales.
- D. Use bridge statements.
1. **Bridge statements** transitional phrases that are used to connect a statement of features with a statement of benefits.
- E. Identify features and benefits.
1. Sales personnel should prepare a feature/benefit analysis worksheet.
    - a. Identify important features and arrange in logical order.
    - b. Write beside each feature the most important benefit the customer will derive from that feature.
    - c. Write a bridge statement.
  2. Product analysis helps decide what information to include in the sales presentation.
- F. Avoiding information overload.
1. Knowing your product is essential to good selling, but concentrating on product alone can be a serious mistake.
  2. To avoid overloading the customer with product data, often described as a "data dump, stay focused on the customer's needs.

## PRODUCT-SELLING STRATEGIES THAT ADD VALUE

### EXTENDED PRESENTATION OUTLINE

Today we are seeing an explosion of specialized products and services. Firms are differentiating themselves on the basis of quality, price, convenience, economy, and other factors. To accomplish this goal requires more attention to strategic planning.

#### I. Product Positioning – A Product Selling Strategy

- A. **Positioning** involves the decisions, activities, and communication strategies that are directed toward trying to create and maintain a firm's intended product concept in the customer's mind.
- B. Essentials of product positioning.
  - 1. Salespeople make important contributions to the process of product positioning.
  - 2. Emphasis is placed on positioning the product with a value-added strategy.
- C. Achieving Product Differentiation in Personal Selling
  - 1. **Differentiation** refers to your ability to separate yourself and your product from that of your competitors.
  - 2. Companies differentiate their products from competitors on the basis of quality, price, convenience, economy, or some other factor.
  - 3. Salespeople play a key role in helping to differentiate products.
  - 4. A **value proposition** is the set of benefits and values the company promises to deliver to customers to satisfy their needs

#### II. The Cluster of Satisfactions Concept

- A. People buy products if they fulfill a problem-solving need.
- B. **Satisfaction**s arise from the product, the company, and the salesperson (see Figure 7.1).
- C. Customers are seeking a cluster of satisfaction.

#### III. Product Positioning Options

- A. Positioning new and emerging products versus mature and well-established products. The sales strategy used to sell a new and emerging product will be much different from the strategy used to sell a mature, well-established product. Positioning changes during the **product life cycle** (see Figure 7.2).

1. Selling new and emerging products.
  - a. Selling strategies are designed to develop a new level of expectation, change habits, and in some cases establish a new standard of living.
  - b. Goal is to build desire for the product.
2. Selling mature and well-established products
  - a. Characterized by intense competition as new brands enter the market.
  - b. Customers accept the products, and they are aware of competing products.
  - c. The relationship strategy is often critical at this stage.

#### IV. Selling Products with a Price Strategy

1. Transactional selling tactics that emphasize low price.
  - a. Basic strategy is meeting the competition.
  - b. Salespeople can alter (lower base price) through the use of discounts.
  - c. Types of discounts and allowances:
    - (1) **Quantity discount**—lower price for purchasing in multiple units.
    - (2) **Seasonal discount**—price changes over time to match changing demand.
    - (3) **Promotional allowances**—price reduction for participation in advertising or a sales support program.
    - (4) **Trade or functional discounts**—channel intermediaries, such as wholesalers, often perform credit, storage, or transportation services.
2. Consequences of using low-price tactics.
  - a. Some customers believe that low price equates with low quality.
  - b. Low-price tactics may mean less service and many customers want excellent service after the sale.
  - c. Prior to using low-price tactics, everyone involved in sales and marketing should answer these questions:
    - (1) Are you selling to high- or low-involvement buyers?
    - (2) How important is quality in the minds of buyers?
    - (3) How important is service?
3. Influence of electronic commerce on pricing.
  - a. Low-cost products may be sold on the Internet at lower prices.
  - b. Complex products that need a salesperson's involvement may be priced higher.



## V. Selling Your Product with a Value-Added Strategy

- A. Positioning your product with a value-added strategy. Successful companies have adopted a **strategic market plan** that emphasizes value-added strategy.
  - 1. **Value-added strategies** mean that companies add value to their product with a cluster of intangibles such as better-trained salespeople, increased levels of courtesy, more dependable product deliveries, better service after the sale, and innovations that truly improve the product's value in the eyes of the customer.
  - 2. Value added benefits give a competitive edge.
- B. Selling the value-added product using the total product concept.
  - 1. **Generic product** is basic, substantive product that describes only the product category (example: life insurance, hotel room).
  - 2. **Expected product** is everything that represents the customer's minimal expectations (example: clean room in a hotel).
    - a. Minimal purchase conditions vary among customers, so salesperson must determine "expected product" that exists in the customer's mind.
    - b. Salesperson must discover both "feelings" and "facts."
  - 3. **Value-added product** exists when salespeople offer the customer more than they expect (example: Nordstrom "overstaffs" the sales floor by traditional standards).
    - a. Salespeople add value when they meet and exceed customer expectations.
  - 4. **Potential product** refers to what may remain to be done or what is possible (example: wardrobe consultations at clothing stores).
    - a. More likely to be developed by salespeople who are close to their customers.
    - b. Often needs are mutually discovered during exchanges between salespeople and customers.
- C. Value Creation Investments for Transactional, Consultative, and Strategic Alliance Buyers.
  - 1. In most cases value creation investments during the transactional sale are minimal.
  - 2. A considerable amount of value creation takes place in consultative sales.
    - a. Higher investments in value creation are permitted because companies need to invest in developing a good understanding of the customer's needs and problems.
  - 2. In most cases, value creation investments in strategic alliance sales are the highest.

## THE BUYING PROCESS AND BUYER BEHAVIOR

### EXTENDED PRESENTATION OUTLINE

Much of what we know about today's consumer is drawn from recent market research and the behavioral sciences, including psychology, sociology, and anthropology. Through application of this knowledge, salespeople can increase their ability to satisfy the needs and wants of consumers.

#### I. Developing a Customer Strategy

- A. The greatest challenge to salespeople is to improve responsiveness to customers.
- B. The **customer strategy** is a carefully conceived plan that will result in maximum customer responsiveness.
- C. The customer strategy is built upon three prescriptions that help salespeople add value:
  - 1. Understand the buying process.
  - 2. Understand buyer behavior.
  - 3. Develop prospect base (discussed in Chapter 9).
- D. Complex Nature of Customer Behavior
  - 1. Customers perceive the product in their own terms.
  - 2. Buyers have different needs and motives.
  - 3. Current trends that influence buying decisions:
    - a. More consumers are moving upscale toward premium and luxury goods.
    - b. Customer respect is central to success in every market.
    - c. Customers come from more diverse racial, ethnic, and cultural backgrounds than ever before.

## II. Consumer Versus Organizational Buyers

- A. **Consumer buyer behavior** refers to the buyer behavior of individuals and households who buy products for personal consumption.
- B. **Business buyer behavior** refers to the organizations that buy goods and services for use in production of other products and services that are sold, rented, or supplied to others.
- C. Figure 8.2 compares the differences between consumer and organizational buyers.

### 1- Types of Organizational Buying Situations

- A. The time and effort organizational buyers spend on a purchase usually depends on the complexity of the product and how often the decision must be made. There are three types of organizational buying situations:
  - 1. A first time purchase of a product or service is a **new-task buy**.
  - 2. A **straight rebuy** situation is a routine purchase of items needed by a business-to-business customer.
  - 3. **Modified rebuy** situations surface when the buyer approaches a supplier and requests a change in product specifications, delivery schedules or a lower price.
- B. Building strategic alliances
  - 1. Large companies often form several alliances. Some strategic alliances take the form of systems selling. **System selling** appeals to buyers who prefer to purchase a package solution to a problem from a single seller.

### 2- Types of Consumer Buying Situations

- A. **Habitual buying decisions** usually require very little consumer involvement and brand differences are usually insignificant.
- B. **Variety-seeking buying decisions** are characterized by low customer involvement, but important brand differences.
- C. **Complex buying decisions** are characterized by a high degree of involvement by the consumer.

## III. Achieving Alignment with the Customers Buying Process

- A. The **buying process** is a systematic series of actions, or a series of defined, repeatable steps intended to achieve a result.
- B. Although buying decisions are made in different ways, there is a model (Figure 8.3) that shows the typical stages in the buying decision process.
  - 1. *Need awareness* motivates buyers to begin searching for possible problem solutions.
  - 2. *Evaluation of solutions* is the second step in the buying process. Salespeople can add value at this stage by providing useful information.

3. *Resolution of problems* is the stage where the customer has evaluated one or more solutions and has resolved to do something, but may need more assistance from the salesperson.
4. Once all of the customer's obstacles and concerns have been overcome, the **purchase** decision is made.
5. **Implementation** is the final stage of the buying process. This stage offers many value creation opportunities.

#### IV. Understanding the Buying Process of the Transactional, Consultative, and Strategic Alliance Buyer

- A. Transactional process buyers are, in most cases, well aware of their needs and usually know a great deal about the products or services they intend to purchase.
  1. Some value creation opportunities exist during and after a transactional sale.
- B. Consultative process buyers often lack needs awareness or need help evaluating possible solutions.
  1. Complex products and services require assistance from a consultative salesperson.
  2. Successful consultative salespeople focus a great deal of attention on needs awareness.
- C. Strategic alliance process buyers can present a major challenge to salespeople.
  1. Step one in building an alliance is a careful study of the proposed partner.
- D. The **buyer resolution theory** is based on the point of view that the final buying decision is possible only after the prospect has answered five logical questions (see Figure 8.4).
  1. Why should I buy?
  2. What should I buy?
  3. Where should I buy?
  4. What is a fair price?
  5. When should I buy?

#### V. Understanding Buyer Behavior

##### 1- Basic Needs That Influence Buyer Behavior

- A. Maslow's Hierarchy of Needs.
  1. According to Abraham Maslow, basic human needs are arranged in a hierarchy according to their strength (see Figure 8.6).
  2. Physiological needs.
    - a. **Physiological needs**, sometimes called *primary needs*, are basic needs (hunger, thirst, shelter, and so forth), which tend to be very strong in the minds of most people.
    - b. As basic needs are met, a person seeks to satisfy higher needs.

- c. Satisfaction of higher needs is postponed until basic physical needs are satisfied.
  - 3. Security needs.
    - a. **Security needs** represent our desire to be free from danger.
    - b. Desire to satisfy this need may motivate people to purchase security systems, smoke alarms, medical and life insurance, traveler's checks, and so forth.
  - 4. Social needs.
    - a. **Social needs** reflect the desire for friendship, companionship, and long-term business relationships.
    - b. Customers want to be treated as partners.
  - 5. Esteem needs.
    - a. **Esteem needs** reflect the desire to feel worthy, competent, or adequate in the eyes of others.
    - b. Customers want salespeople to involve them in the transaction.
  - 6. Self-actualization needs.
    - a. **Self-actualization needs** refer to the need for self-fulfillment, a full tapping of one's potential.
    - b. Highest-level needs on the hierarchy.
- 2- Group influences that influence buying decisions.
- 1. **Group influences** are role, reference group, social class, and cultural influences.
- A. Role influence.
    - 1. Definition: **role** is a set of characteristics and expected social behaviors based on external expectations.
    - 2. Roles influence general behavior and buying behavior.
  - B. Reference group influence.
    - 1. Definition: **reference group** is a group of several people who have well-established interpersonal communications and tend to influence the values, attitudes and behaviors of one another.
    - 2. May act as a point of comparison and a source of information for the individual member.
    - 3. Norms of the group become a guide for purchasing activity according to the strength of the individual's involvement with the group and the individual's degree of susceptibility to reference group influence.
  - C. Social class influence.
    - 1. Definition: **social class** is a group of people who are similar in values, lifestyles, interests, behavior, and occupational prestige.
    - 2. Entry into various social classes differs among societies.
    - 3. To some degree, individuals within social classes have similar attitudes, values, and possessions.
    - 4. Sociologists have determined that there are between three and six social classes.
  - D. Cultural influence.

1. Definition: **culture** is the accumulation of values, rules of behavior, forms of expression, beliefs, and the like for a group of people who share a common language and environment.
2. Culture has considerable influence on buying behavior.
3. **Subculture** is a group whose members share ideals and beliefs that differ from those held by the wider society of which they are a part.

### 3- Perception – How Customer Needs Are Formed

- A. **Perception** is the process through which sensations are interpreted, using knowledge and experience.
  1. Perception is shaped by group influences and psychological and physiological conditions within us (see Figure 8.2).
  2. Perception influences buying behavior because it determines what is seen and felt.
- B. Selective perception is screening out or modifying stimuli.
  1. Impossible to be conscious of all inputs at one time.
  2. Social and cultural background plus physical and psychological needs condition the use of selectivity.
  3. Buyers may screen out or modify information if it conflicts with previous attitudes or beliefs.
  4. Salespeople should review their own perceptions for accuracy.

### 4- Buying Motives

- A. **Buying motive** is an aroused need, drive, or desire.
  1. It acts as a force that stimulates behavior intended to satisfy that aroused need.
  2. Perceptions influence or shape this behavior.
  3. Successful salespeople have adopted a product strategy that involves discovery of buying motives that influence purchase decisions.
- B. Emotional versus rational buying motives.
  1. **Emotional buying motives** are those motives that prompt the prospect to act because of an appeal to some sentiment or passion.
  2. **Rational buying motives** are those motives that appeal to the prospect's reason or better judgment.
  3. Emotional buying motives.
    - a. A surprising number of purchases are guided by emotional buying motives.
    - b. Salespeople should discover emotions that influence the buying decision.
  4. Rational buying motives.
    - a. A purchase based on rational buying motives is generally the result of an objective review of available information.
    - b. The buyer closely examines the product or service in an unemotional manner and has a functional use in mind.

- c. A professional buyer or purchasing agent is likely to be motivated by rational buying motives.
  - d. A professional buyer will welcome the advice and counsel of a well-trained salesperson.
  - e. Rational buying motives include:
    - (1) Saving time.
    - (2) On-time delivery.
    - (3) Increased profits or financial gain.
    - (4) Competent installation and servicing.
    - (5) Durability.
- C. Patronage versus product buying motives.
1. **Patronage buying motives** cause the prospect to buy products from one particular business.
    - a. Prospect usually has had prior direct or indirect beneficial contact with the business.
    - b. Highly important where there is little or no appreciable difference between two products.
    - c. Patronage buying motives include:
      - 1) Superior service.
      - 2) Selection.
      - 3) Competence of sales representative.
  2. **Product buying motives** lead a prospect to purchase one product in preference to another.
    - a. Sometimes made without direct comparison between competing products.
    - b. Product buying motives include:
      - (1) Brand preference.
      - (2) Quality preference.
      - (3) Price preference.
      - (4) Design and/or engineering preference.

## DEVELOPING AND QUALIFYING A PROSPECT BASE

### EXTENDED PRESENTATION OUTLINE

Identifying persons who are potential customers, called **prospecting**, is a very important aspect of personal selling. **Prospects** have three basic qualifications: (1) a need for the product or service, (2) the ability to afford the purchase, and (3) the authority to purchase the product. The goal of prospecting is to build a **prospect base** made up of current customers and potential customers. This chapter examines several effective prospecting methods.

#### I. Prospecting – An Introduction

- A. Importance of prospecting
  - 1. Customers may move to a new location outside salesperson's territory.
  - 2. A firm may go out of business or merge with another company.
    - a. Failure rate is quite high in some areas.
    - b. Record number of mergers in recent years.
  - 3. Loyal buyer or purchasing agent may leave his or her position due to promotion, retirement, or serious illness; replacement may prefer to buy from someone else.
- B. New prospects must be put on the Ferris wheel to fill the empty spaces.
- C. Process continues until all original riders have been replaced with new ones.
- D. Prospecting Requires Planning
  - a. Success in prospecting requires a systematic process of locating potential customers.
    - 1. Seek a continuous number of potential prospects.
    - 2. Improve quality of prospects (high profit potential).
    - 3. Determine qualified prospects (need, ability to pay, authority to purchase).
  - b. Prospecting plans must be assessed often.
    - 1. Prospecting is an opportunity to identify people with a need.
    - 2. In today's dynamic, ever-changing marketplace, prospecting plans must be monitored continuously.



## II. Sources of Prospects

- A. **Referrals**—A prospect who has been recommended by a current customer or by someone who is familiar with your product.
  - 1. **Endless chain referrals**—asking all current prospects and customers to suggest names of other persons who might benefit from owning the product.
  - 2. **Referral letters and cards**—asking the customer to prepare a note or letter of introduction that can be delivered to the potential customer.
  - 3. Timing of the referral request is important.
  - 4. Referral organizations—some salespeople have found that membership in a referral organization (ex: BNI) is an effective way to obtain good leads.
- B. **Friend, family members, and centers of influence**—using friends and family members as sources of information regarding potential customers.
- C. **Directories**—Using published sources of names by marketing segments as potential customers to be contacted (examples—telephone directory, including the Yellow Pages; the Polk City Directory; Thomas Register of American Manufacturers; Middle Market Directory; Web Yellow Pages; and others).
- D. **Trade publications**—provide status reports on every major industry; may report on trends, new products, problems, innovations, and other related information (examples: *Progressive Grocer*, *Women's Wear Daily*, and *Hardware Retailer*).
- E. **Trade shows and special events**—a large exhibit of products that are, in most cases, common to one industry; prospect visits exhibition booths and talks with representatives. (Research indicates it is often easier to identify good prospects and close sales at trade shows). A special event can be a baseball game, auto race, or charity event.
- F. **Telemarketing and Email**—may use telephone or email to follow up on existing lead, introduce a new product, or make an appointment for face-to-face meeting.
- G. **Direct response advertising and sales letters**—using advertising campaigns that cause prospects to ask for more information; sales letters are sent to persons who have buying authority.
- H. **Web site**—a collection of Web pages accessible to any prospect with a computer.
- I. **Computerized database**—using a computerized prospect list to match product features with the needs of potential customers; use personal computer databases to develop detailed customer files.
- J. **Cold calling**—selecting a group of people who may or may not be actual prospects and then calling on each one.
- K. **Networking**—the art of making and using contacts, or people meeting people and profiting from the connections.

Skilled networkers suggest the following guidelines for identifying good referrals:

  - c. Meet as many people as you can.
  - d. When you meet someone, tell the person what you do.

- e. Do not business while networking.
- f. Offer your business card.
- g. Edit your contacts and follow-up.
- L. **Educational seminars**—using seminars to identify and generate new prospects.
- M. **Prospecting by non-sales employees**—orient and train all employees, such as service technicians, receptionists, and bank tellers, to be involved in prospecting.
- N. **Combination approaches**—using a combination of approaches to identify and call upon qualified prospects.

### III. Qualifying the Prospect

**Qualifying** is the process of identifying prospects who should be contacted.

- A. Criteria for qualifying prospects:
  1. Does the prospect have a need for the product?
  2. Does the prospect have the authority to buy the product?
  3. Does the prospect have the financial resources to buy the product?
  4. Does the prospect have the willingness to buy the product?

### IV. Collecting and Organizing Prospect Information

1. The Internet and information revolution continues to make acquiring and managing sales leads much easier.
2. Companies such as Salesforce.com, Oracle, and Microsoft all offer software applications designed to collect and organize prospect information.
3. The **sales data** is the information seen in most CRM systems including the contact name, title, address, phone number, e-mail, etc.
4. In addition to collecting sales data, the collection of **sales intelligence** is necessary when the sale is complex and requires a long closing cycle. Answers to the following questions create much of the value that results in successfully turning prospects into long-term customers:
  1. Do you know me?
  2. Do you know my company and my marketplace?
  3. Do you have any special value-add?

### V. Managing the Prospect Base

- A. To effectively and efficiently manage the prospect base, sales managers and sales people often conduct an account analysis to estimate the sales potential for each prospect. The portfolio model and the sales funnel model are two popular models for performing the account analysis and allocating resources to qualified prospects in the database:
  1. **Portfolio Models:** portfolio models involve the use of multiple factors when classifying prospects (figure 9.5).

2. Sales funnel is the total set of prospects being pursued at any given time (figure 9.6).
  - a. A **balanced funnel** enables salespeople to know how many prospects and how much revenue is needed at each stage in sales process to meet sales projections quotas.
  - b. The process of managing all the prospects in the salesperson's sales funnel to ensure that sales objectives are being met is called **pipeline management**.
3. CRM Technology for Pipeline Management
  - a. CRM software provides an efficient and effective tool for forecasting and managing pipelines.
  - b. **Pipe analytics**, defined as the ability to conduct sophisticated data analysis and modeling, are found in most CRM systems.
  - c. **Pipeline dashboards** visualizations that define, monitor, and analyze the relationships existing in the pipeline or sales funnel.

## APPROACHING THE CUSTOMER WITH ADAPTIVE SELLING

### EXTENDED PRESENTATION OUTLINE

Careful presale planning, tailored to the prospect's needs, is important for the sales presentation. Such planning enables the salesperson to approach the sales presentation with greater self-confidence. The pre-approach is a two-part process that establishes the foundation for an effective sales presentation.

#### I. Developing the Presentation Strategy

- A. The **presentation strategy** is a well-conceived plan that includes three prescriptions (see Figure 10.1).
  - 1. Establishing objectives for the sales presentation.
  - 2. Developing the pre-sale presentation plan needed to meet objectives.
  - 3. Renewing one's commitment to providing outstanding customer service
- B. A presentation strategy adds value.
  - 1. Pre-call planning is an important selling skill.
  - 2. Value is added by being positioned as a resource.

#### II. Planning the Pre-Approach

Preparing for the actual sales presentation include 2 parts: **preapproach** and **approach**.

- A. Establishing presentation objectives.
  - 1. Factors influencing presentation objectives.
    - a. The presentation objectives varies across the buying process (Review Chapter 8).
    - b. **Multicall sales presentations** are used quite frequently today: when calling on a consultative or strategic alliance buyer, it is usually not possible to cover all stages of the buying process during a single sales call.

#### III. Team Presentation Strategies

- A. Team versus one-person presentation objectives—this approach is ideally suited for complex or customized products/services.
- B. Selling to a buying team—increasingly, there are more decision makers involved in selling situations.

#### IV. Adaptive Selling: Builds on Four Strategic Areas of Personal Selling

- A. The strategic planning that takes place during the pre-approach can greatly enhance the adaptive selling process. The following strategies are included in this process:
  - 1. Review the relationship strategy
  - 2. Review the product strategy
  - 3. Review the customer strategy

## **V. Developing the Six-Step Presentation Plan**

- A. Customizing the presentation requires careful attention to the following six-step presentation plan:
  - 1. Approach—ways to make a good first impression.
  - 2. Presentation—critical aspects in determining and fulfilling needs.
  - 3. Demonstration—helps customers understand benefits.
  - 4. Negotiation—handling resistance.
  - 5. Close—spot closing cues and close.
  - 6. Service the sale—helps to develop long-term relationship.
- B. Presentation plan must be adapted to different stages of the customer's buying process.

## **VI. The Approach**

- A. The **approach** is the initial contact with the customer that has three objectives:
  - 1. Build rapport.
  - 2. Capture attention.
  - 3. Transition to the need discovery stage.
- B. Establish your credibility early.
  - 1. Credibility is critical to your success in sales.
  - 2. Little things can erode your credibility (arriving late for the appointment, for example).
- C. The telephone contact.
  - 1. Advantages of the telephone.
    - a. Quick and inexpensive.
    - b. Immediate two-way communication.
  - 2. Tips on telephone use.
    - a. Plan what will be said.
    - b. Identify yourself and company.
    - c. State the purpose of the call.
    - d. Show respect for your customer's time.
  - 3. Effective use of voice mail.
    - a. Leave a compelling message.
    - b. Make message brief and describe benefits.
    - c. Don't talk to fast.
  - 4. Effective use of e-mail.
    - a. Some customers prefer e-mail as an alternative to telephone contact.

- b. Always use a meaningful, specific subject line.
  - c. The message should tell the reader what you want and encourage a response.
- D. The social contact.
  - 1. The objective is to build rapport. Start with a friendly greeting and then develop the relationship.
  - 2. Three areas of conversation should be considered in developing a social contact:
    - a. Comments on here and now observations.
    - b. Compliments.
    - c. Search for mutual acquaintances or interests.

## **VII. Converting Prospect's Attention from Social Contact to the Potential Business Transaction.**

- A. Seven most-common ways to convert the prospect's attention are:
  - 1. Agenda approach—review your goals for the meeting.
  - 2. Product demonstration approach—straightforward method using product to gain the prospect's attention.
  - 3. Referral approach—used when a third party (a satisfied customer) has referred the salesperson to the prospect.
  - 4. Customer benefit approach—gains attention by immediately pointing out benefit prospect will receive by purchasing product.
  - 5. Question approach—will trigger prospect's involvement and initiate thoughts regarding needs.
  - 6. Survey approach—non-threatening way of opening the sales call by requesting permission to determine buyer's need for product.
  - 7. Premium approach—involves giving the customer a free sample or an inexpensive item.
- B. Combination approaches—the hallmark of consultative-style selling is flexibility (see Figure 10.4).
- C. Dealing with the “Bad-Timing” response; attempt to confirm that the delay is not just to put off the salesperson.
- D. Sales call reluctance includes the thoughts, feelings and behavioral patterns that conspire to limit what a salesperson is able to accomplish. It is an internal, often emotional, barrier to sales success. Sales call reluctance can be caused by several different thought patterns.
  - 1. Fear of taking risks.
  - 2. Fear of group presentations.
  - 3. Lack of self-confidence.
  - 4. Fear of rejection.
    - a. Regardless of the reasons for sales call reluctance, you can learn to deal with it:
      - (1) Be optimistic.
      - (2) Practice your approach.
      - (3) Recognize that it's normal to feel anxious.
      - (4) Develop a deep commitment to your goals.

## CREATING THE CONSULTATIVE SALES PRESENTATION

### EXTENDED PRESENTATION OUTLINE

High-performance sales personnel have learned how to skillfully diagnose and solve customer problems. They have adopted an approach that is truly an extension of the marketing concept—the consultative sales presentation. This approach can be used in all four major employment settings: retail, wholesale, manufacturing, and service selling.

#### I. Consultative Sales Presentation

- A. Consultative selling, as noted in Chapter 1, involves meeting customer needs by listening to customers, understanding their problems, selecting the appropriate solution, and following through after the sale. The four-part Consultative Sales Presentation Guide is described below (see Figure 11.2).
- B. Part one: need discovery.
  - 1. Begins during approach with questions or survey at initial contact.
  - 2. Pace, scope, depth, and time allocated to inquiry depend on variety of factors.
- C. Part two: selection of the solution.
  - 1. Salesperson must select and recommend product or service that will provide maximum satisfaction.
  - 2. Value-added needs analysis moves salesperson to create a “custom-fitted” product for the customer.
  - 3. Buyer resistance less likely to surface when correct solution is prescribed.
- D. Part three: need satisfaction through informing, persuading, and/or reminding.
  - 1. Consists of communicating to customer, both verbally and non-verbally, satisfaction to be gained from product or service.
  - 2. Emphasis placed on statements rather than on questions.
  - 3. Statements are organized to inform, persuade, and/or remind customer of most suitable product or service.
- E. Part four: servicing the sale.
  - 1. Ensures maximum customer satisfaction and sets stage for long-term relationship with customer.
  - 2. Includes suggestion selling, making credit arrangements, following through on assurances and promises, and dealing effectively with complaints.

## II. Need Discovery Activities That Create Value

- A. **Need discovery**—effective communication, following precall preparation, between the salesperson and customer that involves asking appropriate questions, listening closely to customer responses, and establishing buying motives.
- B. Adopt counselor style.
- C. Asking questions. The four most common types of questions are:
  - 1. **Survey questions** are used to collect information about the buyers existing situation and problem. **General survey questions** help the salesperson discover potential problems and dissatisfactions. **Specific survey questions** are designed to give prospects a chance to describe in more detail a problem, issue or dissatisfaction (see Tables 11.1 and 11.2).
  - 2. **Probing questions** help the salesperson uncover and clarify the prospect's buying problem and the circumstances surrounding the problem. They are used frequently in large, complex sales.
  - 3. **Confirmation questions** are used throughout the sales process to verify the accuracy and assure a mutual understanding of information exchanged by the salesperson and the buyer.
    - a. As the need discovery progresses the customer's buying criteria or buying conditions surface. **Buying conditions** are those qualifications that must be available or fulfilled before the sale can be closed.
    - b. To clarify and confirm several buying conditions, use a **summary confirmation question**.
  - 4. **Need-satisfaction questions** are designed to move the sales process toward commitment and action. These are helpful questions that focus on the solution.
- D. Listening and acknowledging the customer's response.
  - 1. We are born with the ability to hear, but we have to learn how to listen.
  - 2. **Active listening** is the process of sending back to the prospect what you as a listener think the person meant. Active listening requires intense involvement as you concentrate on what you are hearing.
  - 3. After the customer stops talking, pause for two or three seconds and then state in your own words (paraphrase) what you think the person meant.
  - 4. Taking accurate notes is a good way to demonstrate to the customer that you are actively listening. Note taking is especially important in complex sales.

## III. Selecting Solutions That Add Value

- A. Salesperson is searching for a specific product to satisfy the prospect's buying motive (see Figure 11.4).
- B. Match benefits with buying motives.
  - 1. Emphasis should be on "specific" rather than "general" benefits.
  - 2. The success of a sales call is related to the number of different needs discovered and benefits highlighted.
- C. Configure a solution (see Figure 11.4).



- D. Make appropriate recommendations.
  - 1. Recommend solution—customer buys immediately.
  - 2. Recommend solution—salesperson makes need-satisfaction presentation.
  - 3. Recommend another source.

#### **IV. Need Satisfaction – Selecting a Presentation Strategy (See Figure 11.5)**

- A. **Informative presentation strategy**—emphasizes factual information.
  - 1. Emphasizes clarity, simplicity, and directness.
  - 2. Used with highly complex products and/or high-priced products.
- B. **Persuasive presentation strategy**—used to influence prospect's beliefs, attitudes, or behavior and encourage buying action.
  - 1. Commonly used in all professions.
  - 2. Requires high level of training and experience.
  - 3. Stresses the satisfaction a prospect will receive as a result of purchase.
- C. **Reminder presentation strategy**—a reinforcement strategy used to remind customers of products/services.
  - 1. Used to increase buyer awareness.
  - 2. Used by missionary salespeople.
  - 3. Assumes that prospect understands basic product features and buyer benefits.
  - 4. Relies on concepts of repetition and reinforcement.

#### **Developing a Persuasive Presentation Strategy That Creates Value**

- A. Place special emphasis on the relationship—quickly establish rapport.
- B. Sell specific benefits and obtain customer reactions—using the feature-benefit-reaction (FBR) approach. Translate product feature into customer benefit and ask confirming questions to obtain customer's reaction.
- C. Minimize the negative impact of change—help customer view change in a positive way.
- D. Place strongest selling appeal at beginning or end—either to gain attention or to close sale.
- E. Target emotional links—connect your message to the emotions of the prospect.
- F. Use metaphors, stories, and testimonials.
  - 1. Metaphors are words or phrases that suggest pictorial relationships between objects or ideas (sometimes referred to as figurative language).
  - 2. Success of metaphor depends on finding common ground (shared or well-known experiences) so that message gets free boost from something already known or believed to be true.
  - 3. Stories can help you maintain the customer's attention and enrich relationships.
  - 4. A third-party testimonial can increase the customer's confidence in your product.

## **V. General Guidelines for Creating Value-Added Presentations**

- A. Strengthen the presentation strategy with an effective demonstration.
  - 1. Demonstrations should clarify product features, highlight features and benefits, and develop understanding of product performance.
  - 2. Claims must be substantiated with proof strategies.
- B. Preplan methods for negotiating and closing the sale. Negotiation may focus on these areas:
  - 1. Need awareness is vague or nonexistent.
  - 2. The product does not meet the buyer's perceived requirement.
  - 3. Price does not equal perceived value.
  - 4. The buyer is satisfied with present source.
  - 5. The time is not right.
- C. Preplan customer service methods that add value.
- D. Keep your presentation simple and concise.
  - 1. The best way to achieve conciseness is to preplan the sales call.
  - 2. Be prepared with accurate information and concise answers.
  - 3. Use time wisely.
  - 4. Prospect assumes greater role during need-discovery stage.
  - 5. Salesperson does most of the talking during need-satisfaction stage, but never totally excludes the prospect.
- E. The consultative sales presentation and the transactional buyer
  - 1. Transactional buyer understands the product and is primarily interested in price and convenience.
  - 2. Time cannot be wasted during presentation.
  - 3. Solution should focus on pricing and delivery issues.

## CREATING VALUE WITH THE SALES DEMONSTRATION

### EXTENDED PRESENTATION OUTLINE

The sales demonstration is a time-proven strategy that strengthens the consultative-style sales presentation by attracting the customer's attention, stimulating interest, and creating desire.

#### I. Importance of the Sales Demonstration

- A. **Demonstration**—showing what a product can do and how it can benefit the prospect.
- B. A well-planned demonstration adds sensory appeal to the product (see Figure 12.1).
- C. Documenting the value proposition.
  - 1. Value proposition is a set of key benefits and values the company promises to deliver to satisfy needs.
  - 2. The most effective value proposition describes the few elements that matter most to target customers.
- D. Improved communication and retention.
  - 1. Words alone provide only part of the meaning of a message because people are visually oriented from birth.
  - 2. Improved retention—audiovisuals greatly improve retention over presentations with no visuals.
- E. Proof of buyer benefits.
  - 1. A well-planned and well-executed sales demonstration is one of the most convincing forms of proof, especially if the product has dramatic points of superiority.
  - 2. Example: seller of computer printers asks prospects to compare quality of a letter printed on different printers to see how printer influences quality.
  - 3. Be prepared to prove every claim with proof devices. **Proof devices** can take the form of a report, testimonial, research data, photograph, etc.
- F. Feelings of ownership.
  - 1. The pleasant feeling induced by temporary ownership builds desire to own the product.
    - a. Example: customer trying on expensive, well-fitted suit.
    - b. Example: prospect encouraged to take new automobile for a demonstration ride, revealing superiority over prospect's present model.
  - 2. Trial offers allow prospects to enjoy ownership and assess the product on a trial basis in their own homes or businesses.

## **II. Planning Demonstrations That Add Value – The Guidelines**

- A. Planning and practice are important prerequisites for effective sales demonstrations.
  - 1. Planning involves reviewing important details prior to the demonstration.
  - 2. Practice involves a rehearsal or trial run to uncover areas that need additional polish.
- B. Develop creative demonstrations
  - 1. Creativity is needed to develop a sales demonstration that can gain attention.
  - 2. Creativity is enhanced by expertise in the field of endeavor.
  - 3. Creativity is also enhanced by the capacity for divergent thinking and willingness to take risks.
- C. Use custom-fitted demonstrations.
  - 1. Overly structured or “canned” sales demonstrations depersonalize the selling–buying process.
  - 2. Personalize demonstrations to meet specific customer wants and needs.
- D. Choose the right setting.
  - 1. The location of the sales demonstration can make a difference.
  - 2. Example: conference center room provides somewhat controlled environment, free of noise and interruptions.
- E. Check sales tools. Check that every item used in conjunction with the sales demonstration is in peak operating order, extra parts are available, sales aids are neat and clean, and you are familiar with the operation of the product.
- F. Cover one idea at a time and confirm agreement.
  - 1. Be sure customer understands each point and agrees to each key point before proceeding.
  - 2. The sales demonstration should clarify what the salesperson has said.
  - 3. Avoid a highly complicated demonstration.
- G. Appeal to all senses.
  - 1. Sight is considered the most powerful attention-attracting sense, but not appropriate in every situation.
  - 2. Sense of smell is important in cosmetic sales; taste and aroma significant in food product sales.
  - 3. Try to reach the prospect through as many senses as possible. Example: beverage salesperson presenting wine through appeal to four of five senses.
- H. Balance telling, showing, and involvement.
  - 1. Prior to demonstration, develop a demonstration worksheet (see Figure 12.3).
  - 2. List major features you plan to demonstrate.
  - 3. Involve the prospect. If possible, allow the prospect to handle the product.
- I. Rehearse the demonstration.
  - 1. Rehearse both what you are going to say and what you are going to do.
  - 2. Watching videotaped rehearsal will aid in pinpointing awkward areas of verbal communication and physical movement.

### III. Selling Tools for Effective Demonstrations

- A. Quantifying the solution.
  - 1. The process of determining whether or not a sales proposal adds value is called quantifying the solution.
  - 2. One way to quantify the solution is simple **cost-benefit analysis**. This involves listing the costs to the buyer and the savings to be achieved from the purchase.
  - 3. There are several ways to quantify the solution—return on investment; payback period; net present value; and opportunity cost.
- B. Product and plant tours.
  - 1. Products are often the best selling tools.
  - 2. Confirm product is ready to be demonstrated.
  - 3. Be prepared to schedule a plant tour.
- C. Models.
  - 1. Appropriate when product is too large or immobile.
  - 2. Cross sections can reveal hidden product features.
- D. Photos, illustrations and brochures.
  - 1. “A picture is worth a thousand words.”
  - 2. Organizing photos provides flexibility.
  - 3. A brochure provides information for future study.
- E. Portfolio.
  - 1. A **portfolio** is a portable case or loose-leaf binder containing a wide variety of sales-supporting materials and is used to add visual life to the sales message and prove claims.
  - 2. Examples: an advertising salesperson’s portfolio might contain previously successful advertisements, selected illustrations, testimonial letters, and client case histories.
  - 3. Used in fields of interior decorating and architectural services, insurance, real estate, and securities.
- F. Reprints.
  - 1. An inexpensive, forceful selling aid.
  - 2. Example: company using favorable medical journal report.
- G. Catalogs
  - 1. A well designed catalog shows the range and comprehensiveness of your product line. It may include specifications needed for installation and current price information. If you plan to give customers a copy of your catalog, review the important features such as a comprehensive index or important appendix material.
- H. Graphs, charts, and test results.
  - 1. A graph is a diagram used to illustrate a change of some variable.
    - a. Line and bar graphs.
    - b. Example: show increase in fuel costs over a ten-year period.
    - c. Interpret the graph for the customer to avoid possible misunderstanding.
  - 2. Test results from a reliable agency can be very convincing.

- I. Bound paper presentations.
  - 1. Bound paper presentations are the most popular medium for many sales organizations.
  - 2. Paper presentations can include guarantees and warranties.
  - 3. Testimonials are commonly included.
  - 4. It is easy to edit and revise paper presentations.
- J. Laptop computers and demonstration software
  - 1. A growing number of companies equip salespeople with small, portable computers.
  - 2. Salespeople compute financial options on the spot and close sales that might be lost.
  - 3. Salespeople can send electronic messages and/or get information from corporate mainframe, thus spending less time in office and more time on the road.
  - 4. Today's PC can produce striking visuals and attractive printed material that can be given to customers for future reference.
- K. Enhancing demonstrations with PowerPoint.
  - 1. Salespeople can create unique and interesting presentations.
  - 2. Electronic demonstrations can be personalized.
- L. Creating electronic spreadsheets.
  - 1. An excellent tool to organize numbers in quotes, cost estimates, and prices.
  - 2. "What if" questions can be answered.
- M. Web-based demonstrations.
  - 1. Some salespeople create computerized demonstrations that are stored in a central library and accessed on demand.
  - 2. Salespeople can use WebEx's Meeting Center to deliver interactive presentations to customers in various locations.

#### **IV. Selling Tools for Effective Group Demonstrations**

- A. Preparing a sales presentation for a group is more demanding than one-to-one sales calls. Meeting the diverse needs of the audience can be very challenging. Therefore:
  - 1. Rule one: Identify the titles and roles of the people who will attend. Among those attending, who is most likely to influence the buying decision?
  - 2. Rule two: Check out the meeting room in advance and its facilities.
  - 3. Rule three: Be sure your presentation is characterized by clarity and simplicity.
- B. Enhancing the group presentation with mental imagery.
  - 1. Mental imagery is the ability to visualize an object, concept, or action not actually present.
  - 2. A sales demonstration can be greatly enhanced with the use of auditory and visual imagery.

- C. Audiovisual presentation fundamentals.
  - 1. Many companies provide their salespeople with audiovisual aids such as videotapes or computer-based presentations. Unfortunately, they sometimes fail to explain how to use these tools in the most effective way.
    - a. Never rely too heavily on “bells and whistles” to sell your products. Audiovisual technology provides support for major points in your presentation, but it does not replace an interactive sales demonstration.
    - b. Be sure the prospect knows the purpose of the presentation. Preview the material and describe a few highlights.
    - c. Be prepared to stop the presentation to clarify a point or to allow the prospect to ask questions.
    - d. At the conclusion of the audiovisual presentation, review key points and allow the prospect an opportunity to ask.

**IV. Plan for the dynamic nature of selling.**

- A. The sales presentation is a dynamic activity. From the moment the salesperson and the customer meet, the sales presentation is being altered and fine-tuned to reflect the new information available.
- B. The successful sales presentation is a good model of two-way communication.
- C. Figure 12.4 illustrates how the various selling skills can be applied during all parts of the sales presentation.

## NEGOTIATING BUYER CONCERNS

### EXTENDED PRESENTATION OUTLINE

Sales resistance is a natural part of many sales presentations and often gives salespeople an opportunity to learn more about how to satisfy their prospect's needs.

#### I. Formal Integrative Negotiation- Part of the Win-Win Relationship Strategy

- A. Negotiation: part of the “win-win” relationship strategy (see Figure 13.2).
  - 1. “Handling” buyer strategy by using the “we versus they” personal selling strategy means someone loses.
  - 2. Today's strategy is a “win-win” strategy where seller and buyer work out the best solution for both sides.
  - 3. Negotiation is working to reach an agreement that's mutually satisfactory to both buyer and seller.
  - 4. The ability to negotiate problems is a necessary skill for all salespeople who adopt a consultative approach to personal selling.
  - 5. When you build value on the front end of the sale, price becomes less of an issue on the back end of the sale.
- B. Negotiation is a process.
- C. Planning for Formal Negotiations
  - 1. Gather information before the negotiation.
  - 2. Decide teams versus individual negotiation for both seller and buyer.
  - 3. Understand the value of what you are offering.
  - 4. Determine your goals and financial objectives.
  - 5. Prepare an agenda.
  - 6. Review adaptive selling styles.
  - 7. The negotiations worksheet.
- D. Conducting the Negotiation Session
  - 1. Understand the problem.
  - 2. Create alternative solutions that can add value.
  - 3. Periodically review acknowledged points of agreement.
  - 4. Do not make concessions too quickly.
  - 5. Timing and the pareto law

#### II. Common Types of Buyer Concerns

- A. Concern related to need for the product.
  - 1. May be a conditioned response to any sales representative or a cover-up for the real reason.
  - 2. A sincere need concern is one of the greatest challenges that faces a salesperson.



3. In some situations, the salesperson must help the prospect solve a problem before the sale can be closed; creative solutions must be offered.
- B. Concerns about the product or services.
  1. When the product itself is the focal point of buyer concern, the salesperson must try to discover specific reasons why the prospect has doubts.
  2. Factors that may influence the buyer's attitude:
    - a. Product or service is not well established.
    - b. Present product or service is satisfactory.
- C. Concerns related to source.
  1. One of the hardest resistances for salespeople to overcome.
  2. May arise when prospect feels genuine loyalty to present supplier.
  3. Avoid direct criticism of competing firm when responding.
    - a. Work harder to identify problems your company can solve.
    - b. Point out the superior benefits of your product and your company.
    - c. Work on recruiting internal champions to build more support for your message.
    - d. Try to stay in touch with customer—be visible and connected.
  4. Prospect may not want to do business with salesperson's firm; try to get specific objection and provide satisfactory solution.
- D. Concerns related to time.
  1. Prospect may say, "I want time to think it over" or "Stop by next time you're in area."
  2. Review the features of product and point out the advantages of buying now (price may soon rise, item will not be available in future, and so forth).
- E. Concerns related to price.
  1. One of the most common forms of buyer resistance and one of the most common excuses raised by most prospects.
  2. Customers who perceive added value are less likely to choose a competing product simply on the basis of price.

### III. Specific Methods of Negotiating Buyer Concerns

- A. **Direct denial** involves refuting the opinion or belief of a prospect.
  1. Considered a high-risk method of handling buyer resistance. Use it with care.
  2. If the buyer resistance is not valid, there may be no other option than to refute it by providing accurate information.
  3. Example: if the quality of the product is questioned, meet the statement head-on with whatever proof seems appropriate.
  4. Be firm in stating your beliefs. Be sincere—don't be offensive.
- B. **Indirect denial.**
  1. Sometimes a prospect's objection is completely valid, or at least accurate to a large degree.

2. Best approach is to acknowledge that the prospect is at least partially correct.
  3. Feel-Felt-Found—this is an application of the indirect denial.
  4. Avoid the “yes...but” response.
- C. Questions.
1. Convert the problem into a question.
  2. Need satisfaction questions are designed to move the sales process forward toward commitment and action.
- D. Superior benefit.
1. A **superior benefit**—a benefit that may outweigh the customer’s specific concern.
  2. Some resistance cannot be answered with a denial.
- E. Demonstration.
1. One of the most convincing ways to overcome buyer concerns and specific objections.
  2. Sometimes a second demonstration is needed to overcome buyer skepticism.
- F. Trial offer.
1. A **trial offer**—lets prospect try product without obligation to buy.
  2. Popular with customers because they can get fully acquainted with a product without making a major commitment.
  3. Example: Office manager tells a salesperson selling dictation equipment, “I wouldn’t feel comfortable talking to a machine.” Salesperson responds, “I can understand how you feel. How about trying one of our demonstration models for a few days?”
- G. Third-party testimony.
1. Favorable testimony of a neutral third party can be an effective method of responding to buyer resistance.
  2. The positive experience of a neutral third party will rarely trigger an argument with the prospect.
- H. Postpone method.
1. Some customers who are well informed may want to engage in negotiations early. If the customer raises concerns that you would prefer to respond to later in the presentation, be sure to use this method. You might say, “I would prefer to answer that question in a few minutes.”
- I. Combination methods.

#### IV. Creating Value during Formal Negotiations

- A. How to deal with price concerns.
1. Do clarify price concerns with questions.
  2. Do add value with a cluster of satisfactions.
  3. Don’t make price the focal point of your sales presentation.
  4. Don’t apologize for the price.
  5. Do point out the relationship between price and quality.
  6. Do explain and demonstrate the difference between price and cost.

**V. Working with Buyers who are Trained in Negotiation**

- A. There is an increase in the number of trained professional buyers.
- B. Both buyers and salespeople are returning to school to learn negotiation skills.
- C. Specific negotiating tactics:
  - 1. Budget limitation tactic.
  - 2. Take-it or leave-it tactic.
  - 3. “Let’s split the difference” tactic.
  - 4. “If...Then” Tactic
  - 5. “Sell Low Now, Make Profits Later” Tactic

## ADAPTING THE CLOSE SALE AND CONFIRMING THE PARTNERSHIP

### EXTENDED PRESENTATION OUTLINE

Closing the sale is usually not difficult if everything is handled properly throughout the sales presentation. A well-prepared salesperson approaches the close with confidence.

#### I. Adapting the Close— An Attitude That Adds Value

- A. We have seen major changes in the way closing is perceived.
  - 1. Early sales training literature encouraged manipulation of the customer.
  - 2. Some companies have taken steps to avoid closing methods that might damage trust.
  - 3. Obtaining buyer commitment is less difficult if each detail of the presentation is handled properly.
- B. Review the value proposition from the prospect's point of view.
  - 1. Have you effectively summarized the mix of key benefits?
  - 2. The following buying anxieties help explain why some customers are reluctant to make a commitment to your proposal:
    - a. Loss of options.
    - b. Fear of making a mistake.
    - c. Social or peer pressures.
- C. Closing the sale—the beginning of the partnership.

#### II. Guidelines for Closing the Sale (See Figure 14.2)

- A. Focus on dominant buying motives.
  - 1. Be alert to the one benefit that generates the most excitement and give that benefit the greatest emphasis.
  - 2. Give prospects a reason to buy; give them some information so that they can act in their own best interests.
- B. Longer selling cycles and Incremental Commitments.
  - 1. More people are involved in purchases.
  - 2. You may be working with a buying committee.
  - 3. In a large, complex sale you should try to achieve **incremental commitment** throughout the sales process.
- C. Negotiating tough points before attempting the close.
  - 1. Many products are vulnerable in one or more areas. If left until last or ignored, the close may be very difficult (the close is not the time to deal with a controversial issue or problem).

2. Example: If you are selling a Maytag washer, point out the relationship between price and quality throughout the presentation. (Maytag products are usually higher priced than the competition.)
- D. Avoid surprises at the close.
  1. Some salespeople make the mistake of waiting until the close to reveal information that may surprise the prospect.
  2. Example: Price of a central air-conditioning unit is quoted, but salesperson did not mention that installation charges were not included in price quote.
- E. Display a high degree of self-confidence at the close.
  1. If you believe in your product and your company and have identified a genuine solution to the problem, self-confidence will be present at the time of the close.
  2. Ask for the sale in a confident way, not in a halfhearted manner.
- F. Ask for the order more than once.
  1. Too often salespeople ask for the order only once and then give up.
  2. In some situations, the positive response will not come until the fourth or fifth attempt.

### III. Recognize Closing Clues

1. **Closing clue** is an indication, either verbal or nonverbal, that the prospect is prepared to make a buying decision.
2. Verbal clues:
  - a. Questions: Consider a trial close after responding to a question from the prospect, such as, "Do you need a credit plan to cover this purchase?"
  - b. Recognitions: A recognition is any positive statement by the prospect, such as, "We like the quality control system you have recommended."
  - c. Requirements: Sometimes the customer outlines a condition that must be met before buying. A close might be attempted after the customer says, "We will need shipment within two weeks."
3. Nonverbal clues:
  - a. A sudden change in facial expression (the person's eyes widen) may indicate genuine interest in a product feature.
  - b. Prospect begins showing agreement by nodding.
  - c. Prospect leans forward and appears to be intent on hearing message.
  - d. Prospect begins to examine product or study sales literature intently.

### IV. Specific Methods for Closing the Sale (See Figure 14.3)

There is no "best" closing method. Preplan several closing methods and use the ones that seem most appropriate.

- A. Trial close
  1. **Trial close** is a closing attempt made at an opportune time during the sales presentation to encourage the customer to reveal readiness or unwillingness to buy.

2. Do not postpone closing attempts until sales presentation is completed.
  3. Closing attempts should be made at opportune times during the sales presentation.
  4. Most appropriate after obtaining sufficient agreements to buy.
- B. Direct-appeal close.
1. **Direct appeal close** has the advantage of clarity and simplicity.
  2. Ask for the order in a straight forward manner.
  3. The direct closing approach appeals to many buyers, especially decisive people.
  4. Should not come too early.
  5. Highly effective when salesperson has earned the customer's respects.
- C. Assumptive close.
1. **Assumptive close** comes near the end of the planned presentation and assumes the customer is going to buy.
  2. Genuine need has been identified, solutions/benefits have been presented, effective sales demonstration has been presented, and objections have been handled satisfactorily.
  3. Assume prospect has already bought product and ask one or more questions regarding minor point or begin writing up the order.
- D. Summary-of-benefits close
1. **Summary-of-benefits close** reemphasizes the benefits that will help bring about a favorable decision.
  2. Appropriate in situations where a great deal of material has been covered and prospect may not be able to put the entire picture together without help.
  3. Summarize most important buyer benefits that will produce a favorable decision.
  4. After the summary-of-benefit close, consider asking a **need satisfaction question**.
- E. Special-concession close.
1. **Special-concession close** offers the buyer something extra for acting immediately, such as a special price reduction, a more liberal credit plan, or an added feature that was not anticipated by the prospect.
  2. Use with care because some buyers are skeptical of concessions.
- F. Multiple options close.
1. Allows the prospect to examine several options to determine interest.
  2. Follows three steps.
    - a. Configure more than one solution.
    - b. Stop showing options when selection is ample.
    - c. Remove products (or features) that did not develop interest.
- G. Balance sheet close.
1. Helps the buyer make a decision even though they have been given plenty of information.
  2. The salesperson draws a "T" on a sheet of paper and places captions on each side of the crossbar; reasons for buying now (left) and reasons for not buying now (right).

- H. Management close.
  - 1. To close a major account, salespeople sometimes call on top management for help.
- I. Impending event closes.
  - 1. This method involves positive use of negative points. This technique requires that you know the needs of the prospects well enough to turn their objectives into your selling points.
- J. Combination closes
- K. Flexing the customer's communication style
  - 1. People with different behavior styles make their decisions in very distinct ways.
  - 2. We need to take the prospect's style into consideration when deciding how to adapt the close:
    - a. Director
    - b. Emotive
    - c. Supportive
    - d. Reflective
- L. Practice Closing
  - 1. Practice in front of a video recorder and observe performance.
  - 2. Use the closing worksheet to prepare practice sessions.
  - 3. Will increase self-confidence.

## **V. Confirming the Partnership When the Buyer Says Yes**

- A. Be sure all details related to the purchase agreement are completed; check everything with buyer; ask for signature, if necessary.
- B. Reassure customer by pointing out that he or she has made the correct decision and describe the satisfaction that will come with ownership of product or service (this **confirmation step** helps reduce buyer's remorse).
- C. Obtain signature on letter of agreement (if used).
- D. Thank customers for the order; in some cases, a follow-up thank-you letter is appropriate.
- E. Ask for referrals.
- F. Provide after-sale service.

## **What to Do When the Buyer Says No**

- A. High-performance salespeople deal effectively with a "no" and avoid doing or saying anything that will jeopardize the relationship established with prospect.
  - 1. Here are some things you should do after a lost sale:
    - a. Make sure the deal is really dead.
    - b. Review the chain of events. A lost sale can be a good learning experience.
    - c. Interview the client, but do not probe too aggressively.

- d. Always keep the door open to future sales.
- e. Prepare the prospect for contact with the competition.



## **SERVICING THE SALE AND BUILDING THE PARTNERSHIP**

### **EXTENDED PRESENTATION OUTLINE**

In very broad terms, personal selling is a two-dimensional process. First you must make the sale, and then you must service the sale. Both dimensions of the selling-buying process are important.

#### **I. Building Long-Term Partnerships with Customer Service**

- A. Customer service is the key to building customer loyalty.
  - 1. **Customer service** is all of those activities that enhance or facilitate the sale and use of the product or service.
  - 2. Customer service is receiving greater attention by many marketing organizations today because customer satisfaction is truly the key to a profitable business operation.
  - 3. Outstanding customer service builds profits by attracting new accounts and keeping old ones active.
  - 4. Companies that have adopted the marketing concept recognize that “service pays” because satisfied customers share their positive experience with other people.
  - 5. Developing a reputation for the product after the sale will gain market advantage.
- B. To achieve successive sales, companies are working harder to maintain profitable, long-term relationships with customers.
- C. Responding to increased post-sale customer expectations (see Figure 15.2).
  - 1. Customers buy the expectations of benefits promised by the seller.
  - 2. Buyer views the sale as a favor bestowed by him/her on the seller.
- D. High cost of customer attrition.
  - 1. To regain a lost customer can cost four or five times more than retaining one.
  - 2. Poor service leads as the cause of customer attrition.

#### **II. Current Developments in Customer Service**

- A. Customer service may be the primary value-added function.
  - 1. Salespeople are spending more time monitoring customer satisfaction.
  - 2. Knowledge about the customer is critical.
  - 3. Five important service behaviors that are especially important in the context of business-to-business selling:
    - i. Diligence

- ii. Information Communication
  - iii. Inducements
  - iv. Empathy
  - v. Sportsmanship
4. Computer-based systems: customer-friendly, computer-based systems frequently are used to enhance customer service.

### **III. Customer Service Methods that Strengthen the Partnership**

#### **A. Adding value with follow through.**

1. Common post-sale services.
  - a. Making credit arrangements.
    - (1) Many times, closing the sale will depend on salesperson's ability to handle the request for credit by the customer.
    - (2) Salespeople often assist with credit arrangements and provide counsel to prospective customers.
    - (3) Salespeople must be familiar with how the company handles credit and collection matters.
  - b. Schedule deliveries.
    - (1) May be beyond salesperson's control.
    - (2) Keep customer informed of any delays.
    - (3) Check to see that order was processed correctly.
    - (4) Follow up to see if the order was shipped on time.
  - c. Be present during delivery.
  - d. Monitor installation.
    - (1) Buyer satisfaction is often related to proper installation of the product.
    - (2) Some salespeople prefer to supervise installation of products, others follow up on the installation to be sure no problems exist.
  - e. Offer training in use or care of the product—in certain industries, such as office duplication equipment, security systems, farm implements, and other products, technology has become so complex that suppliers must provide training as part of the follow-up to ensure customer satisfaction.
  - f. Provide price change information—maintain an up-to-date price list; customers expect the correct price quote the first time.
2. Prevent post-sale problems—foster a good working relationship with all of the support staff who helps service accounts (shipping department, credit department, and so forth).

#### **B. Adding value with customer follow-up.**

1. Customer follow-up usually has a twofold objective:
  - a. To express appreciation for the purchase.
  - b. To see if the customer is satisfied with the purchase.
2. Four follow-up strategies that can be used:
  - a. Personal visit.

- (1) Most costly follow-up strategy, but may produce best results.  
Personal visits provide an opportunity for **value reinforcement**.
  - (2) Only strategy that allows face-to-face, two-way communication.
  - (3) Don't stay too long; accomplish the purpose of visit as quickly as possible.
- b. Telephone call.
  - (1) Quick and efficient and cost is minimal.
  - (2) Allows for two-way exchange of information.
- c. E-mail message.
  - (1) Avoids phone tag.
  - (2) Preferred by many customers.
- d. Letter or card.
  - (1) Inexpensive and convenient.
  - (2) If mass-produced, cards may lack the personal touch that is so important to customer satisfaction.
- e. Call report.
  - (1) A form that serves a communications link with persons who can assist with customer service.
  - (2) Simple yet businesslike.
  - (3) Customize to meet needs of your customer.

#### IV. Adding value with expansion selling.

- A. A relationship based on trust and mutual respect opens the door to opportunities for expansion selling. Expansion selling can take three forms:
  - 1. Full-line selling, sometimes called suggestion selling, is the process of recommending product or services related to the main item sold to the customer.
    - a. Plan for full-line selling.
    - b. Make recommendations after you have first satisfied the customer's primary need.
    - c. Make your suggestion thoughtful and positive.
    - d. When appropriate, demonstrate the suggested item or use tools to build interest.
- B. Cross selling is selling products not directly related to previously sold products.
  - 1. **Cross-selling** is used to discover additional sources of business within established accounts.
- C. **Upselling** is the effort to sell better quality products
- D. Partnership building strategies should encompass all key people
  - 1. Receptionist—has daily contact with customer and may schedule most or all of his /her calls.
  - 2. Technical personnel—must perform regular duties of cleaning, lubricating, or adjusting some products; answer their questions, share technical information with them, show appreciation for work they do.

3. Stock clerks or receiving clerks—are often responsible for pricing incoming merchandise, storing items properly, rotating stock, and processing damage claims.
4. Management personnel—has been given final authority and responsibility for this area; be alert to his/her concerns.

**V. Partnering with an Unhappy Customer**

- A. Most customers do not complain (to business) about improper treatment.
- B. Unhappy customers discuss their problems with others.
- C. Suggestions for handling complaints
  1. Provide customers with every opportunity to disclose their feelings; encourage them to express all of their anger and frustration.
  2. Keep in mind that it doesn't really matter whether a complaint is real or imagined; be polite and sympathetic.
  3. Don't alibi; accept responsibility for the problem and avoid the temptation to "pass the buck."
  4. Politely share with the customer your point of view regarding the cause of the problem; explain what you think happened.
  5. Decide what action must be taken to remedy the problem; if someone else must be consulted, do it quickly and avoid any long delays.
- D. Be sure the customer is completely satisfied with the solution.
- E. Customer complaints can be valuable.
  1. A source of important information that is not otherwise available.
  2. Proves a unique opportunity to prove the commitment to customer service.
- F. When an apology is necessary, do not use e-mail.

# OPPORTUNITY MANAGEMENT: THE KEY TO GREATER SALES PRODUCTIVITY

## EXTENDED PRESENTATION OUTLINE

A career in sales provides great opportunity for self-direction, self-expression, and freedom to make decisions and manage time independently. Successful sales representatives depend on good management; they must keep their own records, be self-disciplined in scheduling their time, and analyze their own performances.

### I. Opportunity Management – A Four Dimensional Process

- A. Opportunity management has four components: time management; territory management; records management; and stress management.
- B. Improved time and territory management will increase the amount of time spent in actual selling situations that can consequently increase sales volume.
- C. There is definitely a close relationship between sales volume and the number of customer contacts made by the salesperson.

### II. Time Management

- A. Time-consuming activities.
  - 1. Little time during a salesperson's typical day is spent in actual selling situations.
  - 2. Eliminate time wasted in such areas as prospecting, travel, waiting, record keeping, and customer service.
  - 3. A time log can identify time wasters.
- B. Time management methods.
  - 1. Develop a series of personal goals (see Table 16.1)
    - a. Establishment of goals in various areas of life helps give direction.
    - b. The list of goals, ranked according to importance, should feature what is important to you now.
    - c. Formulation of personal sales goals can serve as a strong motivational force.
  - 2. Prepare a daily "to-do" list (see Figure 16.1).
    - a. Write down the things you hope to accomplish during the day.
    - b. Rank the items from most important to least important.
    - c. Time spent on planning is usually a good investment, so try to make preparation of a daily "to-do" list a habit.
  - 3. Maintain a planning calendar (see Figure 16.2).
    - a. The design of the calendar will vary according to the type of selling position.
    - b. Keeping an appointment calendar will allow you to determine at a glance what is coming up in the days and weeks ahead.

- c. Electronic organizers, such as personal digital assistants (PDA), are helpful.
  - 4. Organize your selling tools.
    - a. Organizing sales literature, business cards, order blanks, samples, and sales tools can save valuable time.
    - b. Invest in file cabinets or cardboard file boxes if there is a great deal of paperwork to be organized.
  - 5. The key to regular use of the above time saving techniques is *commitment*.
- C. Saving time with meetings in cyberspace and other methods of communication.
- 1. Situations in which the phone call is appropriate:
    - a. Call the customer in advance to make an appointment.
    - b. Use the telephone to keep the customer informed.
    - c. Build customer goodwill with a follow-up phone call.
    - d. Some customers prefer e-mail.
  - 2. With the aid of a fax machine, salespeople can send and receive documents in seconds.

### III. Territory Management

- A. A **sales territory** is a geographic area where a specific number of present and potential prospects and customers can be called on conveniently.
- B. What does territory management involve?
  - 1. Step one: classify all customers according to potential sales volume.
    - a. Accurately identify which customers and prospects account for the most sales volume.
    - b. Develop customer classification data that can be used to establish frequency of calls.
    - c. Update classifications from time to time.
  - 2. Step two: develop a routing and scheduling plan.
    - a. Objective of plan is to increase actual selling by reducing time spent traveling between accounts and time spent waiting to see customers.
    - b. Obtain a map of the territory and mark locations of present accounts.
    - c. Organize large territories into smaller zones.
    - d. Develop a routing plan for a specific period of time; notify customers of anticipated arrival time and make appointments.
    - e. Develop a schedule that accommodates the needs of your customers.
    - f. Establish one or more tentative calls in case you have extra time.
    - g. Base your call-frequency decisions on the basis of sales potential.
- C. **Sales call plans** (see Figure 16.3) are weekly action plans to ensure efficient and effective account coverage.
  - 1. Developed by using information taken from the routing and scheduling plan.
  - 2. One section is used to record planned calls; a parallel section is used to record completed calls.

3. Sales manager should present plan in a convincing manner and provide training that will help salespeople successfully implement the plan.

#### **IV. Records Management**

- A. A good record keeping system provides a self-check on progress by revealing who was called on and what was accomplished.
- B. Complete and accurate records help the company make important decisions.
- C. Common records kept by salespeople:
  1. Never require a record that is not absolutely necessary.
  2. Records should be as brief as possible, easy to complete, and free of requests for useless detail.
  3. Customer and prospect files.
    - a. Record name, address, and phone number.
    - b. Other information may include personal characteristics of the buyer, names of people who may influence the purchase, or appropriate times to make calls.
  4. Call reports (see Figure 16.4).
    - a. A variation of the sales call plan.
    - b. Used to record information dealing with the people called on, what took place, and what future action is required.
    - c. One of the most basic records used in the field of selling.
  5. Expense records.
    - a. Required by the company and government agencies.
    - b. Require accurate recording of expenses related to meals, lodging, travel, and in some cases, entertainment.
    - c. Expense report software can save time.
  6. Sales records.
    - a. Vary greatly in design from company to company.
    - b. Accuracy, neatness, and legibility are extremely important.
    - c. Used to analyze the performance of salespeople.
    - d. Computers can be used to achieve increased selling time and enhance customer service.

#### **V. Stress Management**

- A. **Stress** refers to two simultaneous events: an external stimulus called a stressor, and the physical and emotional responses to the stimulus (anxiety, fear, muscle tension, surging heart rate, and so on).
- B. Indications of stress overload:
  1. Physical ailments:
    - a. Headaches.
    - b. Chronic fatigue.
    - c. Hypertension.
    - d. Loss of appetite.
  2. Psychological symptoms:

- a. Anxiety.
  - b. Depression.
  - c. Irritability.
  - d. Reduced interests.
- C. Develop a stress-free home office.
- D. Maintain an optimistic outlook.
- E. Practice healthy emotional expression.
- F. Maintain a healthy lifestyle.
- G. An action plan to reduce stress. (See boxed insert that describes four moderators of stress.)
  - 1. Work to eliminate major stressors.
  - 2. Learn to relax.
  - 3. Get plenty of sleep.



## MANAGEMENT OF THE SALES FORCE

### EXTENDED PRESENTATION OUTLINE

Frequently, salespeople are given the opportunity to advance to the position of sales manager and higher management positions that offer greater challenge and increased economic rewards. Effective organization and management of a sales force is an important responsibility of the sales manager.

#### I. Applying Leadership Skills to Sales Management

- A. First promotion of many salespeople is to sales manager.
- B. **Sales management** is the process of planning, implementing, and controlling the personal selling function.
- C. Duties assigned to a sales manager vary from company to company.
- D. Sales management involves organization of the sales force, recruitment, training, supervision, and motivation.

#### II. Qualities of an Effective Sales Manager

- A. Most successful supervisory-management personnel possess two important dimensions of leadership: “structure” and “consideration.”
- B. Structure characteristics:
  - 1. Planning takes place on a regular basis.
  - 2. Expectations are clearly communicated.
  - 3. Decisions are made promptly and firmly.
  - 4. Performance of salespeople is appraised regularly.
- C. Consideration characteristics.
  - 1. Regular and effective communication receives a high priority.
  - 2. Each salesperson is treated as an individual.
  - 3. Good performance is rewarded often.
- D. Situational leadership.
  - 1. **Situational leadership** is based on the theory that the most successful leadership occurs when the leader’s style matches the situation.
- E. Coaching for peak performance.
  - 1. **Coaching** is an interpersonal process in which the manager helps the salesperson improve performance in a specific area.
  - 2. Coaching objectives include:
    - a. Helping salespeople recognize the need for improvement.
    - b. Developing the salesperson’s commitment to improve.
  - 3. A coaching strategy involves four steps:
    - a. Document performance needs.

- b. Win salesperson's agreement that change is needed.
- c. Explore solutions.
- d. Obtain salesperson's commitment to change.

### **III. Recruitment and Selection of Salespeople**

- A. Problems that may arise when the wrong person is hired.
  - 1. Lowered productivity for the firm.
  - 2. Loss of regular customers.
  - 3. Potential economic loss for the company.
- B. Selection of sales personnel is more of a science than an art.
  - 1. Many progressive marketing organizations equip sales managers with the interviewing skills necessary to make profitable hiring decisions.
  - 2. There are established recruitment and selection guidelines.
- C. Determine actual job requirements.
  - 1. Outline duties the person will perform, prepare a job description.
    - a. Job description is an example of what the salesperson will do and under what conditions the work will be performed.
    - b. Defines the type of selling the job requires.
  - 2. Spell out in as much detail as possible the abilities and qualities the applicant needs to be successful.
- D. Search out applicants from several sources.
  - 1. Interview at least three applicants for each opening.
  - 2. Suggested sources for new employees:
    - a. Candidates within the company.
    - b. College and university students.
    - c. Trade and newspaper advertisements.
    - d. Employment agencies and listings.
    - e. The Internet.
- E. Select the best-qualified applicant.
  - 1. Select applicants who have a high degree of self-motivation and are self-starters. Use of psychological tests can help identify self-motivators.
  - 2. Rules for selecting salespeople:
    - a. Do look for reliability.
    - b. Do seek relationship-building capabilities.
    - c. Use criteria other than just test scores.
    - d. Do ask character-based questions.
  - 3. Personality and Skills Testing: to increase the quality of new hires, many companies are placing more emphasis on personality and skills testing. Different assessment instruments such as Chally Talent Audit and Sales Achievement Predictor have been developed to measure these characteristics.

### **IV. Orientation and Training**

- A. Give a new employee a thorough orientation to the business operation before the person begins working. Include history of the company, philosophy of doing business, business policies, compensation plan, and so forth.
- B. Initiate a training program that will help the person achieve success.
  - 1. The size of the firm should not dictate the scope of the training program.
  - 2. The program should include three dimensions.
    - a. Knowledge of the product line, company marketing strategies, territory information, and related areas.
    - b. Attitude toward the company, the company's products and services, and customers to be served.
    - c. Skill in applying personal selling principles and practices.
- C. Developing foundation skills
  - 1. Foundation-level skills are essential to planning and executing a successful sales call.
  - 2. Fundamental skills include the steps on the Six-Step Presentation Plan.

## V. Sales Force Motivation

- A. **Internal motivation**, an intrinsic reward, occurs when a duty or task is performed.
- B. **External motivation** is an action taken by another person that involves rewards that cause a worker to behave in ways to ensure receipt of the award.
- C. Findings in the behavioral sciences tell us that, in some cases, non-financial incentives motivate as much as money. Usually, intrinsic motivators have a longer effect on employee attitudes than extrinsic motivators.
  - 1. Intrinsic motivators include achievement, challenge, responsibility, advancement, growth, enjoyment of work itself, and involvement.
  - 2. Extrinsic motivators include contests, prizes, quotas, and money.
- D. It is possible to design reward programs that benefit the employee and the organization if you follow these guidelines:
  - 1. Design programs that focus on several important aspects of the salesperson's job.
  - 2. Evaluate your incentive program often to determine what plan has the most impact.
  - 3. Avoid setting goals that are unrealistic.

## VI. Compensation Plans

- A. **Compensation plans** combine direct monetary payments and indirect monetary payments such as paid vacations, pensions, and insurance plans.
- B. The perfect sales force compensation plan does not exist; each plan must be chosen to suit type of selling job, the firm's marketing objectives, and type of customer served.
- C. Basic compensation plans include:
  - 1. Straight commission plan—the only direct monetary compensation comes from sales; no sales, no income.

2. Commission plan with a draw provision or guaranteed salary—similar to straight commission but with more financial security.
3. Commission with a draw or guaranteed salary plus a bonus—offers more direct financial security.
4. Fixed salary plus bonus—fosters company-centeredness and provides financial security if salary is competitive; bonus incentive motivates.
5. Straight salary—fosters company-centeredness and provides financial security.
6. Variation of basic plan—for example, an award program.
  - a. Point Incentive Program (PIP) is used when attempting to achieve a particular sales objective.
  - b. Cash awards or points can be earned to purchase prizes.
  - c. Sales objectives achieved with awards program:
    - (1) Specific product movement.
    - (2) Percentage sales increase.
    - (3) Establish new accounts.
    - (4) Increase sales activity.
- D. Guidelines for developing a good compensation plan.
  1. Define sales and marketing objectives in detail.
  2. Field test the compensation plan before implementation.
  3. Carefully explain compensation plan to sales force.
  4. Change compensation plan when marketplace conditions warrant.

## **VII. Assessment of Sales Force Productivity**

- A. The goal of measuring performance is to analyze the profitability of the sales volume brought in by each salesperson.
- B. Measuring sales performance can be somewhat complicated.
- C. Measurements of sales performance include:
  1. Frequency of calls.
  2. Cumulative quarterly, semiannual, or annual results in relation to established goals.
  3. Common criteria for assessing the productivity of salespeople:
    - a. Quantitative criteria related to sales volume, new accounts, profit, and number of calls made.
    - b. Qualitative criteria related to attitude, product knowledge, communication skills, personal appearance, customer feedback, selling skills, and personal initiative.