

Business Studies

L7 - Marketing and Selling

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7. Marketing and Selling

Sales and marketing are different

Basic economics

Marketing; Channels; Market Communications

Stages in Selling

Control and Commissions

Sales and marketing are different

Marketing

- what to sell,
- to who
- how

Selling

- moving the product

Relationship management

Marketing

What

- Product characteristics - ACCTO
- Price sensitivity

Market Characteristics

- Size
- Defensible
- Sustainable

How?

- Channels

Inform

- Routes

ACCTO

Criteria for customer acceptance

80% of new product failures are due to customer acceptance



A - relative Advantage over competitors

C - Complexity; can I understand it?

C - Compatibility with working practise

T - Trial-ability, can I try it out first?

O - Observability, can I notice the benefits?

Market Requirement Document

User Profile

who will use it and what are they trying to achieve

Product Description

features, advantages and benefits

Customer Profile

who will buy it and how do they make decisions

Competitive analysis

what are table stakes and what are USPs

Positioning

the one thought potential customers have in their head when they hear the product name

Market Requirement Document II

Market Trends

what is happening in the market your will be operating in

Market Size

the total available market

Route to market / Distribution

how do you deliver to your customers

Pricing

how much is the customer prepared to pay

Customer support

how will the user be trained and supported (documents, helpdesk, etc)

Market Requirement Document III

Business Opportunity

in this market with this product at this price you can make this amount of money [do this one last]

Alliances and Partners

who do you need on side

Marcoms

how will you tell the market about your product

Market - who loves ya?

it's FAB because

Feature - techie speak

this chip uses a double super helical fooglefarg

Advantages - the translation step

it uses less power, gives you more speed

Benefits - customer speak

it is cheaper, smaller, works better in marginal conditions, batteries last longer

because *your friends will be envious*

why people really buy it

Building the minimum Badass User | Kathy Sierra | BoS USA
2012



<http://businessofsoftware.org/2013/02/kathy-sierra-building-the-minimum-badass-user-business-of-software-a-masterclass-in-thinking-about-software-product-development/>

Product or Service Requirements

Customers need to

- know about it
- have the opportunity to purchase it
- be satisfied that it meets a real or perceived need
- be able to afford it (but don't make it cheap)

A brief introduction to market analysis

Desk research

- existing market or solutions
- competition, actual and potential
- demographics

Market surveys

- qualitative; groups and usability testing
- quantitative; surveys, testing marketing

Distribution channels

Market communications

Channels

Direct Sales

Distributor / Retailer - they are your customers

- National
- International

Choose carefully

- changing is expensive and difficult
- key sales
- opinion formers

Market Communications

Targeting

Advertising

- Image
- Message
- Sales - MOP
 - General - Newspapers, TV
 - Specific - Trade press, specialist magazines

PR

Direct mail

- List brokers (1-2% response)
- Control and record-keeping

Direct sales

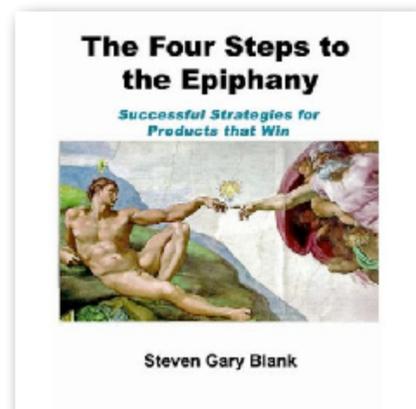
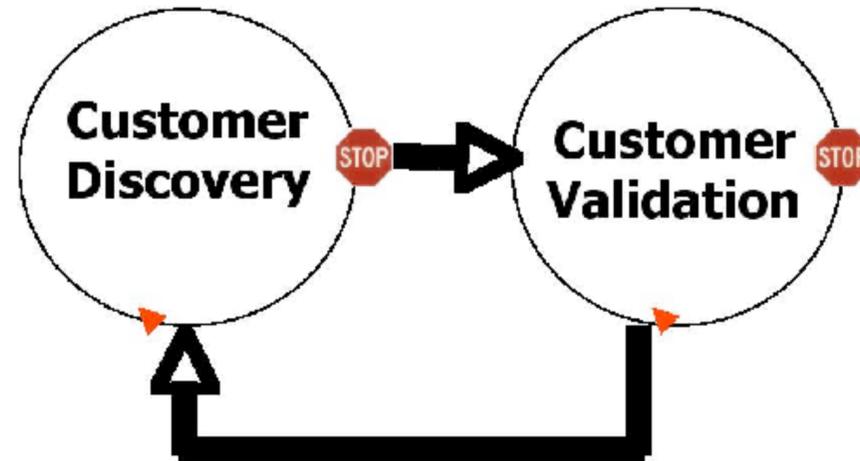
Bespoke

- sales staff / customer relationship manager
- cash flow

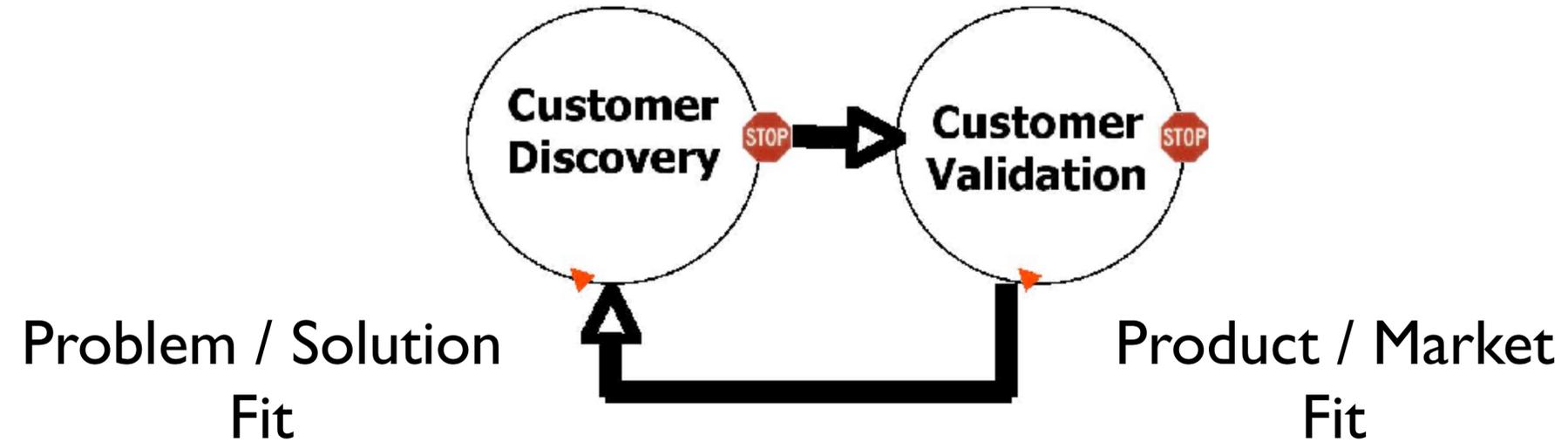
Mail order requirements

- Product
- Guarantees
- Stocking
- Support
- Key accounts
- Market communications

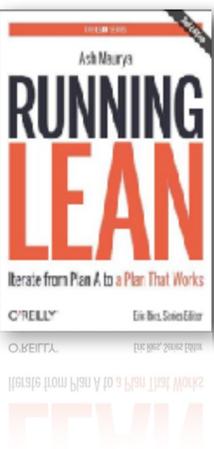
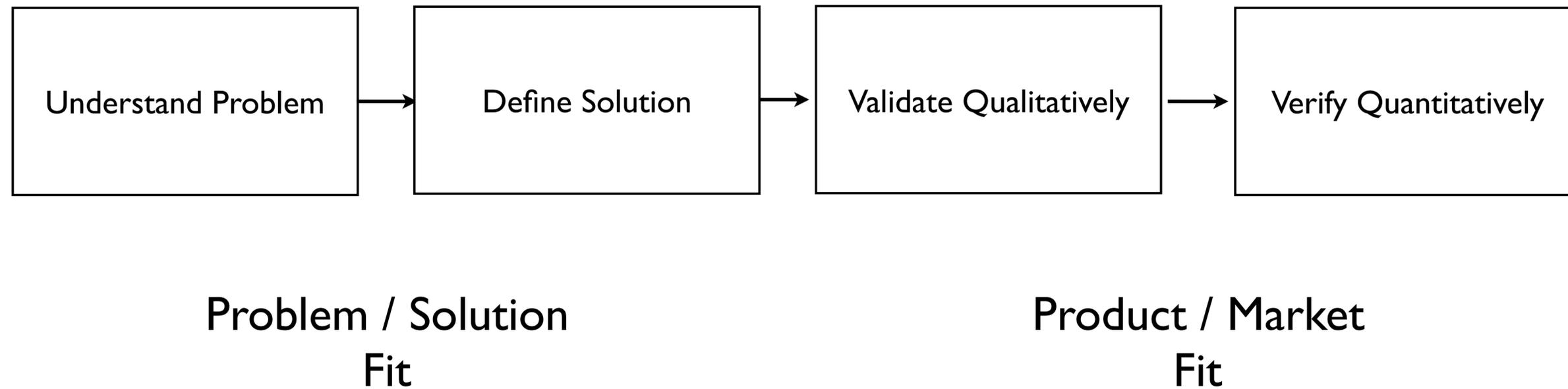
Discovering a market from the bottom up



Discovering a market from the bottom up



Discovering a market from the bottom up



Pricing Models

Market comparison

needs to be an order of magnitude better or cheaper to replace incumbent

Utility

How much is it worth to the customer (efficiency gains to user, payback time)

Cost + profit

(+distribution + tax)

Loss leader

Ballpark pricing

Sales price	£	1,000.00	
Factory price: (60%)	£	600.00	
Cost (30% of factory price)	£	200.00	
Net profit / unit (10% of factory price)	£	60.00	
Annual sales (Million):		1.00	(guess)
Profit (£M)		60.00	
Set-up and fixed costs (£m)		50.00	(including initial marketing)
Stocking (£m)		100.00	(6 months at cost)
Capital need (£m)		150.00	
Payback time		2.50	years

Exhibitions

Expensive, hard work

Make it obvious

Place for meetings, not cold sales

Preparation

- Research and contact attendees
- Stand
- Exhibits
- Manual
- Travel and accommodation

Be attentive

Follow-up

- Timeliness

Sales techniques

Listen to the customer

Needs

Concerns

Authority

Stages in Selling

Prospecting

Pre-approach

Approach

Survey

Proposal

Demonstration

Close

Service

Prospecting

Locating the most likely buyers

Cold calling

- Directors Guides, Yearbooks
- Local council offices, Chambers of Commerce
- Institutional meetings

Qualified Prospects

- Marketing response: Advertising, PR, Mailings
- Lookalike Audiences - Facebook, Google etc
- Service organisations, exhibitions

How many

- 10% result in sale
- Maybe 2 calls per day

Pre-approach

Research

- Who are the decision makers?
- What is the management structure?
- What are their concerns?

Preparation

- Presentation
- Visiting cards, brochures

Approach

Listen, establish mutual ground

Contact building

Generalities

Survey

Needs, requirements

Constraints

Budget

Structure, contacts, decision points

Timescale

Proposal

Sell the benefits to the customer

- FAB, USPs
- Price is not an issue; value is
 - lifetime cost
 - service, reliability, reputation

Sales Proposal

- Introduction,
- Objectives
- Recommendations
- Benefits
- Financial Justification
- Warranty and service
- Company Background
- Price and conditions

Follow up

Demonstration

Objectives

Administration

- Who, where, maps, car parking, accommodation
- Greeting, seating
- Catering: coffee, lunch or sandwiches

Script

- Presentation
- Visiting cards, brochures

Sum up

Agree follow-up

Close

Small step at a time

Advantages

Customer concerns

- hidden agenda

Sum up

- discount
- limited offer

Service

Relationship management

- communications
- contact point
- regular liaison
- early warnings

Spec changes and the consequences

Meeting milestones

Planning and Records

Graded Prospect List

Sales Forecast

Call analysis

Sales Cost analysis

Control and Commissions

Control

Sales organisation structure

- by product, geography, channel, key account

Measurement

- Cost per sale
- Response rate
- Timeliness
- Individual measures, targets

Commission

Don't stint

- Basic salary

Pay on delivery, or payment