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 foolefarg

**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

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

Understand Problem → Define Solution → Validate Qualitatively → Verify Quantitatively

Problem / Solution Fit

Product / Market Fit
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 suer, payback time)

Cost + profit
(+distribution + tax)

Loss leader
## Ballpark pricing

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
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<tbody>
<tr>
<td>Sales price</td>
<td>£1,000.00</td>
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<tr>
<td>Factory price: (60%)</td>
<td>£600.00</td>
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<tr>
<td>Cost (30% of factory price)</td>
<td>£200.00</td>
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<tr>
<td>Net profit / unit (10% of factory price)</td>
<td>£60.00</td>
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<tr>
<td>Annual sales (Million):</td>
<td>1.00 (guess)</td>
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<tr>
<td>Profit (£M)</td>
<td>60.00</td>
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<tr>
<td>Set-up and fixed costs (£m)</td>
<td>50.00 (including initial marketing)</td>
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<tr>
<td>Stocking (£m)</td>
<td>100.00 (6 months at cost)</td>
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<tr>
<td>Capital need (£m)</td>
<td>150.00</td>
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<tr>
<td>Payback time</td>
<td>2.50 years</td>
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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
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
## Graded Prospect List

<table>
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<tr>
<th>Company Name</th>
<th>Address</th>
<th>Phone</th>
<th>Fax</th>
<th>Contact Name</th>
<th>Decision Maker</th>
<th>Potential %</th>
<th>Previous Contact Date, Who, Action</th>
<th>Next Contact Date, Who Action</th>
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# Sales Forecast

<table>
<thead>
<tr>
<th>Company</th>
<th>Amount</th>
<th>Time analysis</th>
<th>Product Analysis</th>
<th>Comments</th>
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<tr>
<td></td>
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<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
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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