

# 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

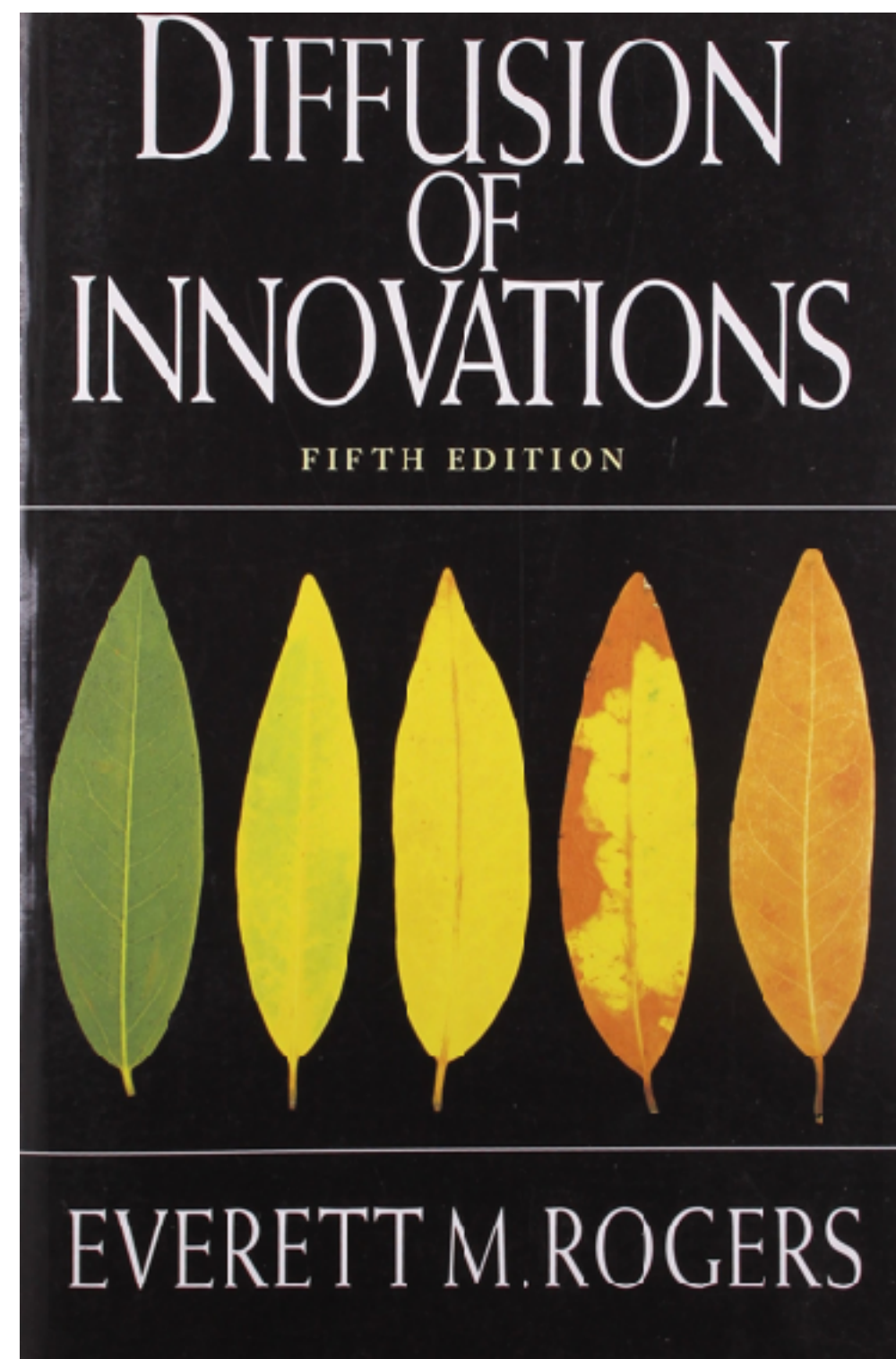
## Inform

- 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

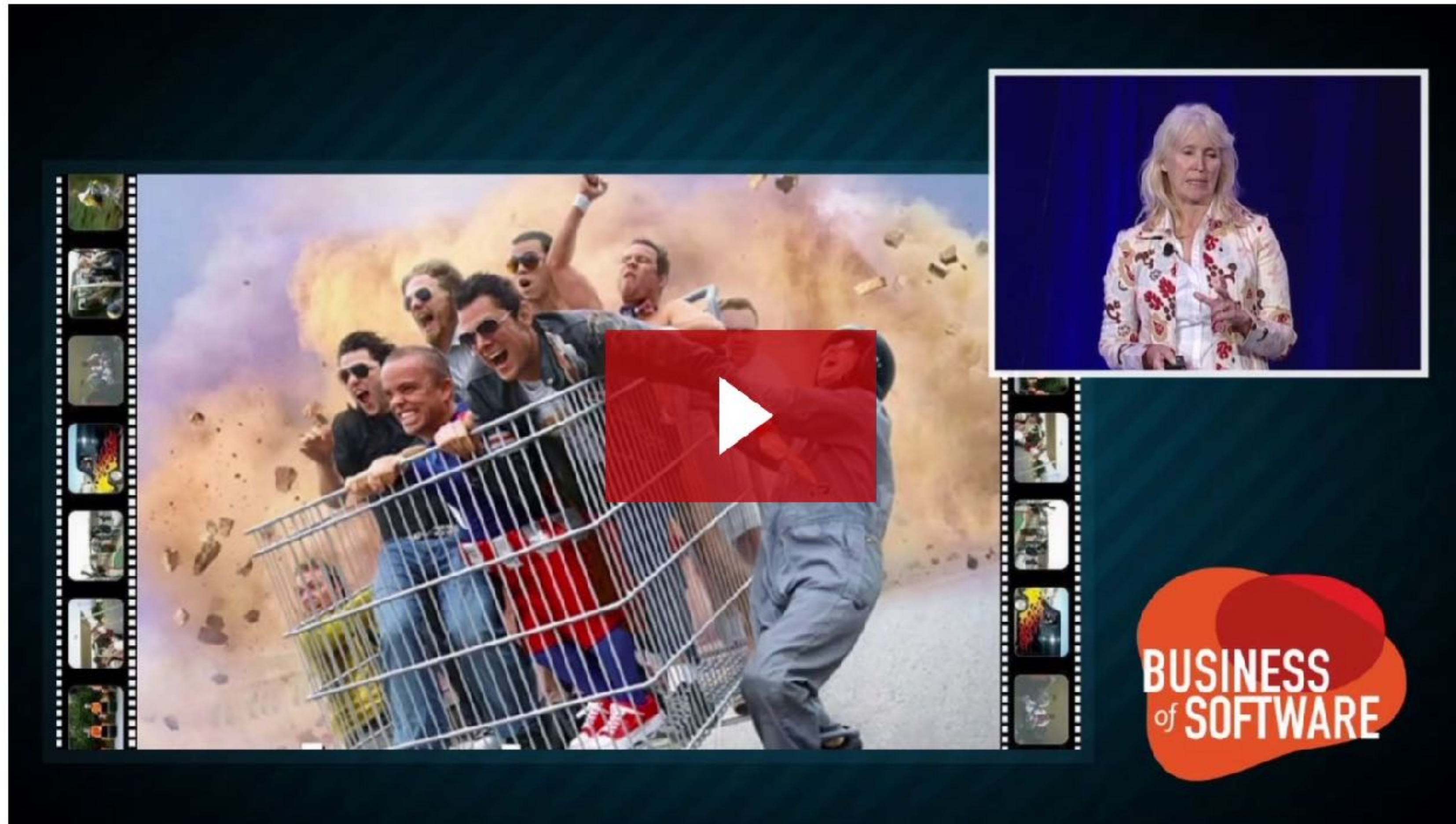
**Benefits** - customer speak

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

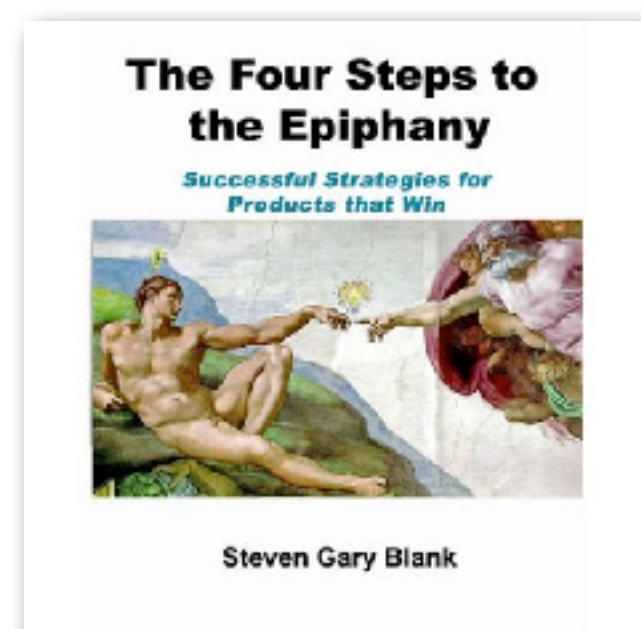
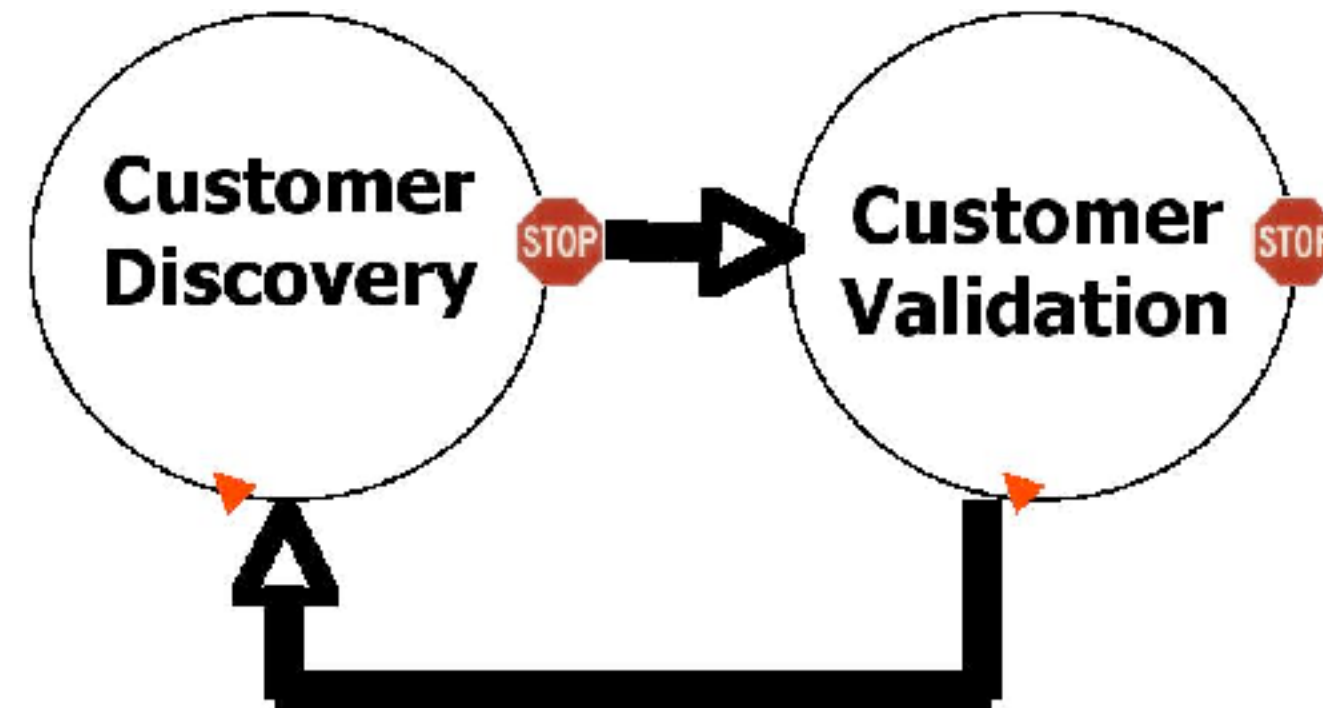
## Bespoke

- sales staff / customer relationship manager
- cash flow

## Mail order requirements

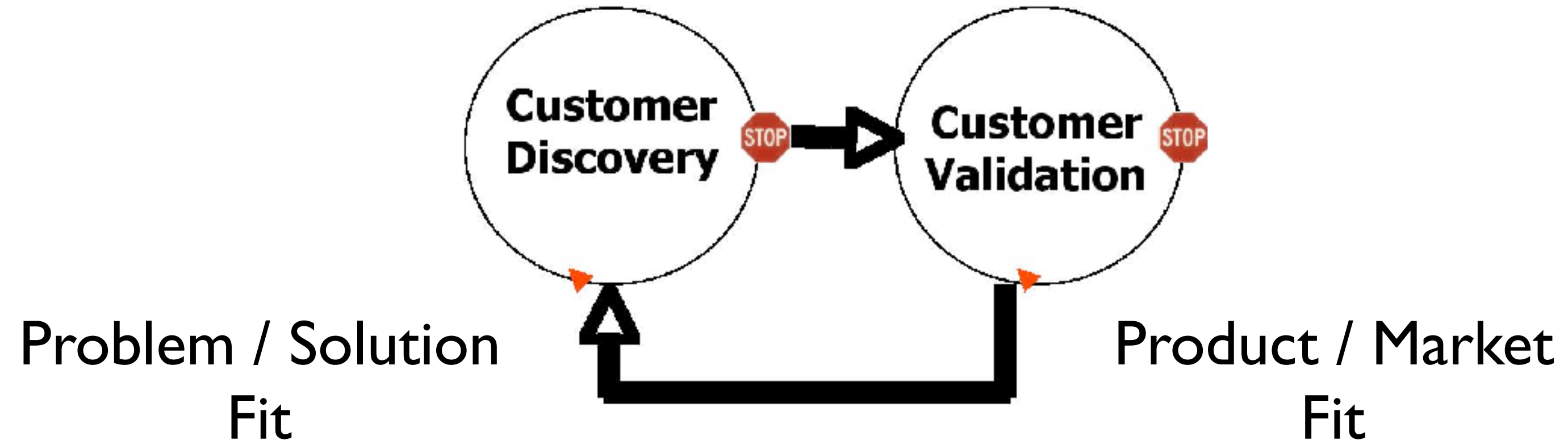
- Product
- Guarantees
- Stocking
- Support
- Key accounts
- Market communications

# Discovering a market from the bottom up

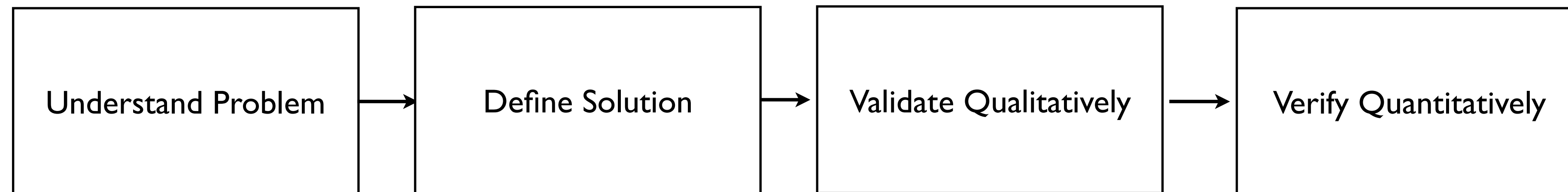




# Discovering a market from the bottom up

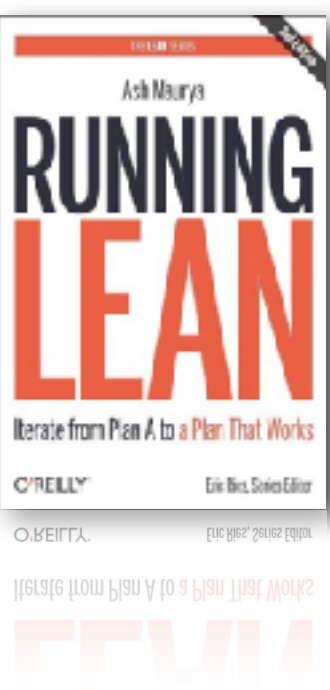


# Discovering a market from the bottom up



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 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