

# 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 and how to sell
- Selling: moving the product
- Relationship management

# Marketing

- What?
  - Product characteristics - ACCTO
  - Price sensitivity
- Market Characteristics
  - Size
  - Defensible
  - Sustainable
- How?
  - Channels
- Inform
  - Routes

# Market Requirement Document

- 1. Product Description (datasheet - what is it) stating its features, advantages and benefits.
- 2. User profile (who will use it)
  - Pen portrait
- 3. Customer profile (who will buy it)
  - - decision makers and process
- 4. Competitive analysis (this should give you your USPs and also tell you what features the product MUST have)
- 5. Positioning (the one thought potential customers have in their head when they hear the product name).

# MRD 2

- 6. Market Trends (what is happening in the market your application is aimed at)
- 7. Market Size (the total available market)
- 8. Route to market/Distribution Channels (how you will get the product into the hands of the customer)
- 9. Pricing ( how much the customer is prepared to pay)
- 10. Customer Support (Helpdesk, documentation, maintenance. How the user will be trained, any web site support, competitions etc. Its the support environment that helps to create pull in).

# MRD 3

- 11. Business Opportunity (this one you do last and it says with this product ,in this market at this time and price you can make this amount of money.)
- 12 Alliances and Partners (who you need)
- 13 Marcoms (how you tell them about it)

# Market: Who loves ya?

FAB: Features Advantages Benefits

– Feature:

- This chip uses a double super-helical fooglefarg

– Advantages:

- Less Power
- More speed

– Benefits:

- Cheaper
- Smaller
- Works better in marginal conditions
- Batteries last longer
- **Your friends will be envious**

**Techie  
Speak**

**Customer  
Speak**

**What really  
drives sales**

# Product or Service Requirements

- Know about it
- Opportunity to purchase
  - shelf space
- Satisfy a real or perceived need
- Affordable (but not too cheap)



# A brief introduction to market analysis

- Desk research
  - Existing market or solutions
  - Competition, actual and potential
  - Demographics
- Market surveys
  - Qualitative
    - groups, usability testing
  - Quantitative
    - Surveys, test marketing
- Distribution channels
- Market Communications

# Channels

- Direct Sales
- Distributor/Retailer
  - Distributors are your customers
    - National
    - International
- Chose carefully -
  - changing is expensive and difficult
  - Key sales
  - Opinion formers

# Direct sales

- Bespoke -
  - sales staff/ Customer relationship manager
  - cash flow
- Mail order requirements
  - Product
  - Guarantees
  - Stocking
  - Support
  - Key accounts
  - Market communications

# Pricing Models

- Market comparison
  - Needs to be an order of magnitude better or cheaper to replace incumbent
- Utility
  - How much is this worth to the user?
    - Efficiency gains, payback time
- Cost + profit
  - + distribution + tax
- Loss leader

# Ballpark pricing

|                                        |  |         |                               |  |  |
|----------------------------------------|--|---------|-------------------------------|--|--|
|                                        |  |         |                               |  |  |
|                                        |  |         |                               |  |  |
| Sales price:                           |  | 1000.00 |                               |  |  |
| 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 (6 months at cost)            |  | 100.00  |                               |  |  |
| Capital need                           |  | 150.00  |                               |  |  |
|                                        |  |         |                               |  |  |
|                                        |  |         |                               |  |  |
| Payback time                           |  | 2.50    | years                         |  |  |
|                                        |  |         |                               |  |  |

# 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

# Exhibitions

- Expensive, hard work
- Make it obvious
- Place for meetings, not cold sales
- Preparation
  - 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
    - Service organisation, exhibitions
- How many?
  - 10% result in a 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
  - F.A.B
  - U.S.Ps
  - 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
  - Rehearse, and stick to the script
  - Points to emphasise, or not
- Sum up
- Agree follow-up

# Close

- Small step at a time
- Advantages
- Customers concerns
  - hidden agenda
- Kicker
  - 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

| Company |         |       |     | Contact |                 |           |   | Previous Contact |     |        | Next Contact |     |        |
|---------|---------|-------|-----|---------|-----------------|-----------|---|------------------|-----|--------|--------------|-----|--------|
| Name    | Address | Phone | Fax | Name    | Decision Makers | Potential | % | Date             | Who | Action | Date         | Who | Action |

- Sales Forecasts

| Company | Amount | -----Time Analysis----- |    |    |    | Product Analysis | Comments |
|---------|--------|-------------------------|----|----|----|------------------|----------|
|         |        | Q1                      | Q2 | Q3 | Q4 |                  |          |

- Call analysis
- Sales Cost analysis

# Control and Commissions

- Control
  - Sales organisation structure
    - By product
    - Geographical
    - By channel, key account
- Measurement
  - Cost per sale
  - Response rate
  - Timeliness
  - Individual measures, targets
- Commission
  - Don't stint
    - Basic salary
  - Pay on delivery, or payment