

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