

8

Personal selling skills

OBJECTIVES

After studying this chapter, you should be able to:

1. Distinguish the various phases of the selling process
2. Apply different questions to different selling situations
3. Understand what is involved in the presentation and the demonstration
4. Know how to deal with buyers' objections
5. Understand and apply the art of negotiation
6. Close a sale

KEY CONCEPTS

- buying signals
- closing the sale
- demonstrations
- needs analysis
- negotiation
- objections
- personal selling skills
- reference selling
- sales presentation
- trial close

8.1 INTRODUCTION

The basic philosophy underlying the approach to personal selling adopted in this book is that selling should be an extension of the marketing concept. This implies that for long-term survival it is in the best interests of the salesperson and their company to identify customer needs and aid customer decision-making by selecting from the product range those products that best fit the customer's requirements. This philosophy of selling is in line with Weitz¹ and the contingency framework, which suggests that the sales interview gives an unparalleled opportunity to match behaviour to the specific customer interaction that is encountered. This is called 'adaptive selling' since the salesperson adapts their approach according to the specific situation and it has been found to be a growing way of conducting sales interactions.² Its importance is supported by research by Jaramillo *et al.* (2007) which showed that adaptive selling was associated with salespeople's performance (as measured by their attainment of sales quotas).³ This is not to deny the importance of personal persuasion. In the real world, it is unlikely that a product has clear advantages over its competition on all points, and it is clearly part of the selling function for the salesperson to emphasise those superior features and benefits that the product possesses. However, the model for personal selling advocated here is that of a salesperson acting as a need identifier and problem-solver. The view of the salesperson as being a slick, fast-talking confidence trickster is unrealistic in a world where most sellers depend on repeat business and where a high proportion of selling is conducted with professional buyers.

Saxe and Weitz (1982) defined customer orientated selling as 'the degree to which salespeople practice the marketing concept by trying to help their customers make purchase decisions that will satisfy customer needs'.⁴ They characterised customer orientated selling as:

1. The desire to help customers make satisfactory purchase decisions.
2. Helping customers assess their needs.
3. Offering products that will satisfy those needs.
4. Describing products accurately.
5. Avoiding deceptive or manipulative influence tactics.
6. Avoiding the use of high pressure sales techniques.

In order to foster customer orientated selling, companies need to develop a corporate culture that views understanding customers and creating value for them as being central to their philosophy, and to use evaluation procedures that include measurement of the support given to customers, customer satisfaction with salesperson interactions, and the degree to which salespeople are perceived by customers to behave ethically. In addition, companies should include ethics in sales training courses, and employ sales managers who are willing to promote and enforce ethical codes and policies.⁵

Research studies⁶ have shown that successful selling is associated with the following:

- asking questions;

- providing product information, making comparisons and offering evidence to support claims;
- acknowledging the customer's viewpoint;
- agreeing with the customer's perceptions;
- supporting the customer;
- releasing tension;
- having a richer, more detailed knowledge of customers;
- increased effort; and
- confidence in one's own ability.

These important findings should be borne in mind by salespeople when in a sales interview. They also suggest that sales training can improve sales performance, not only by improving skills, but by enhancing the self-confidence of the trainees in their perceived ability to perform well.⁷

When developing their **personal selling skills**, salespeople should also be aware of the characteristics desired of salespeople by buyers. Research has shown a number of key factors and these are displayed in Table 8.1.

As with the development of all skills, the theoretical approach described in this chapter needs to be supplemented by practical experience. Many companies use role playing to provide new salespeople with the opportunity to develop their skills in a situation where sales trainees can observe and correct behaviour. An example of such an exercise is given at the end of Chapter 14.

In order to develop personal selling skills it is useful to distinguish seven phases of the selling process, shown in Figure 8.1. These phases need not occur in the order shown. Objections may be raised during presentation or during negotiation and a trial close may be attempted at any point during the presentation if buyer interest is high. Furthermore, negotiation may or may not take place or may occur during any of the stages. As Moncrief and Marshall (2005) report:⁸

The evolved selling process assumes that the salesperson typically will perform the various steps of the process in some form, but the steps (phases) do not occur for each sales call. Rather, they occur over time, accomplished by multiple people within the selling firm, and not necessarily in any given sequence.

Table 8.1 Key characteristics of salespeople desired by buyers

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- Expertise in their company's products and the market
 - Good communication skills
 - Ability to solve problems
 - Ability to understand and satisfy the buyer's needs
 - Thoroughness
 - Ability to help in ensuring the reliable and fast delivery of orders
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Source: Based on Garver, M.S. and Mentzer, J. T. (2000) 'Salesperson logistics expertise: a proposed contingency framework', *Journal of Business Logistics*, 21 (2) pp. 113–32; and Williams, A.J. and Seminerio, J. (1985) 'What buyers like from salesmen', *Industrial Marketing Management*, 14 (2), pp. 75–8.

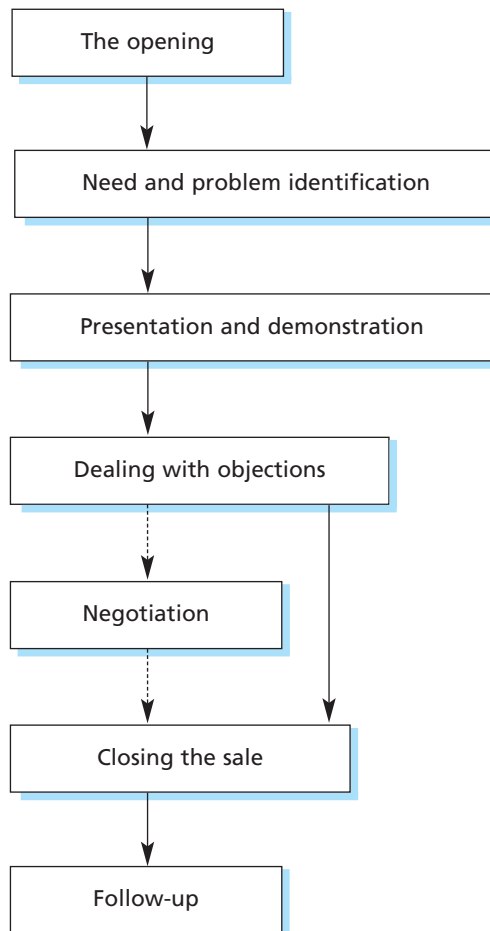


Figure 8.1 The personal selling process

8.2 THE OPENING

Initial impressions can cloud later perceptions, so it is important to consider the ways in which a favourable initial response can be achieved.

Buyers expect salespeople to be businesslike in their personal appearance and behaviour. Untidy hair and a sloppy manner of dress can create a lack of confidence. Further, the salesperson who does not respect the fact that the buyer is likely to be a busy person, with many demands on their time, may cause irritation on the part of the buyer.

Salespeople should open with a smile, a handshake and, in situations where they are not well known to the buyer, introduce themselves and the company they represent. Common courtesies should be followed. For example, they should wait for the buyer to indicate that they can sit down or, at least, ask the buyer if they may sit

down. Attention to detail, such as holding one's briefcase in the left hand so that the right can be used for the handshake, removes the possibility of an awkward moment when a briefcase is clumsily transferred from right to left as the buyer extends their hand in greeting.

Opening remarks are important since they set the tone for the rest of the sales interview. Normally they should be business-related since this is the purpose of the visit; they should show the buyer that the salesperson is not about to waste time. Where the buyer is well known and by their own remarks indicates a willingness to talk about a more social matter, the salesperson will obviously follow. This can generate close rapport with the buyer, but the salesperson must be aware of the reason for being there and not be excessively diverted from talking business. Opening remarks might be:

- Trade salesperson:* Your window display looks attractive. Has it attracted more custom?
- Industrial salesperson:* We have helped a number of companies in the same kind of business as you are in to achieve considerable savings by the use of our stock control procedures. What methods do you use at present to control stock?
- Retail salesperson:* I can see that you appear to be interested in our stereo equipment. What kind of system do you have in mind?

The cardinal sin which many retail salespeople commit is to open with 'Can I help you?' which invites the response 'No thank you. I'm just looking.'

The use of the internet can help to create favourable first impressions. For example, research using online business databases can make the salespeople appear more knowledgeable about the customer's company and industry.

8.3 NEED AND PROBLEM IDENTIFICATION

Most salespeople have a range of products to sell. A car salesperson has many models ranging from small economy cars to super luxury top-of-the-range models. The computer salesperson will have a number of systems to suit the needs and resources of different customers. A bicycle retailer will have models from many different manufacturers to offer customers. A pharmaceutical salesperson will be able to offer doctors a range of drugs to combat various illnesses. In each case, the seller's first objective will be to discover the problems and needs of the customer. Before a car salesperson can sell a car, they need to understand the customer's circumstances. What size of car is required? Is the customer looking for high fuel economy or performance? Is a boot or a hatchback preferred? What kind of price range is being considered? Having obtained this information the salesperson is in a position to sell the model best suited to the needs of the buyer. A computer salesperson may carry out a survey of customer requirements prior to suggesting an appropriate computer system. A bicycle retailer should ask who the bicycle is for, what type is preferred (e.g. mountain or racing) and the colour preference, before making sensible suggestions

as to which model is most suitable. A pharmaceutical salesperson will discuss with doctors the problems that have arisen with patient treatment; perhaps an ointment has been ineffective or a harmful side-effect has been discovered. This gives the salesperson the opportunity to offer a solution to such problems by means of one of their company's products.

This **needs analysis** approach suggests that early in the sales process the salesperson should adopt a question-and-listen posture. In order to encourage the buyer to discuss their problems and needs, salespeople tend to use 'open' rather than 'closed' questions. An open question is one that requires more than a one-word or one-phrase answer, for example:

- 'Why do you believe that a computer system is inappropriate for your business?'
- 'What were the main reasons for buying the XYZ photocopier?'
- 'In what ways did the ABC ointment fail to meet your expectations?'

A closed question, on the other hand, invites a one-word or one-phrase answer. These can be used to obtain purely factual information, but excessive use can hinder rapport and lead to an abrupt type of conversation which lacks flow:

- 'Would you tell me the name of the equipment you currently use?'
- 'Does your company manufacture 1000cc marine engines?'
- 'What is the name of your chief mechanical engineer?'

In practice, a wide variety of questions may be used during a sales interview.⁹ Thirteen types of questions and their objectives, together with examples, are given in Table 8.2.

Salespeople should avoid the temptation of making a **sales presentation** without finding out the needs of their customers. It is all too easy to start a sales presentation in the same rigid way, perhaps by highlighting the current bargain of the week, without first questioning the customer about their needs.

Questioning can also be useful in order to understand the customer's situation. Here is an account of how important this can be:

We had a problem with a new customer and one of our young sales reps. We sent the CEO in to meet the customer. The customer was a new wine buyer for a large supermarket chain. This was when supermarkets had just started selling wine. The customer always seemed very defensive, and questioning revealed that he didn't know much about the wine trade. We invited him out for lunch at our premises and just talked to him. We found out that he liked Rugby League, so we talked to him about that. After that there was no problem; he relaxed and we understood that he was nervous about a new position. This enabled us to move from a \$20,000 per year account to a \$150,000 account.¹⁰

At the end of this process, the salesperson may find it useful to summarise the points that have been raised to confirm an understanding with the buyer. For example:

Fine, Mr and Mrs Jones. I think I have a good idea of the kind of property you are looking for. You would like a four-bedroom house within fifteen minutes'

Table 8.2 Types of question used in personal selling

Type of question	Objective	Example
Tie-down question	Used for confirmation or to commit a prospect to a position.	You want the programme to work, don't you?
Leading question	Direct or guide a prospect's thinking.	How does that coat feel on you?
Alternative question	Used to elicit an answer by forcing selection from two or more alternatives.	Would you prefer the red or blue model?
Statement/question	A statement is followed by a question which forces the prospect to reflect upon the statement.	This machine can spin at 5000 rpm and process three units per minute. What do you think of that productivity?
Sharp-angle question	Used to commit a prospect to a position.	If we can get it in blue, is that the way you would want it?
Information-gathering questions	Used to gather facts.	How many people are you currently employing?
Opinion-gathering	Used to gather opinions or feelings.	What are your feelings questions concerning the high price of energy?
Confirmation questions	Used either to elicit agreement or disagreement about a particular topic.	Do my recommendations make sense?
Clarification questions	Reduce ambiguities, generalities and non-committal words to specifics.	When you say . . . exactly what do you mean?
Inclusion questions	Present an issue for the prospect's consideration in a low-risk way.	I don't suppose you'd be interested in a convertible hard-top, would you?
Counterbiasing	To attain sensitive information by making a potentially embarrassing situation appear acceptable.	Research shows that most drivers exceed the speed limit. Do you ever do so?
Transitioning	Used to link the end of one phase to the next phase of the sales process.	In addition to that, is there anything else that you want to know? (No) What I'd like to do now is talk about . . .
Reversing	Used to pass the responsibility of continuing the conversation back to the prospect by answering a question with a question.	When can I expect delivery? When do you want delivery?

Source: DeCormier, R. and Jobber, D. (1993) 'The counsellor selling method: concepts, constructs and effectiveness', *Journal of Personal Sales and Management*, 13 (4), pp. 39–60.

drive of Mr Jones's company. You are not bothered whether the house is detached or semi-detached, but you do not want to live on an estate. The price range you are considering is between £300,000 and £350,000. Does this sum up the kind of house you want, or have I missed something?

8.4 THE PRESENTATION AND DEMONSTRATION

Once the problems and needs of the buyer have been identified, the presentation follows as a natural consequence. The first question to be addressed is presentation of what? The preceding section has enabled the salesperson to choose the most appropriate product(s) from their range to meet customer requirements. Second, having fully discussed what the customer wants, the salesperson knows which product benefits to stress. A given product may have a range of potential features which confer benefits to customers, but different customers place different priorities on them. In short, having identified the needs and problems of the buyer, the presentation provides the opportunity for the salesperson to convince the buyer that they can supply the solution.

The key to this task is to recognise that buyers purchase benefits and are only interested in product features in as much as they provide the benefits that the customer is looking for. Examples of the relationship between certain product features and benefits are given in Chapter 7. Training programmes and personal preparation of salespeople should pay particular attention to deriving the customer benefits which their products bestow.

Benefits should be analysed at two levels: those benefits that can be obtained by purchase of a particular type of product, and those that can be obtained by purchasing that product from a particular supplier. For example, automatic washing machine salespeople need to consider the benefits of an automatic washing machine compared with a twin-tub, as well as the benefits that their company's automatic washing machines have over competitors' models. This proffers maximum flexibility for the salesperson in meeting various sales situations.

The danger of selling features rather than benefits is particularly acute in industrial selling because of the highly technical nature of many industrial products, and the tendency to employ sales engineers rather than salespeople. Perkins Diesels found this to be a problem with their sales team after commissioning market research to identify strengths and weaknesses of their sales and marketing operation,¹¹ but it is by no means confined to this sector. Hi-fi salespeople who confuse and infuriate customers with tedious descriptions of the electronic wizardry behind their products are no less guilty of this sin. A simple method of relating features and benefits in a sales presentation is to link them by using the following phrases:

- 'which means that'
- 'which results in'
- 'which enables you to'.

For example, an estate agent might say, 'The house is situated four miles from the company where you work (product feature) which means that you can easily be at

work within fifteen minutes of leaving home' (customer benefit). An office salesperson might say, 'The XYZ photocopier allows streamfeeding (product feature) which results in quicker photocopying' (customer benefit). Finally, a car salesperson may claim, 'This model is equipped with overdrive (product feature) which enables you to reduce petrol consumption on motorways' (customer benefit).

The term 'presentation' should not mislead the salesperson into believing that they alone should do all the talking. The importance of asking questions is not confined to the needs and problem identification stage. Asking questions as part of the presentation serves two functions. First, it checks that the salesperson has understood the kinds of benefits the buyer is looking for. After explaining a benefit it is sound practice to ask the buyer, 'Is this the kind of thing you are looking for?' Second, asking questions establishes whether the buyer has understood what the salesperson has said. A major obstacle to understanding is the use of technical jargon that is unintelligible to the buyer. Where a presentation is necessarily complicated and lengthy, the salesperson would be well advised to pause at various points and simply ask if there are any questions. This gives the buyer the opportunity to query anything that is not entirely clear. This questioning procedure allows the salesperson to tailor the speed and content of their presentation to the circumstances. Buyers have different backgrounds, technical expertise and intelligence levels. Questioning allows the salesperson to communicate more effectively because it provides the information necessary for the seller to know how to vary the presentation to different buyers.

Technological advances have greatly assisted the presentation. For example, laptops allow the use of online resources such as video material and the ability to get a response from a sales office during a presentation.¹² Access to company websites permits the carrying of masses of product information, including sound and animation.

Many sales situations involve risk to the buyer. No matter what benefits the salesperson discusses, the buyer may be reluctant to change from the present supplier or present model because to do so may give rise to unforeseen problems – delivery may be unpredictable or the new model may be unreliable. Assurances from the salesperson are, of themselves, unlikely to be totally convincing – after all, they would say that, wouldn't they! Risk is the hidden reason behind many failures to sell. The salesperson accurately identifies customer needs and relates product benefits to those needs. The buyer does not offer much resistance, but somehow does not buy; a likely reason is that the buyer plays safe, sticking to the present supplier or model in order to lessen the risk of aggravation should problems occur. How, then, can a salesperson reduce risk? There are four major ways:

- (a) reference selling;
- (b) demonstrations;
- (c) guarantees; and
- (d) trial orders.

Reference selling

Reference selling involves the use of satisfied customers in order to convince the buyer of the effectiveness of the salesperson's product. During the preparation stage

a list of satisfied customers, arranged by product type, should be drawn up. Letters from satisfied customers should also be kept and used in the sales presentation in order to build confidence. This technique can be highly effective in selling, moving a buyer from being merely interested in the product to being convinced that it is the solution to their problem.

Demonstrations

Chinese proverb: Tell me and I'll forget; show me and I may remember; involve me and I'll understand.

Demonstrations also reduce risk because they prove the benefits of the product. A major producer of sales training films organises regional demonstrations of a selection in order to prove their quality to training managers. Industrial goods manufacturers will arrange demonstrations to show their products' capabilities in use. Car salespeople will allow customers to test drive cars.

For all but the most simple of products it is advisable to divide the demonstration into two stages. The first stage involves a brief description of the features and benefits of the product and an explanation of how it works. The second stage entails the actual demonstration itself. This should be conducted by the salesperson. The reason behind this two-stage approach is that it is often very difficult for the viewers of the demonstration to understand the principles of how a product works while at the same time watching it work. This is because the viewers are receiving competing stimuli. The salesperson's voice may be competing for the buyers' attention with the flashing lights and noise of the equipment.

Once the equipment works, the buyers can be encouraged to use it themselves under the salesperson's supervision. If the correct equipment, to suit the buyers' needs, has been chosen for demonstration and performs reliably, the demonstration can move the buyers very much closer to purchase.

There now follows more practical advice on what must be regarded as an extremely important part of the personal selling process, for without a demonstration the salesperson is devoid of one of their principal selling tools.

Pre-demonstration

1. *Make the process as brief as possible*, but not so brief as not to be able to fulfil the sales objective of obtaining an order, or of opening the way for further negotiations. It is basically a question of balance, in that the salesperson must judge the individual circumstances and tailor the demonstration accordingly. Some potential buyers will require lengthier or more technical demonstrations than others.
2. *Make the process as simple as possible*, bearing in mind that some potential purchasers will be less technically minded than others. Never 'over-pitch' such technicality, because potential buyers will generally pretend that they understand and not want to admit that they do not because of loss of face. They will see the demonstration through and probably make some excuse at the end to delay the purchase decision. The likelihood is that they will not purchase (or at least not

purchase from you). This point is deliberately emphasised because it is a fact that many potential sales are lost through overly technical demonstrations.

3. *Rehearse the approach to likely objections with colleagues* (e.g. with one acting as an 'awkward' buyer). Work out how such objections can be addressed and overcome through the demonstration. The use of interactive video is useful here, as you can review your mistakes and rehearse a better demonstration and presentation.
4. *Know the product's selling points* and be prepared to advance these during the course of the demonstration. Such selling points must, however, be presented in terms of benefits to the customer. Buyer behaviour must therefore be ascertained beforehand. By so doing, it will be possible to maximise what is euphemistically called the 'you' or 'u' benefits.
5. *The demonstration should not go wrong if it has been adequately rehearsed beforehand.* However, machines do break down and power supplies sometimes fail. Be prepared for such eventualities (e.g. rehearse an appropriate verbal 'routine' and have a back-up successful demonstration available on your laptop). The main point is not to be caught out unexpectedly and to be prepared to launch into a contingency routine as smoothly as possible.

Conducting the demonstration

1. Commence with a concise statement of what is to be done or proved.
2. Show how potential purchasers can participate in the demonstration process.
3. Make the demonstration as interesting and as satisfying as possible.
4. Show the potential purchaser how the product's features can fulfil their needs or solve their problems.
5. Attempt to translate such needs into a desire to purchase.
6. Do not leave the purchaser until they are completely satisfied with the demonstration. Such satisfaction will help to justify ultimate expenditure and will also reduce the severity and incidence of any complaints that might arise after purchasing.
7. Summarise the main points by re-emphasising the purchasing benefits that have been put forward during the demonstration. Note that we state purchasing benefits and not sales benefits because purchasing benefits relate to individual buying behaviour.
8. The objectives of a demonstration should be: (a) to enable the salesperson to obtain a sale immediately (e.g. a car demonstration drive given to a member of the public); or (b) to pave the way for future negotiations (e.g. a car demonstration drive given to a car fleet buyer).
9. Depending on the objective above, in the case of (a) ask for the order now, or in the case of (b) arrange for further communication in the form of a meeting, telephone call, letter, an additional demonstration to other members of the decision-making unit, etc.

Information technology can allow multi-media demonstrations of industrial products in the buyer's office. No longer is it always necessary for buyers to visit the supplier's site or to provide facilities to act as video 'show rooms' for salespeople wishing to demonstrate their product using video projectors.¹³

Advantages of demonstrations

1. Demonstrations are a useful ancillary in the selling process. They add realism to the sales routine in that they utilise more human senses than mere verbal descriptions or visual presentation.
2. When a potential customer is participating in a demonstration, it is easier for the salesperson to ask questions in order to ascertain buying behaviour. This means that the salesperson will not need to emphasise inappropriate purchasing motives later in the selling process.
3. Such demonstrations enable the salesperson to maximise the 'u' benefits to potential purchasers. In other words, the salesperson can relate product benefits to match the potential buyer's buying behaviour and adopt a more creative approach, rather than concentrating on a pre-prepared sales routine.
4. Customers' objections can be more easily overcome if they can be persuaded to take part in the demonstration process. In fact, many potential objections may never even be aired because the demonstration process will make them invalid. It is a fact that a sale is more likely to ensue if fewer objections can be advanced initially, even if such objections can be satisfactorily overcome.
5. There are advantages to customers in that it is easier for them to ask questions in a more realistic way in order to ascertain the product's utility more clearly and quickly.
6. Purchasing inhibitions are more quickly overcome and buyers declare their purchasing interest sooner than in face-to-face selling/buying situations. This makes the demonstration a very efficient sales tool.
7. Once a customer has participated in a demonstration there is less likelihood of 'customer remorse' (i.e. the doubt that value for money is not good value after all). By taking part in the demonstration and tacitly accepting its results, the purchaser has bought the product and not been sold it.

Guarantees

Guarantees of product reliability, after-sales service and delivery supported by penalty clauses can build confidence towards the salesperson's claims and lessen the costs to the buyer should something go wrong. Their establishment is a matter for company policy rather than the salesperson's discretion but, where offered, the salesperson should not underestimate their importance in the sales presentation.

Trial orders

The final strategy for risk reduction is for salespeople to encourage trial orders, even though they may be uneconomic in company terms and in terms of salespeople's time in the short term, when faced with a straight re-buy (see Chapter 3). Buyers who habitually purchase supplies from one supplier may recognise that change involves unwarranted risk. It may be that the only way for a new supplier to break through this impasse is to secure a small order which, in effect, permits the demonstration of the company's capability to provide consistently high-quality products promptly. The confidence, thus built, may lead to a higher percentage of the customer's business in the longer term.

Acton Mobile Industries, Baltimore, Maryland, USA – Mobile office building supplier automates sales process for sales team

Focus

Acton Mobile Industries had historically managed their sales process with spreadsheets and other paper-based means. Under new management, the company made a business decision to automate their sales process using XSalerator.com™ in order to increase revenue and sales effectiveness through a shortened sales cycle, implementation of best practices, and the ability to provide senior management with accurate real-time forecasting data.

Client overview

With headquarters in Baltimore, Maryland, and 15 offices in 12 states, Acton Mobile Industries has been servicing the mobile office and modular building industry since 1970. Through the ability to quickly deliver temporary space that makes job surveillance and project management both comfortable and convenient, the company has become the leader in providing mobile offices and modular buildings to suit customer-specific needs. Acton Mobile Industries provides temporary space for construction sites, schools and industry in a variety of sizes and for varying lengths of time.

Situational overview

Acton Mobile Industries made a business decision to automate their sales process with a web-based salesforce automation system in order to better manage the sales process from lead development to closed orders. The Chapman Group was engaged to implement their proprietary salesforce automation solution (XSalerator.com™) through a three-phase process consisting of an assessment, customisation, and implementation phase.

Efforts

The Chapman Group (TCG) worked with a client team consisting of senior members of Acton Mobile Industries in the corporate office and various members of the field salesforce in order to further develop the strategic objectives, goals and vision for the project. This provided an opportunity to gain valuable insight into Acton Mobile Industries' sales process in order to target key areas of improvement through the implementation of the new salesforce automation package. During this initial assessment phase, Chapman Group met with key stakeholders to create ownership of the proposed salesforce automation concept.

The next phase involved tailoring and customizing XSalerator.com™ to provide the sales team with a system that would enable them to meet their quotas more

Acton Mobile Industries, Baltimore, Maryland, USA – Mobile office building supplier automates sales process for sales team (*continued*)

consistently and provide them with a reliable reinforcement of sales best practices. The user interface of the system was designed with key performance indicators from Acton Mobile Industries' market in mind, including a variety of charts, graphs and analysis. Each screen within XSalerator.com™ was reviewed during this process, culminating in a user-friendly, results-focused system.

Results

Since going live in February 2004, Acton Mobile Industries has experienced radical improvements in the areas of forecasting, prospect development, closed business and order fulfilment. Employees received an intensive one-day training session that introduced them to the system and provided them with a roadmap for future success. Results point to a more effective sales process and a renewed sense of strategy and direction of the sales division for all employees.

Source: adapted from www.ChapmanHQ.com, with permission.

8.5 DEALING WITH OBJECTIONS

Objections are any concerns or questions raised by the buyer.¹⁴ While some objections are an expression of confusion, doubt or disagreement with the statements or information presented by the salesperson, objections should not always be viewed with dismay by salespeople. Many objections are simply expressions of interest by the buyer. What the buyer is asking for is further information because they are interested in what the salesperson is saying. The problem is that the buyer is not yet convinced. Objections highlight the issues that are important to the buyer. For example, when training salespeople, Ford makes the point that customers' objections are signposts to what is really on their minds.

An example will illustrate these points. Suppose an industrial salesperson working for an adhesives manufacturer is faced with the following objection: 'Why should I buy your new adhesive gun when my present method of applying adhesive – direct from the tube – is perfectly satisfactory?' This type of objection is clearly an expression of a desire for additional information. The salesperson's task is to provide it in a manner that does not antagonise the buyer and yet is convincing. It is a fact of human nature that the argument that is supported by the greater weight of evidence does not always win the day; people do not like to be proved wrong. The very act of changing a supplier may be resisted because it implies criticism of a past decision on

the part of the buyer. For a salesperson to disregard the emotional aspects of dealing with objections is to court disaster. The situation to be avoided is where the buyers dig in their heels on principle because of the salesperson's attitude.

The internet can aid the creation of convincing answers to objections. The salesperson can guide buyers to the firm's website where frequently asked questions and testimonials may be found. Potential customers might also be directed to favourable online reviews at independent websites. This improved dialogue between sellers and buyers can improve the chances of a successful sale.¹⁵

So, the effective approach for dealing with objections involves two areas: the preparation of convincing answers and the development of a range of techniques for answering objections in a manner that permits the acceptance of these answers without loss of face on the part of the buyer. The first area has been covered in the previous chapter. A number of techniques will now be reviewed to illustrate how the second objective may be accomplished. These are shown in Figure 8.2.

Listen and do not interrupt

Experienced salespeople know that the impression given to buyers by the salesperson who interrupts midstream is that the salesperson believes that:

- the objection is obviously wrong;
- it is trivial;
- it is not worth the salesperson's time to let the buyer finish.

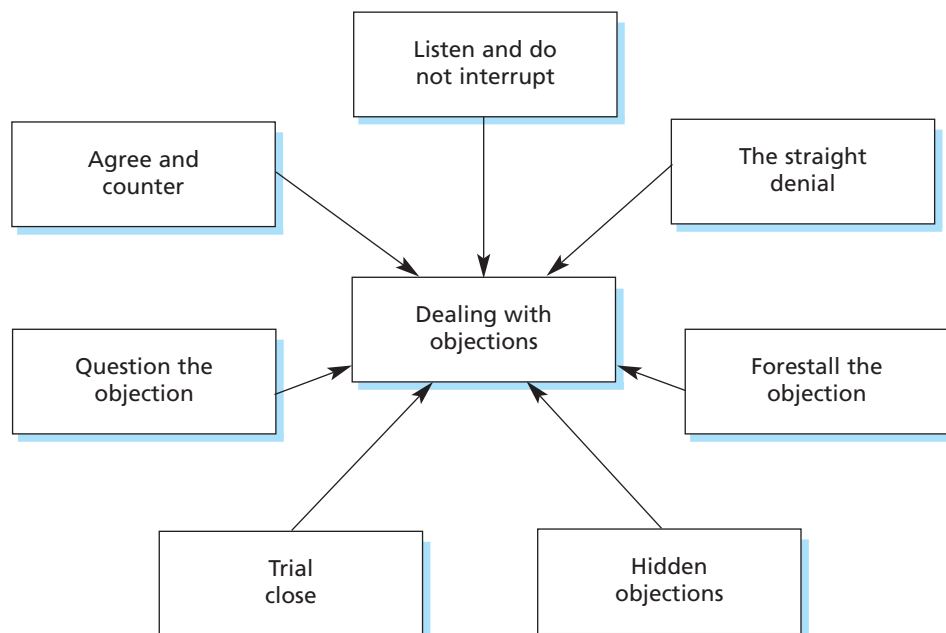


Figure 8.2 Dealing with objections

Interruption denies the buyer the kind of respect they are entitled to, and may lead to a misunderstanding of the real substance behind the objection. The correct approach is to listen carefully, attentively and respectfully. The buyer will appreciate the fact that the salesperson is taking the problem seriously and the salesperson will gain through having a clear and full understanding of the true nature of the problem.

Agree and counter

This approach maintains the respect that the salesperson shows to the buyer. The salesperson first agrees that what the buyer is saying is sensible and reasonable, before then putting forward an alternative point of view. It therefore takes the edge off the objection and creates a climate of agreement rather than conflict. For example:

Buyer: The problem with your tractor is that it costs more than your competition.

Salesperson: Yes, the initial cost of the tractor is a little higher than competitors' models, but I should like to show you how, over the lifetime of the machine, ours works out to be far more economical.

This example shows why the method is sometimes called the 'yes . . . but' technique. The 'yes' precedes the agree statement, while the 'but' prefaces the counter-argument. There is no necessity to use these words, however. In fact, in some sales situations the buyer may be so accustomed to having salespeople use them that the technique loses some of its effectiveness. Fortunately there are other less blatant approaches:

- 'I can appreciate your concern that the machine is more expensive than the competition. However, I should like to show you . . .'
- 'Customer XYZ made the same comment a year ago. I can assure you that he is highly delighted with his decision to purchase because the cost savings over the lifetime of the machine more than offset the initial cost difference.'
- 'That's absolutely right – the initial cost is a little higher. That's why I want to show you . . .'

The use of the reference selling technique can be combined with the agree and counter method to provide a powerful counter to an objection. For example, salespeople of media space in newspapers that are given away free to the public often encounter the following objection:

Buyer [e.g. car dealer]: Your newspaper is given away free. Most of the people who receive it throw it away without even reading it.

Salesperson: I can understand your concern that a newspaper which is free may not be read. However, a great many people do read it to find out what second-hand cars are on the market. Mr Giles of Grimethorpe Motors has been advertising with us for two years and he is delighted with the results.

The straight denial

This method has to be handled with a great deal of care since the danger is that it will result in exactly the kind of antagonism that the salesperson is wishing to avoid. However, it can be used when the buyer is clearly seeking factual information. For example:

Buyer: I expect that this upholstery will be difficult to clean.

Salesperson: No, Mr Buyer, absolutely not. This material is made from a newly developed synthetic fibre that resists stains and allows marks to be removed simply by using soap, water and a clean cloth.

Question the objection

Sometimes an objection is raised which is so general as to be difficult to counter. For example, a customer might say they do not like the appearance of the product, or that the product is not good quality. In this situation the salesperson should question the nature of the objection in order to clarify the specific problem at hand. Sometimes this results in a major objection being reduced to one which can easily be dealt with.

Buyer: I'm sorry but I don't like the look of that car.

Salesperson: Could you tell me exactly what it is that you don't like the look of?

Buyer: I don't like the pattern on the seats.

Salesperson: Well, in fact this model can be supplied in a number of different upholstery designs. Shall we have a look at the catalogue to see if there is a pattern to your liking?

Another benefit of questioning objections is that in trying to explain the exact nature of objections buyers may themselves realise these are really quite trivial.

Forestall the objection

With this method, the salesperson not only anticipates an objection and plans its counter, but actually raises the objection as part of their sales presentation.

There are two advantages of doing this. First, the timing of the objection is controlled by the salesperson. Consequently, it can be planned so that it is raised at the most appropriate time for it to be dealt with effectively. Second, since it is raised by the salesperson, the buyer is not placed in a position where, having raised a problem, they feel that it must be defended.

The danger with using this method, however, is that the salesperson may highlight a problem that had not occurred to the buyer. It is most often used where a salesperson is faced with the same objection being raised time after time. Perhaps buyers are continually raising the problem that the salesperson is working for one of the smallest companies in the industry. The salesperson may pre-empt the objection in the following manner: 'My company is smaller than most in the industry which means that we respond more quickly to our customers' needs and try that bit harder to make sure our customers are happy.'

Turn the objection into a trial close

A **trial close** is where a salesperson attempts to conclude the sale without prejudicing the chances of continuing the selling process with the buyer should they refuse to commit themselves.

The ability of a salesperson to turn the objection into a trial close is dependent upon perfect timing and considerable judgement. Usually it will be attempted after the selling process is well under way and the salesperson judges that only one objection remains. Under these conditions they might say the following: 'If I can satisfy you that the fuel consumption of this car is no greater than that of the Vauxhall Vectra, would you buy it?'

When dealing with objections, the salesperson should remember that heated arguments are unlikely to win sales – buyers buy from their friends, not their enemies.

Hidden objections

Not all prospects state their objections. They may prefer to say nothing because to raise an objection may cause offence or prolong the sales interaction. Such people may believe that staying on friendly terms with the salesperson and at the end of the interview stating that they will think over the proposal is the best tactic in a no-buy situation. The correct salesperson's response to hidden objections is to ask questions in an attempt to uncover their nature. If a salesperson believes that a buyer is unwilling to reveal their true objections, they should ask such questions as the following:

- 'Is there anything so far which you are unsure about?'
- 'Is there anything on your mind?'
- 'What would it take to convince you?'

Uncovering hidden objections is crucial to successful selling because to convince someone it is necessary to know what they need to be convinced of. However, with uncommunicative buyers this may be difficult. As a last resort the salesperson may need to 'second guess' the reluctant buyer and suggest an issue that they believe is causing the problem and ask a question such as: 'I don't think you're totally convinced about the better performance of our product, are you?'

8.6 NEGOTIATION

In some selling situations, the salesperson or sales team have a degree of discretion with regard to the terms of the sale. **Negotiation** may therefore enter into the sales process. Sellers may negotiate price, credit terms, delivery times, trade-in values and other aspects of the commercial transaction. The deal that is arrived at will depend on the balance of power (see Chapter 7) and the negotiating skills of the respective parties.

The importance of preparation has already been mentioned in the previous chapter. The buyer's needs, the competition that the supplier faces and knowledge about the buyer's business and the pressures on them should be estimated. However, there are a number of other guidelines to aid the salespeople actually engaged in the negotiation process.

Start high but be realistic

There are several good reasons for making the opening stance high. First, the buyer might agree to it. Second, it provides room for negotiation. A buyer may come to expect concessions from a seller in return for purchasing. This situation is prevalent in the car market. It is unusual for a car salesperson not to reduce the advertised price of a car for a cash purchaser. When considering how high to go, the limiting factor must be to keep within the buyer's realistic expectations; otherwise they may not be willing to talk to the seller in the first place.

Attempt to trade concession for concession

Sometimes it may be necessary to give a concession simply to secure the sale. A buyer might say that they are willing to buy if the seller drops the price by £100. If the seller has left some negotiating room, this may be perfectly acceptable. However, in other circumstances, especially when the seller has a degree of power through being able to meet buyer requirements better than competition, the seller may be able to trade concessions from the buyer. A simple way of achieving this is by means of the 'if . . . then' technique.¹⁶

- 'If you are prepared to arrange collection of these goods at our premises, then I am prepared to knock £10 off the purchase price.'
- 'If you are prepared to make payment within 28 days, then I am willing to offer a 2.5 per cent discount.'

This is a valuable tool at the disposal of the negotiator since it promotes movement towards agreement while ensuring that proposals to give the buyer something are matched by proposals for a concession in return.

It is sensible, at the preparation stage, to evaluate possible concessions in the light of their costs and values, not only to the seller but also to the buyer. In the example above, the costs of delivery to the seller might be much higher than the costs of collection to the buyer. The net effect of the proposal, therefore, is that the salesperson is offering a benefit to the buyer at very little cost to the seller.

Implement behavioural skills

Graham¹⁷ reports on research carried out by the Huthwaite Research Group into negotiation effectiveness. By comparing skilled, effective negotiators with their average counterparts, the researchers identified a set of behavioural skills that are associated with negotiation success. These are:

- *Ask lots of questions:* questions seek information (knowledge is power) and identify the feelings of the buyer. They also give control (the person asking the questions directs the topic of conversation), provide thinking time while the buyer answers and are an alternative to outright disagreement.
- *Use labelling behaviour:* this announces the behaviour about to be used. Examples of labelling behaviour are 'Can I ask you a question?', 'I should like to make two further points' and 'May I summarise?'

- *But do not label disagreement:* a likely way of ensuring your argument does not get a fair hearing is to announce in advance to the other party that you are going to contradict their argument. Statements like 'I totally disagree with that point' or 'I cannot accept what you have just said' are bound to make the other party defensive.
 - *Maintain clarity by testing understanding and summarising:* testing understanding is a behaviour which seeks to identify whether or not a previous contribution has been understood. Summarising is a behaviour which restates in a compact form the content of previous discussions. An example of this combined behaviour would be, 'Let me see if I've got this right. You are saying that if we could deliver next week, match the competition on price and provide a day's worth of free training, you would place an order with us today.'
 - *Give feelings:* contrary to conventional wisdom, skilled negotiators are not poker-faced. They express their feelings, which makes them appear human, creates an atmosphere of trust and can be an alternative to giving hard facts.
 - *Avoid counter-proposing:* this is a proposal of any type which follows a proposal given by the other party without first demonstrating consideration of their proposal. Counter-proposing is usually an instant turnoff. If the seller is not prepared to give due consideration to the buyer's proposal, why should the buyer listen to the seller's?
 - *Avoid the use of irritators:* these are behaviours which are likely to annoy the other party through self-praise and/or condescension. Statements like 'Listen, young man, I think you're going to find this a very attractive and generous offer', are likely to be more irritating than persuasive. The response will be 'I'm best placed to judge your offer, and don't patronise me.'
 - *Do not dilute your arguments:* common sense suggests that presenting as many arguments in favour of a proposal is the correct way to gain acceptance. The problem is that as more and more points are advanced they tend to become weaker. This allows the buyer to attack the weaker ones and the discussion becomes focused on them. The correct approach is to present only a few strong arguments rather than a complete list of both stronger and weaker points. This avoids the risk of the weak arguments diluting the power of the strong points.
- In addition to these behavioural skills, Buskirk and Buskirk (1995) suggest a further one:¹⁸
- *Avoid personalising the discussion:* negotiations should never get personal. Negotiators should never say 'You're being ridiculous' or 'Your price is too low.' Calling someone's statement 'ridiculous' is an affront. Personal pronouns should be taken out of speech patterns. Instead say 'That price is too low.'

Buyers' negotiating techniques

Buyers also have a number of techniques that they use in negotiations. Sellers should be aware of their existence, for sometimes their effect can be devastating. Kennedy, Benson and Macmillan¹⁹ describe a number of techniques designed to weaken the position of the unsuspecting sales negotiator.

First, the shotgun approach involves the buyer saying, 'Unless you agree immediately to a price reduction of 20 per cent we'll have to look elsewhere for a

supplier.' In a sense, this is the 'if . . . then' technique played on the seller, but in this setting the consequences are more serious. The correct response depends on the outcome of the assessment of the balance of power conducted during preparation. If the buyer does have a number of options, all of which offer the same kind of benefits as the seller's product, then the seller may have to concede. If the seller's product offers clear advantages over the competition, the salesperson may be able to resist the challenge.

A second ploy used by buyers is the 'sell cheap, the future looks bright' technique: 'We cannot pretend that our offer meets you on price, but the real payoff for you will come in terms of future sales.' This may be a genuine statement – in fact the seller's own objective may have been to gain a foothold in the buyer's business. At other times it is a gambit to extract the maximum price concession from the seller. If the seller's position is reasonably strong they should ask for specific details and firm commitments.

A final technique is known as 'Noah's Ark' – because it's been around that long! The buyer says, tapping a file with one finger, 'You'll have to do much better in terms of price. I have quotations from your competitors that are much lower.' The salesperson's response depends on their level of confidence. The salesperson can call the buyer's bluff and ask to see the quotations; or take the initiative by stating that they assume the buyer is wishing for them to justify the price; or, if flushed with the confidence of past success, can say 'Then I advise you to accept one of them.'

8.7 CLOSING THE SALE

The skills and techniques discussed so far are not in themselves sufficient for consistent sales success. A final ingredient is necessary to complete the mix – the ability to **close the sale**.

Some salespeople believe that an effective presentation should lead the buyer to ask for the product without the seller needing to close the sale. This sometimes happens, but more usually it will be necessary for the salesperson to take the initiative. This is because no matter how well the salesperson identifies buyer needs, matches product benefits to them and overcomes objections, there is likely to be some doubt still present in the mind of the buyer. This doubt may manifest itself in the wish to delay the decision. Would it not be better to think things over? Would it not be sensible to see what competitor XYZ has to offer? The plain truth, however, is that if the buyer does put off buying until another day it is as likely that they will buy from the competition. While the seller is there, the seller has the advantage over the competition; thus part of the salesperson's job is to try to close the sale.

Why, then, are some salespeople reluctant to close a sale? The problem lies in the fact that most people fear rejection. Closing the sale asks the buyer to say yes or no. Sometimes it will be no and the salesperson will have been rejected. Avoiding closing the sale does not result in more sales, but rejection is less blatant. Thus, the most important point to grasp is not to be afraid to close. Accept the fact that some buyers will inevitably respond negatively, but be confident that more will buy than if no close had been used.

A major consideration is timing. A general rule is to attempt to close the sale when the buyer displays heightened interest or a clear intention to purchase the product. Salespeople should therefore look out for such **buying signals** and respond accordingly. Purchase intentions are unlikely to grow continuously throughout the sales presentation. They are more likely to rise and fall as the presentation progresses (see Figure 8.3). The true situation is reflected by a series of peaks and troughs. An example will explain why this should be so. When a salesperson talks about a key benefit that exactly matches the buyer's needs, purchase intentions are likely to rise sharply. However, the buyer then perhaps raises a problem, which decreases the level, or doubts arise in the buyer's mind as to whether the claims made for the product are completely justified. This causes purchase intentions to fall, only to be followed by an increase as the salesperson overcomes the objection or substantiates the claim.

In theory the salesperson should attempt to close at a peak. In practice, judging when to close is difficult. The buyer may be feigning disinterest and throughout a sales interview several peaks may be expected to occur. Which peak should be chosen for the close? Part of the answer lies in experience. Experienced salespeople know intuitively if intentions are sufficiently favourable for a close to be worthwhile. Also, if need and problem identification have been conducted properly, the salesperson knows that a rough guide as to when to close is after they match all product benefits to customer needs; theoretically, intentions should be at a peak then.

Not all buyers conform to this theoretical plan, however, and the salesperson should be prepared to close even if the planned sales presentation is incomplete. The method to use is the **trial close**. This technique involves asking for the order in such a way that if the timing is premature the presentation can continue with the minimum of interruption. Perhaps early in the presentation the customer might say, 'Yes, that's just what I'm looking for', to which the salesperson replies, 'Good, when do you think you would like delivery?' Even if the buyer says they have not made up their mind yet, the salesperson can continue with the presentation or ask the customer a question, depending on which is most appropriate to the situation.

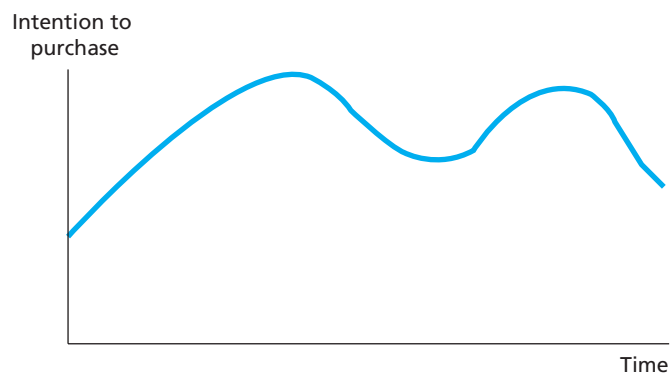


Figure 8.3 The level of buyers' purchase intentions throughout a sales presentation

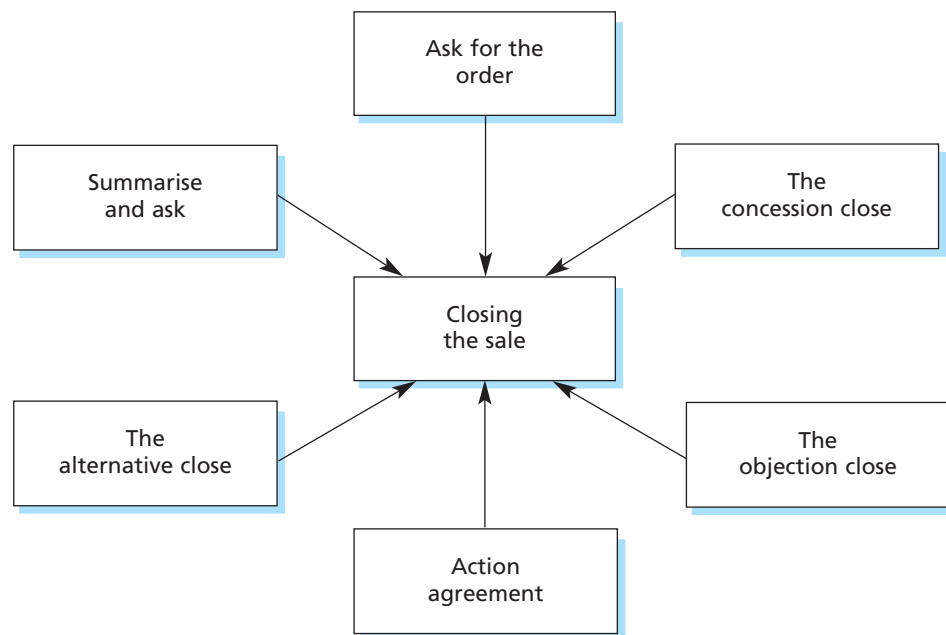


Figure 8.4 Closing the sale

A time will come during the sales interview when the salesperson has discussed all the product benefits and answered all the customer's questions. It is, clearly, decision time; the buyer is enthusiastic but hesitant. There are a number of closing techniques which the salesperson can use (see Figure 8.4).

Simply ask for the order

The simplest technique involves asking directly for the order:

- 'Shall I reserve you one?'
- 'Would you like to buy it?'
- 'Do you want it?'

The key to using this technique is to keep silent after you have asked for the order. The salesperson has asked a closed question implying a yes or no answer. To break the silence effectively lets the buyer off the hook. The buyer will forget the first question and reply to the salesperson's later comment.

Summarise and then ask for the order

This technique allows the salesperson to remind the buyer of the main points in the sales argument in a manner that implies that the moment for decision has come and that buying is the natural extension of the proceedings.

‘Well, Mr Smith, we have agreed that the ZDXL4 model meets your requirements of low noise, high productivity and driver comfort at a cost which you can afford. May I go ahead and place an order for this model?’

The concession close

This involves keeping one concession in reserve to use as the final push towards agreement: ‘If you are willing to place an order now, I’m willing to offer an extra 2.5 per cent discount.’

The alternative close

This closing technique assumes that the buyer is willing to purchase but moves the decision to whether the colour should be red or blue, the delivery should be Tuesday or Friday, the payment in cash or credit, etc. In such circumstances the salesperson suggests two alternatives, the agreement to either thus closing the sale:

- ‘Would you like the red one or the blue one?’
- ‘Would you like it delivered on Tuesday or Friday?’

This technique has been used by salespeople for many years and consequently should be used with care, especially with professional buyers who are likely to have experienced its use many times and know exactly what the salesperson is doing.

The objection close

This closing technique has been mentioned briefly earlier in this chapter. It involves the use of an objection as a stimulus to buy. The salesperson who is convinced that the objection is the major stumbling block to the sale can gain commitment from the buyer by saying, ‘If I can convince you that this model is the most economical in its class, will you buy it?’ A positive response from the buyer and reference to an objective statistical comparison by the seller effectively seal the sale.

Action agreement

In some situations it is inappropriate to attempt to close the sale. For many industrial goods the sales cycle is long and a salesperson who attempts to close the sale at early meetings may cause annoyance. In selling pharmaceutical products, for example, salespeople do not try to close a sale but instead attempt to achieve ‘action agreement’ whereby either the salesperson or doctor agree to do something before their next meeting. This technique has the effect of helping the doctor–salesperson relationship to develop and continue.

A useful characteristic for salespeople is persistence. Making a decision to spend large quantities of money is not easy. In most sales situations, no one product is better than its competitors on all evaluative criteria. This means that the salespeople for all of these products stand some chance of success. The final decision may go to the one who is most persistent in their attempts to persuade the customer that the product meets the buyer's needs. Children learn very quickly that if they are initially refused what they want, asking a second or third time may be successful. The key is knowing where to draw the line before persistence leads to annoyance.

Once the sale is agreed, the salesperson should follow two rules. First, they should never display emotions. No matter how important the sale, and how delighted the salesperson feels, they should remain calm and professional. There will be plenty of opportunity later to be euphoric. Second, leave as quickly as is courteously possible. The longer they stay around, the greater the chance that the buyers will change their minds, and cancel the order.

8.8 FOLLOW-UP

This final stage in the sales process is necessary to ensure that the customer is satisfied with the purchase and no problems with factors such as delivery, installation, product use and training have arisen. Salespeople may put off the follow-up call because it does not result in an immediate order. However, for most companies repeat business is the hallmark of success and the follow-up call can play a major role by showing that the salesperson really cares about the customer rather than only being interested in making sales.

The follow-up call can also be used to provide reassurance that the purchase was the right one. As we have already seen, many customers suffer from cognitive dissonance, that is being anxious that they have made the right choice.

Advances in technology have changed the way the follow-up is made. Traditionally it was done with a telephone call, a letter thanking the customer for the sale and asking if the product was meeting expectations, or the salesperson 'dropping by' to see if any problems had arisen. Today, email is frequently used, particularly in business to business situations. Emails are quick and efficient at reaching customers, and allow them to respond quickly if difficulties arise.²⁰

Websites can also be used to remind buyers about post-purchase support resources and salespeople can maintain an open dialogue with buyers through online user newsletters. Companies such as Dell and Xerox allow customers to log into a secure buyer website to track the status of their orders, order products online or pay invoices.²¹

This chapter has stressed the importance of changing the sales approach according to the differing needs and circumstances of customers. The boxed case discussion continues this theme by showing how different British and German customers can be.

Selling in Germany

Salespeople have to be aware of the need to adapt their approach to differing customers and different ways of doing business. Major differences in the ways British and German companies do business were described by two German employees of British computer company Psion:

With German firms there is much greater emphasis on bureaucracy and proper procedure. With British firms things are done in a much more off-the-cuff way which means that they can react more flexibly and it is possible to act on a client's requirements very rapidly. In Germany, particularly with big German companies, you have to go through a very long bureaucratic procedure.

I think the Germans are very precise. Their attitude is 'I want this thing by 10.15 am not at 10.16 am.' If you order something in the UK, you ask 'When will it arrive?' You will be told 'You'll have it next month.'

The office hierarchy is very important in Germany. For example, office subordinates may not be willing to take even the smallest decision while their boss is away. Salespeople can waste a lot of valuable time under such circumstances by attempting to sell to persons not authorised to take the decision of whether to buy the product or not.

The Germans place great emphasis on personal contact and usually expect to meet business partners face-to-face. However, one-to-one meetings are rare, with senior executives normally bringing along at least one colleague. Sometimes they appear confident, almost arrogant. The correct response is to be polite and correct. Germans are not impressed by covering up uncertainty with humour, particularly not at first meetings.

German business people should be addressed by their title and surname: Herr Schmidt or Frau Strauss. Dress is sober. Lunch is an important element in German business negotiations, although it may well be in the company canteen since business guests are rarely invited out for lavish meals.

Often suppliers' salesforces are expected to negotiate with purchasing departments which may have considerable organisational power. Attempts to bypass the purchasing department may cause annoyance. Face-to-face contact at trade fairs and advertising campaigns are often used to communicate with engineers and other technical people.

Sources: Based on BBC2 Television (1993) 'Germany Means Business: The Frankfurt Contenders', 5 January; Forden, J. (1988) 'Doing business with the Germans', *Director*, July, pp. 102–4; Welford, R. and Prescott, K. (1992) *European Business*, Pitman Publishing, London, p. 208; and Wolfe, A. (1991) 'The Eurobuyer: how European businesses buy', *Marketing Intelligence and Planning*, 9 (5), pp. 9–15.

8.9 CONCLUSIONS

The skills involved in personal selling have been explored in this chapter. The necessary skills have been examined under the following headings:

1. The opening.
2. Need and problem identification.
3. Presentation and demonstration.
4. Dealing with objections.
5. Negotiation.
6. Closing the sale.
7. The follow-up.

The emphasis in this chapter has been on identifying the needs and problems of the potential buyer and presenting a product or service as a means of fulfilling that need or solving that problem. Having identified the skills necessary for successful selling, in Chapter 9 we will examine the role of key account management in the selling process.

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PRACTICAL EXERCISE

Mordex Photocopier Company

You have an appointment to see George Kirby, sales office manager of Plastic Foods Ltd, with regard to the hire of a Mordex photocopier. You are bristling with anticipation as you know the present contract that Plastic Foods has with Clearprint, your closest competitor, is up for renewal. You have not met Mr Kirby before.

As you enter Mr Kirby's office you notice that he appears a little under pressure. After introducing yourself, you say, 'I'd like to talk with you about how we can improve the efficiency of your photocopying operation. I see that you use the Clearprint ZXR photocopier at the moment. What kinds of documents do you photocopy in the sales office?'

The discussion continues, with you attempting to assess his staff's requirements with regard to photocopying facilities and his attitude towards the Clearprint machine. One need is the ability of the photocopier to collate automatically, since some of the documents photocopied are quite lengthy. Another requirement is for the photocopy to be of the highest quality since it is usual for photocopies of standard letters to be sent to clients. The Clearprint photocopier does *not* have a collating facility and the quality, while passable, is not totally satisfactory. Further, there are sometimes delays in repairing the machine when it breaks down, although generally it is quite reliable.

At the end of the discussion you summarise the points that have been raised: staff time is being wasted collating lengthy documents; the quality of photostat is not totally satisfactory; repairs are not always carried out promptly. Mr Kirby agrees that this is a fair summary.

Discussion question

During the sales interview the following objections were raised. How would you deal with them?

- 1 'I'm sorry, I have an urgent meeting in ten minutes' time. Can we make it quick?'
- 2 'We haven't had any major problems with the Clearprint so far.'
- 3 'Doesn't your firm have a bad reputation?'
- 4 'Aren't your hiring charges much higher than Clearprint's?'
- 5 'How do I know your service will be any better than Clearprint's?'
- 6 'My staff have got used to using the Clearprint. I'll have to spend time showing them how to use your machine.'
- 7 'Let me think about it. The Clearprint rep is coming next week. I should like to discuss the points you've raised with him.'

NEGOTIATION EXERCISE

Supermarket versus superbrand: co-operate to compete

Thomas Maggs is head buyer for cereals and cereal-related products at Morrisco Markets, one of Britain's top supermarket chains. Morrisco has a 14 per cent share of the UK grocery market with a mixture of in-town and out-of-town stores fairly evenly spread across the country. Like most retail grocery buyers, Maggs is tough on his suppliers. He has to be, as competition among the big multiples is fierce and the ability to price low and retain a fair margin is the key to sustained financial success. The breakfast cereal market is highly competitive, fragmented and yet dominated by a number of 'power brands', such as Kellogg's Corn Flakes, Weetabix and Shreddies, all of which spend large budgets on advertising and promotions. Maggs favours deep price cutting promotional activity in this market as he knows that it shifts stock fast. The cereal manufacturers tend to resist this form of promotion as much as they can, preferring to 'add value' to their products rather than reduce price, which they feel tends to undermine premium brand imagery.

Sonya Farquahar is Key Accounts Manager at Morning Foods Ltd, a large manufacturer of breakfast cereals with one or two heavily supported 'power brands' in its portfolio, such as Powergrains, a protein-rich crunchy cereal enjoying 8 per cent of the cereal market and Slymbites, a tasty, low-fat cereal targeted at young women, ready sweetened with aspartame, a no calorie sugar substitute, enjoying 5 per cent of the market. With distinct product differentiators, these two brands hold premium price positions and the company favours added value 'themed' promotions. Each brand is heavily supported with TV advertising. Riding on the back of the success of the two brands, each of them has been recently brand extended to cereal bars, competing with Jordans and other brands. The brand team at Morning Foods want to run promotions on the two brands offering free cereal bars in-pack as a means of generating trial for each of the extensions. Given the importance of these brands, the company is trying to use this as a lever to gain separate distribution for the bars. It seems to be working with most of the supermarket chains, but Morrisco is proving difficult to persuade – they don't like to be dictated to and they don't want another as yet unproven cereal bar on their shelves. Maggs at Morrisco is insisting on some form of deep price oriented promotion.

TASK

Students form three teams representing Morrisco Markets, Morning Foods Ltd and a team of observers. Each side has a set of objectives, ranked according to importance. Teams spend 20 minutes developing a negotiation strategy, identifying the objections that the other party is likely to make and preparing appropriate responses. Each team should nominate a representative or negotiating team. Each side is looking for a 'win-win' result. Each party has a fair idea what the other's negotiation objectives will be.

Objectives: Morning Foods Ltd

Must have:

- 'Added value' promotions agreed for both brands – Powergrains in sales period May/June; Slymbites in sales period September/October;
- Trial of the cereal bar variants of each brand.

Would like:

- Stocking of cereal bar brand variants adjacent to Jordans, etc.

Objectives: Morrisco Markets

Must have:

- Effective price-based promotions for each brand;
- No agreement to stock cereal bars.

Would like:

- Specially printed Morrisco promotional packs;
- Special promotional TV support.

Source: Written by Andrew Pressey, Lecturer in Marketing, University of East Anglia. Neville Hunt, Lecturer in Marketing, University of Luton

PRACTICAL EXERCISE

A controlled sales process?

Sales research undertaken at Loughborough University examined the duration and proportion of time that car dealership salespeople spend on selling and selling-related activities, and examined the role and effectiveness of controlled sales processes.

Controlled sales processes – in theory

A controlled sales process in a car dealership usually involves a customer information form to collect customers' contact details, details of their current car (and a valuation, if being considered as a part exchange), the car they are interested in, financing details, and information such as where they heard about the dealership.

For the process to be effective, a sales manager (or controller) issues and logs a customer information form to a salesperson for each customer that enters the showroom. The salesperson then gathers the details as part of the selling process with the customer, even if the customer is only browsing. The completed form is either retained by the salesperson or handed back to the controller. Each customer is discussed at sales meetings and action decided upon until the customer makes a purchase or the sale is lost. The process enables a sales manager to ensure that salespeople are managing prospects effectively.

This system, when used properly, does increase sales. It is especially important in car dealerships as many customers will be at the initial stage of information gathering and it may be months before they make a purchase. Therefore taking an interest in the customer, professionally collecting their details, undertaking courtesy follow-up calls and targeted promotional activity can help keep the dealership on the customer's shortlist.

Controlled sales processes in practice

In reality the research identified that although the dealers said they operated a controlled sales process, they did not. Most allowed the salespeople to hold on to and log their own customer information sheets, which reduces the effectiveness of the system. Salespeople are subject to social and personal prejudices like everyone else. Consequently they interpret a situation and judge potential customers and determine whether or not they are a 'tyre kicker' (a time waster). Consequently many customers enter the showroom, are not interacted with professionally, are ignored and do not have their information collected or the information is collected but never followed up. How many times as a buyer in any sales situation have you felt that you weren't taken seriously?

Controlled sales systems do work and bring in business that would otherwise be lost. Another Loughborough University study found that in a dealership where a

part-controlled system was in place, 50 per cent of customers were not followed up. Of those, 50 per cent had purchased elsewhere and 60 per cent of those purchased the same brand but at another dealership.

Sales are evidently lost when enquiries are not followed up. When enquiries are not even recorded, the potential loss of business is frightening.

Roadblocks to controlling a sales process?

One of the biggest roadblocks to implementing a controlled sales process is salespeople. They say: 'I haven't got time to follow up enquiries, I'm too busy with paperwork or dealing with "real" customers.' The research disagrees with this statement. The *average* proportion of time salespeople spent on their activities in a working week was as follows:

- In new car consultations with customers – 13 per cent.
- In used car consultations with customers – 8 per cent.
- Sales administration – 19.5 per cent.
- Prospecting, following up enquiries – 10.5 per cent.
- Other activities outside the sales process (e.g. having a break, chatting, reading a newspaper, collecting cars from other dealerships) – 49 per cent. In some dealerships this figure was as high as 70 per cent.

It appears that there *is* time for operating and following up a full controlled sales process and consequently improving sales.

Source: Written by Jim Saker, Professor of Retail Management, Loughborough University Business School. Gary Reed, Lecturer, Loughborough University Business School. Vicky Story, Lecturer, Loughborough University Business School.

Discussion questions

- 1 This case study is based on car dealerships. How representative is this of other industries?
- 2 Why do salespeople spend so much time unproductively? How can this be reduced?
- 3 What management tools and techniques could be used to ensure a controlled sales process is effective? Could information technology help?
- 4 What are the benefits of an effective controlled sales process for the customer, the salesperson, the sales manager and the company?