

Recent Trends in Selling

A. Relationship selling

In order to sustain a competitive advantage and increase the profitability, salesmen have to focus on building long-term relationships with customers. The relationship gets nurtured when the salesmen provide their clients with more services, satisfying their needs, and develops stronger bonds with the customer. Technology cannot replace the salesman's ability to establish a relationship of trust with the client, react to his subtle cues and provide customised service. Three important keys to forge a successful relationship with the client are:

1. **Volume:** Volumes refer to the number of clients one needs to touch and build relationships with.
2. **Influence:** An 'influential' salesman ought to be skilled in 5 areas: 1) building trust 2) unravelling facts 3) making precise presentations 4) delegating work 5) seeking referrals.
3. **Timing:** Managing fax, phone, e-mail or SMS contacts efficiently would help to improve relationship with clients.

According to Stephen X. Doyle and George Thomas Roth, there are five characteristics of trust building in salespeople.

- 1) **Customer Orientation:** It means that the salesperson places as much emphasis on the customers' needs and interests as on the salesperson's interests. Presentations balance the pros and cons. The salesperson doesn't push a product that the buyer doesn't need.
- 2) **Competence:** It includes the salesperson's ability, knowledge, and resources to meet customer expectations. The salesperson displays technical command of products and applications.
- 3) **Dependability:** It is the predictability of the salesperson's actions. His or her words and actions are consistent with a professional image.

- 4) **Candour:** It is the honesty and truthfulness of the spoken word. The proof used to support claims and the subsequent events must substantiate the credibility and veracity of the salespeople.
- 5) **Likeability or Likeness:** This is rooted in each party's perception of "having something in common" with the other. This is an emotional factor, which seeks a similarity of personality and/or commonality of interest and goals between salespeople and the customer. Hence it is a powerful force in buyer and seller relationships.

The relationships can be built not only between salespeople and the customer but also between the customer and the firm, when the firm focuses on deep relationships with the customer. In such case, which is mostly applicable in case of industrial marketing, both the purchasing and the selling firm synchronise their tasks. This is achieved by placing a staff member from the seller's side into the purchaser's firm. Transaction relationships are giving way to 'cooperative partnership relationships', where the focus is primarily on the supplier. Thus a relationship manager now replaces the salesman.

In sales, there are three types of relationships.

1. Transactional relationships

This type of relationship represents a typical buyer-seller relationship. A transactional relationship works best in a scenario where price is a critical factor. A buyer contacts multiple suppliers/vendors and pits them against each other based on price.

Let us take the case of an automotive manufacturer looking for a supplier of ball bearings. The manufacturer would openly negotiate with each supplier letting the others know the prices that are being offered. S/he then chooses the supplier that offers the best match of price and quality.

Communications within these kinds of relationships are normally based on the traditional marketing approach. The advertising is impersonal which is supported by a strong sales effort. Transactional relationships often mirror conventional marketing strategies overlaid with a mix of

advertising and sales support. Advertising, trade shows and other sales efforts create the awareness for the product/services. Obviously a direct sales effort is likely to make the most impact. Advertising chips in with some reminding and reinforcing. The range of relationships (between the buyer and seller) may vary from a personal one to an impersonal and business-like relationship. In the latter, the parties hope to transact but have limited or no contact before and after the transaction.

At the centre of the transaction, the buyer and salesperson represent their respective firms. The salesperson obviously tries to persuade the buyer to do something that will benefit his firm.

Transactional relationships are often successful because the buyer and the seller work together in a cooperative non-threatening way.

2. Facilitative relationships

In these types of relationships, the supplier is proven as a quality performer who does not add value to the purchaser. The purchaser's objective is to procure the products at the lowest cost from the seller. Value is created for both the buyer and the seller when the price and operating costs are low. The purchaser gives all his or her business to a particular supplier, thus reducing his or her transaction cost by integrating all the activities like movement of goods, documentation, etc.

When such a close working relationship is developed between the seller and the buyer, the seller does not need to advertise his or her product's existence in the market. Facilitative relationships are driven with the intention of reducing the ownership cost of the product.

3. Integrative relationships

The buyer develops a unifying relationship with a supplier who is reliable, offers the best quality, and adds value to his purchase decision. Value is created for both the buyer and the seller when the price and operating costs are low. In addition to that, the contribution the supplier makes by his core capabilities (e.g. making the buying process simple or bundling the product) is more important while adding value.

In an integrative relationship, the seller becomes the sole source in satisfying the customer's needs for a particular product. Building an ever-lasting relationship with the customer creates a situation so that salespeople do not have to coax for selling every time.

B. Partnering

This is an advanced version of relationship selling. In this sales approach, the salesmen share the same values with their customers. They know and foresee the customers' needs. Thus, as partners, the salesmen now play an equally supporting and symbiotic role with their customers than simply hard-core selling.

C. Consultative selling

This involves meeting customer needs by listening to them, understanding and caring about their problems, paying attention to details, and following through after the sale. The main objective of consultative selling is to act as both marketing advisor and solution provider. It is the attitude or frame of mind towards the entire selling process. It is all about knowing the products you sell; your competitor and the market, thereby making suggestions that are in the customer's best interests. There are two bases to consultative selling.

- Wish to retain current price and profit margin.
- Necessity to show how the product or service can lead to more benefits for the customers

For consultative selling, the salespeople need to address the following issues:

- Salespeople have to be a 'know all' in the industry and have an answer for everything their customers want to know. They must make their customers feel that they are always available to address any problem or need.

- When one uses this approach, it entails the marketer to enter into all areas of the customers' business like marketing, competition and company objectives. One should get entirely drawn into the customer's process and comprehend what their aspirations are, who their opposition is. This will allow the marketer to design a better display package for his product.
- Salespeople must ask questions in such a way so that they are able to discover the exact needs of the customers so that they could enlighten the customers about other options available.

For example, Mr. X goes to buy an ordinary bulb. The salesperson suggests that by going in for energy saving lamps, the electricity bill will be down by 80% though the initial cost will be a little higher. This certainly helps customers to take their purchase decisions.

- Consultative selling is all about turning features into benefits. The products may have an array of features, but if those are not perceived as benefits, they have no value to the customer. If the customers find value for money in the products/services they would be delighted to deal with the respective salesperson and the company.

Real Life Case Scenario

Hewlett-Packard

Previously the Hewlett-Packard salesforce was territory-focused, working with technical decision-makers. But then salesmen were forced to be more technically competent so that they became more customer-oriented. Now they can read the mind of the customer and provide them with the desired solution on spot without discussing with technical people.

When executives practise consultative selling, they:

1. Become confident of the customer and therefore have high customer retention rates
2. Can sell more add-on products
3. Collect positive referrals and testimonials from present customers
4. Develop a strong network of clients

Steps for effective consultative selling

The basis of consultative selling is in identifying win-win solutions. In this endeavour, it is necessary to:

1. Know the customer: Before attempting to sell to a customer, it is imperative that the executive has information about the company, the industry, competitors and customers. This will help in fine-tuning the need identification process. Only then will the company be able to add value to its offerings.

2. Focus on future: The consultative approach fails to have the desired effect if it does not focus on a long-term relationship. An ongoing, continuous relationship with the client allows you to cater not only to the current needs but also emerging and unarticulated needs.

3. Study the value-delivery process: Identifying the client's value-delivery process will allow to identify salespeople's role in the process. The level of mission-criticality of their contribution will allow them to design better solutions.

4. Concentrate on the network: The network that salespeople have built over a period of time may be the ideal platform to identify new business opportunities. The positive referrals and word-of-mouth will open new vistas.

D. Team selling

This type of selling involves combination of salespeople with specialists from other functional areas to promote a product. Team selling is the use of teams known as selling centres, which are made up of people from different functional areas such as finance, production, and R&D to service large accounts in terms of sales volume and/or profits. Increasingly, sales representatives who lack technical expertise work as a team with a technical expert. In this arrangement, the duties of a sales

representative are to make the preliminary contact with customers, introduce the company's product, and close the sale. The technical expert will attend the sales presentation to explain and answer questions and concerns. In this way, the sales representative is able to spend more time maintaining and soliciting accounts and less time acquiring technical knowledge. After the sale, sales representatives may make frequent follow-up visits to ensure the equipment is functioning properly and may even help train customers' employees to operate and maintain new equipment. Useful in sales situations that call for detailed knowledge of new, complex, and ever-changing technologies.

E. Value-added selling

Selling just the mere product is not enough. The salesmen must make it a point to sell those extra benefits to the customers. Value must be provided to the customer at every step of the selling process. This is one way by which the customer forms his decision to make a purchase of a product. For example, when a customer is buying a computer, the printer and the scanner may come as free, which is a value-addition for the customer.

F. System Selling

The concept of system selling means selling a total package of related goods and services to solve a customer's problems. The idea is that the total package of goods and services will satisfy the buyers' needs more effectively than selling individual products separately.

G. Sales Force Automation (SFA)

With the advent of advanced technology like user-friendly GUI (Graphical User Interface) applications of computer (such as MS-Office packages, Windows 2000 and NT, SAP), the sales

function has become more efficient and competitive. Sales automation, also known as customer asset management and total customer management, involves technology to speed up previously inefficient operations.

Salespeople need to go to the prospective customer in order to demonstrate or illustrate the particulars about the product. The Internet and related technology have eased the personal selling process. Readily available websites enable salespeople to get accurate and current information regarding various relevant issues like product profiles, competitors' product offerings, the perceptions, loyalties, buying histories, personal interests and other behavioural traits of prospects and customers. Modern technology also allows video conferencing to connect with customers and fellow salespeople and sales managers placed at faraway places without personally meeting thus saving a lot of time, energy and cost. The salespeople can also enhance their sales efforts by e-mails, web blogs (will be discussed later) or through on-line groups. Salespeople use laptop or palmtop computers with communications devices attached to them to access to their own company's databases or interact with office over the Internet even when they are out on sales calls. This gives them with the ability to provide the customer with extensive, relevant information almost immediately. Salespeople have access to current, relevant marketing materials, including data sheets, brochures, multimedia presentations, and proposal templates, online or via CD-ROM. Information can be shared among users in every department that touches the customer, which also promotes more effective channel partnership. Thus technology freed salespeople to focus on the most important aspects of their job such as building long-term relationships with customers and focusing on new accounts.

Things to remember about SFA:

1. Leverage the relationships between brokers and agents.
2. Integrate within the Internet (wherever needed/possible).
3. Service should be prompt and efficient.

360° Angle

Integrating the SFA system with the functions of the sales staff and the steps of the sales process can provide a holistic view of the customer. Hence, sales management must develop a SFA

solution that goes beyond sales, and focuses on Customer Relationship Management (CRM). Having a complete view of the customer across various channels will not only foster sales efforts but will also give a multi-dimensional perspective to the sales by assisting in cross-selling and up-selling. The SFA and the CRM system should be complementary in the sense that both the systems must work in unison with each other to deliver the satisfaction to their customers. But management just cannot equip the sales force with computers and expect to meet their objectives of cost savings, revenue growth, lower staff turnover, higher customer satisfaction and a wealth of customer data. If salespeople do not understand how SFA benefits them, they could not use it effectively and efficiently and the company's investment would be wasted. The reasons for this failure could be many like:

- The salesmen were not suitably motivated to use the software
- The wrong software was chosen
- The firm did not provide the sales team with required training on the software.

One factor that promotes the effective use of SFA is the involvement of the training department. Once the selected software is purchased and installed, training should be provided to all the participants of the sales spectrum. The trainer needs to know the three levels of SFA:

Level 1-Large-scale sales and marketing: The software has extensive customised features for broad-based sales and marketing applications. For instance, the software enables packaged goods companies to figure out which products have been sold from the supermarket shelves and which have not.

Level 2- Designed for sales applications: The sales management function can be integrated by making use of SFA software, irrespective of the size of the firm. For instance, telemarketers and external salesmen can integrate their activities.

Level 3: Combinational features: A combination of PIM (Personal Information Management) and CMS (Contact Management Software) enable users to track sales contacts, orders placed, revenue generated and also provide the customer with auto responses.

The training should be disseminated to all the salespeople right from the field sales force to the top managers. West highlighted the importance of interaction of sales force with company's strategies and tactics. While imparting training, the benefits of the system should be highlighted. This is important because the salesmen and the managers do not have time for unproductive exercises. Whenever they have time, they would like to sharpen their selling skills and plan for future calls. Sales assistants and the sales support staff should be included in the training as it can improve the output of sales reports, letters and mails.

Integration is the key to effective implementation of the SFA system. The salesmen work in different areas and need to be connected with the home office to obtain current information of the product stock, prospect status etc. The data available to salesmen should help them overcome objections and provide information about competitors.

By implementing SFA, the managers can generate reports on product availability, conversion ratios, sales volumes, leads etc. With such customised information at the manager's fingertips, s/he would be able to address minor problems before they become a crisis. Moreover, there will be better accountability and control over the sales force.