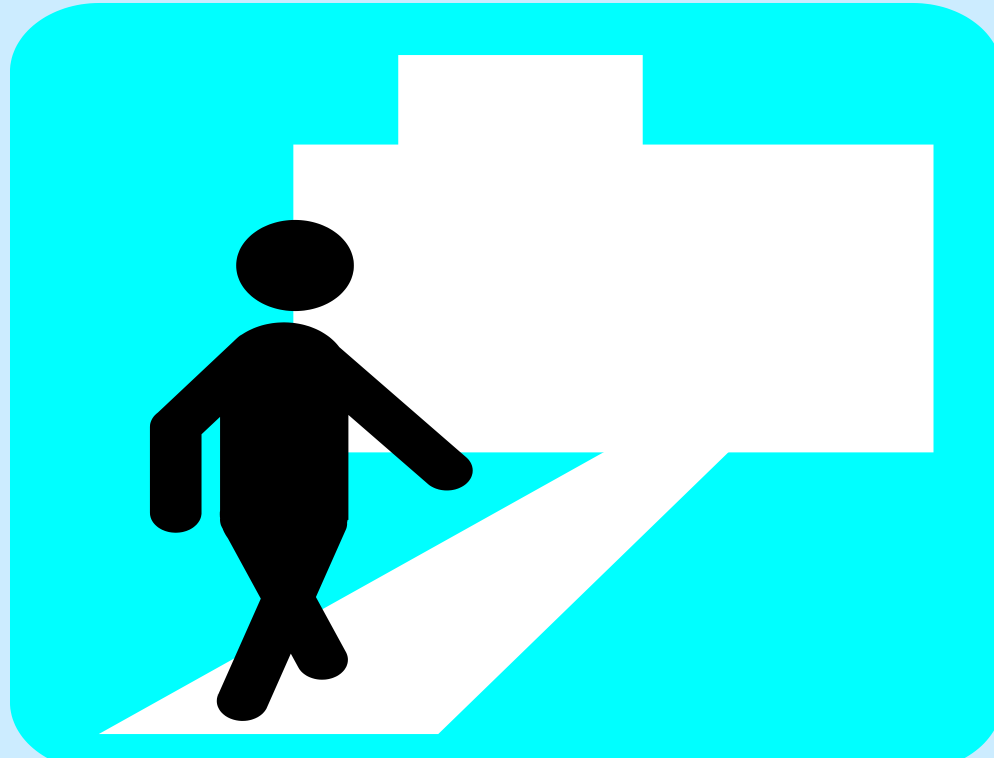
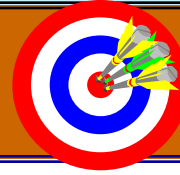


CHAPTER 5.

Sales Knowledge: Customers, Products, Technologies



Learning Objective



After studying this Chapter, you should be able:

- ❖ Explain why sales knowledge is so important
- ❖ Discuss the major body of knowledge needed for increased sales success
- ❖ Explain the main technologies used by salespeople
- ❖ Develop a Features/Advantage/Benefit worksheet

Agenda

- Sources of Sales Knowledge
- Knowledge Builds Relationships
- Know Your Customers
- Know Your Company
- Know Your Product
- Know Your Resellers
- Advertising Aids Salespeople
- Sales Promotion Generates Sales

Agenda

- What's It Worth? Pricing Your Product
- Know Your Competition, Industry, and Economy
- Personal Computers and Selling
- Knowledge of Technology Enhances Sales and Customer Service
- Sales Internet and the World Wide Web
- Global Technology Provides Service
- Technology Etiquette

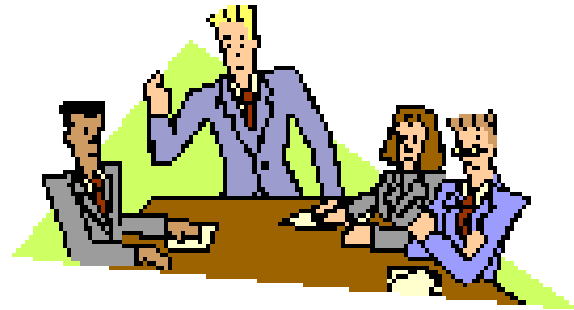
1. Sources of Sales Knowledge

- Sales training (job-related culture, skills, knowledge, attitude that result in improved performance in the selling environment)
- Sales experience (selling is a skill developed through experience)
- Literature



2. Knowledge Builds Relationships

- Knowledge increases salesperson's confidence
- Knowledge increases buyer's confidence in salesperson
- More knowledge, more sales, more relationships



3. Know Your Customers

➤ Find out all you can

- Social
- Personal
- Business
- Hobby
- Family



➤ **Business to business selling required asking numerous questions**

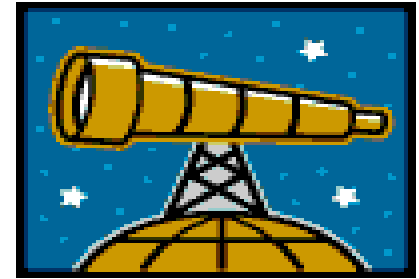
4. Know Your Company

- General Company Information
- Company growth and accomplishment
- Production facilities
- Policies and procedures
- Mission statement
- Service facilities



5. Know Your Product

- Product knowledge may include
- Performance data
- Physical size and characteristics
- How the product operates
- Specific features, advantages, and benefits of the product
- How well the product is selling in the marketplace



6. Know Your Resellers

- Understand the channel of distribution
- Know as much about each channel member as possible:
 - Product line, assortment, distribution
 - Promotion and pricing policy
 - What quantity of which product in the past
 - The preferences of each channel member's customers, etc

7. A FAB Approach to Buyer Need Satisfaction

- Stressing **benefits** is a most powerful selling technique
- FAB selling technique emphasizes benefit selling
 - **Feature**
 - **Advantage**
 - **Benefit**

The Product's Features: So What?

Feature - physical characteristic

(size color, shape, price, ingredients, quality, technology, uses, packaging etc)



Many salespeople emphasize features

Must discuss the product's advantages as they relate to the buyer's needs

The Product's Advantages: Prove It!

➤ **Advantage: a performance characteristic**

The chances of making a sale are increased by describing the product's advantages

- How a product can be used
- How a product will help the buyer

The Product's Benefits: What's in it for Me?

Benefit: a result of advantage

- People are interested in what the product will do for them
- Benefits can be both practical and psychological
- Benefits should be specific statements, not generalizations
- Emphasizing benefits increases sales

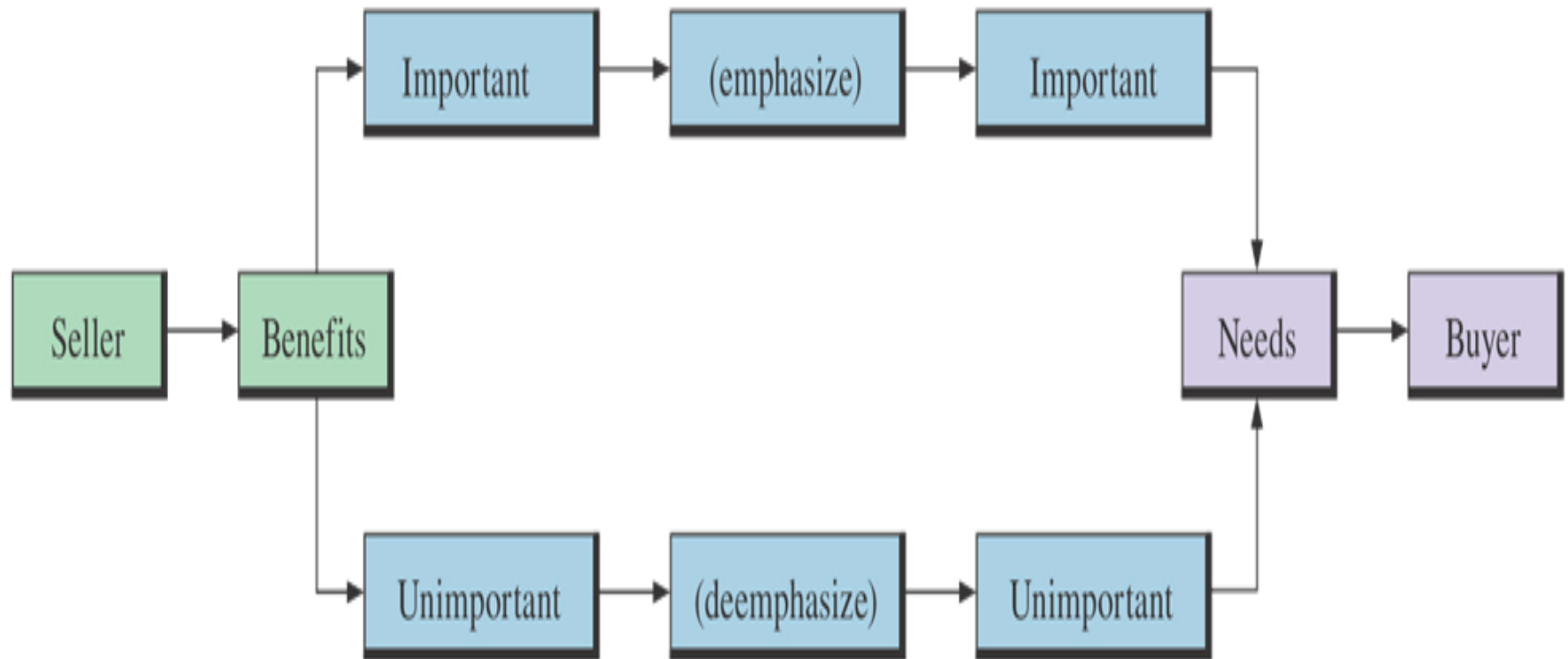
Order Can Be Important

- Standardized FAB Sequence can be used as follows

The...(feature)...means you...(advantage)...with the real benefit to you being...(benefit)....

- Note how a benefit is emphasized

Exhibit 3-4: Match Buyer's Needs to Product's Benefits and Emphasize Them in the Sales Presentation



The three realms – Selling the whole package

As a skilled salesperson, you must sell:

+ *Yourself*

+ *Your company*

+ *Your products and services*

8. Position your product with a USP

USP (Unique selling proposition) answers the question: “ *Why should I buy from you?*”

+ Developing a USP

+ Using your USP

9. Advertising Aids Salespeople

- **Main ingredients of a firm's promotional effort**
- **Types of Advertising Differ**
 - **National advertising-** reach all users of product across the country
 - **Retail advertising-** used by retailers to reach customer within a geographic area
 - **Cooperative, or co-op, advertising-** conducted by retailer, paid for by the manufacturer or cost is shared
 - **Trade advertising-** Undertaken by the manufacturer toward the wholesaler or retailer
 - **Industrial advertising-** aimed at individuals & organizations who purchase product for use in manufacturing other product
 - **Direct-mail advertising**
 - **Internet advertising**

Exhibit 5-2: Advertising and Sales Promotion Information the Salesperson Tells the Buyer

1. Massive Sampling and Couponing:

- There will be blanketing of the top 300 markets with 4.4-oz. samples plus eighty-cents-off coupons. Your market is included.
- There will be a 75 percent coverage of homes in the top 100 markets. Your market is included.

2. Heavy Advertising:

- Nighttime network TV.
- Daytime network TV.
- Saturation spot TV.
- Newspapers.
- The total network and spot advertising will reach 85 percent of all homes in the United States five times each week based on a four-week average. This means that in four weeks, Fresh Mouth will have attained 150 million home impressions—130 million of these impressions will be women.
- There will be half-page, two-color inserts in local newspapers in 50 markets, including yours. This is more than 20 million in circulation. Scheduled to tie in with saturation sampling is a couponing program.
- \$80 million will be spent on promotion to ensure consumer acceptance.

3. TV Advertising Theme—the salesperson would show pictures or drawings of the advertisement:

- The commercial with POWER to sell!
- “POWER to kill mouth odor—POWER to kill germs—POWER to give FRESH MOUTH.”
- The commercial shows a young man, about 20 years of age, walking up to a young woman saying, “Hi, Susan!” They kiss and she says, “My, you have a fresh mouth, Bill!” He looks at the camera with a smile and says, “It works!” The announcer closes the commercial by saying, “FRESH MOUTH—it has the POWER!”

4. Display Materials:

- Shelf display tag.
- Small floor stand for end-of-aisle display—holds 24 12-oz. bottles.
- Large floor stand—holds 48 12-ounce bottles.

Why Spend Money on Advertising?

Companies advertise because they hope to

- Increase overall sales and sales of a specific product
- Give salespeople additional selling information for sales presentations
- Develop leads for salespeople
- Increase cooperation from channel members through co-op advertising and promotional campaigns

Why Spend Money on Advertising?

- Educate the customer about the company's product
- Inform prospects that a product is on the market and where to buy it
- Reduce cognitive dissonance over the purchase
- Create sales or pre-sell customers between a salesperson's calls

10. Sales Promotion Generates Sales

- **Consumer sales promotion:** Include free samples, coupons, contest, and demonstrations to consumers etc.
- **Trade sales promotion:** Encourages resellers to purchase and aggressively sell a manufacture's product by offering incentives like sales contests, displays, special purchase prices, and free merchandise.
- **Point-of-purchase (POP) displays:** Get them out there

10. Sales Promotion Generates Sales

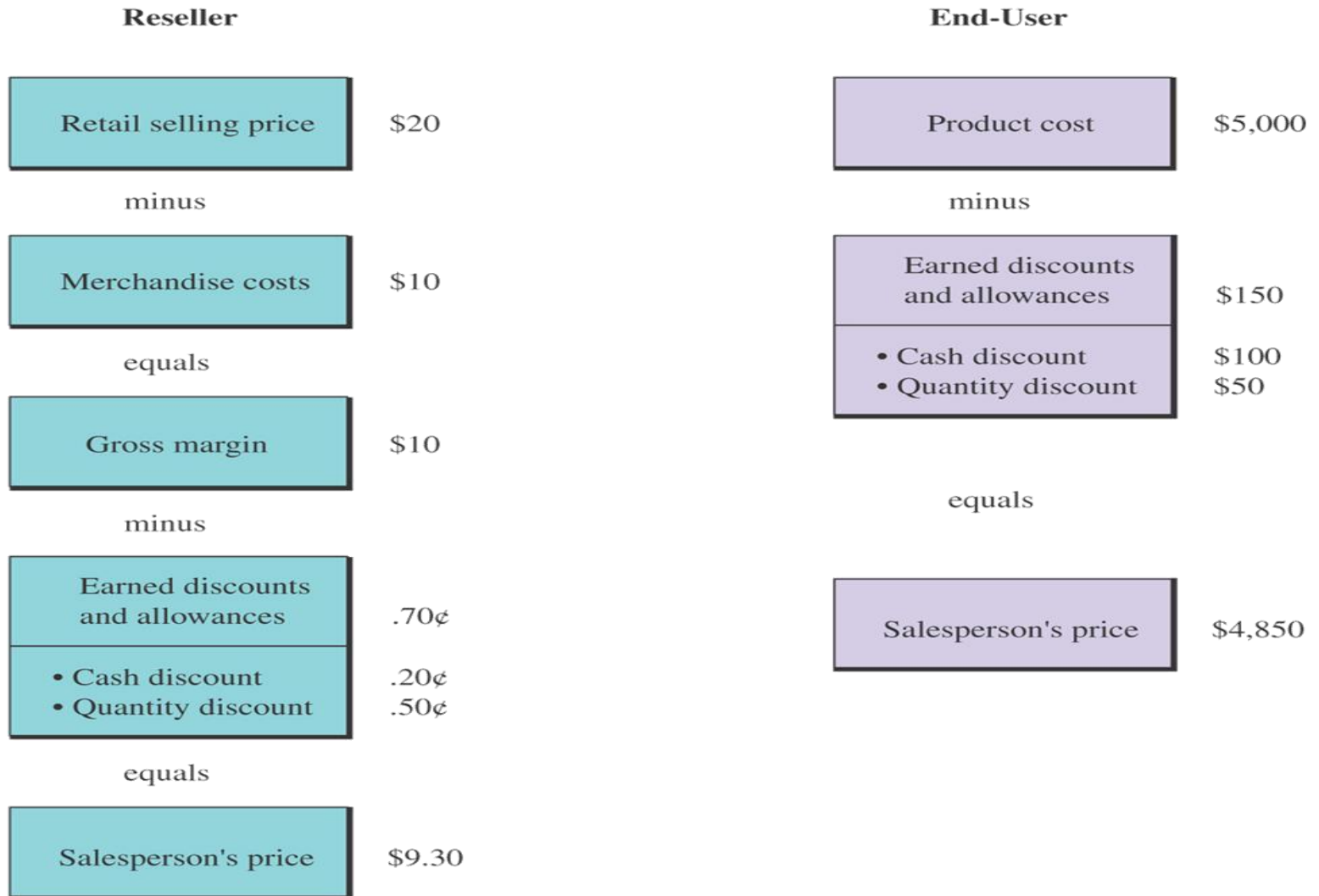
- **Shelf positioning:** Where the product is located within the retail store
- **Shelf facings:** number of products side by side on shelf
- **Premiums:** an article of merchandise offered as an incentive for the user to take some action (incentive to buy, to sample a new product, to introduce a new product, boost sales of slow product)
- **Sales promotion on the Internet**

11. Pricing Your Product

+ Price refers to the value or worth of a product that attracts the buyer to exchange money or something of value for the product.

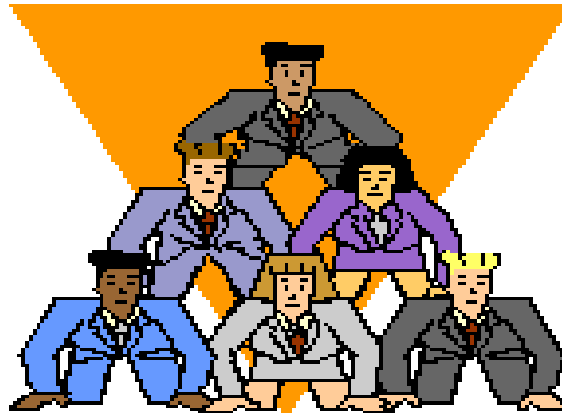
+ Please see Appendix B, page 418

Exhibit 5-4: Examples of Prices and Discounts Salespeople Discuss in Their Sales Presentations



12. Know Your Competition, Industry and Economy

Understand competitors' products, policies, and practices



13. Personal Computers and Selling

The top 10 PC applications include

- Customer/prospect profile
- Lead tracking
- Call reports
- Sales forecasts
- Sales data analysis

Personal Computers and Selling (Cont)

The top 10 PC applications include

- Sales presentation
- Time/territory management
- Order entry
- Travel and expense reports
- Checking inventory/shipping status

Exhibit 5-6: Top 10 PC Applications

PC applications are focused on the customer. Here are the top 10 applications in order of use:

1. Customer/prospect profile.
2. Lead tracking.
3. Call reports.
4. Sales forecasts.
5. Sales data analysis.
6. Sales presentation.
7. Time/territory management.
8. Order entry.
9. Travel and expense reports.
10. Checking inventory/shipping status.

14. Knowledge of Technology Enhances Sales and Customer Service

Personal Productivity

- Contact management
- Calendar management
- Automate sales plans, tactics, and tickets
- Geographic information system
- Computer-based presentations

Knowledge of Technology Enhances Sales and Customer Service (Cont)

Communications with Customers and Employer

Word processing

Electronic mail

Fax capabilities and support

Customer Order Processing and Service Support

Salespeople's mobile offices

15. Sales Internet and the World Wide Web

+ The Internet

+ The World Wide Web

- Web page
- Links
- Surfing the Internet

16. Global Technology Provides Service

Increased worldwide interaction



Technology Etiquette

- Netiquette
- Cell Phones
- Voice Mail
- Faxes
- Speakerphones and Conference Calls
- Pagers

Summary of Major Selling Issues

Company knowledge includes information on a firm's

- history
- development practices
- procedures
- products
- distribution
- promotion
- pricing

Summary of Major Selling Issues

To reduce conflicts and aid channel members in selling products, manufacturers offer assistance in

- advertising
- sales promotion aids
- pricing allowances

National, retail, trade, industrial, and direct-mail advertising create demand for products and are a powerful selling tool in sales presentations

Summary of Major Selling Issues

Salesperson should be able to confidently discuss price, discounts, and credit policies with customers

Success in sales requires knowledge of the many technologies used to sell and service customers

Chapter 5 - Appendices

- Sales Arithmetic and Pricing
- Types of Prices
- Discounts lower the price
- Markup and profit
- Unit Cost
- Value an ROI

“ Please see Appendix B, page 418”

Chapter 5 - Appendices

List price : Standard price charged to customers

Net price : After discounts

Zone price : Based on geographical location or zone of customers

FOB shipping point: Buyer pays for transportation charges

FOB destination : Seller pays all shipping costs

Discounts Lower the Price

- **Quantity discounts:** buy more, pay less
 - **Non-cumulative quantity discounts**
(One time reduction on price)
 - **Cumulative quantity discounts**
(discounts received for buying certain amount of a product over a stated period of time)

Discounts Lower the Price

- **Cash discounts:** Earned by buyers who pay their bills within a stated period of time (entice the customer to pay on time)
- **Trade discounts:** Attract channel members attention (reduce price for middlemen –wholesales, distributors)
- **Consumer discount:** Increase sales – one time price reduction passed on from manufacturer to middlemen or directly to the consumer.

Exhibit 5A-2: Types and Examples of Discounts

Types of Discounts	Discount Examples
Quantity discount	■ Buy 11 dozen, get 1 dozen free.
Noncumulative (one-time)	■ 20 percent off on all purchases. ■ \$5-off invoice for each floor-stand purchase.
Cumulative (yearly purchases)	■ 5 percent discount with purchase of 8,000 units. ■ 8 percent discount with purchase of 10,000 units. ■ 10 percent discount with purchase of 12,000 units.
Cash discounts	■ 2/10 end-of-month. ■ 2/10 net 30.
Trade discounts	■ 40 percent off to retailers. ■ 50 percent off to wholesalers.
Consumer discounts	■ 15 cents off regular price marked on product's package. ■ 10-cents-off coupon.

Resellers: Markup and Profit

Markup : Dollar amount added to the cost of the product to get its selling price

Margin : Dollar amount subtracted from the selling price

Gross profit: Money available to cover the cost of marketing, operating the business, and profit.

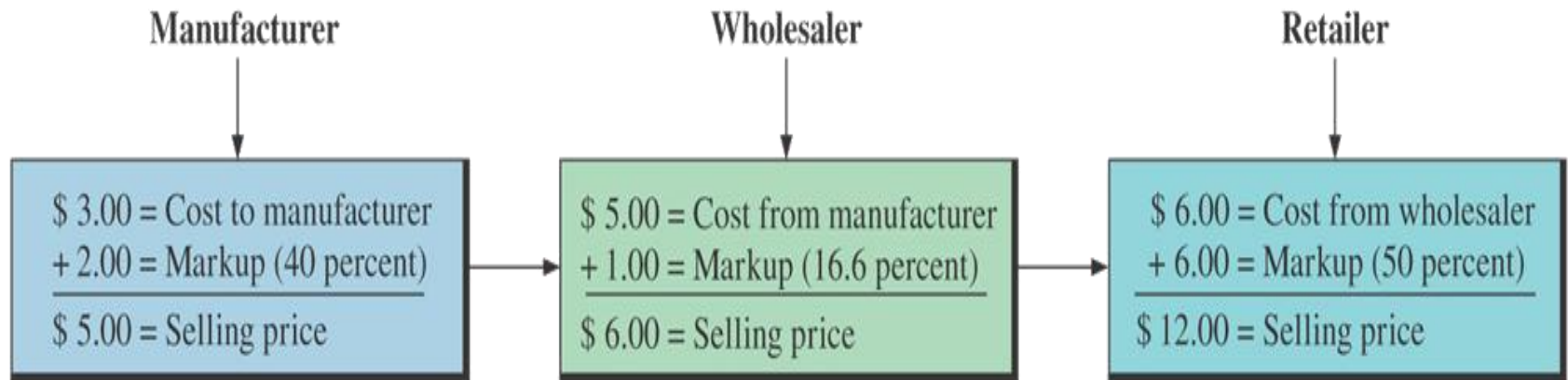
Net profit : Money remaining after paying the cost of marketing and operating the business.

Markup arithmetic

Return on investment

ROI = markup/selling price, where markup=selling - cost

Exhibit 5A-3: Example of Markup on Selling Price in Channel of Distribution



Organizations: Value and ROI

Value analysis

Product cost compared to true value

Unit costs

ROI is listened to

THE END

THANK YOU

