Stages in the selling process marketing essay

A popular approach to understanding the stages of the selling process consists of the six steps diagrammed in Exhibit 2. 8: (1) prospecting for customers, (2) opening the relationship, (3) qualifying the prospect, (4) presenting the sales message, (5) closing the sale, and (6) servicing the account.

Although the selling process involves only a few distinct steps, the specific activities in-volved at each step-and the way those activities are carried out-can vary greatly de-pending on the type of sales position, such as missionary versus trade salesperson, and on the firm’s overall selling and customer relationship strategy. Consequently, a firm’s sales program should incorporate account management policies to guide each salesperson and ensure that all selling efforts are consistent with the firm’s marketing and relationship strategy. We will examine the raÅ£ionale and content of account management policies in more detail in Chapter 4. The following discussion of the stages in the selling process also mentions some of the more common account management policies used to direct sales representatives.

Prospecting for Customers

In many types of selling, prospecting for new customers is criticai. It can also be one of the most disheartening aspects of selling, especially for beginning salespeople. Prospecting efforts are often met with rejection, and immediate payoffs are usually minimal. Neverthe-less, the ability to uncover potenÅ£ial new customers often separates the successful from the unsuccessful salesperson.

In some consumer goods businesses, prospecting for new customers simply involves cold canvassing-going from house to house knocking on doors. In most cases, though, the target market is more narrowly defined, and the salesperson must identify prospects within that target segment. Salespeople use a variety of information sources to identify relevant prospects, including trade association and industry directories, telephone directories, other salespeople, other customers, suppliers, nonsales employees of the firm, and social and professional contacts.

Telemarketing is used by many firms to find prospects. Outbound telemarketing involves calling potenÅ£ial customers at their home or office, either to make a sale or to make

an appointment for a field representative. Inbound telemarketing, where prospective cus-tomers call a toll-free number for more information, is also used to identify and qualify prospects. When prospects call for more information about a product or service, a representative attempts to determine the extent of interest and whether the prospect meets the company’s qualifications for new customers. If so, information about the caller is passed on to the appropriate salesperson or regional office.

The Internet is also proving a useful technology for generating leads to potenÅ£ial new customers. While an increasing number of firms are soliciting orders directly via a home page on the Internet, many-particularly those selling relatively complex goods or services-use their Internet sites primarily to provide technical product information to customers or potenÅ£ial customers. These firms can have their salespeople follow up on technical inquiries from potenÅ£ial new accounts with a more tradiÅ£ional sales call. 15

A firm's account management policies should address how much emphasis salespeople should give to prospecting for new customers versus prospecting and servicing existing accounts. The appropriate policy depends on the selling and customer relationship strategy selected, the nature of its product, and the firm's customers. If the firm's strategy is trans-actional, if the product is in the introductory stage of its life cycle, if it is an infrequently purchased durable good, or if the typical customer does not require much service after the sale, sales reps should devote substanÅ£ial time to prospecting for new customers. This is the case in industries such as insurance and residential construction. Such firms may design their compensation systems to reward their salespeople more heavily for making sales to new customers than for servicing old ones, as we shall see in Chapter 11.

A company that desires strategic partnerships will assign a specific salesperson to each account. Firms with large market shares or those that sell frequently purchased nondurable products or products that require substanÅ£ial service after the sale to guarantee customer sat-isfaction should adopt a policy that encourages sales reps to devote most of their efforts to servicing existing customers. Food manufacturers that sell products to retail supermarkets and firms that produce component parts and supplies for other manufacturers fall into this cate-gory. Some very large customers may require so much servicing that a sales rep is assigned to do nothing but cater to that customer's needs. In such circumstances, firms have special-ized their sales positions so that some representatives service only existing accounts, while others spend all their time prospecting for and opening relationships with new customers.

Opening the Relationship

In the iniÅ£ial approach to a prospective customer, the sales representative should try to open the relationship by accomplishing two things: (1) determine who within the organization is likely to have the greatest influence or authority to iniÅ£iate the purchase process and who will ultimately purchase the product, and (2) generate enough interest within the firm to ob-tain the information needed to qualify the prospect as a worthwhile potenÅ£ial customer. An organizational buying center often consists of individuals who play different roles in making the purchase decision. Thus, it is important for the salesperson to identify the key deci-sion makers, their desires, and their relative influence.

Selling organizations can formulate policies to guide sales reps in approaching prospective customers. When the firm's product is inexpensive and routinely purchased, salespeople might be instructed to deal entirely with the purchasing department. For more technically complex and expensive products, the sales representative might be urged to identify and seek appointments with influencers and decision makers in various funcÅ£ional departments and at several managerial levels. When the purchase decision is likely to be very complex, involving many people within the customer's organization, the seller might adopt a policy of multilevel or team selling.

Qualifying the Prospect

Before salespeople attempt to set up an appointment for a major sales presentation or spend much time trying to establish a relationship with a prospective account, they should first qualify the prospect to determine if he or she qualifies as a worthwhile potenÅ£ial customer. If the account does not qualify, the sales rep can spend the time better elsewhere.

Qualification is difficult for some salespeople. It requires them to put aside their etemal optimism and make an objective, realistic judgment about the probability of making a prof-itable sale. As one authority points out, the qualification process involves finding the an-swers to three important questions:

Does the prospect have a need for my product or service?

Can I make the people responsible for buying so aware of that need that I can make a sale?

Will the sale be profitable to my company? 16

To answer such questions, the sales rep must learn about the prospect's operations, the types of products it makes, its customers, its competitors, and the likely future demand for its products. Information also must be obtained concerning who the customer's present sup-pliers are and whether any special relationships exist with those firms that would make it difficult for the prospect to change suppliers. Finally, the financial health and the credit rat-ing of the prospect should be checked.

Because so many different types of information are needed, nonselling departments within the company-such as the credit and collections department-often are involved in the qualification process when large purchases are made. Frequently, however, credit departments do not get involved until after the prospect has agreed to buy and filled out a credit application. In these situations, company policies should be formulated to guide the salesperson's judgment concerning whether a specific prospect qualifies as a customer. These policies might speli out minimum acceptable standards for such things as the prospect's annual dollar value of purchases in the product category or credit rating. Simi-larly, some firms specify a minimum order size to avoid dealing with very small customers and to improve the efficiency of their order-processing and shipping operations. Issues re-lated to prioritizing customers are discussed in Chapter 3.

Presenting the Sales Message

The sales presentation is the core of the selling process. The salesperson transmits information about a product or service and attempts to persuade the prospect to become a customer. Making good presentations is a criticai aspect of the sales job. Unfortunately, many salespeople do not perform this activity very well. Past studies have discovered that 40 percent of purchasing agents perceive the presentations they witness as less than good. In a recent sur-vey of purchasing executives, the following five presentation-related complaints were among the top 10 complaints the managers had about the salespeople with whom they deal:

Running down competitors.

Being too aggressive or abrasive.

Having inadequate knowledge of competitors' products or services.

Having inadequate knowledge of the client's business or organization.

Delivering poor presentations. 17

One decision that must be made in preparing for an effective sales presentation concerns how many members of the buying firm should attend. Since more than one person is typically involved in making a purchase decision, should a sales presentation be given to all of them as a group? The answer depends on whether the members of the buying center have divergent attitudes and concerns, and whether those concerns can all be addressed effec-tively in a single presentation. If not, scheduling a series of one-to-one presentations with different members of the buying group might be more effective.

In many cases, the best way to convince prospects of a product's advantage is to demonstrate it, particularly if the product is technically complex. Two rules should be followed in preparing an effective product demonstration. First, the demonstration should be carefully re-hearsed to reduce the possibility of even a minor malfunction. Second, the demonstration should be designed to give members of the buying center hands-on experience with the product. For example, Xerox's salespeople learn about their clients' office operations so they can demonstrate their products actually doing the tasks they would do after they are purchased.

Different firms have widely varying policies concerning how sales presentations should be organized, what selling points should be stressed, and how forcefully the presentation should be made. Door-to-door salespeople and telephone salespeople are often trained to deliver the same memorized, forceful presentation to every prospect. A person selling com-puter systems may be trained in low-key selling, in which the salesperson primarily acts as a source of technical information and advice and does little pushing of the company's particular computers. The section later in this chapter on alternative selling approaches pro-vides additional insight on presentational approaches.

Today, the proliferation of relationship selling has resulted in salespeople being called on to give more formal presentations to multiple members of a client organization. For example, often selling firms may give quarterly or annual account review presentations to clients. These presentations typically involve the buying team and selling team as well as members of management from both sides. A firm's policy on sales presentations should be consistent with its other policies for managing accounts. To formulate intelligent sales presentation policies, a sales manager must know about alternative presentation methods and their relative advantages and limitations. Space limitations of this chapter make it difficult to present a lengthy discussion of such issues. The interested student is urged to examine a personal selling textbook where a variety of sales presentation methods are discussed and evaluated in more detail.

Closing the Sale

Closing the sale refers to obtaining a final agreement to purchase. All the salesperson's efforts are wasted unless the client " signs on the dotted line"; yet this is where many salespeople fail. It is natural for buyers to try to delay making purchase decisions. But as the time it takes the salesperson to close the sale increases, the profit to be made from the sale may go down, and the risk of losing the sale increases. Consequently, the salesperson's task is to facilitate the client making a timely final decision. Often, this may best be accomplished by simply asking for an order. " May I write that order up for you?" and " When do you want it delivered?" are common closings. Another closing tactic is to ask the client to choose between two alternative decisions, such as, " Will that be cash or charge?" or " Did you want the blue one or the red one?" In B2B buying and selling, organizational buyers and other decision makers have had extensive training in buying and selling techniques and can identify manipulative closing techniques, so care should be used in selecting a natural way to ask for the sale.

Servicing the Account

The salesperson's job is not finished when the sale is made. Many types of service and as-sistance must be provided to customers after a sale to ensure their satisfaction and repeat business. Excellent service after the sale bolsters customer loyalty and fosters long-term relationships with customers. But this is another area in which some salespeople do not perform well. One consultant estimates that when a customer stops buying from a com-pany, about 60 percent of the time it's because the customer thinks the selling firm's salespeople developed an indifferent attitude after the product was delivered. 18 The salesperson should follow up each sale to make sure no problems exist with delivery schedules, quality of goods, or customer billing. In addition, often the salesperson or members of a sales team supervise the installation of equipment, train the customer's employees in its use, and ensure proper maintenance in order to reduce problems that may lead to customer dissatisfaction.

This kind of postsale service can pay great dividends for both the salesperson and the selling firm, leading to the sale of other, related products and services. 19 For instance, in many capital equipment lines, service contracts, along with supplies and replacement parts, account for greater dollar sales revenue and higher profit margins than the original equipment. A firm's selling and customer relationship strategy should dictate what type of postsale or ongoing service should occur.

To truly understand the selling process, why successful salespeople do what they do, and how to most effectively manage their efforts, it is important to also understand how B2B customers make purchase decisions. After all, in relationship selling, the focus by the salesperson and his or her entire organization is aimed at fulfilling customer needs and solving customer problems. Therefore, the next sections shift the focus of our discussion from the selling side to the buying side to examine the participants in the B2B buying process, the stages of this buying process exhibited by many organizations, and finally the nature of organizational buying situations.