

PROFESSIONAL SALESMANSHIP – LECTURE 4

CHAPTER 4 – Understanding the Buyers

Objectives

After completing this module students should be able to:

1. Classify the main categories of purchasers.
2. Delve into the unique features of commercial markets.
3. Enumerate the various stages in the B2B purchasing journey.
4. Examine the diverse categories of buyer requirements.
5. Illustrate the process of supplier and sales offering assessment through the multi attribute model.
6. Clarify the two-factor model utilized by buyers to assess sales offerings and cultivate contentment.

TYPES OF BUYERS

Salespeople work with many different kinds of buyers, like big factories, regular shoppers, or even individuals buying stuff for themselves. These buyers have different needs and reasons for buying things. For example, a company like Foot Locker might need different shoes than a university's sports team or a lawyer who plays basketball on weekends. Each of these buyers wants athletic shoes, but what they need them for can be very different. To sell well, salespeople need to understand who they're selling to and what they need. Buyers are usually split into two categories: consumers and businesses. Consumers buy things for themselves and care about things like what their friends think or how things look. Businesses buy things for their operations, like materials to make products or stuff for their offices. They care more about getting good value for what they're buying.

Distinguishing Characteristics of Business Markets

Concentrated Demand

In business markets, there are usually just a few big buyers who make most of the purchases. This means that salespeople might have to focus on getting the attention of these big buyers to do well. For instance, if a salesperson is selling top-quality silicon for making computer chips, they'll need to work hard to get business from one of the four or five main chip makers worldwide.

Derived Demand

Derived demand means that when people want to buy more consumer goods, it affects what businesses need too. For example, if more people want to buy cars and trucks, then the demand for materials like rolled steel goes up too. But when people don't want to buy as many consumer products, the demand for business stuff goes down as well.

The best salespeople keep an eye on what consumers want so they can help their business customers prepare for changes in demand. For instance, Republic Gypsum's salespeople saw that there would be more houses being built, so they worked with their customers to make sure they had enough wallboard. By doing this, their customers had an advantage over others who didn't plan ahead and ended up running out of stock.

Higher Levels of Demand Fluctuation

In business markets, the demand for goods and services can change more quickly than in consumer markets. This is called the acceleration principle in economics. When demand goes up or down in the consumer market, businesses react by speeding up how much they stock up on things and by increasing or decreasing their production.

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For example, let's say there's a big demand for fancy new phones with lots of features like voice commands and internet access. Stores are stocking up more on these phones and fewer on basic ones. So, the companies making the phones are making more of the fancy ones and fewer of the basic ones.

Salespeople play a big role here by sharing important info with their customers, helping them predict these changes, and come up with better marketing plans. This helps both the buyers and sellers do well.

Purchasing Professionals

In business markets, the people buying things are usually trained to be good at it. They find suppliers and decide what to buy, which makes their approach more professional and logical. Because of this, salespeople need to know a lot more about what they're selling. They have to give customers lots of detailed info about how things work and perform.

Multiple Buying Influences

In businesses, when they buy stuff, it's usually not just one person making the decisions. Instead, there's often a team of people working together to decide what to buy. This means salespeople might talk to a bunch of people at once during a sales meeting, or they might talk to different groups of buyers in different meetings. These team members have different skills and roles in the buying process. To do well, salespeople need to figure out who's who in the team, understand what each person wants, and then respond to them in the right way.

Close Buyer–Seller Relationships

The smaller customer base and increased usage of supply chain management, characterized by buyers becoming highly involved in organizing and administering logistical processes and actively managing a reduced set of suppliers, has resulted in buyers and sellers becoming much more interdependent than ever before. This increased interdependence and desire to reduce risk of the unknown has led to an emphasis on developing long-term buyer_seller relationships

characterized by increased levels of buyer_seller interaction and higher levels of service expectations by buyers. “Professional Selling in the 21st Century: Salespeople Have Become Sources of Advantage for the Customer”¹ describes the shift in selling models to that of a consultant serving as a source of business advantage for the customer. This shift requires salespeople to change their focus from quickly selling the buyer and closing the current transaction and, in its place, adapt a longer-term perspective emphasizing continuing multiple exchanges into the future. This perspective often includes making multiple sales calls to develop a better understanding of the buyer’s needs and then responding to those needs with a sales offering that solves the buyer’s needs and enhances the buyer_seller relationship in favor of future interactions.

THE BUYING PROCESS

Buyers, whether they're regular shoppers or businesses, follow a logical process when deciding what to buy. In business, this process is shown in Figure 3.1 and includes steps like recognizing the need for something, figuring out what's needed and how much, finding potential sellers, comparing offers, choosing a supplier, setting up an order plan, and then evaluating how it all went.

This process can be really formal for big companies like General Motors, especially when they're buying something important like a new computer system. But for smaller businesses like Bloomington Bookkeeping, it might be less formal, especially for smaller purchases like office supplies. Still, both types of organizations go through similar steps, even if they're not as strict about it.

Phase One—Recognition of the Problem or Need: The Needs Gap

Needs happen when there's a difference between what people want and what they actually have. When someone notices this difference, it motivates them to try to fix it. For example, let's say

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SnowRunner Company realizes they could save money and expand if they could make more of their products. This makes them want to find a way to increase production. But if they don't see any problems or differences, they won't feel the need to change anything.

Sometimes, salespeople work with buyers who don't realize they have a problem or need. Maybe they don't have all the facts or don't understand their situation fully. In SnowRunner's case, their buyers might not know how much money they could save or how many new markets they could reach by making more products. So, they don't feel the need to increase production.

Good salespeople help buyers see their needs by sharing their knowledge about products and how they're used. They can also have conversations that make buyers see how things could be better. The best salespeople do this honestly and helpfully, without tricking or pressuring buyers. But sometimes, people can misuse this power and use it to manipulate buyers, which isn't right.

Types of Buyer Needs

The number of things customers might need is endless, which can be hard for salespeople to understand for each customer. So, it's helpful for salespeople to group customer needs into five basic types:

1. Situational needs: These are specific needs that come up because of the situation, like needing emergency car repair while on a trip.

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2. Functional needs: This is the need for a product or service to do what it's supposed to do, like disinfecting alcohol.
3. Social needs: This is the need to fit in or be part of a group, like wearing a brand that successful people wear.
4. Psychological needs: These are about feelings and emotions, like feeling successful when using a luxury pen.
5. Knowledge needs: This is the need for information and learning, like getting product information or attending training sessions.

Putting customer needs into these types helps salespeople understand and organize them better. It helps them make sure they haven't missed any important needs and see how they relate to each other. This understanding helps salespeople come up with solutions that meet the customer's needs.

Business buyers' needs are more complicated than consumers' needs because they have to think about both their own needs and the needs of their organization. So, salespeople have to address both when selling to businesses.

Phase Two—Determination of the Characteristics of the Item and the Quantity Needed

When people notice they need something or have a problem, they want to fix it. So, they start looking for more information to find possible solutions. This phase of the buying process involves thinking about the situation and figuring out what kind of solution is needed. Salespeople help by sharing their knowledge and expertise to help buyers understand their problem and what they need. They offer helpful insights and suggestions that buyers find useful.

Phase Three—Description of the Characteristics of the Item and the Quantity Needed

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After figuring out what they generally need in the previous step, buyers now get into the specifics. They describe exactly what they want and need in detail. This helps suppliers understand what the buyer wants when they submit proposals. It also helps the buyer compare different solutions and choose the best one. Once they buy something, these detailed specs act as a checklist to make sure they get what they asked for. When there's trust between buyers and sellers, salespeople can work closely with buyers to help them figure out these detailed specs together.

Phase Four—Search for and Qualification of Potential Sources

Buyers need to find and make sure suppliers can give them what they want. They might get info from salespeople, but there are many other places to find info too, like trade shows, the internet, and ads. When they find potential suppliers, they check if they can consistently give good quality and enough quantity. Since buyers have lots of places to get info, it's important for salespeople to make sure they're one of those sources. They need to keep buyers updated on their company, new products, and what they can offer.

Phase Five—Acquisition and Analysis of Proposals

Once the detailed specs are set, buyers create and send out requests for proposals (RFPs) to qualified suppliers. These suppliers then make proposals based on the RFPs, offering to provide the products as described. Salespeople are really important at this stage because they help develop and present the proposed solution to the buyers. They have to show how their solution is better than others by highlighting its features and benefits. It's crucial for salespeople to know how buyers compare different proposals so they can show why their solution is the best.

Procedures for Evaluating Suppliers and Products

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Buyers decide what to buy by comparing different suppliers and their products or services. Some buyers might choose the option that's best in the one thing they care about the most. Others might prefer an option that's okay in all the things they care about. But most buyers use a model that considers all the things they want, where each thing is given a different level of importance. They look at how well each product or supplier meets their needs in each area and how important each area is to them.

Assessment of Product or Supplier Performance

The first step in using the multiattribute model is to rate how well each characteristic of the competing products or suppliers meets the buyers' needs. Let's take the example of General Motors (GM) evaluating adhesives for manufacturing.

Accounting for Relative Importance of Each Characteristic

To compare these differences properly, each score needs to be multiplied by how important that characteristic is. In the adhesive example, importance weights are given on a scale from 1 to 10. Multiplying each score by its importance weight gives a weighted average. Adding up all these weighted averages gives an overall rating for each product. The one with the highest rating is usually the one chosen for purchase.

Employing Buyer Evaluation Procedures to Enhance Selling Strategies

For a salesperson to be effective, they need to understand how buyers evaluate suppliers and proposals. This requires gathering information before the sales call and talking with the buyer(s) to understand their needs and what solution they're looking for. This helps figure out what criteria the buyers will use to evaluate options. Talking more with the buyer can also reveal which suppliers and products are being considered. With this info and knowing how their products compare to others, the salesperson can predict how the buyer will evaluate options. With this better understanding, the salesperson can plan and deliver a more effective presentation using the five main strategies buyers use in their evaluations.

Change the Product Offering: Sometimes, it's clear during a presentation that the product being offered won't score as well as a competitor's. In this case, the strategy is to change the product to one that better meets the buyer's needs and gets a higher score. For example, if the adhesive buyer cares more about durability and price than ease of application, the BondIt salesperson could offer a different adhesive that's tougher and cheaper, even if it's a bit harder to apply.

Change the Buyer's Perceptions: Provide info to show the buyer that the proposed product is better than they think on certain attributes. This is good if the buyer doesn't realize how good the product is. But if the buyer's already right about it, this could lead to exaggeration by the salesperson, which isn't good. For example, if BondIt #302 gets a low score, the salesperson could show the buyer proof that it's actually more durable and reliable than they thought.

Change the Buyer's Perceptions of the Competitor's Product: Sometimes, buyers think a competitor's product is better than it really is. In this case, the salesperson can show the buyer the truth about the competitor's product, without just putting it down. For example, the BondIt salesperson could compare the costs and benefits of each product, showing that BondIt is easier to use and quicker to bond, which makes it cheaper overall.

Change the Importance of Attributes: The salesperson can use info to make certain attributes seem more important, especially if the product is really good at them. But if the product isn't good at something, they might downplay its importance. For instance, if BondIt is really good at being easy to use and lasts a long time, the salesperson could make those qualities seem more important to the buyer.

Highlight Neglected Attributes: If important attributes are being ignored, the salesperson can point them out to increase the buyer's evaluation of the product. For example, BondIt #302 dries

clear, while competitors' adhesives are light gray, which might not look as good in some cases. This could make a big difference in how the products are compared.

Phase Six—Evaluation of Proposals and Selection of Suppliers

The buying decision happens when the buyer compares the proposals they got from different suppliers. Usually, they'll talk more with the chosen supplier(s) to decide on the final details like product features, price, and delivery. Salespeople are key in getting the buyer to agree to buy and in negotiating these final terms.

Phase Seven—Selection of an Order Routine

Once the supplier(s) is chosen, there are still details to work out for the purchase. This includes things like how much will be delivered, where and when, and what happens if something needs to be returned. If the purchase needs several deliveries over time, they need to agree on how to handle future orders and deliveries. Will there be a set schedule for orders, or will the salesperson keep an eye on things and order as needed? Will orders be placed automatically online? Regardless, the salesperson helps with communication, ordering, and sorting out the final details.

Phase Eight—Performance Feedback and Evaluation

The last step in the buying process is evaluating how everything went and sharing feedback to make things better in the future and improve the relationship between buyers and sellers. Studies show that the way salespeople interact with customers at this stage is the most important factor in keeping customers happy and loyal. That's why it's really important for salespeople to keep working with buyers even after the sale is made. By following up, salespeople can make sure things keep running smoothly, fix any problems that come up, make customers happy, find new ways to add value, and strengthen the relationship between buyer and seller.

Understanding Postpurchase Evaluation and the Formation of Satisfaction

Studies suggest that when buyers evaluate a product purchase, they look at two main types of characteristics, which are shown in Figure 3.4. The first type, called functional attributes, are about what the product does or is supposed to do. These are considered the must-have features that the buyer expects from the product. They're pretty common among all the products the buyer is considering. For example, things like reliability, durability, price, and how well it works are functional attributes. The second type, called psychological attributes, are about how things are done between the buyer and seller. These are the extra features that go beyond what the buyer expects and make them really happy. They're not the same for every product the buyer is looking at. Instead, they're what makes one product stand out from another.

The Growing Importance of Salespeople in Buyer's Postpurchase Evaluation

It's crucial for salespeople to understand the difference between functional (must-have) and psychological (delighter) attributes. Functional attributes are like the technical and more concrete features of a product, while psychological attributes are similar to how salespeople and other staff interact with customers. Research in various industries shows that psychological attributes have up to twice as much influence on buyer satisfaction and loyalty compared to functional attributes. This highlights the importance of salespeople's communication and behavior, which make up the psychological attributes. While both types of product characteristics are important for buyer satisfaction, the way salespeople interact with buyers has a bigger impact on how buyers evaluate their experience than the product features themselves.

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Examination

- 1 **True.** Business markets often have a few major buyers who drive most of the purchases, necessitating salespeople to focus on capturing their attention.

2. **False.** Changes in consumer demand indirectly impact the demand for materials and goods in business markets, illustrating the concept of derived demand.

3. **True.** Effective salespeople anticipate changes in consumer demand to assist business customers in preparing for fluctuations, as exemplified by Republic Gypsum's proactive approach.

4. **True.** Business markets experience rapid fluctuations in demand, requiring agile responses from both buyers and sellers to maintain equilibrium.

5. **False.** Salespeople do not contribute significantly by disseminating crucial information to clients, aiding in predicting demand changes, and devising effective marketing strategies.

6. **False.** In business markets, buyers are not skilled professionals who make purchasing decisions based on logical assessments, necessitating detailed product knowledge from salespeople.

7. **True.** Purchasing decisions in businesses involve multiple stakeholders, requiring salespeople to navigate and address the needs of various individuals within the buying team.

8. **True.** Increased interdependence between buyers and sellers has led to a focus on long-term relationships, where salespeople act as consultants providing ongoing value rather than just closing transactions.

9. **True.** Contemporary selling models emphasize long-term relationships and understanding the buyer's needs, highlighting the evolution of salespeople into sources of business advantage for customers.

10. **True.** Salespeople are encouraged to prioritize ongoing interactions with buyers to enhance understanding, address needs, and strengthen relationships for future exchanges.

Identification

1. Recognition of the Problem or Need.

The phase where buyers identify a gap between what they want and what they have, leading to the motivation to find a solution.

2. Types of Buyer Needs

Understanding the five basic types of customer needs: situational, functional, social, psychological, and knowledge needs.

3. Determination of the Characteristics of the Item and the Quantity Needed

Buyers seek information to understand their problem better and determine what solution is required.

4. Description of the Characteristics of the Item and the Quantity Needed

Buyers specify in detail what they need, helping suppliers understand their requirements and facilitating comparison between different solutions.

5. Search for and Qualification of Potential Sources

The process of finding potential suppliers who can meet the buyer's requirements and ensuring they can consistently deliver quality and quantity.

6. Acquisition and Analysis of Proposals

Buyers request proposals from qualified suppliers and evaluate them based on how well they meet their needs.

7. Procedures for Evaluating Suppliers and Products

Buyers compare different suppliers and products using multiattribute models, considering various factors and their relative importance.

8. Employing Buyer Evaluation Procedures to Enhance Selling Strategies

Salespeople understand how buyers evaluate suppliers and proposals and adjust their strategies accordingly to effectively present their solutions.

9. Evaluation of Proposals and Selection of Suppliers

The final decision-making stage where buyers compare proposals and select suppliers based on various criteria.

10. Selection of an Order Routine

Once suppliers are chosen, details such as delivery schedules and order processes are finalized, often with the assistance of salespeople.