

PROFESSIONAL SALESMANSHIP

Chapter 4

Understanding Buyers

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LEARNING OUTCOMES

After completing this module, you 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.

LEARNING OUTCOMES

After completing this module, you should be able to:

4. Examine the diverse categories of buyer requirements.
5. Illustrate the process of supplier and sales offering assessment through the multiattribute model.
6. Clarify the two-factor model utilized by buyers to assess sales offerings and cultivate contentment.

UNDERSTANDING YOUR BUYERS IS THE KEY TO SALES SUCCESS

The case at AFFINA

- 2004
- Wireless business
- Discussion of different buyer

TYPES OF BUYERS

- from heavy industry
- manufacturing operations
- consumers making a purchase for their own use

Different Needs of Different Athletic Shoe Buyers **EXHIBIT 3.1**

	Buyer for Foot Locker Shoe Stores	University Athletic Equipment Buyer	Joe Smith—YMCA Weekend Warrior
Functional Needs	<ul style="list-style-type: none"> • Has the features customers want • Well constructed—minimizes returns • Offers point-of-sale displays for store use • Competitive pricing 	<ul style="list-style-type: none"> • Individualized sole texture for different player performance needs • Perfect fit and size for each team member • Custom match with university colors • Size of supplier's payment to coach and school for using their shoes 	<ul style="list-style-type: none"> • Offers the leading edge in shoe features • Prominent brand logo • Highest-priced shoes in the store
Situational Needs	<ul style="list-style-type: none"> • Can supply stores across North America • Ability to ship to individual stores on a just-in-time basis • Offers 90-day trade credit 	<ul style="list-style-type: none"> • Ability to deliver on time • Provide supplier personnel for team fittings • Make contract payments to university and coach at beginning of season 	<ul style="list-style-type: none"> • Right size in stock, ready to carry out • Takes Visa and MasterCard
Social Needs	<ul style="list-style-type: none"> • Invitation for buying team to attend trade show and supplier-sponsored reception 	<ul style="list-style-type: none"> • Sponsor and distribute shoes at annual team shoe night to build enthusiasm • Include team and athletes in supplier brand promotions 	<ul style="list-style-type: none"> • Offers user-group newsletter to upscale customers • Periodic mailings for new products and incentives to purchase

Cont.....

Different Needs of Different Athletic Shoe Buyers EXHIBIT 3.1

	Buyer for Foot Locker Shoe Stores	University Athletic Equipment Buyer	Joe Smith—YMCA Weekend Warrior
Psychological Needs	<ul style="list-style-type: none">• Assurance that shoes will sell at retail• Brand name with strong market appeal• Option to return unsold goods for credit	<ul style="list-style-type: none">• Brand name consistent with players' self-images• The entire team will accept and be enthusiastic toward product decision• Belief that the overall contract is best for the university, team, and coaches	<ul style="list-style-type: none">• Reinforces customer's self-image as an innovator• Product will deliver the promised performance• One of only a few people having purchased this style of shoe
Knowledge Needs	<ul style="list-style-type: none">• Level of quality—how the shoe is constructed• How the new features impact performance• What makes the shoe unique and superior to competitive offerings• Product training and materials for sales staff	<ul style="list-style-type: none">• What makes the shoe unique and superior to competitive offerings• Supporting information and assurance that the contracted payments to university and coaches are superior to competitive offerings	<ul style="list-style-type: none">• What makes the shoe unique and superior to competitive offerings• Assurance that everybody on the court will not be wearing the same shoe

source: Ingram, et.al. (2008) *Professional Selling A trust-based Approach 4th edition*. pp 63

Distinguishing Characteristics of Business Markets

a. Concentrated Demand

- ✓ high levels of concentration
- ✓ larger in size but fewer in numbers

Distinguishing Characteristics of Business Markets

b. Derived Demand

- ✓ demand for consumer goods
- ✓ Working closely with their key customers

Distinguishing Characteristics of Business Markets

c. Higher Levels of Demand Fluctuation

- ✓ acceleration principle
- ✓ source of valuable information

Distinguishing Characteristics of Business Markets

d. Purchasing Professionals

- ✓ purchasing agents
- ✓ rational approach to purchasing

Salespeople Have Become Sources of Advantage for the Customer

John Sullivan is the senior management consultant for Prime Resource Group where he works with a list of global accounts in improving sales performance. Sullivan has an extensive background in sales and sales management and offers his reflections on the evolution of personal selling.

The salesperson's role in Era 1 would best be described as that of a persuader. Training was focused exclusively on three areas: presenting, handling objections, and closing. The agenda was to get the customer to do what the salesperson wanted the customer to do. Era 1 was replaced by an emphasis on a new set of skills and a more enlightened win-win perspective of the salesperson's role.

This was Era 2 and emphasized questioning, listening, and building a relationship with the customer. Communication was directed toward developing an understanding of the customer's needs. The salesperson's role was that of a problem solver—to understand the customer's needs and close the gap with his or her product as the solution. Era 2 has continued to evolve, and today more than ever before salespeople have become a source of business advantage for the customer. One point of view regarding this business advantage is that the salesperson becomes a consultant to the customer where they apply their business acumen and understanding of the customer's business situation to create a solution that the customer truly values. Often, this is a solution that the customer has never experienced and would never think of asking for.

Distinguishing Characteristics of Business Markets

e. Multiple Buying Influences

- ✓ increased complexity
- ✓ different areas of expertise

Distinguishing Characteristics of Business Markets

f. Multiple Buying Influences

- ✓ increased complexity
- ✓ different areas of expertise

Distinguishing Characteristics of Business Markets

g. Close Buyer–Seller Relationships

- ✓ supply chain management
- ✓ continuing multiple exchanges

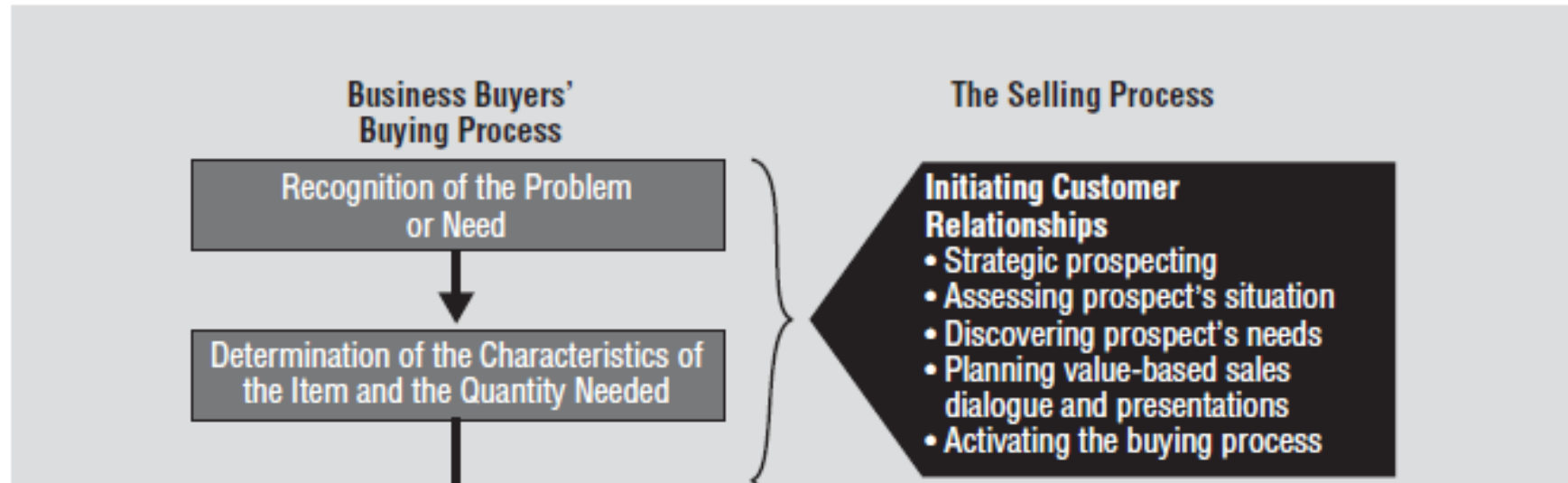
THE BUYING PROCESS

g. Close Buyer–Seller Relationships

- ✓ supply chain management
- ✓ continuing multiple exchanges

FIGURE 3.1

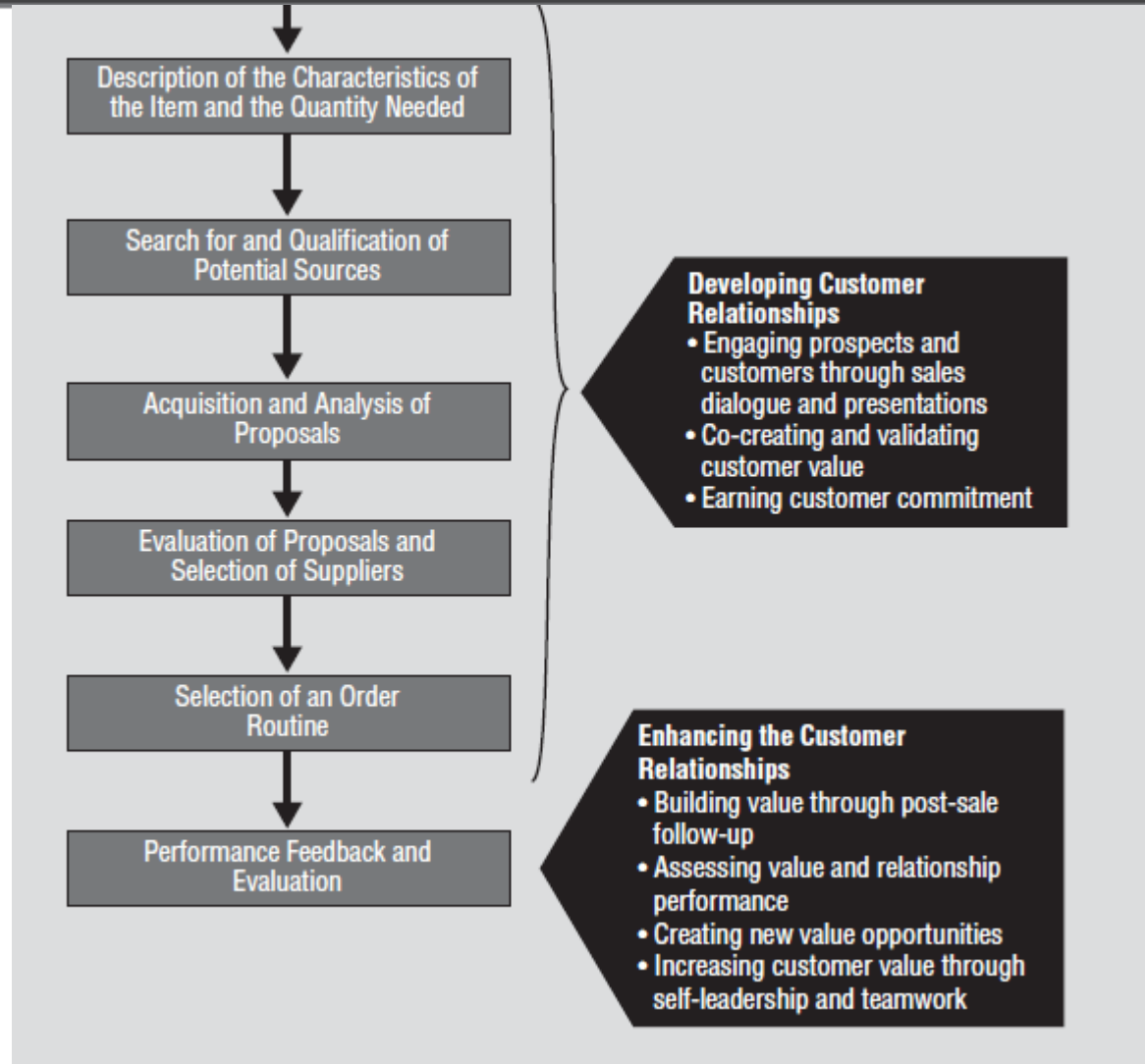
Comparison of Buying Decision Process Phases and Corresponding Steps in the Selling Process



source: Ingram, et.al. (2008) *Professional Selling A trust-based Approach 4th edition*. pp 66

FIGURE 3.1

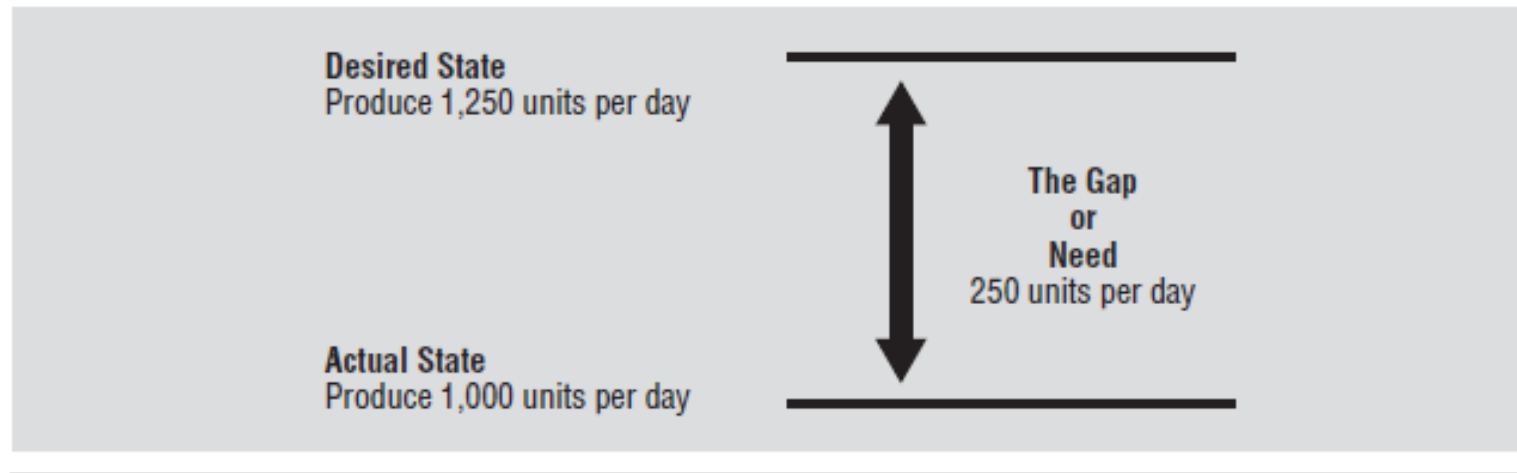
Comparison of Buying Decision Process Phases and Corresponding Steps in the Selling Process



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

The Needs Gap

FIGURE 3.2



Types of Buyer Needs

- Situational needs
- Functional needs
- Social needs

Cont..... Types of Buyer Needs

- Psychological needs
- Knowledge needs

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

EXHIBIT 3.2 Example Work Sheet for Organizing Buyer Needs and Benefit-Based Solutions

Primary Buyer: Bart Waits
Buying Organization: SouthWest Metal Stampings
Primary Industry: Stamped Metal Parts and Subcomponents

Basic Type of Need

Buyer's Specific Needs

Buyer's Situational Needs

- Requires an 18 percent increase in production to meet increased sales
- On-hand inventory will not meet production/delivery schedule
- Tight cash flow pending initial deliveries and receipt of payment

Buyer's Functional Needs

- Equipment to provide effective and efficient increase in production
- Expedited delivery and installation in six weeks or less
- Equipment financing extending payments beyond initial receipts

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

EXHIBIT 3.2 Example Work Sheet for Organizing Buyer Needs and Benefit-Based Solutions

Primary Buyer:	Bart Waits
Buying Organization:	SouthWest Metal Stampings
Primary Industry:	Stamped Metal Parts and Subcomponents

Basic Type of Need	Buyer's Specific Needs
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Buyer's Social Needs

- Expansion in production transforms them into Top 10 in industry
- Belonging to user group of companies using this equipment
- Feeling that they are an important customer of the supplier

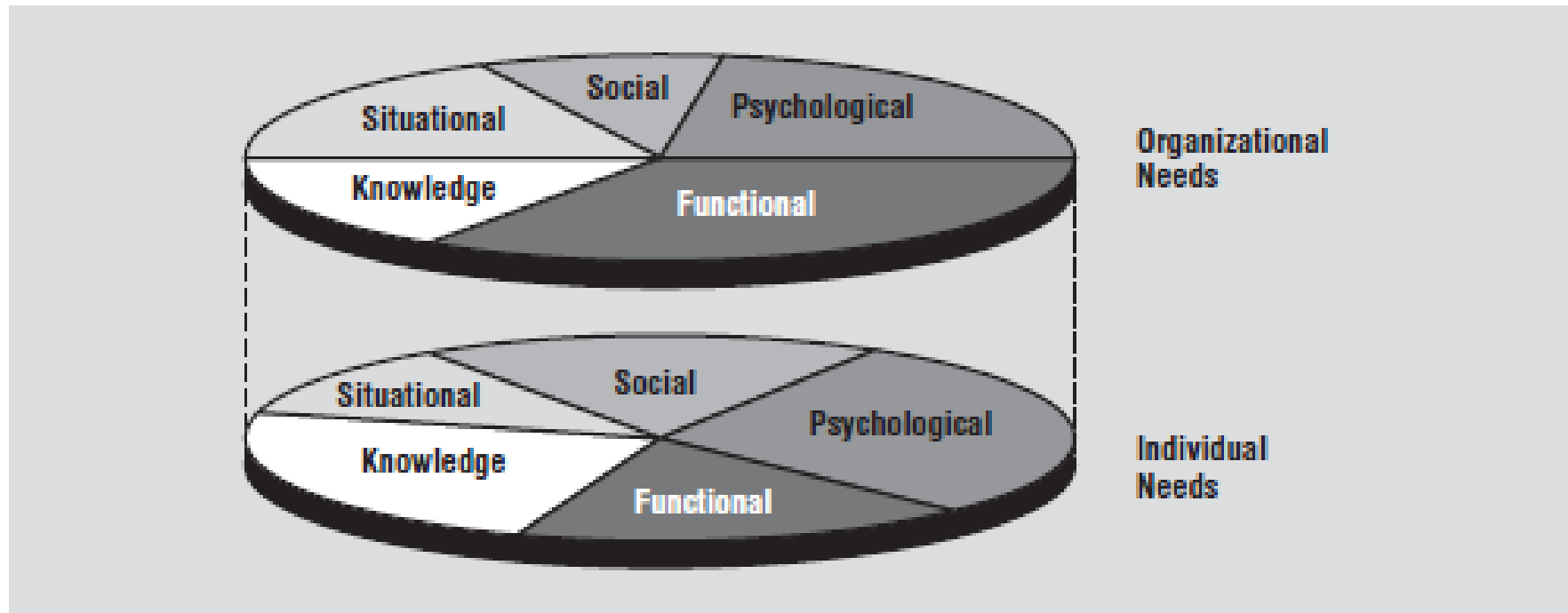
Buyer's Knowledge Needs

- Confidence that selected equipment will meet needs and do the job
- Assurance that seller can complete installation in six weeks
- Saving face—to believe borrowing for equipment is common
- Evidence that this is the right choice
- Understanding new technology used by the selected equipment
- Training program for production employees and maintenance staff

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

FIGURE 3.3

Complex Mix of Business Buyer Needs



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

- detailed specifications guide
- provide the buyer specifications

Phase Four—Search for and Qualification of Potential Sources

- Preferred solution
- provide the buyer specifications

Phase Five—Acquisition and Analysis of Proposals

a. Procedures for Evaluating Suppliers and Products

EXHIBIT 3.3 Important Product Information

Characteristics	BondIt #302	AdCo #45	StikFast #217
Ease of application	Excellent	Good	Very good
Bonding time	8 minutes	10 minutes	12 minutes
Durability	10 years	12 years	15 years
Reliability	Very good	Excellent	Good
Nontoxic	Very good	Excellent	Very good
Quoted price	\$28 per gal.	\$22 per gal.	\$26 per gal.
Shelf-life in storage	6 months	4 months	4 months
Service factors	Good	Very good	Excellent

Cont.....Phase Five—Acquisition and Analysis of Proposals

b. Assessment of Product or Supplier Performance

- objectively rate
- no single product is consistently outstanding

Cont.....Phase Five—Acquisition and Analysis of Proposals

c. Accounting for Relative Importance of Each Characteristic

EXHIBIT 3.4 Product Performance Scores

Characteristics	BondIt #302	AdCo #45	StikFast #217
Ease of application	10	5	8
Bonding time	8	6	4
Durability	6	8	9
Reliability	8	10	5
Nontoxic	8	10	8
Quoted price	5	9	7
Shelf-life in storage	9	6	6
Service factors	5	8	10

source: Ingram, et.al. (2008) *Professional Selling A trust-based Approach 4th edition*. pp 72

Cont.....Phase Five—Acquisition and Analysis of Proposals

c. Accounting for Relative Importance of Each Characteristic

Weighted Averages for Performance Times Importance and Overall Evaluation Scores **EXHIBIT 3.5**

Characteristics	<u>BondIt #302</u>			<u>AdCo #45</u>			<u>StikFast #217</u>		
	P	I	P×I	P	I	P×I	P	I	P×I
Ease of application	10	8	80	5	8	40	8	8	72
Bonding time	8	6	48	6	6	36	4	6	24
Durability	6	9	54	8	9	72	9	9	81
Reliability	8	7	56	10	7	70	5	7	35
Nontoxic	8	6	48	10	6	60	8	6	48
Quoted price	5	10	50	9	10	90	7	10	70
Shelf-life in storage	9	6	54	6	6	36	6	6	36
Service factors	5	8	40	8	8	64	10	8	80
Overall evaluation score			430			468			446

source: Ingram, et.al. (2008) *Professional Selling A trust-based Approach 4th edition.* pp 73

Cont.....Phase Five—Acquisition and Analysis of Proposals

Employing Buyer Evaluation Procedures to Enhance Selling Strategies

- Modify the Product Offering Being Proposed
- Alter the Buyer's Beliefs about the Proposed Offering
- Alter the Buyer's Beliefs about the Competitor's Offering
- Alter the Importance Weights.
- Call Attention to Neglected Attributes

Phase Six—Evaluation of Proposals and Selection of Suppliers

- buyer's evaluation of the various proposals
- buyer's commitment to the purchase decision

Phase Seven—Selection of an Order Routine

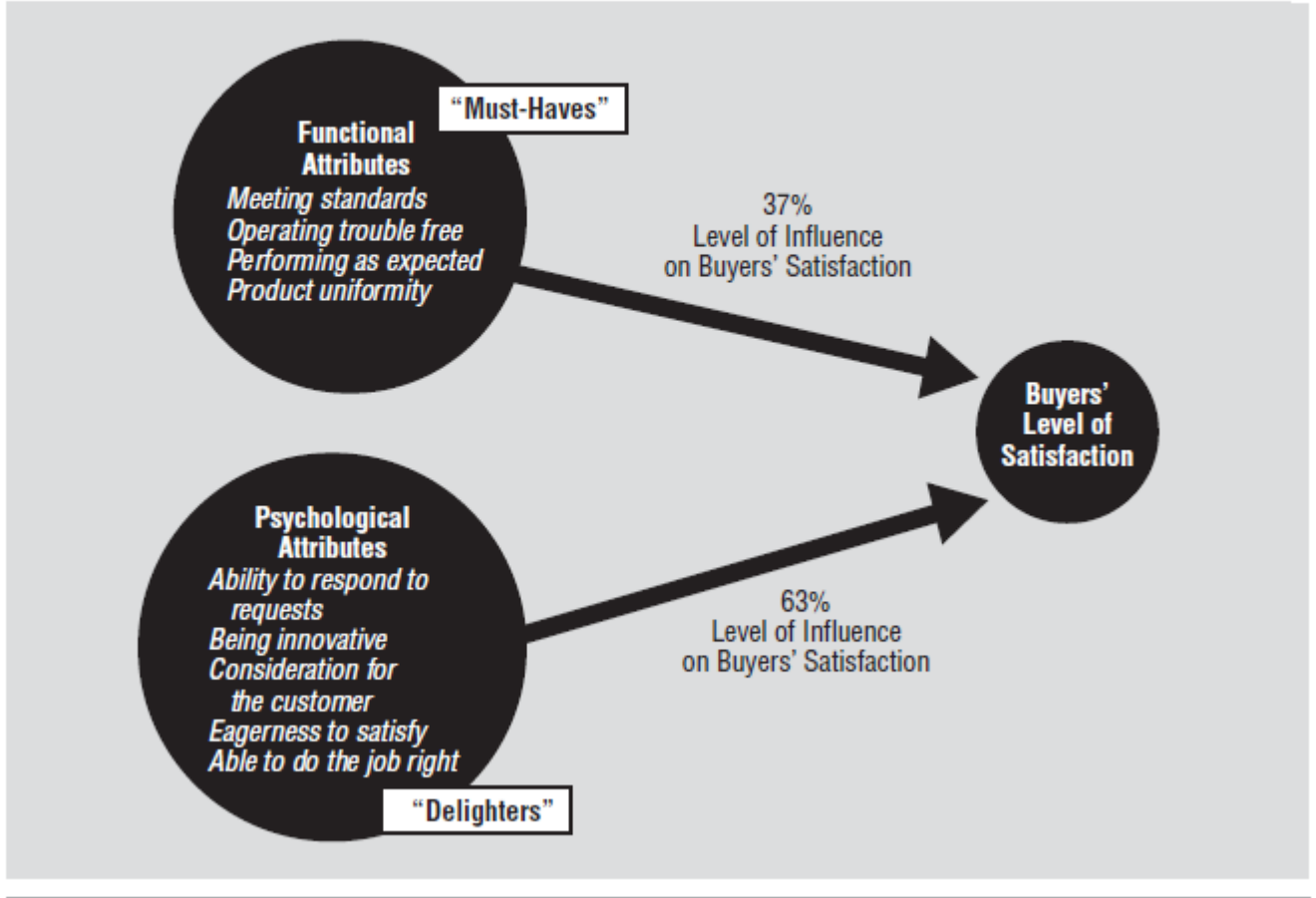
- buyer's evaluation of the various proposals
- buyer's commitment to the purchase decision

Phase Eight—Performance Feedback and Evaluation

- Understanding Post purchase Evaluation and the Formation of Satisfaction
- The Growing Importance of Salespeople in Buyer's Post purchase Evaluation

Cont.... Phase Eight—Performance Feedback and Evaluation

FIGURE 3.4 The Two-Factor Model of Buyer Evaluation



source: Ingram, et.al. (2008) Professional Selling A trust-based Approach 4th edition. pp 76

SUMMARY

- Categorize primary types of buyers
- Distinguishing characteristics of business markets.
- The different steps in the business-to-business buying process

SUMMARY

- Different types of buyer needs.
- Buyers evaluate suppliers and alternative sales offerings by using the multiattribute model of evaluation.
- the two-factor model that buyers use to evaluate the performance of sales offerings and develop satisfaction.

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