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Sales in the New Economy

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Sales in the New Economy

The global economy has veered in a new direction and with it comes equally seismic changes in consumer spending habits. We read about it every day in the news. We live it each time we consider making a purchase. And, for those of us responsible for a sales channel, we ponder what it means every time we come to work.

The world is facing challenging times, and the result is that customers are making long-term adjustments to their buying habits. Therefore, we must adjust our approach to sales.

This white paper considers how consumers' buying habits are changing and evaluates strategies that successful companies should deploy to win life-long customers in the new economy. Based on recent research by General Physics Corporation (GP), supported by economic and retail industry trends, and, finally, drawing from our experience in developing custom sales solutions, we have crafted a custom sales strategy that integrates the development of both sales professionals and customers to create value-based, long-term, sales solutions for the new economy.



What are consumers thinking?

Looking into the future is a daunting task. Until consumers actually react, we can't be certain how their behaviours will change—or how permanent that change will be. However, by considering their present mind set, it is possible to draw conclusions on future behaviour.

A recent study conducted by GP's Corporate Research Board (CRB) illustrates the changing mind set of consumers. The CRB considered current and future buying habits and how the sales professional influences buying decisions. In collecting data, a survey was sent to over 3,000 participants with a response rate of 14%. The results of the study show that consumers are indeed much more conservative in their buying habits today, with over 70% delaying a major product purchase in the past 12 months. This result was expected given the current economic conditions.

Have you delayed a major purchase in the past 12 months?

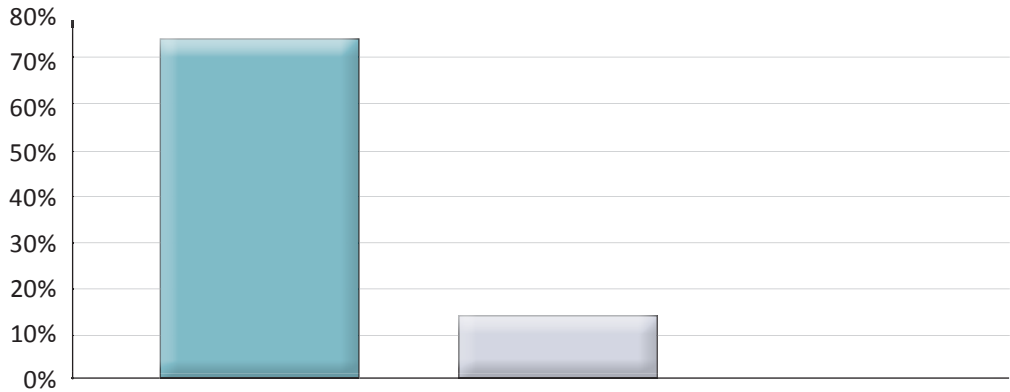


Figure 1. Delayed Spending



Follow-up questions to customers who delayed buying decisions centred on how they felt they would behave in the future.

Once the economy recovers, how will your buying habits be affected?

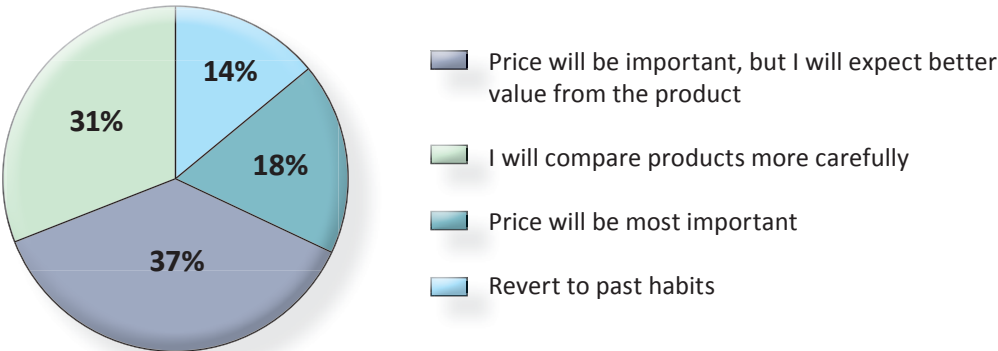


Figure 2. Once the Economy Recovers

Very few respondents felt they would return to past buying habits (14%). Most indicated that price will be important to their decision (55%) and that product comparisons and value expectations would be significant factors in future buying decisions (68%).



Building upon this question, the CRB also asked buyers what influenced their last major buying decision and what they felt would be the most important factors for a future major purchase. As we consider the answer to the future purchase question, we can see that price, features and reliability rise to the top as key influencers.

If you were to purchase that same product today, which would be your most important considerations?

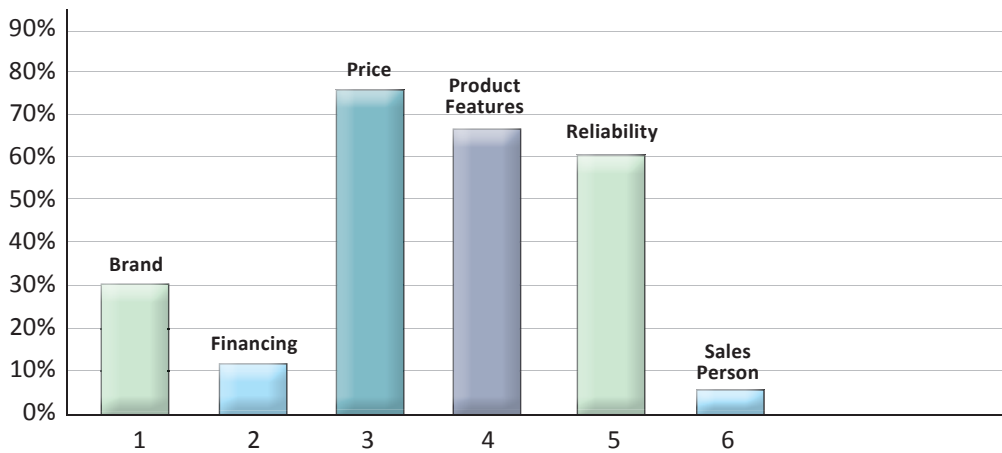


Figure 3. Customers' Purchasing Criteria

The CRB noted that buyers did not place a great degree of influence with the salesperson. In fact, a follow-up question further illustrated that customers did not feel the salesperson brought value to the transaction. In fact, buyers overwhelmingly felt that the salesperson had no, or not much, influence on their last major purchase (75%).



If the salesperson recommends a particular product, what is the likelihood you will purchase that product?



Figure 4. Weight of Sales Professional Recommendation

Interestingly, buyers seemed to contradict themselves when asked about the importance of the salesperson in the transaction. In fact, most felt that it was important that the salesperson was knowledgeable on the product line and how it compared to its competitors. They also indicated that they felt a preference for a more experienced sales professional (70% of respondents stated this preference).

How important is it to you that your salesperson is knowledgeable about the product line and the available competitors?

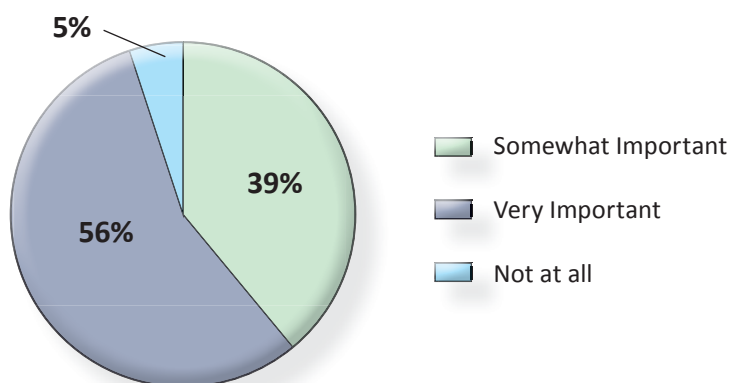


Figure 5. Sales Professional's Knowledge — Level of Importance

Why the disconnect? It may well be that the buyers' experiences with sales professionals did not match expectations. Rather than engaging an experienced, knowledgeable sales professional, customers felt their salesperson was most interested in the sale rather than whether the product met their needs.



When you consider the sales engagement with the salesperson during your last major purchase, were they:

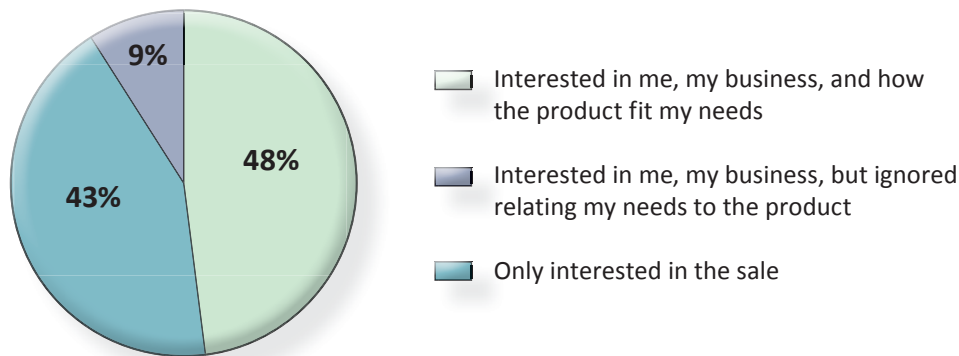


Figure 6. Sales Professional's Engagement in Sale

Considering the overall message of the research, it can be concluded that customers' buying habits are shifting. At the same time that consumers are seeking more value and a better understanding of product, salespeople are not—or have not yet—adjusted their selling styles to connect with the buyers' needs. The challenge for businesses is how best to adjust their sales strategies to position their companies for growth in this rapidly changing environment.

Value Through the Eyes of the Customer - Value = Perceived Benefit/Cost

What precisely is value? In reality, it's perception—and as the economic conditions have changed, so has product value. Value is a moving target. As a measurement, value is influenced by cost and the perceived benefits of the product.

Consider how value has shifted for large vehicles in recent months. In 2007, many consumers felt that the value of full-size Sport Utility Vehicles (SUVs) made them a desirable purchase. In 2008, the rising costs of fuel increased the total operating costs, which resulted in a shift in the value equation. Further, the perceived benefit of the product (size, functionality and image) was reduced as consumers questioned whether the benefits were important in a world with limited natural resources. As a result, the value of the SUVs dropped markedly.

Traditionally, an adjustment in costs—through incentive programs—would be used to manage the value. However, the combined effects of the higher operating costs and lower perceived benefits could not be overcome through incentive packages in the current economy. Add the complexity of the financial losses in retirement accounts and the restriction of available financing in the marketplace (or unwillingness to finance based on reduced financial worth) and the challenge to sell an SUV is immense.



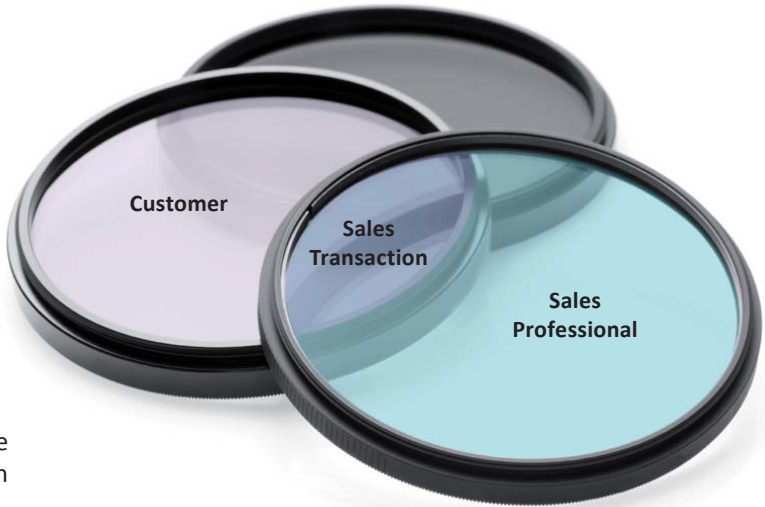
Some will argue that the SUV market hit the “perfect storm” and that most product value has not been damaged as badly as the SUV market. This may be true, but the overall impact of the last year has been that the mind set of the customer has shifted, placing even greater focus on cost, features and reliability. Considering that most consumers have delayed a major product purchase in the past 12 months, we can be certain that they will be cautious as they re-engage the marketplace.

Transforming Sales in the New Economy

Since value is dependent upon the buyer’s perception of product benefits, it follows that a competitive advantage can be gained by better influencing a customer’s product perception. The following model illustrates how this transformation can be accomplished through a strategic approach to the sales.

Support the sales Transaction
through field trainers/coaches, product demos, and sales tools

Drive the Customer Sale
by increasing customer brand loyalty with pre-sale product information and after-sales product support and communication campaigns



Prepare Sales Professionals
for the sales transaction by developing brand loyalty, product knowledge, sales skills and sales operations skills

Figure 7. GP Custom Sales Solution Model

As the model indicates, the objective is to influence the customer’s view of the brand or product with highly engaged, knowledge able sales professionals during the sales transaction. This interaction is further supported through customer engagement beyond the transaction. The over arching strategy is to create brand and product advocates (sales professionals and customers), resulting in increased sales and long-term customer loyalty.



The data shared earlier in this paper indicated that buyers felt they were not heavily influenced by the sales professional. This raises the question of why. Interestingly, as the participants described their last purchase, most felt that while sales professionals were knowledgeable about product, they were either not able to describe the advantage of the product over competitors, or their attitude suggested they cared more about the sale than the customers' needs.

When you consider the knowledge of the salesperson during your last product purchase, what traits did they exhibit?

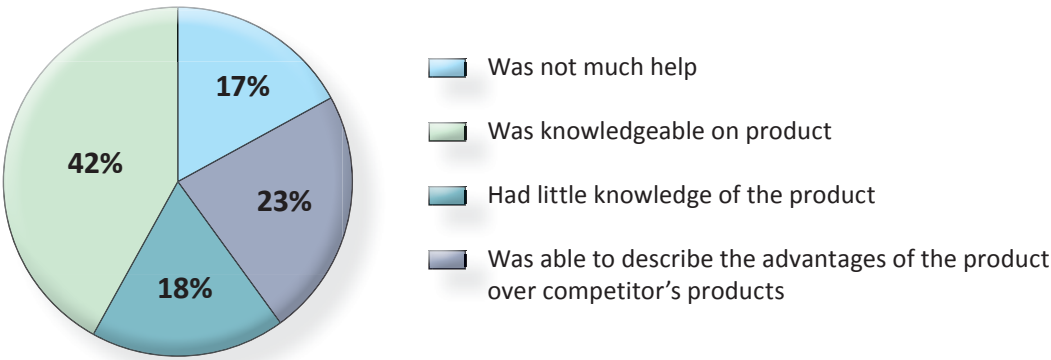


Figure 8. Sales Professional's Knowledge — Exhibited

It's apparent there are many reasons that customers felt the sales professional did not influence their purchase. At the same time, customers overwhelmingly wanted an experienced, knowledgeable salesperson to be part of the process. This creates an opportunity. It is time to redefine the role of the sales professional in this new economy. A well-trained, knowledgeable sales professional is a competitive advantage... if he or she is able to influence the customer during the sales process.



Prepare your sales professionals

It's easy to focus on developing sales methodology, providing sales skills training and setting sales performance standards—all good things to include—when developing your sales program. But, if your sales team doesn't believe in your product the way you do—the way you want your customers to—they won't sell the product at the level you need them to.



Prepare Sales Professionals for the sales transaction by developing brand loyalty, product knowledge, sales skills and sales operations skills

Figure 9. Prepare Sales Professionals

We recommend that to improve sales, you begin by changing how your sales professionals think about your product. Do they understand its value? Are they passionate about its capabilities—and even more importantly—what it can do for your customers? Do they know why your brand matters - why the customer should purchase your product over the competition? And finally, do they know your customers? Can they speak their language? Are they able to talk to your customers' needs and dreams? In short, we encourage you to focus first on turning your sales professionals into brand and product advocates, and then help them learn the best techniques for communicating that product knowledge and passion to your customers.



Design brand and product advocacy training

Your business drivers will determine the amount of time and budget you should place on each aspect of advocacy listed below.

To raise...	And see this behaviour demonstrated by your sales professionals...	Develop a sales program that...
Product/Brand Awareness	Awareness of your products or services at the start of and during the sales transaction	Provides frequent exposure to high-level brand and product messaging Delivered by: exposure to ad campaigns and promotions, endcaps, web copy, training courses and learning events that include consistent brand and product messaging, etc.
Brand Loyalty (especially important for an indirect sales channel who sells competing brands)	Strongly stated preference towards your products and services during the sales transaction	Builds a relationship with your sales force Delivered by: relevant and useful courseware, fun events, reward programs, multimedia presentations, informative information, sales professional forums, etc.
Product Knowledge	Support their preference for the brand/product with specifics: product messaging, specifications, features and benefits	Teaches product knowledge Delivered by: product demonstrations, hands-on labs, features and benefits aligned to customer needs and lifestyles, technology deep dives, access to product managers, etc.
Applied Sales Skills	Knows how to sell that particular product through each step of the sales process: identifying customers, demonstrating the product, recommending the product, etc.	Trains and practices on each step of the sales process Delivered by: online sales simulations, facilitator-led role playing, courses and job aids that tie product knowledge into the sales process, etc.

Figure 10. Design brand and product advocacy training



Engage the customer

A brand-passionate and well-trained sales professional can only take the sales transaction so far. On the other side of the transaction, you need an engaged customer. For some time now, customers have been conducting their own research during the purchasing process and now, more than ever, are looking for value over brand name. So, how do you get them to buy your product? Not necessarily through more advertising. You give them more value for their cost. You take care of them. And, you talk directly and personally to them.

Drive the

Customer Sale

By increasing customer brand loyalty with pre-sale product information and after-sales product support and communication campaigns

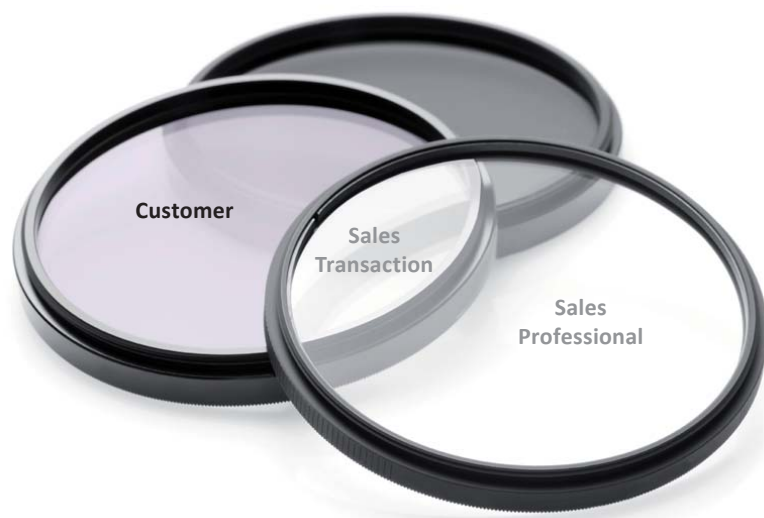


Figure 11. Drive the Customer Sale



Here are three questions to ask about your sales program. If you can't respond with a resounding yes to all three, then we recommend you modify your outreach to your customers.

Do you...	If not, develop a sales program that...
Make the decision easy for your customers?	Allows customers to fully vet the product before making a purchase Delivered by: online product demonstrations (available pre-sale), consumer-focused blogs, forums, etc.
Support your customers after their purchase?	Ensures your customers are able to take full advantage of their purchase Delivered by: user guides, online troubleshooting tips and FAQs, welcome kits that include tools and extras, etc.
Have a rapport with your customers that leads them back to you for subsequent purchases?	Builds customer loyalty Delivered by: personalized publications - print and electronic, consumer loyalty programs, engaging product packaging, etc.

Figure 12. Three questions to ask yourself



Support the sales transaction

In this new sales economy, product knowledge and excitement, and loyalty for your brand aren't enough to make the sale—and avoid the dreaded return. You must help your customers purchase the products that best meet their needs, and ensure they walk away with all the tools, supplies and accoutrements required to use and fully enjoy your product.

Support the Sales Transaction through field trainers/coaches, product demos, and sales tools

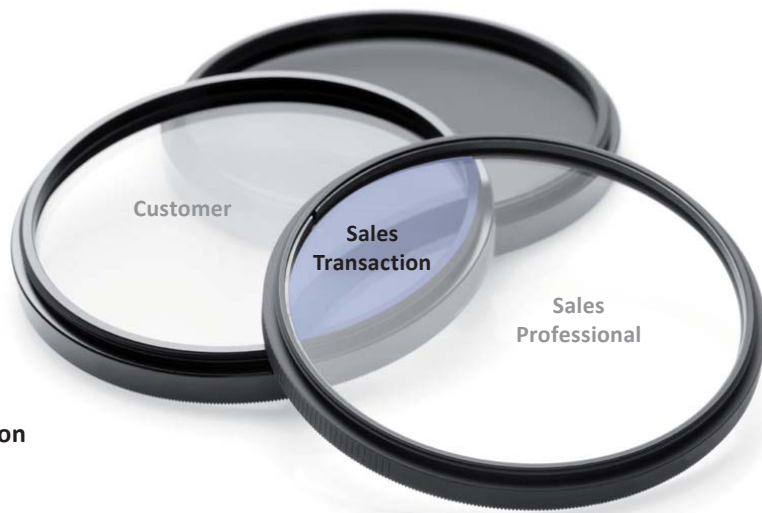


Figure 13. Support the Sales Transaction



Summary

The economic challenges of 2009 have forced many companies to focus on the “here and now.” Certainly, companies are appropriately dealing with sales in a very challenging economic environment. However, it’s important to keep an eye on the future and consider how the market will look months, even years, ahead. Adapting the sales process to include better preparation of the sales professional, supported by tactics that drive customer advocacy, will become key differentiators for the new economy. Companies that pursue this strategy now may find it is possible to capture market share in the short term that can be retained for years to come.

About the Authors

Dan Miller is Senior Vice President of Custom Sales Solutions at GP, and Yvonne Sletmoe Wilson is Director of Custom Sales Solutions, also at GP. Together, they offer a global perspective on sales training, implementing successful programs in retail, non-profit, automotive, aerospace, pharmaceutical, high-tech and energy organizations, to name a few. They lead GP’s award-winning sales training team—a team Training Industry, Inc. recognizes as a Top Company in the development and delivery of Sales Methodology, Sales Skills and Product Training.