



Creating conditions for future sales -vs- selling a product

Can you answer these three questions?

1. It is often said that selling to a new customer is 7 times costlier than selling to an existing customer. Why is it so?
2. Can you tell the difference between selling to a new customer and selling a new product?
3. Is it essential to have an “impressive” personality for selling to a new customer? What is your definition of the impressive personality?

Can you solve the following three problems?

1. Ivan is a sales engineer with company selling machine tools. His background is that of being an application engineer and hence he is very strong on the technical knowledge. The sales manager found that Ivan is very good at recovering customers who bought recently but are unhappy with their first purchase; rather than making an inroad to a new customer. Can you imagine what may happen?



2. The cofounder and Sales Director of a new and growing software product company is emphasizing importance of “pumping the pipeline” during meeting of his team of 6 senior salespeople. Each of these 6 seniors has 2 or 3 sales officers reporting to him/her.

The Sales Director made a point that practically speaking he is the only one who is able to add new customers to the company’s customer base, while he expects each of the 6 seniors to add at least one customer every month and also show the juniors how to do it. One of them said that Sales Director’s sound product knowledge is what helps him win and others would take some time to reach his level of the product knowledge.

The Sales Director exclaimed that he does not even talk of the product in first meeting with new customers! He said that doing so would amount to selling the sausage and not the sizzle. What did he mean?

3. George Menezes selling diesel engines is reviewing his visits to the six factories in a downtown industrial area. At four of them George never had a chance to start his sales talk – the buyers opened the conversation by saying bluntly that they were not interested. George dropped them immediately and concentrated on the people of two other factories, both of whom let him explain his entire proposition and demonstrate his equipment. They have asked for the offers and George feels at least one of them could result into an order.

George’s sales manager is pleased about the two encouraging calls but expresses the regret that George gave up so easily on other four prospects. Is he right? Would you have done the same?

New versus existing customer

Contrast your experiences of selling to a new customer as against selling to an existing loyal customer. The term new customer here means three possible situations:-

1. A customer (company) that never bought from you; or
2. A customer who used to buy and has stopped buying for long now; or
3. A customer who buys but too little in comparison with the potential.

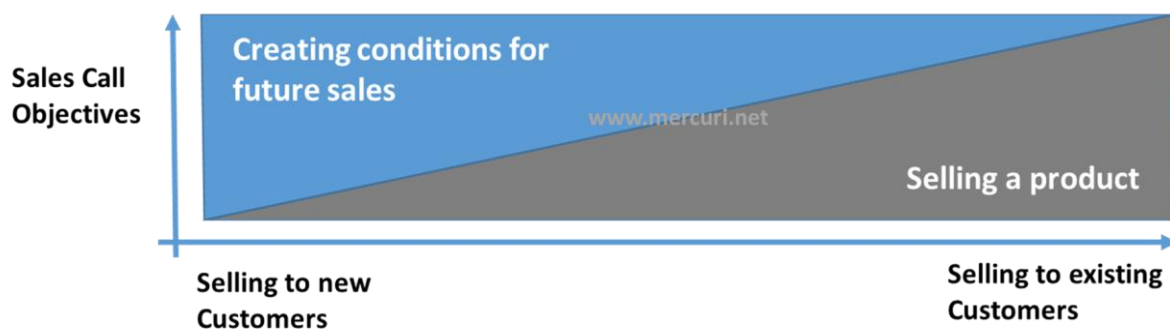
Everyone knows that selling to a new customer requires much more effort than selling to existing customer. Many sales experts have monetized this difference and the commonly agreed figure is that it costs 7 times more to make a new customer to buy than to sell to an existing customer the same volume.

Why is there a difference?

With a new customer there is usually no built-up confidence and positive attitudes that the salesman can use in the selling situation. He/she has to work carefully and consciously build it. At this time what is of utmost importance is to differentiate between creating conditions for future sales and selling a product per se.

Not seeing this difference is the root-cause of many a failures to win over a new customer.

While the salesperson is working to consciously build confidence and positive attitude in a new customer he/she must refrain from coming too quickly to the sales argumentation for the product on offer. This can be illustrated as follows:



For a typical salesperson left side may require one or two visits in case of a new customer.

General guidelines to create winning conditions for future sales

- **First visit plan must fit the total strategy.** You must study the likely profile of the new customer being visited and think of the total strategy of how you would win this customer. Adapt your first sales visit to the total strategy with this customer.
- Aim to reach the **highest possible contact level** at the customer to open up maximum opportunities.
- Do not to push the customer too hard in first one or two visits and thus spoil future contacts.
- Do not use time with the customer on gathering information that you could get beforehand. It is even more important to prepare well for your sales talk in first visit.
- Aim to end the first visit with **concrete acceptance** about what should be done after the sales talk.

Six objectives in the first 20 minutes

In the first 15-20 minutes of the sales talk with a new customer there are no specific discussions around needs or products. Instead, this time must be used by the salesman to create a good contact climate, build the customer's confidence in the company and in himself, sell the need of the company's products and make the customer interested in more detailed discussions. These conditions are usually present from the start in a sales talk with an existing customer.

1. To have a good contact climate
2. To create confidence in the company
3. To create confidence in yourself
4. To increase how the customer sees the importance of our area
5. To get information about the customer
6. To make the customer interested in a concrete area

Your sales communication profile – a self-assessment

You may find the following checklist useful to be able to improve on specific things in the pursuit of above 6 objectives. Place a double tick, or single tick or a question mark in right side boxes.

1. Creating good contact climate:

What to ensure so as to get acceptance of customer for mutually constructive business discussion

A. Getting acceptance as a person	
Dressing and manners suited to each situation	
Not allowing your age, sex or appearance to come in the way	
Being open to others	
Being aware of own characteristics and how others may react to these	
Personal hygiene (Neat and clean)	
Ability to analyse others' personality to adapt to it	
Being perceived as reliable	

B. Getting acceptance as a business associate	
Demonstrate that you are knowledgeable about what matters to the customer (e.g. customer industry, e.g. customer's exact problem)	
Customer should feel that you want to help	
Customer should feel that you can help	
Good balance of confidence and humility	
Good balance between agreeable personae and sincerity	
Previous impression on customer	

2. Giving Information:

Ability to bring customer up to speed at your own knowledge level about your products, your view of customer's industry or some technicalities, or some other expert area

Technical vocabulary without jargon	
An ability to form message in line with customer's ability	
Adjusting to customer's timeline in terms of when and how long	
Having and using concrete examples	
Having and using visual aids	
Presentation Skills	
Being an authority on concerned topic	
Ability to influence how customer views a situation	
Demonstrating involvement with enthusiasm	
Being open and thus creating positive climate	

3. Getting feedback:

Absorbing facts, feelings and attitudes of customer

Customer should believe that you are really receiving what he tells	
Asking about facts that are relevant for his business situation	
Mastery of questioning technique	
Ability to interpret signals - Body language, voice and tone	
Active listening	
Depth of probing	
Making customer feel that information collected will be of benefit to customer and sales person	
Assessing customer's understanding	
Confirming own understanding for customer	

4. Steering towards decision:

Building the sales talk in logical steps. (e.g. getting acceptance of need before sales argument)

Helping customer to be clear and in agreement about aim of meeting	
Ability to set objectives for this meeting and future meetings	
Seeking part acceptances and part decisions	
Strong initiative (Attitude)	
Strong initiative (Skill) - use of own knowledge to influence the way sales talk goes.	
Adapting and sustaining pressure to suit customers personality	
Summarizing from time to time	
Ability to ask for decision/ order	

Conclusion

On the whole at the end of first phase of sales talk with a new Customer,

~ Customer should be interested to discuss further; and

~ Salesperson should know enough about customer, so that he/ she can direct discussions with certainty towards specific need areas/ product items.

Can you now go back to the situations and questions we raised in the beginning of this document? Would your answers be different?

Key words / Tags:

<i>Acquiring new Customers</i>	<i>Sales effectiveness</i>
<i>Creating conditions for future sales</i>	<i>Acquisition</i>
<i>Sales Performance Improvement</i>	<i>Mercuri Insights</i>
<i>Mercuri International</i>	<i>Sales Training</i>

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We conduct a wide range of workshops for Frontline, Middle and Senior Management in the areas of Sales and Customer Service, across all businesses. We partner with our Customers to enhance their competitive strength through People and Process Development with the aim of taking sales to a higher level.

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