

Quick Start Marketing and Selling Concepts



Terry Kelman



Quick Start Marketing and Selling Concepts

Introduction

To Small Business Owners and Operators. Unless you have run a business or know someone who has, you have no idea how hard it is. At the end of the day all of the responsibility is on your shoulders, but the autonomy and freedom you have fires up your imagination to solve problems and improve the business. Work hard and smart or take it a little easier, the results of your effort show up in your wallet. That's what elevates you about the rest of us and keeps the economy and culture of the USA going and adapting in an ever changing world. What I am going to do is remind you that the single most important thing in your business is your **Customer**. From that three questions follow. 1) What is value of my business for my customer? 2) How can I increase that value? How do I stay up-to-date on the answers to 1 and 2?

To Founders of Startups. Don't ever stop believing your "baby" is beautiful, deserves to be loved and will make people happy. That passion and the drive to create a business to take your product to market elevates you above the rest of us and is the bedrock of the economy and culture of the USA. What I am going to do in this document is show you how to love someone else on whom the fulfillment of your dreams and hopes depend: the **Customer**. First a reality check on an old idea about invention and innovation.

Build A Better Mouse Trap

There is an old saying, "Build a better mousetrap and the world will beat a path to your door." The idea is that if you create something that is useful like ridding your home of pestilent rodents customers will urgently seek it out and buy it.

Unfortunately, that is completely wrong and never happens. To explain why not, let me use a little more concrete metaphor. Potential customers are in their cars on a freeway zooming to someplace they want to

go. Why would they get off the freeway and drive to your store to buy a mousetrap? Here are reasons why they wouldn't.

1. They don't know your store is there.
2. They don't know what you sell.
3. They don't know what a mousetrap is.
4. They don't know what a mouse is.
5. They don't know why mice are bad.
6. They don't believe in killing any kind of animal.
7. They don't know, don't care or are simply unaware if they have mice in the house
9. They reside in a rental. If there is a problem, it is the landlord's problem.
10. They are in a hurry to get to their destination. The mouse problem can wait.

No customers, no sales, no profit, no business, no fulfilled dreams! What was wrong with the idea?

It focused on the product and took the customer for granted. The Ford Edsel, New Coke. Pick the collapse of an iconic brand or product and you will find this was what led them to disaster. So what should you do?

The answer is two things that almost all businesses (as opposed to hobbies, monopolies and professions) need to do: **Marketing** and **Sales**.

Definitions:

Marketing: Everything needed to find, make and keep customers over and over again.

Sales: Everything needed to get orders from customers.

Software engineers focus on code and love their programming language. People in finance track numbers and love their spreadsheets. Plant managers love their equipment and workers. Chefs love their menus. Marketing and Sales focus on customers and the best love helping customers improve their lives and businesses. How?

Marketing and Sales

This document will give you a high level introduction to concepts of Marketing and Selling which guide the operations of successful companies, large and small. Though I will describe companies that create products, almost all of the concepts apply to companies that provide services as well. Companies are successful when they grow sales year-over-year. Sales grow when they sell more of what they have to existing customers, sell new things to their current customers or make more new customers. Successful companies believe that the customer is more important than they are. They are right because the customer is the only person with cash, check or credit card who can buy their product.

Customer: Consumer vs Business

What motivates the consumer customer to buy is very different from why the business customer buys. You have to approach each in very specific and different ways. In this guide we will look at marketing and sales for the consumer customer first and then the business customer. But before we do that, at an abstract level there are business concepts that apply to both. If you find this too abstract, skip it and go to sections on Customer Value for Consumer or Business.

Marketing and Selling General Concepts

A. Value Proposition

1. Why will the customer buy a product like the one I am bringing to market?
2. What does my product change in the customer's life or business?
3. How do those changes improve things for the customer?
4. What is the value of those improvements to the customer?
 - 4.a. Can you model the value in dollars or describe them in non-monetary terms?

B. Market Segmentation

Then they look at the types of customers, among all the potential customers, in their market and ask these questions:

1. Which can give me the largest sales? The most profitable sales?
2. By type, what marketing and sales resources (people, money, time) will be needed?
3. By type, how will I fare against competitors?

C. Target Accounts

The answers allow them to define the best customers to pursue. The most successful companies compile contact information of likely decision makers in companies on lists of target accounts, locally, regionally, nationally and globally.

D. Marketing

Looking at the answers to A, B, C...

1. They then ask, How do we...
 - a. Get their attention
 - b. Tell them what we have
 - c. Show how they can use it
 - d. Explain how it will improve things
 - e. Quantify that value
 - f. Prove it will work
 - g. Ask for the order

Marketing answers the questions within the context of the way it will get information to customers: media: digital, internet, electronic, print, video, radio, and ecommerce websites.

2. How? Get information
 - a. Do the work yourself or with your own employees
 - b. Market research companies
 - c. Customer information, industry information companies
 - d. Advertising agencies
 - e. Lists of companies in industries
 - f. Internet search
3. How? Use the information
 - a. Traditional advertising
 - b. Digital marketing (see "What Does A Digital Marketer Do?" by Eric Schwartzman)
 - c. Do the work yourself or with your own employees
 - d. Agencies

E. Sales

Answers the same questions but in the context of how they take information to the customer: Person to person, in person or via email, phone or video conference.

1. How? To get started you can sell in a number of simple of ways.
 - a. Put it at the curb with a "For Sale" sign on it.
 - b. Put an ad in the local newspaper or Craig's List
 - c. Rent a booth at a trade show or county fair, put a kiosk in a mall, or a pop up in an empty store
 - d. Take it to a dealer or retailer and see if he likes it enough to buy a sample.

2. As the business grows you have to consider which (or all) of the ways do you want to sell? (Channels)
 - a. Bricks and mortar retail:
 - You have a store
 - Boutique (not chains) stores
 - Chain stores
 - Wholesalers
 - Trade shows, industry magazines
 - Agents, resellers, VARs

3. Direct to business or consumer sales force
 - a. In person
 - b. Telephone or call center
 - c. Email
 - d. Hard copy mail

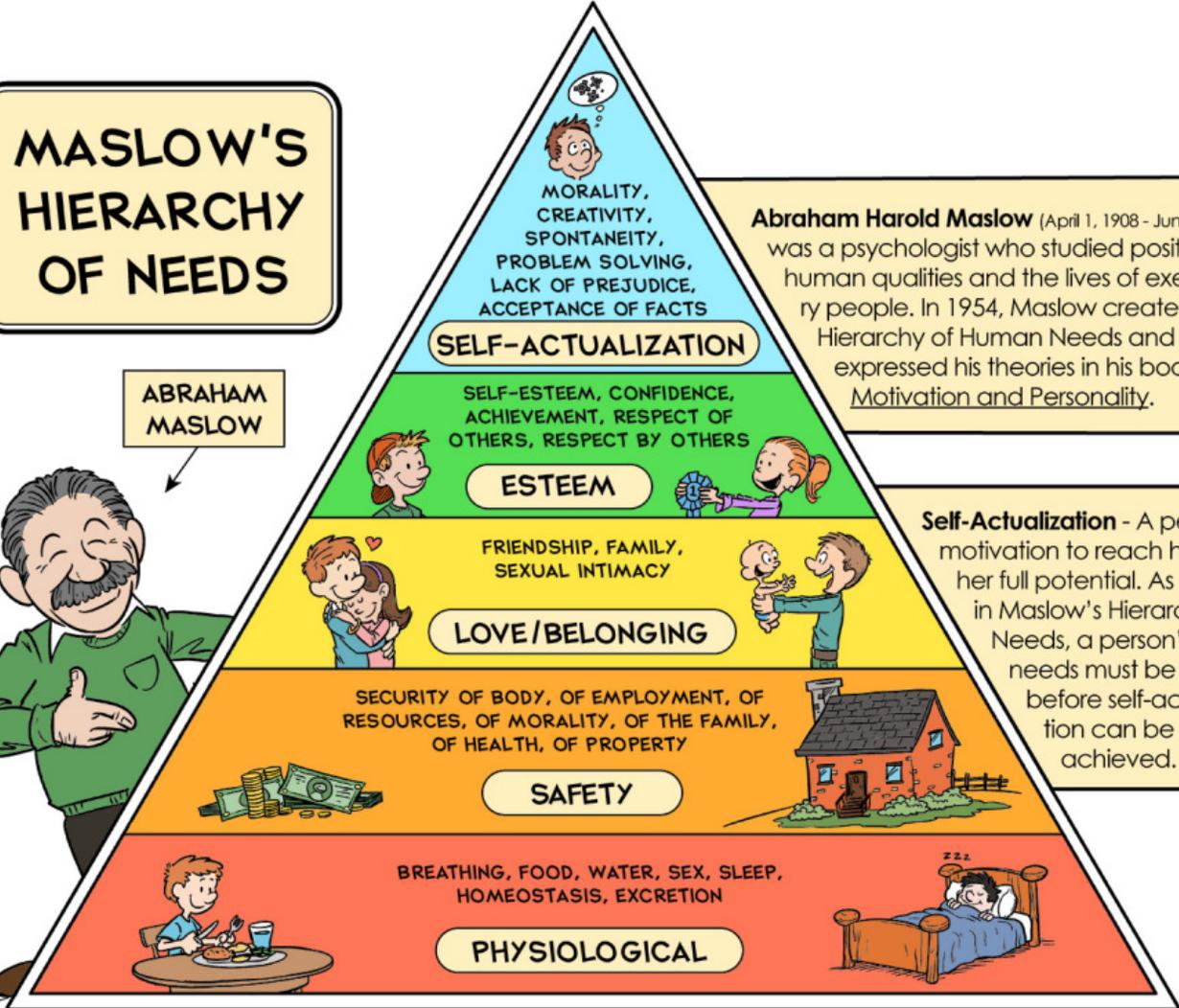
3. Ecommerce:
 - Your own store (may ways to do this)
 - Specialty stores in the industry in which your product fits
 - Internet selling only (etrailer)
 - Multi-channel: on-line and bricks and mortar (Walmart)
 - Amazon or other multi-category ecommerce sites

Customer Value: Consumer

Why do customers buy? What motivates a purchase? Take a look at the following chart. Psychologist Abraham Maslow came up with a useful model (not hard science). He said, if you think about what people need you begin with very basic things all animals need: food, water, sleep, sex and so on. But with humans there are more needs that come out of the human heart and mind, that are not concrete like food or water. They are abstract, but satisfying them is just as powerful when it comes to motivating behavior. Safety, love, self esteem, morality and so on. In fact the higher levels can override the lower level, they are so powerful. And higher level needs can influence how we satisfy lower level needs. What will satisfy a need, concrete or abstract, is valuable. How valuable depends on how important the need is to the person at a given time, in particular circumstances.

MASLOW'S HIERARCHY OF NEEDS

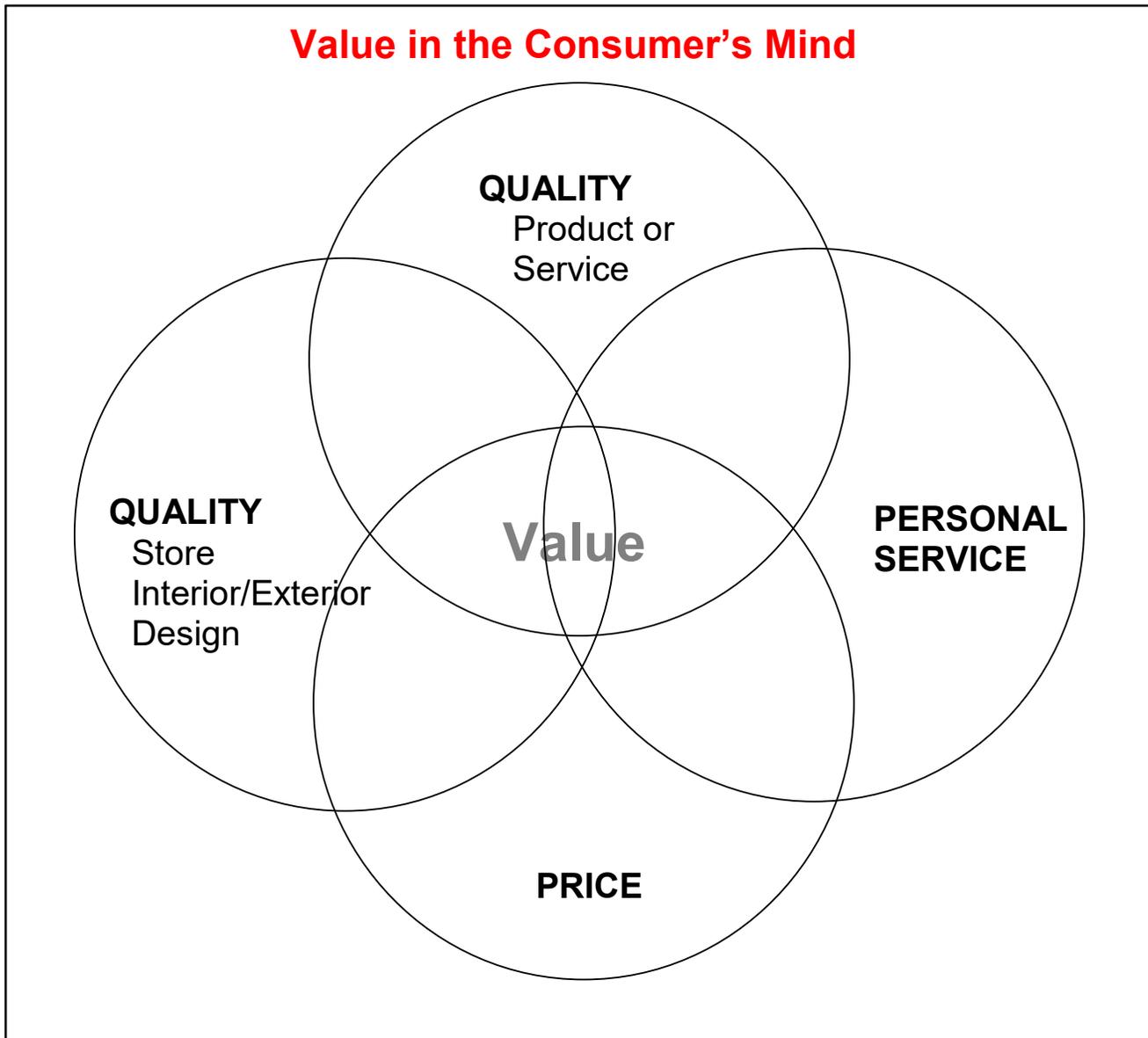
ABRAHAM MASLOW



Abraham Harold Maslow (April 1, 1908 - June 8, 1970) was a psychologist who studied positive human qualities and the lives of exemplary people. In 1954, Maslow created the Hierarchy of Human Needs and expressed his theories in his book, *Motivation and Personality*.

Self-Actualization - A person's motivation to reach his or her full potential. As shown in Maslow's Hierarchy of Needs, a person's basic needs must be met before self-actualization can be achieved.

Now take a look at the next chart, Value in the Consumer's Mind.



In the retail experience, the consumer considers and evaluates 4 things. She is conscious of the first two:

1. Product or service quality
2. Price

He is influenced, unconsciously (unless there is something negative that intrudes into his awareness) by the second two.

3. Store quality
4. Personal service

These 4 things are in conflict. Let's say you were buying a car. You love the comfort and ride of a Lexus, but you have a budget for a Chevrolet. Or you know the owner of your favorite breakfast diner. She makes sure your coffee cup stays full (personal service). The booths and tables aren't new, but they make you feel

comfortable (store quality). She hasn't raised her prices in 2 years (price). But all the food is fried in butter and will probably reduce your life expectancy by 5 years (product quality).

So how does the consumer make a decision? She juggles them in her mind, consciously or unconsciously until she reaches a point of equilibrium. That is where she arrives at the Value that motivates the purchase. Perhaps he buys a high end Ford or orders scrambled eggs with egg whites. Ford, Chevy and Lexus all satisfy transportation needs. Scrambled eggs and fried eggs both satisfy hunger. What informs the decision on how the need will be fulfilled?

All the higher level things in Maslow's chart that are in your mind. We call that your **Personality** or **Identity**. Marketers call it your **Profile**. All of the data gathering on the internet you hear about is so marketers can create a statistical profile of you, so they can show you things you will want to buy when you go to their website. Tens of billions of dollars are spent on data collection, analytics and creating customer profiles. *The data gathering never stops because you and your environment are not static. Change, big or small, is constant.*

What does this mean for the business owner, the retailer in this case?

1. What is the identity or profile of the customer you want? Your target customer. What is your identity or profile? Are those two things in alignment?
2. Where are you on the customer value chart? What does the customer have to weigh in the 4 categories? What factors from Maslow's chart will come into play to see that you have the value?
3. If a Target customer looks at you, will he see that value without having to think?
4. Will the actual customer experience deliver what you seem to promise?
5. How can you over-perform to get from "expected" to "wow"...
6. ...at least in comparison with competitors?
7. Over time, how will you know that you continue to deliver value?
8. How will you know when to change one or more of the 4 factors?
9. How will a new target customer learn that you exist?
10. How will you get them to come in?
11. How will you stay in touch so your customers don't forget you, without being bothersome?
12. How can you grow your business (revenue or profit): 4 factors? Maslow's chart?

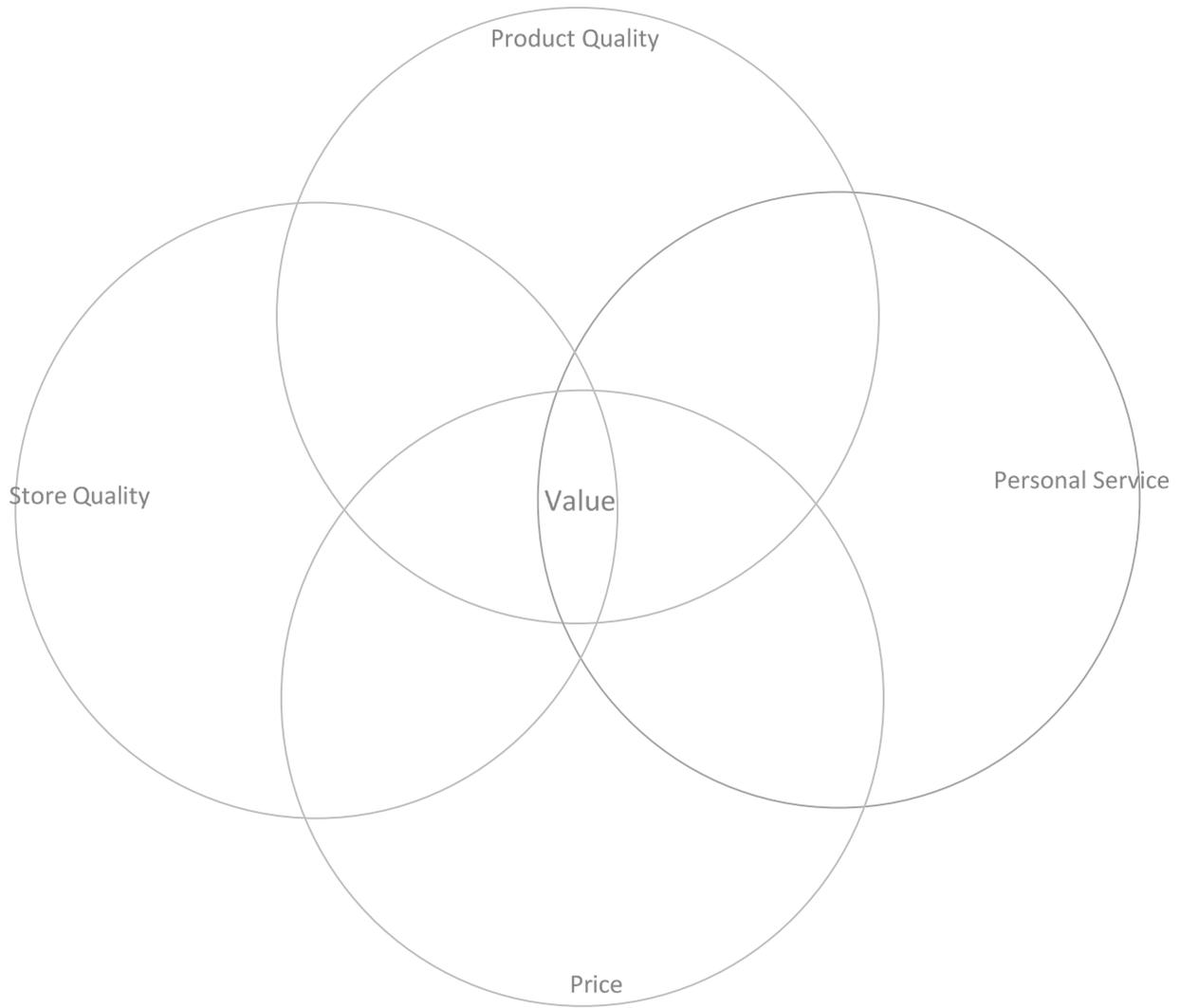
How?

1. Beyond the marketing stuff above, you should literally talk to your customers about the 4 factors and things that will elicit Maslow needs from them in the conversation.
2. Keep an eye on competitors or businesses that are models of what you aspire to do.
3. When you are thinking about innovation,
 - a. Ask customer what they would think about it.
 - b. If the customer gave you the idea, confirm your understanding.
 - c. Test or pilot, don't bet the store on the change unless there is no risk and the benefit is obvious to all. D.
 - d. Based on the test or pilot, refine the change, then execute.
 - e. Down the road, confirm the change delivered the benefit you wanted.

Following are two templates you can print out to apply what you have learned above.

- "Describe your value". Helps you figure out your value to your customer
- "Competition and Innovation" helps you compare your business to a competitor or model to see what you can learn.

TEMPLATE: Describe Your Value. Type of Business _____



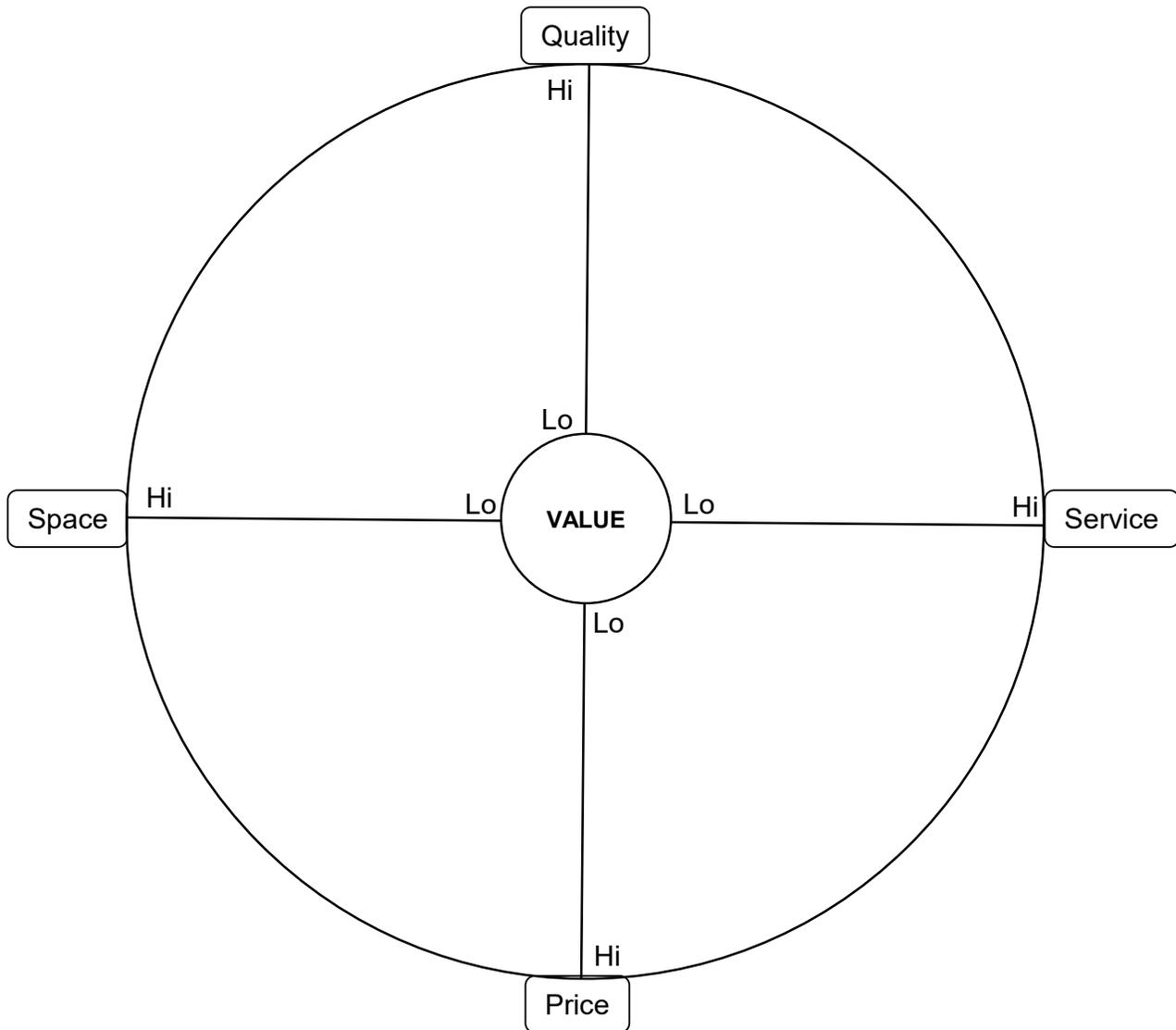
What is your value for a customer? Why will the customer buy?

Emerging Issues, Challenges, Opportunities, Innovations

TEMPLATE Competition or Innovation

You —

Model or
Competitor —



Instructions

- 1) Put a **red** dot on each axis (Store, Price, Quality, Service) for **your business**. Hi is at the outer circle. Lo at the inner circle. You will be somewhere on the axis between them.
- 2) Connect the dots.
- 3) Repeat with **green dots** for a **competitor or model**
- 4) What do you notice when you compare the two shapes?

Customer Value: Business

Why does the business customer buy? Very little about selling to consumers applies to selling to businesses. Here is why.

Consumers make purchases, businesses make.....investments.

A consumer can buy for many reasons which don't add up to much more than, "I want it." In business, goods and services are purchased with two very specific purposes. First to provide resources to operate the business: raw material, printing paper, coffee for the lunch room and so on. Second, to improve the operation of the business. Decision Makers who can cause Procurement to make the purchases have a fiduciary responsibility to benefit the company. Their operational responsibilities will usually include contribution directly or indirectly to growth in revenue or decrease in costs so the bottom line (net profit = earnings) increases. Makes sense, right?

Unfortunately, a high percentage of selling is disconnected from this principle. Examples:

1. The sales person "sells" to whomever will talk to him inside the customer's company. They do not know what a Decision Maker is, nor how to reach her. Definition of Decision Maker: A person who...
 - a. Can give you the order and does not have to ask anyone else for permission.
 - b. Can get the money to pay for it and does not have to ask anyone else for permission.
 - c. Eagerly puts you in contact with his evaluation group so you can prove your value to them so they can endorse it to him.

2. The sales person thinks the prestige of his company, wonderfulness of his product and winsomeness of his personality will move the customer to consider buying his product. His initial statements will all be about his company and the impressive customers they have. Then it will move to the list of features and functions of his product. It never occurs to him to wonder if the customer cares or how those things look to the customer.

3. Some sales people will go a step further and talk about problems his product can solve or needs which can be filled by his product. He may not actually know or take the time to find out if these apply to the customer.

4. A sales person may have a product that could be very valuable to a customer, but the customer is ignorant about the problems it can solve, might not know that the problems have solutions, might not know what causes the problems or how the product would work to provide a solution. Perhaps he does not think the problems can be solved or are important enough to try to change. And he has no concept of the benefit the company would derive from changes to operations. If this is the case a sales process will never get started.

5. The majority of sales people believe that customers expect or deserve discounts so at the completion of negotiations over final terms, conditions and price, the customer will pay something less than the price in the proposal.
 - a. The competition has more features, so a lower or low enough price will block the competitor.
 - b. Sales people believe they are experts in business negotiations.

All of these behaviors result in loss of the deal, delay in the sale, missed forecasts, deeper discounting than necessary and frustrated customers. They all stem from not understanding the business operations of the customer, how his product can change them, how the customer's business will be improved by those changes

and how the improvements will show up on the income statement of the customer in improved top line = Revenue and/or decreased Costs, either of which will drop to the bottom line to increase Net Profit = Earnings. Nor do they understand the personal motivation or personal value to the Decision Maker in making that happen. Nor do they understand the personal motivation or personal value to the Decision Maker's organization. Not only do they not understand these things, but if they did, they would still be ill prepared to have a conversation with a Decision Maker about them.

None of the problems above are necessary. All can be corrected. But how is beyond the scope of this document. But for a peek at better ways sales people can behave, see the following 2 charts.

a. The first chart, titled "The Software Was Free...It Only Cost \$2 Million", illustrates defining Value in terms of the income statement and illustrates how it looks to the customer. The difference between how a sales person thinks of the cost of his product versus how the customer views it in light of improvement to his business is as huge disconnect in most sales forces.

b. The second chart, "3 Selling Models", provides a more details about bad and good selling methods.

The Economic Impact of Web Performance on Apple iTunes

Annual Sales 2013	\$16,051,000,000
Minutes per Year	525,600
Sales per Minute	\$30,538

Incremental Change %	Incremental Dollars per	
	Minute	Year
0.10%	\$30.54	\$16,051,000
1%	\$305.38	\$160,510,000
10%	\$3,053.84	\$1,605,100,000

(1) How much downtime would have to be prevented to justify a \$2,000,000 sale?	\$2,000,000 / \$30,538	65 minutes
(2) As a percentage of a year?		0.01%

Considering the value of the risk mitigation, the software was free.
 Meaning: compared to the dollars at risk, the cost of the software was insignificant.

The Software Was Free...It Only Cost \$2 Million

3 Selling Models

Feature/Function Sell = Used Car Sales Person	Consultant- Like Seller	
	Solution Sell	Value Sell
<p>Meets a need</p> <p>1) Only has one thing to sell 2) Customer has to buy it or he will starve 3) Sweet talk (verbally manipulate) the customer into a behavior, signing a contract</p> <p>Example: Man and woman walk onto a new automobile lot. Salesman asks, "How can I help you today?" Man says "We are looking for a mini-van."</p> <p>You are the sales person. How are you going to sell the car?</p> <ul style="list-style-type: none"> - Woman makes the decision so you sell to her - What is valuable to her? Appearance = color, interior, lots of shiny chrome, comfort of the seats, sound quality of the radio. - Sales person makes her pitch. - Then the woman says, "I own a bakery. I need a delivery van." <p>What should the sales person have done before pitching?</p> <ul style="list-style-type: none"> - Done discovery to determine need before recommending a solution <p>Software equivalent: Regurgitate everything Marketing tells you or is on a product sheet.</p> <p>Competition and Negotiation</p> <p>Problem of Feature/Function sell = grid and \$\$\$</p>	<p>Solves a problem. Improves operations. Builds something new</p> <p>1) What does Solution Sell look like? Discovery Problem What would solve it? How our product works and would solve it</p> <p>Prove it Case study Testimonial Reference call Users try it out Sandbox Proof of Concept</p> <p>Ask for the order</p> <p>2) Missing pieces Improve an existing operation Build something new</p> <p>Competition What typically happens if you are the first person through the door? No competition.</p> <p>What happens if you are second person through the door? (1) Stuck with FF grid and price (2) Get customer wildly excited about one of your FF, enough to trump competition (3) Change the conversation See 5 strategies. E.g. Switch from Product to Service</p> <p>Negotiation What is our strength in the negotiation vs price? Emotion, urgency</p>	<p>Creates a need because he creates value the customer hadn't considered before he showed up. Customer wants the value, our product is the way to get it.</p> <p>Sell Value Sell = Tell Value = Explain the improvement in terms of dollars on the Income Statement (Model in dollars)</p> <p>Implied in the beginning of the sales cycle, explicit by the Preliminary Close.</p> <p>Competition None. If shows up, can stand your ground, or bring in the big gun executive to talk about the relationship and road map</p> <p>Negotiation We are in control. What you don't know about Purchasing. Why? Because of how it looks to the Customer. Still have to "dance" but...</p>

Quick Start for Startups

Selling Questions for Marketing (advertising, information for customers)

1. Given the target customer, how do you get in front of his eyeballs, so you can tell your value story and
 - a. Make it easy for him to get it (all the stuff that is involved with a purchase) and/or
 - b. Ask for the order
2. What will be most effective (eyeballs per dollar spent) and efficient (dollars received per look)?
3. What resources (people, money time) can you invest in?
4. Trade shows and gatherings where you can show
5. Advertise and educate to refer customers to sellers or your own store on-line or bricks and mortar.
 - a. See Digital Marketing doc
 - b. Advertise in paper and e-magazines
 - c. PR Send articles and news releases to on-line and paper sites

Guiding principles for advertising, customer information and sales pitches.

KISS. Keep It Simple Stupid!

+ Don't make me think! You should be able to make it obvious to me.

= Get to the point now!

Critical next stuff so you can start selling

1. Problem/Solution. What is the need or problem for which it is a solution? Here is an example from a backpack startup.

The Founder is an outdoor enthusiast himself and has found off-the-shelf, stock backpacks have various limitations that he is hoping to overcome with his customizable solution.”

- a. What are those limitations?
 - b. How does the backpack overcome (solve) them? Max 3 sentences.
 - c. What would that look like in a 60 – 90 second video. When you answer this, most of your marketing content for advertising work is done.
2. Customer. Besides people exactly like you, for what other kind of people is this a problem? Younger. Older. Richer. Poorer. Female. Live in cities. Married. Unmarried. Kids. No kids.
- a. Forget what it costs to make it. What can your target customers afford to spend? (Price)
3. What is the generic product description?
- a) The most precise? Example: Comfortable, durable, user reconfigurable backpack for multiple outdoor camping and sports functions.
 - b) The labels most people would search for?
4. Product name. See competitors. Product specific, use specific, solution specific, emotion, memorable
5. Company name can be anything as long as it is not weird or suggests an evil, foreign manufacturer.

6. Market research.

- a. Create a single sheet with 1-5 above and a color picture of the product in use.
- b. Extra credit. Second page or video on your phone showing 1.c above
- c. Show this to friends, family, local camping equipment dealer, owner of the local sporting goods store. Listen carefully to what they say. Try and get answers to the following questions.
 - (Show the picture) What do you think this thing is used for?
 - How would you describe it? What should I call this thing? Expose the description and brand name for feedback.
 - (Explain or show how it works) Would you ever use something like that? Why? Why not?
 - Who do you think could use something like this?
 - If you could use it, how much would you pay for it? Expose the price. What do you think about this price?
 - Where would you look if you want to buy something like this?
 - ☺ How many would you like to order?

7. Revise everything as needed, based on your market research and start selling.

Plan.

Take a little time, when you are ready, to draft a simple sales plan and schedule against the calendar. Plan your work. Then work your plan.

Bibliography Books are available on Amazon

What is marketing?

“The Marketing Imagination”, published 1986, Theodore M. Levitt

How to sell to businesses

“Sales Shock!: The End of Selling Products/The Rise of Co-Managing Customers”, published 1996 Mack Hanan
Out of print, but might find it used on Amazon. Otherwise get the following one.

“Consultative Selling”, published 2011, Mack Hanan

Bricks and mortar retailing

“Why We Buy: The Science Of Shopping” published 2000, Paco Underhill

Ecommerce B2C or B2B

Amazon first, then your favorite websites

“Don’t Make Me Think, Revisited”, published 2013, Steve Krug. The best introduction to designing webpages and applications from the user’s point of view.

“What does a digital marketer do? Eric Schwartzman PDF attached. Link to website:

<https://www.eric schwartzman.com/>

Digital Commerce 360, premier market research company globally for B2C and B2B ecommerce.

<https://www.digitalcommerce360.com/> Lots of free information.