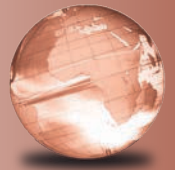


GLOBAL
EDITION



Selling Today

Partnering to Create Value

THIRTEENTH EDITION



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Salespeople at the dealer level can play an important role in positioning the automobile for competitive advantage. They can describe the quality control process that ensures the build quality of the Audi A4 or demonstrate the sports car driving characteristics of the Cadillac CTS. Adding value depends on the salesperson's ability to provide a competitive analysis using knowledge of the manufacturer, the automobile, and the dealership.



Source: Geoff Robins/Newscom



Source: David Freers/TRANSTOCK/Transtock/Corbis



Source: Wang Jianwei/ZUMAPRESS/Newscom



Source: Imaginechina/Corbis

1 Describe positioning as a product-selling strategy

Product Positioning—In a Competitive Marketplace

Long-term success in today's dynamic global economy requires the continuous positioning and repositioning of products.² **Positioning** involves those decisions and activities intended to create and maintain a certain concept of the product in the customer's mind. It requires developing a sales and marketing strategy aimed at influencing how a particular market segment perceives a product in comparison to the competition.³ In a market that has been flooded with various types of sport-utility vehicles (SUVs), Land Rover has been positioned as a dependable vehicle that can climb a steep, rock-covered hillside with ease. Every effort has been made to create the perception of safety, durability, and security. To give sales representatives increased knowledge to share with clients to effectively positioning the Land Rover against its competitors, the company has arranged plant tours and the opportunity to observe actual testing of the Land Rover vehicles under extremely demanding conditions.

Good positioning means that the product's name, reputation, and niche are well recognized and respected. However, an effective positioning strategy cannot be accomplished solely by the company. The positioning process must be continually configured and custom fitted by the salesperson to match each customer's specific wants and needs.⁴

Essentials of Product Positioning

Most salespeople use a combination of marketing and sales strategies to position their products, based on the unique needs of each of their customers. Therefore, every salesperson needs a good understanding of the fundamental practices that contribute to product positioning. The chapter begins with a brief introduction to the concept of product differentiation. This is followed by an explanation of how products have been redefined in the age of information. The remainder of the chapter is devoted to three product-selling strategies that can be used to position a product. Emphasis is placed on positioning your product with a value-added strategy. In the age of information, salespeople who cannot add value to the products they sell will diminish in number and influence.

Salesperson's Role in Product Differentiation

With so much publicly available product and competitive information, one of the basic tenets of sales and marketing is the principle of product differentiation. **Differentiation** refers to your ability to separate yourself, your product, and/or your company from that of your



SELLING IN ACTION

How Do Customers Judge Service Quality?

In the growing service industry, there is intense price competition. From a distance, one gets the impression that every buyer decision hinges on price alone. However, a closer examination of service purchases indicates that service quality is an important factor when it comes to developing a long-term relationship with customers.

How do customers judge service quality? Researchers at Texas A&M University have discovered valuable insights about customer perceptions of service quality. They surveyed hundreds of customers in a variety of service industries and discovered that five service-quality dimensions emerged:

1. *Tangibles*: Details the customers can see, such as the appearance of personnel and equipment
2. *Reliability*: The ability to perform the desired service dependably, accurately, and consistently
3. *Responsiveness*: The willingness of sales and customer service personnel to provide prompt service and help customers
4. *Assurance*: The employees' knowledge, courtesy, and ability to convey trust and confidence
5. *Empathy*: The provision of caring, individualized attention to customers

Customers judge the quality of each service transaction in terms of these five quality dimensions. Companies need to review these service-quality dimensions and make sure that each area measures up to customers' expectations. Salespeople should recognize that these dimensions have the potential to add value to the services they sell.^b

competitors. It is the key to building and maintaining a competitive advantage.⁵ The competitors in virtually all industries are moving toward differentiating themselves on the basis of quality, price, convenience, economy, or some other factor. Salespeople, who are on the front line interacting with customers, assume one of the most important roles in the product differentiation process.

Differentiating your product helps you stand out from the crowd. It often allows you to distance yourself from the competition. In many cases, the process of differentiation creates barriers that make it difficult for the buyer to choose a competing product simply on the basis of price.⁶

Custom-Fitting and Communicating the Value Proposition

A well-informed customer will usually choose the product that offers the most value. Therefore, salespeople need to position their product with a value proposition. A **value proposition** is the set of benefits and values the salesperson configures to meet and exceed their customers' specific needs. The value proposition presented by Porsche promises driving performance and excitement.⁷ Kinko's, which is now part of FedEx, is attempting to differentiate itself from Sir Speedy, AlphaGraphics, and print shops found at Office Depot, OfficeMax, and Staples. The new value proposition promises that 1,200 FedEx Kinko's locations offer a breadth of services unparalleled in the industry. These new centers leverage the traditional strengths and brand awareness of FedEx and Kinko's.⁸ Salespeople have an important responsibility to custom-fit and then attractively communicate aspects of the value proposition that meet the specific needs of the customer.

QUANTIFYING THE VALUE PROPOSITION In many situations, salespeople must quantify the value proposition. This is especially true in B2B when the customer is a business buyer. (Business buyer behavior will be discussed in Chapter 8.) The value quantification process raises customers' comprehension levels as they discover the merits of buying your product or service.⁹ Let's assume you are selling Kenworth trucks and one of your customers is Contract Freighters, Inc., based in Joplin, Missouri. This large company is planning to purchase 700 new trucks. Your Kenworth diesel trucks cost 10 percent more than rivals' trucks. Within your proposal, you will need to quantify the benefits of buying Kenworth trucks, which may include greater reliability, higher trade-in value, lower maintenance costs, and the plush interiors that will help the buyer attract better drivers.¹⁰ Understanding the Three Dimension (3-D) Product Solutions Selling Model concept discussed next enables a salesperson to position and differentiate the most valuable parts of the value proposition.

The Three-Dimension (3-D) Product Solutions Selling Model

2 Explain the 3D Product Solutions Selling Model

Ted Levitt, former editor of the *Harvard Business Review*, says that products are problem-solving tools. People buy products if they fulfill a problem-solving need. Today's better-educated and more demanding customers are seeking a *cluster of satisfactions*. **Satisfactions** arise from the product itself, from the company that makes or distributes the product, and from the salesperson who sells and services the product.¹¹ As noted in Chapter 6, many companies are attempting to transform themselves from *product selling* to *solution selling*. Figure 7.1 provides a description of **The Three-Dimensional (3-D) Product Solutions Selling Model**. The 3-D Product Solutions Selling Model illustrates the product, company, and salesperson features available to satisfy the customer's potential 3-D cluster of satisfactions. To develop and sell solutions with many competitive "look alike" products, salespeople must be familiar with the unique satisfactions that meet the needs of each customer.

To illustrate how the 3-D Product Solutions Selling Model works in a business setting, let us examine a complex buying decision. Elaine Parker, a sales representative for Elmore Industries Incorporated, sells metals for manufacturing operations. Over a period of six months, she frequently called on a prospect who had the potential to become a valued customer. During every call, the buyer's receptionist told her they were happy with their current supplier. She refused to give up and finally the buyer agreed to see her. At first, she was greeted with cool silence, so she decided to ask him some questions about his business: "How's the slow economy affecting your sales?" The buyer's answers focused on materials costs. He said his company could not raise prices or cut quality. He wanted to lower costs, but was unsure how it could be done. Parker, offering product developments the buyer wasn't familiar with, suggested he consider trying some new alloys that were less expensive than the standard metals he had been purchasing. As she described the new alloys, which exceeded the buyer's expectations, interest began to build. She offered to bring in two of her company's best product engineers to help make a full presentation to the buyer and his engineers at a follow-up meeting. The second meeting was a success. Soon after that meeting, Parker received her first order from the customer. Within a year, she had become the customer's most trusted advisor on technological developments in the industry and his exclusive supplier.¹²

Elaine used questions to engage the customer and identify his problem. She also provided satisfactory answers to questions raised by the customer:

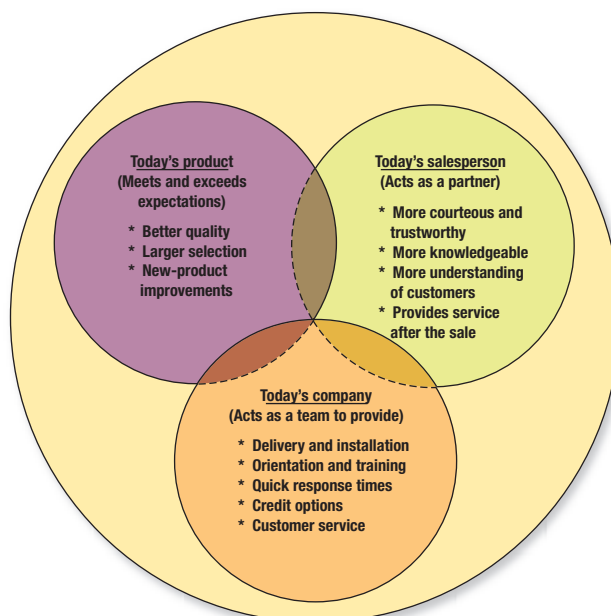


FIGURE 7.1

The Three-Dimensional (3-D) Product Solutions Selling Model

A successful product strategy should include a cluster of satisfactions that meets the needs of today's better-educated and more demanding customers. Drawing from this cluster, with the 3-D Product Solutions Selling Model the salesperson can configure value-added solutions that meet and potentially exceed individual customer's needs.

Questions Related to the Product

- What product is best for our type of operation?
- Are there new product developments we aren't aware of?
- Does the solution meet our quality standards?
- Given the cost of this product, will we maintain our competitive position in the marketplace?

Questions Related to the Company

- Does this company provide the most advanced technology?
- What is the company's reputation for quality products?
- What is the company's reputation for standing behind the products it sells?
- Is there a technical support team available?

Questions Related to the Salesperson

- Does this salesperson possess the knowledge and experience needed to recommend the right product?
- Can the salesperson clearly communicate specific buyer benefits?
- Can this salesperson serve as a trusted advisor?
- Will this salesperson provide support services after the sale?

Understanding the the 3-D Product Solutions Selling Model or cluster of product-selling satisfactions model as it is sometimes referred to enables the salesperson to custom-fit solutions that successfully position, yet differentiate their solutions in today's competitive and often complex situations. Elaine Parker used all three parts of the cluster of satisfactions product-selling model to differentiate and position her selling solution—a product that exceeded the customer's expectations, relationship skills that set her apart as a trusted partner, and technical customer-support personnel. In many of today's selling situations, the products offered by various suppliers are very similar, often referred to as “look-alike” products. In these situations, while being able to meet the product needs of the customer, the competitive advantage may be the knowledge and relationship skills of the salesperson and/or the company's support personnel. For example, salespeople in the competitive automobile-retailing marketplace face this situation. The service departments and the knowledge and relationship-building skills of the salesperson are increasingly becoming the most important parts of successfully meeting customers' needs.

Salespeople who are knowledgeable in all areas of the 3D Product Solutions Selling Model are better able to position their product solution. This knowledge also helps to achieve product differentiation, understand the competition, and prepare an effective value proposition. The competitive analysis worksheet (Table 7.1) can help you discover ways to position and differentiate your product as the superior choice over your competition.

A WORD OF CAUTION Because many of today's information age products are very complex, product differentiation must be handled with care. Salespeople are sometimes tempted to use technical lingo, real and invented, to impress the buyer. This problem often surfaces in a situation in which the salesperson is not sure how to describe the value-added features of the product. Robert Notte, technology chief for travel outfitter Backroads, says that, during the telecom boom, salespeople representing major suppliers often babbled endlessly, using industry jargon that was often unintelligible. “They wanted you to be impressed,” Mr. Notte says. Some customers were so intimidated they were afraid to ask questions or make a buying decision.¹³

3 Discuss product-positioning options

Product-Positioning Strategies to Sell New (vs. Mature), and Low-Priced (vs. Value-Added) Products

Product positioning is a concept that applies to both new and existing products. Given the dynamics of most markets, it may be necessary to reposition products several times in their lives because even solid, popular products can lose market position quickly. Salespeople have assumed an important and expanding role in differentiating products. To succeed in our

TABLE 7.1 Competitive Analysis Worksheet

A value-added product-selling strategy is enhanced when salespeople analyze product, company, and salesperson attributes of the competition in relation to the benefits they offer. This information helps the salesperson differentiate and create value within the sales process.

	MY COMPANY	COMPETITOR A	COMPETITOR B
Product Attributes			
Quality			
Durability			
Reliability			
Performance			
Packaging flexibility			
Warranty			
Brand			
Company Attributes			
Reputation			
Industry leadership			
Facilities			
Ease of doing business			
Distribution channels			
Ordering convenience			
Returns, credits, etc.			
Salesperson Attributes			
Knowledge/expertise			
Responsiveness			
Pricing authority			
Customer orientation			
Honesty/integrity			
Follow-through			
Presentation skills			

over-communicated society, marketers must use a direct and personalized form of communication with customers. Advertising directed toward a mass market often fails to position a complex product.

Throughout the remainder of this chapter, we discuss specific ways to use various product-positioning strategies to differentiate your value proposition. We explain how salespeople can (1) position new and emerging products versus well-established products, (2) position products with price strategies, and (3) position products with value-added strategies.

Selling New Products Versus Well-Established Products

In many ways, products are like human beings. They are born, grow up, mature, and grow old. In marketing, this process is known as the **product life cycle**. The product life cycle includes the