

*Know+Do* publishes monthly *think papers* for its subscribers and clients highlighting different issues that promote the philosophy of '**knowing+doing=being**'. Our approach is: if you cannot define where you want to **BE**, how can you **KNOW** your plans are correct and what you are **DOING** will help you reach your goal? This is the fourth paper of our fifth series covering 'Sales Made Easier'.

For more information on *Know+Do's* services, solutions and resources view our website [www.knowanddo.com](http://www.knowanddo.com) or contact [info@knowanddo.com](mailto:info@knowanddo.com) / (0161) 280 4567

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## Understanding Your Customers

### Think Paper No 4. Series 5: Sales Made Easier

Welcome to the fifth series of our popular *Think Papers*<sup>1</sup>. The papers have been designed to capture our company values<sup>2</sup>, including sharing and simplicity. We aim to take topical areas of knowledge and share our thoughts and experiences of these in an accessible way to encourage you to take action. We welcome your feedback about how the Think Papers have helped you or your teams.

This series – *Sales Made Easier* – is focussing upon the business of selling. A growing business will understand that being able to use an effective sales process creates clear advantages in the current marketplace and trading conditions. This series aims to make it easier for managers and their staff to engage and embrace a proactive sales culture that supports businesses to trade more successfully and sustainably.

The first president of IBM, Thomas J Watson Jr, is credited with saying "*Nothing happens in this company until somebody sells something.*" Profitable sales are the lifeblood of any business yet as discussed in Paper 1 of this series, sales suffers from a variety of misperceptions. How do you approach sales within your business? Keeping it simple there are two main ways of finding clients and customers:

1. They *come to you* and buy your product or service
2. You *go to them* and sell them your product or service.

Chances are it's a combination of both of these but how much of each is achieved by deliberate design and driven by a clear marketing strategy? Or put another way: What percentage of your sales are left to chance, as you haven't really explored how you attain and retain your customers?

Many people and organisations get caught out as they are creatures of habit. Old habits die hard but the marketplace changes much quicker nowadays and we need to ensure that we are open and aware of the impact of any potential changes. Since the global financial crisis in 2008 organisations have had to be more adaptive in order to survive as consumers buying habits have changed. Some big names have gone such as Woolworths and Comet but we've also met plenty of organisations who have survived but they're not sure how. Many haven't adapted they simply reacted, downsizing and hunkering down to get them through.

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<sup>1</sup> You can view the Think Paper library and download past publications for free @ <http://knowanddo.com/resources>

<sup>2</sup> <http://knowanddo.com/about-us/values>

# Knowing + Doing = Being



**In order to thrive, organisations must embrace a more proactive and measured approach to sales whether the customer comes to you or you develop the customer.** How you position or market yourself depends on the marketing mix employed. Under the old marketing model, we sold what we made or produced. Under the new model, we must sell what the customer wants.

The old Marketing Mix looked at the 4Ps of marketing - *Product, Price, Place* and *Promotion*. This model was first proposed in the 1960's by the marketer E. Jerome McCarthy. Whether you are thinking of setting up, starting or expanding your business or selling any product or service, the four Ps was the foundation that informed your decision making:

1. **THE PRODUCT:** Exactly what product or service are you going to sell to your market? Define it in terms of what it does for your customer. How does it help your customer to achieve, avoid or preserve something? You must be clear about the benefit you offer and how the customer's life or work will be improved if he or she buys what you sell.
2. **THE PRICE:** Exactly how much are you going to charge for your product or service, and on what basis? How are you going to price it to sell at retail? How are you going to price it at wholesale? How are you going to charge for volume discounts? Is your price correct based on your costs and the prices of your competitors?
3. **THE PLACE:** Where are you going to sell this product at this price? Are you going to sell directly from your own company or through wholesalers, retailers, direct mail, catalogues or the Internet?
4. **THE PROMOTION:** Promotion includes every aspect of advertising, brochures, packaging, salespeople and sales methodology. How are you going to promote, advertise and sell this product at this price at this location? What will be the process from the first contact with a prospect through to the completed sale?<sup>3</sup>

The 4Ps is thought by many to be too product oriented and organisationally focussed. A more recent and updated marketing mix is the 4Cs that takes a more customer centric perspective. Credited to Robert F. Lauterborn, the 4Cs classification moves towards more targeted niche marketing and away from mass marketing. It is also more focussed on selling what the consumer wants to buy as opposed to what the company wants to sell. (See Table 1 below).

The 4Cs also gives consideration to so called uncontrollable facts impacting the customer and the market whereas the 4 Ps tended to be viewed more from controlled factors.

**Uncontrollable** - The current economic environment including such elements as consumer confidence, degree of unemployment, new technologies, the threat of displacement, competitors, government regulations or changing consumer preferences.

**Controllable** - The 4Ps representing the elements of marketing we can control internally. They depend upon such "givens" as your location, budget, personnel, creativity, and the like.

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<sup>3</sup> <http://extension.umd.edu/agmarketing/marketing-101/marketing-mix-4ps-and-4cs>

Four Ps	Four Cs	Definition
<b>PRODUCT</b>	<b>CONSUMER</b> (wants & needs)	A company will only sell what the consumer <i>specifically</i> wants to buy. So, companies should study consumer wants and needs in order to attract them one by one with something he/she wants to purchase.
<b>PRICE</b>	<b>COST</b>	Price is only a part of the total <i>cost to satisfy</i> a want or a need. The total cost will consider, for example, the <i>cost of time</i> in acquiring a good or a service, a <i>cost of conscience</i> by consuming that or even a <i>cost of guilt</i> "for not treating the kids". It reflects the total cost of ownership. Many factors affect cost, including but not limited to the customer's cost to change or implement the new product or service and the customer's cost for not selecting a competitor's product or service.
<b>PROMOTION</b>	<b>COMMUNICATION</b>	While promotion is "manipulative" and from the seller, communication is "cooperative" and from the buyer with the aim to create a dialogue with the potential customers based on their needs and lifestyles. It represents a broader focus. Communications can include advertising, public relations, personal selling, viral advertising, and any form of communication between the organization and the consumer.
<b>PLACE</b>	<b>CONVENIENCE</b>	In the era of Internet, catalogues, credit cards and phones people neither need to go anyplace to satisfy a want or a need nor are limited to a few places to satisfy them. Marketers should know how the target market prefers to buy, how to be there and be ubiquitous, in order to guarantee <i>convenience to buy</i> . With the rise of Internet and hybrid models of purchasing, Place is becoming less relevant. Convenience takes into account the ease of buying the product, finding the product, finding information about the product, and several other factors.

Table 1. The 4Cs marketing mix<sup>4</sup>

In his book on selling, Alan Fairweather<sup>5</sup> highlighted a survey outlining that customers leave a business for four main reasons:

1. Dissatisfaction with the quality of the product or service loses 14%
2. Price drives away 9%
3. People leave the area, pass on, or have no further need accounts for 5%
- 4. A staggering 72% of customers leave because of supplier indifference**

Flexibility and adaptability in reaching and serving customers is key to sustaining your business. Customers are better informed and have more choice than ever before. You will have to work harder and smarter to understand and then satisfy a customer's needs and keep them satisfied time and

<sup>4</sup> Table from [http://en.wikipedia.org/wiki/Marketing\\_mix](http://en.wikipedia.org/wiki/Marketing_mix)

<sup>5</sup> Fairweather, Alan; 2012 *How to make sales when you don't like selling*. How to Books.

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time again. You have to be more proactive in engaging with customers both old and new to understand their needs explicitly.

## ***Question: Where is your business positioned at the moment?***

Use the following checklist (Table 2 below) to help you understand where your marketing efforts are currently focussed? More importantly use it to figure out what you know or don't know about your current approach and record any actions necessary to make a change.

Questions	Answer and action/s
1. Looking at the two models of the 4 Ps and 4 Cs which one is closest to representing your current approach to marketing?	
2. Are you clear about where you derive your customers from i.e. what percentage of customers do you get from them directly seeking you out and/or you finding and selling to them?	
3. Does this percentage breakdown reflect your approach to marketing?	
4. Do you have a clear marketing and sales strategy and is it profitable?	

*Table 2. Marketing Focus Checklist*

If you would like to explore how to enhance your organisational marketing and sales process, *Know+Do* offer in-house training on a range of business growth and management issues. We also have expert business coaches available to support leaders. For more information please contact us on [info@knowanddo.com](mailto:info@knowanddo.com) or call (0161) 280 4567.

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