

Selling | Building Partnerships, 11e

Castleberry | Tanner

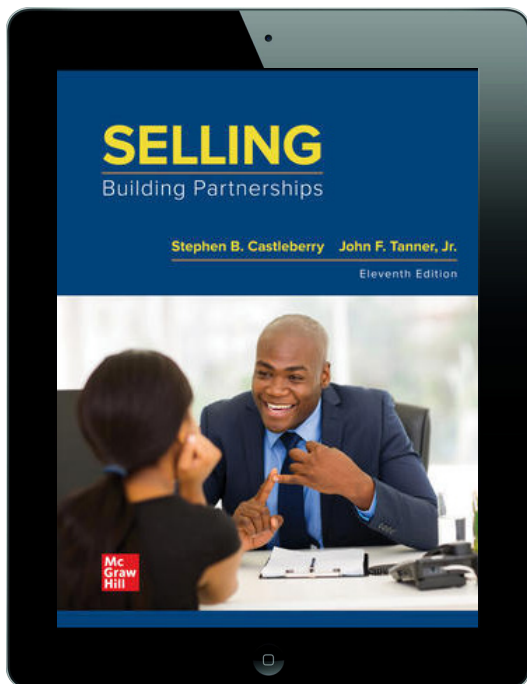


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SELLING

Building Partnerships

Stephen B. Castleberry **John F. Tanner, Jr.**

Eleventh Edition



**Mc
Graw
Hill**

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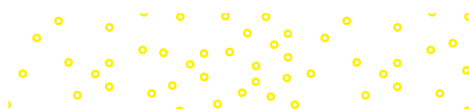
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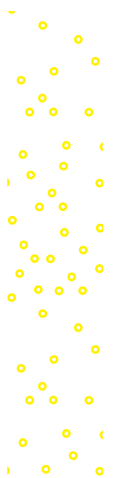
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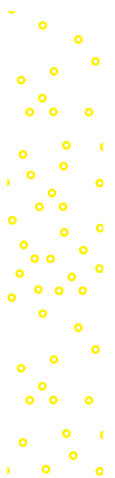
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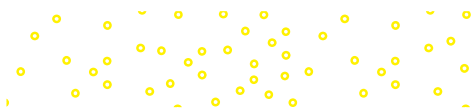
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PREFACE

As we write this Preface, the world is in the grip of the Great Pandemic. Economists, stock market analysts, media prognosticators, and many others are trying to predict when and how business and academia will emerge and what the new normal will bring.

You'll see some evidence of the pandemic in the latter chapters and in role plays. The decision we made, though, was that the pandemic will pass and while there will be many lessons learned and many business practices that may change, the basics of how people want to be sold will not. One thing we believe is that, more than anything, buyers will buy from people they trust, from people they can rely on, from partners.

Therefore, we've remained faithful to the premises that caused us to write the first edition more than 25 years ago:

- We don't want to teach the history of selling—we want our students to know how it is done now and why, so that as the field continues to change, they will be prepared.
- Partnering skills are critical skills for all businesspeople.
- Adaptive communication skills—probing, listening, and presentation—are important in all areas of life but especially for salespeople.
- Students need to practice these skills through role playing.
- Helping people make the right decisions is not only the most ethical sales strategy but also the most effective strategy for long-term success.

At the same time, we've recognized that several factors are changing the face of selling:

- Increased use of multichannel go-to-market strategies, including strategies such as account-based marketing.
- Changing roles for both technology and salespeople.
- Changing trends in how organizations buy, specifically the increasing use of technology, self-service, and presale search.
- Students who use this edition are likely to face the first recession in over a decade, challenges in finding employment, and changes in the names of the top employers on campus.

As we've revised the text, faithful adopters will see that we've held to the principles that made this book unique when it was launched and kept it in a leadership position. While others may have tried to copy role playing, partnering, or technology, none have truly captured the essence that makes this book the leading text.

WHAT'S NEW IN THE ELEVENTH EDITION

- **Original examples** written specifically for this book. We have been blessed to have the support of sales faculty and salespeople around the world, many of whom took the class and used this book.
- New chapter-opening **profiles**—all chapters open with a real salesperson or sales manager's perspective on the chapter. Each profile is new and original to this edition, and we've also integrated the profiles into each chapter as a running example to increase this feature's functionality.
- All new **"Building Partnerships"**—boxed features that provide more detailed examples of chapter material and present chapter material in a slightly different light. Many of these, as with the other boxed elements, feature salespeople taught by you, our adopters.
- All new **"Sales Technology"**—boxed features in each chapter, most new to this edition, that illustrate how technology is used and some of the challenges that technology creates. Whether it is work process management tools, collaboration tools, or digital marketing tools, students will be introduced to how your former students are using new technology.
- All new **"From the Buyer's Seat"**—executives offer insight into how they made decisions or were helped (or hindered) by salespeople. Like the other boxed features, we often include examples from personal interviews to provide insight that your students can't find anywhere else.

- **Feature questions**—embedded in the end-of-chapter material are discussion questions that direct students back to the chapter opening profiles, “Building Partnerships,” “From the Buyer’s Seat,” and “Sales Technology” features so these features are read and used more fully. These feature questions also make great class exercises.
- **New Role Plays**—we’ve written a new set of role plays featuring Purina ONE SmartBlend and Gartner. Purina ONE SmartBlend is a pet food product line, and you can use this if you want to use simple role plays that span both trade sales and sales to users (kennels, animal shelters, and so on). Gartner is a consultancy that primarily serves the CIO. While both products were used in the previous edition, all of the scenarios are new to this edition. Further, you’ll see in the Gartner role plays, expanded material. We chose Gartner because they are the product used in the National Collegiate Sales Competition, with whom we are working so that your students can maximize their time on developing their sales skills and not learning a plethora of products for various competitions. This set of role plays can be a bit more complicated. Each set (Purina and Gartner) have 10 prospect scenarios (with two buyer information sheets each in the Instructor’s Manual) at the end of the book. If you would like to sell something different or would like more buyer scenarios, let us know by e-mailing Jeff directly: jtanner@odu.edu.
- **New minicases**—each chapter has a new or significantly revised minicase as well as favorite minicases to choose from.

IMPORTANT FEATURES OF *SELLING: BUILDING PARTNERSHIPS*

Account-based marketing, customer lifetime value, artificial intelligence—all are influencing the way sales is done and taught. We believe that the partnering approach continues to be the best overall way to learn how to sell, particularly in the broader context of undergraduate education. Several unique features place this book at the cutting edge of sales technology and partnering research:

1. A continued emphasis on the partnering process, with recognition that multiple sales models may be appropriate in a company’s total go-to-market strategy. We focus on the partnering process as the highest level of selling because the other models of transaction—focus, problem solver, challenger, and relational partner—still need to be learned as a foundation to partnering, and the partnering process fits the value-driven sales models currently in use in the field.
2. A thorough description of the partnering and buying processes used by business firms and the changes occurring in these processes. A number of important trends affecting buyers, such as more rigorous online research and social media use, also affect sellers.
3. A discussion of methods of internal and external partnering so that the value chain delivers the right value, in recognition of the salesperson’s role in relationship management and value creation. This emphasis also broadens the applicability of the course for students who may not be interested in a sales career.
4. An emphasis throughout the text on the need for salespeople to be flexible—to adapt their strategies to customer needs, buyer social styles, and relationship needs and strategies.
5. A complete discussion of how effective selling and career growth are achieved through planning and continual learning.
6. An emphasis on the growing need for salespeople in organizations to carry the voice of the customer to all parts of the organization and beyond to suppliers and facilitators. This role is reflected in new product development, supply chain management, and many other functions in a customer-centric organization.

These unique content emphases are presented in a highly readable format, supported by the following:

- **Ethics questions**—at least two questions at the end of each chapter relate the chapter material to ethics.
- **Four-color exhibits and photographs**—these support the examples highlighted in the book. Students find this book easy to read and use.
- **“Thinking It Through”**—these features embed discussion questions into the text itself; for this edition, we’ve also offered teaching suggestions to integrate this feature more fully. There are several of these features in each chapter.
- **Minicases**—two small cases are available at the end of each chapter. These are useful for in-class exercises or discussion or as homework. In this edition, you’ll find one new or revised minicase in each chapter.

- **Ethics icon**—because we’ve emphasized ethical partnering since the inception of this book, we highlight the integration of ethics by noting any ethics discussion with an icon in the margin. You’ll find ethics discussed in every chapter.
- **Selling Yourself**—a feature at the end of each chapter that relates the material in the chapter to the student’s life *right now*. It’s more than just the student’s job search process, however. Selling Yourself helps students see the connections between chapter material and all aspects of their lives, such as how a student can sell an organization to new members, working with apartment managers to resolve issues, interacting with friends and family members, how to add value as a group member in a class team project, and so forth.
- **Key terms**—each key term defined in a chapter is listed at the end of the chapter, along with the page number on which the term is discussed. Key terms reflect current usage of sales jargon in the field, as well as academic terms.
- **Glossary**—key terms are also defined in a glossary at the end of the book.

FOR FACULTY

Instructor’s manuals are available with any text, but the quality often varies. Because we teach the course to undergraduates and graduates, as well as presenting and participating in sales seminars in industry, we believe that we have created an Instructor’s Manual (available in the Connect Instructor Resources connect.mheducation.com) that can significantly assist the teacher. We’ve also asked instructors what they would like to see in a manual. Based on their feedback, we include suggested course outlines, chapter outlines, lecture suggestions, and answers to questions and cases. On that site, you’ll also find the slides, which are integrated into our teaching notes.

- **Slides** are available in PowerPoint, but given feedback from users (and our own experience), we’ve simplified their presentation. They are easily adapted to your own needs, and you can add material as you see fit.
- We also include many of the **in-class exercises** we have developed over the years. These have been subjected to student critique, and we are confident you will find them useful. You will also find a number of **additional role-play scenarios**.
- Students need to practice their selling skills in a selling environment, and they need to do it in a way that is helpful. **Small group practice exercises, including role playing**, complete with instructions for student evaluations, are provided in the Instructor’s Manual. These sessions can be held as part of class but are also designed for out-of-class time for teachers who want to save class time for full-length role plays.
- The **Test Bank** has been carefully and completely rewritten. Questions are directly tied to the learning goals presented at the beginning of each chapter and the material covered in the questions and problems. In addition, key terms are covered in the test questions. Application questions are available so students can demonstrate their understanding of the key concepts by applying those selling principles.

PARTNERING: FROM THE FIELD TO THE CLASSROOM

Faculty who use our book have reviewed it and offered suggestions, and we have taken their comments seriously. The book has also been extensively reviewed by sales executives and field salespeople who are locked in the daily struggle of adapting to the new realities of selling. They have told us what the field is like now, where it is going, and what students must do to be prepared for the challenges that will face them. And it’s always exciting to receive unsolicited feedback like this from practitioners:

“I have read many books in sales from well-known writers and various sales schools like Wilson Learning and Sandler, but your book *Selling Building Partnerships* remains the primary reference for me and I rely on its methodology a lot in training freshly graduated and new sales engineers. Thanks.” —Ahmad Samara, CSE, Sales Manager at Manaseer Magnesia, Jordan

Students have also reviewed chapters. They are, after all, the ones who must learn from the book. We asked for their input prior to and during the revision process. And judging by their comments and suggestions, this book is effectively delivering the content. There are, however, several places where their comments have enabled us to clarify material and improve on its presentation.

As you can see in “About the Authors,” we spend considerable time in the field, having worked in a variety of sales positions. We continue to spend time in the field engaging in personal selling ourselves, as well as observing and serving professional salespeople. We believe the book has benefited greatly because of such a never-ending development process.

Acknowledgments

Staying current with the rapidly changing field of professional selling is a challenge. Our work has been blessed with the excellent support of reviewers, users, editors, salespeople, and students.

Reviewers include the following:

David Allbright, Eastern Michigan University
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Kevin Chase, Clemson University
Reba Heberlein, Madison Area Technical College
Douglas E. Hughes, Michigan State University
Deborah Kane, Butler County Community College
Kathy Standen, Fullerton College

Readers will become familiar with many of the salespeople who contributed to the development of the tenth edition through various selling scenarios or profiles. But other salespeople, sales executives, buyers, and sales professors contributed in less obvious, but no less important, ways. For reviewing chapters, updating cases, providing material for selling scenarios, and other support, we'd like to thank the following:

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Socko Pearson, Mode5
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Randy Roland, JM Smucker
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Karly Weber, 3M

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Several people assisted in research and manuscript preparation, and we gratefully appreciate their help: Bryant Duong and Joseph Corrigan (USN Ret.). Many students and teachers have made comments that have helped us strengthen the overall package. They deserve our thanks, as do others who prefer to remain anonymous.

—Steve Castleberry

—Jeff Tanner

ABOUT THE AUTHORS

STEPHEN B. CASTLEBERRY

Dr. Castleberry received his PhD from the University of Alabama in 1983. He taught at the University of Georgia for six years and for three years was UARCO Professor of Sales and Marketing at Northern Illinois University. Currently he is a professor of marketing and business ethics at the University of Minnesota Duluth. He has received eight awards for teaching excellence, including the best teacher award at his university, best teacher of an online MBA consortium, and the Morse Award, the highest recognition by the University of Minnesota system of its most distinguished scholar teachers. His commitment to teaching has resulted in a number of cases, as well as articles in the *Journal of Marketing Education*, *Business Case Journal*, *Journal of Business Ethics Education*, and *Marketing Education Review*, that describe his teaching style and methods.

Dr. Castleberry's research has been published in over 50 journals such as the *Journal of Personal Selling and Sales Management*, *Industrial Marketing Management*, *Journal of Business Ethics*, *Journal of Selling and Major Account Management*, *Journal of Business and Industrial Marketing*, *Journal of Business to Business Marketing*, *Journal of Marketing Management*, *Journal of Consumer Marketing*, *Journal of Business Research*, *Journal of the Academy of Marketing Science*, and *International Journal of Research in Marketing*. He has also presented his work at the National Conference in Sales Management, as well as other international conferences. He is past marketing editor of the *Journal of Applied Business Research* and serves on several journal editorial boards. He has received research grants and support from entities such as the London Business School, Gillette, Quaker Oats, Kimberly-Clark, Procter & Gamble, Coca-Cola Foods Division, and the Alexander Group/JPSSM.

Dr. Castleberry appeared as an academic expert in eight segments of *The Sales Connection*, a 26-segment video production shown on national PBS TV stations. He also appeared as the special guest on several broadcasts of *Sales Talk*, a nationally broadcast call-in talk show on the Business Radio Network.

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Dr. Castleberry has held various sales assignments with Burroughs Corporation (now Unisys), Nabisco, and G.C. Murphy and has worked as a consultant and sales trainer for numerous firms and groups. His interests outside academic life include outdoor activities (canoeing, hiking, bicycling, skiing, and so on) and everything related to living on his 100-acre sustainable organic farm in northern Wisconsin. For 21 years and still counting he has been a volunteer firefighter and for 10 years served as a medical first responder in the small township he lives in. He and his wife currently own and operate a publishing company, marketing and distributing popular press books internationally.



Courtesy of Stephen B. Castleberry

Stephen B. Castleberry

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<https://sites.google.com/d.umn.edu/scastleb/home>

JOHN F. TANNER JR.



Chuck Thomas

Dr. Tanner is dean, Strome College of Business, Old Dominion University. He earned his PhD from the University of Georgia. Prior to entering academia, Dr. Tanner spent eight years in industry with Rockwell International and Xerox Corporation as both salesperson and marketing manager.

Dr. Tanner has received several awards for teaching effectiveness and research, including the Distinguished Teacher award from the Society of Marketing Advances. He has also been named Reviewer of the Year and coauthor of the Paper of the Year by the *Journal of Personal Selling and Sales Management*. Dr. Tanner has authored or coauthored 15 books, including *The Hard Truth about Soft Selling* with George Dudley. His book, *Dynamic Customer Strategy: Big Profits from Big Data*, was published in 2014 and in Chinese in 2015.

Research grants from the Center for Exhibition Industry Research, the Institute for the Study of Business Markets, the University Research Council, the Walmart Foundation, and others have supported his research efforts. Dr. Tanner has published over 80 articles in the *Journal of Marketing*, *Journal of Business Research*, *Journal of Personal Selling and Sales Management*, international journals, and others. Twice, he has served as special issue editor for JPSSM as well as JMTP and JBIM, and recently completed a term as the editor of *Marketing Educators' Review*. He serves on the review boards of several journals, including *Marketing Education Review*, *Journal of Personal Selling and Sales Management*, and *Industrial Marketing Management*.

Dr. Tanner has been a featured presenter at executive workshops and conferences for organizations such as the Marketing Science Institute, National Retail Federation, Canadian Association of Exhibition Managers, and Oracle's OpenWorld. Over the past 15 years, he has taught executive and graduate programs in India, Australia, Trinidad, Colombia, Canada, France, the United Kingdom, and Mexico, and his consulting clients include IBM, Cabela's, EMC, SAP, and others. Jeff and his wife also breed and race thoroughbred horses.

A handwritten signature in black ink that reads "Jeff Tanner". The signature is written in a cursive, flowing style.

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www.odu.edu/directory/people/j/jtanner

Walkthrough

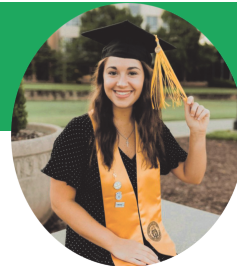
The **chapter-opening profiles** in this edition are the product of strong selling partnerships. Faculty from around the country introduced Steve Castleberry and Jeff Tanner to their former students who had gone on to careers in sales. The results are exciting new profiles from sales professionals who were students with an earlier edition and understand the philosophy of this book. The profiles are also integrated into the chapter with additional examples involving the profiled salesperson and end-of-chapter questions. Students can easily relate to these young professionals who have benefited from wonderful faculty and *Selling: Building Partnerships*.

Selling: Building Partnerships remains the most innovative textbook in the selling course area today with its unique role plays and partnering skills which are critical skills for all businesspeople. The authors emphasize throughout the text the need for salespeople to be flexible—to adapt their strategies to customer needs, buyer social styles, and relationship needs and strategies. This is followed by a complete discussion of how effective selling and career growth are achieved through planning and continual learning. The 11th edition has been updated to continue its relevance in the selling market today just as it was more than 25 years ago.

PROFILE

"You can help your customers and make a lot of money, while proudly supporting and representing your company"

Megan Colapinto



Courtesy of Megan Colapinto

Being a professional salesperson is about helping people through the decision-making process and uncovering and solving their needs (hopefully with your solution). Engaging in selling in this ethical, dependable, and noble way will allow you to find more purpose in your work and you'll find yourself making more sales! My name is Megan Colapinto and I graduated from Kennesaw State University with a degree in Professional Sales in 2019. In my time at the KSU Center for Professional Selling, I was president and co-founder of the Sales Club as well as the team captain of the Sales Team. I had the opportunity to learn Advanced Selling from Dr. Terry Loe, founder of the National Collegiate Sales Competition (NCSC), Professional Sales from Dr. Scott Inks, and Sales Management from Brent McCulloch. Upon graduation, I accepted a sales engineering role at Ciena Corporation, a networking systems, hardware, software, and services company. We help our clients build more adaptive networks to provide fast and efficient connectivity while minimizing costs.

In this chapter, you'll be introduced to selling and what the profession entails in its various forms. If today you don't see yourself being a salesperson, perhaps your perception is being skewed by stereotypes and maybe you will find a passion for the profession. One of the beautiful concepts I have learned through my sales academe and being a salesperson for a couple of years is that your mission is a win-win-win. You can help your customers and make a lot of money, while proudly supporting and representing your company. This book will help uncover what this means, how you can do this effectively, what challenges are involved, and how you can adapt to be successful, and how this applies to you right now and every aspect of your life, whether you end up as a sales professional or not!

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Megan Colapinto, Sales Engineer, Ciena. Used with permission.

Professional sales **ethics** have always been the hallmark of this text, and the new edition integrates ethics throughout each chapter, as well as in discussion questions devoted to this topic. Each chapter has separate ethics discussion questions, some of which were suggested by former students' experiences or current events.

ETHICS PROBLEMS

1. You are interviewing for your dream job. Suddenly the interviewer notices your wedding ring and compliments you on it. But then he says, "You know, this job requires a lot of travel. What is your spouse going to say to that?" You answer the question, and he replies, "That's great, now, when you don't have kids. You don't have kids, do you? Because it is tough to be successful if you don't get the travel done." What do you do? What would you do if the interviewer said, "You know, handling conflict is an important part of this job. Describe a conflict you've had with your spouse and how you handled it."
2. Wow! What a great summer internship! You loved doing the job and your manager has been hinting that you've done really well and a job offer will be coming this week. The only problem is you realized that what you'd really like to do is work for the company's competitor. At an industry event, you made sure to express your interest to a manager at the other company, who looked surprised but gave you her card and asked you to call. The next day, your boss comes in with a big smile and a job offer. What do you do?

Current and continued emphasis on selling examples from China, India, Europe, and all around the globe reflects the reality of the global nature of selling.

International salespeople need to understand the varying perceptions of time in general and the time it takes for business activities to occur in different countries. While there are many exceptions to the following, here are some examples. In Latin American and Arab countries people are not strict about keeping appointments at the designated times. If you show up for an appointment on time in these cultures, you may have to wait several hours for the meeting to start. Lunch is at 3:00 p.m. in Spain, 12:00 noon in Germany, 1:00 p.m. in England, and 11:00 a.m. in Norway. In Greece no one makes telephone calls between 2:00 p.m. and 5:00 p.m. The British arrive at their desks at 9:30 a.m. but like to do paperwork and have a cup of tea before getting any calls. The French, like the Germans, like to start early in the day, frequently having working breakfasts. Restaurants close at 9:00 p.m. in Norway—just when dinner is starting in Spain. The best time to reach high-level Western European executives is after 7:00 p.m., when daily activities have slowed down and they are continuing to work for a few more hours. However, Germans start going home at 4:00 p.m.



This American salesperson needs to recognize the differences between communicating in an Arab culture and an American culture.

Image Source/Getty Images

Many technologies, including the sales cloud (or Sales 3.0 technology), tablet computers, GPS, the Internet, and CRM software, have changed how salespeople operate. The 11th edition includes all-new illustrations with its feature "**Sales Technology**," which discusses how selling and technology interact within the context of each chapter.



SALES Technology 6.1

THE NEW ERA OF SALES: THE FUTURE IS DIGITAL

Consider all you have learned throughout your professional sales education and all that you have yet to learn. It's an ever evolving process. There are many great opportunities in sales in a multitude of different facets, and they all have one thing in common: A digital skill set is the key to the future of sales. The level of application in many different skill sets can make you a well-rounded salesperson.

With the integration of media and digital platforms, many tech giants such as Microsoft come to mind and the services they provide to enhance business productivity. Software as a Service (SaaS), Cloud Computing, and digital platform services such as Microsoft Azure continue knocking at our door now more than ever before. Having a well-rounded understanding of these services and their strategic use will take you leaps and bounds above your peers. The future is here, and the future is digital.

The concept of prospecting has gone through a significant transformation with the advent of artificial intelligence (AI) and predictive analytics on buying behavior. There are three primary advantages that AI has brought to the digital salesperson. First, AI has eliminated a significant amount of wasted time on searching for prospects to only find out they have already made a buying decision or were not the right target in the first place. While not a panacea to delivering 100 percent accuracy on all potential sales, AI has enhanced the prospecting experience to drive more accurate results. Second, AI has driven velocity in the sales process, thereby shortening sales cycles. This has a dual benefit to the salesperson and the customer, in that the number of meetings, calls, and “education” on products has been reduced, allowing customers to focus on deployment and benefits of leveraging the technology sooner versus spending more time in the sales cycle. Lastly, AI has created a much more educated buyer and created a more frictionless sales environment. Educated customers now expect their salesperson to have a deeper understanding of their business, product needs, and market conditions and can now focus on a higher-level conversation about impact of the technology vs. a longer, drawn-out “get to know you” sales process.

Building relationships with your customer ecosystem, ranging from IT directors, procurement, and up to the C-suite, is one of the foundations for sales. You need to continually seek to understand your customer's business outcomes, including short- and long-term strategy, goals, and values. As you seek to understand, you start to learn what digital transformation could be for a customer and how your company can provide solutions to help the customer achieve those business outcomes. You can learn from an objection as much as when you win. The learnings from an objection can help you understand more about the customer. When you get a rejection, you still have gained knowledge about the customer and continue to build trust with the customer.

Source: David Ruggiero, VP Digital Sales at Microsoft.

“Thinking It Through” boxes (at least two per chapter) are engaging exercises that can inspire classroom dialogue or serve as a short-essay exam question to help students experience concepts as they read.

thinking it through

Which do you think you would prefer: an inside sales job or a field sales job? What makes one more attractive to you than the other?

“From the Buyer's Seat” is an all-new original feature that provides students with a buyer's inside perspective. “Building Partnerships” boxes examine how successful salespeople build relationships. All are original to the book—many using examples provided by former students of faculty around the country. And all are discussed as part of the end-of-chapter questions so that you can fully integrate them into the class.



From the BUYER'S SEAT 4.1

WHAT BUYERS REALLY WANT FROM A SALESPERSON

A researcher asked more than 40,000 buyers what they wish salespeople were like. Answers, of course, varied, but a number of themes were represented over and over. Here are a few of them, along with buyers' specific thoughts:

I wish salespeople would really learn about the unique nature of what I do, and the issues I'm confronting.

Randy, a buyer for a chemical manufacturing company stated, "I get salespeople who walk in, ask no questions, and just start selling me on their products or services. I'm like, are you kidding me! Find out what we make here, what our unique problems are, and what we've done to try and solve them. We had a somewhat major accident at one of our plants about three years ago, and you'd be surprised how many salespeople aren't aware of it, and never learn about it during our meetings. And I can tell you, anything we buy going forward, has to have safety at the absolute forefront!"

I wish salespeople would listen better to what I'm saying. Amanda, a buyer for a zoo, had this to say, "I've got one salesperson, Nikki, who is an awesome listener! She looks at me while I'm talking and nods her head, which sort of helps me want to keep talking. She sometimes asks for clarification to make sure she knows exactly what I meant with what I just said. And she never looks at her cell phone while we're in a meeting. I wish I had a nickel for every salesperson who keeps looking at their phone while they're meeting with me. Or are they checking their e-mail, or playing Fortnite, or what? I don't think they mean to be rude, but they are; when you're in my office, get rid of your phone, please!!"

I wish salespeople would stop cutting down the competition. "I have this one salesperson, Katrina, who I really like," says Kyle, a buyer for a group of industrial warehouses. "She's friendly, helpful, and her follow-ups are fantastic. But anytime I bring up anything about how a competitor does this thing well, or has that solution that is something worth considering, Katrina always immediately cuts down the competition and tells me how awful they are. Does she think her company is the only one who can do anything right? Seriously? Don't cut the competition. Instead, just tell me how your product or service is good."

Source: Personal correspondence with buyers; Chris Lytle, "What Buyers Really Think of Salespeople," www.monster.com/career-advice/article/what-buyers-think-of-salespeople, accessed January 1, 2020.



BUILDING Partnerships 5.1

FROM SALESPERSON TO BUYING FACILITATOR: THOUGHTS OF A SEASONED PROFESSIONAL

As a professional salesperson, it should always be your objective to create a great buying experience. This can happen through a multitude of ways, but having a servant's mindset and showing empathy will be at the foundation of all of them. The servant's mindset says, "I am literally here with no agenda other than to help this person. If helping means facilitating the purchase of my product *or* my competitors, that's what I will do. If I do right by this person, I am 1000x more likely to do business with them in the future." This must be authentic, or it will all fall apart. This leads to the importance of empathy, which is a key determinant to your likability. Never forget that people buy from people whom they like and trust. Make sure you understand your buyer's internal narratives, worldviews, and culture.

Another challenge for salespeople is around need definition, and what priority is that need. If a need is *not defined*—in other words your "who is it for" target segment doesn't know they have the need—your marketing and education spend is likely to 2 to 10 times normal, depending on the complexity of the need. A great example of this is the challenge of selling air quality products. People should care about air quality like they care about the drinking water, but because they can't see, smell, or feel the air, they assume it's most likely healthy. As such, a buyer's need for an air quality monitor is *undefined*, and convincing a buyer to put a value on one is going to be a tough sell.

Universities that teach selling should create a culture of buying facilitators instead of just training students to be traditional salespeople. Selling students must be reminded that a sales transaction is a two-way street. Here is a funnel for "buying facilitation" and you should be able to wrap the answers to the four questions below into a story about how a customer just like the one you're about to talk to solved their problems with your product or service. First, how do you know the customer wants the product? (*why should they really care, emotionally*) Second, does the customer even have a use for the product? (*it's usually not IF, it's how many uses do they have if you peek below the fold?*) Third, will they even use it if I sell it to them? (*why should they really care; quantify and bring "logic"*) Fourth, what is their cost of change? That is, changing from what they use today, to your solution?

Identify the value streams early. Whether it be safety, direct cost savings, or increased productivity, keep in mind that not all customers will have the same degree of needs. This is where trying to understand more about the person that is the buyer and how they integrate into the greater tribe probably gives insight into what other "conflicting priorities" may get in the way of yours.

Ask the customer to help you understand their process. This is the single friendliest sales phrase in the history of sales phrases, but it must be authentic. Find out why they do the things they do. It is very likely that your potential buyer is the person that bought the current product or solution you hope to replace and there is almost a guaranteed attachment and "belief" that this was (and still is) the right decision. So, headwinds are almost inevitable. Peel back the layers to help facilitate their needs even further. *Note:* trust is key here—you'll know if you haven't achieved trust yet if you get answers from the buyer that you know aren't true. This isn't them lying; this is them telling you that they're still skeptical about you and/or your offering.

Andy Boyd, Sales and Marketing Manager, 3M. Used with permission.

Class-tested **minicases** at the end of each chapter work well as daily assignments and as frameworks for lectures, discussion, or small group practice. Each chapter includes at least one new minicase. The cases encourage students to apply theories and skills learned in the text to solve sales situations.

case 11.2 Presenting Price

When Janice Thompson began working as a salesperson for Prodio, she thought it would be easy. After all, the company's service sold saved clients thousands of dollars. "What we do," said Evin Martinez, chief sales officer, "is verify all of the credentials a doctor or other health care professional has when hired by a hospital or clinic. As it turns out, it can take up to six months to verify all of the licenses a doctor has to carry. We can do it with our proprietary software solution in under 30 days." She gave several case studies showing savings of more than \$100,000 because of revenue that was being lost waiting for the physician's credentials to be verified and another \$50,000 on average for eliminating staff used in the verification process. So Janice began calling hospitals and asking for the head of human resources. Several times, she was put through and the conversation would go something like this.

"I'd like to meet with you to discuss an exciting new service, Credeo, which handles physician credentialing. The best thing is it's only \$250 per doctor, saving most hospitals well over \$150,000!"

"\$250 per doctor? That's crazy! I've got no budget for anything like this! No thanks!"

So Janice called Evin and said, "I'm not really getting anywhere. Can I work with someone to see how they are successful?"

The following Monday, Janice found herself in San Diego, meeting Rich Sample for coffee before going out on a few sales calls.

Rich recommended waiting to give the price until the prospect had offered information regarding the number of doctors it was credentialing and what that cost was, as well as how long it took. "You can't sell price until they know what their current costs are," he advised. "This first call is a great example. The hospital CEO asked me to meet with the director of HR to get that information, which I did last week. Today, I'll present the costs and benefits and ask for the sale."

In the hospital's conference room, Rich and Janice sat on one side of the table facing the CEO, Alec Maxwell, and Dianne Green, the HR director. "Alec," said Rich, "based on the information Dianne gave me, you'll reduce the credentialing period from an average of 90 days to under 30. For your more advanced specialties, it will go from six months to under 45 days. Dianne couldn't total the lost revenue you'll save by shortening the period, but we were able to determine that you'll also be able to eliminate two positions, saving another \$138,000 versus spending just under \$60,000 per year." He then handed the contract to the CEO.

There was a momentary silence and Janice could hear the antique clock ticking away on the credenza.

Dianne squirmed, visibly upset. When Alec looked at her, she said, "Alec, I don't want to fire two people. And I don't have other things for them to do."

Alec replied, "But this is one of those things we're going to have to do—financially, it's the right thing for the hospital."

As Alec turned his attention to signing the contract, Dianne stood and said, "Well, congratulations Rich. Janice, nice to meet you," and she left the room.

An awkward pause ensued, broken when Alec handed the contract back to Rich. "Does this contract mean we have to do all of our credentialing through you?"

"No," replied Rich. "It just specifies the cost and our performance guarantees."

"OK. You work with Dianne to transition over. I'm not going to fire anyone, so until we can place them in other positions, you'll have to wait."

Questions

1. Assess the approach to presenting price. Is Rich's approach something Janice should emulate?
2. Presenting price as the attention getter doesn't seem to work. If Janice does emulate Rich's approach, what should she do when she calls to gain commitment to have that first meeting?
3. Rich will need to work very closely with Dianne and her people, and it doesn't appear that Dianne is happy about the sale. What could Rich have done to avoid this situation? How might this have gone differently if Dianne had been the initiator instead of Alec?

Students can practice their partnering skills in brand-new **role-play exercises** that encourage personal growth and experiential learning. Each role play features Gartner, the company used in the National Collegiate Sales Competition. Also, new comprehensive role plays are available at the end of the book, featuring new products from Purina and Gartner, with additional role plays included in the Instructor's Manual.

ROLE-PLAY CASE

During much of the rest of the semester, you will be calling on one of three accounts. The accounts are listed here with some information. Information that you gain on each call can be used in subsequent calls as you practice the skills and apply the concepts introduced in each chapter.

Safety Systems Inc.: Safety Systems Inc. (SSI) sells products and services that help customers create safe working environments and comply with Federal safety regulations. Services include consulting to design safer work environments as well as training of client personnel in appropriate safety procedures. Products include harnesses for working on scaffolds and towers, helmets, and other personal protection equipment.

FinTech: This company compiles data from a wide range of sources, then applies its own algorithms to the data to create scores used by a wide range of financial services companies. Some scores are used like credit scores, others are used to determine the insurability of individuals, and still others are used to create prospecting lists for financial services salespeople.

Granite Capital: Granite Capital is a private equity company that buys the assets of distressed companies from community banks. They then put their own management into place. They then look for opportunities to roll up similar companies into the acquisition, merging several companies together to gain operating efficiencies.

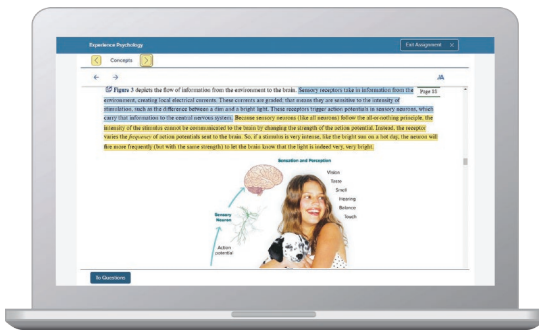
Today, you have an appointment with the chief information officer, whom you met at a large conference. Start the sales call from the beginning as if you were entering the person's office. Reintroduce yourself and your company, thank the person for the appointment, and then tell the buyer you'd like to ask some questions. Your questions should be about the buying process and who is involved. Afterward, see if you can chart the buying center and the company's organizational structure.

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Solutions for your challenges



A product isn't a solution. Real solutions are affordable, reliable, and come with training and ongoing support when you need it and how you want it. Visit www.supportateverystep.com for videos and resources both you and your students can use throughout the semester.

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chapter 3

BUYING BEHAVIOR AND THE BUYING PROCESS



savas keskiner/Getty Images

SOME QUESTIONS ANSWERED IN THIS CHAPTER ARE

- What are the different types of customers?
- How do organizations make purchase decisions?
- Which factors do organizations consider when they evaluate products and services?
- Who is involved in the buying decision?
- What should salespeople do in the different types of buying situations?
- Which changes are occurring in organizational buying, and how will these changes affect salespeople?

PROFILE

“I like to ask my marketing and sales teams, ‘Would someone pay you a \$1 for that product or service and why?’ Being able to answer these questions succinctly will help your team be more efficient in achieving your growth objectives.”

Mark Dean, LinkedIn



Courtesy of Mark Dean

Everyone growing up gets asked this question, “What do you want to be when you grow up?” The one answer that I never gave was sales. Fast-forward to 2020 and I have found myself in the sales/service industry for over 30+ years. Through hitting the streets as a commercial sales rep for Motorola, to leading large global sales teams with tech companies at Intuit, GoDaddy, and LinkedIn, I have found in the sales profession everything that appeals to me: competitive, challenging, creative, and customer focused. In all of the teams I have led, the biggest driver of what we do and how successful we were directly correlated to our ability to understand the drivers of buyers’ behaviors with various customer segments and personas.

A quick search on Google defines the topic this way:

- Buyer behavior is a management theory that examines consumers’ shopping habits, from their first contact with a company through to the final purchase. It’s one of the most studied concepts in marketing and tells businesses how customers interact with their brand.

Here are a few models that we use to classify buyers’ behaviors and build strategies to address buying personas and stimuli. All of these explain, in one way or another, how customers make decisions and progress through the research, shop, buy, and use cycle.

- The Economic Model—driven by their financial return on investment (ROI)
- The Learning Theory Model—driven by practical application, usage, experience
- The Information Model—driven by data, solutions on the market, and user feedback (social)
- The Psychoanalytic Model—driven by individual motives, personality, experience, and desires

When is the last time you purchased something significant? There was probably some type of issue or problem that triggered you to go online or to a local retail establishment to purchase the best product/service to address your current need or problem. However, you probably did not sit down to explicitly map the process you went through to make the buying decision, but everyone and every company has done exactly that! Some processes are well constructed and thought out with data, information, and budgets, while others are purely emotional based on an impulse or unplanned pain that you need to address. The biggest challenge for all companies is determining the best way to identify and build a *buying process* that serves the various and

ever-changing buying behaviors of those in your tangible accessible market (TAM). The other challenge is having a system in place to monitor and assess how we are delivering direct and online engagements related to each type of buyer, making sure to match with their process and persona by:

1. Offering the right value proposition
2. Have the appropriate messaging that results in the right online site dynamics (search engine marketing data, page views, etc.)
3. How well each salesperson is doing (conversion drivers and rates, mix and unit data, etc.)
4. And the buyer's perception of the overall buying experience (customer satisfaction)

Making sure all of these factors align is an exciting challenge in sales. Welcome to the complex world of understanding buyer behaviors!

Visit our website at: www.Linkedin.com

Mark Dean. Used with permission.

WHY PEOPLE BUY

In general, people buy to satisfy a want or desire, to solve a problem, or to satisfy an impulse. Even in situations where people are buying as part of their jobs, like all people, buyers have personal goals and aspirations. They want to get a raise, be promoted to a high-level position, have their managers recognize their accomplishments, and feel they have done something for their company or demonstrated their skills as a buyer or engineer. These needs can complicate buying decisions that are made on behalf of an employer, not forgetting that there are also the basic needs that the product or service solves.

To complicate matters further, there may be needs associated with *how* the person wants to buy. Think, for a moment, about what you have purchased for yourself via the Internet. You may have many reasons for using the Internet, none of which have anything to do with the product you purchased. But the *way* you bought met certain needs—maybe a need for convenience or a need for greater variety than the local store could provide. As salespeople, we have to be acutely aware of the needs we are solving: the needs that the product solves directly, the individual's needs that are served indirectly, and the needs that are solved by selling the way the buyer wants to buy.

TYPES OF CUSTOMERS

Business is full of a wide variety of customers, including producers, resellers, government agencies, institutions, and consumers. Each of these customer types has different needs and uses a different process to buy products and services. In many situations salespeople will have only one type of customer, but in other territories they may have many different types of customers. Thus salespeople may need to use different approaches when selling to different types of customers.

MANUFACTURERS

Manufacturers buy products and services to manufacture and sell their products and services to customers. Buyers working for manufacturers are involved in two types of buying situations: buying products that will be included in the products the company is manufacturing, or buying products and services to support the manufacturing operation.

OEM Purchasers

Buyers for **original equipment manufacturers (OEMs)** purchase goods (components, subassemblies, raw and processed materials) to use in making their products. An example of an OEM buyer is Dell. Dell may use Intel processors in its computers, making Dell the OEM. Sometimes, though, Dell sells computers to other OEM manufacturers. For example, when you use a kiosk at the airport to print your boarding pass, the computer inside it is a Dell, but the kiosk may be put together and sold by someone else.

Salespeople selling OEM products need to demonstrate that their products help their customers produce products that will offer superior value. For example, Tim Pavlovich, OEM salesperson for Dell, says that one reason why Dell gets contracts like the kiosk contract is because Dell has a worldwide service team already in place and can fix the computers anywhere in the world.

Most OEM products are bought in large quantities on an annual contract. The purchasing department negotiates the contract with the supplier; however, engineering and production departments play a major role in the purchase decision. Engineers evaluate the products and may prepare specifications for a custom design. The production department works with the supplier to make sure the OEM products are delivered “just in time,” that is, exactly when needed to go into a customer’s product.

OEM customers are building long-term relationships with a limited number of OEM suppliers. They work closely with their suppliers to help design new products and jointly plan production schedules to keep costs low. Thus, relationship building with more than one department, such as engineering and production, in a customer firm is particularly important when selling OEM products.

End Users

When manufacturers buy goods and services to support their own production and operations, they are acting as **end users**. End-user buying situations include the purchase of capital equipment; maintenance, repair, and overhaul (MRO) supplies; and services. **Capital equipment** items are major purchases, such as mainframe computers and machine tools that the producer uses for a number of years. **MRO supplies** include paper towels and replacement parts for machinery. **Services** include Internet and telephone connections, employment agencies, consultants, and transportation.

Because capital equipment purchases typically require major financial commitments, capital equipment salespeople need to work with a number of people involved in the purchase decision, including high-level corporate executives. These salespeople need to demonstrate the reliability of their products and their support services because an equipment failure can shut down the producer’s operation. Capital equipment buying often focuses on total lifetime operating cost rather than just the initial purchase price because the equipment is used over a long period. Thus, capital equipment salespeople need to present the financial implications as well as the operating features and benefits of their products.

MRO supplies and services are typically a minor expense and therefore are usually less important to businesses than are many other items. Purchasing agents typically oversee MRO buying decisions. Because they often do not want to spend the time to evaluate all suppliers, they tend to purchase from vendors who have performed well in the past, creating functional relationships.

Although the cost of MRO supplies is typically low, availability can be critical. For example, if you’ve ever had a flight delayed because maintenance had to wait for a part to come from a far-off hangar, you have experienced the importance of MRO product availability. In fact, one of the authors had a flight delayed because the maintenance person had to drive to a hardware store to buy caulk because there was an air leak around the windshield in the cockpit. The hour delay to buy a \$3 tube of caulk caused 50 passengers to miss their connection, which then led to 50 interactions with passengers to rebook, costing the airline much more than the \$3!

RESELLERS

Resellers buy finished products or services with the intention to resell them to businesses and consumers. Hormel sells precooked meats, such as pepperoni for pizza toppings, to resellers—distributors who then sell to restaurants. Other examples of resellers include McKesson Corporation, a wholesaler that buys health-care products from manufacturers

and resells those products to drugstores; Brazos Valley Equipment, a dealer for John Deere, selling tractors, harvesters, combines, and other agricultural implements to farmers; and Dealer's Electric, selling lighting, conduit, and other electrical components to electricians and contractors. All these are resellers, and they buy for similar reasons.

Resellers consider three elements when making decisions about which products to sell: profit margin, turnover, and effort. Resellers want to maximize their return on investment (ROI), which is a function of **profit margin**, or how much they make on each sale; **turnover (TO)**, or how quickly a product will sell; and how much effort it takes to sell the product. Buyers for resellers often simplify their decisions by a focus on either profit margin or turnover, but all resellers are interested in putting together an assortment of products that will yield the greatest overall ROI.

Salespeople work with resellers to help them build their ROI. Not only do salespeople help resellers choose which products to sell, but they also train resellers on how to sell and service products and build point-of-purchase displays and promotions and may also help resellers with developing advertising and marketing campaigns to boost sales. For example, with increasing competition between grocery chains, retailers are asking suppliers to create excitement and generate traffic in stores.

Rikki Ingram, marketing manager for Smithfield Foods, has seen this increased competition in her business. She sells Smithfield's pork products to grocers who are segmenting the market more finely. Stores like Aldi and Lidl compete against Wegman's, but only for a portion of the business; then add in Blue Apron and other home grocery delivery services and you can see why grocery chains are asking vendors to help create reasons to come to their stores, or at least order online and pick up at the stores.



Smithfield partners with grocers to promote the full line of Smithfield products with in-store displays, building sales for both Smithfield and the retailer.

Daniel Acker/Bloomberg/Getty Images

Note that the same customer can act as an OEM manufacturer, an end user, and a reseller. For example, Dell Inc. makes OEM buying decisions when it purchases microprocessors for its computers, acts as an end user when it buys materials handling equipment for its warehouse, and functions as a reseller when it buys software to resell to its computer customers when they place orders.

GOVERNMENT AGENCIES

The largest customers for goods and services in the United States are federal, state, and local governments, which collectively purchase goods and services valued at more than \$8 trillion annually, of which \$4.7 trillion is just the federal government.¹ Including government-owned utilities, federal, state, and local governments purchase the equivalent of 12 percent of the country's entire gross domestic product, making it the largest customer in the world.² Government buyers typically develop detailed specifications for a product and then invite qualified suppliers to submit bids. A contract is awarded to the lowest bidder. The government has also developed procedures for small purchases without a bid, streamlining the process and reducing costs.

Effective selling to government agencies requires a thorough knowledge of their unique procurement procedures and rules. Salespeople also need to know about projected needs so they can influence the development of the buying specifications. For example, Harris Corporation worked for six years with the Federal Aviation Administration and finally won a \$1.7 billion contract to modernize air-traffic communication systems.

Some resources available to salespeople working with the federal and state governments are the following:

- The *Commerce Business Daily* provides notice of new federal sales opportunities each day at www.cbd-net.com. Companies can sign up to be notified of opportunities in specific product categories.
- The National Association of State Purchasing Officials in Washington, DC, publishes information for all 50 states, including the availability of vendor guides, registration fees, and how to get on bidder lists (see www.NASPO.org).

- The Small Business Administration offers a website (www.sba.gov) that educates small businesses on how to sell to governments and also lists sales opportunities specifically available only to small businesses.
- beta.SAM.gov is a website that lists all business opportunities greater than \$25,000. At any given time, there are over 40,000 open sales opportunities described on this site.

Many international salespeople are selling to government agencies, even though private companies may be the biggest buyers of these products and services in the United States. For example, Nokia, a Finnish company that manufactures telephone equipment, sells not only to private companies such as Verizon and AT&T in the United States but also to the post, telephone, and telegraph (PTT) government agencies in many countries in Europe, Asia, and Africa.

Selling to foreign governments is challenging. The percentage of domestic product (countries may require that a certain percentage of the product be manufactured or assembled locally) and exchange rates (the values of local currencies in U.S. dollars) are as important as the characteristics of the product. Different economic and political systems, cultures, and languages also can make international selling difficult.

INSTITUTIONS

Another important customer group consists of public and private institutions such as churches, hospitals, and colleges. Often these institutions have purchasing rules and procedures that are as complex and rigid as those used by government agencies.

Packaged goods manufacturers, such as Smithfield and Hormel, sell to both resellers (supermarkets) and institutional customers (restaurants and hospitals), often through distributors such as Sysco and Frosty Acres Brands. These customers have different needs and buying processes. In some instances, institutions purchase more like resellers, worrying about the same needs, such as how fast the product will sell or be consumed. In other ways, institutions can be like producers, concerned with how their clients will view their services.

CONSUMERS

Consumers purchase products and services for use by themselves or by their families. A lot of salespeople sell insurance, automobiles, clothing, and real estate to consumers. However, college graduates often take sales jobs that involve selling to business enterprises, government agencies, or institutions. Thus, the examples in this text focus on these selling situations, and this chapter discusses organizational rather than consumer buying behavior.

In the next section we contrast the buying processes of consumers and organizations. Then we describe the buying process that organizations use in more detail, including the steps in the process, who influences the decisions, and how salespeople can influence the decisions.

ORGANIZATIONAL BUYING AND SELLING

Salespeople who sell to consumers and salespeople who call on organizations have very different jobs. Because the organizational buying process typically is more complex than the consumer buying process, selling to organizations often requires more skills and is more challenging than selling to consumers. Relationships, too, can differ because of the size of the organizations involved.

COMPLEXITY OF THE ORGANIZATIONAL BUYING PROCESS

The typical organizational purchase is much larger and more complex than the typical consumer purchase. Organizations use highly trained, knowledgeable purchasing agents to make these decisions. Many other people in organizations are involved in purchase decisions, including engineers, production managers, business analysts, and senior executives.

Organizational buying decisions often involve extensive evaluations and negotiations over time. The average time required to complete a purchase is five months, not counting straight rebuys, and during that period salespeople need to make many calls to gather and provide information.

Bill Dunne, account executive for EIPP Solutions, recalled one particular sale that he said was a good example of the normal sales process:

First, they put out an RFP (request for proposal) and had a meeting where they invited anyone who might want to bid for the business. There were eight other vendors who attended. Two weeks later, I turned in a proposal. Several days later, I got a call saying that we were finalists and that they wanted to meet. During this meeting with their CFO, COO, and CIO, they went through my proposal and asked me all types of detailed questions for more than two hours. A week after that, I gave them a tour of one of our facilities. Then I had one more meeting, this time with the President and CFO only. The next day, they informed me that I got the sale, but then we had another round of negotiations over terms and conditions. Finally, three months after issuing the RFP, they signed a contract with us.

Source: Bill Dunne, account executive for EIPP Solutions

As Dunne noted, though, this level of diligence in selecting a vendor was important to the buyer because it expected to remain a customer for years.

The complexity of organizational purchase decisions means salespeople must be able to deal effectively with a wide range of people working for their customer and their company. For example, when selling a new additive to a food processor such as Nabisco, an International Flavors and Fragrances (IFF) salesperson may interact with advertising, product development, legal, production, quality control, and customer service people at Nabisco. The salesperson needs to know the technical and economic benefits of the additive to Nabisco and the benefits to consumers.

In addition, the IFF salesperson coordinates all areas of his or her own firm to assist in making the sale. The salesperson works with research and development to provide data on consumer taste tests, with production to meet the customer's delivery requirements, and with finance to set the purchasing terms. (Working effectively within the salesperson's organization is discussed in more detail in **Chapter 16**.)

The complexity of organizational selling is increasing as more customers become global businesses. For example, IBM began moving away from regional purchasing to global sourcing in order to unify contracts, buy in larger quantities from a smaller number of vendors, and obtain more favorable terms.³ John Deere has a special corporate unit that works with manufacturing plants to unify sourcing for the same reason. There's no doubt that global competitiveness is a key factor increasing the complexity of organizational buying, but global sourcing is also a key factor for achieving a sustainable competitive advantage.⁴



To sell a part for use in John Deere products, you may have to call on a buyer at their headquarters, shown here in Iowa, but you'll have to service plans in Brazil, India, Germany, and France as well as across the United States.

spvvk/123RF

DERIVED VERSUS DIRECT DEMAND

Salespeople selling to consumers typically can focus on individual consumer or family needs. Organizational selling often requires salespeople to know about the customer's customers. Sales to OEMs and resellers are based on derived demand rather than direct demand. **Derived demand** means that purchases made by these customers ultimately depend on the demand for their products—either other organizations or consumers. For example, Micron Technology makes the microprocessors used in Apple products. The company enjoyed 58 percent growth in sales when Apple launched a new iPhone.⁵

Derived demand has big effects on the sales of some types of companies. For example, Applied Materials makes the equipment that Micro uses to make the microprocessors. As you can see in **Table 3.1**, changes in demand for microprocessors can have a far greater effect on Applied Materials than on Micro.

Table 3.1 Example of Derived Demand's Effects

Year	Demand for Chips	Beginning Number of Machines	Machines Needed	Machines Scrapped	Total Order
1	10%	50	55	5	10
2	-10%	55	50	5	0

Demand for computer chip-making equipment is derived from the demand for computer chips. In this instance, if a chip manufacturer replaces 10% of its machines each year, a 10% increase in chip demand doubles the number of new machines that has to be purchased to meet the demand. But if that demand falls by 10%, then no new machines are needed because even if they scrap the five oldest machines, they have enough. Thus, the machine maker's sales are significantly affected by the demand for chips.

HOW DO ORGANIZATIONS MAKE BUYING DECISIONS?

To effectively sell to organizations, salespeople need to understand how organizations make buying decisions. This section discusses the steps in the organizational buying process, the different types of buying decisions, and the people involved in making the decisions.

STEPS IN THE BUYING PROCESS

Exhibit 3.1 shows the eight steps in an organizational buying process.

Recognizing a Need or a Problem (Step 1)

The buying process starts when someone realizes a problem exists. Employees in the customer's firm or outside salespeople can trigger this recognition. An employee of a hospital might discover that the optical scanner is making mistakes in reading barcode labels, triggering a review of the system which could ultimately lead to a purchase. Or a Baxter salesperson might start the process by showing how inventory costs can be reduced by using an updated optical scanner for inventory management. Recent research suggests that salespeople who can influence need recognition stand a much better chance of shaping the rest of the stages and winning the sale, even when purchase processes are created to try to increase competition.⁶

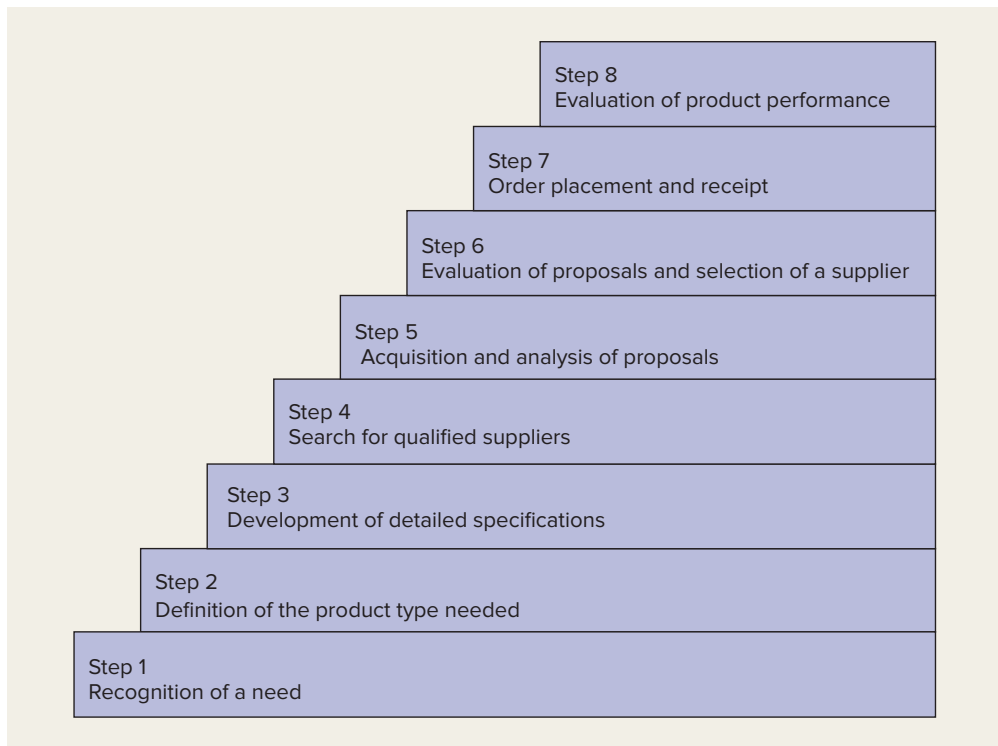


Exhibit 3.1 Steps in the Organizational Buying Process

Defining the Type of Product Needed (Step 2)

After identifying a problem, organization members develop a general approach to solving it. For example, a production manager who concludes that the factory is not running efficiently recognizes a problem, but this insight may not lead to a purchase decision. The manager may think the inefficiency is caused by poor supervision or unskilled workers.

However, a production equipment salesperson might work with the manager to analyze the situation and show how efficiency could be improved by purchasing some automated assembly equipment. Thus, the problem solution is defined in terms of purchasing a product or service—the automated assembly equipment needed—and the buying process moves to **step 3**. If the decision to continue requires senior management participation, these executives may approve the manager's request to consider the purchase, then leave it up to the manager to cover the next few steps before stepping back in when a final decision is made.

Developing Product Specifications (Step 3)

In **step 3** the specifications for the product needed to solve the problem are prepared. Potential suppliers will use these specifications to develop proposals. The buyers will use them to objectively evaluate the proposals.

Steps 2 and 3 offer great opportunities for salespeople to influence the outcome of the buying process. Using their knowledge of their firm's products and the customer's needs, salespeople can help develop specifications that favor their particular product. For example, Tim Simmons, a director of strategic business solutions at Teradata, was selling to a major retailer who was using another company's product. What the customer asked Tim to demonstrate was an add-on, but he asked a number of questions about specific problems they might be having. Knowing the competitor, Tim was pretty sure the customer had those problems, and they were. He then asked if it were more important to keep the competitor's equipment or solve the problems. By redefining the purchase on the basis of solving business problems rather than buying an add-on, he was able to get the product specifications changed to suit his product and to win a \$4 million sale.

Searching for Qualified Suppliers (Step 4)

After the specifications have been written, the customer looks for potential suppliers. The customer may simply contact previous suppliers or go through an extensive search procedure: do a Web search, read customer reviews online, download case studies and position papers, and call customers found on a list on the potential suppliers' website. In fact, Forester (a research company that competes with Gartner) has found that 74 percent of business buyers gather at least half of the information needed to make a decision before ever speaking to a salesperson.⁷

Acquiring and Analyzing Proposals (Step 5)

In **step 5** qualified suppliers are asked to submit proposals. Recall that Bill Dunne earlier described how he attended a pre-proposal meeting with the buyer so that he and competitors could get questions answered before preparing their proposal. Then Dunne went to work with people in his company to develop their proposal. In many instances, proposals are slide presentations delivered by the salesperson over the Web through Webex, Zoom, or some other form of online conference call. In Dunne's case, it was e-mailed as a PDF and reviewed by the buyer privately, without Dunne's involvement, prior to a meeting with the buying company's executives.

Evaluating Proposals and Selecting a Supplier (Step 6)

Next, the customer evaluates the proposals. After a preferred supplier is selected, further negotiations may occur concerning price, delivery, or specific performance features.

Placing an Order and Receiving the Product (Step 7)

In **step 7** an order is placed with the selected supplier. The order goes to the supplier, who acknowledges receipt and commits to a delivery date. After the product is shipped, the buying firm inspects the received goods and then pays the supplier for the product. During this step salespeople need to make sure the paperwork is correct and their firm knows what has to be done to satisfy the customer's requirements. In many instances, the customer may be responsible for placing the order through a secure website.

Evaluating Product Performance (Step 8)

In the final step of the purchasing process, the product's performance is evaluated. The evaluation may be a formal or informal assessment made by people involved in the buying process. The supplier is also evaluated on such characteristics as whether the billing was accurate, how quickly service calls were handled, and similar criteria.

Salespeople play an important role in this step. They need to work with the users to make sure the product performs well. In addition, salespeople need to work with purchasing agents to ensure that they are satisfied with the communications and delivery.

This after-sale support ensures that the salesperson's product will get a positive evaluation and that he or she will be considered a qualified supplier in future procurement. This step is critical to establishing successful long-term relationships. (Building relationships through after-sale support is discussed in more detail in **Chapter 14**.)

Buying Processes Vary

Not all buying decisions go through all of these steps. These are much more likely in a very complex purchase, and very unlikely in a straight repurchase of supplies. We'll discuss these differences later in this chapter.

CREEPING COMMITMENT

Creeping commitment means a customer becomes increasingly committed to a particular course of action while going through the steps in the buying process. As decisions are made at each step, the range of alternatives narrows; the customer becomes more and more committed to a specific course of action and even to a specific vendor. As was noted earlier, salespeople who are not involved early in the process are at a disadvantage because the range of options gets narrower with each set of decisions.

From the customer's point of view, creeping commitment looks like a journey—a series of steps that results in a purchase. In fact, many selling companies now map out their **customer journeys**, or how their customers move through creeping commitment. These companies identify important **customer touchpoints**, or interactions with the customer, and create those that are more likely to help the customer move through the journey.

In instances involving purchasing components or materials as part of new product development, buyers are more interested in early involvement by possible vendors than when buying other types of products. Called *early procurement involvement* or *early supplier involvement*, this strategy has potential suppliers participate in the actual design process for a new product.⁸ Applied Materials, the company that makes the equipment that makes microprocessors and discussed earlier, promotes its engineering department's abilities in early supplier involvement as a competitive advantage. It argues that it is able to reduce operating costs by eliminating waste and design in other cost savings, as well as improve product design.⁹ Whatever the reason, each design decision represents a creeping commitment to a final set of decisions that are difficult to undo.

thinking **it** through

What steps did you go through in making the choice to attend your school? How can you relate your decision-making process to the eight steps in the organizational buying process? Did any decisions you made early in the process affect decisions you made later in the process? What roles did your family and friends play in the decision process?

TYPES OF ORGANIZATIONAL BUYING DECISIONS

Many purchase decisions are made without going through all the steps just described. For example, a Frito-Lay salesperson may check the supply of his or her products in a supermarket, write a purchase order to restock the shelves, and email it to the store manager. After recognizing the problem of low stock, the manager simply authorizes the order (**step 6**) without going through any of the other steps. However, if the Frito-Lay salesperson wanted the manager to devote more shelf space to Frito-Lay snacks, the manager might go through all eight steps in making and evaluating this decision.

Exhibit 3.2 describes three types of buying decisions—new tasks, modified rebuys, and straight rebuys¹⁰—along with the strategies salespeople need to use in each situation. In this exhibit the “in” company is the seller that has provided the product or service to the company in the past, and the “out” company is the seller that is not or has not been a supplier to the customer.

Exhibit 3.2 Types of Organizational Buying Decisions

	New Task	Modified Rebuy	Straight Rebuy
Customer Needs			
Information and risk reduction	Information about causes and solutions for a new problem; reduce high risk in making a decision with limited knowledge	Information and solutions to increase efficiency and/or reduce costs	Needs are generally satisfied
Nature of Buying Process			
Number of people involved in process	Many	Few	One
Time to make a decision	Months or years	Month	Day
Key steps in the buying process (Exhibit 3.1)	1, 2, 3, 8	3, 4, 5, 6, 8	5, 6, 7, 8
Key decision makers	Executives and engineers	Production and purchasing managers	Purchasing agent
Selling Strategy			
For in-supplier	Monitor changes in customer needs; respond quickly when problems and new needs arise; provide technical information	Act immediately when problems arise with customers; make sure all of customer's needs are satisfied	Reinforce relationship
For out-supplier	Suggest new approach for solving problems; provide technical advice	Respond more quickly than present supplier when problem arises; encourage customer to consider an alternative; present information about how new alternative will increase efficiency	Convince customer of potential benefits from reexamining choice of supplier; secure recognition and approval as an alternative supplier

NEW TASKS

When a customer purchases a product or service for the first time, a **new-task** situation occurs. Most purchase decisions involving capital equipment or the initial purchase of OEM products are new tasks.

Because the customer has not made the purchase decision recently, the company's knowledge of what may be available, how best to evaluate offerings, and so forth is limited, and it goes through all eight steps of the buying process. In these situations customers face considerable risk. Thus, they typically seek information from salespeople and welcome their knowledge. However, research shows that the number of people involved in these decisions has increased over the years as a way of mitigating risk and that salespeople may have difficulty reaching all of them. Many participants in the buying process may only see the written proposal and gather information off the Web.

From the salesperson's perspective, the initial buying process steps are critical in new-task situations. During these steps, the alert salesperson can help the customer define the characteristics of the needed product and develop the purchase specifications.¹¹ By working with the customer in these initial steps, the salesperson can take advantage of creeping commitment and gain a significant advantage over the competition. The final step, postpurchase evaluation, is also vital. Buyers making a new purchase decision are especially interested in evaluating results and will use this information in making similar purchase decisions in the future.

STRAIGHT REBUYS

In a **straight rebuy** situation, the customer buys the same product from the same source it used when the need arose previously. Because customers have purchased the product or service a number of times, they have considerable knowledge about their requirements and the potential vendors. MRO supplies and services and reorders of OEM components often are straight rebuy situations.

Typically, a straight rebuy is triggered by an internal event, such as a low inventory level. Because needs are easily recognized, specifications have been developed, and potential suppliers have been identified, the latter steps of the buying process assume greater importance.

Some straight rebuys are computerized. For example, many hospitals use an automatic reorder system developed by Baxter, a manufacturer and distributor of medical supplies. As supplies are used, the use is noted with a barcode reader and recorded in the inventory control system. When the inventory control system recognizes that levels of supplies such as tape, surgical sponges, or IV kits have dropped to prespecified levels, a purchase order is automatically generated and transmitted electronically to the nearest Baxter distribution center.

The **Internet of Things (IOT)**, which is a term for how machines now automatically connect to the Internet, makes reordering easy by connecting equipment through the Internet to the vendor. For example, beer kegs in bars are now put on a system that weighs each keg. As beer is sold, the keg weighs less until it reaches a point where the system notifies the beer distributor that the keg is running low and an order is placed for a replacement. Similar IOT systems order toner for copiers and printers and other machines that consumer supplies with each use.

When a company is satisfied and has developed a long-term supplier relationship, it continues to order from the same company it has used in the past. Salespeople at in-companies want to maintain the strong relationship; they do not want the customer to consider new suppliers. Thus, these salespeople must make sure that orders are delivered on time and that the products continue to get favorable evaluations.

Salespeople trying to break into a straight rebuy situation—those representing an out-supplier—face a tough sales problem. Often they need to persuade a customer to change suppliers, even though the present supplier is performing satisfactorily. In such situations the salesperson hopes the present supplier will make a significant mistake, causing the customer to reevaluate suppliers. To break into a straight rebuy situation, salespeople need to provide compelling information to motivate the customer to treat the purchase as a modified rebuy.

MODIFIED REBUYS

In a **modified rebuy** situation, the customer has purchased the product or a similar product in the past but is interested in obtaining new information. This situation typically occurs when the in-supplier performs unsatisfactorily, a new product becomes available, or the buying needs change. In such situations sales representatives of the in-suppliers need to convince customers to maintain the relationship and continue their present buying pattern. In-suppliers with strong customer relationships are the first to find out when requirements change. In this case customers give the supplier's salespeople information to help them respond to the new requirements.

Salespeople with out-suppliers want customers to reevaluate the situation and to actively consider switching vendors. The successful sales rep from an out-supplier will need to influence all the people taking part in the buying decision.

WHO MAKES THE BUYING DECISION?

As we discussed previously, a number of people are involved in new-task and modified rebuy decisions. This group of people is called the **buying center**, an informal, cross-department group of people involved in a purchase decision. Another term for buying center is decision-making unit (DMU). People in the customer's organization become involved in a buying center because they have formal responsibilities for purchasing or they are important sources of information. In some cases the buying center includes experts who are not full-time employees. For example, consultants usually specify the air-conditioning equipment that will be used in a factory undergoing remodeling. Thus, the buying center defines the set of people who make or influence the purchase decision even if some are consultants, like Gartner, who work with the firm.

Salespeople need to know the names and responsibilities of all people in the buying center for a purchase decision, and sometimes they need to make sure the right people are participating. For example, Corinna Gilbert with Teradata was able to sell a solution because the competitor's salesperson had failed to meet with a key influencer. This influencer's needs were not met in the original purchase, and she raised such a stink that the company scrapped the original order and switched to Teradata.

USERS

Users, such as the manufacturing personnel for OEM products and capital equipment, typically do not make the ultimate purchase decision. However, they often have considerable influence in the early and late steps of the buying process—need recognition, product definition, and postpurchase evaluation. Thus users are particularly important in new-task and modified rebuy situations. Salespeople often attempt to convert a straight rebuy to a modified rebuy by demonstrating superior product performance or a new benefit to users.

INITIATORS

Another role in the buying process is that of **initiator**, or the person who starts the buying process. A user can play the role of the initiator, as in "This machine is broken; we need a new one." In fact, often it is users' dissatisfaction with a product used by the organization that initiates the purchase process.¹² In some instances, though, such as in OEM product decisions, the initiator could be an executive making a decision such as introducing a new product, which starts the buying process.

INFLUENCERS

People inside or outside the organization who directly or indirectly provide information during the buying process are **influencers**. These members of the buying center may seek to influence issues regarding product specifications, criteria for evaluating proposals, or information about potential suppliers. For example, the marketing department can

influence a purchase decision by indicating that the company's products would sell better if they included a particular supplier's components. Architects can play a critical role in the purchase of construction material by specifying suppliers, even though the ultimate purchase orders will be placed by the contractor responsible for constructing the building. Influence can be technical, such as in product specifications, but can also involve finances and how a decision is made.

Miller and Heiman, two noted sales consultants, assert that there are four types of influencers. One is the **economic influencer**, or person who is concerned about the financial aspects of the decision. Another is the user, which we will discuss later. A third is the **technical influencer**, a person who makes sure the technical requirements (including logistics, terms and conditions, quality measurements, or other specifications) are met. Miller and Heiman state that these people usually have the authority only to say no (meaning the salesperson did not meet the specifications, so the proposal is rejected), so they play a gatekeeping role (discussed more in a moment). They don't have the authority, though, to say yes to the purchase. The fourth role or type of influencer is the coach. The **coach** is someone in a buying organization who can advise and direct you, the salesperson, in maneuvering through the buying process in an effective fashion, leading to a sale. In addition, this person may advocate for you in private conversations among members of the buying center. As you can imagine, finding a coach is an important factor when decision processes are complex and involve a lot of people.¹³



The buying center for radiology equipment includes (clockwise from upper left) the technicians operating the equipment (users), the radiologists (gatekeepers and influencers), and the hospital administrator (the decision maker).

(top left): ©Plush Studios/Blend Images LLC; (top right): Image Source, all rights reserved.; (bottom): Steve Debenport/Getty Images

GATEKEEPERS

Gatekeepers control the flow of information and may limit the alternatives considered. For example, the quality control and service departments may determine which potential suppliers are qualified sources.



Purchasing agents, also called buyers or supply chain managers, often play a gatekeeping role by determining which potential suppliers are to be notified about the purchase situation and are to have access to relevant information. In some companies, all new contacts must be made through purchasing agents. They arrange meetings with other gatekeepers, influencers, and users. Such gatekeeping activity is not a power play; rather, it ensures that purchases are consolidated under one contract, thus reducing costs and increasing quality. These single contracts are growing in popularity as a way to reduce costs globally.¹⁴ When purchasing agents

restrict access to important information, salespeople are tempted to bypass the purchasing agents and make direct contact. Recall from **Chapter 2** that this is called backdoor selling and is risky. Backdoor selling can result in salespeople being excluded from sales opportunities. In **Chapter 7** we discuss ethical strategies that salespeople can use to deal with this issue.

DECIDERS

In any buying center one or more members of the group, **deciders**, make the final choice. Determining who actually makes the purchase decision for an organization is often difficult. For straight rebuys the purchasing agent usually selects the vendor and places the order. However, for new tasks many people influence the decision, and several people must approve the decision and sign the purchase order.

In general, senior executives get more involved in important purchase decisions that have a greater effect on the performance of the organization. For example, the chief executive officer (CEO) and chief financial officer (CFO) play an important role in purchasing a telephone system because this network has a significant impact on the firm's day-to-day operations.

To sell effectively to organizations, salespeople need to know the people in the buying center and their involvement at different steps of the buying process. Consider the following situation. Salespeople selling expensive intensive-care monitoring equipment know that a hospital buying center for the type of equipment they sell typically consists of physicians, nurses, hospital administrators, engineers, and purchasing agents. Through experience, these salespeople also know the relative importance of the buying center members in various stages of the purchasing process (see **Exhibit 3.3**). With this information the intensive-care equipment salespeople know to concentrate on physicians throughout the process, nurses and engineers in the middle of the process, and hospital administrators and purchasing agents at the end of the process.

Exhibit 3.3 Importance of Hospital Buying Center Members in the Buying Process for Intensive-Care Monitoring Equipment

Step in Buying Process	Physicians	Nurses	Hospital Administrators	Purchasing Engineers	Agents
Need recognition (step 1)	High	Moderate	Low	Low	Low
Definition of product type (step 2)	High	High	Moderate	Moderate	Low
Analysis of proposal (step 5)	High	Moderate	Moderate	High	Low
Proposal evaluation and supplier selection (step 6)	High	Low	High	Low	Moderate

SUPPLIER EVALUATION AND CHOICE

At various steps in the buying process, members of the buying center evaluate alternative methods for solving a problem (**step 2**), the qualifications of potential suppliers (**step 4**), proposals submitted by potential suppliers (**step 5**), and the performance of products purchased (**step 8**). Using these evaluations, buyers select potential suppliers and eventually choose a specific vendor.

The needs of both the organization and the individuals making the decisions affect the evaluation and selection of products and suppliers (see **Exhibit 3.4**). Often these organizational and personal needs are classified into two categories:

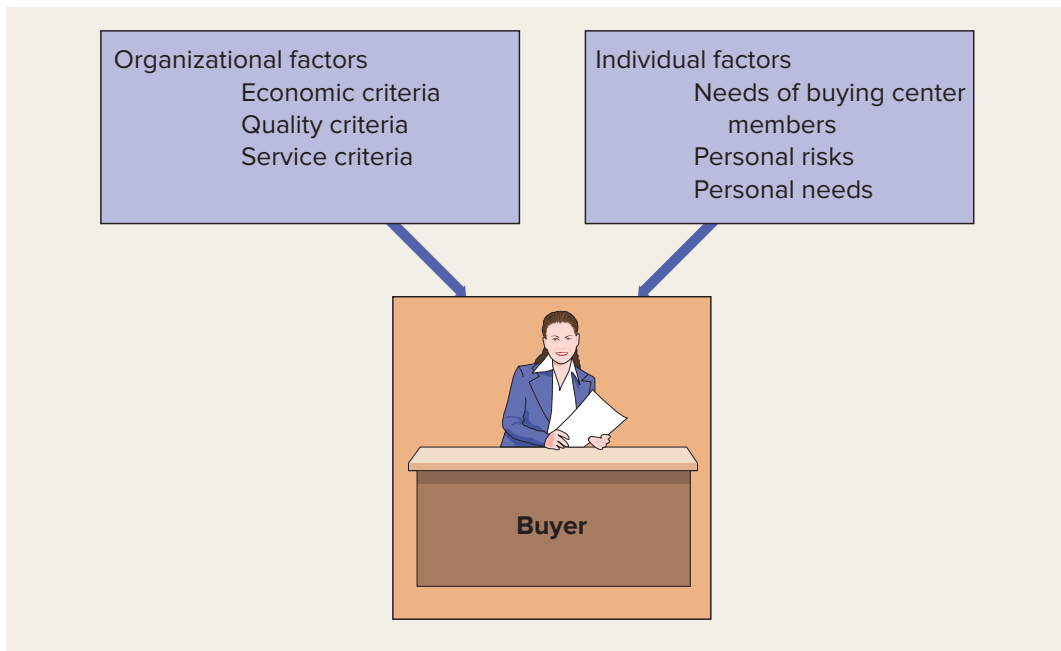


Exhibit 3.4 Factors Influencing Organizational Buying Decisions

rational needs and emotional needs.¹⁵ **Rational needs** are directly related to the performance of the product. Thus, the organizational needs discussed in the next section are examples of rational needs. **Emotional needs** are associated with the personal rewards and gratification of the person buying the product. Thus, the personal needs of buying center members often are considered emotional needs. In **Building Partnerships 3.1** we compare how two salespeople categorize their buyers. Camille Sandler sells cutting-edge technology to doctors and categorizes them based on how quickly they are willing to adopt innovations, a categorization scheme based more on emotions, while Taylor Dixon sells a simpler product line and finds more rational purchasing motives driving sales.

ORGANIZATIONAL NEEDS AND CRITERIA

Organizations consider a number of factors when they make buying decisions, including economic factors such as price, product quality, and supplier service. In addition, organizations also consider strategic objectives, such as sustainability (choosing vendors and products that are good for the planet) and social diversity.

Economic Criteria

The objective of businesses is to make a profit. Thus, businesses are very concerned about buying products and services at the lowest cost. Organizational buyers are now taking a more sophisticated approach to evaluating the cost of equipment. Rather than simply focusing on the purchase price, they consider installation costs, the costs of needed accessories, freight charges, estimated maintenance costs, and operating costs, including forecasts of energy costs. Retail buyers also consider other financial factors, such as who pays for promotion plans—the retailer or the manufacturer.



BUILDING Partnerships 3.1

MANY TYPES OF BUYERS

Camille Sandler sells products that help surgical patients regrow skin and other tissue. Several of her products are cutting-edge and Camille has found she has four types of buyers, based on how willing they are to consider such a futuristic solution. This categorization helps her determine how to sell, and in some cases, whom to avoid.

“There are the early adopters—those who are eager to try new products and step out of the box to see what’s new in the market. These buyers look for new ways to improve their business practices. Then there are the late adopters. These buyers buy products and services early on in the product life cycle but are not quite as eager to jump on the buying train as first adopters. After the late adopters come what you may call trend followers. When everyone else starts using a product and they see their colleagues buying it, then they too will become buyers. Lastly, there is the group that will never buy. They are not interested, nor will they ever be interested no matter how wonderful your product is. They are set in their ways and have no interest to change.”

Taylor Dixon covers eight states for 3M, selling consumer products like Post-It Notes and Scotch Tape—the opposite of futuristic products! To build better partnerships with her buyers, she first classifies them based on their interest, then changes her approach to match their buying style.

“Certain buyers want to know WHY. Why should they buy my product? These buyers will say, ‘Give me numbers and proof that I’ll make money with this product.’ They want to know every little detail about the product from specs to country of origin. For calls with the WHY buyer I always have to make sure my analyst hat is on and I’m prepared with information to support bringing in this product.

“Some buyers want to know WHEN. They’ve already accepted my product, perhaps because of the strong brand associated with it or because of our relationship. The questions they have is, ‘When do I bring it in and when do I promote it?’ They’re interested in getting the most out of this new product as possible. For the WHEN buyer, I have to put on my marketer hat. It’s extremely important that I’m in close communication with our marketing team in these situations as they can provide the assets and schedules associated with the promotion of the product.

“The final buyer I run into wants to know WHAT. What can this product do for them? The WHAT buyer typically asks, ‘What will this product do for me and my business as a whole?’ Meetings with WHAT buyers require me to put on my salesperson hat. I’m there to show them not only what my product can do for their customers, but what the product can do for their business.”

Recognizing what each buyer needs to make the decision is a big part of both Camille’s and Taylor’s success. Adapting to fit buyer’s buying needs, as well as their needs for their products, is another way Camille and Taylor add value and build partnerships.

Camille Sandler and Taylor Dixon, Used with permission.

Life-cycle costing, also referred to as the total cost of ownership, is a method for determining the cost of equipment or supplies over their useful lives.¹⁶ We mentioned earlier in this chapter that life-cycle costing is more common in capital equipment purchases because of the long-term life of the product. Using this approach, salespeople can demonstrate that a product with a higher initial cost will have a lower overall cost when there are lower maintenance or operating costs versus a competitor. An example of life-cycle costing appears in **Exhibit 3.5**. (Approaches that salespeople can use to demonstrate the value of their products to customers are discussed in more detail in **Chapter 9**.)

Exhibit 3.5 Life-Cycle Costing

	Product A	Product B
Initial cost	\$35,000	\$30,000
Life of machine	10 years	10 years
Power consumption per year	150 MWh*	180 MWh
Power cost at \$30/MWh	\$45,000	\$54,000
Estimated operating and maintenance cost over 10 years	\$25,000	\$30,000
Life-cycle cost	\$105,000	\$114,000

Note: A more thorough analysis would calculate the net present value of the cash flow associated with each product's purchase and use.

* MWh = megawatt-hour

Quality Criteria

Many firms recognize that the quality and reliability of their products are as important to their customers as price. Firms expect their suppliers to support their efforts to provide quality products. A recent review of research in the health-care industry indicates that suppliers are evaluated on both the quality of their service and the quality of their products because both impact the quality that the health-care provider can deliver to its patients.¹⁷ Salespeople often need to describe how their firms will support the customer's quality objectives.

To satisfy customer quality needs, salespeople need to know what organizational buyers are looking for. Quality criteria can include such objective measures as the number of defects per thousand products, the amount of time a machine operates before needing service, or the number of items a system can process in a given period of time. Some buyers also utilize subjective measures, such as if a piece of office furniture looks sturdy or if the vendor has great ratings on the Web. Either way, the salesperson has to identify what criteria will be used to determine quality.

Service Criteria

Organizational buyers want more than products that are low cost, that perform reliably, and that are aesthetically pleasing. They also want suppliers that will work with them to solve their problems. One primary reason firms are interested in developing long-term relationships with suppliers is so they can learn about each other's needs and capabilities and use this information to enhance their products' performance.

Service-level agreements (SLAs) are standards for minimum service delivery for specific objective measures of how the vendor will perform services, and are written into a contract.¹⁸ These are especially critical early in a relationship because SLAs guide both buyer and seller in making sure the appropriate level of service is delivered.

Value analysis is an example of a program in which suppliers and customers work together to reduce costs and still provide the required level of performance.¹⁹ Representatives from the supplier and the purchasing department and technical experts from engineering, production, or quality control usually form a team to undertake the analysis. The team begins by examining the product's function. Then members brainstorm to see whether changes can be made in the design, materials, construction, or production process to reduce the product's costs but keep its performance high. Some questions addressed in this phase are the following:

- Can a part in the product be eliminated?
- If the part is not standard, can a standard (and presumably less-expensive) part be used?
- Does the part have greater performance than this application needs?
- Are unnecessary machining or fine finishes specified?

Salespeople can use value analysis to get customers to consider a new product. This approach is particularly useful for the out-supplier in a straight rebuy situation. David Lenling, a sales representative for Hormel, used value analysis to sell pepperoni to a 35-unit group of pizzerias in the Cincinnati area. The owner had been using the same pepperoni and bacon topping for over 15 years and was reluctant to switch. Lenling showed how the Hormel pepperoni product cost \$5 per case more but offered 1,200 more slices in a case with the same weight, which equated to an additional \$12 of pepperoni, or a \$7 per case net savings, enough to make about 35 more pizzas per case. The owner of the chain was unaware of these differences until Lenling actually weighed his current product. Through value analysis, Lenling was able to interrupt a straight rebuy. Further, Lenling's buyer agreed that the Hormel product tasted better and was less greasy, resulting in a better-looking and tastier pizza, which might result in customers coming back more often. Because Hormel products are of high quality and sell at a premium price, Lenling and other sales representatives have to prove that the products are worth the extra money. They use value analysis to help purchasing agents determine how much it costs to use the product rather than how much the product costs. That's why Lenling was able to win that large pizza chain's business.

INDIVIDUAL NEEDS OF BUYING CENTER MEMBERS

In the preceding section we discussed criteria used to determine whether a product satisfies the needs of the organization. However, buying center members are people. Their evaluations and choices are affected by their personal needs as well as the organization's needs.

Types of Needs

Buying center members, like all people, have personal goals and aspirations. They want to get a raise, be promoted to a high-level position, have their managers recognize their accomplishments, and feel they have done something for their company or demonstrated their skills as a buyer or engineer.

Salespeople can influence members of the buying center by developing strategies to satisfy individual needs. For example, demonstrating how a new product will reduce costs and increase the purchasing agents' bonus would satisfy the purchasing agents' financial security needs. Encouraging an engineer to recommend a product employing the latest technology might satisfy the engineer's need for self-esteem and recognition by his or her engineering peers.

Risk Reduction



When making a buying decision, this woman's performance is being judged by others in the organization. Thus, she will seek to find ways to reduce her risk, while also reducing risk to the organization.

FatCamera/Getty Images

In many situations, members of the buying center tend to be more concerned about losing benefits they have now than about increasing their benefits. They place a lot of emphasis on avoiding risks that may result in poor decisions, decisions that can adversely affect their personal reputations and rewards as well as their organization's performance. Buyers first assess the potential for risk and then develop a risk-reduction strategy.²⁰ To reduce risk, buying center members may collect additional information, develop a loyalty to present suppliers, or spread the risk by placing orders with several vendors.

Because they know suppliers try to promote their own products, customers tend to question information received from vendors. Customers usually view information from independent sources such as trade publications, review sites on the Internet, colleagues, and outside consultants as more credible than information provided by salespeople and company advertising and sales literature. Therefore, they will search for such information to reduce risk when a purchase is important.

Advertising, the Internet, and sales literature tend to be used more in the early steps of the buying process. Word-of-mouth information from friends and colleagues is important in the proposal evaluation and supplier selection steps.

Word-of-mouth information is especially important for risky decisions that will have a significant impact on the organization or the buying center member. **Sales Technology 3.1** illustrates the importance of the Internet for word-of-mouth information, as well as company-created information.



SALES Technology 3.1

THE POWER OF DIGITAL MARKETING

You log into your favorite tech website and immediately, a face pops up and “George” asks if you want to chat. You know that’s not really a person, right? Well, perhaps some of the time it is, but often it’s a chat bot.

Chat bots are a kind of software that responds automatically to anything you put in. So long as you use words that “George” can recognize, the software can give you a reasonable response. That’s because the company has analyzed lots of text and determined that when certain words are used, specific responses are most helpful. In fact, one recent study found that nearly 70 percent of respondents would prefer to chat with a bot than talk with a real person because they want fast self-service.

Analyzing text is just one way that companies are analyzing customers’ behavior in order to better serve their needs. Sales technology is rapidly improving the use of analytics to profile customers on an ever-growing number of dimensions.

Arm Treasure Data is one company that provides the data. Combining a wide variety of sources, such as Web browsing behavior, purchase history, service interactions, and other sources to develop buyer profiles for segmentation purposes. Combining the data and applying artificial intelligence, the system enables automated marketing, but it also provides insights for the product development, marketing, and sales teams.

Sources: Tushar Tajane, “3 Reasons Why Customers Love Chatbots,” *TechZoom*, 2019, <https://techzoom.org/reasons-customers-love-chatbots/>, accessed January 31, 2020; Lindsey Whitaker, “Arm Treasure Data Commended by Frost & Sullivan for Excellence in the Customer Data Platforms Market,” *PR Newswire*, January 29, 2020, <https://search-proquest-com.proxy.lib.ou.edu/abicomplete/docview/2347378398/5BFCE1E427B74073PQ/6?accountid=12967>, accessed January 31, 2020.

Another way to reduce uncertainty and risk is to display **vendor loyalty** to suppliers—that is, to continue buying from suppliers that proved satisfactory in the past.²¹ Converting buying decisions into straight rebuys makes the decisions routine, minimizing the chances of a poor decision. One name for this is **lost for good**; for all the out-suppliers, this account can be considered lost for good because the in-supplier has cemented this relationship for a long time. Organizations tend to develop vendor loyalty for unimportant purchase decisions, though they will often look to vendors who have proved trustworthy when beginning to search in a risky situation. In these situations the potential benefits from new suppliers do not compensate for the costs of evaluating these suppliers.

There are two types of vendor loyalty: behavioral loyalty and attitudinal loyalty. **Behavioral loyalty** is a form of vendor loyalty where a buyer will make the same purchases over and over, so long as the vendor doesn’t make any major mistakes. The added cost of going through a decision process just isn’t worth the perceived additional value. **Attitudinal loyalty** is different; the buyer has a strong emotional attachment to the vendor, the vendor’s product, or even the salesperson, which then translates into sales as opportunities arise. For example, research has shown that some buyers develop loyalty to a particular vendor because of the vendor’s sustainability efforts.²²

These risk-reduction approaches present a major problem for salespeople working for out-suppliers. To break loyalty barriers, these salespeople need to develop trusting relationships with customers. They can build trust by offering performance guarantees or consistently meeting personal commitments. Another approach is to encourage buyers to place a small trial order so the salesperson’s company can demonstrate the product’s capabilities. On the other hand, the salesperson for the in-supplier wants to discourage buyers from considering new sources, even on a trial basis, while making sure that there no problems that would lead to trying a competitor.

The consequences of choosing a poor supplier can also be reduced by using more than one vendor. Rather than placing all orders for an OEM component with one supplier, for example, a firm might elect to purchase 75 percent of its needs from one supplier and 25 percent from another. Thus, if a problem occurs with one supplier, another will be available to fill the firm's needs. If the product is proprietary—available from only one supplier—the buyer might insist that the supplier develop a second source for the component. Such a strategy is called “**always a share**,” which means the buyer will always allocate only a share to each vendor.

SUPPLY CHAIN MANAGEMENT AND PROFESSIONAL PURCHASING

The purchasing profession is undergoing dramatic changes. Companies have recognized the impact that effective purchasing can make on the bottom line. For example, if a company can save \$5,000 on a purchase, \$5,000 is added to net income. If sales go up \$5,000, of which most comprise additional costs, only \$500 may be added to net income. Savings, though, don't come just from reducing the purchase price—those savings come from better management of the supply chain. Most large firms have elevated their directors of purchasing to the level of senior vice president and added the supply chain management responsibility to reflect the increasing importance of this function.

SUPPLY CHAIN MANAGEMENT

Supply chain management (SCM) began as a set of programs undertaken to increase the efficiency of the distribution channel that moves products from the producer's facilities to the end user. More recently, however, SCM has become more than just logistics; it is now a strategy of managing inventory while containing costs. SCM includes logistics systems, such as just-in-time inventory control, as well as supplier evaluation processes, such as supplier relationship management systems.

The **just-in-time (JIT) inventory control** system is an example of a logistics SCM system used by a producer to minimize its inventory by having frequent deliveries, sometimes daily, just in time for assembly into the final product. In theory each product delivered by a supplier must conform to the manufacturer's specifications every time. It must be delivered when needed, not earlier or later, and it must arrive in the exact quantity needed, not more or less. The ultimate goal is to eventually eliminate all inventory except products in production and transit.

To develop the close coordination needed for JIT systems, manufacturers tend to rely on one supplier. The selection criterion is not the lowest cost but the ability of the supplier to be flexible. As these relationships develop, employees of the supplier have offices at the customer's site and participate in value analysis meetings with the supplier. The salesperson becomes a facilitator, coordinator, and even marriage counselor in developing a selling team that works effectively with the customer's buying center. Resellers are also interested in managing their inventories more efficiently. Retailers and distributors work closely with their suppliers to minimize inventory investments and still satisfy the needs of customers. These JIT inventory systems are referred to as **quick-response (QR) systems** or **efficient consumer response (ECR) systems** in a consumer product distribution channel. (Partnering relationships involving these systems are discussed in more detail in **Chapter 14**.)

Automatic replenishment (AR) is a form of JIT where the supplier manages inventory levels for the customer. The materials are provided on consignment, meaning the buyer doesn't pay for them until they are actually used. These types of arrangements are used in industrial settings, where the product being consumed is a supply item used in a manufacturing process, as well as in retail settings. Efficient consumer response systems use automatic replenishment technology through **electronic data interchange (EDI)**, or computer systems that share data across companies. **Exhibit 3.6** illustrates the communications associated with placing orders and receiving products that are transmitted electronically through EDI. Remember the automatic beer keg ordering system mentioned earlier in the chapter? That's an example of an EDI. Recent research has indicated that adopting systems involving both EDI and quick-response or JIT delivers a number of benefits to the firm, in addition to lower costs. These benefits include greater flexibility in manufacturing, improved stability of supply, and other operating benefits.

Supplier relationship management (SRM) is a strategy by which organizational buyers evaluate the relative importance of suppliers and use that information to determine with whom they want to develop partnerships.²³ The first step is to identify the **annual spend**, or amount that is spent with each vendor and for what products. One outcome is the ability to consolidate purchases and negotiate better terms. After the relative importance is identified, organizational buyers frequently use a formal method, called **vendor analysis**, to summarize the benefits and needs satisfied by a supplier. When using this procedure, the buyer rates the supplier and its products on a number of criteria, such as price, quality, performance, and on-time delivery. Note that the ratings of suppliers can be affected by the perceptions and personal needs of the buyers. Then the ratings are weighted by the importance of the characteristics, and an overall score or evaluation of the vendor is developed. The next section describes the multiattribute model, which is useful in analyzing how members of the buying center evaluate and select products. The model also suggests strategies salespeople can use to influence these evaluations.



Fastenal places vending machines in clients' locations because this allows its customers to buy what they need when they need it—a form of just-in-time inventory management.

Courtesy of Fastenal

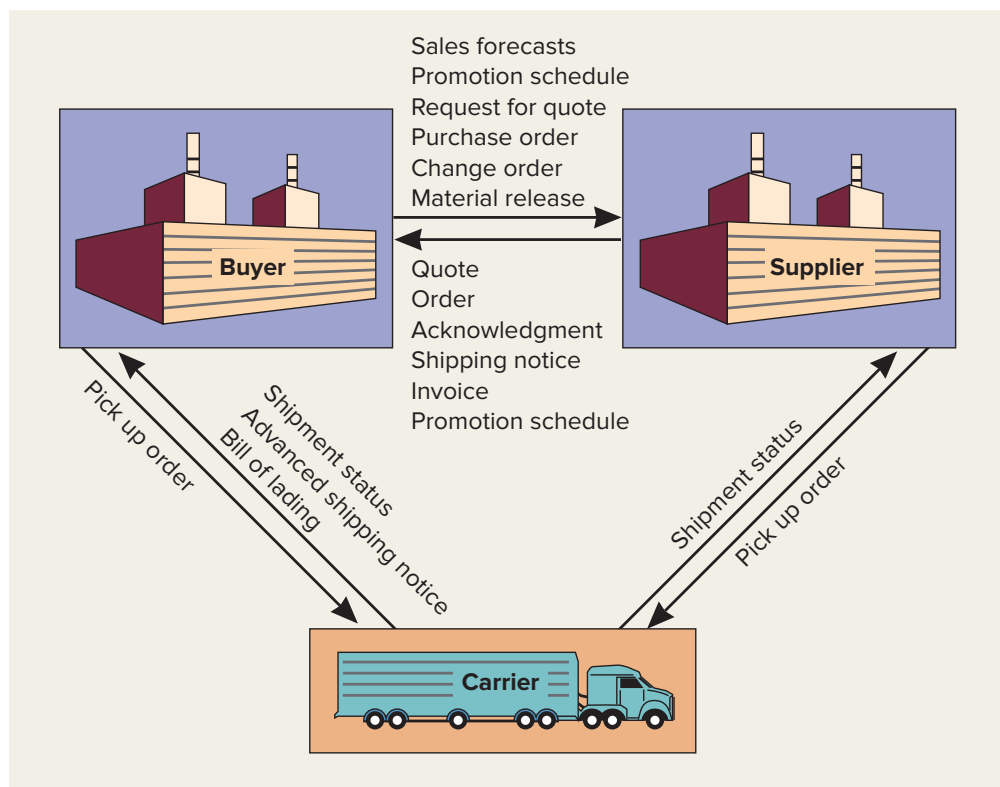


Exhibit 3.6 EDI Transactions



From the BUYER'S SEAT 3.1

ALWAYS A SHARE—OR NOT

Bryan Caccavele, VP of supply chain management for Newport News Shipbuilding (they build aircraft carriers and submarines), says that whenever possible, they prefer at least two vendors. “Our products have to last decades and you don’t want to rely on only one vendor. If they go out of business, who will replace their product if it wears out? Or if they have a manufacturing problem and slow the production of a ship, the cost over-runs can be enormous.”

At the same time, however, when they find a good vendor, they stay with it. For example, when the shipyard orders pipes, the pipes have to be capped to prevent rust inside the pipes while they lie waiting for installation. Versability, an organization that employs the disabled and mentally handicapped, is the sole provider for the shipyard. A sole source procurement agreement can work because the caps are not permanent products going into a submarine that might need to be replaced later and any production issues are unlikely to slow construction of a ship.

The one constant, though, is mitigating risk. One important project that Brian and his team are working on is mapping the supply chain of their vendors so that they can understand what risks their suppliers might face. One surprising fact is how many fans are on an aircraft carrier or submarine, but most are installed as part of another product. So who makes the fans that go into these parts? If an analysis of the supply chains of different vendors turns up the fact that most fans are made by the same company, then there is more risk to the shipyard than was obvious. Computers, communication systems, radar, sonar, and other systems all rely on fans to cool the equipment; if only one fan manufacturer makes them all, then a problem with the fan company affects many supply chains.

“Cost is an important factor in any decision, but for us, risk adds unseen potential costs,” says Bryan. “Our job is to make sure the parts are available when they’re needed, which includes for some parts, over the fifty years-plus life of an aircraft carrier, and that means we have to manage risk.”

SRM software is being used by companies like Volvo, whose Australian truck division uses Intalex software to track suppliers’ performance along metrics such as delivery reliability and invoice accuracy. At the same time, however, the software supports a larger strategy that includes early supplier involvement in product innovation because the company can combine purchases for better pricing and inventory management.²⁴

SRM isn’t always about improving profits. Sustainability, for example, is an important trend in purchasing and means making purchasing decisions that reduce a company’s carbon footprint. Coca-Cola, for example, is trying to reduce its dependence on new plastic, working with vendors who can substitute plastic bottles with either plant-based materials or recycled plastic taken from oceans. The company has worked closely with Wisconsin-based Virent and Texas-based Gevo to create bottles made from plants.²⁵

thinking **it** through

Review the stages in the decision-making process described earlier in the chapter. Do you go through those stages when making an important purchase? How does the Internet affect the way you buy products and services? What effect does it have on each stage of the process?

MULTIATTRIBUTE MODEL OF PRODUCT EVALUATION AND CHOICE

The multiattribute model is a useful approach for understanding the factors individual members of a buying center consider in evaluating products and making choices. The multiattribute model is one approach that companies can take to making purchases and is most often used in complex decisions involving several vendors.²⁶ Many business decisions are straight rebuys, but the original vendor selection decision may have involved a multiattribute approach. The vendor analysis form used by Chrysler illustrates the use of this model in selecting vendors. The model also provides a framework for developing sales strategies.

The multiattribute model is based on the idea that people view a product as a collection of characteristics or attributes. Buyers evaluate a product by considering how each characteristic satisfies the firm's needs and perhaps their individual needs. The following example examines a firm's decision to buy laptop computers for its sales force. The computers will be used by salespeople to track information about customers and provide call reports to sales managers. At the end of each day, salespeople will call headquarters and upload their call reports.

PERFORMANCE EVALUATION OF CHARACTERISTICS

Assume the company narrows its choice to three hypothetical brands: Apex, Bell, and Deltos. **Exhibit 3.7** shows information the company has collected about each brand. Note that the information goes beyond the physical characteristics of the product to include services provided by the potential suppliers.

Exhibit 3.7 Information about Laptop Computers

Characteristic/Brand	Apex	Bell	Deltos
Reliability rating	Very good	Very good	Excellent
Weight (pounds)	3.0	4.5	7.5
Display size (inches)	15.0	13	10.1
Display visibility	Good	Very good	Excellent
Speed (clock rate in gigahertz)	2.4	3.0	2.4
RAM (memory in gigabytes)	2	2	4
Number of U.S. service centers	140	60	20

Each buying center member (or the group as a whole in a meeting) might process this objective information and evaluate the laptop computers on each characteristic. These evaluations appear in **Exhibit 3.8** as ratings on a 10-point scale, with 10 being the highest rating and 1 the lowest.

Exhibit 3.8 Performance Evaluation of Laptop Computers

Characteristic/Brand Rating	Apex	Bell	Deltos
Reliability	5	5	8
Weight	8	5	2
Display size	8	6	4
Display visibility	2	4	6

Characteristic/Brand Rating	Apex	Bell	Deltos
Speed	4	8	4
RAM	3	3	8
Service availability	7	5	3

How do members of the buying center use these evaluations to select a laptop computer? The final decision depends on the relationship between the performance evaluations and the company's needs. The buying center members must consider the degree to which they are willing to sacrifice poor performance on one attribute for superior performance on another. The members of the buying center must make some trade-offs.

No single product will perform best on all characteristics. For example, Apex excels on size, weight, and availability of convenient service; Bell has superior speed; and Deltos provides the best reliability and internal memory.

IMPORTANCE WEIGHTS

In making an overall evaluation, buying center members need to consider the importance of each characteristic. These importance weights may differ from member to member. Consider two members of the buying center: the national sales manager and the chief information officer (CIO). The national sales manager is particularly concerned about motivating salespeople to use the pad computers. He believes in pad computers because they are small and lightweight and have good screen visibility. On the other hand, the CIO foresees using the laptop computers to transmit orders and customer inventory information to corporate headquarters. She believes expanded memory and processing speed will be critical for these future applications and prefers laptops.

Exhibit 3.9 shows the importance these two buying center members place on each characteristic using a 10-point scale, with 10 representing very important and 1 representing very unimportant. In this illustration the national sales manager and the CIO differ in the importance they place on characteristics; however, both have the same evaluations of the brands' performance on the characteristics. In some cases people may differ on both importance weights and performance ratings.

Exhibit 3.9 Information Used to Form an Overall Evaluation

Characteristic	Importance Weights		Brand Ratings		
	Sales Manager	CIO Director	Apex	Bell	Deltos
Reliability	4	4	5	5	8
Weight	6	2	8	5	2
Display size	7	3	8	6	4
Display visibility	8	5	2	4	6
Speed	1	7	4	8	4
RAM	1	6	3	3	8
Service availability	3	3	7	5	3
Overall evaluation					
Sales manager's			168	150	141
MIS director's			137	157	163

OVERALL EVALUATION

A person's overall evaluation of a product can be quantified by multiplying the sum of the performance ratings by the importance weights. Thus, the sales manager's overall evaluation of Apex would be as follows:

$$\begin{array}{r}
 4 \times 5 = 20 \\
 6 \times 8 = 48 \\
 7 \times 8 = 56 \\
 8 \times 2 = 16 \\
 1 \times 4 = 4 \\
 1 \times 3 = 3 \\
 3 \times 7 = 21 \\
 \hline
 168
 \end{array}$$

Using the national sales manager's and CIO's importance weights, the overall evaluations, or scores, for the three laptop computer brands appear at the bottom of **Exhibit 3.9**. The scores indicate the benefit levels the brands provide as seen by these two buying center members.

VALUE OFFERED

The cost of the computers also needs to be considered in making the purchase decision. One approach for incorporating cost calculates the value—the benefits divided by the cost—for each laptop. The prices for the computers and their values are shown in **Exhibit 3.10**. The sales manager believes Apex provides more value. He would probably buy this brand if he were the only person involved in the buying decision. On the other hand, the CIO believes that Bell and Deltos offer the best value.

Exhibit 3.10 Value Offered by Each Brand

	Overall Evaluation (Benefits Points)	Assigned Value	
		Computer Cost	Benefit/Cost
Sales manager			
Apex	167	\$1,600	\$0.10
Bell	152	1,800	0.08
Deltos	143	1,800	0.08
CIO			
Apex	130	\$1,600	0.08
Bell	169	1,800	0.09
Deltos	177	1,800	0.10

SUPPLIER SELECTION

In this situation the sales manager might be the key decision maker, and the CIO might be a gatekeeper. Rather than using the CIO's overall evaluation, the buying center might simply ask her to serve as a gatekeeper and determine whether these computers meet her minimum acceptable performance standards on speed and memory. All three computers pass the minimum levels she established of a 2-gigahertz clock rate and a 3-gigabyte internal memory. Thus, the company would rely on the sales manager's evaluation and purchase Apex laptops for the sales force.

Even if a buying center or individual members do not go through the calculations described here, the multiattribute model is a good representation of their product evaluations and can be used to predict product choices. Purchase decisions are often made as though a formal multiattribute model were used.

thinking **it** through

If you were selling the Bell computer to the national sales manager and CIO depicted in the text and in Exhibits 3.9 and 3.10, how would you try to get them to believe that your computer provides more value than Apex or Deltos does? What numbers would you try to change?

IMPLICATIONS FOR SALESPEOPLE

How can salespeople use the multiattribute model to influence their customers' purchase decisions? First, the model describes the information customers use in making their evaluations and purchase decisions. Thus, salespeople need to know the following information to develop a sales strategy:

1. The suppliers or brands the customer is considering.
2. The product characteristics being used in the evaluation.
3. The customer's rating of each product's performance on each dimension.
4. The weights the customer attaches to each dimension.

With this knowledge salespeople can use several strategies to influence purchase decisions. First, salespeople must be sure their product is among the brands being considered. Then they can try to change the customer's perception of their product's value. Some approaches for changing perceived value follow:

1. Increase the performance rating for your product.
2. Decrease the rating for a competitive product.
3. Increase or decrease an importance weight.
4. Add a new dimension.
5. Decrease the price of your product.

Assume you are selling the Bell computer and you want to influence the sales manager so he believes your computer provides more value than the Apex computer. Approach 1 involves altering the sales manager's belief about your product's performance. To raise his evaluation, you would try to have the sales manager perceive your computer as small and lightweight. You might show him how easy it is to carry—how well it satisfies his need for portability. The objective of this demonstration is to increase your rating on weight from 5 to 7 and your rating on size from 6 to 8.

You should focus on these two characteristics because they are the most important to the sales manager. A small change in a performance evaluation on these characteristics will have a large impact on the overall evaluation. You would not want to spend much time influencing his performance evaluations of speed or memory because these characteristics are not important to him. Of course your objectives when selling to the CIO would be different because she places more importance on speed and memory.

This example illustrates a key principle in selling. In general, salespeople should focus primarily on product characteristics that are important to the customer—characteristics that satisfy the customer's needs. Salespeople should not focus on the areas of superior performance (such as speed in this example) that are not important to the customer.

Approach 2 involves decreasing the performance rating of Apex. This strategy can be dangerous. Customers prefer dealing with salespeople who say good things about their products, not bad things about competitive products.

In approach 3 you try to change the sales manager's importance weights. You want to increase the importance he places on a characteristic on which your product excels, such as speed, or decrease the importance of a characteristic on which your product performs poorly, such as display visibility. For example, you might try to convince the sales manager that a fast computer will decrease the time salespeople need to spend developing and transmitting reports.

Approach 4 encourages the sales manager to consider a new characteristic, one on which your product has superior performance. For example, suppose the sales manager and CIO have not considered the availability of software. To add a new dimension, you might demonstrate a program especially developed for sales call reports and usable only with your computer.

Approach 5 is the simplest to implement: Simply drop your price. Typically firms use this strategy as a last resort because cutting prices decreases profits.

These strategies illustrate how salespeople can adapt their selling approach to the needs of their customers. Using the multiattribute model, salespeople decide how to alter the content of their presentation—the benefits to be discussed—based on customer beliefs and needs. (**Chapter 4** describes adaptive selling in more detail and illustrates it in terms of the form of the presentation—the communication style the salesperson uses.)

SELLING YOURSELF

When you are selling your ideas or selling yourself in a job search, recognize that there is a buying center. Although a sales manager may make the final decision on whether you are hired, chances are that you'll interview with at least four people before the job offer will come. Who is the gatekeeper, who is the decider, and who are influencers? Similarly, once you have the job and you have an idea for a new program or product, you will have to sell that idea to management. That decision will likely include someone from finance, someone from operations, and so on, creating a buying center. Each member of the center will take on different roles and may be present for only part of the decision. Each member may also have different criteria.

Further, you need to understand the process by which the decision is made. In a job search, the decision to hire someone has been made before anyone talks to you. At that point your concern is making it from the large pool of college students they've interviewed at six different campuses to the group they bring into the office, to the final selection of new employees. Similarly, management approval of your idea is likely to follow a process not unlike that of any organizational purchase. Keep in mind that your idea is competing against other ideas from other people, just as your candidacy for a sales job is compared to other college students from your school and others. Therefore, take some time to understand who is involved in the decision, what criteria they will use, and what process they will use to reach a decision.

SUMMARY

Salespeople sell to many different types of customers, including consumers, business enterprises, government agencies, and institutions. This text focuses on selling to organizations rather than to consumers. Selling to organizations differs from selling to consumers because organizations are more concentrated, demand is derived, and the buying process is more complex.

The organizational buying process consists of eight steps, beginning with the recognition of a need and ending with the evaluation of the product's performance. Each step involves several decisions. As organizations progress through these steps, decisions made at previous steps affect subsequent steps, leading to a creeping commitment. Thus, salespeople need to be involved in the buying process as early as possible.

The length of the buying process and the role of various participants depend on the customer's past experiences. When customers have had considerable experience in buying a product, the decision becomes routine—a straight rebuy. Few people are involved, and the process is short. However, when customers have little experience in buying a product—a new task—many people are involved, and the process can be lengthy.

The people involved in the buying process are referred to as the buying center. The buying center is composed of people who are initiators, users, influencers, gatekeepers, and deciders. Salespeople need to understand the roles buying center members play to effectively influence their decisions.

Individuals in the buying center are concerned about satisfying the economic, quality, and service needs of their organization. In addition, these people have personal needs they want to satisfy.

Organizations face an increasingly dynamic and competitive environment. Purchasing is becoming a strategic weapon with the development of supply chain management and supplier relationship management strategies.

The Internet is playing a much more important role in business-to-business transactions than it plays in the widely publicized business-to-consumer e-businesses. Business-to-business applications of the Internet are designed to support salespeople's ability to build relationships with major customers.

KEY TERMS

always a share	life-cycle costing
annual spend	lost for good
attitudinal loyalty	manufacturer
automatic replenishment (AR)	modified rebuy
behavioral loyalty	MRO supplies
buying center	new task
capital equipment	original equipment manufacturer (OEM)
coach	profit margin
creeping commitment	quick-response (QR) system
customer journey	rational needs
customer touchpoints	reseller
decider	service-level agreement (SLA)
derived demand	services
economic influencer	straight rebuy
efficient consumer response (ECR) system	supplier relationship management (SRM)
electronic data interchange (EDI)	supply chain management (SCM)
emotional needs	technical influencer
end user	turnover (TO)
gatekeeper	user
influencer	value analysis
initiator	vendor analysis
just-in-time (JIT) inventory control	vendor loyalty

ETHICS PROBLEMS

1. *Travis Bruns is a sales representative for Crown Lift Services in Houston, Texas. In his own words, he describes an ethics issue with a buyer.*

I was in a real cutthroat bidding war for a \$300,000-plus sales opportunity. Over the course of two months the competitive field had been narrowed down to two organizations, mine and the incumbent organization. The customer had set up a set of strict guidelines for the bidding process. One of those was that they had designated a “point of contact” (POC) that was to be the liaison through which all bids and proposals were to channel through to the VP. My organization and I had truly put our best foot forward on pricing and proposed service after the sale, and although the negotiations had been rough, we were able to sell the value of our solution, retain a fair amount of profit, and were told we had the deal: a true win-win. On the final day that the bid was open, I received a call from the point of contact asking me to lower my price. I was confused. I inquired about the previous discussions that had taken place in which we had mutually agreed that the price of our proposal was fair and good. I could hear some level of discomfort if not embarrassment in the POC’s voice, so I came right out and asked him, “I get the sense that you are not comfortable with what is happening here either. What happened?”

He replied, “Well, Travis, [your competitor] called one of the other managers in the office and was able to find out the pricing in your proposal. He then went around me and called the VP directly and offered a much lower price. The VP then called me and asked me to get you to lower your price or the other company will get the business.”

I was dumbfounded. I asked the customer, “If I cannot lower my price, are you telling me this deal is over for me?”

“I think so,” he replied.

Travis Bruns. Used with permission.

What would you do? Do you lower your price or walk away? Why? Write out specifically what you would say next.

Do buyers have to follow the same ethics principles as sellers? For example, sellers have to fully disclose all information. Do buyers? Why or why not? What ethical principle violation occurred here?

2. You are talking about this chapter to your parents, when they ask, “What are they doing, teaching you how to manipulate people? Cheat them by using their buying style against them?” How do you respond?

QUESTIONS AND PROBLEMS

1. Assume that the federal government is going to make reducing obesity a major priority. The process it has adopted includes reducing sugar content in children’s cereals, making vegetables more palatable, and reducing fat in the overall diet. Identify three product categories (not including vegetables) for which derived demand would influence manufacturers and producers of consumer packaged goods (foods sold to be cooked or heated and eaten at home). Include at least one product affected positively and one product affected negatively.
2. Read **Building Partnerships 3.1**. Camille Sandler and Taylor Dixon describe how they classify buyers and alter their approaches accordingly. Why do their models differ? What are some other ways they could classify buyers? How can Camille work with a contracting department run by someone who is not willing to innovate?
3. Assume you are a salesperson selling to OEMs in the food processing industry. How would the purchasing decision process differ in the following situations? Which situation is a new task? A modified rebuy? A straight rebuy? How likely is the buyer to get other people in the organization involved? Which types of people are likely to get involved in each decision? Whom would you call on first? Which situation is likely to produce the slowest decision?

- a. The organization is designing a new fish skinning machine and needs a custom-engineered input system that will automate sorting by body size. It is considering involving two previous suppliers, the current supplier, and two new suppliers.
 - b. The organization reorders plastic shields that protect monitoring equipment from a regular supplier, a supplier that it has bought from in the past.
 - c. The organization roasts peanuts, almonds, cashews, and other nuts and is considering moving into coffee roasting. Currently using only one vendor for all of its roasting equipment, that company also makes a coffee roaster.
4. Review each purchase in **question 3**. What information would you need to conduct a value analysis for each?
Note: You will need some different and some similar information in each situation.
5. A chain of restaurants wants to purchase a new order-entry computer system tied into an accounting system that manages food inventory and automatically replenishes packaged food items and supplies. Which criteria for evaluating supplier proposals might be used by (a) the purchasing agent, (b) the information systems department, (c) a store manager, and (d) the head of the legal department? How would this purchase differ from a purchase of the same products by a company that resells store fixtures and equipment to small restaurants? How would this purchase differ if the chain had 4 locations versus 400?
6. Fastenal sells maintenance, repair, and operations supplies. One of its strategies is to put vending machines on customers' sites, particularly for small tools, so that Fastenal carries the cost of inventory and the customer pays for it only when the product is actually needed (there's a picture of the vending machine in the chapter). You have an account with the potential to be your largest, but it is under contract to a vendor that doesn't provide that service. The contract expires in six months. What do you do? (Feel free to visit the Fastenal website for more information at www.fastenal.com/.)
7. Which is more important: behavioral or attitudinal loyalty? Why?
8. Find at least one example in the chapter (there are several) where vendor loyalty would prove to be important and discuss why it was important in that particular instance. Identify whether it was behavioral or attitudinal. What can buyers do to improve vendor loyalty? When might vendor loyalty be inefficient or wasteful? Does it matter whether the loyalty that the buyer tries to curry is with the salesperson or the company?
9. Create a matrix of types of needs and types of customers (OEM, users, etc.). Which customer types share the same types of needs or express needs in the same way? Which ones differ? Why? Relate your chart to the multiattribute matrix. How would your chart help you prepare to sell?
10. Mike's Marine Forge is considering the purchase of a new press, a machine that bends sheet metal that Mike uses in making parts that go on ships. The cost is \$10,000, which is about 25 percent of the firm's profit for the quarter. Newport News Shipbuilding is also considering buying new presses—30 of them—to be used in the making aircraft carriers, which cost over \$10 billion each. Discuss how risk is different for Mike, owner of Mike's Marine Forge, and Newport News Shipbuilding, as well as for Mike's customers (small shipyards that make fishing boats) and the U.S. Navy.
11. How would your multiattribute matrix for a new car differ from that of your parents? How is it that you might have some of the same desires (such as high gas mileage) yet consider completely different cars?

CASE PROBLEMS

case 3.1 Making the Switch

Wendell Wilkie is a contrarian. Owner of Wilkie Technology, he developed a solution that is used by the U.S. Navy, Marine Corps, and the U.S. Coast Guard. When the U.S. government decided to expand the Navy, Wendell knew his sales would double. And because it would take decades for the Navy to reach the desired size, his sales would be steady—unless, of course, someone was elected President who decided to scrap the Navy's growth plans. So he decided he'd take his solution to commercial shipyards and sell for commercial applications such as cargo ships, fishing vessels, and ferry makers. The solution is a coating that slows rust and can be applied to all metal above the water line. In military applications, he knows that it adds at least five years to the life of those metal components.

Questions

1. Should he sell to the users (fishermen, ferry operators, and shipping companies) the same way he sells to the military (who tell the shipbuilder what to use) or to commercial shipyards? Why?
2. What would the likely buying center be if you decided to sell direct to shipyards? Who (by title) would you call on first? Would your answer change if you knew it added 5 percent to the purchase price of the boat or ship?
3. Repeat **question 2**, but change the scenario to one in which you've decided to sell to the buyers of boats to get them to specify the product when they order the boat.
4. Sketch out how you would apply life cycle costing to justify the additional cost. How would you go about using that tool to sell to shipyards?

case 3.2 cBOH

Maggie Fields is a relatively new salesperson for cBOH, a German company that sells equipment accessories that makers of manufacturing equipment add to their products or that can be added by the users. She was telling her boss, Bill Ford, about a call she just got from Becky Fires, the head of supply chain management for Stone Products, a mining company.

"She said that Gil McIlroy, the company's production director, asked her if he could look into getting the new digital control system for their current production equipment," Maggie reported to Bill. "But she also said that the CFO was against adding more costs."

The digital control system Becky referenced is an add-on to certain forms of expensive tools that enables the tool to connect to the user's Wi-Fi. Through this connection, the tool can provide information into a software program that can monitor usage, which can then be used to optimize uptime by optimally scheduling maintenance or alerting users to potential problems such as overheating.

"Do you think she was serious about the costs?" asked Bill.

"I think so." Maggie's face showed a lack of confidence in knowing the answer. "What I do know is that they have no budget set aside for it."

"How will they determine a budget? And what will their process be in making a decision?"

“I’m not sure,” replied Maggie. “But I do know they are going to put a committee together because she said new systems like this are difficult to justify.”

“So who’s going to be involved? Will they have their maintenance department and their equipment operators involved or will it only be management? And is IT going to be involved?”

“Not sure, but I have a meeting with them next week, and I’d like you to go with me,” Maggie said.

Questions

1. What is the likely makeup of the buying center? Who plays or has played which roles? What would be the likely focus of each role in the buying center?
2. What type of purchase situation is this? What are the implications for Maggie?
3. How can Maggie use the multiattribute matrix to guide a sales plan?

ROLE-PLAY CASE

During much of the rest of the semester, you will be calling on one of three accounts. The accounts are listed here with some information. Information that you gain on each call can be used in subsequent calls as you practice the skills and apply the concepts introduced in each chapter.

Safety Systems Inc.: Safety Systems Inc. (SSI) sells products and services that help customers create safe working environments and comply with Federal safety regulations. Services include consulting to design safer work environments as well as training of client personnel in appropriate safety procedures. Products include harnesses for working on scaffolds and towers, helmets, and other personal protection equipment.

FinTech: This company compiles data from a wide range of sources, then applies its own algorithms to the data to create scores used by a wide range of financial services companies. Some scores are used like credit scores, others are used to determine the insurability of individuals, and still others are used to create prospecting lists for financial services salespeople.

Granite Capital: Granite Capital is a private equity company that buys the assets of distressed companies from community banks. They then put their own management into place. They then look for opportunities to roll up similar companies into the acquisition, merging several companies together to gain operating efficiencies.

Today, you have an appointment with the chief information officer, whom you met at a large conference. Start the sales call from the beginning as if you were entering the person’s office. Reintroduce yourself and your company, thank the person for the appointment, and then tell the buyer you’d like to ask some questions. Your questions should be about the buying process and who is involved. Afterward, see if you can chart the buying center and the company’s organizational structure.

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chapter 5

ADAPTIVE SELLING FOR RELATIONSHIP BUILDING



jillam/123RF

SOME QUESTIONS ANSWERED IN THIS CHAPTER ARE

- What is adaptive selling?
- Why is it important for salespeople to practice adaptive selling?
- What kind of knowledge do salespeople need to practice adaptive selling?
- How can salespeople acquire this knowledge?
- How can salespeople adapt their sales strategies, presentations, and social styles to various situations?

PROFILE

“Every customer that I speak with has a pain point that they need a solution for. To find the right solution, I must be adaptive.”

Rachael Prozinski, Microsoft



Courtesy of Rachael Prozinski

As a graduate of the University of Minnesota Duluth, I completed my undergraduate degree in Business Marketing with a minor in Communications. With that being said, I knew my passion was powered by sales and I was part of the first group to complete the Selling Certificate at UMD. My sales journey started with Dr. Castleberry in Fundamentals of Selling, then continued on to Advanced Selling and Sales Analytics. These courses provided an exceptional fundamental base in sales knowledge that propelled me into my career. Within the Fundamentals of Selling class, we were tasked with creating a sales role play for a product of our choice; I chose carefully and went with Microsoft’s O365. This role-play practice tactically helped me land an Inside Sales role with Microsoft a year later when I had to pitch and sell O365 to Microsoft itself.

As an Azure Applications and Infrastructure Solution Specialist, my job is to become a trusted advisor to my customers. That could mean helping them understand their cloud journey, optimizing their current infrastructure, or articulating their Azure benefits. My coverage spans throughout the entire United States, focusing solely on managed education customers in the mid-sized market. This segment includes a mix of both K-12 accounts and higher education. As one may imagine, school districts may have a different pain point or problem than a university. This means that I must dig deeply to understand what the correct solution may entail. To be successful in my role, I must engage in adaptive selling, flexible relationship styles, and knowledge building.

Every customer that I speak with has a pain point that they need a solution for. To find the right solution, I must be adaptive. This means that as a salesperson, I must adapt my style to different situations and challenges that are presented. The first way that I must adapt revolves around the customer’s social style. For example, if I were to engage in a conversation with a person who had an Analytical social style, I would focus on presenting numbers and evidence showing how Azure would solve their problem. However, if I were presenting a solution to an Expressive customer, I would show testimonials around Azure and how it will help them. Being aware of who you are selling to is a huge part of being successful in sales.

The second way I adapt revolves around the customer relationship. To get more granular, the amount of involvement I have with each customer may vary and change. Some of my accounts wish to have weekly cadences to help with their projects, and some may want to touch base once a month. I must adapt and understand what each customer prefers to ensure that I am providing the value they need. By respecting customers and giving them the flexibility to craft their own success plan with my team, I gain endless amounts of trust.

The last piece to the puzzle is knowledge. To be successful at selling your product, you must focus on building both your industry and product knowledge. I do this by passing technical certifications around Azure as well

as by attending education-specific calls to stay up with the trends. As a seller, you must prove your value to your customers; you do this by gaining and sharing knowledge with them that they might not have. Remember, knowledge is power that can be used very intentionally!

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Rachael Prozinski, Azure Applications and Infrastructure Solution Specialist, Microsoft. Used with permission.

Personal selling is the most effective marketing communication medium because it allows salespeople to tailor their presentations to each customer. They use their knowledge of the customer's buying process (**Chapter 3**) and finely tuned communication skills (**Chapter 4**) to learn about their customers and select effective sales strategies. Effective salespeople adapt their selling strategies and approaches to the selling situation. This chapter examines how salespeople can communicate effectively with their customers by practicing adaptive selling.

TYPES OF PRESENTATIONS

Salespeople can choose from a number of presentation types, which vary in the extent to which salespeople adapt to the circumstance. This text examines the three most common: (1) the standard memorized presentation, (2) the outlined presentation, and (3) the customized presentation.

STANDARD MEMORIZED PRESENTATION

The **standard memorized presentation**, also called a *canned presentation*, is a completely memorized sales talk. The salesperson presents the same selling talk in the same order to all customers.

The standard memorized presentation ensures that the salesperson will provide complete and accurate information about the firm's products and policies, and can help bring new salespeople up to speed quickly and give them confidence. However, the effectiveness of the standard memorized presentation is limited because it offers no opportunity for the salesperson to tailor the presentation to the needs of the specific customer, and most companies have moved away from it.

OUTLINED PRESENTATION

The **outlined presentation** is a prearranged presentation that usually includes a standard introduction, standard answers to common objections raised by customers, and a standard method for getting the customer to place an order. An example of an outlined presentation appears in **Exhibit 5.1**. Notice that the wording was just provided as an example for salespeople, but not what they were to follow word for word.

Exhibit 5.1 Example of an Outlined Presentation

Scenario: A Procter & Gamble Salesperson Calling on a Grocery Store Manager	
Step in Outlined Sales Presentation	Say Something Like This
1. Reinforce past success.	Good morning, Ms. Babcock. I was talking with one of your stockers, and he said that our Crest end-of-aisle display was very popular with customers last weekend. He said that he had to restock it three times. Looks like you made a wise decision to go with that program.
2. Reiterate customer's needs.	I know that profits and fast turns are what you are always looking for.
3. Introduce new Secret antiperspirant campaign.	We have a new campaign coming up for our Secret line.
4. Explain ad campaign and coupon drops.	We will be running a new set of commercials on CBS, NBC, and ABC programs.
5. Explain case allowances.	We are going to give you a \$2.20 case allowance for every case of Secret you buy today.
6. Ask for end-of-aisle display and order of cases.	I propose that you erect an end-of-aisle display on aisle 7 . . . and that you order 20 cases.
7. Thank manager for order.	Thank you, and I know the results will be just as good as they were for our Crest promotion.

An outlined presentation can be very effective because it is well organized. It is more informal and natural than the standard memorized presentation and provides more opportunity for the customer to participate in the sales interaction. It also permits some flexibility in the approach used to present the key points.

CUSTOMIZED PRESENTATION

The **customized presentation** is based on a detailed analysis of the customer's needs. This type of presentation offers an opportunity to use the communication principles discussed in **Chapter 4** to discover the customer's needs and problems and propose the most effective solution for satisfying those needs. The customer recognizes the sales representative as a professional who is helping provide real value, not just selling products, as **Building Partnerships 5.1** describes. The customized presentation, which is more successful for those who can regulate their emotions, lets the salesperson demonstrate empathy.¹ Cultivating this view is an important step in developing a partnering relationship.



BUILDING Partnerships 5.1

FROM SALESPERSON TO BUYING FACILITATOR: THOUGHTS OF A SEASONED PROFESSIONAL

As a professional salesperson, it should always be your objective to create a great buying experience. This can happen through a multitude of ways, but having a servant’s mindset and showing empathy will be at the foundation of all of them. The servant’s mindset says, “I am literally here with no agenda other than to help this person. If helping means facilitating the purchase of my product *or* my competitors, that’s what I will do. If I do right by this person, I am 1000x more likely to do business with them in the future.” This must be authentic, or it will all fall apart. This leads to the importance of empathy, which is a key determinant to your likability. Never forget that people buy from people whom they like and trust. Make sure you understand your buyer’s internal narratives, worldviews, and culture.

Another challenge for salespeople is around need definition, and what priority is that need. If a need is *not defined*—in other words your “who is it for” target segment doesn’t know they have the need—your marketing and education spend is likely to 2 to 10 times normal, depending on the complexity of the need. A great example of this is the challenge of selling air quality products. People should care about air quality like they care about the drinking water, but because they can’t see, smell, or feel the air, they assume it’s most likely healthy. As such, a buyer’s need for an air quality monitor is *undefined*, and convincing a buyer to put a value on one is going to be a tough sell.

Universities that teach selling should create a culture of buying facilitators instead of just training students to be traditional salespeople. Selling students must be reminded that a sales transaction is a two-way street. Here is a funnel for “buying facilitation” and you should be able to wrap the answers to the four questions below into a story about how a customer just like the one you’re about to talk to solved their problems with your product or service. First, how do you know the customer wants the product? (*why should they really care, emotionally*) Second, does the customer even have a use for the product? (*it’s usually not IF, it’s how many uses do they have if you peek below the fold?*) Third, will they even use it if I sell it to them? (*why should they really care; quantify and bring “logic”*) Fourth, what is their cost of change? That is, changing from what they use today, to your solution?

Identify the value streams early. Whether it be safety, direct cost savings, or increased productivity, keep in mind that not all customers will have the same degree of needs. This is where trying to understand more about the person that is the buyer and how they integrate into the greater tribe probably gives insight into what other “conflicting priorities” may get in the way of yours.

Ask the customer to help you understand their process. This is the single friendliest sales phrase in the history of sales phrases, but it must be authentic. Find out *why* they do the things they do. It is very likely that your potential buyer is the person that bought the current product or solution you hope to replace and there is almost a guaranteed attachment and “belief” that this was (and still is) the right decision. So, headwinds are almost inevitable. Peel back the layers to help facilitate their needs even further. *Note:* trust is key here—you’ll know if you haven’t achieved trust yet if you get answers from the buyer that you know aren’t true. This isn’t them lying; this is them telling you that they’re still skeptical about you and/or your offering.

Andy Boyd, Sales and Marketing Manager, 3M. Used with permission.

Each of the presentation types just discussed involves a different level of skill, cost, and flexibility. Standard memorized presentations can be delivered at low cost by unskilled salespeople with little training. On the other hand, the customized presentation can be costly, requiring highly skilled people to analyze the customer’s needs. Salespeople have the greatest opportunity to adapt their presentations to customer needs when using the customized presentation and the least opportunity when using the standard memorized presentation. The next section discusses the importance of adapting sales presentations.

ADAPTIVE SELLING AND SALES SUCCESS

Salespeople practice **adaptive selling** when they react to different sales situations by changing their sales behaviors. An extreme example of nonadaptive selling is using the standard memorized presentation, in which the same word for word presentation is used for all customers. The customized presentation illustrates adaptive selling because the presentation is tailored to the specific needs of the customer. **From the Buyer's Seat 5.1** describes what one buyer is looking for in salespeople today.



From the BUYER'S SEAT 5.1

WANT TO HAVE ME AS A CUSTOMER? PLEASE READ THIS

As a professional buyer for a manufacturing unit at General Electric, I find that I'm busier than I have ever been before. So many things vie for my time and attention and I simply can't attend to every salesperson who wants to sit and chat with me. When asked "what do you wish salespeople knew about you?" I came up with a rather long list. Rather than bore you with the entire recap, here are the top three that I thought I should share with new salespeople entering the workforce in the 2020s:

1. It seems like each year more people in my company are involved in my buying decisions. Sometimes there are up to six people involved in a very major way. Why? Because a lot of what I buy is so important. My managers expect me to get more feedback from key stakeholders in our company. In fact, it is one metric that I am assessed on in my performance review each year. Another reason we get so many people involved is because the competitive landscape requires it. I can't take the risk of making a bad or untimely decision, because my competitors will jump in quickly and exploit my mistake. So, if you're selling to me, you have to understand you're selling to up to six other people as well. And each of those six likely have some differences in terms of needs, personalities, and longevity with the company.
2. My buying cycle is getting longer. I'm definitely spending more time doing research before I purchase than I did in the last few years. Part of the reason is that I am looking at more sources of purchasing needed items. And if I'm looking at more sources it's obviously going to take me longer to evaluate each and do the detailed ROI analysis that my bosses expect. I still need speed from salespeople, even with those longer buying cycles! I can't afford the luxury of waiting a week for a salesperson to get back to me with some needed information. So, please get back to me quickly, but expect I may not make quick buying decisions. Sorry, but that's the way my job is structured.
3. Yes, part of my buying cycle now includes social media and Internet searches. Actually, I spend a lot of time doing this, more so each year as information on the Web gets more available. So, if you don't have a social media presence and a good web page where I can learn about your products or services, I'm going to be less inclined to contact you to supply my needs. For example, last week, I looked up a web page for a potential supplier to learn more about a specific product. Imagine my disgust when the web page wanted me to fill out a long form before I could even look at pictures of the product and read descriptions of its capabilities. I know it was set up this way on purpose, probably as a way for salespeople to prospect, but it is frustrating for me as a buyer to have to jump through those hoops just to get some basic information. Please make it easy for me!

I hope you enjoy your career in sales. Maybe we'll meet someday. I'll be the buyer smiling if you follow the hints I've provided here.

Source: Anonymous, names changed as requested.

Adaptive selling is featured in this textbook because this approach forces the salesperson to practice the marketing concept. It emphasizes the importance of satisfying customer needs. And being adaptable increases buyer trust and commitment and results in higher sales performance. The communication principles described in **Chapter 4** are required to practice adaptive selling successfully. For example, a Kohler sales representative may believe that a portable generator manufacturer is interested in buying an economical, low-horsepower gasoline motor. While presenting the benefits of a low-cost motor, the sales rep discovers, by observing nonverbal behaviors, that the customer is interested in discussing overall operating costs. At this point the rep asks some questions to find out whether the customer would pay a higher price for a more efficient motor with lower operating costs. Based on the customer's response, the rep may adopt a new sales strategy: presenting a more efficient motor and demonstrating its low operating costs.

It is sometimes hard for people to realize that the world is not made up of people just like them.² Many people are much older than you, while some are younger than you. They practice different religions, enjoy different foods, and shop at stores where you would never think of shopping. They have different moral beliefs and different ideas about “the perfect product” and were raised in a totally different way. Their hopes and aspirations don't match yours. Many of them would be shocked to hear what your life's dreams and goals are.

We are not just talking about differences in people in other countries. We are talking about people who live next door to you, who are sitting next to you in your classroom. Gen Z are different from millennials, and both are different from baby boomers. One salesperson reported that grocery stores that cater to migrant farmers in the San Francisco area want a different product mix (such as more demand for Hormel SPAM) than a grocery store in midtown San Francisco (more demand for upscale, specialty Hormel meat products like Cure 81 ham). The sooner you realize that your world is made up of diverse people, the sooner you will realize the importance of becoming adaptive. Selecting the appropriate sales strategy for a sales situation and making adjustments during the interaction are crucial to successful selling.

Salespeople should also adapt to the customer's desire for a specific type of relationship. For example, if a customer is not interested in developing a strong, long-term relationship and is more interested in maintaining a less involved relationship, the salesperson should adapt to this desire.

Practicing adaptive selling does not mean salespeople should be dishonest about their products or their personal feelings.³ It does mean salespeople should alter the content and form of their sales presentation so customers will be able to absorb the information easily and find it relevant to their situation.

thinking it through

Do you act and talk differently to your professor than when you talk to your friends? Why do you adapt in that way?

The advantages and disadvantages of the three types of sales presentations illustrate the benefits and drawbacks of adaptive selling. Adaptive selling gives salespeople the opportunity to use the most effective sales presentation for each customer.⁴ However, uncovering needs, designing and delivering different presentations, and making adjustments require a high level of skill. For example, the positive impact of adapting is highest when both political skill and intrinsic motivation are high.⁵ The objective of this textbook is to help you develop the skills and knowledge required to practice adaptive selling.

ADAPTIVE SELLING: THE IMPORTANCE OF KNOWLEDGE

A key ingredient to be adaptive is knowledge. Salespeople need to know about the products they are selling, the company they work for, and the customers they will be selling to. Knowledge enables the salesperson to build self-confidence, gain the buyer's trust, satisfy customer needs, practice adaptive selling, and have greater performance.

PRODUCT AND COMPANY KNOWLEDGE

Salespeople need to have a lot of information about their products, services, and company. Purchasing agents rate product knowledge as one of the most important attributes of good salespeople. Effective salespeople need to know how products are made, what services are provided with the products, how the products relate to other products, and how the products can satisfy customers' needs. Salespeople also need to know about their competitors' products as well as their own because they are frequently asked to compare their products to competitors' offerings.

KNOWLEDGE ABOUT SALES SITUATIONS AND CUSTOMERS

Equally important with product and company knowledge is detailed information about the different types of sales situations and customers salespeople may encounter, as **Sales Technology 5.1** discusses. For example, Verizon salespeople need to be knowledgeable about networking and information technology and have overall expertise in how businesses operate in order to sell cell phone service to their unique customer types.



SALES Technology 5.1

USING TECHNOLOGY TO GAIN KNOWLEDGE AND TARGET MY SELLING ACTIVITIES

I have worked in consultative sales in the architectural building industry my entire career. Over my 15+ year career, I have had the unique opportunity of seeing the industry, and the tremendous technological changes, from many different perspectives. I started my career in inside sales, and now work in business development for Inspec, an independent architectural/engineering consulting firm that focuses on designing customized solutions for new and existing building enclosures. Seeing the industry from different viewpoints over such a long duration has allowed me to see how technology has vastly improved the sales process.

At the beginning of my career, my customer mix was largely composed of contractors who utilized the products I sold. Back then, a CRM program was one of the tools we utilized. However, it was simply being used for scheduling meetings and logging interactions with prospects and clients at our desktop computers when we returned from sales trips, which was an arduous task in and of itself.

Over the years, the advancement of cloud-based CRM platforms, the integration of social media channels, and the ability to access all of this information via an app on my smartphone or tablet have revolutionized the way I prospect for new clients as well as maintain relationships with existing customers.

One of the core beliefs I have held throughout my career is that to obtain long-term, trusting relationships with customers, sales consultants must continually educate themselves "above-and-beyond" what they are selling. I firmly believe in personal improvement. This starts with understanding as much as you can about your customer's business, the unique needs they may face, and the various solutions available to assist them, even if they are not your own. I have gained some of my best customers from walking away from contracts where what I had to offer was not the best solution, instead offering advice on other solutions that may better fit their needs. By doing so, I may have lost that initial sale, but gained much more in the long term through positioning myself as a trusted advisor that they can call on for their needs. The advancement in technology, social media, social selling strategies, and the integration of said technology into CRM platforms has made this information easier to find and the entire process much more efficient.

Using social media channels, such as LinkedIn, I can search for a specific segment of the population for the decision makers at organizations that utilize our services. As an example, I can search for individuals in similar roles to those I have successfully helped in the past. I can then expand on that information through other available means to find out specifics about them, their organization, and the potential issues they are facing. This more thorough understanding makes it easier to reach out to them with a more targeted approach.

Another powerful approach is utilizing in-bound lead development strategies. CRM platforms have evolved to include the ability to send targeted newsletters to specific audiences, post-educational content to groups in social media platforms, ask questions amongst specific customer groups, and market educational events. Also, one is now capable of uploading summaries of educational presentations on specific topics, requesting e-mails to download the full presentation, and capturing a list of potential leads consisting of individuals who are interested in such solutions.

One example of where all of the above was utilized was in a recent initiative I lead to reach out to various organizations that may need facility surveys and assistance prioritizing and budgeting future maintenance needs. I started to build my knowledge by searching our CRM for various organizations that we have assisted in the past with minor needs and, therefore, already had a history with. I then went on the organization's website to determine if the person we had worked with was still in that role or if another person had taken their place. Once I found out who the decision maker was, I researched the current situation with the facilities and whether they had already started implementing plans for improvement or not. Being able to access this information allowed me to develop a list of highly targeted potential clients. Utilizing the information in our CRM database, I developed an introductory packet that I sent consisting of research studies we have conducted, educational content, and case studies about similar facilities we have worked with. When I started my career, sending personalized communications to everyone on this list would have been a long, arduous process. The advancement in technology over the years, along with the information already contained in our CRM and available online, has made this process much easier than I ever imagined when I first started in the field.

Jason Popovich, Business Development, INSPEC. Used with permission.

By developing categories of customer types or types of sales situations, salespeople reduce the complexity of selling and free up their mental capacity to think more creatively. The categories salespeople use can focus on the benefits the customer seeks, the person's role in the buying center, the stage in the buying process, or the type of buying situation. For example, a Colgate-Palmolive salesperson might divide buyers into several categories based on their decision-making style. When selling to emotional buyers, this salesperson might need to be more enthusiastic and engage in visual storytelling. When selling to rational buyers, this salesperson might want to stress the financial benefits of purchasing the new toothpaste.

The Challenger Sales model is built on the importance of knowledge about sales situations and customers.⁶ The model, based on the results of thousands of interviews with sales managers, suggests that the most successful salespeople create winning proposals because they actually understand the prospect's world better than the prospect understands it. This approach requires that the salesperson's company invest time and resources to learn about the industry and the unique problems/opportunities that exist in that industry. It is this knowledge that the salesperson uses to secure the prospect's business.



This salesperson has acquired extensive knowledge of the customer's systems.

bikeriderlondon/Shutterstock

HOW TO CREATE KNOWLEDGE

One source of knowledge would be top salespeople in the company you work for. Some firms will collect and share this information with you. For example, AT&T conducted in-depth interviews with its top performers.⁷ Through these interviews, it learned about the types of situations these salespeople encountered and what strategies they used in each

situation. The company developed role plays for each sales situation and used them when training new salespeople. Such role playing enabled the new salespeople to experience the variety of situations they would actually encounter on the job. The strategies recommended by the top salespeople served as a starting point for the trainees to develop their own sales methods for handling these situations.

Salespeople also create knowledge by getting feedback from sales managers. This can be in the form of **performance feedback** (“Did you achieve the goals you set for this call?”) or **diagnostic feedback** (“Let’s talk about why you didn’t achieve your goals”). Diagnostic feedback provides information about what you’re doing right and wrong instead of just whether you made a sale.

The following example illustrates diagnostic feedback:

- SALESPERSON: Why do you think I didn’t make the sale?
 SALES MANAGER: You stressed the low maintenance cost, but he wasn’t interested in maintenance cost. Did you see how he kept looking around while you were talking about how inexpensive it is to maintain the product?
 SALESPERSON: What do you think I should do next time?
 SALES MANAGER: You might try spending more time finding his hot button. Maintenance cost isn’t it.

Other sources of knowledge include the Web, company sales manuals and newsletters, experts in the salesperson’s firm, sales meetings, plant visits, and business and trade publications. Salespeople also collect information about competitors from customers, by visiting competitor displays at trade shows, and from viewing competitors’ web pages.



Successful sales managers give their salespeople diagnostic feedback.

michaeljung/Shutterstock

RETRIEVING KNOWLEDGE FROM THE KNOWLEDGE MANAGEMENT SYSTEM

Salespeople store much of their acquired knowledge in their own memory, and, as such, retrieval is merely accessing information in that memory.⁸ Many companies also have customer relationship management (CRM) systems and knowledge management software to support their salespeople. Salespeople use programs like Salesforce.com CRM to store and retrieve critical knowledge about accounts, products, and competitors. For example, salespeople for the Iowa Wild hockey franchise use a CRM system to store and access information about their customers. They use this knowledge (whether

season tickets were purchased in the past, whether group tickets were purchased, time of season when tickets were purchased in the past, and so forth) when interacting with customers to develop sales strategies and purchase recommendations. Studies have shown that using a CRM system has a positive impact on being adaptive while selling.

It is important for salespeople to be able to retrieve brochures and other business collateral from the knowledge management system. But perhaps more important is the ability to tap the knowledge of in-house experts. One writer calls this “genius management,” which implies going beyond document management to the realm of tapping knowledge from genius within your firm. Progressive firms are encouraging in-house experts, like engineers, product development specialists, and financial staff to develop in-house blogs, wikis, and web pages that are easily accessible and searchable by the sales force. Social networking sites like LinkedIn and Facebook can also be used to connect in-house experts with salespeople. Finally, firms are experimenting with tagging, which is including keywords with a person’s name in company documents and on internal web pages. The keywords indicate the areas of expertise for which that person can be contacted. The goal in all of this is to make it easier for salespeople to connect to experts in their own firms for ideas and assistance.

A number of popular sales training models are available that help salespeople develop and then retrieve knowledge in selling. For example, Accenture and the Miller Heiman Group have long trained salespeople to discover needs and effectively sell value.⁹ They are considered process models in that they both teach a complete system of selling that

includes all elements of the sales process. There are also a number of proven effective techniques that can be incorporated into most any process model. In the next section we turn our attention to one such technique.

THE SOCIAL STYLE® MATRIX: A TRAINING PROGRAM FOR BUILDING ADAPTIVE SELLING SKILLS

To be effective, salespeople need to use their knowledge about products and customers to adapt both the content of their sales presentations—the benefits they emphasize to customers and the needs they attempt to satisfy—and the style they use to communicate with customers. David Merrill and Roger Reid discovered patterns of communication behaviors, or social styles, that people use when interacting with one another.¹⁰ Merrill and Reid found that people who recognize and adjust to these behavior patterns have better relationships with other people. While TRACOM currently owns the rights to SOCIAL STYLE® training programs and conducts training using these concepts, which includes some differences from what is discussed here, we will be describing the system that was first proposed by Merrill and Reid.¹¹

Here is a quick preview of how this system works. As you know, the world is made up of diverse people. For example, some are fast decision makers, whereas others are slow to make just about any kind of decision; some like to talk, whereas others are quiet. To make it easier, this system divides all people into four different types or categories that are based on two dimensions. Your goal as a salesperson is to first identify which of the four types you are. Next you figure out which of the four types your customer is. Finally, you adjust your behavior to mirror or match that of your customer. This adaptation is often called **style flexing**. Now that you have a general idea of how the system works, let's look at it in more detail.

DIMENSIONS OF SOCIAL STYLES

The **social style matrix** described by Merrill and Reid, is shown in **Exhibit 5.2** and includes two dimensions to understand social behavior: assertiveness and responsiveness.

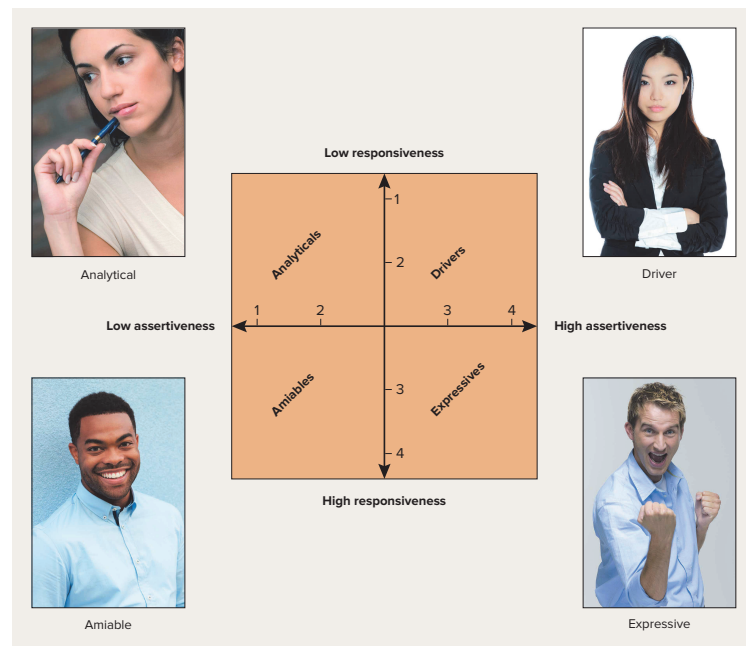


Exhibit 5.2 Social Style Matrix

(top-left) GlowImages/Alamy Stock photo; (top-right) excentric_01/Getty Images; (bottom-left) Monkey Business Images/Shutterstock; (bottom-right) Westend61/SuperStock

Assertiveness

The degree to which people have opinions about issues and publicly make their positions clear to others is called **assertiveness**. Simply having strong convictions does not make a person assertive; assertive people express their convictions publicly and attempt to influence others to accept these beliefs.

Assertive people speak out, make strong statements, and have a take-charge attitude. When under tension, they tend to confront the situation. Unassertive people rarely dominate a social situation, and they often keep their opinions to themselves. **Exhibit 5.3** shows some verbal and nonverbal behavioral indicators of assertiveness.

Exhibit 5.3 Indicators of Assertiveness

Less Assertive	More Assertive
“Ask” oriented	“Tell” oriented
Go-along attitude	Take-charge attitude
Cooperative	Competitive
Supportive	Directive
Risk-avoider	Risk-taker
Makes decisions slowly	Makes decisions quickly
Lets others take initiative	Takes initiative
Leans backward	Leans forward
Indirect eye contact	Direct eye contact
Speaks slowly, softly	Speaks quickly, intensely
Moves deliberately	Moves rapidly
Makes few statements	Makes many statements
Expresses moderate opinions	Expresses strong opinions

Responsiveness

The second dimension, **responsiveness**, is based on how emotional people tend to get in social situations. Responsive people readily express joy, anger, and sorrow. They appear to be more concerned with others and are informal and casual in social situations. Less responsive people devote more effort toward controlling their emotions. They are described as cautious, intellectual, serious, formal, and businesslike. **Exhibit 5.4** lists some indicators of responsiveness.

Exhibit 5.4 Indicators of Responsiveness

Less Responsive	More Responsive
Controls emotions	Shows emotions
Cool, aloof	Warm, approachable
Talk-oriented	People-oriented
Uses facts	Uses opinions
Serious	Playful

Less Responsive	More Responsive
Impersonal, businesslike	Personable, friendly
Moves stiffly	Moves freely
Seldom gestures	Gestures frequently
Formal dress	Informal dress
Disciplined about time	Undisciplined about time
Controlled facial expressions	Animated facial expressions
Monotone voice	Many vocal inflections

CATEGORIES OF SOCIAL STYLES

Each quadrant of the matrix, described by Merrill and Reed and shown in **Exhibit 5.2**, defines a social style type.

Drivers

Drivers are high on assertiveness and low on responsiveness. The slogan of drivers, who are task-oriented people, might be “Let’s get it done now, and get it done my way.” Drivers have learned to work with others only because they must do so to get the job done, not because they enjoy people. They have a great desire to get ahead in their companies and careers.

Drivers are swift, efficient decision makers. They focus on the present and appear to have little concern with the past or future. They generally base their decisions on facts, take risks, and want to look at several alternatives before making a decision. As compared to analyticals, who also like facts and data, drivers want to know how the facts affect results—the bottom line. They are not interested in simply technical information.

To influence a driver, salespeople need to use a direct, businesslike, organized presentation with quick action and follow-up. Proposals should emphasize the effects of a purchase decision on profits.

Expressives

Expressives are high on assertiveness and high on responsiveness. Warm, approachable, intuitive, and competitive, expressives view power and politics as important factors in their quest for personal rewards and recognition. Although expressives are interested in personal relationships, their relationships are primarily with supporters and followers recruited to assist expressives in achieving their personal goals.

People with an expressive style focus on the future, directing their time and effort toward achieving their vision. They have little concern for practical details in present situations. Expressives base their decisions on their personal opinions and the opinions of others. They act quickly, take risks, but tend to be impatient and change their minds easily.

When selling to expressives, salespeople need to demonstrate how their products will help the customer achieve personal status and recognition. Expressives prefer sales presentations with product demonstrations and creative graphics rather than factual statements and technical details. Also, testimonials from well-known firms and people appeal to expressives’ need for status and recognition. Expressives respond to sales presentations that put them in the role of innovator, the first person to use a new product.

Amiables

Amiables are low on assertiveness and high on responsiveness. Close relationships and cooperation are important to amiables. They achieve their objectives by working with people, developing an atmosphere of mutual respect rather

than using power and authority. Amiables tend to make decisions slowly, building a consensus among people involved in the decision. They avoid risks and change their opinions reluctantly.

Salespeople may have difficulty detecting an amiable's true feelings. Because amiables avoid conflict, they often say things to please others despite their personal opinions. Therefore, salespeople need to build personal relationships with amiables. Amiables are particularly interested in receiving guarantees about a product's performance. They do not like salespeople who agree to undertake activities and then do not follow through on commitments. Salespeople selling to amiables should stress the product's benefits in terms of its effects on the satisfaction of employees.

Analyticals

Analyticals are low on assertiveness and low on responsiveness. They like facts, principles, and logic. Suspicious of power and personal relationships, they strive to find a way to carry out a task without resorting to these influence methods.

Because they are strongly motivated to make the right decision, analyticals make decisions slowly, in a deliberate and disciplined manner. They systematically analyze the facts, using the past as an indication of future events.

Salespeople need to use solid, tangible evidence when making presentations to analyticals. Analyticals are also influenced by sales presentations that recognize their technical expertise and emphasize long-term benefits. They tend to disregard personal opinions. Both analyticals and amiables tend to develop loyalty toward suppliers. For amiables, the loyalty is based on personal relationships; analyticals' loyalty is based on their feeling that well-reasoned decisions do not need to be reexamined.

IDENTIFYING CUSTOMERS' SOCIAL STYLES

Exhibit 5.5 lists some cues for identifying the social styles of customers or prospects. Salespeople can use their communication skills to observe the customer's behavior, listen to the customer, and ask questions to classify the customer. Merrill and Reid caution that identifying social style is difficult and requires close, careful observation. Salespeople should not jump to quick conclusions based on limited information. Here are some suggestions for making accurate assessments:

- Concentrate on the customer's behavior and disregard how you feel about the behavior. Don't let your feelings about the customer or thoughts about the customer's motives cloud your judgment.
- Avoid assuming that specific jobs or functions are associated with a social style ("He must be an analytical because he is an engineer").
- Test your assessments. Look for clues and information that may suggest you have incorrectly assessed a customer's social style. If you look for only confirming cues, you will filter out important information.
- Create, join, and participate in social media groups (e.g., LinkedIn, Twitter, Instagram) to learn more about the social style of the buyer.

SOCIAL STYLES AND SALES PRESENTATIONS

In addition to learning how to assess the buyer's social style, Merrill and Reid also stress the importance of assessing the seller's own social style. To get a rough idea of your own social style, you can complete the assessment in **Exhibit 5.6**.

<p style="text-align: center;">Analytical</p> <p>Technical background. Achievement awards on wall. Office is work oriented, showing much activity. Conservative dress. Likes solitary activities (e.g., reading, individual sports).</p>	<p style="text-align: center;">Driver</p> <p>Technical background. Achievement awards on wall. No posters or slogans on office walls. Calendar prominently displayed. Furniture is placed so that contact with people is across desk. Conservative dress. Likes group activities (e.g., politics, team sports).</p>
<p style="text-align: center;">Amiable</p> <p>Liberal arts background. Office has friendly, open atmosphere. Pictures of family displayed. Personal momentos on wall. Desk placed for open contact with people. Casual or flamboyant dress. Likes solitary activities (e.g., reading, individual sports).</p>	<p style="text-align: center;">Expressive</p> <p>Liberal arts background. Motivational slogans on wall. Office has friendly, open atmosphere. Cluttered, unorganized desk. Desk placed for open contact with people. Casual or flamboyant dress. Likes group activities (e.g., politics, team sports).</p>

Exhibit 5.5 Cues for Recognizing Social Styles

Exhibit 5.6 Self-Assessment of Social Styles

Assertiveness Ratings I perceive myself as:	Responsiveness Ratings I perceive myself as:
Quiet Talkative 1 2 3 4	Open Closed 4 3 2 1
Slow to decide Fast to decide 1 2 3 4	Impulsive Deliberate 4 3 2 1
Going along Taking charge 1 2 3 4	Using opinions Using facts 4 3 2 1
Supportive Challenging 1 2 3 4	Informal Formal 4 3 2 1
Compliant Dominant 1 2 3 4	Emotional Unemotional 4 3 2 1

Assertiveness Ratings I perceive myself as:	Responsiveness Ratings I perceive myself as:
Deliberate Fast to decide 1 2 3 4	Easy to know Hard to know 4 3 2 1
Asking questions Making statements 1 2 3 4	Warm Cool 4 3 2 1
Cooperative Competitive 1 2 3 4	Excitable Calm 4 3 2 1
Avoiding risks Taking risks 1 2 3 4	Animated Poker-faced 4 3 2 1
Slow, studied Fast-paced 1 2 3 4	People-oriented Task-oriented 4 3 2 1
Cautious Carefree 1 2 3 4	Spontaneous Cautious 4 3 2 1
Indulgent Firm 1 2 3 4	Responsive Nonresponsive 4 3 2 1
Nonassertive Assertive 1 2 3 4	Humorous Serious 4 3 2 1
Mellow Matter-of-fact 1 2 3 4	Impulsive Methodical 4 3 2 1
Reserved Outgoing 1 2 3 4	Lighthearted Intense 4 3 2 1
<p>Mark your answers above. Total the score for each side and divide each by 15. Then plot your scores on Exhibit 5.4 to see what social style you are. For fun, you may want to have several friends also score you.</p>	

Sources: David Merrill and Roger Reid, *Personal Styles and Effective Performance* (Radnor, PA: Chilton, 1981). See also Tom Kramlinger and Larry Wilson, *The Social Styles Handbook: Adapt Your Style to Win Trust*, 2nd ed. (Herentals, Belgium: Nova Vista Publishing, 2011).

Interpreting self-ratings requires great caution. Self-assessments can be misleading because we usually do not see ourselves the same way others see us. When you rate yourself, you know your own feelings, but others can observe only your behaviors. They don't know your thoughts or your intentions. We also vary our behavior from situation to situation. The indicators listed in **Exhibits 5.3** and **5.4** merely show a tendency to be assertive or responsive.

Is there one best social style for a salesperson? No. None is "best" for all situations; each style has its strong points and weak points. Driver salespeople are efficient, determined, and decisive, but others may find them pushy and dominating. Expressives have enthusiasm, dramatic flair, and creativity but can also seem opinionated, undisciplined, and unstable. Analyticals are orderly, serious, and thorough, but others may view them as cold, calculating, and stuffy. Finally, amiables are dependable, supportive, and personable but may also be perceived as undisciplined and inflexible.



According to Merrill and Reid effective selling involves more than communicating a product's benefits. Salespeople must also recognize the customer's needs and expectations in light of their social styles. **Exhibit 5.7** indicates the expectations of customers with various social styles.

Exhibit 5.7 Customer Expectations Based on Social Styles

Area of Expectation	Customer's Social Style			
	Driver	Expressive	Amiable	Analytical
Atmosphere in sales interview	Businesslike	Open, friendly	Open, honest	Businesslike
Salesperson's use of time	Effective, efficient	To develop relationship	Leisurely, to develop relationship	Thorough, accurate
Pace of interview	Quick	Quick	Deliberate	Deliberate
Information provided by salesperson	Salesperson's qualifications; value of products	What salesperson thinks; whom he/she knows	Evidence that salesperson is trustworthy, friendly	Evidence of salesperson's expertise in solving problem
Salesperson's actions to win customer acceptance	Documented evidence, stress results	Recognition and approval	Personal attention and interest	Evidence that salesperson has analyzed the situation
Presentation of benefits	What product can do	Who has used the product	Why product is best to solve problem	How product can solve the problem
Assistance to aid decision making	Explanation of options and probabilities	Testimonials	Guarantees and assurances	Evidence and offers of service

Although each customer type requires a different sales presentation, the salesperson's personal social style tends to determine the sales technique they typically use. For example, drivers tend to use a driver technique with all customer types. When interacting with an amiable customer, driver salespeople will be efficient and businesslike, even though the amiable customer would prefer to deal with a more relationship-oriented and friendlier salesperson.

VERSATILITY

The effort people make to increase the productivity of a relationship by adjusting to the needs of the other party is known as **versatility**. Versatile salespeople—those able to adapt their social styles—are much more effective than salespeople who do not adjust their sales presentations. Here is a comparison of behaviors of more versatile and less versatile people:

Less Versatile	More Versatile
Limited ability to adapt to others' needs	Able to adapt to others' needs
Specialist	Generalist
Well-defined interests	Broad interests
Sticks to principles	Negotiates issues
Predictable	Unpredictable
Looks at one side of an issue	Looks at many sides of an issue

How can a salesperson improve his or her versatility? Most companies have sales training programs that help teach salespeople the differences in buyers. Role playing is also used extensively for managers to spot problems in salesperson versatility and to teach new ways to help improve it. For example, sales training might suggest that effective salespeople adjust their social styles to match their customers' styles. In role plays, salespeople with a natural driver orientation need to become more emotional and less assertive when selling to amiable customers. Analytical salespeople must increase their assertiveness and responsiveness when selling to expressive customers. **Exhibit 5.8** shows some techniques for adjusting sales behaviors in terms of assertiveness and responsiveness.

Exhibit 5.8 Adjusting Social Styles

Dimension	Adjustment	
	Reduce	Increase
Assertiveness	Ask for customer's opinion.	Get to the point.
	Acknowledge merits of customer's viewpoint.	Don't be vague or ambiguous.
	Listen without interruption.	Volunteer information.
	Be more deliberate; don't rush.	Be willing to disagree.
	Let customer direct flow of conversation.	Take a stand.
		Initiate conversation.
Responsiveness	Become businesslike.	Verbalize feelings.
	Talk less.	Express enthusiasm.
	Restrain enthusiasm.	Pay personal compliments.
	Make decision based on facts.	Spend time on relationships rather than business.
	Stop and think.	Socialize; engage in small talk.
		Use nonverbal communication.

RECAP: THE ROLE OF KNOWLEDGE IN ADAPTING

The social style matrix illustrates the importance of knowledge, organized into categories, in determining selling effectiveness through adaptive selling. Salespeople learn the cues for identifying various social styles, for example. Salespeople also learn which adjustments they need to make in their communication styles to be effective with each customer type.

SYSTEMS FOR DEVELOPING ADAPTIVE SELLING SKILLS

The social style matrix developed by Merrill and Reid is one of several sales training methods based on customer classification schemes. Rather than using assertiveness and responsiveness, classification schemes by other sales trainers use dimensions and quadrants like the following:

- Warm-hostile and dominant-submissive
- Dominance and sociability
- Relater, socializer, thinker, and director
- Logical (yellow), emotional (blue), conceptual (orange), and analytical (green)
- Skeptics, charismatics, thinkers, followers, and controllers
- Hawk, owl, dove, and peacock

Regardless of the training system used, it is imperative that salespeople adjust to their audience. Salespeople adjust for types of customers. They also adjust their style when selling to diverse cultures even within their own country. For example, Hispanic salespeople may need to alter their communication style when selling to Anglo-American customers.

Training methods such as the social style matrix are simply a first step in developing knowledge for practicing adaptive selling. They emphasize the need to practice adaptive selling—to use different presentations with different customers—and stimulate salespeople to base their sales presentations on an analysis of the customer. But these methods are limited; they present only a few types of customers, and classification is based on the form of communication (the social style), not on the content of the communication (the specific features and benefits stressed in the presentation).

In addition, accurately fitting customers into the suggested categories is often difficult. Customers act differently and have different needs in different sales encounters: A buyer may be amiable in a new task-buying situation and be analytical when dealing with an out-supplier's salesperson in a straight rebuy. Amiable buyers in a bad mood may act like drivers. By rigidly applying the classification rules, salespeople may actually limit their flexibility, reducing the adaptive selling behavior these training methods emphasize.

SELLING YOURSELF

This chapter provides insight into ways that you may adapt your selling to meet different needs, social styles, or relationships. Take some of these key concepts and focus on relationships you currently have with friends, family, faculty, and more. There are friends that you call once a year and it feels as if you talk every day, and there are friends you may chat with on a daily basis; each of these are unique and you find yourself adapting to each one. Challenge yourself to analyze others and understand how they communicate and what may be important to them. This will help you build your skill set as you enter into the world of sales.

Speaking of entering the sales world, graduation will be approaching before you know it and that means that you will be searching for a career. The interview process tends to seem daunting to many. However, using key concepts from this chapter such as being adaptive, building knowledge, and understanding social styles will help you navigate the

unfamiliar waters. For example, most job postings have a detailed description of what qualities they would like a potential candidate to possess. This is a great place to build your knowledge and set yourself up for success! When analyzing the experience on your résumé, you should be looking for skills and capabilities that match up with their requirements. It is best practice to gain a great deal of knowledge around the job itself, as well as the mission and culture of the company before entering into the interview process. Have a solid understanding of what skills you possess and articulate how the company would benefit from you being part of their team.

As mentioned in the chapter, it is important to understand your customer's social style. This skill will be used with each and every customer interaction you have. However, in the interview process, it is just as important to understand your own style. Know how you communicate and articulate how it may be a competitive advantage. I have found over the years that you are unique, and it is important to know your strengths as well as your weaknesses. You sell yourself every day whether you know it or not; speaking with your professors, understanding your colleagues, and contributing in class; you are building a brand. A brand is something that you will carry for decades to come, so build it wisely. Think about who you are and what you want to be known for, whether that is hard work, curiosity, or a positive attitude. The brand you carry starts in school and will move with you into your career. Push yourself to be the best with your customers, management, and peers; this is an exciting time of your life and it is only just the beginning.

Finally, I wanted to emphasize how important the lessons are that you learn in these classes. Throughout school, you often wonder if the information you are learning will pertain to what you do in your future career. I am here to tell you that the information I learned in Dr. Castleberry's Fundamentals of Selling class not only helped me to acquire my dream job, but also continues to help me understand my customers daily. The skills you are learning now are irreplaceable and will drive you to success in your careers!

Rachael Prozinski, Azure Applications and Infrastructure Solution Specialist, Microsoft. Used with permission.

SUMMARY

Adaptive selling uses one of the unique properties of personal selling as a marketing communication tool: the ability to tailor messages to individual customers and make on-the-spot adjustments. Extensive knowledge of customer and sales situation types is a key ingredient in effective adaptive selling.

To be effective at adapting, salespeople need considerable knowledge about the products they sell, the companies for which they work, and the customers to whom they sell. Experienced salespeople organize customer knowledge into categories. Each category has cues for classifying customers or sales situations and an effective sales presentation for customers in the category.

The social style matrix, developed by Merrill and Reid, illustrates the concept of developing categorical knowledge to facilitate adaptive selling. The matrix defines four customer categories based on a customer's responsiveness and assertiveness in sales interactions. To effectively interact with a customer, a salesperson needs to identify the customer's social style and adapt a style to match. The sales training program based on the social style matrix provides cues for identifying social style as well as presentations salespeople can use to make adjustments.

KEY TERMS

adaptive selling

amiable

analytical

assertiveness

customized presentation

diagnostic feedback

driver

expressive

outlined presentation

performance feedback

responsiveness

social style matrix

standard memorized presentation

style flexing

versatility

ETHICS PROBLEMS

1. Your boss tells you about one of your buyers, Ben: “Just start talking about Beyoncé! If you do, Ben will like you and probably buy just about anything. Even more than he needs because he hates to say no to someone who likes Beyoncé as much as he does!” What will you do in that situation?
2. You have a buyer, an expressive, who is a real challenge. It seems as though she is always playing games with salespeople. For example, today she said that she was going to take a vote of all employees that report to her to see what they wanted her to buy. You know for a fact that many of her employees have no idea about how to evaluate the service you are selling, and don’t even deal with that part of the business ever. What will you do in this situation?

QUESTIONS AND PROBLEMS

1. A salesperson stated, “I just can’t stand to deal with buyers who want to get right down to business without first talking about sports, life, and family. They just seem so aggressive to me!” Based on this limited amount of information, what social style would you guess the salesperson to be? What would be your response to this salesperson?
2. While most salespeople have adopted technology tools to aid them in selling, some have refused. What would be your response to a salesperson who says the following: “I believe in privacy. I don’t want to have a lot of information about my customers, and even about my own working life, placed on computers that a hacker can steal and share with others.”
3. A salesperson made the following comment: “It’s such a waste of time to read all of my company’s e-mails and announcements about success stories for our products. I had rather spend my time making sales calls!” Based on what you learned in this chapter about knowledge systems, what would be your response to this salesperson?
4. “It’s just common sense to adapt to whoever you are talking to. There is no need to train on something like that.” Do you agree? Why or why not?
5. In general, would a salesperson with an analytical social style be better at selling than a person with an amiable style? Why?
6. Some people object to the social style matrix training system because they don’t want to “act.” They just want to be themselves, and not “put on a show.” What would you say to them?
7. What social styles would you assign to the following people? Why?
 - a. Michael Jordan
 - b. Your least favorite instructor in high school.
 - c. One of your relatives
 - d. Donald Trump
8. The salesperson in **Building Partnerships 5.1** has the opinion that universities should teach sales students to become buying facilitators instead of just teaching them to be traditional salespeople, because buyers are as involved in the act of creating the transaction as the sellers are involved. List three topics that might be covered in a sales course, assuming that a university adopted that approach.

9. Suppose that during a sales call on a buyer of corporate fleets, the buyer says, “I don’t think electric vehicles are going to ever be a best-selling item in the future!” How should you, a seller of electric cars, respond if this customer is an analytical? An expressive?
10. Market research by a company specializing in designing and building work spaces in commercial real estate identified two types of buyers. Type I is concerned only that the redesign is the absolute cutting edge in terms of style and materials. Type II is concerned about practical elements such as functionality and lack of obsolescence. How would you adapt the selling of your commercial real estate design services to each type?

CASE PROBLEMS

case 5.1 Good Humor® Ice Cream Treats

I am a national account salesperson for Unilever. One of my lines includes novelty ice cream products. As an individual, I tend to love facts and logic and am very deliberate in making my decisions. For example, I recently purchased a new mattress for my apartment, and it took five trips to three stores, plus about three hours of online research before I was ready to make a decision. Personally, I often look to the past as an indicator of future results, and once I make a decision I rarely go back to reexamine. People have told me that, in terms of developing relationships, others have to earn my trust over a period of time. My personal standard for work excellence is very high.

Today, I’m calling on two individuals with Dylaxan Inc. to try and see if we might negotiate to have our ice cream products carried in their outlets. I’ve met both of them briefly at a trade show in New York City, and also learned more about them from my firm’s chief operating officer.

Jon, the director of marketing for Dylaxan, always makes certain to start meetings conversationally by checking in to see how everyone is doing. Jon prefers to ease into a meeting by having a nice conversation about family or happenings prior to getting into the details. Once the business conversation starts, he will listen to people present their discussion items. At some point he will jump in to express his own ideas and what he thinks should be done. But he does so in somewhat of an indirect way, so it comes across as being more personable and not being directive. An example of this might be his way of suggesting to determine if a product meets the needs of an individual region: “Don’t you think it would be a good idea to ask the marketing research teams in Vietnam and Cambodia if this product will meet the needs of their consumers” instead of saying “You need to ask the marketing research teams in Vietnam and Cambodia if this product will meet the needs of their consumers.” It feels like there is more of an opportunity for back-and-forth discussion on the best course of action with Jon, instead of just having him say how things should be done.

The director of Research, Development, and Engineering at Dylaxan, Ian has quite a different style. In business meetings, he wants to get right down to business. He normally mentions how extremely busy he is and is always looking at his cell phone or the wall clock. Ian is not afraid to cut people off during a presentation and express his opinion or redirect the presentation so it better meets his needs. As soon as he has enough information, he will make his decision. He tends to be very directive when stating what he wants done. This tends to make his direct reports feel like they do not have much say in what needs to be done, because once he makes a decision, the conversation is done.

Questions

1. Based on the limited amount of information provided, what would you guess is the social style of each buyer? How about the social style of the seller? Explain your reasoning.
2. What changes should the seller make when selling to each buyer?

case 5.2 DePuy Synthes

I'm Isabella and I sell orthopedic products, like hip, shoulder, elbow, and knee replacements, for DePuy Synthes. One aspect of my selling job requires me to service what I sell, and in the case of replacement joints, that means going into the operating room with the surgeon and taking on the role of a technical expert when it comes to the capabilities, function, and surgical technique used with my company's hardware.

I took a survey and found out that I am definitely an expressive. People see me as warm and approachable, yet also not afraid to express my points of view with strong conviction. I tend to act rather quickly when making decisions, after I've had a chance to survey the opinions of others who are important to me.

There are three surgeons I'm going to be calling on tomorrow, to introduce a newly developed solution in cartilage repair. Let me tell you a bit about each surgeon.

Dr. Ruiz is a meticulous, detail-oriented knee and hip replacement surgeon. His office is so neat that it looks like he rarely even uses it. He keeps the top of his desk completely free of anything except for a small business card holder at one corner. He is a world-class surgeon with many awards displayed on the walls. I've heard that he wants to get right down to business and demands to know the bottom line immediately. He has little tolerance for someone who is not the best at what they do. If he thinks you are wasting his time, he will politely tell you so, before wishing you a nice day and sending you out the door. His favorite hobby is collecting fine wines.

Dr. Dominguez, an accomplished knee surgeon, has been known to be a few minutes late to surgeries due to getting caught up in some conversation with a colleague or patient. His friends tend to think of him as a great big "teddy bear" whom everyone wants to be around. His personality is in some way magnetic, and he has many friends. He is an ultra-competitive tennis player and rarely loses, but when he does, he immediately demands a rematch for the next day if possible. He serves on five different medical boards and councils and is known as an influential leader in each. People have said that he is a visionary, both in the orthopedic surgery realm as well as his own personal life. He has toyed with running for political office and most friends think he would make a great debater if he did decide to run! His favorite hobby, other than playing tennis, is traveling to the Far East.

Dr. Velez specializes in elbow replacements. While certainly friendly, she could hardly be called effusive with her affection or conversation. She seems to be totally task-oriented and wants to be the best elbow replacement surgeon in the Northwest. She doesn't seem to understand the power struggles among the various surgeons and administrators at the hospital, and would rather spend her time reading the latest medical journals and conversing with surgeons around the globe on the latest surgical techniques. She sometimes is slow to adopt new techniques, however, wanting to be absolutely certain that any procedure is better than all other possible procedures before changing. Her favorite hobby is fly-fishing.

Questions

1. What is the social style of each surgeon? Discuss facts that helped you determine that assessment.
2. How should Isabella adapt to each surgeon?

ROLE-PLAY CASE

This role play requires some before-class preparation. Write a brief outline of how you would describe Gartner to someone who has never heard of it. Identify three features of Gartner's services that you think would benefit your buyer, based on the information you've learned so far this semester. Then write down what you would want to say about each feature. You will take turns presenting your sales presentations to your buyer. After you give your presentation, determine what the other person's social style was. Identify the hints the buyer gave you.

If you have been using Gartner role plays all along, you can use the same customer you have called on. If not, you will need to review the role-play material at the end of **Chapter 3**. You can also review material about Gartner in the role-play case at the back of this book to understand Gartner and what it does, as well as visit <https://gartner.com/en/careers/ncsc>

When you play the buyer, pick a social style different from your own. Interact with the seller in ways that give clues about your social style. Before the role play starts, think of at least five things you will do to hint at your new social style. Keep in mind that a social style includes both responsiveness and assertiveness, so make sure your hints combine both dimensions. After each role play, the salesperson should say what the other person's social style was and what clues were used to make that determination.

To the instructor: There is no additional information required for this role play if you have been using these all semester. Otherwise, see the note in the Instructor's Manual.

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