Introduction to Entrepreneurship and Innovation

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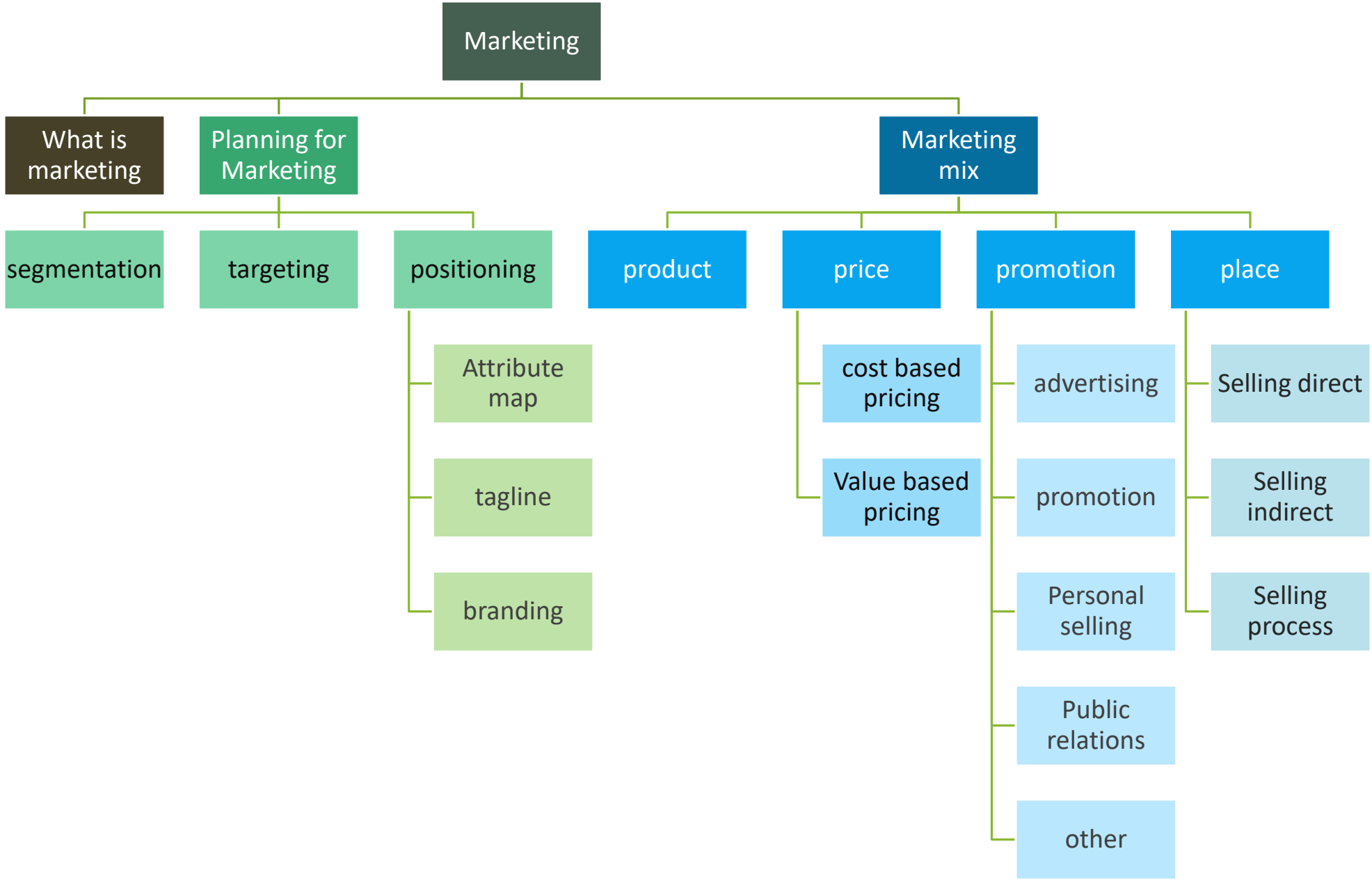
CHAPTER 11

Marketing


Marketing
What is marketing
Planning for Marketing
Marketing mix
segmentation
targeting
positioning
Attribute map
tagline
branding
product
price
cost based pricing
Value based pricing
promotion
advertising
promotion
Personal selling
Public relations
other
place
Selling direct
Selling indirect
Selling process

Product-oriented vs market oriented businesses

Product-oriented businesses	Market-oriented businesses
… then try to find a market for it	… then they develop the product
Sometimes when new technologies are being developed, this is done without investigating possible markets. People may not want this product until it is developed and advertising has persuaded them to buy it	The business have to identify the wants and desires of customers, now and in future, in order to produce the right goods which will sell well.

Rami invents a new tool for planting seeds. It is much easier to use it than existing tools. However it has high manufacturing costs, twice as much as existing tools.

- Is Rami's business product-oriented or market-oriented? Why?
- What would you advise Rami to do before he starts manufacturing the new tool?

What is Marketing?

Marketing is not just advertising, promotion and selling.

It includes the development of product, finding wat sort of customers might but the product, what packaging should be used, what price should be charged, where it should be sold, as well as the advertising and promotion that should be used.

Business can make products and hope that they will sell, but this is very risky.

Marketing usually means finding out what consumers' requirements are through research. After customer needs are identified, new products are developed, or changes to existing products are done.

Objectives of Marketing?

- **Increasing sales revenue** and therefore profits is the most obvious objective.
- Also a business will have to take action to **maintain its market share**, especially when there is a growth in competitors.
- A business may need to **improve the image of products** or the business, for example if the image of a business has been harmed because a child was hurt while using a product, and social media wrote about that, then the business will need to find a way to convince customers that the problem has been solved.
- A business might want to **sell its products in a new market**, for example in another country. Or maybe a chocolate manufacturer who advertise its products to children with cartoon images on the packaging might want to sell chocolate to adults.
- A business may need to keep **improving existing products or introducing new ones** to **compete with other companies**

Selecting a Market and Establishing a Position (1 of 12)

Important Questions That All Start-ups Must Ask

In order to succeed, a new firm must address this important issue: Who are our customers and how will we appeal to them?

A well-managed start-up approaches this query by following a three-step process:

- Segmenting the market.
- Selecting a target market.
- Crafting a unique positioning strategy.

Segmentation

- Select a base for segmentation
- Profile segment characteristics

Targeting

- Evaluate segment's attractiveness
- Select one or more segments as targets

Select a niche market

Positioning

- Develop position for each segment
- Develop marketing program for each segment

What group of customers in my market are similar enough that the same product or service will appeal to all of them?

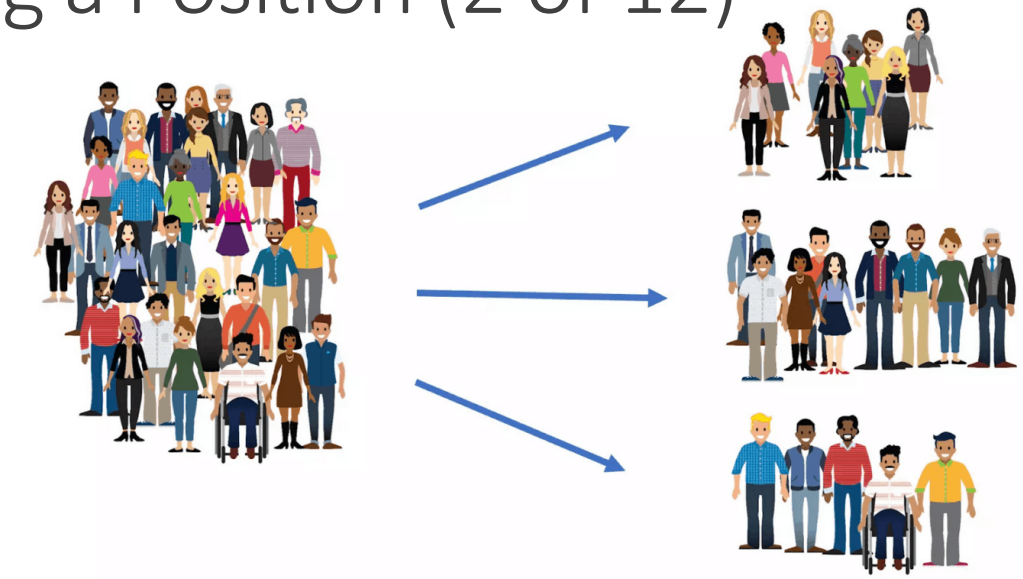
Which specific group of customers have I decided to target?

What position will my firm occupy in the minds of my customers and potential customers that will differentiate it from all my competitors?

Selecting a Market and Establishing a Position (2 of 12)

Market Segmentation (1 of 3)

- Market segmentation is when a market is broken into sub-groups which share similar characteristics.
- Involves studying a firm's industry and determining the different target markets in that industry.
- is important ***because*** a new firm typically has only enough resources to target one market segment, at least initially
- Market segmentation also helps in identifying gaps in the market. An entrepreneur needs to identify a gap before other businesses do



Markets can be segmented in a number of different ways, including:

- Geography (city, state, country).
- Demographic variables (age, gender, family size).
- Psychographic variables (personality, lifestyle, values).
- Behavioral variables (benefits sought, brand loyalty).
- Product type (varies by product).

Selecting a Market and Establishing a Position (3 of 12)

Market Segmentation (2 of 3)

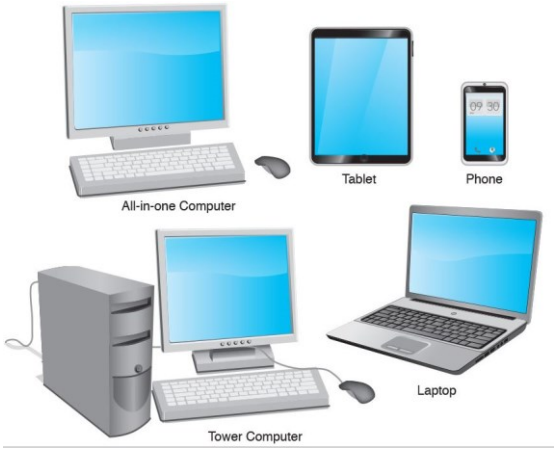
To test whether you have segmented your market successfully, the *requirements for successful market segmentation* are as follows:

تجانس، تماثل

اختلاف الخواص

- Homogeneity of needs and wants appears ***within*** the segment.
- Heterogeneity of needs and wants exists ***between*** the segments.
- It should be possible to determine the size of the segment.
- The segment should be large enough to be profitable.

Example 1: Segmenting the Computer Industry



The computer industry can be segmented in the following ways:

- Product type (handheld computers, tablet computers, PCs, work stations, minicomputers, mainframes and super computers.
- Customers served (individuals, businesses, schools or government).

Example 2: Try Segmenting the Soap Industry

Selecting a Market and Establishing a Position (4 of 12)

Market Segmentation (3 of 3)

If an entrepreneur is not familiar with how to segment a particular market, IBISWorld, Mintel and other online databases that are often available through large university libraries, provide suggestions. They even show the size of the segments.

For example, IBISWorld segments the Gym, Health & Fitness Club Industry (NAICS 71394) by service provided. The $24.8 billion industry is 65 percent gyms and fitness centers, 10 percent other, 7 percent dance centers, 7 percent swimming pools, 6 percent ice and roller rinks, and 5 percent tennis centers.

Overlooking this step *(segmentation and determining the size of the target market)* can result in a faulty assessment of the size of the potential market for a new product or service.

the Gym, Health & Fitness Club Industry [redacted] tennis centers market

Selecting a Market and Establishing a Position (5 of 12)

Selecting a Target Market

Target Market

- Once a firm has segmented the market, a target market must be chosen.
- The market must be sufficiently attractive and the firm must have the capability to serve it.
- By focusing on a clearly defined market, a firm can become an expert in that market and then be able to provide customers a high level of service.

For example, Broadway Dance Center in New York City targets serious dancers who aspire to earn a living dancing in Broadway plays. That's an entirely different niche than a studio teaching ballroom dancing or a studio teaching ballet to young girls. By focusing on a clearly defined market, a firm can become an expert in that market and then be able to provide its customers with high levels of value and service.

An example of a company that's successfully sorted this out is MailFinch, a company specializing in managing other companies' direct mail campaigns.

A firm must also continually monitor the attractiveness of its target market.

Because…

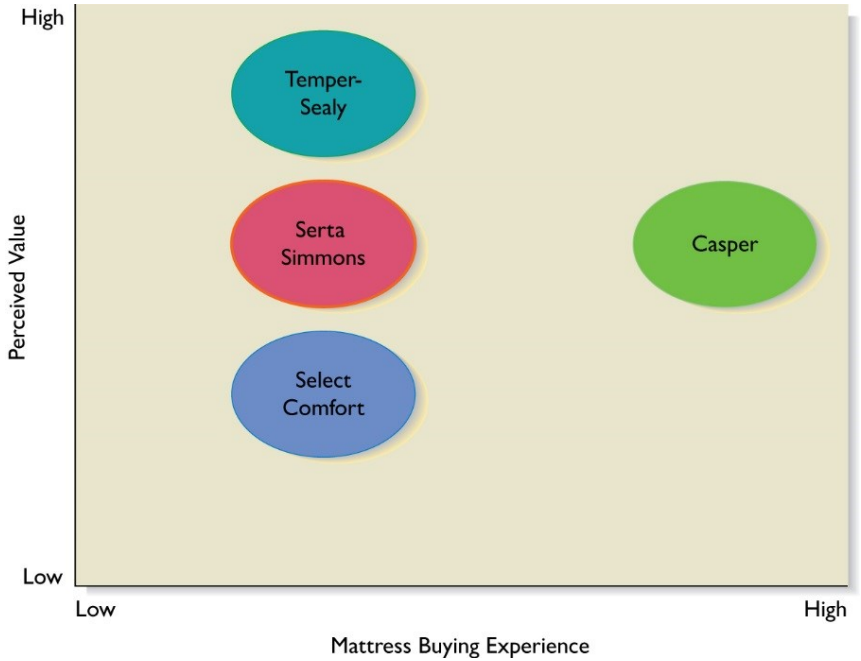
Societal preferences change, a fact that sometimes causes a target market to lose its attractiveness for a firm and the product or service it has to offer customers.

Selecting a Market and Establishing a Position (6 of 12)

Establishing a unique position

Positioning

- After selecting a target market, the firm's next step is to establish a "position" within the market that differentiates it from its rivals.
- A "position" is the part of a market that the firm is claiming as its own.
- A firm establishes a unique position in its customers' minds by drawing attention to two or three of the product's attributes.
- After a company has its position and primary points of differentiation, a helpful technique is to develop a product attribute map.
- A product attribute map illustrates a firm's positioning strategy relative to its rivals.



- Example 1: The product attribute map for Casper (the mattress company featured in Case 5.2)
- https://www.yout-ube.com/watch?v=jhjW6JN6H00&t=30s

Selecting a Market and Establishing a Position (7 of 12)

Establishing a unique position example 2

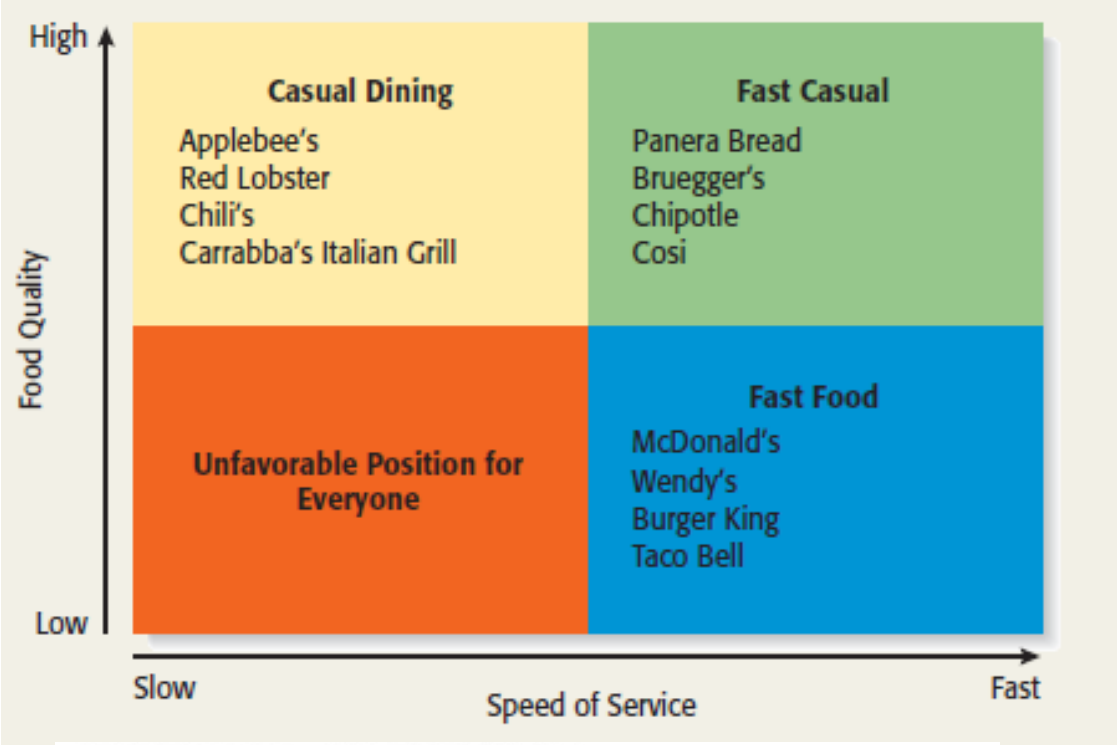
This firm's product attribute map is based on the two primary attributes that people look for in a fitness center:

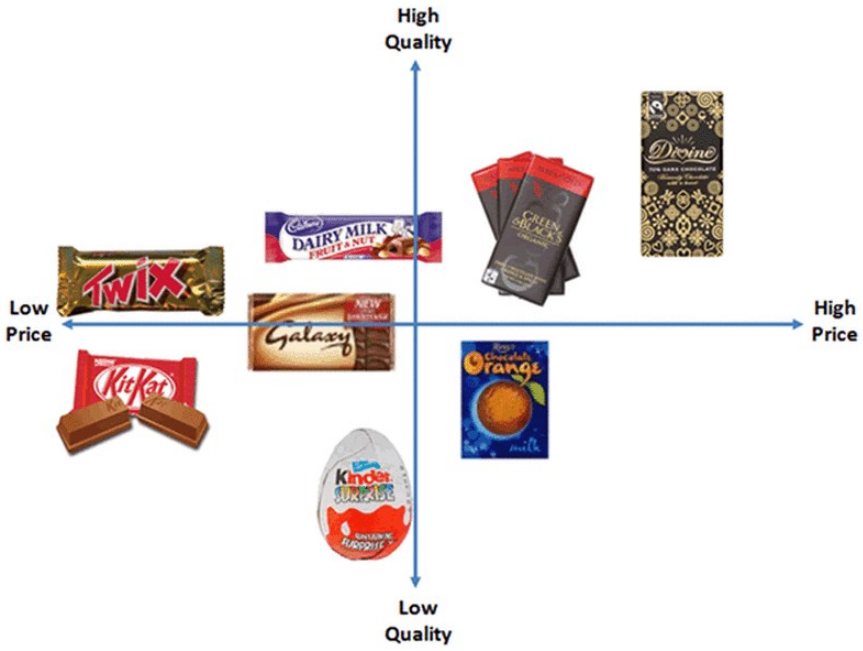
- range of amenities provided
- and the extent to which the center is both affordable and convenient.

As a result, it stresses its convenience and affordability in its promotions

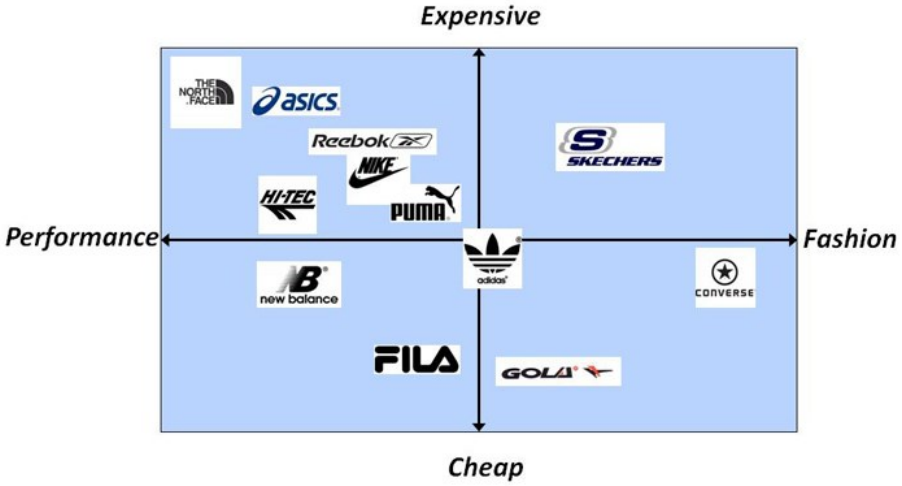
Snap Fitness's tagline is "fast convenient affordable

product attribute map examples



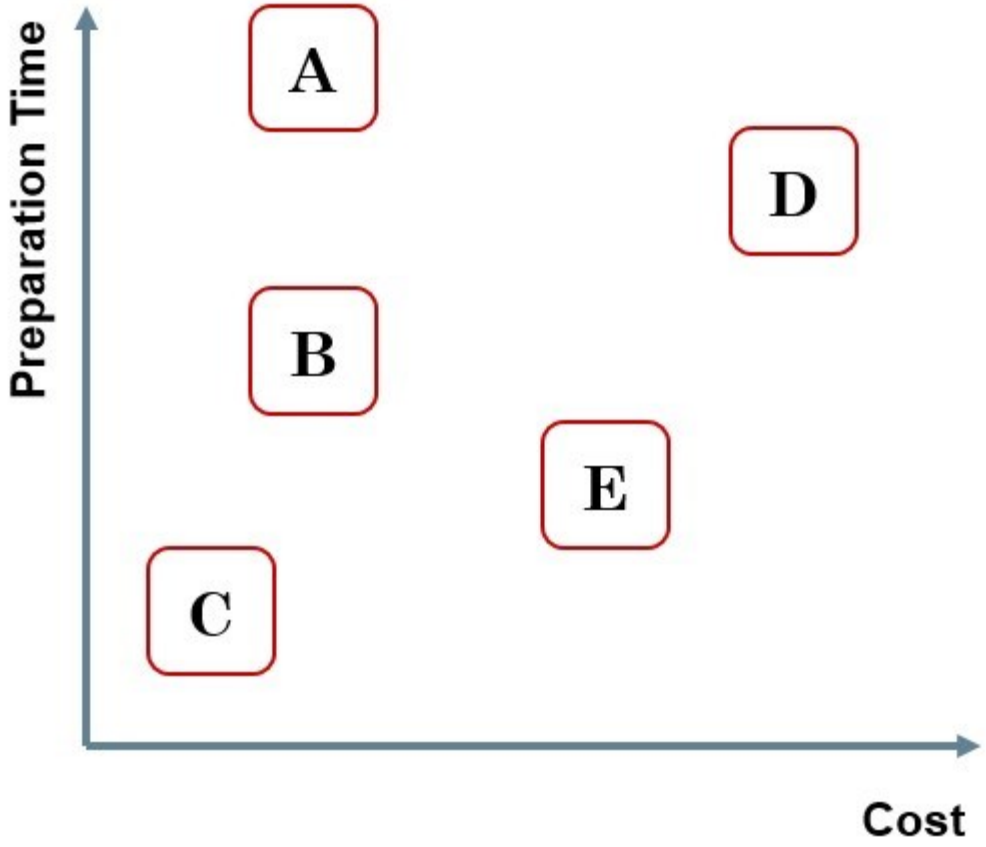


PERCEPTUAL MAP – ATHLETIC FOOTWEAR



Choose a position for each of the products (***Pancakes, Cold Cereals, & Instant Breakfast***) on the **Product Attribute Map** according to the following product attributes:

- **Pancakes:** they take a lot of time to prepare, but they don't cost a lot. **Box [[ ]]**
- **Cold Cereals:** their cost is moderate compared to other products, and they take more time to prepare compared to Instant Breakfast. **Box [[ ]]**
- **Instant Breakfast:** its cost is the lowest and it almost doesn't take time to prepare. **Box [[ ]]**



Selecting a Market and Establishing a Position (8 of 12)

Establishing a unique position

Tagline

- Firms often develop a “tagline” to reinforce the position they have staked out in their market, or a phrase that is used consistently in a company’s literature and thus becomes associated with the company.
- An example is Nike’s familiar tagline, “Just do it.”
  - The beauty of this simple three-word expression is that it applies equally to a 21-year old triathlete and a 65-year-old mall walker.

NIKE

JUST DO IT.

Selecting a Market and Establishing a Position (9 of 12)

Establishing a unique position

Establishing a Brand (1 of 4)

Branded products are normally sold as being of higher quality than unbranded products. It is the assurance of a standard quality that makes consumer confident in buying branded products.
A brand is the set of attributes—positive or negative—that people associated with a company.

- These attributes can be ***positive***, such as trustworthy, dependable, or easy to deal with.
- Or they can be ***negative***, such as cheap, unreliable, or difficult to deal with.

The customer loyalty a company creates through its brand *is one of its most valuable assets.*
Brand loyalty means that consumers keep buying the same brand of product instead of trying similar products even if their prices were less.

Brand Management :Some companies monitor the integrity of their brands through a program called "brand management."
Brand Management is a program used to protect the image and value of an organization's brand in consumers' minds.

Selecting a Market and Establishing a Position (10 of 12)

Establishing a unique position

Establishing a Brand (2 of 4)

So how does a firm establish a brand?

On a philosophical level, a firm must have meaning in its customers' lives. It must create value—something for which customers are willing to pay.

On a more practical level, brands are built through a number of techniques, including advertising, public relations, sponsorships, support of social causes, social media, and good performance.

A firm's name, logo, website design, Facebook page, Instagram account and even its letterhead are part of its brand.

Extra Since companies can only control brand image indirectly and to a limited extent, it's important to improve your existing brand image as best as possible. This can be done very practically in several ways, for example:

- Monitoring word of mouth, which can contribute to the formation of perceptions that comprise brand image
- Ensuring consistent delivery of the value you promise to consumers in your positioning statement
- Continually communicating your unique values and attributes through marketing strategies
- Providing high-quality products or services, focusing on the customer experience

Selecting a Market and Establishing a Position (11 of 12)

Establishing a unique position

Establishing a Brand (3 of 4)

Power of a Strong Brand

- Ultimately, a strong brand can be a very powerful asset for a firm.
- Over 50% of consumers say that a known and trusted brand is a reason to buy a product.
- A brand allows a company to charge a price for its products that is consistent with its image.
- A successful brand can increase the market value of a company by 50% to 75%.

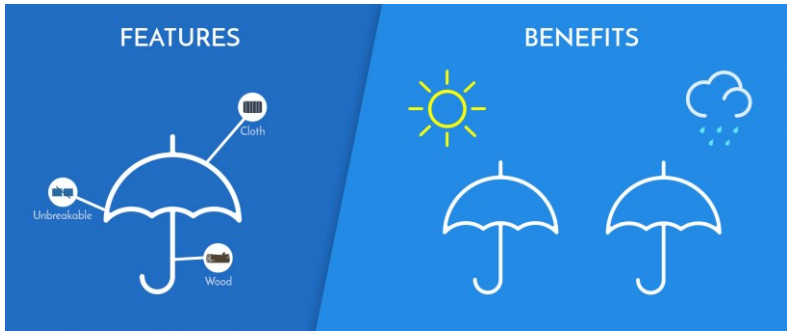
Brand equity

is the term that denotes the set of assets and liabilities that are linked to a brand and enable it to raise a firm's valuation. It is important for firms to understand brand equity and how to use it to create value.

Selling Benefits Rather Than Features:

- Many entrepreneur make the mistake of positioning their company's products or services on features rather than benefits.

- A positioning or marketing strategy that focuses on the features of a product, such as its technical merits, is usually much less effective than a campaign focusing on what the merits of the product can do.



Selecting a Market and Establishing a Position (12 of 12)

Establishing a unique position

Establishing a Brand (4 of 4)

Cobranding:

– A technique that companies use to strengthen their l
a cobranding arrangements with other firms.

– Cobranding refers to a relationship between two or r
firm's brands promote each another.

Extra

Brand Identity	Brand Image
Developed internally	Developed externally
Who do you want to be? (The company's desired image)	How do consumers feel about you? (The consumer's perceived image)
Active in nature	Passive in nature
Forward-looking: continually trying to create and establish your desired identity	Backward-looking: your identity based on consumers' changing perceptions of you over time

Extra https://www.forbes.com/sites/forbesagencycouncil/2019/02/07/how-to-objectively-evaluate-your-current-brand/?sh=5cd720c8102e

Some ways you can measure brand image include:

1. Measuring Brand Perception via Focus Groups, Surveys, and Social Media Listening

This involves understanding how consumers perceive your brand. The more positive their perceptions, the more favorable your brand image:

- **Brand perception surveys** enable companies to evaluate how and how well consumers resonate with their brand and how far they understand the values and missions you are trying to convey.
- **Focus groups** can achieve similar results through more informal discussions where organizations can gauge the general beliefs and attitudes towards a brand, and from there, gain an understanding of the overall strength and nature of the brand image.
- **Social Media Listening can be achieved via** monitoring conversations and mentions involving the brand on social media

2. Brand Concept Maps

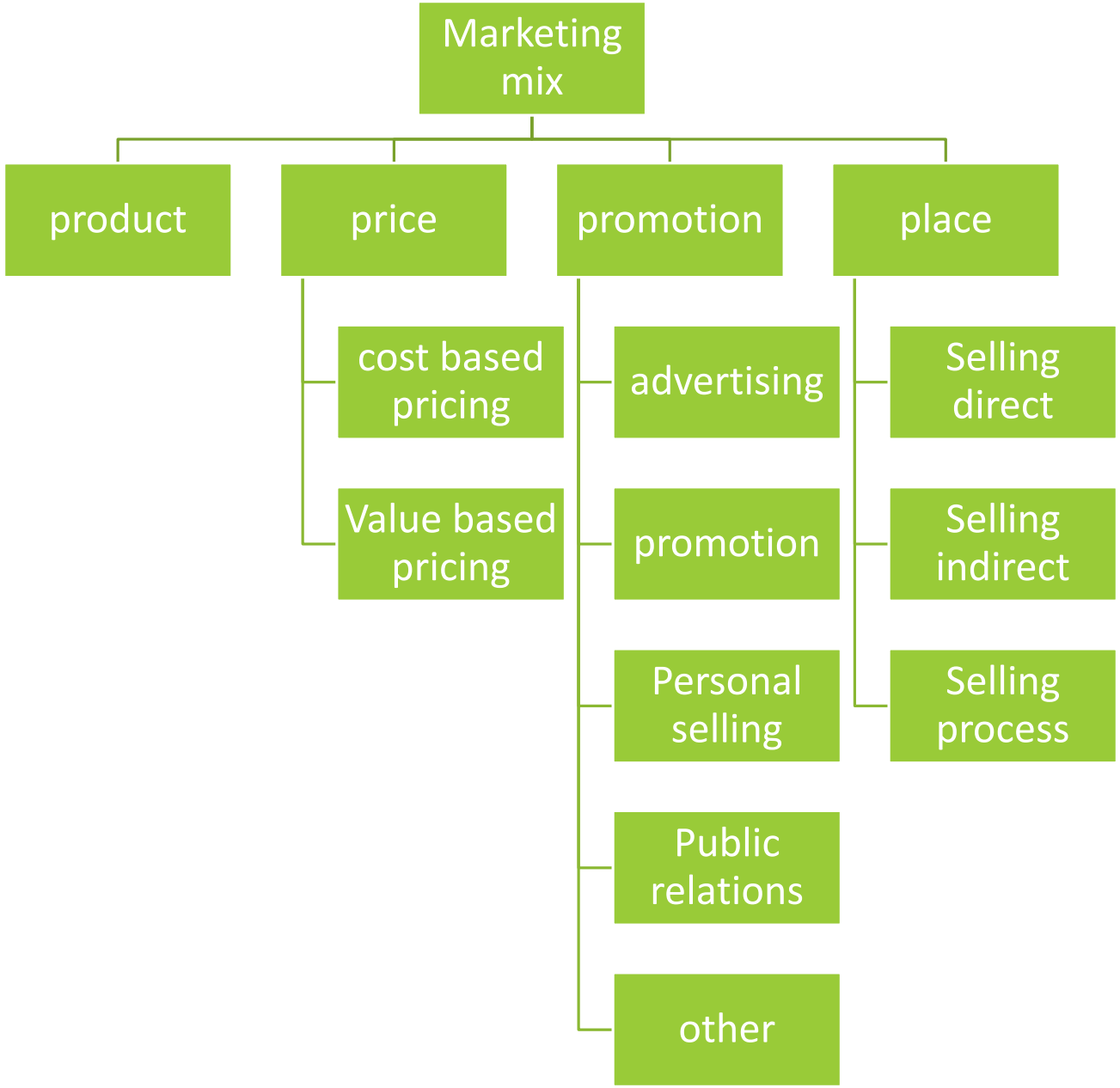
These are visual representations of brand associations as formed by consumers.

The first step is to identify a set of associations through conducting market research (perhaps using focus groups or surveys as mentioned above).

Secondly, an organization can map out these associations as relevant to their brand before finally combining them to form an aggregate map depicting an overall sense of the company's brand image (John et al. 2006).

3. Semantic Differential Scaling

This method uses polar opposite adjectives or adverbs as endpoints on a scale, which customers can use to rate a brand. Each response can be quantified by a numerical score which can then be used to find an average. This gives a company an overall sense of how positively their brand is perceived, and hence how positive or negative their brand image is (Plumeyer et al., 2017).


Marketing mix
product
price
promotion
place
cost based pricing
Value based pricing
advertising
promotion
Personal selling
Public relations
other
Selling direct
Selling indirect
Selling process

The Four Ps of Marketing for New Ventures

The marketing mix is term which is used to describe all the activities which go into marketing a product

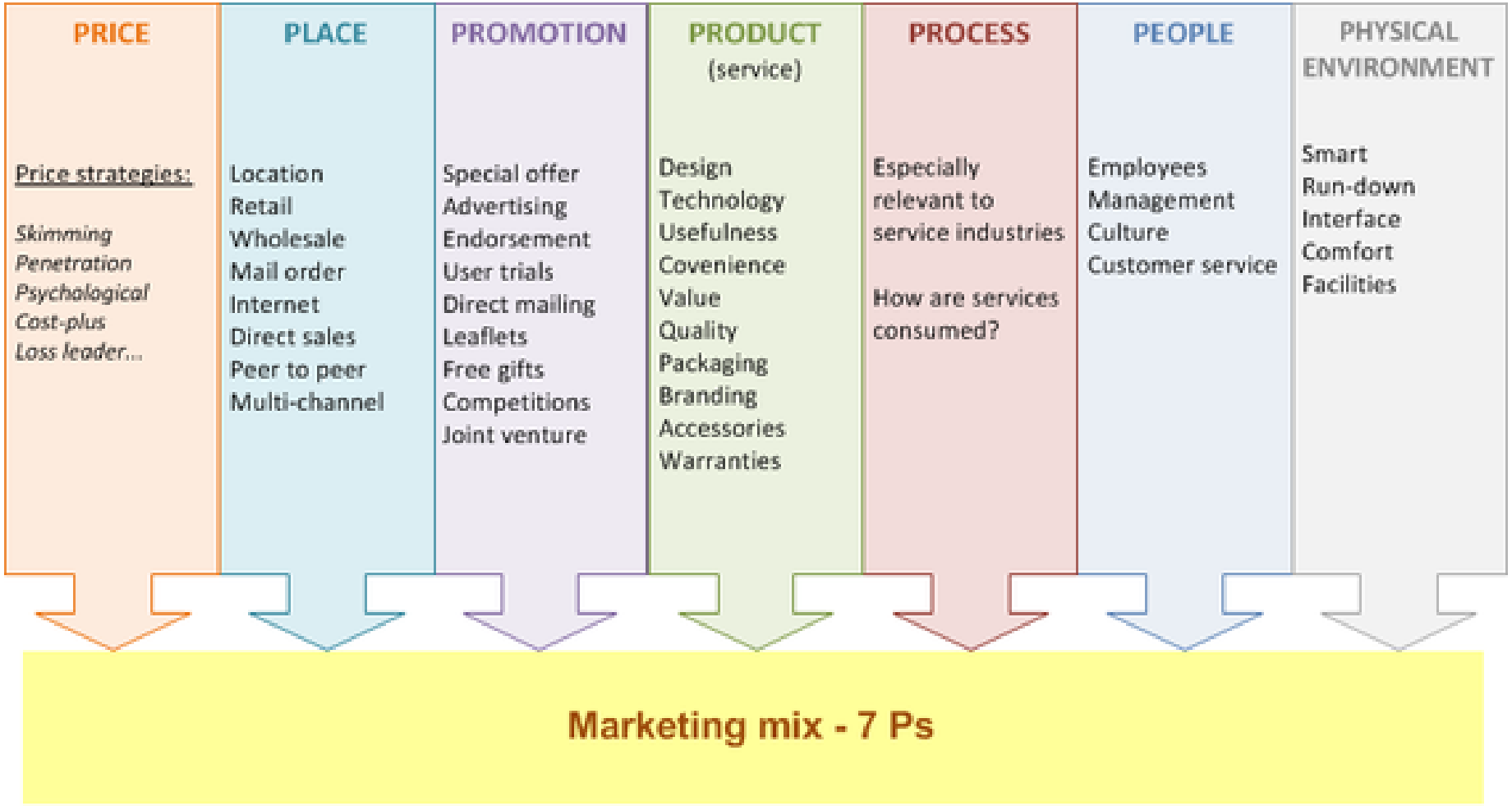
Each part of the marketing mix has to be considered carefully to make sure that all parts fit together. For example a high-priced perfume should be wrapped in expensive looking packages, but then it shouldn’t be sold in small supermarkets. The place would not fit in.

The 4 Ps of Marketing

A firm's **marketing mix** is the set of controllable, tactical marketing tools that it uses to produce the response it wants in the target market

https://www.yout-ube.com/watch?v=1g8fq7uUhgM&t=273s

The 7 Ps of Marketing



Vegetarian college student

Kids

Food tasting experts

Product
Price
Promotion
Place

Product (1 of 2)

Is the good or service a firm offers to its target market.
The product itself is probably the most important element in the marketing mix

The most important attribute of a product is that it adds value in the mind of its target customers. It fulfills a want. Consumers buy products for pleasure, satisfaction or benefits.

The satisfaction given to consumers can vary. For example, some products are bought because they satisfy a basic need, like food which stops hunger. Other products, like a refrigerator is expected to last for a long time, save on energy, besides keeping food cool.

An important distinction should be made between a firm's core product and the actual product.

- The core product is the product itself, such as a CD that contains a tax preparation program.
- The actual product is the product plus all the attributes that come with it such as features, design, packaging, and so on that constitutes the collection of benefits that the customer ultimately buys.

Product (2 of 2)

Packaging is the physical container or wrapping for a product. The packaging have several functions:

- Protect the product
- Help in easily transporting the product
- Should be easily opened
- Suitable for the product to fit in
- Eye-catching
- Carries information about the product
- Promotes the brand image

The initial *rollout is one of the most critical times in the marketing of a new product.*

All firms face *the challenge that they are unknown and that it takes a leap of faith for the first customers to buy their products.*

<u>Some start-ups meet this challenge by using reference accounts.</u>

A reference account is an early user of a firm's product who is willing to give a testimonial regarding his or her experience with the product.

Price (1 of 3)

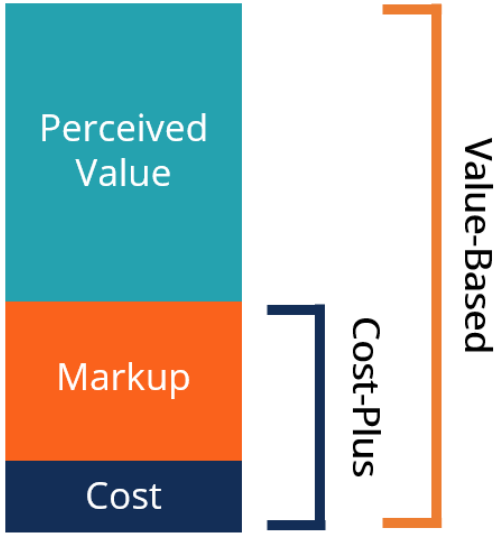
- Price is the amount of money consumers pay to buy a product.
- The price a company charges for its products sends an important message to its target market.
  - For example, Oakley positions its sunglasses as innovative, state-of-the-art products that are both high quality and visually appealing.
  - This position in the market suggests a premium price that Oakley charges.
- Most entrepreneurs use one of two methods to set the price for their products:

Cost-Based Pricing

The list price is determined by adding a markup percentage to a product's cost.

Value-Based Pricing

The list price is determined by estimating what consumers are willing to pay for a product.



Price (2 of 3)

Cost-Based Pricing:

- The list price is determined by ***adding a markup percentage to a product's cost.***
- The markup percentage may be ***standard for the industry*** or ***may be arbitrarily determined by the entrepreneur***
- **The advantage of this method is that it is straightforward**
- The disadvantage is that it is not always easy to estimate what the costs of a product will be. Once a price is set, it is difficult to raise it, even if a company's costs increase in an unpredicted manner.
- In addition, cost-based pricing is based on what a company thinks it should receive rather than on what the market thinks a good or service is worth.
- It is becoming increasingly difficult for companies to dictate prices to their customers, given customers' ability to comparison shop on the Internet to find what they believe is the best bargain for them

Price (3 of 3)

Value-Based Pricing:

- The list price is determined by ***estimating what consumers are will to pay for a product.***
- This is determined by ***the perceived value of the product*** and by ***the number of choices available in the marketplace.***
- A firm influences its customers' perception of the value through positioning, branding, and the other elements of the marketing mix.
- Most experts recommend value-based pricing **because it hinges on the perceived value of a product or service rather than cost-plus markup is a formula that ignores the customers**
- experts warn entrepreneurs of charging a low price for their products in the hopes of capturing market share. This approach can win a sale but generates little profit.
- In addition, most consumers make a **price-quality attribution** when looking at the price of a product. This means that consumers naturally assume that the higher-priced product is also the better-quality product

Promotion as an element of the marketing mix (1 of 9)

- Refers to the activities the firm takes to communicate the merits of its product to its target market. It gives consumer information about the rest of the marketing mix (product, price, place…). Promotion is essential when a brand image is being created for a product.

- It is often thought that promotion is just about advertising the product, but it includes several other activities besides advertising. promotion as a part of the marketing mix includes:
  1. Advertisement: can have different forms such as TV, Radio, magazine, newspapers, and internet adverts
  2. Promotion: this includes giving money-off coupons, sales, gifts…
  3. Personal selling: involves sending a sales representative to talk directly to customers
  4. Public relations: involves making the public aware of the product or company through sponsorship or publicity in the media
  5. Other techniques such as viral marketing and guerilla marketing

- Aims of promotion:
  - Introduce new products to the market
  - Compete with other products
  - Create a brand image
  - Increase sales
  - Improve company image

Promotion as an element of the marketing mix (2 of 9)

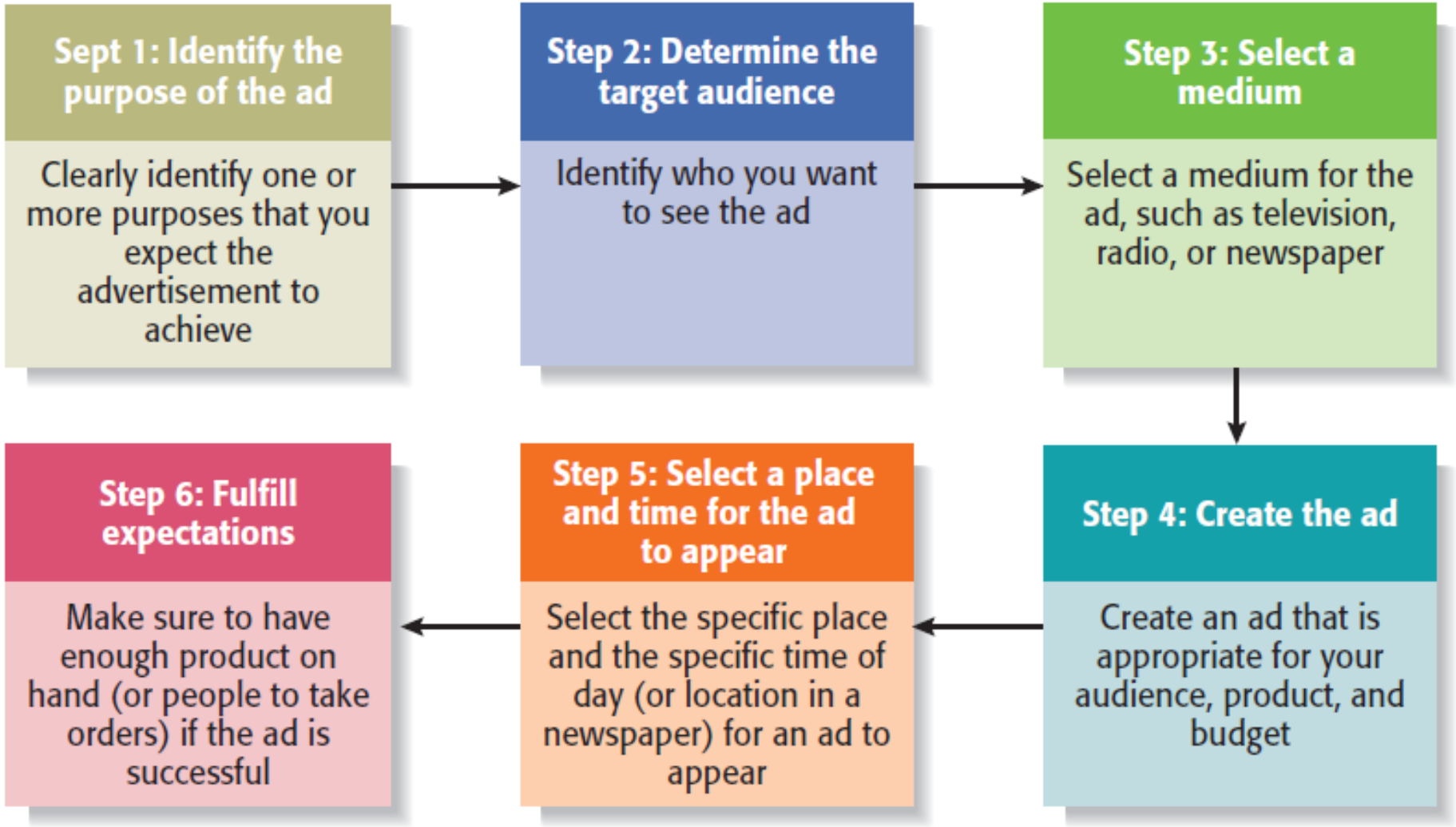
1. Advertising (1 of 3)
   - Advertising is making people aware of a product or service in hopes of persuading them to buy it:

- **Pluses**
  - Raise customer awareness of a product.
  - Explain a product's comparative features and benefits.
  - Create associations between a product and a certain lifestyle.

- **Minuses**
  - Low credibility.
  - The possibility that a high percentage of people who see the add will not be interested .
  - Message clutter.
  - Relative costliness compared to other forms of promotion.
  - Intrusiveness.

Promotion as an element of the marketing mix (3 of 9)

1. Advertising (2 of 3) Steps Involved In Putting Together an Advertisement



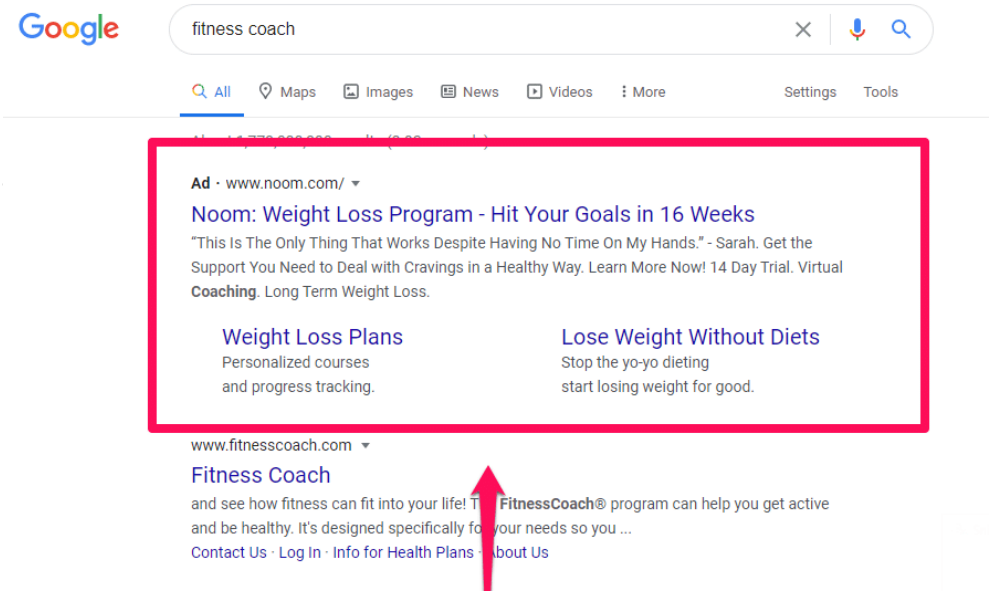
Promotion as an element of the marketing mix (4 of 9)

1. Advertising (3 of 3) Google AdWords and AdSense Program

Now both are under the term "Google Ads"

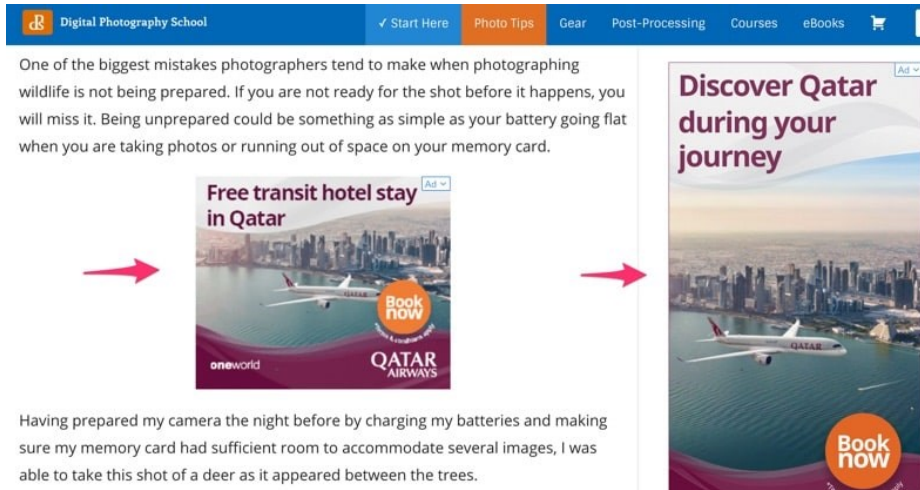
AdWords

- Allows advertisers to buy keywords on the Google home page.
- Triggers text-based ads to the side of (and sometimes above) search resul when the keyword is used.
- The program includes local, national, and international distribution.
- Advertisers pay a certain amount per click.
- Advertisers benefit because they are able to place their ads in front of people who are already searching for information about their product.



AdSense

- Allows advertisers to buy ads that will be shown on other Web sites instead of Google's home page.
- Google selects sites of interest to the advertiser's customers.
- Advertisers are charged on a pay-per-click basis.
- Advertisers benefit because the content of the ad is often relevant to the Web site.
- Web site owners benefit by using the service to monetize their Web site.



Promotion as an element of the marketing mix (5 of 9)

2. Promotion

Promotion is used to support advertising and encourage new or existing consumers to buy the product. It is used for short period of time. An example of this is when a new chocolate bar is introduced on the market and is being advertised on television. In the shops where the chocolate is being sold, free samples are given out to encourage customers try the new product

Different types of promotion:

- Price reduction
- Gifts
- Competitions
- Point-of-sale display and demonstration that shows how the product is used
- After-sale services
- Free samples

3. Personal selling

When customers buy services such as insurance, they may need advice on which is the most appropriate for them. When you want to redesign your office, you need to be able to discuss your personal preferences. Price may vary according to design and your preferences. If you are buying something expensive such as a car or a house, you need to be reassured you are taking the right decision. Selling B2B requires in most cases customization. In such cases, personal selling is used

Promotion as an element of the marketing mix (6 of 9)

4. Public Relations (1 of 2)

- One of the most cost effective ways to increase the awareness of the products of a company is through public relations.
- Public relations refer to efforts to establish and maintain a company's image with the public.
- The major difference between public relations and advertising is that public relations is not paid for—directly.

Public Relations Techniques:

- Press release.
- Traditional media coverage.
- Social media coverage.
- Articles in industry press and periodicals.
- Blogging.
- Monthly newsletter.
- Civic, social, and community involvement.

Extra

Public relations is the opposite of advertising. In advertising, you pay to have your message placed in a newspaper, TV or radio spot. In public relations, the article that features your company is not paid for. The reporter, whether broadcast or print, writes about or films your company as a result of information he or she received and researched.

Publicity is more effective than advertising, for several reasons. First, publicity is far more cost-effective than advertising. Even if it is not free, your only expenses are generally phone calls and mailings to the media. Second, publicity has greater longevity than advertising. An article about your business will be remembered far longer than an ad.

Publicity also reaches a far wider audience than advertising generally does. Sometimes, your story might even be picked up by the national media, spreading the word about your business all over the country.
Finally, and most important, publicity has greater credibility with the public than does advertising. Readers feel that if an objective third party-a magazine, newspaper or radio reporter-is featuring your company, you must be doing something worthwhile

Extra

- Start by making sure you know everything you can about your business, product and industry.
- Talk to as many groups as possible. (If public speaking strikes fear in your heart, you'd better get over it. This is one skill you're going to need as an entrepreneur.)
- Volunteer to talk to key organizations, service clubs, business groups or anyone else who might be interested in what you have to say. Do it free of charge, of course, and keep it fun, interesting and timely.
- Contact industry trade publications and volunteer to write articles, columns or opinion pieces. (If you can not do that, write a letter to the editor.)
- Offer seminars or demonstrations related to your business (a caterer could explain how to cook Thai food,
- Host--or appear as a regular guest or contributor to--a local radio or TV talk show.

https://www.inc.com/young-entrepreneur-council/3-pr-tips-for-new-entrepreneurs.html

Promotion as an element of the marketing mix (7 of 9)

4. Public Relations (2 of 2)

Social Media

Consists primarily of *blogging and connecting with customers* and others through social networking sites such as Facebook, Twitter, Instagram, or Snapchat.

Blogging

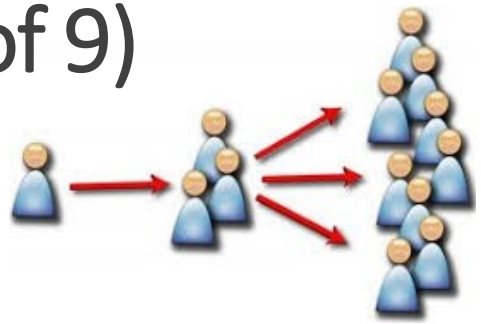
- The idea behind blogs is that they familiarize people with a business and help *build an emotional bond between a business and its customers.*

Connecting through Facebook, Twitter, Instagram and Pinterest.

- Businesses *establish a presence* on these sites to *build a community* around their products and services.

Promotion as an element of the marketing mix (8 of 9)

5. Other promotion techniques (1 of 2)



Viral Marketing

Facilitates and *encourages people to pass along a marketing message* about a particular product or service.

Viral marketing is advertising that you voluntarily pass around because it's cool, not necessarily because you want to help build publicity.

The campaigns themselves may utilize a number of tools, such as videos, games, images, email and text messaging, free products, raising awareness to a worthy cause, and making such products, ideas or media easy to consume and share.

Viral marketing often relies on the help of an influencer, who has a large network of followers.

Viral marketing success can also be hard to measure.

Social media can also cause viral marketing efforts to misfire, as messages are altered, misconstrued, considered spam

Promotion as an element of the marketing mix (9 of 9)

5. Other promotion techniques (2 of 2)

Guerrilla Marketing Coined by Jay Conrad Levinson

A low-budget approach to marketing that relies on ingenuity, cleverness, and surprise rather than traditional techniques. It grabs people's attention when they least expect it.
The point is to create awareness of a firm and its products, often in unconventional and memorable ways.

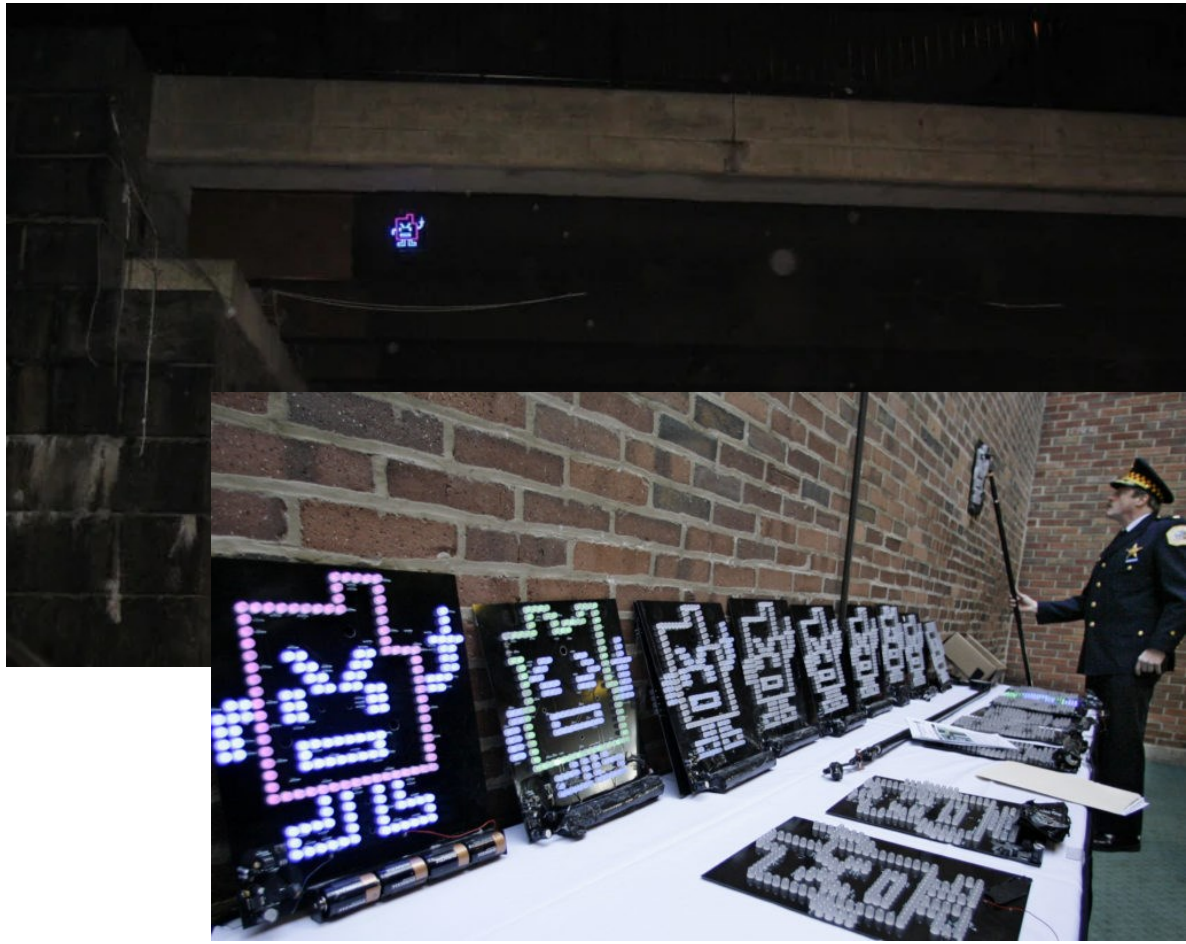
https://www.yout-ube.com/watch?v=yFW9AT3Ujuc

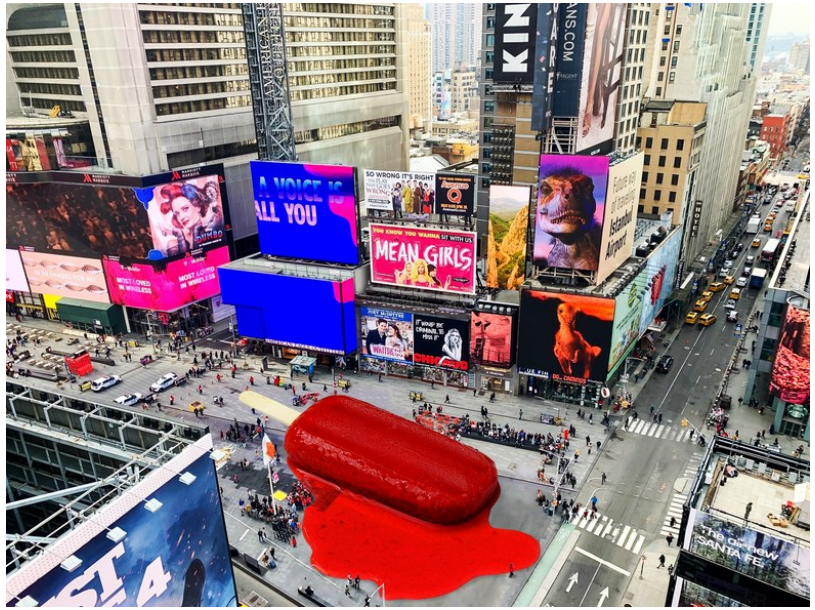
https://www.beamazed.com/amusement/marketing-strategies-that-failed-spectacularly/

Guerrilla Marketing Mistakes **Extra**

With the risks inherent to guerrilla marketing, and the sometimes uncharted territory it travels in, there are a number of examples of campaigns gone awry.

•In 2007, the Cartoon Network promoted a show by placing LED signs resembling a character from the show all over Boston. The signs created a bomb scare and cost Turner Broadcasting (the network's parent) $2 million in fines.





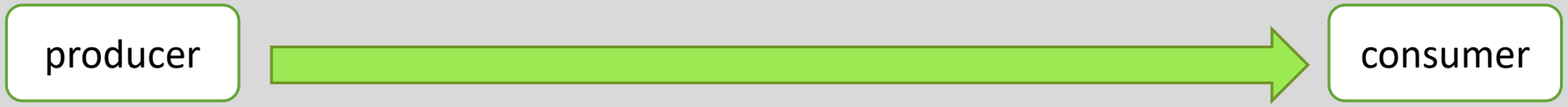
•In a 2005 Guinness World Record attempt, Snapple promoted its new frozen treats by erecting a 25-foot popsicle in a New York City park. It melted faster than expected, covering the park in sticky goo requiring the fire department to come to hose it down.

Place (or Distribution)

- Encompasses all the activities that move a firm's product from its place of origin to the consumer.
- The first choice a firm has to make regarding distribution is whether to sell its products directly to consumers or through intermediaries (such as wholesalers and retailers).
- Within most industries, both choices are available, so the decision typically depends on how a firm believes its target market wants to buy its product.

Selling Direct vs Selling Through an intermediary

Approach to Distribution	Description
Selling Direct	Many firms sell direct to customer, maintaining control of the distribution and sales process.



Advantages	Being able to control the process of moving their products from their place of origin to the end user instead of relying on third parties
Disadvantages	a firm has more of its capital tied up in fixed assets because it must own or rent retail outlets, must maintain a sales force, or must support an e-commerce Web site. It must also find its own buyers rather than have distributors that are constantly looking for new outlets for the firm's products.

The process of eliminating layers of middlemen, such as distributors and wholesalers, to sell directly to customers is called **disintermediation**.

Selling Direct vs Selling Through an intermediary

Approach to Distribution	Description
Selling Through Intermediaries	Other firms sell through intermediaries and pass off their products to wholesalers who place them in retail outlets to be sold.

Advantages	An advantage of this approach is that the firm does not need to own as much of the distribution channel.
Disadvantages	firm loses a certain amount of control of its product.

Exclusive distribution arrangements give a retailer or other intermediary the exclusive rights to sell a company's products. The advantage to giving out an exclusive distribution agreement is to motivate a retailer or other intermediary to make a concerted effort to sell a firm's products without having to worry about direct competitors.

Sales Process (1 of 3)

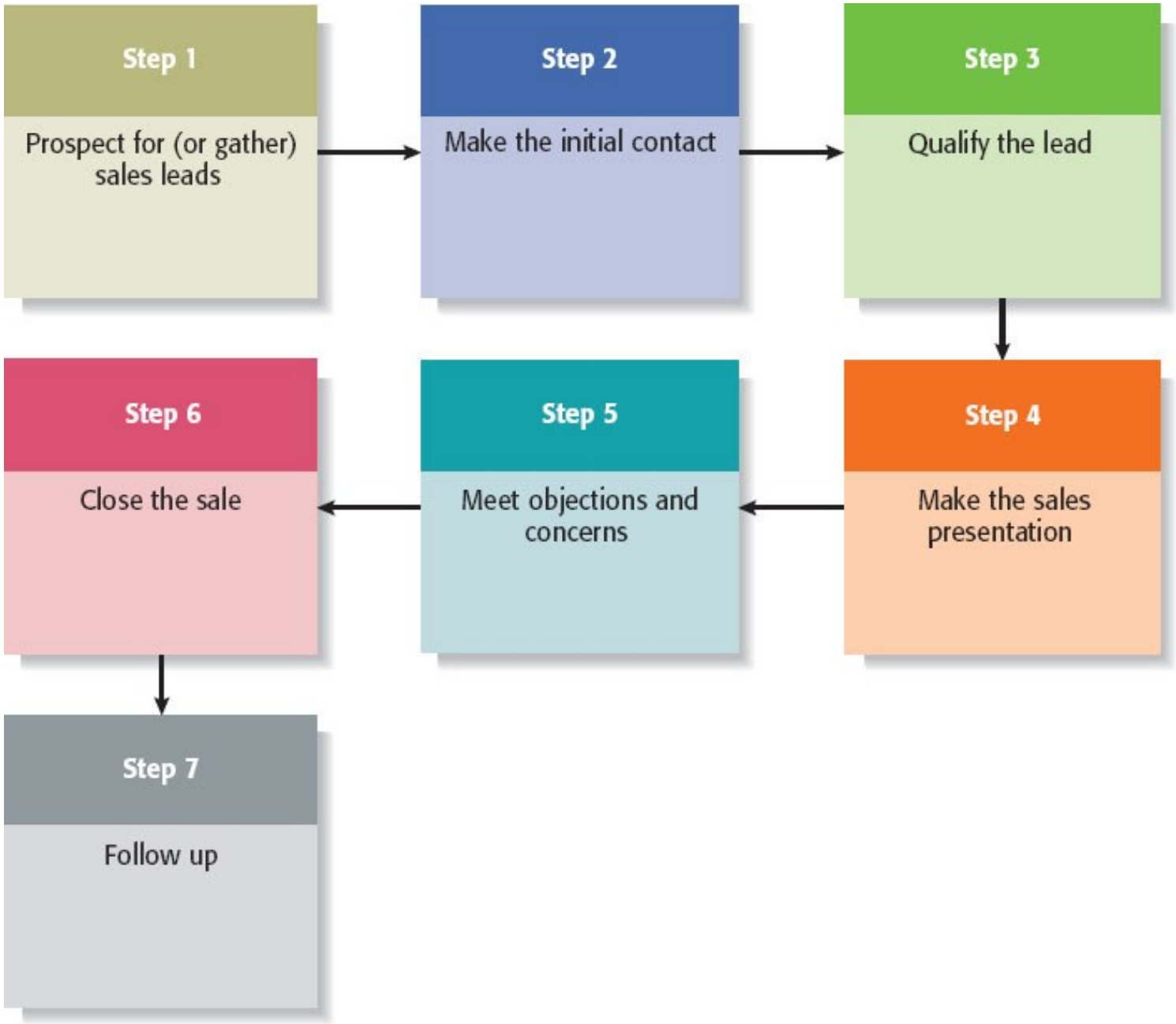
Sales Process

- A firm's sales process depicts the steps it goes through to identify prospects and close sales.
- A formal sales process involves a number of identifiable steps.

Importance of Process

- Some companies simply wing it when it comes to sales, which isn't recommended.
- It's much better to have a well thought-out approach to prospecting customers and closing sales.

Sales Process



https://www.salesforce.com/uk/blog/2018/07/sales-process-beginners-guide.html

Sales process

Sales process: A firm's sales process depicts the steps it goes through to identify prospects and close sales		
1	Prospect for (or gather) sales leads:	Do your research—make sure you understand your prospects pain points and the future challenges they may face.
2	Make the initial contact	make first contact with your client. Sometimes this is a face-to-face meeting, sometimes it's over the phone.
3	Qualify the lead:	Evaluating whether the customers need your product or service and can afford it
4	Make the sales presentation	show them in your presentation *specifically* how you and your company can add value and work together to achieve their goals.
5	Meet objections and concerns	Objections are opportunities to learn more about your prospect's needs. Let them fully explain their objections and ask lots of follow-up questions so you can understand the root of the issue.
6	Close the sale	you get the decision from the client to move forward. You can use **Alternative choice close, Extra inducement close, Standing room only close**
7	Follow up	You've worked so hard to get this customer across the line, make sure there will be repeated and ongoing business deals

Sales Process

Usefulness of Sales Process

Mapping the sales process in the manner shown on the previous slide provides a standard method for a firm's employees to use, and provides a starting point for careful analysis and continuous improvement.

Often, when companies lose an important sale they'll find that an important step in the sales process was missed or mishandled.

Having a well thought-out sales process, along with appropriate follow-through, can dramatically improve a company's sales performance.