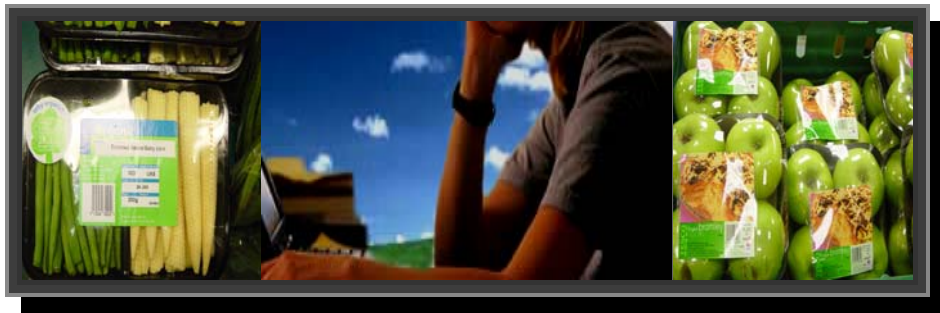


# **SECTION 4**



# **MARKETING**

## Session 4.1 Marketing and sales

### Key learning points



- What is marketing?
- Researching the market
- Checking the competition
- Deciding on the product and how much to produce
- Pricing the product
- The importance of selling
- Expanding the customer base
- Contacting customers
- Keeping customers
- Retailers and retail markets

### Main objectives of the session

By the end of the session participants will be better able to:



- Understand the basic principles of marketing and selling products
- Focus on customers and markets
- Effectively use techniques for researching markets
- Target groups of customers and develop appropriate product varieties for specific buyers and markets
- Evaluate production costs and price products effectively
- Systematically contact, effectively sell and expand the customer base
- Understand the importance of developing buyer benefits

### 4.1.1 What is marketing?

Agricultural marketing is a large and important discipline in the agribusiness output sector and agribusiness marketing activities generate almost 15% of western European gross domestic product. Yet of the billions spent by consumers in Western Europe for food products, less than one quarter was returned to growers, while three quarters was used for marketing costs. Most growers know this, but they often underestimate the marketing effort and the value added by the downstream marketing sector and the missed business opportunity that this represents. Most farm output is in fact useless to the consumer without some kind of processing and intermediary service. It is highly perishable, it is not standardised by size or quality, it is variable in quantity and quality over the year and produced far from centres of consumption. In fact the needs of growers and consumers might be described as almost being directly opposed as shown in the following table:

**TABLE: Ideal situations for growers and consumers**

<b>Growers</b>	<b>Consumers</b>
For produce to be purchased at the highest possible price	For produce to be purchased at the lowest possible price
For all produce to be purchased regardless of quality	To purchase only the highest quality possible
For sales to be made as close to the farm as possible	For purchases to be made as close to home as possible
For produce to be sold immediately after harvest	For produce to be available throughout the year
For products to be sold without any packaging	For produce to be available in packs if required

However as agricultural price support declines, increasing competition for markets develop and consumers have greater demands for produce assurance growers too have had to increasingly reflect consumer needs.

Intermediaries add utility and value to the raw material by transforming it into consistently available consumer products and in turn provide a living for the organisations that make this their business. In addition to covering their costs these organisations clearly need to earn a margin on their operations and capital investment and it is their profit and costs that largely explains the gap between grower and consumer prices. In other words if the growers share of consumer food expenditure is currently small it is largely because their contribution to the satisfaction of consumer needs is currently limited. Getting a larger share will depend on:

- ❑ Providing services currently supplied by the downstream sector. For example by processing farm output or selling direct to the public
- ❑ Achieving a marketing premium by contributing to improved marketing channel efficiency, for example by reducing buyers costs, or by meeting a specification that buyers could not otherwise reliably obtain

Marketing drives the economy and running a business is not simply about setting it up and hoping that customers will come to buy. Customers will pay for what they want and

not necessarily what we might want to sell them. While every business has to be profitable, these profits are generated from sales to satisfied customers. Marketing is an essential business discipline and essential to the success of any organisation.

Running an organisation is not simply about setting it up and hoping that customers will come to buy. Good ideas alone will not guarantee success. The best product or service in the world is of little value unless there are people that want to buy it. Never forget that the customers must always come first if a business is to be successful in the longer term. Understand the central role that customers play and you will be one step closer to success. Running a successful business or farm is about putting yourself in the shoes of the customer and predicting their requirements. This is a basic rule of marketing.

Consumers are ultimately the determinant of agri-marketing success. Commodities or services may be available to consumers, but if the consumer chooses not to buy and does not submit to persuasion there will be no sale. The right of refusal to buy goods or services is a basic right of consumers. Consumers have certain needs and preferences. They make decisions on what and how much they consume. Success in agri-marketing involves understanding the consumer and offering them a product that will be chosen over all others.

Make sure you understand all the components of marketing and not just advertising and promotion. Effective marketing matches the strengths of the organisation with customer needs. The customer should be satisfied and the sale should be profitable. Marketing involves research and planning and our aim should be to develop long-term relationships with customers. It aims to ensure a consistent supply of good products at reasonable prices that are delivered in the way the customer wants and supported by proper promotions and customer service.

Marketing is not just an activity it is a philosophy for a company or farm. Everyone needs to be aware of the importance of customers. Companies in the forefront of marketing consistently anticipate customer needs and are innovative and pro-active. This type of organisation truly understands marketing. It invests in research and product development and devises innovative solutions.

#### **4.1.2 Researching the market**

Marketing starts with analysing the market to see what is needed before beginning production. Assuming you have an idea for a product, the first thing you will need to do is to find out about your potential customers and what the market environment is. It is vital to build up a clear picture of who your customers are. A simple search on the Internet can provide a large amount of useful information. A simple market survey should also be carried out through talking to people who are expected to buy the product.

It will be necessary to find out:

- ❑ Who the current and potential buyers are in your identified market? How many buyers are there and what demand is there for the product?
- ❑ Are there different types of groups of customers buying different amounts of products and at different times and quantities?
- ❑ Where are customers based? It is important to get names, customer profile and contact information
- ❑ Who makes the buying decision, from where do they get information about products and services and how can you influence their decisions?
- ❑ Whether your business or farm can get an adequate share of the market to make the enterprise worthwhile. To what extent are buyers satisfied with the products offered on the market and what would make them change to a different supplier?
- ❑ Why customers would buy your product. What do your customers need in terms of product features, price, quality, delivery etc.
- ❑ The best methods of pricing, promoting and distributing the product in accordance with customer needs.

Time and effort spent on reliable research of the market will be rewarded. By encouraging the sharing of information about the reputation of traders, growers will rapidly learn which traders to trust. It will also tell you who your potential customers are. It will also give a clear indication of why customers will buy your goods and services (and not those of your competitors) and what potential customers have in common. It will also be necessary to ask them how much they will buy, how often and at what price and helpful to ask potential customers about where they currently buy the product, what packaging they prefer, what is good or bad about the quality of the product, and what they would like to change about it.

Know your customers well watch them, talk to them ask them questions and find out all you can in order to give them what they want and keep them happy. You can also get information about existing and potential customers from a variety of desk based sources, such as:

- ❑ Your own farm or company, such as invoices, dispatch notes, mailing lists or sales statistics
- ❑ Competitors catalogues
- ❑ Specialist libraries
- ❑ Government trade desks and Chambers of Commerce
- ❑ Embassies
- ❑ United Nations and World Bank statistics and reports
- ❑ Indexing services and abstracting from business newspapers and magazines
- ❑ Government statistics
- ❑ Trade associations
- ❑ Trade and technical journals
- ❑ Market research reports
- ❑ The Internet
- ❑ Banks and accounting firms

Create as many channels as possible for customers to give you their views, such as comment cards or feedback from your website. Ask your customers what they think about your products or services, but also seek relevant data about them.

You may also consider preparing a formalised questionnaire and questioning a representative sample of your customers. To obtain accurate information you will also have to ensure that the questions are unbiased and relevant. You may ask your questions by meeting your customers or by telephoning them. You may also consider organising joint group meetings with a number of your customers and exchanging opinions and views about products and services. It is surprising how much valuable data can be gathered even for a small survey, if you know who to speak to, what questions to ask and how to evaluate the responses.

In-depth market research is not necessary in most situations and in most situations a market study should be a short exercise so as to keep the costs low. Avoid gathering facts for the sake of it – look only for what you can use. But you should ask yourself whether the people being interviewed really representative of all potential customers? Do not simply ask your friends and family. You may conduct market research yourself or contract research agency. If no competent or available agency exists it is probably better to do it yourself and particularly if only a limited number of interviews are required in specialist areas. It is probably better to use an agency if you have little or no experience of the market and there is a clear need for an independent and objective assessment, such as considering a potential joint venture.

### **4.1.3 Checking the competition**

In Western Europe expenditure on food accounts for less than one fifth of average household expenditure. Trade globalisation and increased suppliers has increased the numbers and ranges of fruit and vegetable products available and both imported and exported. Innovative food industries are major forces in global food markets and are forced to compete and add value to production.

When the market size is known, you will have to decide how to sell your products and how to deal with competitors. All businesses will have competitors. Customers will therefore have a choice as from whom to buy. Remember anyone offering the same or similar products and services is a competitor. It is necessary to know what competitors are doing. Competitors are very important to the success or failure of a business. Market knowledge will enable a grower to be confident of how the quality of their produce compares with the competition.

You should know:

- ❑ Who is producing similar products?
- ❑ Where the competitors are?
- ❑ What are their major strengths and weaknesses?
- ❑ What is the quality and price of their products?
- ❑ What are their main marketing strategies and how successful are they?
- ❑ What offers or incentives do they give to their customers?
- ❑ What are competitors likely to do if a new product is introduced?

Study your competitors. You may find that some of their ideas or working practices are worth copying or adapting. Talk to as many customers of the competitor as possible and as a member of the public, try their products or services and sample any improvements they make. Place and order with them and examine their products and packaging.

Enquire about their delivery, credit terms, special capabilities, machinery requirements and any special offers available for large customers.

Send for their publicity materials, sales information, price lists and annual reports. Phone their switchboard. Read their advertisements. Search the Internet. Visit their premises. Notes should be taken of prices, qualities, methods of promotion and distribution. These should be compared with your own. Make sure you monitor the competition periodically and not just once. Examine organisations in other sectors. Is there anything they can teach you?

Consider the following when analysing competitors:

- ❑ What gives advantage over the competitors? What are your strong or unique selling points?
- ❑ What particular advantages do your competitors have over you?

#### **4.1.4 Deciding on the product and how much to produce**

In Western Europe consumers have more than 230,000 packaged food products from which to choose, including new size introductions. More than 15,000 new grocery products are introduced each year. However the industry estimates that the failure rate of new products is around 90%, so the risks are high.

In Western Europe food markets and lifestyles are changing rapidly and consumer purchasing power is increasing. As incomes have grown, the demand for produce such as fruits and vegetables has also grown. Many consumers are looking for healthier foods and concern for the environment and concern for the way food is produced is becoming increasingly important. This includes increasing demands for organically grown crops, healthier and environmentally friendly options and pick your own produce. Many producers have even diversified their business to include on farm restaurants, wineries, shops, childrens or tourist centres.

More often today both spouses work outside the home and leaving less time for food preparation. Pre-cooked and microwave meals are becoming more popular and more people are eating away from home in restaurants and fast food outlets. More people have greater leisure time and are travelling to other countries for holidays so raising interest in other non-European foods and exotic meals, such a Mexican, Thai, Indian etc.

Every customer is an individual and each will have their own tastes, opinions, backgrounds and cultures. Ideally a product should be specifically tailored to every individual but for most practical purposes this is often not possible and in marketing we try to identify groups of customers with similar needs and organise our activities specifically for that group as efficiently and profitably as possible. Customers may be grouped in a number of ways, such as by; geography, size, age, quality or service requirements or by specialised tastes. Identify the most appropriate groupings for your customers and organise your activities and develop your products to target particular groups.

Use the research information you have collected to decide how much of the estimated demand from the product you can meet and how much of the product will be need to be

delivered each week. There are obvious advantages in selling a product that is new to an area (for example, there will be no competitors). However this is often not possible and a good compromise may be to modify an existing product to create something different and so appeal to a new market. For example earlier maturing apples or perhaps new and exotic crops. By being willing to shift production to a different crop, the grower or trader may be able to substantially increase revenue and profits. Take the best ideas of your competitors and improve on them.

However it is necessary however to be very sure that people will buy the product at the price expected. This may require a trial production to test the market. This may take time, but it will help to avoid making expensive mistakes.

When your products are better than those of your competitors or when customers recognise this superiority, you have a real advantage. But very few organisations are in such an enviable position as few products are unique. Often the challenge lies in finding a way to differentiate your product from the almost identical offerings of your competitors. To gain competitive advantage, identify the attributes that customers value. Make sure your product differences are meaningful to customers, so that your product is preferable to others. Look to your strengths as an organisation to find your competitive edge. For the best ideas on how to improve your products, consult the experts – **your customers**. Ask them what new product lines they would like to see on the market.

Always look to ways of improving your products and try to offer something your competitors do not. A genuine customer centred approach will differentiate you from the competitors. Show your commitment to them and make sure all staff recognise their importance. Review all company systems and processes to make them more customer focused.

But before investing considerable time and effort in developing new products, look at your current range. You should avoid creating new products at the expense of existing ones. It is a good idea to develop new products that will be bought in the same transaction as your existing products. But eventually all products will age and die or will need re-styling to remain fresh. Consider simple but valued product improvements, or introduce new variants and improved versions. Change, enhance, repackage, rebrand, remodel or upgrade your products to ensure that they appeal to today's market.

In horticultural businesses the basic product decision is limited to some extent by the natural environment and physical situation (soil/climate etc.). However this is also not unusual in other industrial sectors, for example remoteness from population centres would limit the viability of a leisure centre. It is rarely the case that existing products cannot be modified and re-positioned in the market to add value and gain a competitive advantage and new products might even be introduced to reduce dependence on a narrow horticultural base.

In your product development strategy you can aim to increase your share of your existing market, tackle new markets, develop new products or diversify your activities completely with totally new products and services to entirely new customers. These options are summarised in the table below. Whatever you decide to do you will need to establish clear marketing and objectives and a plan. Try to be creative in your planning

and strategy. A good grower or agribusiness manager realises that a well planned marketing strategy leads towards maximising of profits.

**TABLE: Implementing A Product And Market Development Strategy**

GROWTH STRATEGY	IMPLEMENTATION METHODS
<p><b>Market penetration</b> Improving the share of your existing market by reaching previously un-reached potential customers and so avoiding the need to invest in expensive research or in new product development</p>	<ul style="list-style-type: none"> <li>❑ Use heavy advertising, promotional offers, direct mail campaigns and visit to new customers with similar profiles to existing ones</li> <li>❑ Focus on winning customers from your most direct competitors</li> </ul>
<p><b>Market development</b> Market development involves finding new markets for your existing products. Some product changes may be necessary but remember you are not looking at totally new products.</p>	<ul style="list-style-type: none"> <li>❑ Prepare list of possible new markets and research to check whether they would be interested in your products</li> <li>❑ Use targeted advertising, direct mail and the Internet</li> <li>❑ Consider internally re-structuring the company, such as setting up a sales arm to re-model products to appeal to new markets</li> </ul>
<p><b>Product development</b> Introducing new product lines or add-ons to existing products to appeal to current markets. Products introduced to an existing range can be very successful and customers may often buy an existing range product and a new one in the same transaction</p>	<ul style="list-style-type: none"> <li>❑ Research new product ideas, ask customers for opinions and examine successful rival product lines</li> <li>❑ Examine your market carefully to ensure that it is not already over saturated</li> </ul>
<p><b>Diversification</b> This is the riskiest growth strategy and involves developing totally new products for totally new markets and it is often a journey into the complete unknown. Essentially you are embarking on an undertaking not dissimilar to a complete new business start up. This can be done, but explore other alternatives first</p>	<ul style="list-style-type: none"> <li>❑ Remember that the rules applying to setting up a new enterprise also apply to organisations seeking to diversify</li> <li>❑ If you decide to diversify, you will need to develop a separate marketing strategy</li> </ul>

When determining a strategy the following issues will also need to be considered:

- ❑ The legal, social and land use constraints that may prevent certain types of development altogether, or increase costs and operational problems
- ❑ Designated area planning constraints that may entail higher building costs, impose access restrictions or limit opening times
- ❑ Compliance with health and hygiene requirements

All plans will need to be fully costed and budgeted.

#### **4.1.5 Pricing the product**

For the grower perhaps the most critical time in the production/marketing chain is the point when they negotiate a price with the buyer. Successful business relationships are always self-sustaining because they bring advantages to both sides. Generally growers are at a disadvantage in price negotiation because of lack of knowledge. Their strength in negotiation can be increased by:

- ❑ Growing crops for which there is a strong demand
- ❑ Being aware of prevailing market prices and conditions and how these translate back into grower prices
- ❑ Knowing the break even cost of production and marketing

Without identifying and delivering products to markets at reasonable prices, profit will not be attained. One factor that influences profit in a direct way is the selling price. Profit is the difference between a products sales price and the total cost to produce. Pricing is a very delicate matter. It is essential to get it right. Some businesses tend to underestimate the importance of price and try to undercut their competitors. Prices that are too high will cause customers to go elsewhere. Prices that are too low will make little or no profit. In this situation a downturn in your market could bankrupt your organisation. Ineffective pricing can mean no money for effective marketing.

There is no fixed link between price and cost. You can raise prices even if your costs have not increased and lower them without a cost decrease. The most important factor is what your customers are prepared to pay. Find out more about your customers buying habits, whether they shop around for the best price and keep records of all prices for later reference.

But remember few customers buy solely on the basis of price and the leading company or product in any market is very rarely the cheapest. Consider selling on value to the customer rather than price. Price based selling will mainly attract price sensitive customers. Low price is in the eyes of a customer often equated with low quality. Customers do not buy a product simply because it is cheap, they buy it because of a need and customers might prefer to pay for an identical product because they are convinced it is better than a cheaper one.

Usually there will be a combination of several motivating factors to buy, not just one. Easy payment terms for example, might be the final influencing factor, but friendliness of staff, or the availability of the product might also be decisive. It is important to learn what motivates your customers and find ways to build on this knowledge. Knowing your

customers will help you to understand some of the difficulties you may have in selling to them. It is therefore wise to identify other factors on which you might also compete, such as honesty, reliability, quality or service, before taking such a drastic step as cutting prices.

A well-constructed pricing policy will ensure that you operate profitably. The maximum price the customer or retailer will pay for the product is also important for planning the finances of the business. It is important to work out the full costs of producing the product or providing a service as accurately as possible. Costs come in two categories:

- ❑ *Fixed costs* - rent, lighting, heating, wages and insurance.
- ❑ *Variable costs* - which can increase or decrease. These depend on the level of business activity. Example of variable costs includes; raw materials, transport, postage, packing or bad debts.

Watch out for hidden costs such as wasted stock or materials or depreciation (the cost of usage of equipment for replacement) and don't overlook the taxes to be paid.

#### **4.1.6 The importance of selling**

Part of the technique of obtaining good prices for produce is good promotion and selling skills. Growers in effect have to be their own salespeople. This will involve persuading people to buy. Advantages over other products need to be emphasised. Attractively presented and appetising produce is also effective in obtaining good prices.

Sales are particularly important for any organisation, because if we cannot maintain or increase our sales, we have to reduce our costs if we want to make a profit. So ultimately your sales objective is to increase total sales income.

Selling is one part of marketing and requires to a professional and systematic approach. The selling process should never stop. You should always be confident of your products or services and promote them whenever possible. You should not wait for customers to come to you. Only 1 in 10 of our customers contact us. We have to contact 9 out of 10 customers if we are to develop our sales. The more prospects you contact the more new sales you will get. If you maintain contact with your prospects over time you will certainly achieve success with some of them. Every week representatives of you should aim to visit or talk to as many existing and potential customers as possible and after conducting a sale both the group and the customer should feel satisfied.

Many people are often reluctant to contact customers, particularly ones they do not know. One of the most important ways of avoiding this is to have plans and set targets. These have to be very specific and measurable and cover areas such as the number of new customers identified, the numbers of new sales compared to numbers of customers contacted, the total sales per persons employed (as a percentage of staff or marketing costs), average sales per customer, the number of sales calls per day, the numbers of complaints or % of customer satisfaction. If we set achievable objectives in these areas our overall goal will be met. Always be aware of the amount of revenue per sale. This is important as the income you generate from each sale may be small.

It is obviously important to know what you are selling but even more important to know how it meets the needs of your potential client. When selling or promoting products many organisations tend to focus on its features, colour, taste, size, freshness etc. But customers do not look only for features they also want to know the benefits of those features to them, for example healthier products, faster or more regular deliveries. Regard features only as a way of creating benefits. Start by listing the features of your products and then add the benefits that customers derive from them. Don't include only the product benefits but also all the benefits of the service surrounding it, particularly if you are dealing primarily with traders rather than consumers. Such sales points are powerful factors that may help you to clinch a sale so make sure that all your publicity materials and sales promotions highlight these benefits.

Questions to ask yourself:

- ❑ What is the value of our offering in terms of saving customers time and effort?
- ❑ Does our offer provide value to our customers?
- ❑ Are we demonstrating that a purchase is not a cost but a good investment?
- ❑ Have we asked what customers most value about our products?

Even an indistinguishable product can have a claim to uniqueness and you may still have a unique selling point (USP). Perhaps you are the only local organisation or grower to offer such a service or were the first to make it available. You might be the newest, the nearest, the most experienced or the largest. Perhaps you have won awards or team members have certain important qualifications. Scrutinize your company for a claim to uniqueness. Check that none of your competitors are making a similar claim. Even a weakness can be turned into a strength. Being the smallest company for example could mean you can offer a more personal and flexible service.

Even without uniqueness you can still build a competitive edge. Ask yourself: Why would a customer choose us rather than one of our competitors? If you cannot come up with at least one compelling reason try using incentives. These can encourage customers to opt for you instead of a rival. Be sure to work out costs and benefits very carefully before taking this route. If you offer an expensive incentive, you or your customer will end up paying the price. It needs to be cheap to you but attractive to the customer.

#### **4.1.7 Expanding the customer base**

Although it is often tempting to try to find totally new customers the first place to look for new sales is with the present ones. Selling more to existing customers is far easier and cheaper than finding new ones. After all they already know you, trust you and feel positive about your product or service and so they are normally easier to access. People like to do business with people they already do business with! Make an analysis of where your main business comes from in terms of volume and profit. You will find that 20% of your customers account for 80% of your income. By qualifying your prospects you can spend most time with the most important ones.

Break your customer base into groups. You may have low value, regular or occasional customers. Identify your principle groups and target marketing activity accordingly. High value customers for example might require more attention, but remember even the seemingly smallest of customers can have a considerable lifetime value and small accounts can eventually become very big ones. For each customer maintain records of

sizes of purchases, date of purchases and their geographic location of customers and contact details.

Questions to ask yourself:

- ❑ How often do our customers buy?
- ❑ What is the average transaction size?
- ❑ Which payment methods do they use?
- ❑ Which customers are most profitable?
- ❑ Which customers are least profitable?

If your customer is an organisation rather than an individual bear in mind that its buying process will probably be very specific. This means that to succeed in selling to a company, particularly a business customer, you must understand what its buying process is and adapt your approach accordingly. Key accounts develop over time. As the nature of the customer's relationship with the selling organisation deepens the level of involvement between the two parties becomes increasingly more trusting. The most important thing to consider is the appropriateness of adopting the correct relationship with a customer at the correct time. Make sure you are talking to the right people – the ones that are able to make the buying decisions. Ask the following questions:

- ❑ Do they consult a list of approved suppliers? If so how can you get on that list?
- ❑ Do they always look around for the best offer?
- ❑ Do they choose suppliers by recommendations or by contacts?
- ❑ Do they always use the same supplier? What would persuade them to use a different one?

You should regularly meet with your existing and most important customers to see if the current products and services you are offering meets their needs. As you learn more about your customers changing needs there is a real chance that you will be able to change your products and generate further sales. It is always a good idea to have at least two contacts at your customers premises. In meeting with your contact persons you can also ask them to give other ideas for products or services or to give you names of other potential customers.

Expanding your base of potential customers is a never-ending job. It is vital to go out and find new ones, since they cannot be relied on to come to you. Plan how you are going to win new business. Follow up all leads and get in touch with people who have made an enquiry or requested information. Contact former customers in a bid to win them back. Identify potential customers and let them know how you can help. Approach competitors customers and make them offers they cannot refuse. Review your publicity strategy to see if there is a better way of reaching potential customers.

It is of course wonderful to have a broad base of potential customers but it is even more important to ensure that an increasing the percentage of them buy from you. Prioritise your prospects into their level of potential and develop a timetable for contacting them. Hot prospects are those prospects that are already highly interested in buying what you are selling. Cold prospects are those that at the moment have no idea of who you are or what you are selling. In between there are a number of warm leads. Work on the hottest leads first but try to raise the temperature all the way up the scale.

One sure way of getting more sales is to identify more customers. You will need to develop a contact network that is not merely composed of friends, family, staff or colleagues. A good network should include all the people you currently know or have met in the past. Think expansively and include people that you met at seminars, university, trade shows, community meetings, social evenings, family gatherings or on holiday. You can also join community, trade or religious organisations. Out of all these people there will be opportunities for them to help you identify potential customers.

As a sales person you should genuinely enjoy meeting people in any context. Make sure you exchange business cards, get telephone and E-mail numbers and keep records of them for later reference or contact. It is important that you are alert as to the ways you can build your network every day.

Trade shows are particularly useful for building your network of contacts but you have to be active and not just stand and wait for customers to come to you. Visit other peoples stands, chat to people and attend discussion meetings. Many companies are also exchanging or networking through the use of the Internet. Also try to get each of your customers to give you one possible contact. You can double the size of your customer base using this method, but it only works if your customer is happy with your products and your organisation.

Happy customers can do as much good for you as your sales staff and at a fraction of the cost. Harness the enthusiasm of satisfied customers and ask them to spread the word. Endorsements from famous persons and well known persons can be particularly powerful persuaders, providing customers with a strong reason for buying from you.

Such referrals from your existing clients to other potential customers, is a particularly strong form of selling. Customers are more likely to believe what is said about you by somebody else than what you say about yourself. You now visit them with a stamp of approval and puts you ahead of other competitive organisations. Recommendations from others provided on your publicity materials in handwritten form are often more persuasive than typed ones. Always get permission before presenting the views of others about your organisation. Always thank clients that refer you to others and keep them informed of progress.

#### **4.1.8 Contacting customers**

Before contacting new customers try to find out as much about them as you can. This may include asking other people or scanning through directories or websites. Your understanding of the potential customer will increase your confidence and also your credibility with them. It will also give you ideas as to how you might help them and tell you whether this is an ethical customer with which you want to trade.

If you decide to write a letter it should never be longer than one page. If you telephone, always try to be positive and happy. Be in a comfortable setting, free of interruptions and with all materials that you will need close at hand and try to know the name of the person you are contacting. Try to make face to face appointments.

For face to face appointments you will need to prepare yourself very carefully. If you are not prepared for meetings you will never be successful. Make sure that prior to your meeting you have all the correct materials for a presentation with you, such as; brochures, calculators, phones, notepads, markers, sample products, endorsements from other clients, business cards, calendars, diaries, pens and order forms.

Plan how you want the meeting to go, what you want to get across and what the minimum and maximum you expect from the meeting. Make appointments and be on time (or preferably a few minutes early) and consider what you are wearing and what makes you look professional. Always be on your best behaviour with everyone you meet and treat everyone from the receptionist to the manager with the same amount of respect.

Personal relationships are important. All your prospects should be made to feel they are of primary importance to you. You never get a second chance to make a first impression. Three quarters of all business is lost during our first contact with a potential customer and most reasons that are quoted for by buyers for changing suppliers is attributed to staff attitudes towards them. Often it is the little things that count. Customers may choose one product over another simply because they like the packaging, or they give them coffee while they wait. Pay attention to details that could make a difference.

Smile and be friendly, establish eye contact and show interest, use people names and watch your body language. Treat each person as an individual and be patient and polite. Be calm and confident and sincere in your discussions and make sure you have enough time for your customers.

Most importantly listen to what your customer is saying to you. Ask questions and listen more than you talk. Potential customers do not automatically tell you what they want. You have to find out. Find the key to why customers buy and you have unlocked the secret of how to sell to them.

Be positive! And look for opportunities and solutions to customer needs rather than problems. Believe in yourself and in others. Look for good points and focus on the most important issues and learn from your mistakes. Your positive expectations will have a definite impact on your behaviour. You are what you see yourself to be and when you are in a negative mode your choice of words tend to be more unimaginative or inspiring and your tone of voice becomes noticeably harsher.

Positive behaviour influences the behaviour of other people with whom you may be dealing. If you are positive, confident and optimistic that your product or organisation can solve a customer need then your prospect is more likely to react in a similar way. If you are less positive your behaviour will show it and the potential customer will see it. People who truly expect to reach their goals are more likely to do so than those who do not have similar positive expectations. Exceed the level of your own expectations and targets.

The final reason for buying, after all logical reasons have been covered, may simply be emotional. Don't be afraid of rejection. This is sometimes a normal response and does not reflect necessarily on you. You often need to make ten contacts in order to get three reasonable responses and one good one. And remember just because a prospect does not want to buy today they might in the future.

If your product is not right for them be honest! Leave from your sales visits on good terms with the customer and with a clear action plan of what you will do next and by when. Make sure you deliver exactly (or exceed) what you promised. Trust is a major factor in selling and it is important to develop a rapport over a period of time and develop a feeling of trust and confidence with your clients.

#### **4.1.9 Keeping customers**

When a customer places an order it is not the end of selling, it is just the beginning. Turn a one off purchase into repeat sales by developing a relationship with your customers. Relationships do not sustain themselves. They take effort and all the responsibility lies with you. You have to take the initiative – not your customers. Could you introduce ways to show customers actively how much you value their business? Discount, loyalty or reward schemes have been proven to work for many organisations and might persuade low value customers to buy more and more often.

Find excuses to remind your customers that you are there. Devise valid reasons for communicating and so keep your organisations products and services fresh in their minds. For example:

1. Call customers with news and developments.
2. If you cannot get in touch with customers by phone use E-mail.
3. Drop in on important clients, having checked first whether it is convenient for them.
4. Devise new ways of keeping customers informed.

Sustain relationships by mapping out planned customer contact. Keep records of the contacts made with customers, any follow up required and the outcome.

If you want to be a truly successful organisation you need to be ethical. Many companies keep a code of ethics as a formal statement of the companies standards and expectations. Honesty is at the core of ethical sales behaviour. If you have any interest in building a lasting relationship with your prospects you need to build trust. Either you are an honest organisation or you are not. Therefore all the information you provide to your customers about your product, terms of sale, availability, delivery, guarantee or anything else related to a sale must be truthful. Where sales people stray from the truth it is not long before their customers stray from them.

It is important to remember that:

- ❑ 9 out of 10 customers do not complain if they receive a poor product or service. They just never come back and go to a competitor.
- ❑ On average each customer who receives a very good product or service will tell 3 other persons. A customer who receives a bad product or service will tell 11 other persons.
- ❑ Attracting new buyers costs, on average, 4 times more than keeping the ones we already have.

Common customer confidence losers, include things such as, broken promises, lateness for meetings, incorrect or late deliveries, cash collection errors, incorrect pricing or

invoice errors, wrong recommendations, incorrect information and quotations, inadequate product knowledge, telephone delays and casual staff attitudes. No one can be perfect but one of the biggest confidence losers is the poor handling of complaints when things go wrong.

Complaints should always be taken seriously. Some organisations have found that customers who have complained and had their complaints dealt with to their satisfaction are more loyal than customers that have never complained. This highlights the importance of handling complaints well. Devise a fair and efficient procedure, set a timescale for responding to complaints and never let a complaint drift on. If you are wrong, admit it, apologise and if necessary compensate the customer. Learn from errors and revise procedures so that mistakes are not repeated.

Even so some customer loss is inevitable, people move house, change jobs and of course die. Organisations that are buying from you also change and losses may be gradual and easy to overlook, but the effects are cumulative. Maintain a thriving organisation by finding new customers faster than you lose them.

Contact former customers and ask them if losses are due to your own under performance and take action to correct it. If your traditional customer base appears to be dying your organisation is in trouble. The only cure is to find a new market and also to possibly develop new products and services. Replacing customers is an endless task but an essential one.

Questions to ask:

- Do we know how many customers we lose?
- Do we know the reasons why customers are leaving us?
- Are there any compelling reasons why customers should remain loyal to us?
- How do we show our customers that we value them for their loyalty?
- Could we do more to retain our customers?

Make sure that everyone in the organisation understands the importance of customers and ensure they understand that customers are not simply an irritation standing in the way of their work. Without them you have no organisation and they have no job. Get everyone to identify an area of customer service and try to improve it. Look at how staff interact with customers, how orders are processed and how correspondence is dealt with. Tackle each area for improvement in turn.

Questions to ask yourself:

- Do we answer the phones quickly and courteously?
- Are our team members smart, helpful, friendly and knowledgeable?
- Are our premises clean and comfortable?
- Do we reply to mail promptly?
- Do we provide good after sales service?

## CASE STUDY

### On line fruit businesses

French Internet company Fruit Business is one of the fruit trades latest Internet trading ventures. Marketed as a “tool for thought by and for fruit and vegetable professionals” the site aims to retain the personal aspect of trading that many fear will disappear if they use the web. The site is available in French, Italian, Spanish, English, Swedish and German and is subscriber based.

The site allows exchanges of information, market information and on line trading possibilities using a simple, confidential and easy to use format. The company aim to make the site as an integrated tool used daily alongside more conventional communication business methods. The site allows quotes to be obtained from at least 10 companies for defined products and specifications and the traders are verified by the site before acceptance as a supplier. A Dutch team has also created a similar online marketplace for fresh produce trading and called agro-marketplace available in English, Dutch and Spanish. Originally begun as a hobby it now has over 2500 visitors every month and is also entirely free to use.

FruitLine a Swedish based company also offers free access. It is also one of the oldest fruit and vegetable e-commerce trading sites having been established in early 1999. Suppliers pay a 0.25% fee on every transaction completed through the site. The aim is to provide efficiencies between partnerships that already exist between suppliers and buyers. Companies use the system to buy and sell and to generally communicate. There is no waiting on the telephone until each supplier runs through a list of products available, prices, specifications and quantities. It is all there in front of the buyer from their approved suppliers. All deals are concluded in real time and there are also no disputes over prices and deals agreed online as all transactions are confirmed through the system.

Worldwide fresh produce search engine hairyape.co.uk is a free system (with some subscriber elements) with more than 30% of its 600 plus members from less developed countries. Suppliers in more than 65 countries are now registered and the site provides opportunities to develop new contacts as well as source more exotic products. The latest addition to the site is an “offers board” which users click on to specific messages and deals from other users. The first message is free. Subsequent messages have to be paid for.

## MARKETING EXERCISES

Think of a company you know well (either as a customer or employee). List all the signs you can think of that shows that the company is customer and market orientated and also all the signs you can identify that it is not.

Select one region. Then select one fresh fruit or vegetable product. Find out as much information you can about the market opportunities for this product in this region, through use of the Internet and other sources. Make a note of the sources of information you used and compare each possibility with your colleagues.

Prepare a simple questionnaire for consumers of a food product. Interview a minimum of 10 persons individually using your questions. What were the most important answers? Was your sample representative of a specific customer group? How could your questions have been better phrased?

Choose a supplier of fresh fruit or vegetables from your region/country. Find as much information about that organisation as you can, including promotional materials, sales materials, main products, location etc. Make a list of how you obtain this information and discuss together with your training colleagues.

Go to your local store/supermarket and for fresh fruit and vegetables make a list of their availability. On returning to the course make an estimate as to what the same shelf will look like in 10 years time. For example - Which products will grow in demand, which will decline?

Choose an everyday product. Try to sell this product to your colleague. Ask them questions and then tell them the benefits of the product to them. Think of a product you know well. Define clearly the unique sales proposition that makes it different to those of other similar products.

Get a map of your region/country. List all your main customers and plot their location on the map. Then decide that if you had to visit them all once what the most efficient route would be.

Take a video of your colleagues in the training room. At the end of the course it back and ask them to assess their body language and whether they look interested, bored, serious, happy?

Ask each member of your group to give one creative idea for the development of a new product or market. Select the best and then go round the group again looking at the single idea and in order to improve it.

Show one member of your group a picture. Let the other members guess what it is using questions where they can only answer yes or no. Now show one member a second picture and let them use 'open' questions – what, why, where, when, what, who and how. Compare how fast the participants are able to guess what the picture is.