

# Marketing Your Product:

## A Trainer's Guide for Marketing Aquaculture, Agriculture and Other Natural Products



**Dan Svoboda, Maria Haws,  
Simon Ellis and Jeremy Kwock**

**2006**



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**Cover Photo:** top left-clockwise: selling gar fish in Mexico; tropical fruit jams at a farmers market in Hawaii; women making seashell jewelry in Nicaragua.

**Cover Photo Credit:** Ulises Hernandez, Dan Svoboda, Brian Crawford.

# Marketing Your Product: A Trainer's Guide for Marketing Aquaculture, Agriculture and Other Natural Products

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**Sustainable Coastal Communities and Ecosystems (SUCCESS)**  
A Component of the Global Program for Integrated Management of Coastal and Freshwater Systems (IMCAFS)



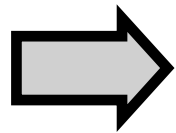
# CONTENTS OF THIS MANUAL

<b>INTRODUCTION</b> .....	<b>0-15</b>
<b>WHAT IS MARKETING</b> .....	<b>16-25</b>
<b>1. POSITIONING</b> .....	<b>26-135</b>
1.1 Developing Positioning *	30-77
1.2 Pricing .....	78-105
1.3 Customer Research .....	106-135
<b>2. PROMOTION</b> .....	<b>136-275</b>
2.1 Diagnosing Problem .....	138-151
2.2 Traffic Promotions *	152-189
2.3 In-store Promotions *	190-275
<b>3. SELLING</b> .....	<b>276-371</b>
3.1 Personal Selling *	278-307
3.2 Business-to-Business Selling*	308-351
3.3 Managing Sales Force .....	352-371
<b>SUMMARY</b> .....	<b>372-379</b>
<b>USEFUL TEMPLATES &amp; TOOLS</b> .....	<b>380-401</b>
<b>EXERCISES</b> .....	<b>402-415</b>

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\* **NOTE:** Sections 1.1 Developing Positioning, 2.2 and 2.3 Traffic and In-Store Promotions, 3.1 Personal Selling, and 3.2 Business-to-Business Selling are the focus of this manual in terms of importance for smaller natural producers, details of coverage, examples, and practical tools provided.

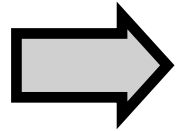
# WHAT IS IN THE INTRODUCTION?



What is the purpose, detailed contents and methodology of this manual?

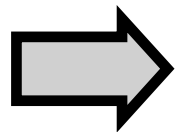
0-7

Page numbers



Who is this manual for and why should natural producers start caring more about marketing?

8-11



What parts of this manual are most relevant for you and what you should definitely not miss from this manual?

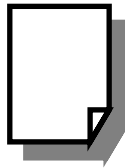
12-15

The following few pages provide background information about this manual. This is a long manual and not everything included is relevant to all businesses and organizations. Therefore, the next several pages explain what's included and which parts could benefit you personally.

Before you start, here's a little explanation of how each of the following pages will look. On every page you will find two parts. The **TOP** half of the page will be in a graphical form—a conceptual chart, a schematic text, a picture, or an example. This simple and graphical form instead of traditional text is used for two reasons. First, these charts are used for presentation purposes during workshops. Second, a simple graphical form communicates main messages more effectively and can serve as a quick reference for you later on.

The **BOTTOM** half of the page will include a commentary further explaining what is on the top. There is also some blank space left for your own notes. At the very bottom on the right side, you will find a preview of the next page or a question for you.

Page preview



A *turning page* symbol signals a short preview of what will follow on the next page. This is just for better flow as you are reading.

Question or  
mini-exercise



A *pointing finger* means there is a question for you. Answer it before you move on to the next page. Wrestling with a question first gives you a much better learning experience than just getting the answer right away without any thought. This will give you practice at making these marketing decisions.

# PURPOSE OF THIS MANUAL



## Purpose of this manual:

- Introduce fundamental marketing and sales concepts and tools to guide improvements in your marketing efforts
- Start you thinking about and beginning to make those improvements
- Provide a menu of specific hands-on tips and practice



## Manual, training, workshop ...

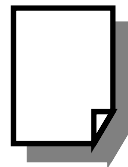
- When being read as stand-alone, this manual will not seem as coherent and will not be as beneficial as attending a workshop
- Workshops can be prepared using relevant subsets of this manual, in which case significant streamlining of selected slides is recommended
- This manual can also be useful as an introductory on-the-job training of new marketing and sales employees

This manual should serve as a do-it-yourself, step-by-step guide for those who want to improve their marketing and sales. The manual will teach you how to be a better and more thoughtful marketer. It will also give many practical tips in each of the most important marketing areas. These combined should, in turn, enable you to make more money from your products.

The manual is best used as a supplement to a workshop. However, it is very self-explanatory and commentary in the bottom part of each page provides detailed explanation of each topic. So, you also can use the manual effectively as stand-alone material—i.e., without attending a workshop.

After reading the manual or parts of it, any feedback and suggestions are greatly appreciated! For example, what are the most useful parts, what should be better explained, or what should be added? We are constantly trying to improve the material for training purposes.

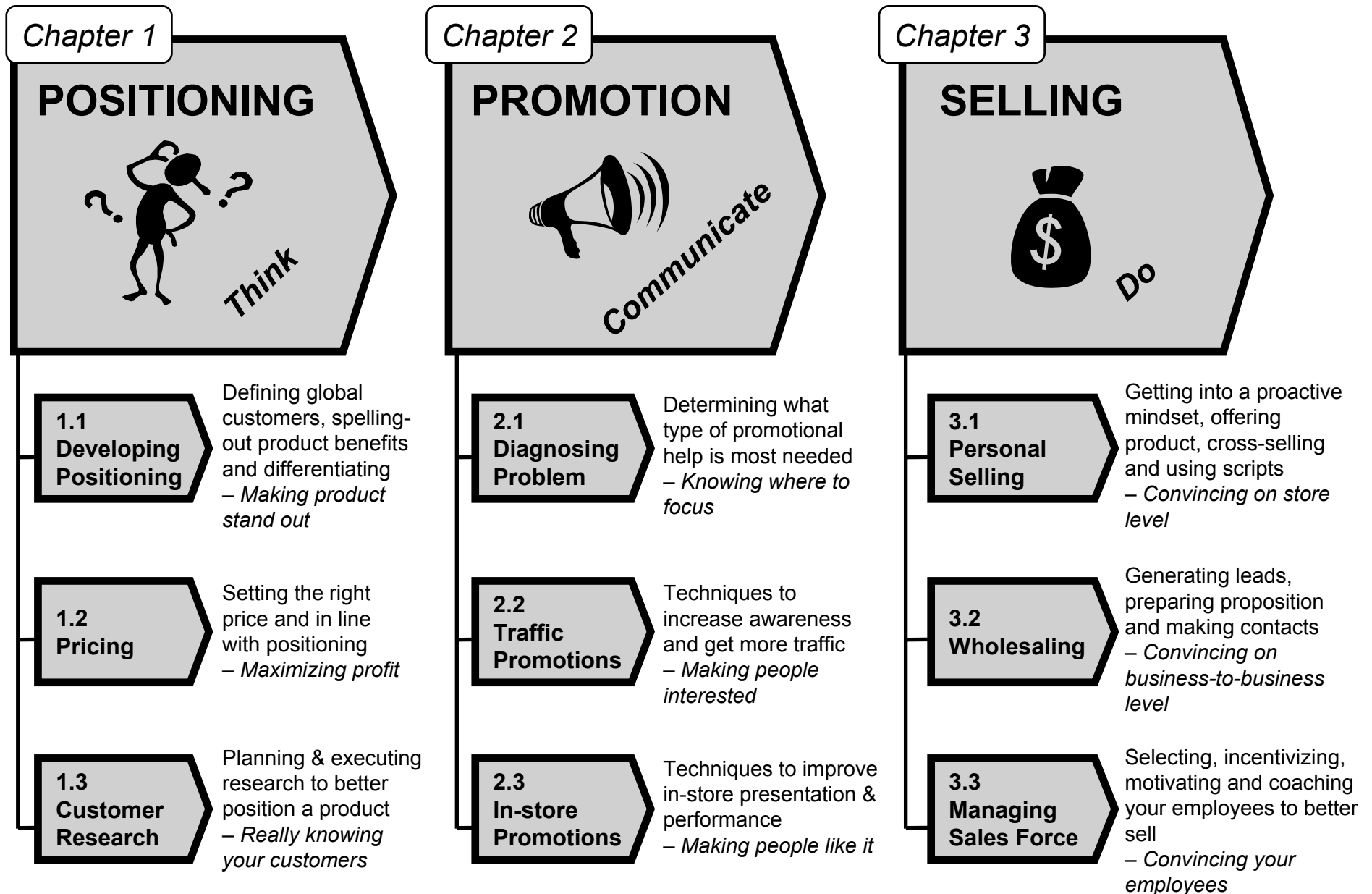
Please email your comments to [haws@aol.com](mailto:haws@aol.com).



The next page explains what is included in each of the three chapters of the manual



# STRUCTURE OF THIS MANUAL

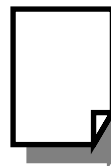


The manual is divided into three main chapters—Positioning, Promotion, and Selling—which explain how a marketing process flows. Each chapter contains three sections. So ‘three’ will be a magical number in the following pages.

Throughout the three chapters, the following sections are the core material and comprise the main flow of the step-by-step guide: 1.1 ‘Developing Positioning’; 2.2 and 2.3 ‘Traffic and In-Store Promotions’; and 3.1 ‘Personal Selling’. These form the backbone of the manual and you should walk through them, keeping in mind they constitute a process. Therefore, these sections are the richest in providing details, examples, and practical tools. Additionally, if you are selling to business customers, as opposed to directly to end-customers, you will find useful section 3.2, which is on ‘Business-to-business Selling’.

Other sections—1.2 ‘Pricing’, 1.3 ‘Customer Research, 2.1 ‘Diagnosing Problem, and 3.3 ‘Managing Sales Force’—support the core sections and are here for completeness of the material covered. Whereas the core sections will be useful to most businesses, these supporting sections are especially applicable if you face relevant problems.

For more on which parts are most relevant for your businesses and problems, see ‘Marketing Competency Test’ on page 12.



The next page explains the methodology used throughout the manual—that is how the marketing concepts will be taught to you.

# METHODOLOGY OF THIS MANUAL

Each chapter includes:

- (i) Framework** to structure the learning and to facilitate your thinking about marketing improvements in the particular area
- (ii) Examples** for all concepts using relevant products and companies
- (iii) Templates and checklists** to recap learning and as tools to be used in practice
- (iv) Exercises** to practice covered material on your own products and business

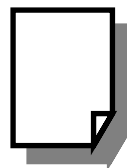
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*Each printed page has two parts: (1) the top with a slide with one of the above, such as a framework, example, etc., and (2) the bottom with a commentary on the slide, short lead into or an interesting fact about the next page and room for notes.*

The beginning of each section describes a ‘framework’ which will serve as a step-by-step guide on putting marketing theory into practice. For example, section 1.1 gives you a detailed step-by-step work plan on how to develop the right positioning for your product, as well as for your business.

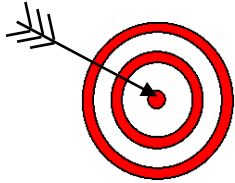
Then each section of the manual is filled with a detailed description of how to progress through each individual framework by providing examples and practical tools, such as templates. For your use, blank templates are included near the end of the manual.

Exercises are an essential part of this manual. Each of the three sections has one exercise, divided into two parts. The exercises can be found at the very end of the manual. As you progress through the text, you will be alerted when it is appropriate complete the exercise—or if you prefer, you can do the exercises at the end of each chapter. Equally importantly as these structured exercises, you should treat every single page as a mini exercise. In other words, try to apply every new concept or example to your own products. To encourage you to do that, many pages contain a question or a quick “to-do” for you before you move on to the next page.

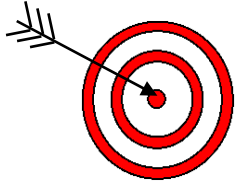


The next page explains in more detail what type of businesses can most benefit from the manual.

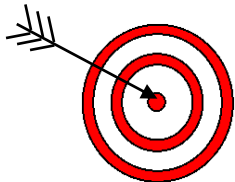
# TARGET AUDIENCE FOR THIS MANUAL



Small businesses in need of improving marketing & selling skills, although savvy marketers can benefit as well by using the manual as a reference and a comprehensive checklist



Producers & sellers of natural products, although businesses from other areas can benefit as well, since marketing is a general and not industry-specific discipline



Direct sellers to end-customers, although producers-only and wholesalers can benefit as well, as most marketing activities covered in this manual are applicable to all

Use the 'Marketing Competency Test' on page 12 to see how much you can benefit from this manual and specifically from which sections

One of the important topics covered in this manual is selecting target customers. The material offered in this manual can benefit any small business that wants to improve its marketing and selling competency.

More specifically, the manual's is targeted at natural producers whose marketing training, skills and experience are quite elementary.



Why are you interested in marketing?  
Why, specifically, is it important for  
your business?

# WHY SHOULD NATURAL PRODUCERS BE AT ONCE CONFIDENT, CONCERNED, EXCITED AND WORRIED ABOUT MARKETING?

## STRENGTHS – Why be confident?

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- 😊 Great products
- 😊 Large tourist base
- 😊 Own commitment

## WEAKNESSES – Why be concerned?

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- ☹️ Lacking marketing & sales training
- ☹️ Modest or no staff resources
- ☹️ Modest infrastructure
- ☹️ Low capital for investment

## THREATS – Why be worried?

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- 💣 Large-scale, low-price retailers
- 💣 Copy cats and fast saturation of successful demanded products
- 💣 Scarcity of some natural products

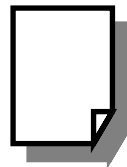
## OPPORTUNITIES – Why be excited?

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- 👉 Cruise ships with tourists who want authentic products
- 👉 Better differentiation & overall marketing of your products
- 👉 Trend towards healthier nutrition

Before you go through the ‘Marketing Competency Test’, the above page summarizes why almost any natural producer should start caring more about marketing. This assessment of strengths, weaknesses, opportunities and threats obviously does not apply to all natural producers, but they capture well the situation of most.

When you read through these and as you add other points relevant to your specific situation, you should come to the conclusion that—“I must start taking marketing more seriously”. Both the opportunities as well as the pressures exist and are real! You must improve your marketing competency. You have great material to work with (in your products and your dedication) and you can greatly benefit from making some improvements in your markets (a few pages further into this manual, you will see how even simple marketing improvements can benefit natural producers).



The next page is the already mentioned ‘Marketing Competency Test’.



# MARKETING COMPETENCY TEST – DETERMINING WHICH PARTS OF THE MANUAL CAN BENEFIT YOU THE MOST

## POSITIONING



### 1.1 Developing Positioning

- Do you know your target customers & their needs?
- Can you name fully the benefits of your product?
- Can you summarize in one sentence what makes your product special?

### 1.2 Pricing

- Do you have a clear method for setting price?

### 1.3 Customer Research

- Can you systematically research your customers?

## PROMOTION



### 2.1 Diagnosing Problem

- Can you improve your business by adding more customers or doing a better job with current ones?

### 2.2-3 Traffic Promotions

- Can you name five techniques to (a) increase customer traffic, and (b) improve in-store promotion?

### 2.2-3 In-store Promotions

- Do you use cross-marketing, coop-marketing, point of sale materials, and/or product bundling?

## SELLING



### 3.1 Personal Selling

- Do you proactively approach customers?
- Can you persuasively present your product selling arguments?
- When closing a sale, do you offer complementary products?

### 3.2 Wholesaling

- Are you confident when approaching business customers?

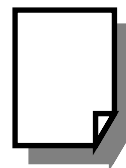
### 3.3 Managing Sales Force

- Do you proactively and systematically manage your sales force?

Go through each of the above questions carefully. Answer honestly and self-critically. For example, ‘Can you name fully your product benefits?’ The chances are that you can. But, are you really satisfied with how you describe these benefits? Are you confident that these benefits are the most attractive ones in the eyes of your customers? Simply put, is there any improvement you can make in how you describe the main benefits of your products or did you get them 100 percent right?

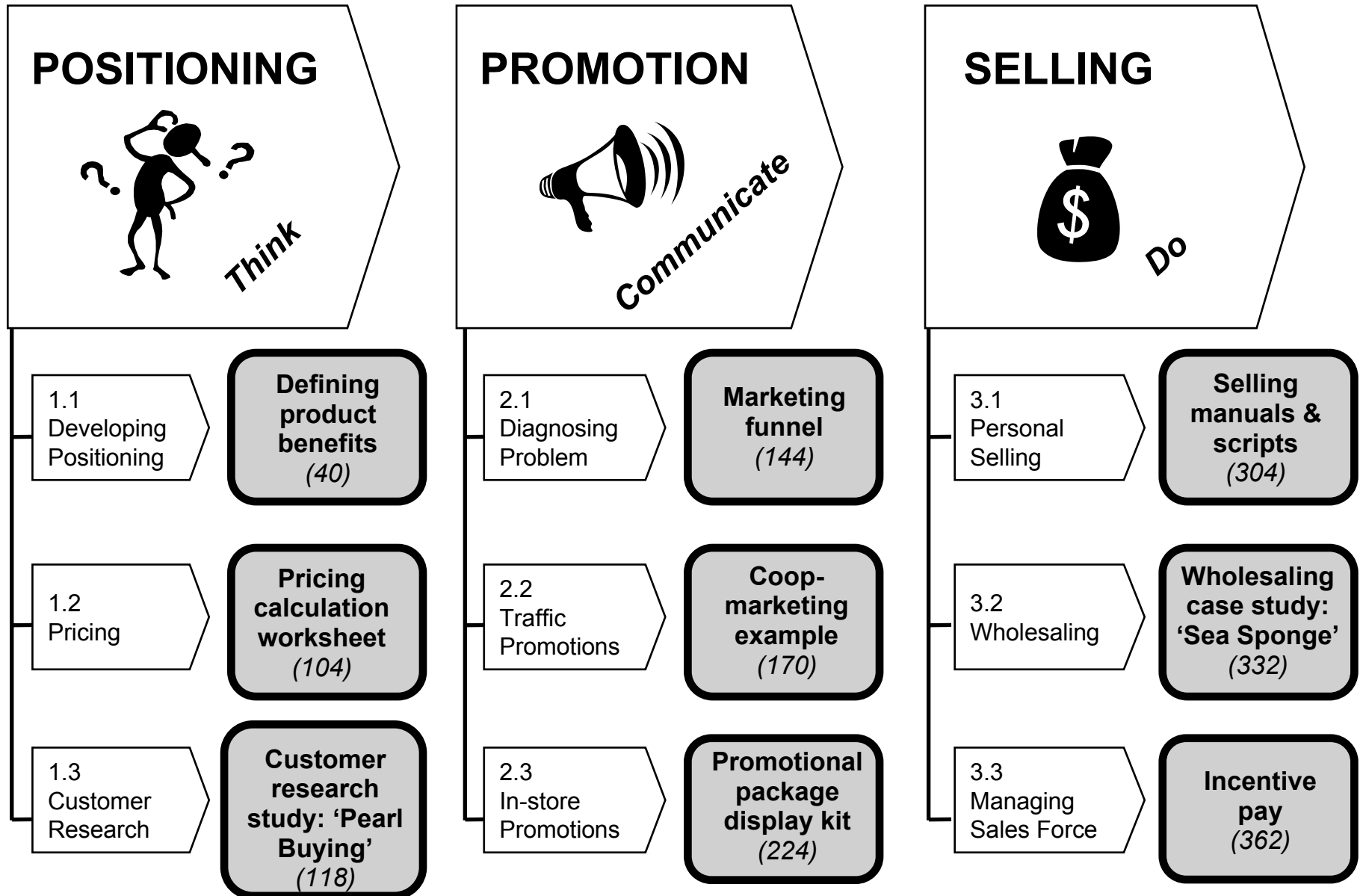
If you feel that you cannot answer a question(s) with full confidence, then you can certainly benefit from reviewing the sections in bold (above) and seeing if you can develop answers to these question(s).

Though it’s recommended that you go through the whole manual, if you want to focus just on selected parts of the manual, the above test should help you find the most relevant parts.



The next page gives page numbers of interesting topics from each section that you should definitely not miss.

# HIGHLIGHTS FROM THE MANUAL – 'MUST-READS'

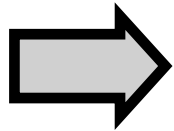


If all the time you have available to devote to marketing right now is a half hour, make sure you skim the topics and pages highlighted above in the shaded boxes. These selected pages will hopefully reveal something interesting about marketing or will at least show you something fun.

\* \* \* \* \*

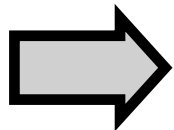
**–END OF INTRODUCTION–**

# WHAT IS MARKETING? – A PREVIEW OF THE NEXT FEW PAGES, BEFORE DELVING INTO THE STEP-BY-STEP GUIDE



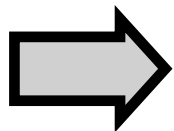
**Marketing in action:** Example of how to turn a cheap natural commodity into a premium product through simple marketing actions.

18-19



**A key marketing principle:** What is a key marketing principle overarching this manual, as well as underlying the whole practice of marketing?

20-23



**Marketing vs. production:** What makes more money—having the resource or marketing and selling it well?

24-25

There are many definitions of marketing. Simply put, however, marketing is simply whatever happens between the time when a product leaves the producer to the time it reaches the final customer. Marketing is not only creative. Equally important, it is a systematic effort.

Before diving into practical step-by-step guides starting with positioning, let's clarify what marketing really is and some of its most important principles. The 'What is Marketing?' section of this manual provides two topics. One is on the topic of how basic marketing actions can improve your product. The other illustrates the importance of marketing in addition to doing mere production. In between these two examples, we'll discuss one very important marketing principle.



The next page shows an example of creating an experience with a natural product and turning a simple almost unnoticeable product into a premium culinary product.

# 'MARKETING IN ACTION': EXAMPLE OF 'RE-POSITIONING' A COMMODITY INTO A PREMIUM PRODUCT



+

## ARGAN OIL EXAMPLE

### Resources

According to university theses, clinical studies, publications from Morocco, France, USA, UK and Canada, Argan Oil:

- \* Reduces high blood pressure
- \* Stabilizes high cholesterol
- \* Stimulates cellular exchanges
- \* Fights obesity by reducing hunger pain
- \* Is an excellent source of vitamin E

### Uses

Argan Oil is used only for seasoning and never for cooking. Known for its nutty taste and exotic flavor, it enhances the taste and scents of:

- \* Vegetarian and oriental dishes
- \* Cooked dishes: couscous, seafood, etc.
- \* Spaghetti, rice with veggies, etc.
- \* Dry vegetable dishes: lentils, french beans, etc.
- \* Pastes: Almond paste (Amlou), Zaatar paste

### Nutritional facts

Calories per portion: 70 per 14 g serving (Tbsp)

Percentage for a diet of 2000 calories/day

- |                             |                         |
|-----------------------------|-------------------------|
| * Total fats: 14g / Fat 12% | * Polyunsaturated: 5.3g |
| * Saturated 2.5 g / 7%      | * Cholesterol 0 mg 0%   |
| * Mono-unsaturated 6.2g     | * Carbohydrate 0 g 0%   |
| * Sodium 0 mg 0%            | * Vitamin E 4 mg        |
| * Proteins 0 g 0%           |                         |

=

**Culinary Argan Oil**

Argan oil was once a very cheap commodity selling for just pennies, mainly to locals in Morocco.

Then someone realized the potential of this product (great taste, excellent health effects, exoticness, etc.) and re-positioned it into a unique culinary oil. With improved marketing, such as better packaging, labeling, nutritional information, recipes, promotion, and even internet sales, the oil now sells for a premium price and is shipping to customers in the U.S.

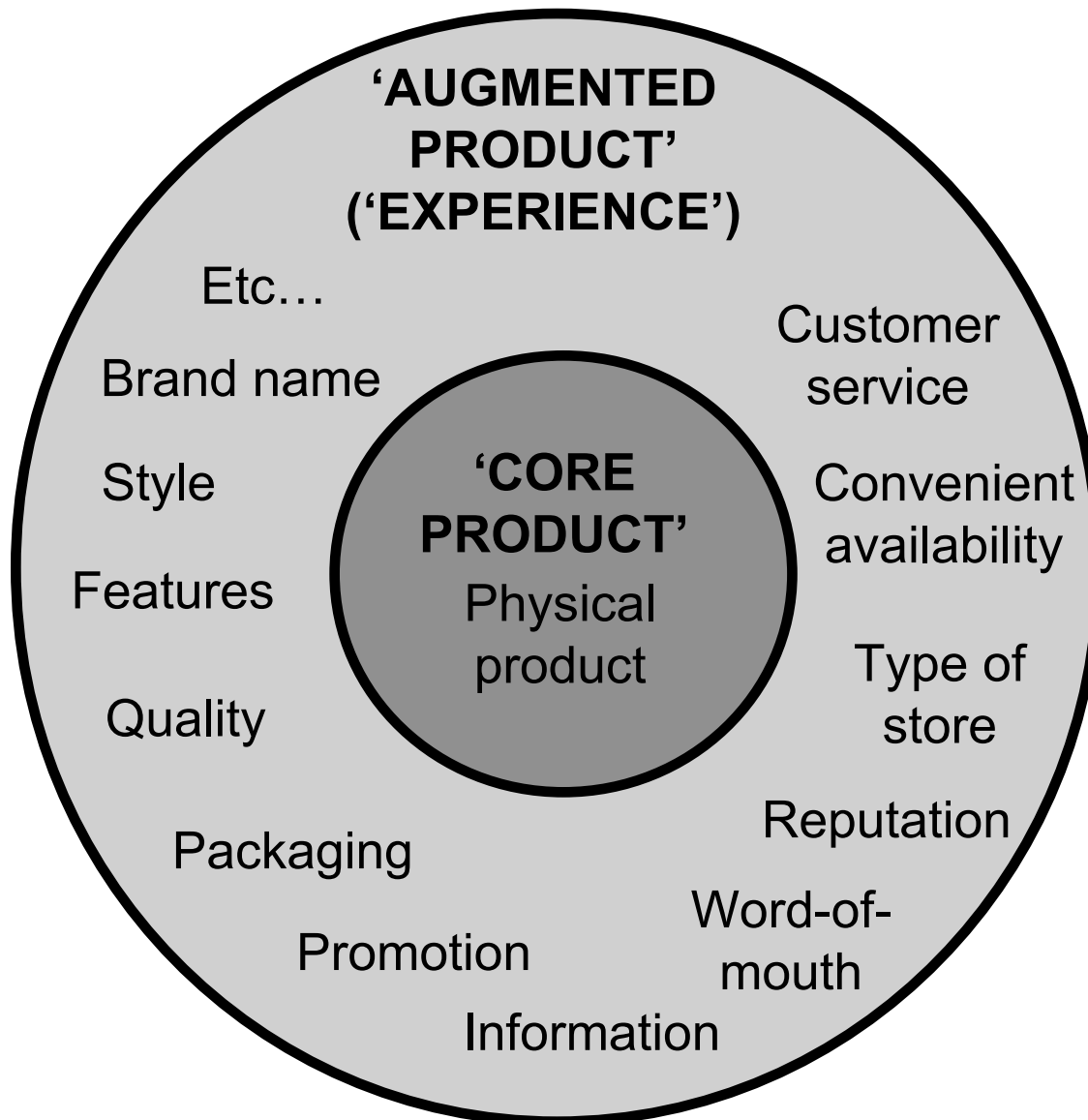
Argan oil is a great example of what marketing can do for a simple natural product. If no one had thought of re-positioning and had not taken action on the marketing front, it would still be an unnoticeable oil selling for pennies. The good news is that the marketing steps taken to turn this product around were relatively easy and cheap, with the possible exception of setting up a web site.



What is the most important thing in marketing, in your opinion?



# A KEY MARKETING PRINCIPLE: 'PRODUCT' IS NOT JUST THE PRODUCT... RATHER, IT IS THE WHOLE 'EXPERIENCE'



Successful marketers provide customers with a whole 'experience', not just the physical product.

This is especially important for many natural, healthy and 'touristy' products.

Marketing involves figuring out how to put such an experience together. This workshop/manual should get you started.

There are many considerations and principles in marketing. One of those is creating an experience, rather than just selling a 'core product'. To stand out from among other products, successful marketers strive to augment their core product, or in other words they try to "create an experience".

As seen in the outer circle above, there are many ways to do this. The picture above gives some examples. Why is this experience so important? Because today's customers have so many options to choose from there needs to be something special, something in addition to the core product that makes a customer choose your product over alternatives.

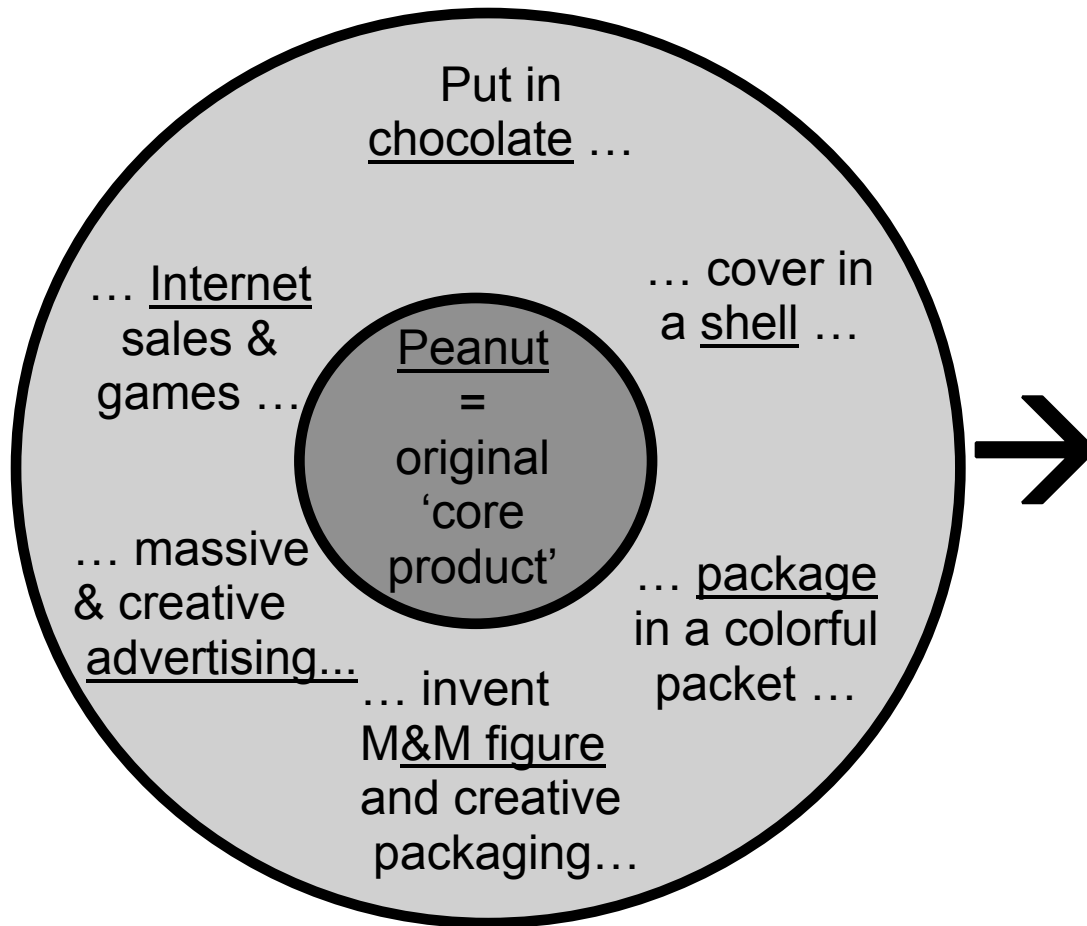
One clarification. You cannot create much of an experience when you're selling a commodity-like product, such as wheat or corn. But with tourist-related or natural food products, you should think hard about the outer circle.



Give your favorite example of an augmented product, that is, when someone created a true experience using a simple core product?

# CLASSIC EXAMPLE OF PUTTING TOGETHER THE WHOLE MARKETING EXPERIENCE

## M&M EXAMPLE



**Without marketing-driven creativity, we'd still be eating peanuts and chocolate as separate products**

Above is a classic example. There used to be a time when there were no M&Ms. Then someone had an idea: “Let’s put a peanut in chocolate and then wrap it in a shell with different colors, then put it in nice packaging, etc.”

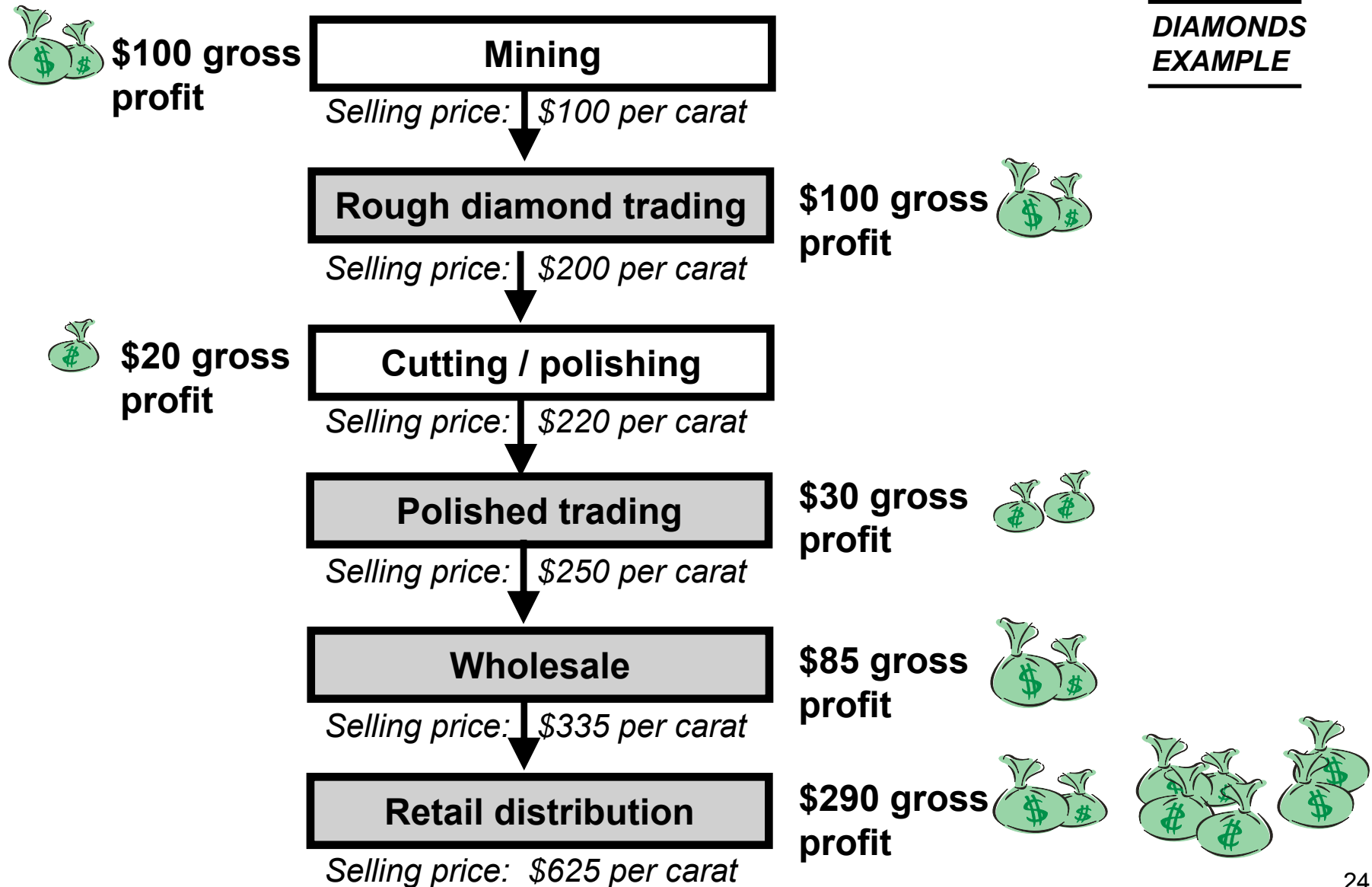
If it wasn’t for marketing creativity and drive, we’d still be eating chocolate and peanuts separately today. It would be quite a sad world, wouldn’t it?. Instead we now have M&M Internet games, and bigger and bigger M&M figures. Simply put, M&Ms are a phenomenon.

With your natural products, you probably won’t be able to create such a marketing miracle. But, you can do something more modest, yet effective.



Diamonds pass through about six different types of businesses until they get to the end customer. You can divide the businesses into producers and processors vs. marketers, sellers and dealers. Guess how much of the final selling price is kept by those engaged in the producing functions vs. the marketing functions?

# ANOTHER MARKETING PRINCIPLE: MARKETING ACTIVITIES OFTEN CREATE MORE VALUE THAN PRODUCTION ITSELF



Diamonds are a great illustration of the financial value that can be created with marketing and the importance of being more involved in marketing—an important notion for marketing that we'll discuss before becoming very hands-on.

If an alien arrived on the Earth, would he pay lots of money for diamonds without knowing what they mean around here? Probably not. But, due to marketing and the positioning of diamonds as something scarce and symbolizing luxury, people do pay lots of money for them. Enormous financial value has been created through the marketing of diamonds.

Who gets that value? Though diamonds are a scarce natural product, notice that production, cutting, and other 'raw' processing activities (shown in the white boxes) earn less money than marketing activities (shaded boxes) such as trading, setting diamonds in jewelry, and selling.

From the final average selling price of roughly \$600 per carat (this price is from a few years ago and may be off a bit, but don't worry about the exact price), about \$500 is kept by marketers and traders, while only a little more than \$100 is earned by producers and other processors.

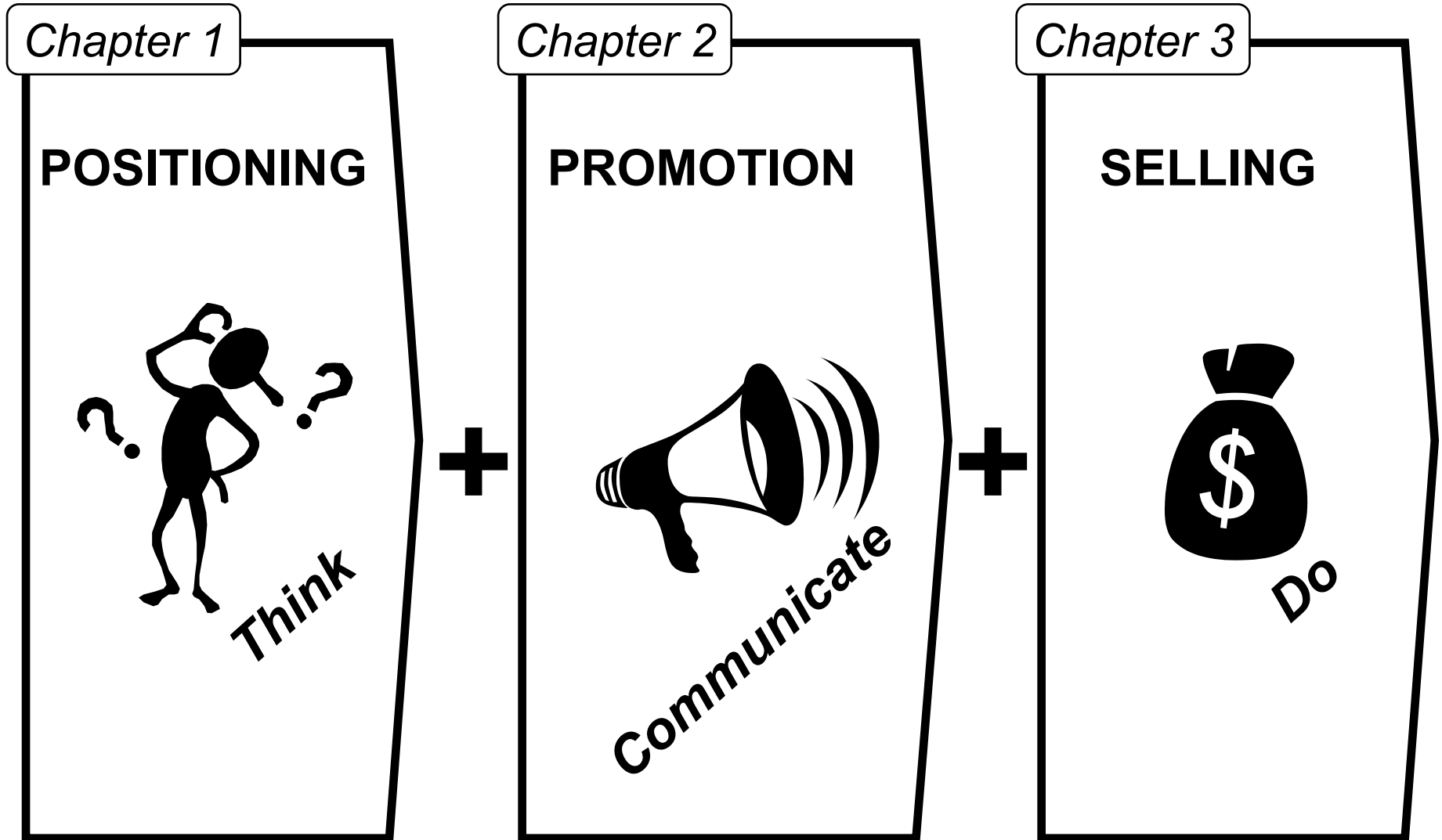
Then why don't all producers do all the marketing themselves? Because it takes skills, infrastructure, investment, etc.

Fortunately, improving marketing—or in other words, getting more value from your products—can often be done relatively simply and cheaply, especially with natural products. Often, it doesn't require much more than a little effort.

\* \* \* \* \*

**–END OF WHAT IS MARKETING SECTION–**

# BEFORE STARTING ON POSITIONING, A RECAP OF THE THREE MARKETING AREAS COVERED IN THE MANUAL

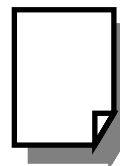


The above picture marks the start of the three-step marketing framework that we will walk through in detail for the rest of the manual.

Successful marketing requires all actions in three areas described above and as covered in these workshops—positioning, promotion and selling. Positioning is knowing what your product stands for and how it should be perceived by customers. Promotion is communicating to customers, be it through advertising or simply packaging. Selling is not just cashing in the money. Rather, real selling means proactively approaching customers and knowing your sales pitch well.

Neglecting positioning, promotion, or selling when marketing your products is like buying Christmas presents in the following way: you buy all kinds of stuff without giving too much thought of what you are buying for whom. Then you do not even wrap them and just throw them under the Christmas tree without writing on them which one is for whom. Finally, you tell your loved ones: ‘help yourself.’ Most of us, on the other hand, think very hard what to buy for whom (positioning), nicely wrap the presents and write cute little labels (promotion), and help the recipients find the right package under the tree, and possibly even pass it to them while giving them a little explanation or comment (selling).

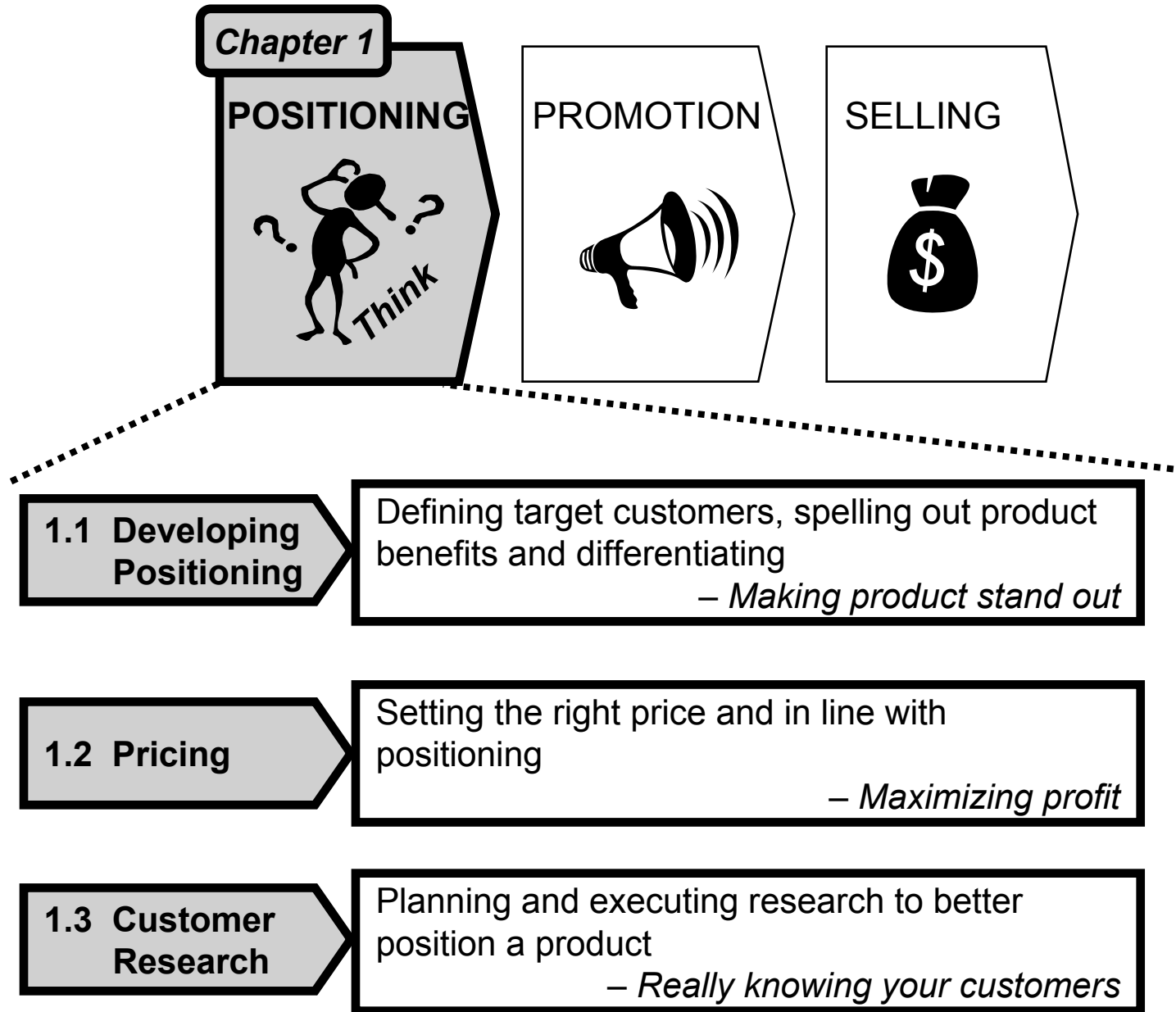
For each of the three areas, there are marketing techniques that can be used. Each of the three chapters provides details of such techniques, using simple step-by-step frameworks and many examples. For more details on what is in each chapter, please skim the first couple of pages of each chapter or section.



The next page starts the ‘Positioning’ chapter and gives a broad overview of what is covered.



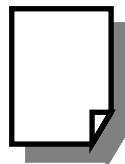
# Chapter 1: POSITIONING IS DIVIDED INTO THREE SECTIONS



The goal of positioning is twofold—first, to differentiate your product from other products and second, to do so in an appealing way (it is also possible to make your product stand out for not-so-good reasons, and you do not want that!).

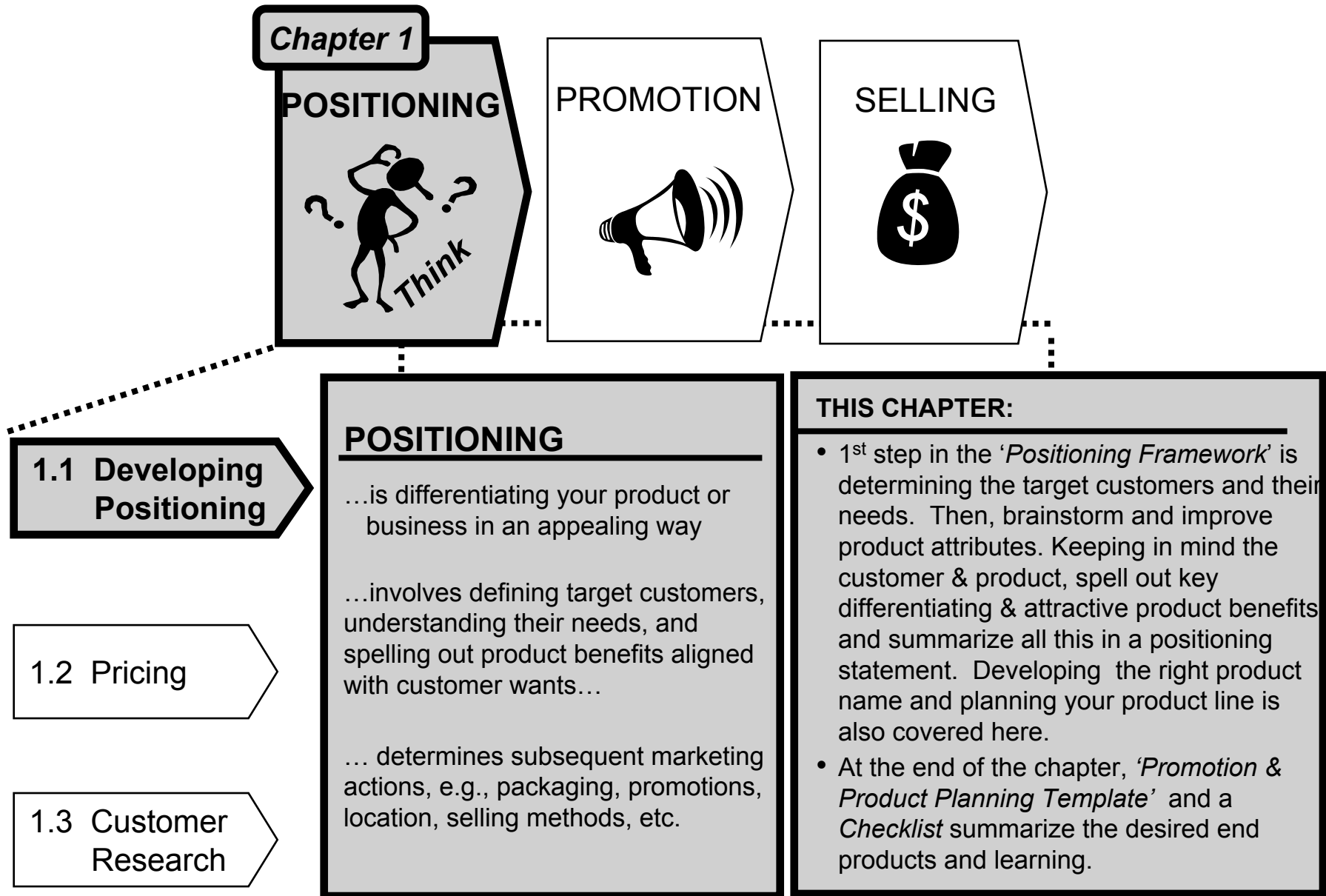
The ‘Positioning’ chapter will describe the ‘how to’ of positioning. The chapter is divided into three sections. The focus will be on the first one, which is about ‘Developing Positioning’ (in terms of its importance, its details, examples, etc.). The ‘Pricing’ and ‘Customer Research’ section simply provides basic guidance about what you should think about when you need to set the right price or find out more information about your customers. The Pricing section is included in the Positioning chapter simply because pricing needs to be aligned with positioning. Customer Research is here because for correct positioning you often need to better understand your customer.

Note that at the beginning of the other two chapters—‘Promotion’ and ‘Selling’—you will also see a page similar to the one above, and which lists and describes the three sections in each chapter.



The next page gives one more overview before diving into details of positioning—a more detailed description of what is included in the section 1.1 Developing Positioning.

# Section 1.1: POSITIONING – DEVELOPING POSITIONING



\* \* \* \* \*

## START OF “DEVELOPING POSITIONING” SECTION (1.1)

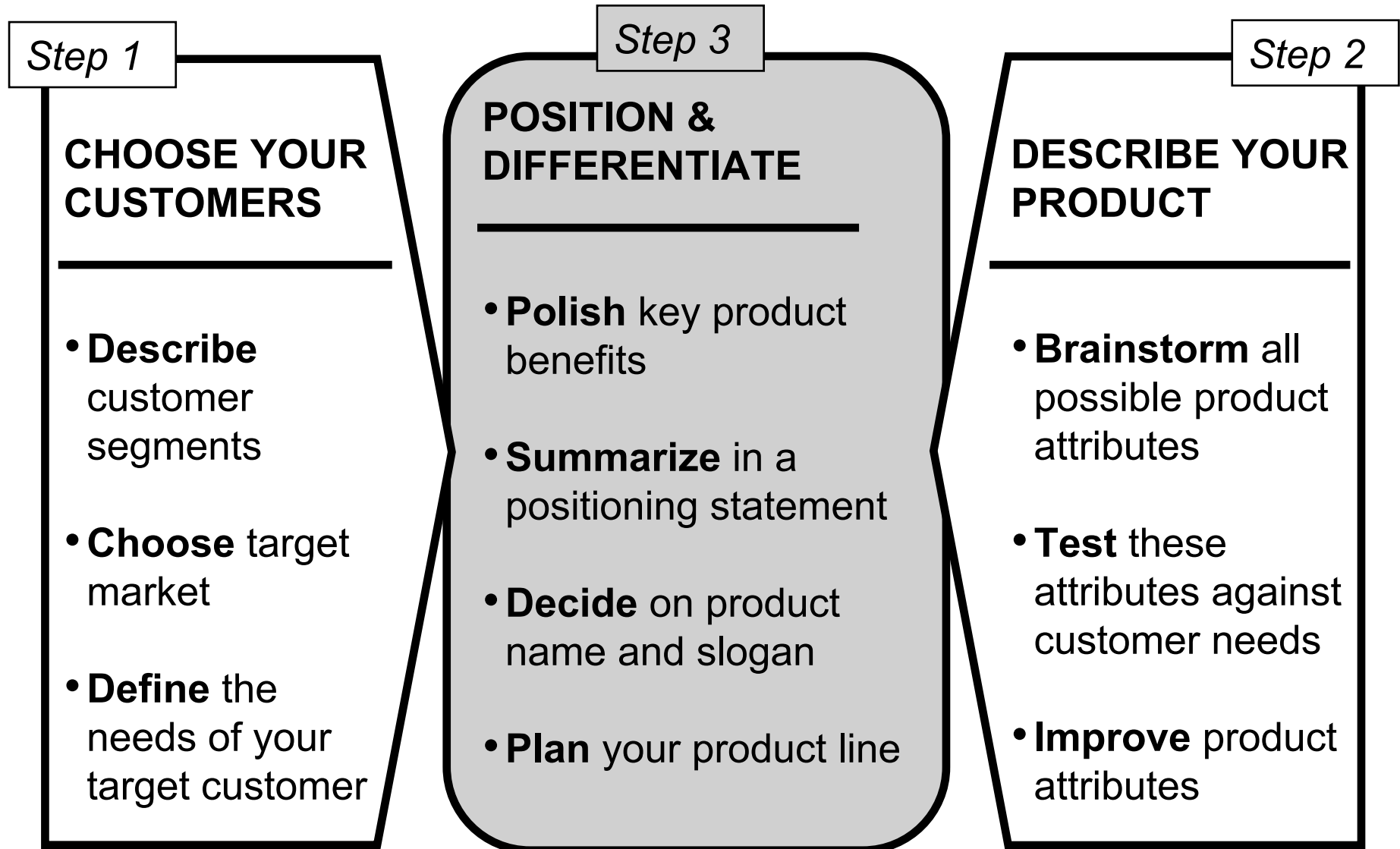
In the left text box, are basic notes about positioning a product. These give you a better idea of what positioning is all about. The text box on the right gives a preview of the content included in this section.

All other sections of the manual (there are eight remaining after this one) start with a similar page to provide you with background before you delve into the topic of positioning your product.



What are the different steps and analysis you would undertake to arrive at an optimal positioning of your product(s)?

# INTRODUCING POSITIONING FRAMEWORK – USED IN THIS CHAPTER, AS WELL AS HELPFUL IN PRACTICE



In the 'Developing Positioning' chapter, the manual walks you through the above three-step framework. It also serves as a guide in your marketing practice. Keep this framework in mind or look at it as you walk through the following pages (also, a small 'tracker' in the top right corner will remind you where you are in terms of the framework).

**Step 1: *Choosing Your Customer*** – You cannot be all things to all people. To be effective, you need to know what type of customers to focus on. The first step is to describe the customer segments that could possibly be served with your product. Then, you need to select your target market from within these segments and define it. Once you know who you want to target, take time to understand all possible needs and concerns of your target customers and how you could address these.

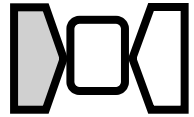
**Step 2: *Describing Your Product*** – Take the time to brainstorm all possible product attributes, some of which you may even think are not important to customers at the first glance. Sort out these attributes by testing them against customer needs (if an attribute does not appeal to your customers, it is out). Obviously, try to improve product attributes to better appeal to your target audience.

**Step 3: *Position and Differentiate*** — Select several key product attributes and polish them into nicely phrased key product benefits (customers do not have enough time to read or listen to a laundry list of 15 random reasons to buy your product). Summarize what really differentiates your product in a positioning statement. Also, decide on your product name and a slogan, if appropriate, that are in line with your positioning. Finally, plan your product line and think through how you can best leverage your product in different varieties.



How would you define a 'customer segment' and why is it important for marketing?

# DESCRIBING CUSTOMER SEGMENTS IS NECESSARY TO UNDERSTAND POTENTIAL BUYERS FOR YOUR PRODUCT



## COFFEE & TEA EXAMPLE

### **‘LOWER-INCOME’**

- Higher quantities, at lower price
- Abundant availability
- Simple packaging okay, but frequent discounts needed



### **‘AFFLUENT’**

- Higher price, at lower quantities
- Careful selection of selling outlets & great service
- Top quality and fancy packaging

### **‘NUTRITION-CONSCIOUS’**

- Dependent on health and nutrition trends
- Top natural quality
- Labeling with nutritional info & education



### **‘TOURISTS’**

- Dependent on tourism traffic
- Exotic & destination-specific feel
- Gift packaging

Above are four examples of customer segments when selling coffee or tea. In fact, there are two pairs—‘mass’ vs. ‘affluent’ and ‘nutrition-conscious’ vs. ‘tourists’. It would be difficult to have an effective positioning while serving both of the segments within each pair. So, you need to make a choice (hence, the little target symbols).

A *customer segment* is just a group of customers that have one or more common characteristics that are important for marketing purposes—characteristics such as geography, age, shopping habits, lifestyle preferences, etc. Thus, a given product can be marketed in the same or very similar way to all customers within one segment.

*Segmentation*, or dividing the market into customer segments, is an essential part of marketing. Customers have so many options to choose from that in order to be successful in the marketing of your product, you need to be on target with what customers want to have and need to hear. And, since every person (or rather every segment) has different needs and preferences, you must choose your ‘target’ carefully.

If you want to sell one product to different types of customers (e.g., not only to tourists but also to ecologically-minded people), segmentation will force you to address these different segments in your positioning and, in turn, in communication to all these different types of customers.



Describe several customer segments for your own product(s) with pros and cons for each, and select one or two on which you should focus.



# FROM CUSTOMER SEGMENTS YOU NEED TO CHOOSE YOUR CUSTOMERS, ALSO CALLED TARGET MARKET



## COFFEE & TEA EXAMPLE

### 'LOWER-INCOME'



Large value-pack packaging, 'army of teas'



Save on tea with value packaging and with a coupon

### 'AFFLUENT'

Nice packaging and unique, premium price, etc.



Beautifully presented, ready for gift giving

### 'NUTRITION-CONSCIOUS'



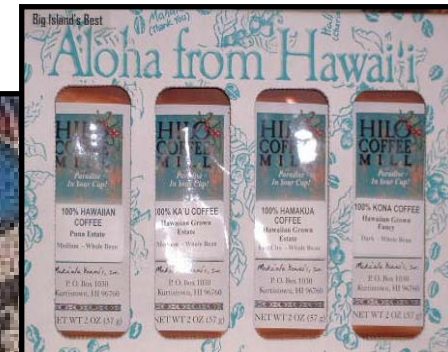
Herbal tea: packaging not as important as emphasis on natural origin & genuine



Finally... Here's a great tasting Coffee that is actually good for you!

### 'TOURISTS'

Buy only 100% KONA from the Kona region



Hawaii-authentic coffee, making a great gift from your vacation

Every good company knows the customer segments that it focuses on and those that it leaves to other companies. It is normal that a company serves different customer segments. But ideally, it does so with different products, or at least with slightly different product ‘twists.’

Ever hear of Gand coffee? This company recognized that there is a segment of health-conscious coffee drinkers that could be targeted and served more effectively. “How?”, they asked themselves. They developed coffee with less caffeine (that is Gand coffee).

Or, what if the other way around? Did they first happen to invent low-caffeine coffee and then they asked themselves, how and to whom can we best position this coffee? The obvious answer was “Let’s make it a healthy coffee and sell it to the people who like to drink coffee, but who are concerned about too much caffeine.”

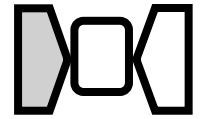
Who knows which came first? The type of coffee, or the customer segment? It is a bit of a chicken-or-egg problem (the Gand coffee producer is probably the only one who knows how the story went).

Either the product can determine your target market or the realization of an opportunity within a specific customer segment can drive the type of product you make. It does not matter. Either way, what matters is that the target market needs to be carefully selected and aligned with whatever product you have or will have.

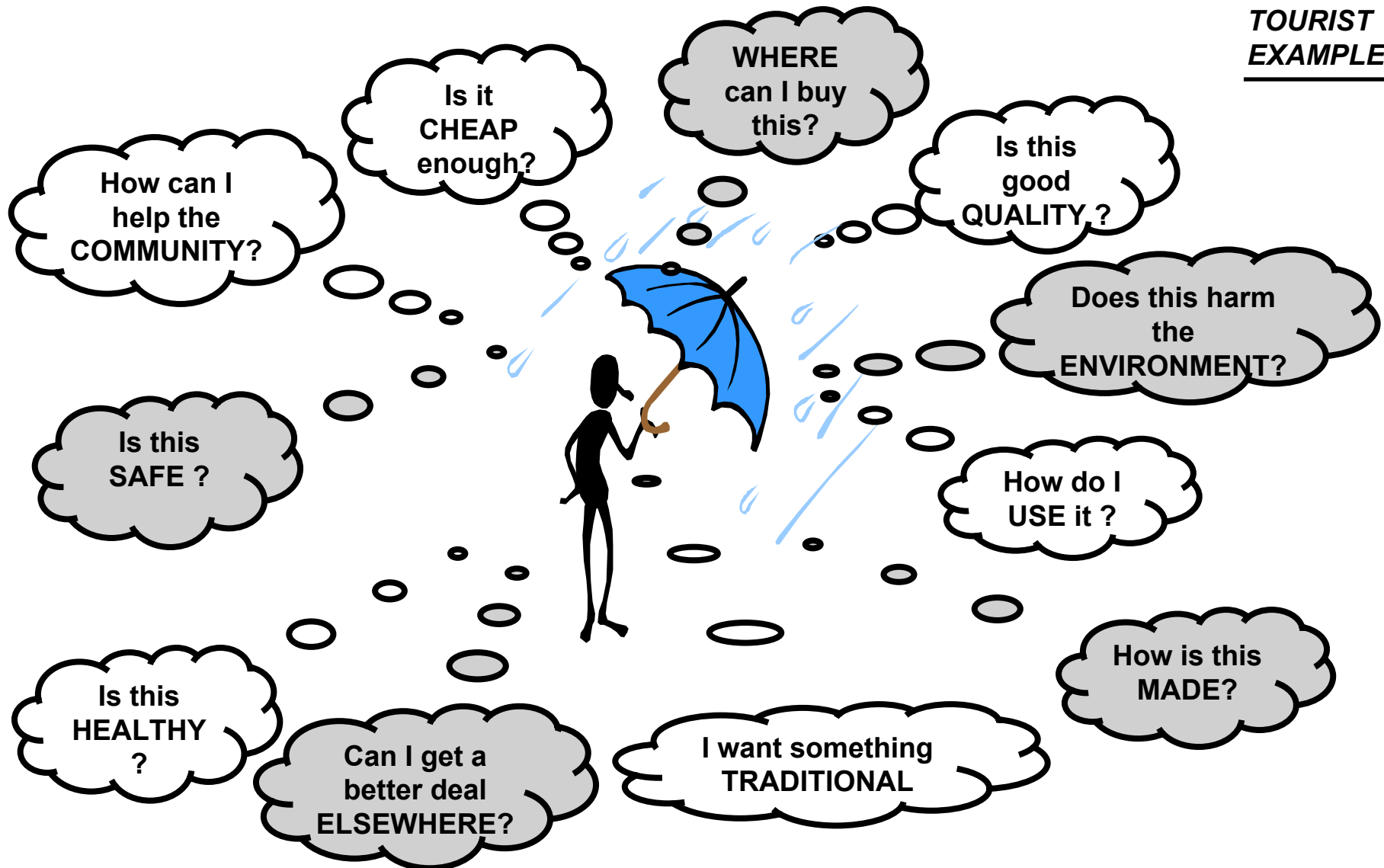


Take your target customer and brainstorm a long list of all his/her possible needs, concerns and preferences, etc.

# THEN, UNDERSTANDING TARGET CUSTOMER NEEDS IN DEPTH IS CRUCIAL AND OFTEN REVEALING



**POHNPEI  
TOURIST  
EXAMPLE**



The bean figure above portrays a tourist coming to Pohnpei, Micronesia (he has an umbrella because Pohnpei gets over 300 inches of rain per year). Around his head are several of his possible concerns and needs as he wanders through Pohnpei and looks at different products which would be mainly natural souvenirs and food.

But, let's get more specific. A typical Pohnpei tourist is a diver. He/she stays in a hotel 10 miles past the main town of Kolonia and the main concern (or need) is to get in as much diving as possible during a day, have a good meal in the evening, and sleep at night. The diver does not care about souvenirs (especially since he/she is not aware of whether any interesting souvenirs can be found in Pohnpei) and does not even go to the town (since there is really nothing interesting to see there, and no gift shops or other stores are really well-known).

What does this mean for a gift shop marketer? He/she must communicate (e.g., through posters in the airport or brochures in the hotel) to this diver that interesting products unique to Pohnpei are available and where they can be found. Ideally, the gift shop marketer would focus on products appealing specifically to divers, products such as unique marine souvenirs. If you do not take these marketing actions as a gift shop owner, you should not be surprised that you get very low customer traffic in your store (since divers represent a large share of Pohnpei visitors).

In general, you should list needs, concerns, worries, etc. of your customers. What is on their mind? And then you should address these needs through your marketing; e.g., through product benefits you emphasize, the type of packaging you use, and where you choose to do the selling.



List all possible attributes of your product, write down whatever comes to your mind and could even remotely appeal to some customers.

# AFTER UNDERTANDING CUSTOMERS, PRODUCT ATTRIBUTES HAVE TO BE BRAINSTORMED



**SEA  
SPONGE  
EXAMPLE**

Listing all possible product attributes ...	... and testing them against customer needs
#1. <b>Pleasant washing:</b> enjoyable bathing or showering experience—thanks to the softness	Feel good physically, <b>enjoy</b> oneself
#2. <b>Ecological:</b> environmentally sustainable production farms, spares coral reefs	Ecological <b>conscience</b>
#3. <b>Organic:</b> natural-based production with no chemicals, while others (at minimum) bleached	<b>Healthy</b> lifestyle
#4. <b>Safe:</b> production and quality overseen by qualified marine biologists	<b>Safety</b>
#5. <b>Cultural &amp; traditional:</b> traditional usage (newborn babies receive one as a gift)	<b>Learning</b> about local traditions, bringing home a piece of Pohnpei
#6. <b>Unique:</b> only farmed sponge in the world with interesting production process	Getting <b>something special, curiosity</b>
#7. <b>Community-supportive:</b> proceeds go to community	<b>Helping</b> communities / social cause
#8. <b>Effective cleaning:</b> can clean better than anything you have ever used, more absorbent	Will / <b>how</b> does this work?
#9. <b>Durable:</b> with good care, lasts for years	<b>Quality</b> product?

*Product attributes* are the benefits and features that a product can provide, and which are valued by the customer and fulfill some customer need. For example, a sea sponge provides pleasant washing, and is ecological and organic.

On the left side is a brainstormed list of attributes of a natural sea sponge from Pohnpei (it is not an exhaustive list). Not all these attributes will be used for marketing purposes, but it is a starting point.

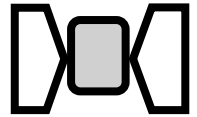
On the right side, and next to each of the attributes, there is a customer need or concern that a given attributes fulfils. For example, the need to feel good physically is satisfied by the pleasant washing experience provided by the sponge.

It is useful to test attributes against customer needs this way to ensure each attribute addresses someone, and that there are no statements about a product that do not interest anyone. Those statements that do not interest anyone would be irrelevant when it comes to making your product stand out in the marketplace.



Given the brainstormed list of attributes of a sea sponge, how would you polish these into a few crisp product benefits that you can communicate to customers?

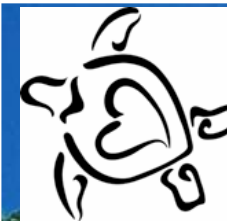
# POLISHED PRODUCT BENEFITS EXAMPLE (1/5): 'BUYING A SPONGE IS NOT JUST ABOUT THE SPONGE!'



## SEA SPONGE EXAMPLE

### MICRONESIAN NATURAL SEA SPONGE

*The Only 100% Natural &  
Ecologically Farmed  
Sponge in the  
World*



*Your Purchase  
contributes to the  
protection of the marine  
environment and supports  
Micronesian communities  
island traditions*

#### FINEST NATURAL QUALITY

- ✓ Gently cleanses and massages your skin
- ✓ *Smooth* and absorbent natural structure
- ✓ *Extra durable*

#### HELP SUSTAIN MARINE ENVIRONMENT

- *Ecologically* farmed with no harm to coral reefs
- 100% *natural*, produced on organic farms without harsh chemicals
- Production overseen by *qualified* marine biologists

#### SUPPORT ISLAND COMMUNITIES

- *Proceeds* to indigenous people
- Main source of their *income*
- Helps sustain *livelihoods* of island communities

#### RESPECT LOCAL TRADITIONS

- ✓ Popular *gift* among natives
- ✓ Used to massage *newborn* babies with coconut oil
- ✓ Sponge farming is an *island tradition* that complements artisanal fishing

Above is a draft of a mini-poster promoting the Micronesian Natural Sea Sponge. The main reason why people buy a sea sponge is to wash themselves with it (it provides a pleasant bathing compared to a synthetic sponge or no sponge at all).

But, we want to communicate to people that by buying this sea sponge they are also doing a good deed for the environment and the island community. Additionally, buying this sea sponge is like taking home with you a piece of Pohnpei—it is a traditional gift and farming sponges is part of the overall island experience.

Together, these four main *product benefits* should appeal to a good cross section of customers. (These are what is referred to in this manual as ‘POLISHED PRODUCT BENEFITS’—i.e., basically an improved version of brainstormed product attributes.) Someone cares about environment, another person wants to help indigenous people, and yet another buyer wants to bring home something really unique to Pohnpei. Think back to the tourist with an umbrella and the bubbles (needs) around his head.

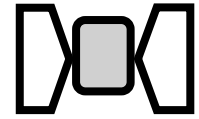
Main product benefits really need to be spelled out clearly and in an appealing way. Communicating these benefits is what will sell the product. Thus, select the few most appealing ones. Make the selection by picking and/or grouping from the brainstormed list of attributes. The basic rules when selecting and refining these benefits is: 1) differentiation (does this make my product any different from other products?) and 2) attractiveness (does the customer value and care about these?).



What do you know about cinnamon bark? ....



# POLISHED PRODUCT BENEFITS EXAMPLE (2/5): HEALTH BENEFITS OF A THERAPEUTIC TEA

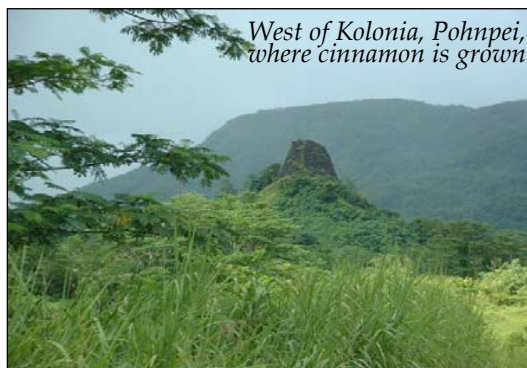


## CINNAMON TEA EXAMPLE

### MADEU HAS MANY TRADITIONAL MEDICINAL USES...

Traditionally, cinnamon leaves, roots and bark have all been used for numerous medicinal purposes. The bark is the most potent source and *Madeu* is effective as:

- **Joint and bone pain** relief and prevention including arthritis, backache and rheumatism
- **Digestive aid** including for stomach upset, diarrhea and kidney ailments
- **Immune system** booster and **loss of appetite** remedy
- Relief on the onset of **cold and flu**



### ... AS WELL AS SCIENTIFICALLY PROVEN HEALTH BENEFITS

According to experiments by the U.S. Department of Agriculture, as well as other research, cinnamon bark promotes:

- **Healthier and more balanced blood sugar levels** thanks to improving blood insulin and metabolism of fat cells
- **Healthier heart function** thanks to antioxidants and improvement of serum lipid levels
- **Lower cholesterol levels** thanks to containing dietary fiber and calcium
- **Colon health** thanks to reducing the risk of colon cancer through removing bile

Besides numerous health benefits, *Madeu* is an extraordinary therapeutic tea in its combination of organic origin, great taste and scarcity...

### 100% NATURAL

Cinnamon bark extract, sold in the form of dietary supplement, is chemically processed, while *Madeu* is 100% organic with *no additives* or preservatives.

### SWEET TASTE EVEN WITHOUT SUGAR

*Madeu* tastes a bit sweet even without sugar or any other sweeteners, letting you fully enjoy this beverage *without the guilty feeling* of added calories.

### SCARCE & UNIQUE

Historically, cinnamon trees had been found only in the *upper altitude forests*, and only recently have cinnamon trees been planted domestically. They are still scarce with only a handful of families harvesting the bark in *limited quantities*.

Above is a draft of a brochure educating people about cinnamon bark tea. Cinnamon bark is a miraculous substance. Research claims its multiple and strong health benefits, such as stabilizing blood pressure or lowering cholesterol levels. Surprisingly, at first not even producers of cinnamon bark tea are necessarily always aware of all of the bark's benefits. This is not to mention an average customer.

*Madeu*, or Cinnamon Bark Therapeutic Tea produced in Pohnpei, used to be sold in simple plastic bags without any promotional or educational materials. Naturally, seeing this product (so packaged) would not raise much interest in anyone not familiar with cinnamon bark.

A little Internet research and discussions with a couple of biologists, however, revealed the bark's special health benefits. The next step was to communicate these to potential customers.

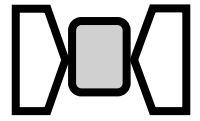
The brochure highlights not only the product's health benefits, but other benefits such as its 100% natural origins and its unique taste, etc.—benefits that customers care about yet would have been unaware of without clear and strong communication.

The product benefits should also dictate subsequent marketing action, such as packaging. If you claim that taste and aroma are special and unique, a better packaging should be used to protect the taste and aroma and ensure that it lasts.



What makes coffee taste special?

# POLISHED PRODUCT BENEFITS EXAMPLE (3/5): WHY DOES OUR COFFEE TASTE BETTER?



**STARBUCKS  
COFFEE  
EXAMPLE**

## WHAT MAKES STARBUCKS® COFFEE TASTE SO GOOD?





**AROMA** The first hint of how wonderful your coffee will taste. In fact, 90% of taste actually comes from your sense of smell—which is why coffee can taste so sublime.

**ACIDITY** A lively, tangy palate-cleansing property. Think of the range from still water to sparkling water, and you'll get the idea.

**BODY** The weight or thickness of a beverage on your tongue. Body can range from light to full.

**FLAVOR** The all-important melding of aroma, acidity and body that creates an overall impression.

## HOW DO I BREW A PERFECT CUP AT HOME?

-  **WATER** Start with cold, fresh, preferably filtered water, heated to just off the boil.
-  **GRIND** The right grind depends on how long the coffee and water will be in contact, from very coarse for a coffee press, to very fine for an espresso machine.
-  **PROPORTION** The classic recipe: 10 g of ground coffee for each 180 mL of water. (To moderate your coffee's strength, simply add hot water after brewing.)
-  **FRESHNESS** Store your fresh-roasted beans in a dark, airtight container at room temperature.

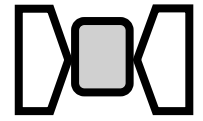
This is how an established coffee shop educates its customers about how they should look at coffee, and, of course, leads them into liking this shop's coffee better than others.

Notice there are only a few statements. Each is very simple and crisp, yet educational. These are the key product attributes—aroma, acidity, body, and flavor—where Starbucks claims they are different than other coffee alternatives and believes that these differences are valued by their customers. They then provide examples on how they are different from and superior to other brands on these four attributes.



Think and list all reasons why buying and eating organic products is good.

# POLISHED PRODUCT BENEFITS EXAMPLE (4/5): EVERYBODY TALKS ORGANIC, BUT WHY IS IT SO GOOD?



## 10 REASONS WHY ORGANIC

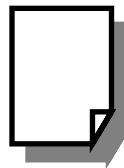
## ORGANIC RESTAURANT EXAMPLE

1. **Protect Future Generations:** The average child receives four times more exposure than an adult to at least eight widely used cancer-causing pesticides in food. The food choices you make now will impact your child's health in the future.
2. **Prevent Soil Erosion:** Soil is the foundation of the food chain in organic farming. In conventional farming, the soil is used more as a medium for holding plants in a vertical position so they can be chemically fertilized. As a result, American farms are suffering from the worst soil erosion in history.
3. **Protect Water Quality:** The U.S. Environmental Protection Agency (EPA) estimates pesticides (some cancer-causing) contaminate the groundwater in 38 states, polluting the primary source of drinking water for more than half the country's population.
4. **Save Energy:** Modern farming uses more petroleum than any other single industry, consuming 12% of the country's total energy supply. More energy is now used to produce synthetic fertilizers to till, cultivate, and harvest all the crops in the U.S. Organic farming is still mainly based on labor-intensive practices such as weeding by hand and using green manures and crop covers rather than synthetic fertilizers to build up soil.
5. **Keep Chemicals Off Your Plate:** EPA considers that 60% of all herbicides, 90% of all fungicides and 30% of all insecticides are carcinogenic. Pesticides are poisons designed to kill living organisms, and can also be harmful to humans. In addition to cancer, pesticides are implicated in birth defects, nerve damage, and genetic mutation.
6. **Protect Farm Worker Health:** A National Cancer Institute study found that farmers exposed to herbicides had a six times greater risk than non-farmers of contracting cancer. Field workers suffer the highest rates of occupational illness in California.
7. **Help Small Farmers:** It is estimated that the United States has lost more than 650,000 family farms in the past decade, and with the United States Department of Agriculture (USDA) predicting that half of this country's farm year 2000, organic farming could be one of the few survival tactics left for family farms.
8. **Support A True Economy:** Although organic foods might seem more expensive than conventional foods, conventional food prices do not reflect hidden costs borne by the taxpayers, including nearly \$74 billion in federal subsidies in 1988. Other hidden costs include pesticide regulation and testing, hazardous waste disposal and clean-up, and environmental damage.
9. **Promote Biodiversity:** Mono-cropping is the practice of planting large plots of land with the same crop year after year. The lack of natural planting diversity has left the soil lacking in natural minerals and nutrients. Single crops are more reliant on pesticides while some insects have become genetically resistant to certain pesticides.
10. **Flavor:** There is a good reason why many chefs use organic foods in their recipes— they taste better. Organic farming starts with the nourishment of the soil, which eventually leads to the nourishment of the plant and ultimately, our bodies.



An organic restaurant and caterer produced this Top 10 list of reasons to buy organic food. It may seem intuitive as to why organic produce is good. But, this company makes the benefits of organic food clear, believes that their customers will value these benefits, then shows why organic food is superior to non-organic food.

Notice, every single reason is something that will resonate with an average person. There are no general esoteric statements that one cannot relate to. Also, the list certainly brings out some reasons that an average person would not have thought about. After reading this list, one cannot help but think: “I will never buy and eat non-organic food again”.



Next is an example of the benefits of dealing with a food cooperative

# POLISHED PRODUCT BENEFITS EXAMPLE (5/5): WHAT DOES A FOOD COOP BRING YOU?



*The Hawaii Food Manufacturers Association* (HFMA) was established in 1977 to promote the **unique**, **diverse**, and **high quality** food products that are grown and manufactured in the State of Hawaii.



- **Diversity:** World famous macadamia nuts, Kona coffee and golden pineapples are well known Hawaii products. But these are only the beginning of the creative products that reflect island life. Other HFMA products include tropical fruits and vegetables, seasonings, cooking oil, meats, seafood, condiments, frozen dishes, snacks, beverages, and the list goes on.
- **Integrity:** HFMA products receive 51 percent or more of their wholesale value from manufacturing processes completed within the state. This means that HFMA members manufacture and distribute authentic products that represent genuine tastes and flavors of Hawaii.
- **Quality:** Superb ingredients add a distinctive measure of quality to our products. Rich volcanic soil, pristine coastal waters, and year-round tropical climate are ideal conditions for grass fed livestock, fresh seafood and produce.
- **Uniqueness:** The foods of Hawaii reflect rich traditions and diverse cultures that make up contemporary Hawaii. Polynesian, Asian, European plus North and South American influences can all be found in our island cuisine.

Above is a description of the benefits of buying from / dealing with the Hawaii Food Manufacturers Association. Considering how many different food producers and vendors there are, it is important to give customers good reasons why they should prefer you over others. In this case, they believe they are different in terms of diversity, integrity, quality, and uniqueness. The Association believes the customer will value these differences and provides examples describing these benefits.

So, we are finishing the part of the Developing Positioning section in which we polish our key product benefits. Now, with product benefits clearly spelled out, it is time to think hard about which of these really make your product(s) stand out as unique.



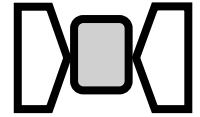
The following section is on positioning statements and some real life business positioning examples.



What are the one or two things that make your product really stand out, and why?



# FINALLY, A POSITIONING STATEMENT SUMMARIZES WHAT DIFFERENTIATES A PRODUCT AND WHY



is   
**Our product** (the most important advantage(s) / differentiation)

among all   
(comparable / competing products)

because   
(most important reason for / proof of the  
advantage and differentiation)

To successfully market your business and product(s), you need to describe in one or two sentences why your product is the best in the world...or at least, why it is better than its alternatives. This can be done in a *positioning statement*. The above is a template that will help you prepare such a statement.

The first step is simple—name your product. The second step is already a bit tougher—provide one or two claims that make your product stand out or at least very appealing to customers. Statements that include the phrases ‘the most’ or ‘the number one’ are always good.

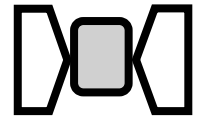
The third step is determining your competition and/or alternatives. Here, think broadly. Alternatives to a sea sponge in Pohnpei are not only other bathing products but also other gifts and souvenirs. Framing your competitive landscape is important for many reasons. One reason is because it helps you decide in which selling outlets your product should be made available. It also helps you think through other products that a customer might consider as an alternative to your product. Lastly, give a reason or rationale for why the claim in the second box is true.

A positioning statement is very important. You will use it (or at least parts of it) extensively in your promotion and selling. Putting together a good positioning statement is also very difficult. So, just draft one quickly and then keep refining it over time until you feel comfortable about it. Show it to your friends to get their opinion. Does it sound appealing?



Before you read further, try to draft a positioning statement for your own product or business.

# POSITIONING STATEMENT EXAMPLE: A SEA SPONGE AS SOUVENIR vs. GREEN PRODUCT



SEA SPONGE EXAMPLE

**as a SOUVENIR**

**'Pohnpei' Natural Sea Sponge**  
.....  
**'Micronesian' Natural Sponge**

is

**The most personal gift from Pohnpei and most unique and ecological souvenir from the ocean**  
.....  
**The only 100 percent natural and ecologically farmed bathing sponge in the world**

**as a GREEN product**

among all

**Possible souvenirs and products you can get from Micronesia and especially from the ocean**  
.....  
**All sponges and even comparable bathing products available**

because

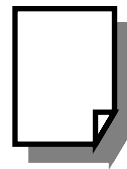
**You will think of Pohnpei every time you bathe and though it is from the ocean, it does no harm to the marine environment as it is the only ecologically farmed sponge in the world**  
.....  
**It is produced organically with no added chemicals—unlike many other bathing products; and because it is grown on farms, it does not harm coral reefs—unlike other natural sponges**

Pohnpei  
Natural  
Sea  
Sponge

Above you can read through a couple of examples of a positioning statement for a natural sea sponge. There is one for a sponge as a souvenir to be sold in Pohnpei, and there is another for a sponge as a green product to be sold in the U.S.

The reason for two different versions? To illustrate two points. First, it is perfectly normal to market one product differently to different types of customers (or customer segments). Second, (and this reason goes hand-in-hand with the first), it would be very ineffective.

These positioning statements are not perfect. They are just quick drafts meant to be refined by talking to different people and ideally even representative customers from each group. One person alone cannot develop a good positioning statement in one try without discussing it with others and incorporating views of those for whom it is written—i.e., the target customers.

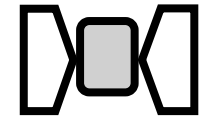


Next provide several examples of how some companies position themselves or their products.



Give a reason why you buy bottled water (if you do).


# HOW MANY DIFFERENT WAYS CAN YOU POSITION SELLING A PRODUCT AS SIMPLE AS WATER?



## WATER EXAMPLE


**“Don’t drink tap water”**

**Bottled drinking water:**  
Cheap alternative to tap water, in any food store



**Poland Spring:**  
High quality water from natural springs

**“Spring water is healthier”**




**Ethos Water:**  
Premium water with a portion of profits to African communities without clean water; sold only in special organic food stores

**“Help children in Africa get clean water”**

**“Purified is better than natural”**

**Dasani:**  
Purified water with great advertising and displays



**Evian:**  
Mineral, ‘premium’, promoted by models as trendy

**“Drink the same water as super- models”**

People buy bottled water mainly because it is supposedly better for you than tap water and because it is conveniently packaged. But believe it or not, there may be other quite unintuitive reasons why to buy bottled water. And even if the main reason still remains the same, then there are so many varieties of bottled waters that customers need something to help them decide which one to buy.

And that ‘something’ is positioning. First, someone came up with an idea to bottle water based on a claim that it is better than tap water. Then, spring water, with its source somewhere from the middle of the woods, started being offered as healthier than regular bottled water.

Then PepsiCo and Coca-Cola (producers of Aquafina and Dasani) started convincing consumers that purified water is actually better for you than pure natural water (because animals walk through all those creeks, etc.). While it does not seem to make much sense, with the right positioning supported by other marketing actions, many consumers believe the argument is true.

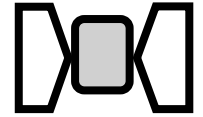
Or you could position your water as something that supermodels drink. This is what Evian and Perrier do and for which they charge much more than other bottled water that is sold. Does it really taste so much better? Maybe. But the positioning using healthy life style and models certainly helps people believe it is so, even if it is not.

If you buy the water in the middle of the ads above, Ethos water, you are more than buying water to drink. You are making a financial contribution to developing drinking water sources in Africa (the company contributes a portion of its profits to those causes, and even has a report on these issues on their web site). This is a bit similar to the sea sponge example—i.e., by buying this sponge, you are contributing to the livelihood of economically disadvantaged island communities.



Pick your favorite restaurant. What would likely be their positioning? (Quickly, this is not a trick question).

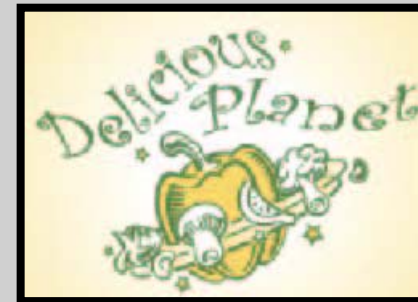
# AN ORGANIC RESTAURANT POSITIONS ITSELF AS HELPING YOU 'CHANGE YOUR LIFE'



ORGANIC  
RESTAURANT  
EXAMPLE

## PERSONAL LETTER:

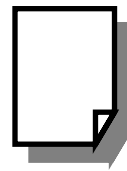
Hi! I'm Randi Carter and **our mission is to change your life by providing you with healthy meals and more free time for yourself!** Everything we deliver is made completely from scratch and prepared to perfection by our wonderful Executive Chef—so it arrives on your doorstep amazingly fresh (not frozen) and delicious! In addition, it's actually wholesome and good for you—low-fat, high-fiber, low-sodium, non-hydrogenated, additive-free, local, seasonal and organic, right down to the spices and oils. We even use 100 percent recycled paper products and donate our organic scraps for compost. Sound good? Read on...



Have you ever seen a restaurant that positions itself as one that will ‘change your life’? Well, this organic restaurant (the same as the one from the Top 10 Organic list example) makes just such a claim.

Read the bold text from the letter they have on their web site. They will provide you with healthy meals and more free time. The main needs (or concerns) of their target customers are: I want to eat healthy but I do not have any free time (to prepare the healthy food myself). This restaurant will deliver healthy food to your door. So, getting healthy food will not take up any of your time in buying and preparing it.

Is their claim of changing your life substantiated? For some people, yes. There are many people for whom eating healthy and having more time are two of the most important concerns in their life. And, this restaurant certainly takes care of these two concerns.



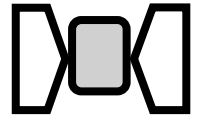
Next we will review how to select your product name.



How did you come up with your product name? What was the rationale you used?



# ALONG WITH POSITIONING, YOU NEED TO DECIDE ON A PRODUCT NAME AND A SLOGAN: SOME TIPS



## Do not just 'wing it.' Give it serious thought.

- Often, small companies name their products haphazardly, using whatever comes to mind (sometimes, of course, this very intuitive approach works very well)
- Usually, however, it is better to carefully think through what it is you want to capture and symbolize with your product name.



## Find the right balance between being exotic and being understandable.

- With exotic products from exotic locations, it is often tempting to use very exotic names. This is fine since an exotic name can sometimes reinforce the positioning.
- But, avoid being unclear for the sake of being exotic. For example, if a foreigner (to whom you would like to sell) does not understand from the name what the product really is, then you had better be more explicit. Put yourself in the shoes of someone who has never heard of your product and does not speak English

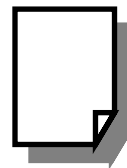


## Make the name reinforce the positioning and vice versa.

- A good test for your name (and a slogan) is whether it is in line with your positioning and whether it makes the positioning stronger.
- Vice versa, your positioning should support the name.
- Finally, it is okay to have different names and slogans for different markets (e.g., local vs. export to the mainland U.S.)

We are still working on the process of positioning your product, an essential part of which is coming up with a product name and potentially also a slogan.

Above are some basic guidelines to keep in mind when you are trying to decide on the right name. Think about it, make it accessible and understandable by consumers, and ensure that it is consistent with your overall product's positioning. Most importantly, think like your customers. Before you decide on a name, summarize for yourself what the name, and potentially a slogan, should symbolize to you as a customer/buyer. If you are able, ask a couple potential customers what comes to mind when you give them a potential name for your product.



An example of brainstorming: create different options for a name and a slogan for a sea sponge.

# WITH CLEAR POSITIONING, PRODUCT NAME AND SLOGAN NEED TO BE FINE-TUNED (OPTIONS FOR A SPONGE)

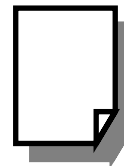
	Options:	Comments:	<u>SEA SPONGE EXAMPLE</u>
Product name	'Micronesia Natural Sea Sponge'	} <ul style="list-style-type: none"> <li>'Micronesia' vs. 'Pohnpei'. Most people do not know Pohnpei. And, what if we start to produce the sponge in Kosrai, etc.? Pohnpei is okay for tourists, but not for exports.</li> <li>Include the word 'bathing'? Some people do not know it is for bathing. Best to leave bathing out from the name to stimulate curiosity and for the sake of brevity.</li> </ul>	Agreed
	'Pohnpei Natural Sea Sponge'		
	'Bathing Natural Sea Sponge from Micronesia'		
Slogan	'The Only Ecologically Farmed Sponge in the World'	<ul style="list-style-type: none"> <li>UNIQUE 1: this is the one and only. The claim of #1 is always good. It captures the product's essence (natural and ecological).</li> </ul>	
	'The Only 100 percent Natural & Ecologically Farmed Sponge in the World'	<ul style="list-style-type: none"> <li>UNIQUE 2: same as above, but confusing as sounds like it is the only natural sponge.</li> </ul>	
	'Touch and Feel True Nature; Touch and Feel Micronesia Paradise'	<ul style="list-style-type: none"> <li>EMOTIONAL &amp; EXOTIC: good used with an exotic picture but may feel tacky; maybe use only second part; sea turtles (product logo) are not supposed to be touched.</li> </ul>	
	'All Natural Eco-Safe Product From Micronesia'	<ul style="list-style-type: none"> <li>GREEN: simple, in line with already-printed labels.</li> </ul>	
	'Smooth bathing experience, leaving your skin feeling silky soft'	<ul style="list-style-type: none"> <li>EXPLANATORY: some people do not know it is used for bathing, but too touchy- feely.</li> </ul>	

The above is an example of taking a name and slogan selection seriously. First, a list of options is put together. Different versions are developed, keeping in mind what you want to communicate through the name—i.e., location of origin, natural origin, potentially the use of the sponge (there could be a word ‘bathing’ sponge, when it turned out that most people do not know for what purposes these sponges are used).

In the slogan, you want to capture what makes this sponge really special. Yet, you need to do so in a short and clear statement.

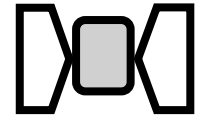
Next, these different options for our product name are showed to and discussed with multiple people, including customers. In these discussions, you will get useful suggestions or detect clear resistance to your proposed name.

You do not have to take your name selection as seriously as in this sponge example. But, make sure you think it through and discuss it with at least a few people. Just try to read your current product name to a random stranger and ask what comes to his/her mind and whether it helps him/her understand what the product is.



The next page gives one more example on choosing the right name and slogan.

# ANOTHER EXAMPLE OF COMING UP WITH A PRODUCT NAME AND A SLOGAN (FOR CINNAMON TEA)



## CINNAMON TEA EXAMPLE

### Product name

*Madue* – Natural Cinnamon  
Therapeutic Tea

Cinnamon Therapeutic Tea

Cinnamon Bark Therapeutic Tea

Pohnpei Cinnamon Bark Tea

*Madue* Therapeutic Tea

#### Decision points:

- Use the word 'bark' or not?
- Use '*Madue*'?
- If yes, explain it in the name (i.e., cinnamon)?

### Slogan

Proposed

'Proven health benefits with great  
taste'

'Healthier heart & metabolism while  
not giving up great taste'

'To healthier heart & better  
metabolism with great tasting *Madue*'

'All natural eco-safe product from  
Micronesia'

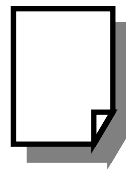
'Taste true nature. Taste Micronesian  
paradise'

#### Decision points:

- Include specific health benefits (e.g., heart, metabolism)?
- Use 'Taste Micronesian Paradise' for some materials?

The example above takes a similar approach to the sponge example. A few options on different key attributes (natural, therapeutic, cinnamon) to highlight through the name were listed and then discussed.

Here is one more piece of advice on name selection and on testing the name options with people. Test the name using open-ended questions ('which one of these do you like the most?'). Also, use more specific questions, such as specifically asking about your main concerns on potential names (e.g., should you use the word 'bark,' or will it scare people off?)

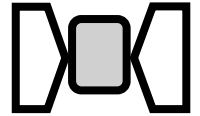


In the next and final part on positioning, we will cover the topic of planning your product line.



How do you make decisions about which product varieties to produce from your main product?

# PART OF POSITONING IS ALSO PLANNING YOUR PRODUCT LINE – REASONS FOR A WIDER PRODUCT LINE



## What is a product line?

A product line (for the purpose of this section) is the core product plus ‘expansions’ or ‘varieties’ of that core product, i.e., adaptations easily made to the core.



## A wider product line has many benefits and will enable you, for example, to:

- Target more customer types
- Be more effective with those individual customer types
- Put together a nicer and more appealing in-store presentation
- Start creating a stronger brand name
- Cross-sell and bundle various related products

What is a product line? Take honey as an example. You can have regular honey packaged in a jar; or in a fancy jar with fancy labeling; in an ordinary jar; and/or in a small cup. You can have small honey sticks in thin plastic to be put in the mouth like a lollipop, you can make candles out of honey, or you can put together a nice gift basket from a range of honey products.

All of these different product varieties make up a *product line*. At least we will use that term for the moment (a product line can also mean a collection of totally different products, which a store sells or a producer makes). But again, for the moment we will focus on different twists and varieties you can make out of your one core product.

Cars are another example of product lines. You might have the same basic make and model, automobile, e.g. a Toyota Camry or Ford Taurus (product line), with a number of different options available (e.g. engine, color, number of doors, transmission). Again, all those different varieties of that make and model car make up a product line.

There are many good reasons why it makes sense to have more product varieties rather than just 'one-for-all'. Some of these reasons are listed above. However, make sure that new varieties that are introduced appeal to new segments of the market, or are more profitable than existing products.



Think back to the sea sponge example. What product varieties could you have for a sea sponge?



# EXAMPLE OF PLANNING A PRODUCT LINE (FOR A SEA SPONGE)



## SEA SPONGE EXAMPLE

➡ For now

PRODUCT LINE:	RATIONALE & COMMENTS FOR EACH PRODUCT:
<ul style="list-style-type: none"> <li>➡ • <u>Fancy</u>, packaged in five mesh varieties</li> <li>➡ • <u>Unpackaged</u> for locals with baby-label</li> <li>• <u>Special edition</u></li> <li>• <u>Bundled</u> with Pohnpei soap, coconut lotion</li> <li>• Small pieces for facial <u>cosmetics</u> special</li> <li>• <u>'Arts'</u> sponge</li> <li>• <u>CD-ROM</u> film about sponge production</li> <li>• <u>Production poster</u></li> </ul>	<ul style="list-style-type: none"> <li>• Keep the variety for a more professional look of in-store display and because there is no strong consensus on which bag is the best</li> <li>• Maintain a cheap option for locals and make a nice baby-type label</li> <li>• E.g., Christmas (or another gift-giving holiday) packaging in the 'leaf' bag, with a special gift card, can be a great gift for relatives</li> <li>• A creative gift shop can put together, can be more expensive, for tourists to bring home since there are really no higher-ticket items in Pohnpei except pearls</li> <li>• Tiny pieces sell for high prices when packaged and positioned as cosmetics product</li> <li>• For painting and other crafts</li> <li>• Amateurish, no professional production needed, just a few clips with some commentary; PC wallpaper(s), screensavers</li> <li>• Can be sold or just included with purchase</li> </ul>

Here you see that having a wider product line can be accomplished by experiments with different packaging, labeling and bundling with other products. This list is not exhaustive. But, offers options that are very easy to undertake. You can come up with many other twists and varieties, such as selling the sponge to artists for painting. Though the customer segment of painters willing to pay a premium for a sea sponge is miniscule in Pohnpei, it is large in the United States.

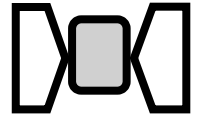
By planning out these multiple product lines, you can increase the number of people to which your products appeal.

There is one caution. In your effort to increase variety, do not overdo it. In other words, do not create multiple varieties of your product just for the sake of having as many of them as possible or because it is easy to do. Always think about the customer. Will customers like this? Will I be able to appeal to different segments with this? Having too many products can be confusing for customers. It also may be more difficult for you to manage and to organize a large number of different varieties of one product.



What about cinnamon tea? How many different product varieties can you think of for this product?

# ANOTHER EXAMPLE OF PLANNING A PRODUCT LINE, THIS TIME FOR CINNAMON THERAPEUTIC TEA



CINNAMON TEA EXAMPLE

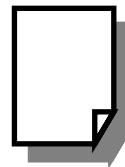
## PRODUCT LINE:

➡ For now

- ➡ • Fancy tea bag for tourists (golden bag for now)
- ➡ • Cheaper tea bag for local use (still consider having plastic)
- Souvenir (glass bottle): but glass transportation and quarantine import issues (consult Konrad Engelberger)
- CD-ROM with short film on tea production (similar to sponges)
- Audio CD with music Pohnpeians listen to while drinking the tea (any local music if already on CD/tape)
- Trip to observe production process

There ideas are similar to those we used for the sponge. Specifically, you may have noticed one common theme with the sponge. Through these different product varieties, we are trying to sell both to tourists (who are willing to pay a little extra if the product is nicely packaged and smartly positioned), as well as to local people (who do not have as much money and cannot afford to pay as much as tourists (but this market segment is very large and does not require any fancy packaging)).

By having multiple product varieties, we are able to sell to both markets, without being in the difficult position of having one product trying to appeal to very different segments.









The next few pages provide a couple of templates and checklists for you to summarize your learning and your thoughts on positioning your product(s).

# TO SUM UP POSITIONING: USE THIS TEMPLATE TO TEST YOUR LEARNING, AS WELL AS A PRACTICAL TOOL

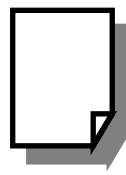


## Positioning & Product Planning Template: *Product Name*

<b>MAIN POSITIONING</b>	<b>SLOGAN</b>
 <p><i>One to two key differentiating &amp; attractive points.</i></p>	 <p><i>Appealing statement for marketing purposes (package, brochure, etc.)</i></p>
<b>PRODUCT BENEFITS</b>	<b>COMPETITION</b>
 <p><i>Several of the most appealing and interesting points about the product and reasons to buy, beyond the positioning.</i></p>	 <p><i>Against what products and businesses are you competing for the customer? Do not limit your answers / ideas to the same product type (remember one product may have many uses)</i></p>
<b>PRODUCT LINE</b>	<b>SALES CHANNELS</b>
 <p><i>List of variations of this product type that could be sold to leverage the product fully and appeal to different audiences, if needed. For example., different packaging, bundling with other products, etc.</i></p>	 <p><i>Where and how do you plan to sell the product given the positioning and realistic possibilities?</i></p>

The above is a summary template that covers all the main aspects of positioning from this chapter. Use it to recap what you have learned and to summarize your positioning points for your product(s) in real marketing practice. This and other blank templates with space to write are included at the end of the manual.

At the end of the Promotion and Personal Selling chapters, you will get similar templates that summarize relevant points from those marketing areas.



To illustrate how this template can be used, a template for a natural sea sponge product is included on the next page.







# FILLING OUT THE TEMPLATE WILL ENSURE PLANNING OF SUBSEQUENT IMPORTANT MARKETING ACTIONS



SEA SPONGE EXAMPLE



## *Pohnpei Natural Sea Sponge*

 MAIN POSITIONING	SLOGAN 
<ul style="list-style-type: none"> <li>• The only ecologically farmed sponge in the world</li> </ul>	<ul style="list-style-type: none"> <li>• 'Touch and feel the Pohnpei paradise'</li> </ul>
 PRODUCT ATTRIBUTES	COMPETITION 
<ul style="list-style-type: none"> <li>• <u>Finest natural quality</u>: pleasant bathing, gently massages, smooth, durable</li> <li>• <u>Ecological</u>: farmed, no harm to coral reefs, production supervised by biologists</li> <li>• <u>Community-supportive</u>: proceeds to Indigenous people, sustains their communities</li> <li>• <u>Traditional</u>: given to newborn babies for massaging, complements artisanal fishing</li> </ul>	<ul style="list-style-type: none"> <li>• All souvenirs from Pohnpei, especially with marine theme</li> <li>• Gifts for newborn babies</li> <li>• Bathing &amp; cosmetics products</li> </ul>
 PRODUCT LINE	SALES CHANNELS 
<ul style="list-style-type: none"> <li>• <u>Fancy</u>, packaged in five mesh varieties</li> <li>• <u>Unpackaged</u> for locals with baby-label</li> <li>• <u>Bundled</u> with Pohnpei soap and coconut lotion</li> <li>• Small pieces for facial <u>cosmetics</u> special</li> <li>• <u>CD-ROM</u> film about sponge production, wallpaper</li> <li>• <u>Poster</u> with production description and photos</li> </ul>	<ul style="list-style-type: none"> <li>• Gift shops</li> <li>• Hotel lobbies</li> <li>• Cosmetics shops</li> </ul>

The above positioning template does not capture every point. It is just a summary of main points that will be important for subsequent marketing actions.

Another key argument for filling out this template is this. Only by being explicit about all important aspects of positioning (for example, the positioning statement, your competition, product line, etc.) will you determine how best to go about other marketing actions, such as promotion, selling outlets, style of selling, etc. Therefore, force yourself to articulate these main positioning points upfront.

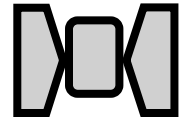


Before starting the exercise on the next page, take a blank template from the end of the manual and fill it out for your product or business.





# POSITIONING CHECKLIST AS ANOTHER WAY TO END THE CHAPTER AND ENSURE OPTIMAL POSITIONING



**Target customers**

Who is my target customer(s)?

**Customer needs**

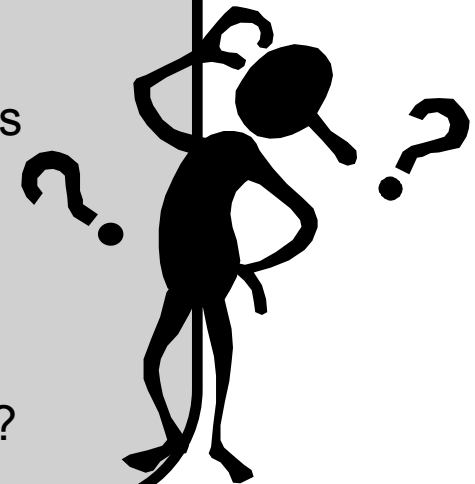
What needs of my target customer(s) do I need to fulfill?

**Product benefits**

What are my product attributes and key benefits?

**Positioning**

What is my one-sentence on positioning and differentiation?



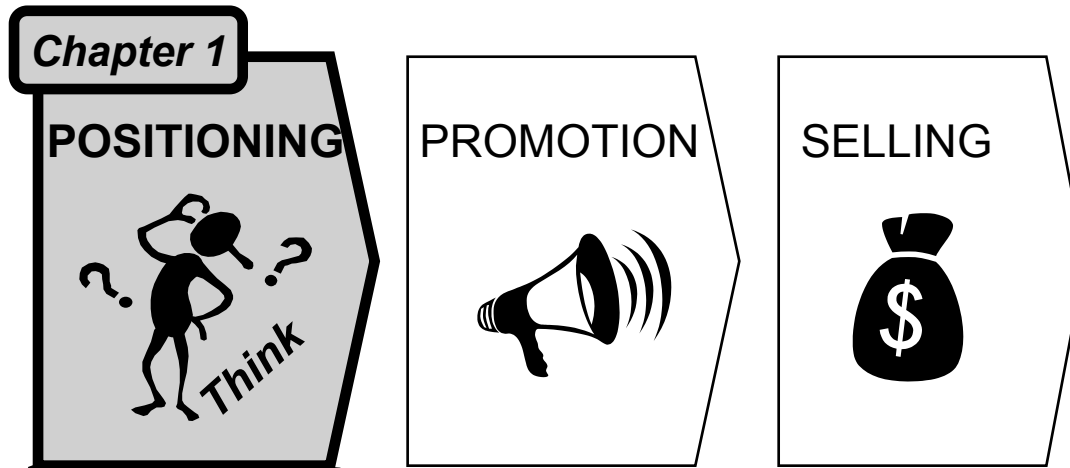
This checklist is just another way to make sure you have done your thinking and homework on positioning. If you can comfortably and confidently answer the above questions, then congratulations!

Before moving to the next section, 'Pricing', you should work through the exercise for the Developing Positioning section. The exercise has two parts. The instructions and the templates to be filled out as part of the exercises are located at the end of the manual. If you have done what has been asked of you on each of the previous pages, you already have a good start.

\* \* \* \* \*

**– END OF DEVELOPING POSITIONING SECTION (1.1) –**

## Section 1.2: POSITIONING – PRICING



1.1 Developing Positioning

**1.2 Pricing**

1.3 Customer Research

### **PRICING ...**

... is not just about making money; can also reinforce or totally destroy your positioning

... should be viewed as a part of product positioning

... should be done based on calculations and analysis and not solely on intuitive feel (though that may be fine in some cases too)

### **THIS CHAPTER:**

- Provides a three-part framework that can serve as a step-by-step guide in deciding on your price
- Main topics of this section are differentiating between competitive-based and value-based pricing, behavioral pricing tactics, and price sensitivity of your customers

\*\*\*\*\*

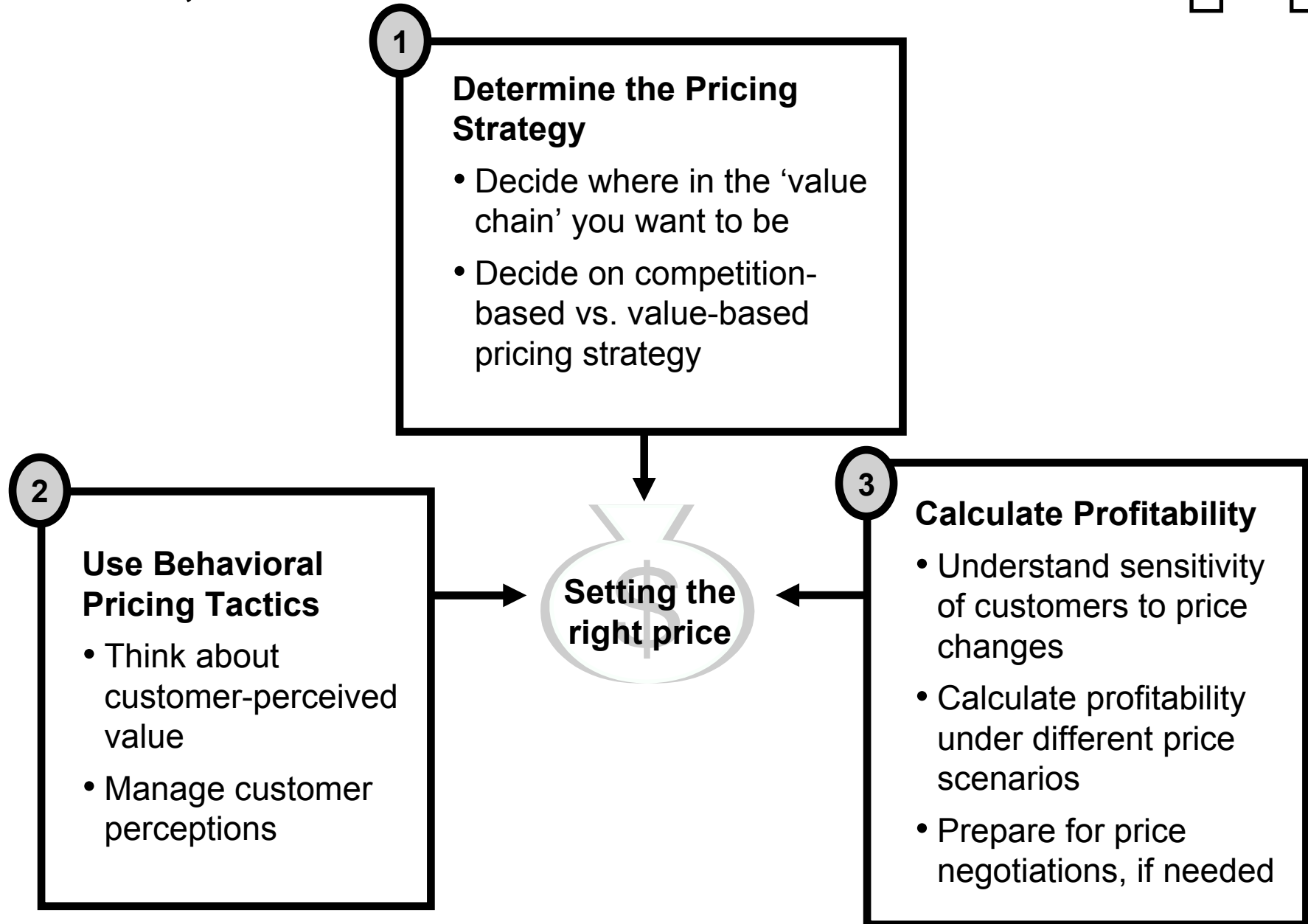
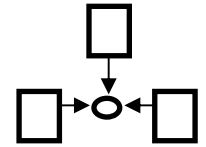
**– START OF PRICING SECTION (1.2) –**

Pricing is covered in this manual because it is one of the most important aspects of marketing. The pricing topic is placed right here, in the middle of the Positioning chapter, because pricing not only determines how much money you make in the end, but it also can reinforce or, on the contrary, destroy positioning of your product(s). So, developing of positioning and deciding on price are two aspects of marketing that should be done hand-in-hand.



The next page introduces a three-part framework that will serve as a step-by-step guide in determining the optimal price.

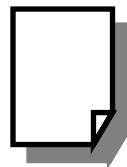
# INTRODUCING PRICING FRAMEWORK – USED IN THIS CHAPTER, AND HELPFUL IN PRACTICE



The above diagram shows the three components needed to get your pricing correct. First, you should understand what your industry looks like in terms of who charges how much and decide whether you will have a competition-based or value-based pricing strategy (these will be discussed later in this section). Second, you should think about your customers' behavior and try to incorporate some behavioral tactics in your pricing. Third, you should make some calculations to help you decide on the optimal pricing point.

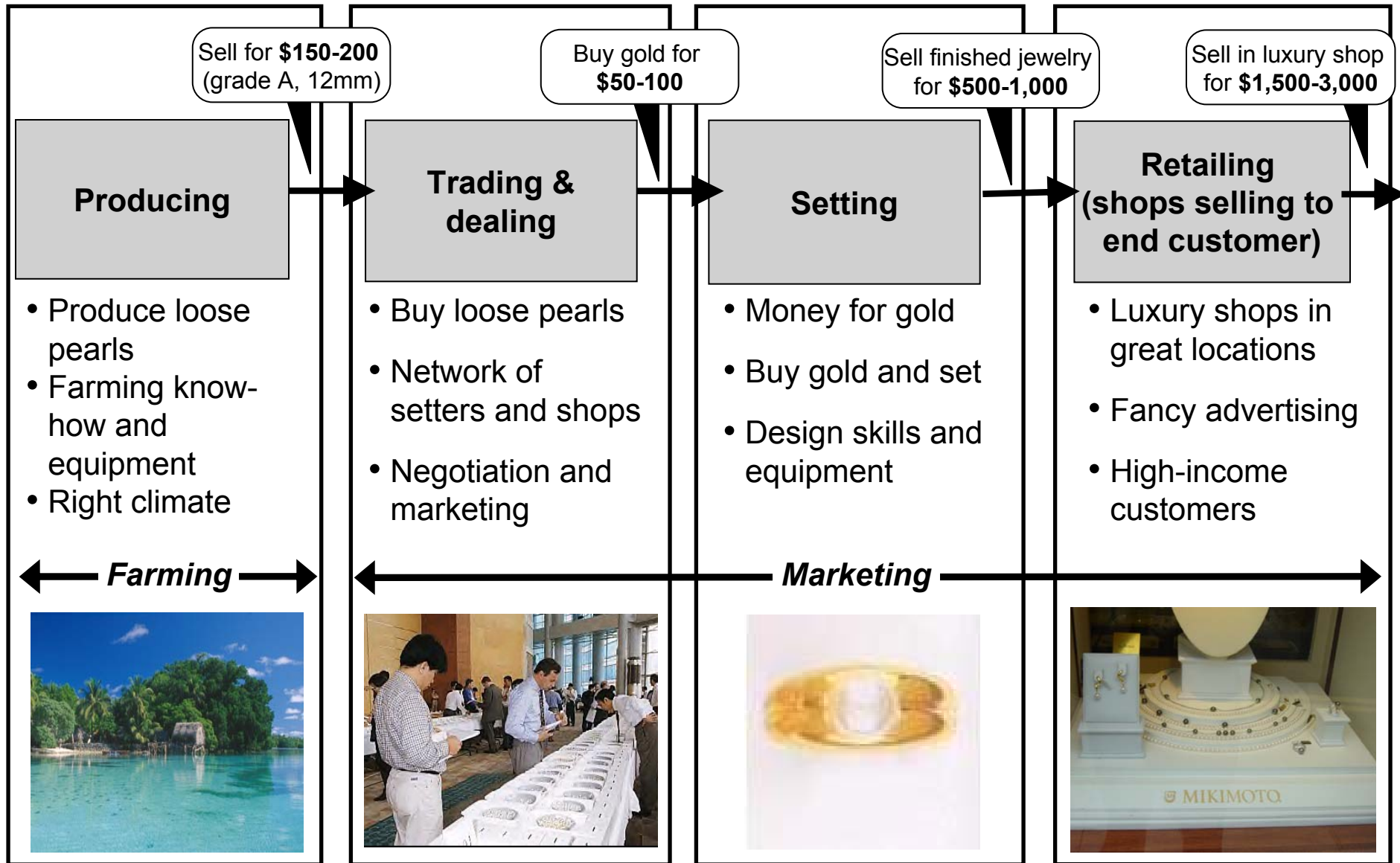
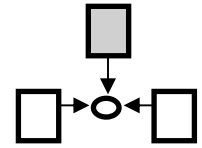
This is our framework for the 'Pricing' section and each of the three pieces will be described in detail with examples and guidance. Treat each page as a step that you should go through on your way to the correct price.

As with the previous section, it is advisable that you refer back to the pricing framework introduced on the above page as you walk through the remainder of the section. You can also do that by going to page 378, which summarizes all frameworks on one page, and keeping that summary page next to the text as you read. This will help you keep clear in your mind where you are in the process.



The next page provides an interesting example of what activities need to be done and how prices evolve as a black pearl moves from a producer to an end-customer.

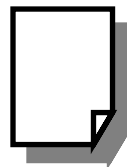
# EXAMPLE OF PRICES OF A BLACK PEARL AS IT MOVES FROM PRODUCER→WHOLESALER→RETAILER→CUSTOMER



Here is an example that illustrates the importance of being aware of what prices are along the *value chain* and what each different role within this chain requires. The value chain is simply the path or process by which the product move from the producer to the end-customer. Often, it involves several intermediaries. For example, pearls have the producer, traders and dealers, setters, and the retailers. These intermediaries perform certain activities (listed under each box) to warrant the prices they are charging. For example, luxury jewelry stores can charge high prices for pearls because they have fancy stores in attractive locations staffed with a well-trained salesforce and supported by expensive advertising.

The first preliminary step in deciding on your price is to diagram all the people involved in the product, from the producer to the end-consumer. Next, estimate how much each player charges and what activities are performed in order to justify that price. Then you can decide whether you would rather sell to wholesalers (who then pass the product onto stores), or whether you would rather try to sell directly to end-customers. Often, how and to whom you sell will be determined by circumstances (such as your location, how much money you have to invest, etc.) over which you have little or no influence. But, in some cases it is your decision to make.

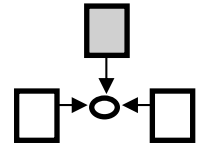
As you learn about pricing throughout the value chain, you may discover that there is so much more money charged later on in the chain that it is worthwhile for you to establish a store, for example.



The next few pages serve also to clarify some pricing terminology.



# PRICING TERMINOLOGY – WHOLESALE VS. RETAIL



**What is an intermediary and wholesale?**

- When you are not selling your product directly to end-customers for their final use, you have to sell through an 'intermediary'. This is also called 'wholesale'.
- An *intermediary* can be a dealer, a store, a wholesaler or distributor (who buys products from producers and re-sells them to stores or to end-customers), etc.
- 'Retail' means selling products directly to end-customers.

**What is a wholesale price and a markup?**

- Wholesale price must obviously be lower than retail price.
- The intermediary you are selling to will add a 'markup' to your price and thus, arrive at the final selling price.
- The markup varies a lot, but can be around 100 percent of your price. For example, you might sell your product to an intermediary at a (wholesale) price that is equal to approximately 50 percent of price (retail) at which he will sell the product to the end-customer (again, this varies a lot. Fifty percent is just an example).

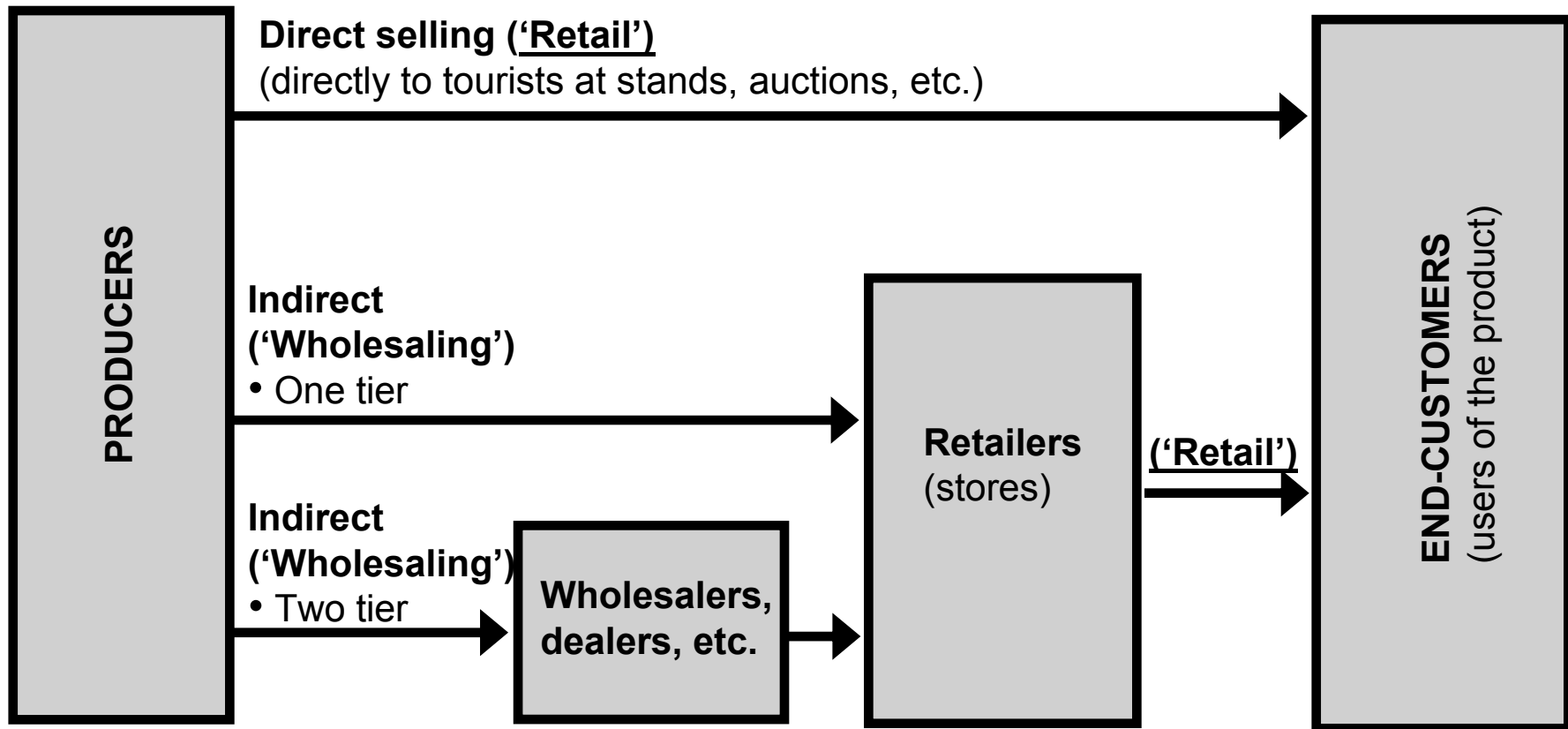
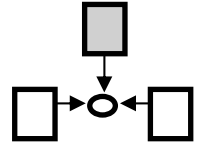
When selling to intermediaries (e.g., dealers, stores, etc.), you can sell only for a fraction of the final selling price. This fraction varies and is typically around 50 percent (this varies a lot and depends on the type of product and situation). In trade for giving up a large share of the final selling price, the intermediary gives you an opportunity to sell larger quantities of products and relieves you of the costs and tasks associated with direct selling (e.g., providing/paying for a store space, time and costs of marketing and advertising, time and costs of training and employees a sales staff, etc.)

Thus, there is always a trade-off between selling more units with less work but for lower prices through an intermediary vs. selling possibly fewer pieces for higher prices to the end-customer, but with having to set up your own store. You have to use your judgment and calculations to decide on wholesale vs. retail—it depends on how much money you can make under each option and it also depends on your working preferences.

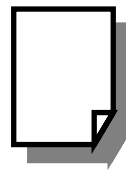
Take the example of a farmer with eggs to sell. She can sell 50 dozen eggs for \$1/dozen at a farmers' market, where it will cost \$5 to rent a stall, or she can sell 100 dozen eggs for \$0.30/dozen to a wholesaler, who will then pass them along to a retailer.

At the farmer's market, you might make  $\$1/\text{dozen} * 50 - \$5 \text{ rental} = \$45$ . You also will need to be there at the market selling your product, or pay someone to do that for you. If you sell to the wholesaler, you will make  $\$0.30/\text{dozen} * 100 = \$30$ . But, you will have avoided having to invest time at the farmers' market, leaving you time to attend to other aspects of your business.

# CONCEPTUAL EXAMPLE OF WHOLESALE VS. RETAIL

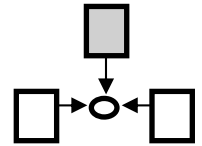


This schematic further illustrates how different value chains can look. In many industries, all these types of players, and more, exist. In some industries or situations, the setup can be much more straightforward and simple, of course. Again, each point on the value chain is providing some sort of service and is charging some price.



After these past few theoretical pages, the next page explains what is the most important decision when pricing a product.

# GENERALLY, THERE ARE TWO PRICING STRATEGIES

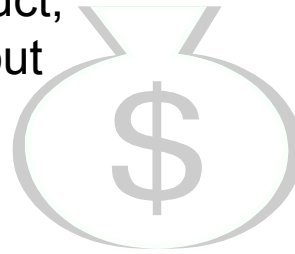


## Competition-based

### Description:

High COMPETITION in selling similar product, nothing special about your product

- Corn (commodity)
- Milk (basic food)
- Fish (many similar ones)



### What you have to do:

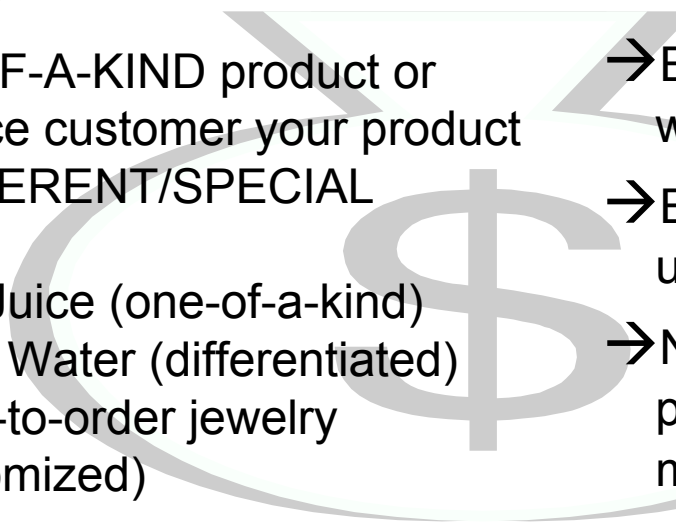
- Know competitors' prices
- Know your costs
- Try to lower your costs
- Try to differentiate your product

## Value-based

ONE-OF-A-KIND product or convince customer your product is DIFFERENT/SPECIAL

- Noni Juice (one-of-a-kind)
- Ethos Water (differentiated)
- Made-to-order jewelry (customized)

- Estimate customers willingness to pay
- Estimate profit made under different prices
- Need 'Augmented product' – great service, marketing, etc.
- Create new products



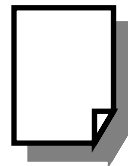
Will you follow a competition-based or value-based pricing strategy?

With *competitive pricing*, products are perceived identical by consumers. As a result, only one price (the “competitive” price) can be charged. If you charge more than the competition, consumers will buy your competition’s identical-but-lower-priced product. Thus, you have no choice but to price your product at the competitive price. To be more profitable than your competitors, you will need to have lower costs.

With *value-based pricing*, you try to estimate the consumer’s willingness to pay, and the quantity of your product that is likely to be purchased at different prices. Then, use that to price your product. Because your product is differentiated, there is no “competitive” price and you are able to charge some premium.

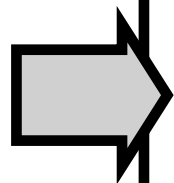
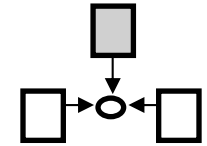
The answer to the first question seems obvious then—i.e., value-based pricing is better, because you can charge more money. But it is not that simple. Your product has to be differentiated and marketed well for you to charge more than your competitors. That said, with natural products and tourist products it is recommended that you strive for value-based pricing. Otherwise, you will be swept by low cost alternatives provided by discount retailers. If you cannot convince customers that your product is superior to its alternatives available at Wal-Mart, you will not fare well (Wal-Mart has much lower costs than you!).

Only differentiated products can demand a premium price. Therefore, it is key to understand both your product and your competitors’ products. More importantly, it is advisable to clearly and strongly differentiate your product (provided that can be done). Ideally, you already differentiate when deciding what products to produce and sell, how to produce them and finally, how to position and promote them. Also, it is very important to know the pricing of your competition and being able to justify differences in your pricing.

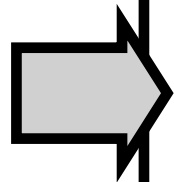


The next page summarizes preparatory steps to take before pricing your product and especially before negotiating with your business customers (if you are not selling direct to end-customers).

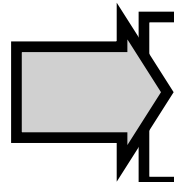
# TASKS TO CREATE THE PRICING STRATEGY AND PREPARE FOR PRICE NEGOTIATION



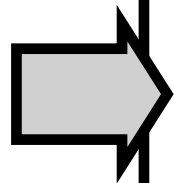
Research similar type of products in stores, on the Internet, etc. to decide on a final selling price, making sure that such a selling price would cover your costs



Evaluate whether your product is better than and differentiated from comparable products and thus could demand higher prices from the intermediary



Prepare promotional materials, communication and other support to wholesaler or retailer to be able to demand higher price



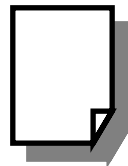
Finally, judge whether the higher price you could obtain by going direct to end-customers (if you are not selling direct already) is not worth the effort and investment to sell direct

While deciding on which pricing strategy to follow and what price to set, you need to do some homework. The above suggestions are both for businesses that negotiate about prices with other businesses (as opposed to end-customers), as well as for setting prices for end-customer in stores.

When selling to intermediaries (e.g., dealers, stores, etc.) you can sell only for a fraction of the final selling price. This fraction varies and is typically around 50 percent, as mentioned before. Again, for giving up a large share of the final selling price, the intermediary gives you an opportunity to sell larger quantities of products and frees you of the troubles, risks, time investments and other costs associated with direct selling.

To emphasize this important point—i.e., there is always a trade-off between 1) selling more units and with less work but for lower prices through an intermediary, or 2) selling for higher prices to the end-customer, but probably selling fewer pieces and having to set up your own store.

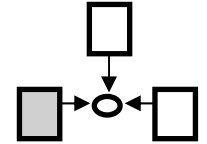
Just as with setting a final price for end-customers, you have to make your judgment and calculations factoring in whether you are willing to go direct to decide on wholesale vs. retail trade-off.



The next page begins a series of pages covering the topic of behavioral pricing tactics.

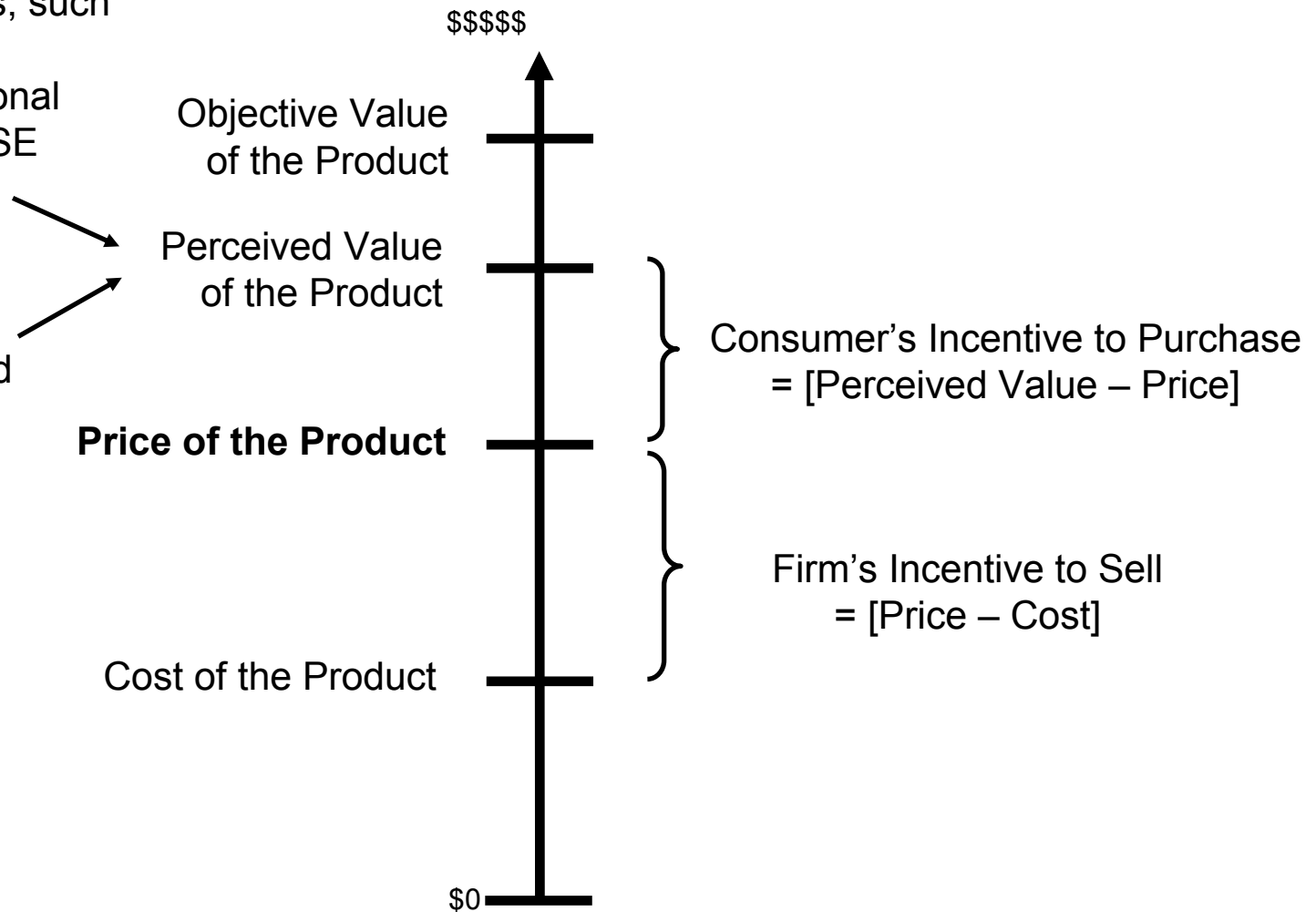


# WHAT IS A PRICE? WHAT DETERMINES PRICE?



Marketing efforts, such as positioning, promotion, personal selling, can RAISE this.

Low prices of substitutes and comparable competing product can LOWER this.



The second part of the pricing framework is focused on the use of behavioral pricing tactics. First, look at the vertical line and the small lines that intersect it. This is how you should think about price. Price has to be higher than your costs, but lower than or the same as the customer's *perceived value*. For every product, every customer has a maximum price in mind for which he or she is willing to purchase that product—that is the perceived value. Also, for every product a given company has a minimum price it is willing to accept—that is the *cost of the product*. The *price* is somewhere in the middle. Exactly where along the price continuum depends on how the firm manages customers' perceptions and on the intensity of competition.

The notion of 'perceived value' is very important. There is no *objective value* of a product. Objective value—or the use that a customer will get from the product—can be even higher than perceived value. But, because it cannot be measured, it is practically meaningless. Perceived value is much more important, and it is something that you can influence.

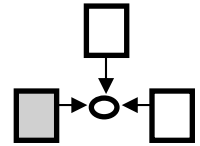
You can influence perceived value through your marketing actions. For example, if you position your product as something very rare that only rich people buy, the perceived value will go up (not for everyone, of course).

The perceived value is also determined by the relative price of substitutes for the given product or of comparable products. Though prices of other products are out of your control, you can still try to influence how customers perceive your product relative to other products.



The next few pages offer hints on managing customer price perceptions. But, before reading on, answer this question. “How would you manage people’s perception that your prices are high or low?”

# **BEHAVIORAL PRICING TACTICS (1/2) – TIPS FOR MANAGING PRICE PERCEPTIONS**



## **Encourage favorable comparisons**

- Customers naturally compare prices to products in the same or similar product categories; so suggest comparisons for the customer to consider
- For example, people think cereals are very expensive, and therefore cereal producers encourage customers to compare costs of the cereal to other breakfast alternatives, which make a bowl of cereal look much cheaper

## **Manage product price trends**

- The most important price comparison for customers is comparing the price they have to pay with the price they paid last time for the same product
- When considering a price reduction on your product , always consider how difficult it will be to raise the price again. If you raise prices, try to improve the product and make customers realize the product's value is higher (if it is true)

## **Avoid unfavorable price comparisons through product differentiation**

- Discourage unfavorable comparisons by convincing customers such comparisons are inappropriate and your product is superior (if it is true); this is the main theme of the Developing Positioning section
- For example, when a customer is complaining that the 'naturally farmed sea sponge' is too expensive and other sponges sell for half the price, explain that other sponges are either synthetic or gathered from the ocean, thus harming coral reefs, while naturally farmed sponges are natural and fully ecological (thus a much better product)

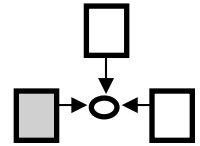
The main point is this—there are ways to influence how customers perceive your price even without changing the quality or attributes of the product. These are called behavioral pricing tactics.

Above are three tips. You can certainly think of other ways to manage customer perceptions depending on your type of business and on the situation. Just make sure you consider behavioral aspects of pricing, as well, and consider promotional activities to encourage favorable comparisons and discourage unfavorable comparisons by consumers.



Imagine you also want to manage customer perception of your costs, so they view your prices more fairly and favorably. How would you do that?

# BEHAVIORAL PRICING TACTICS (2/2) – TIPS FOR MANAGING PERCEPTIONS OF YOUR COSTS



## Focus attention on full total costs, instead of just direct costs

- Some firms have high *fixed costs* (costs that do not change with the number of units produced, e.g., machinery, employees). Meanwhile, customers see only *direct production costs* (costs that vary with the amount of units made, e.g., dough used to make bread)
- Therefore, you should focus customer attention to combat perception of price ‘unfairness’ (if there is one and if you are one of those high-fixed-cost producers)

## Bundle products to obscure production costs

- With some products, costs are readily apparent to customers, which may make products seem over-priced
- Therefore, you can *bundle* products with other products or services, especially those with a higher added-value. By doing this, you can make the cost less transparent and instead make customers focus on the bundled value-added products/services

## Focus attention on customer value

- The customer benefits whenever his/her *perceived value* of a product is greater than the price, regardless of the firm’s production cost
- Therefore, ensure that your positioning and communication effectively maximizes the attention customers give to benefits, as opposed to wandering about how much it costs a firm to produce the product

Just as you need to manage customers' perceptions of your price, it is also useful to try to influence perception of your cost. Customers' perception of whether your price is fair or not is also determined by how customers perceive your price. Charging \$10 is perceived by customers very differently if they know that your cost of production is \$7 than when they think it only costs you \$3 to make the product.

Customers often under-estimate producers' costs, because some types of costs are just not visible or not as easily understood. If you feel customers are underestimating your costs or how difficult it is to run your business, consider using the above tactics.

The first tactic might be used, for example, by a music studio selling CDs. While the cost for the materials used in the individual CD might be very cheap, the studio incurs many other costs in terms of machinery, studio space, and signing artists.

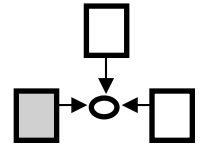
An example of the second tactic is combining multiple items, where individually it might be easy to determine their manufacturing price. For example, a company might sell a package that combines not only soap, but also shampoo, conditioner, and a sponge.

Having promotions and a trained salesforce are ways to implement the third tactic.



Imagine you also want manage customer perception of your costs to view your prices more fairly and favorably. How would you do that?

# WHY NOT TO REDUCE PRICES EASILY AND GIVE DISCOUNTS TOO EASILY



## WHY NOT TO GIVE PRICE DISCOUNTS TOO EASILY



You need money to make money!



In (value-added) natural products and tourist-targeted products, price is rarely the only decision criteria; other factors may be more important—**e.g.**, the quality of relationship and customer service, product quality, origin, etc.



Low price contradicts differentiated positioning (if you have one); by giving a lower price you are saying that your product(s) are not as good anyways; ‘There is a reason why my product is more expensive ...’



Once you give a price discount, it is very difficult to push prices back up.



Giving a price discount is the easiest way—do not run away from the challenge!

The above tips also fall under the behavioral category. This time it refers, however, mainly to the behavior of producers (or other sellers of products).

The above tips evolve around price discounts because price discounts (or simply lowering prices) are often the easiest ways to ensure more demand and to resolve tough negotiation between suppliers and stores. However, be wary! Do not take the easiest way out. Be aware of the above hints and most importantly, produce the type of products and position them in a way so that you do not find yourself under strong pressure to give significant price discounts. And, if you do get under such pressure, ensure you can point to the superiority and differentiation of your product to other similar products.

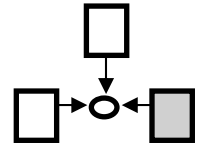
Also, if you are using intermediaries, a discount that you give to a wholesaler to stock your product may not be passed on to the end-consumer. For example, if your normal price to wholesalers for a product is \$5 and the retail price is \$10, and then if you drop your price to the wholesalers to \$4, the wholesalers may or may not reduce their price to their retailers. In such cases, end demand may not increase.



Do you know the meaning of the term 'price sensitivity'?



# WHEN SETTING A PRICE IT IS CRUCIAL TO KNOW HOW SENSITIVE CUSTOMERS ARE TO CHANGES IN PRICE



**What is price sensitivity?** It means how many fewer or more customers will buy a product as a result of changes in price (or how many fewer or more units will customers buy)

**Estimating the price sensitivity of your customers (sensitive → not very sensitive):**

**Your product**

- Is the product valuable at almost any price?
- Is the product desperately needed?
- Have desirable product attributes or (their perception) increased?

**Customer**

- Does the customer view the price as reasonable?
- Has the customer's income increased?

**Other products**

- Are substitutes unavailable and/or is the customer unaware of substitutes?

*Sometimes, losing customers may be good, if remaining ones pay more*

vs.

*Sometimes, lowering prices may be good, if it attracts many more customers*

Now, we are in the third and last part of the pricing framework—calculating profitability. This page starts a series on the basic math that you need to do before deciding on a price. Price sensitivity means how much more would customers buy if there were a price drop (or vice versa—how much less would they buy if the price increases). Smart business owners and managers have a good enough understanding of their customers, products and the industry in general to roughly know, for example, how big an increase in sales will result from a 30 percent cut in price.

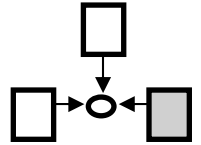
The questions in the larger text box helps you estimate your customers' price-sensitivity. The more “yes” answers to these questions, the less price sensitive the costumers are. If you are not sure of a product's price sensitivity intuitively, then it makes sense to test how customers will react to different prices. You can do it, for example, by changing the price in a certain region for a short time and observing what happens. Just remember, it is always easier to lower the price than to increase it. If customers are generally price insensitive, then it generally makes sense to have a higher price, as you will not have a large drop-off in sales from the price increase.

The tricky thing is that everyone's perception of the value of a given product is different and thus every customer would be willing to pay a different price. It is, however, impossible to charge different prices to different people and that way maximize the number of units sold. Instead, you have to find the price at which you will make the most money. That means that after you roughly understand the price sensitivity, you need to do some calculations.



Imagine you are selling hand-made handbags for \$20 each. How would you go about deciding whether it makes sense to increase the price in order to make a higher profit?

# EXAMPLE OF HOW TO DECIDE WHETHER TO CHANGE THE PRICE OF A HANDBAG



## Situation:

- Selling handbags
- It costs \$10 to produce each bag
- Current price is \$20 per bag
- Thinking about changing the price to increase profit

Steps to decide whether a change in price would make more money (step-by-step guide, calculation on next page):

- Step 1: Estimate customers' sensitivity to price changes
- Step 2: Calculate total profit for each price: calculate profit per unit = selling price minus cost per unit, then multiply by number of customers
- Step 3: Select a price that will maximize your profit
- Step 4: Come up with other advantages and disadvantages of lowering and increasing the price (e.g., upset customers and bad reputation, responses by competitors, may be tough to raise prices again if they are lowered now, etc.)
- Step 5: Make sure you can justify the price change to a customer, especially if increasing a price (e.g., try to improve a product a little, position it better, etc.)

When setting a price, it makes sense to (1) estimate how many units will be purchased at a given theoretical price, and (2) calculate the resulting profit made for each price.

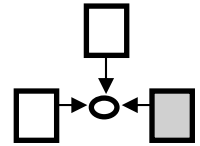
Estimating the number of units for each different price is very difficult—if not impossible—but, using even estimated hypothetical numbers can be revealing. This is because each increase in price translates directly into an increase in profit, whereas an increase in number of units sold (as a result of price reduction) does not increase profit by the number of units—but rather, by the margin made on unit (which will be lower now after the price reduction). Therefore, considering cost per unit in these calculations is crucial!

You will see the illustration of this complicated point on the next page, which takes you through the calculation process step-by-step.



Before you look at the calculation on the next page, try to prepare such a calculation yourself (if you can use an Excel spreadsheet, it is recommended. But, paper and pencil is fine too).

# CONTINUED BAG PRICING EXAMPLE – CALCULATION



## Calculation for hand bag pricing decision

Step 1 - Estimate sensitivity		Step 2 - Calculate profit		
Price (hypothetical scenario)	Number of customers (estimated, best guess)	Cost per bag (given)	Margin per product (price less cost)	Total profit (margin times number customers)
\$5	150	10	-\$5	-\$750
\$10	145	10	\$0	\$0
\$15	135	10	\$5	\$675
\$20	100	10	\$10	\$1,000
\$25	75	10	\$15	\$1,125
\$30	55	10	\$20	\$1,100
<b>\$35</b>	<b>50</b>	<b>10</b>	<b>\$25</b>	<b>\$1,250</b>
\$40	30	10	\$30	\$900
\$45	25	10	\$35	\$875
\$50	15	10	\$40	\$600

← Step 3 - Select price

↑  
This column shows estimates of price sensitivity

↑  
This column shows profitability for each pricing scenario

↑  
(Where total profit is highest.)

Pricing should not be exclusively an intuitive exercise. And although you can never exactly estimate in advance how customer will react to different prices, you should try to at least estimate their reaction. And equally importantly, you should incorporate cost and profit per product in your calculations.

Above is a sample calculation following the guide described on the previous page. Take a few minutes to walk through the table. Also, you should plug in different price sensitivity assumptions (how many customers will buy at different prices) to see how much they would have to change to arrive at a different optimal price.

Here is another example illustrating the need to know your costs and make calculations before setting a price. Would you rather sell 2,000 sponges for \$6 each or 500 sponges at \$15 each? The answer is not obvious unless you know the cost of each sponge and the margin made on each sponge (margin = selling price less cost), and you make a calculation. The answer depends on the *costs per sponge*.

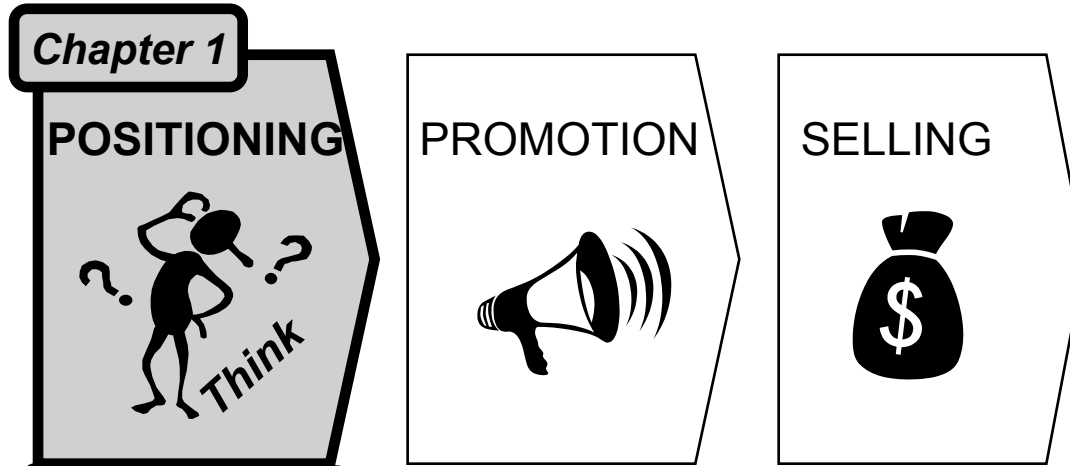
<b>COST: \$2/unit</b>	2000 @\$6	500 @ \$15
Margin Per Unit	\$6-\$2=\$4	\$15-\$2=\$13
Total Profit	<b>\$4 x 2000 = \$8,000</b>	\$13 x 500 = \$6,500

<b>COST: \$4/unit</b>	2000 @\$6	500 @ \$15
Margin Per Unit	\$6-\$4=\$2	\$15-\$4=\$11
Total Profit	\$2 x 2000 = \$4,000	<b>\$11 x 500 = \$5,500</b>

\*\*\*\*\*

**– END OF PRICING SECTION (1.2) –**

# Section 1.3: POSITIONING – CUSTOMER RESEARCH



1.1 Developing Positioning

1.2 Pricing

**1.3 Customer Research**

**CUSTOMER RESEARCH ...**

... is simply understanding what customers want, how they perceive your products and business, how you could better serve them, etc.

... should be done systematically with proper planning; however, using random interactions with customers is also fine as part of customer research

... should start with a clear goal in mind

**THIS CHAPTER:**

- Covers basics of customer research, such as overview of and differences between three selected methods
- Presents a black pearl mini-case study described to illustrate how customer research can help better position a product
- Shows examples of how three established companies—a grocery store, a hotel and a coffee shop use basic surveys

\* \* \* \* \*

## – START OF CUSTOMER RESEARCH SECTION (1.3) –

This section describes what customer research is, gives an overview of three basic methods that you can use, and shows many examples.

Customer research is covered in the ‘Positioning’ chapter because for correct positioning and effective differentiation of your products, you need to know customers well. And that sometimes requires being a bit more systematic.

Examples start with a case study of how to plan and conduct a customer research project to help better position a product. This is followed by several examples of surveys used by established companies.



What information do you think you could find out with a customer research?



# CUSTOMER RESEARCH – BASICS

**What is customer research?**

- Identifying customer preferences in an organized and systematic manner in order to better serve customers and better position one's product(s) or the entire business

**Key principles to keep in mind when doing customer research**

- Have a clear goal of what you want to find out with the research
- Use a large enough sample of respondents
- Select people representative of your (potential) customers
- Try to find out information upon which you can act

**Examples of reasons for doing customer research**

- What factors matter to a customer the most when he/she is choosing a product?
- What products are missing in our offering?
- Which products that we offer are not popular or are inferior?
- How happy is the customer with our service?
- Would retail stores be interested in carrying our product?

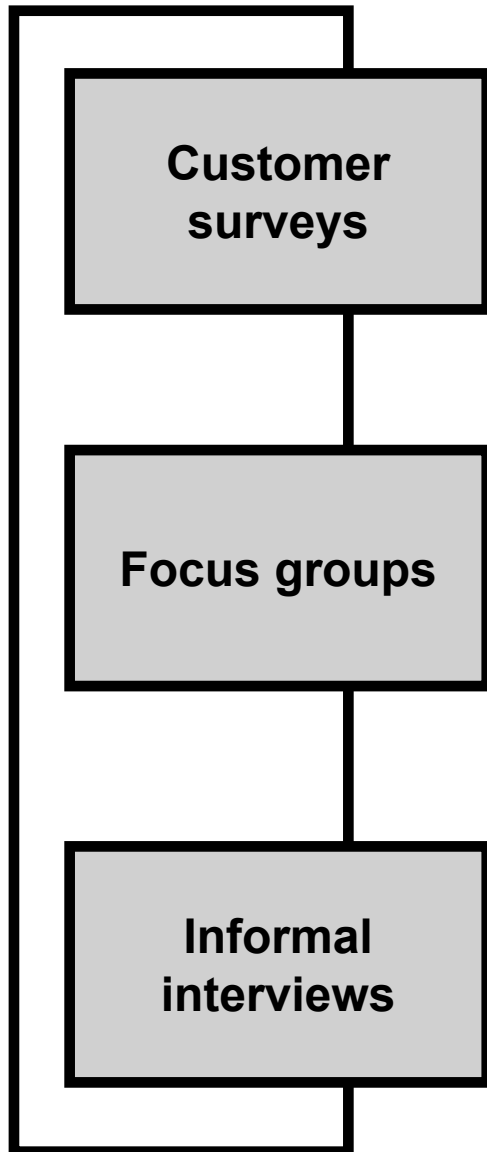
The above page is just to clarify some basics of customer research. The most important thing to keep in mind is this. Before you do any research, clarify why you are doing it and the main question (or questions) for which you need answers. Asking ‘How do you like my product relative to comparable products, on a scale 1 to 5?’ is, for example, not by itself a reason for doing customer research. An objective for customer research may be, for example, to learn more about customer preferences and their views of your product to be able to effectively differentiate your product.



What types of customer research are you familiar with?

# **INTRODUCING CUSTOMER RESEARCH FRAMEWORK**

## **– THREE METHODOLOGIES**



- Written questionnaires distributed to a larger number of customers or potential customers, typically with rankings (EXPLAIN: Who/what is being ranked???) or clearly defined questions
- Sessions with several customers or potential customers in which a discussion leader asks their opinions on current products or potential new products
- Regularly asking customers (for example, in a store) about products and service as a part of an informal conversation, but with some specific questions

There are many ways firms carry out research. Some companies dedicate many employees just to conducting customer research and use lots of computers to analyze endless numbers to fine tune their offering and beat their competition.

In this manual, however, we will focus on only three simple yet effective methods for conducting customer research. All three are easy to put together and can be done at little or no cost. The next few pages will give a more detailed description of each of these methods and guidance on how to use them. The focus will be mainly on customer surveys.



What do you think are the pros and cons of doing customer surveys?

# CUSTOMER SURVEY – BASICS



## DESCRIPTION

- Written questionnaires distributed to a larger number of customers or potential customers
- Clearly defined questions or even rankings are used to ensure quality responses, although some open-ended questions may be useful as well
- It is useful to provide those surveyed with a motivation (e.g., awarding of prizes, a small gift, etc.) to respond
- Using interviewers to walk respondents through the questionnaire often helps ensure better quality responses and allows for asking probing questions

## EXAMPLES

- Interviewing shoppers at a supermarket according to a prepared survey in order to learn more about their shopping habits for fruits, vegetables, fish, etc. (for example, how they choose their products, how satisfied they are with products in the particular store and for particular brands, ranking several attributes of fruits from different brands, etc.)
- Distributing a printed questionnaire to tourists waiting to check in before flying out at an airport to learn about their awareness of various gift shops and about which souvenirs specifically appealed to them and what else they would like to see offered for sale in stores

## PROS

- Can generate a large number of responses and opinions
- Gives a clear idea about certain aspects of products or about comparisons (if you know those aspects and what to compare—for example, certain product attributes, main competitors)

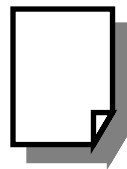
## CONS

- Response rate is typically low
- Quality of responses may be low (that is, respondents do not give much thought to answers)
- Need to have a very clear objective of what exactly you want to find out during the research (focus groups, for example, can be more open-ended)

The above four text boxes summarize the basics of the 'customer surveys'. The same pages follow for 'focus groups' and 'informal interviews' to highlight the differences between these methods and to give you a better sense of which one to use when.

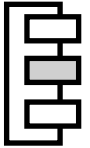
Two points are especially worthwhile to highlight when comparing customer surveys to the other research methods:

- 1) Surveys will provide you with a large number of responses and opinions, but you have to have a clear idea what you need to ask (for example, you need to have a good understanding of the different product attributes you should ask about).
- 2) The response rate (percentage of people who actually respond) may be quite low, especially without some incentive (prize, drawing). This may require asking a large number of customers to take the survey. Even people who do respond may not put a lot of thought into their responses.



The next page gives a similar overview of focus groups.

# FOCUS GROUPS – BASICS



## DESCRIPTION

- Sessions with several customers or potential customers in which a discussion leader asks about customer opinions on current products or potential new products
- Typically 6-10 people participate
- Though there are professional research firms that can be hired to do focus groups (including selection of participants), focus groups can be done informally with 'self-help'—in this case, it is useful to ask a friend to moderate the session so you can observe and occasionally ask probing questions
- Thorough preparation and preparing an outline of the discussion and questions is useful, though flexibility is needed

## PROS

- Will generate many interesting opinions (many beyond expected scope) that can be thoroughly discussed and described
- People can build on each other's comments
- Can be done relatively easily, quickly and inexpensively

## EXAMPLES

- Inviting a group of tourists, travel agents and farmers to brainstorm about how to prepare and 'package' an agriculture tourism (or ecotourism) vacation (for example, what it should include, what parts to emphasize, how to sell it, etc.)
- Inviting customers, store owners and beekeepers to come up with ideas on other products that could be prepared from honey and how to sell them

## CONS

- Danger that participants will not be representative of customers (for example, if you are a grocery store owner, having a focus group entirely of people who only shop at discount stores such as Wal-Mart) will not give you the information you need
- Danger that too few and/or un-representative opinions will be gathered (it is tempting to invite friends who may not give direct negative opinions)
- Difficult to effectively lead a focus group

Focus groups will obtain much more open-ended opinions than will a survey. Moreover, opinions and suggestions can be well explored and built upon. Though focus groups are basically informal group discussions, good preparation is needed on the part of a discussion leader. This includes knowing the goals of the research study and being able to steer the discussion to address those goals.

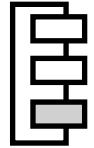
Talkative and opinionated people representative of (potential) customers should be invited. However, the discussion leader needs to moderate the discussion to ensure that one or two people do not dominate the focus group (and the results from the focus group). Make sure everyone expresses their opinion within the focus group.



On the next page you will find another overview on informal interviews.



# INFORMAL INTERVIEWS – BASICS



## DESCRIPTION

- Regularly asking customers (for example, in a store) about products and service as a part of a informal conversation, but with some specific questions
- Simply, make it part of your job to talk to customers regularly, and though such chats should be informal they should also include targeted questions about your products, service, etc.
- Try to involve employees in a continuous effort to learn about interesting opinions and tips from customers—for example, you can have a competition for your employees or even customers for the best or most proposals to improve your business

## EXAMPLES

- A store manager goes to talk to random customers in the store once in a while (but regularly) to ask them about their shopping experience, how they like certain products, letting customers ‘speak their mind,’ but still asks some probing questions
- A cashier asks every customer upon paying (time permitted) whether the customer found everything, whether he/she was satisfied with the product selection, etc.

## PROS

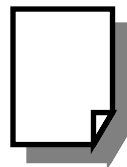
- Useful for building better customer relations as customers like to be listened to
- Can get very useful opinions as every interesting customer (with interesting opinions or experience) can be probed in more detail
- No costs

## CONS

- Easy to ‘slack,’ simply not do it—as it is not written down and not formally organized
- Opinions gathered can be quite random and not representative

An informal interview with a customer is as simple a concept as it sounds—it simply involves talking to customers regularly, and chatting with them not only about weather, but about specific topics to get tips on how to serve them better. It is easy and takes little time. However, it is surprising how many businesses do not do it. Making yourself regularly ask customers questions and really listen to them is hard for some people.

If you cannot clearly and confidently answer ‘What matters the most to my customers?’, ‘Why do they shop with me (and for my products)?’, and ‘How could I better serve them?’, then you had best talk to them more often and more specifically.



The next page starts a mini-case study about conducting customer research to better sell pearls.



# CUSTOMER RESEARCH CASE STUDY

## Nukuoro Black Pearls

- ➔ Learning more from customers about their pearl buying habits
- ➔ Planning customer research
- ➔ Samples of customer surveys

A case study means a description of how a real business situation was or will be solved.

In this case study, we look at a black pearl producer and the research they undertook to better understand their customers and position their products.



The next page gives an overview of the situation.

# OVERVIEW AND SITUATION OF NUKUORO CASE STUDY (HOW TO POSITION BLACK PEARLS)

## SITUATION & PROBLEM

- A **pearl producer** is in a remote Pacific island of Nukuoro and has **limited marketing experience** and skills
- Nukuoro **wants to market its pearls more directly** to end-customers so that it can charge higher prices than it can when selling to dealers
- But it is **not clear how to position** Nukuoro pearls in the eyes of customers (e.g., what attributes to emphasize, what really matters to a customer, how to differentiate from other pearls)
- Though Nukuoro has a basic idea about how to position, it **needs to better understand what matters most** to pearl buyers and how they view Nukuoro pearls in comparison to others

## SOLUTION & GOALS OF RESEARCH

- **Structured customer surveys** with several detailed questions to learn about:
  - (1) How customers buy pearls and decide what pearls to buy (**'key buying factors'**), and
  - (1) How well do Nukuoro pearls compare to other pearls on these buying factors in the eyes of customers (**'Nukuoro product performance'**)
- Preferably, surveys are completed **during an interview** in order to ask probing questions rather than leaving respondents to fill out the survey alone
- In addition (especially if respondents fill out surveys alone), some **additional in-depth and open-ended interviews** should be carried out to learn more about how much these respondents know about pearls, their shopping habits, etc.

## KEY SUCCESS FACTORS FOR CUSTOMER RESEARCH

- **Responses gathered have to be actionable**—Nukuoro must be able to act on—in terms of marketing—whatever the customer surveys reveal. For example, if customers say that want to be more educated on pearl grading, Nukuoro should be able to provide the education
- **People surveyed need to be representative of typical pearl buyers**—There are many different types of people who buy pearls, and these need to be represented, instead of taking an easy way out and surveying whomever is conveniently available and willing to provide input
- **Surveys need to generate a sufficient number of responses**—Nukuoro needs to avoid making its marketing decisions (e.g., how to position its pearls, which of its pearl attributes to emphasize) based on only a few customer opinions, as these may not be representative

The above page provides background on the situation in this case study so you can better understand why a particular solution to this business situation was selected.



How would you plan customer research for Nukuoro?

# PEARL CUSTOMER RESEARCH CASE STUDY CONT'D.

## – PLANNING THE RESEARCH WITH A CLEAR GOAL IN MIND

1

### KEY BUYING FACTORS

- List main possible product benefits (or possible reasons why customer buys—e.g., packaging, shape of pearl, etc.)
- Ask customer (who fills out the questionnaire) to rate the importance of the above buying factors for your product



2

### OWN PRODUCT PERFORMANCE

- Ask customers to rate your product on the above benefits (e.g., ‘How do you like the luster of our pearls compared to others you have seen?’)



3

### LEARN AND ACT

- After you have many completed questionnaires, summarize main learnings
- Make appropriate improvements based on what you have learned (e.g., change packaging, store signs, wording of brochures or other promotional materials)

Nukuoro's customer surveys, just like any other good customer research, needed to be planned. Nukuoro's research was planned in the following simple way—first, learn about 'key buying factors', then learn about Nukuoro's 'product performance' along these key buying factors. From these two pieces of information (both part of one customer survey), you will have a good understanding about what to do. The third step is naturally to learn and draw some conclusions from the research and act accordingly in terms of your marketing actions.



What questions would you ask in order to learn about key buying factors?



# PEARL CUSTOMER RESEARCH CASE STUDY, (CONT'D.)

## – IDENTIFYING 'KEY BUYING FACTORS'

### Pearl buying survey (1/2)

We are constantly trying to improve the service to our customers and provide better quality product. Your opinion will greatly help us in doing that. Please fill out the following:

When buying a pearl, how important is the following?	<i>Doesn't matter</i>	<i>Matters a bit</i>	<i>Important</i>	<i>Very important</i>
Size	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Shape	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Color	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jewelry setting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Packaging	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Brochures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grading labels	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales person's knowledge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Other important factors when buying a pearl?**

**Other comments / suggestions?**

Above is a draft of the first part of the customer survey that would help the producer/seller learn more about pearl buying process. Given how expensive pearls are, buying them is a whole process—customers go through several stages before they buy pearls. This includes learning about pearls in general, researching what types of pearls are available (for example, using the Internet), familiarizing themselves with specific types of pearls, comparing them to other alternatives, etc. Sometimes, of course, a customer falls in love with a specific pearl and setting and decides to make a purchase after a few seconds on the spot, even without knowing anything about pearls at all. Every customer is different. But, most customers think quite a bit and do quite a bit of homework before they buy.

This first part of the survey aims to learn about how customers make decisions about which pearls to buy. What matters to them the most? What different aspects of a pearl does the customer look at closely? How important is each aspect relative to each other? Is shape or luster more important to them? Does packaging matter?

Please note that the above form is merely a draft that still needs to be refined. In fact, before this survey is finalized and is ready to be used with respondents, it makes sense to talk informally to several customers to put together a list of key buying factors. For example, the luster of a pearl is missing and needs to be added to the list. Alternatively, if you do not know what the key buying factors are, you can just ask open-ended questions in the survey—questions such as ‘What are the factors upon which you base your decision to buy pearls?’

The goal of the above survey is to learn what matters most to people when they buy pearls.



What questions would you ask to find out how your product compares to other products in the eyes of customers?

# PEARL CUSTOMER RESEARCH CASE STUDY (CONT'D.)— FINDING OUT YOUR 'PRODUCT PERFORMANCE'



## Pearl buying survey (2/2)

We are constantly trying to improve the service to our customers and provide better quality product. Your opinion will greatly help us in doing that. Please fill out the following:

### How would you rate our pearls?

*Please circle one. #1 indicates low quality; #4 high quality:*

Shape	1	2	3	4
Color	1	2	3	4
Jewelry setting	1	2	3	4
Packaging	1	2	3	4
Knowledge and information given	1	2	3	4
Price to pearls of comparable quality	1	2	3	4

Other differences between our pearls and other pearls you have seen?

Other comments / suggestions?

Learning how well Nukuoro pearls are perceived on various dimensions (key buying factors) is important for two reasons. First, it tells Nukuoro what aspects of its pearls to emphasize in its marketing communications. Second, it tells Nukuoro what aspects of its pearls it should strive to improve.

Of course, not all aspects of Nukuoro pearls can be improved, or it would take too long to do so. Therefore, after Nukuoro is left with a list from its customers of those aspects of the Nukuoro pearls that they do not like or want to see improved, Nukuoro has two options. First, it could try to improve a given aspect, if customers rated a given aspect as important in the first part of the survey (for example, provide better information when selling). Nukuoro should especially try to make those improvements that are relatively easy. The second option is for Nukuoro to decide to downplay or avoid mentioning altogether the given aspects in its marketing communications.

To sum up again, the goal of this survey is to learn how customers perceive Nukuoro pearls relative to other pearls with which they are familiar.

One last note—it may very well turn out that most of Nukuoro’s potential customers are not knowledgeable enough about pearls to answer the survey quickly in a qualified way. The conclusion from that would be that it is important to educate customers about pearls in general while emphasizing factors that are favorable for Nukuoro pearls. That way, Nukuoro can actually help shape customer perception.

\* \* \* \* \*

**– End of Customer Research Case Study –**

# ANOTHER SHORT & QUICK EXAMPLE OF CUSTOMER RESEARCH – RESTAURANT SERVICE SURVEY



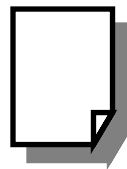
## Restaurant service survey

We are constantly trying to improve the service to our customers and create better selection of meals.  
Please fill out the following and **get a free drink** :



	Very poor	Poor	Average	Good	Very good
How fast is our customer service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
How friendly is our staff?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
How clean is our place?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
How tasty are our meals?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
How good is our selection?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Why did you choose our restaurant?	<input type="text"/>				
What other meals should we serve?	<input type="text"/>				
How else could we better serve you?	<input type="text"/>				

The next few pages provide more examples of customer surveys, starting with the above hypothetical restaurant survey. It is a draft that provides some possible questions that might be interesting to ask. Exact questions, of course, will depend on the objective of your research or the type of problems (or improvement possibilities) facing your business.



The next page shows an example of a survey used by a grocery store.

# HOW ESTABLISHED COMPANIES USE CUSTOMER RESEARCH (1/3) – GROCERY STORE



Above: Some effort was put into making the survey look a bit nicer than just an ordinary paper form

On the right: Questions are structured along the main factors based on which shoppers decide where to shop for their groceries and what matters most to them.

- Quality of customer service
- Speed of customer service
- Pricing and 'value' perceived
- Product variety

So that we may provide you with better and friendlier service, we'd like to hear your comments. If an employee made an extra effort or if you have suggestions on how we can better serve you, please share them with us. Thank you.

*Karl Schroeder, President*

### Your Comments, Please

These cards are for Safeway internal use only, and the names or addresses are not collected or tendered to other businesses

	Excellent	Good	Fair	Not So Good	Poor
1) Employees are knowledgeable and able to assist you with your needs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2) Employees make checkout as fast and efficient as possible.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3) The store provides good overall value that meets your budget needs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4) The store has the items you typically purchase in-stock when you need them.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Name \_\_\_\_\_ Date \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Phone Number ( ) \_\_\_\_\_

e-mail \_\_\_\_\_

Comments \_\_\_\_\_

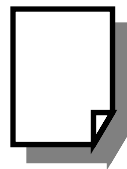
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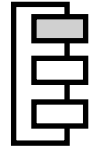
Notice how brief and simple the survey is. Yet, it asks important questions about all key issues that determine customers' satisfaction.



Next, an example from a hotel ....



# HOW ESTABLISHED COMPANIES USE CUSTOMER RESEARCH (2/3) – HOTEL



Aloha!

On behalf of the Honolulu Airport Hotel, we'd like to thank you for your recent stay with us. Guest satisfaction is a top priority at our hotel. We would greatly appreciate your feedback to help us improve on our service.

Please take a few minutes to complete the enclosed questionnaire telling us about your experiences and mail it to us using the postage-paid envelope.

If you return your completed questionnaire within two weeks of receiving it, you will be entered in a prize drawing for a free two-night stay for two at either of our Honolulu Airport properties.\* Your responses will be carefully reviewed to help us ensure the best possible Hawaiian experience for our guests in the future.

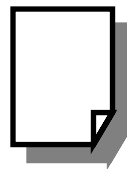
We look forward to hearing from you.

Above: 'Personal' letter thanking a customer for his/her business and offering a possibility to win a prize for filling out a survey

On the right: Part one of two-part survey that systematically strives to find out hotel performance in different categories, such as hotel operation, departure procedures, etc. The collected information is then used to improve service and to emphasize perceived advantages to customers.

	Definitely	Somewhat	Not at all							
<b>Hotel Operations</b>										
Did the housekeeping service meet your needs?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>							
If your room required maintenance, was the service timely and efficient?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>							
Did the hotel operator answer your calls promptly and route them correctly?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>							
If you used the pool, did it provide a relaxing and enjoyable experience?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>							
Was the pool clean and well-maintained?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>							
Was there adequate poolside furniture?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>							
Was pool water temperature comfortable?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>							
If you brought a computer, were your communication needs met?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>							
	Poor 1	2	3	4	5	6	7	8	9	Excellent 10
Please rate your overall satisfaction with the operation of the hotel...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>What type of housekeeping service would you have preferred during your stay? (Please mark one answer.)</b>										
<input type="radio"/> Full Daily Service <input type="radio"/> Partial Daily (towel service only) <input type="radio"/> Every other day <input type="radio"/> Not needed										
<b>Your Departure</b>										
Was your bill accurate?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>							
Was the check-out procedure quick and efficient?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>							
Were you acknowledged by name when you checked-out?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>							
Did the staff thank you and invite you to return again?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>							
	Poor 1	2	3	4	5	6	7	8	9	Excellent 10
Please rate your overall satisfaction with the check-out process...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Please rate your overall satisfaction with this hotel during your stay...										
Please rate this hotel on the value you received for the money you paid...										
To what extent do you desire to stay at this hotel in the future?										
No Desire at All 1 2 3 4 5 Very Strong Desire										
<input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/> <input type="radio"/>										
How likely is it that you would recommend this hotel to a friend or family member?										
<input type="radio"/> Very likely <input type="radio"/> Somewhat likely <input type="radio"/> Somewhat unlikely <input type="radio"/> Very unlikely										
How many nights did you stay in the hotel? <input type="text"/> <input type="text"/>										
What was your check-out date?   Month <input type="text"/> <input type="text"/> Date <input type="text"/> <input type="text"/> Year <input type="text"/> <input type="text"/>										
Who came with you on this trip? (Please mark all that apply.)										
<input type="radio"/> Traveled alone <input type="radio"/> Children <input type="radio"/> Friend(s)										
<input type="radio"/> Spouse <input type="radio"/> Other family members <input type="radio"/> Co-workers										
What is your age? (Please include only the age of the person taking the survey.)										
<input type="radio"/> 19 or younger <input type="radio"/> 30 - 34 <input type="radio"/> 45 - 49 <input type="radio"/> 60 - 64										
<input type="radio"/> 20 - 24 <input type="radio"/> 35 - 39 <input type="radio"/> 50 - 54 <input type="radio"/> 65 or older										
<input type="radio"/> 25 - 29 <input type="radio"/> 40 - 44 <input type="radio"/> 55 - 59										
Gender: <input type="radio"/> Male <input type="radio"/> Female (survey taker only)										
What is your total annual household income?										
<input type="radio"/> Less than \$20,000 <input type="radio"/> \$60,000 to \$79,999 <input type="radio"/> \$150,000 or more										
<input type="radio"/> \$20,000 to \$39,999 <input type="radio"/> \$80,000 to \$99,999										
<input type="radio"/> \$40,000 to \$59,999 <input type="radio"/> \$100,000 to \$149,999										
What is your zip/postal code? <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>										
<b>Comments (Please print clearly. Complete the contact information below for prompt response.):</b>										
Your name: _____										
Daytime phone number: <input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>										
Address: _____										
City: _____ State: _____										
E-Mail: _____										
To be entered in our drawing for a free two-night stay at one of our properties, please complete the contact information above and return your completed form within two weeks of receiving this survey. Please print clearly.										

Notice the personal and short letter accompanying the questionnaire. The questionnaire is just one page of a two-page survey (the two pages together cover all important aspects of a customer's stay in the hotel, such as the two categories showed above, 'hotel operations' and 'your departure.' The questionnaire also collects information about the customer filling out the survey—e.g., information on age and gender—in order to understand the preference of different customer segments.



The next page shows an example of a survey from a coffee shop.

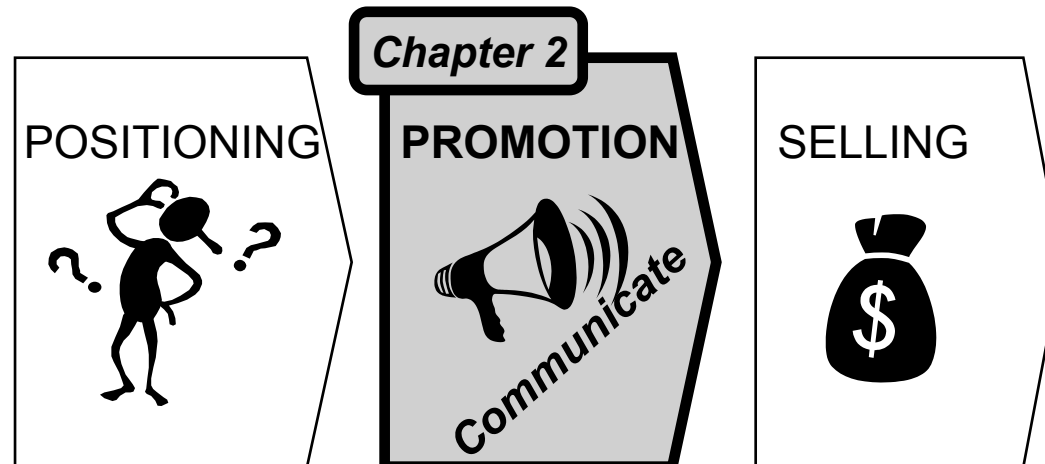


This is an example of a very open-ended survey that can get interesting insights from customers, especially if customers are quite loyal and care about the coffee shop, as is the case with this particular company.

\* \* \* \* \*

**– END OF CUSTOMER SURVEY SECTION (1.3) –**

# Chapter 2: PROMOTION IS DIVIDED INTO THREE SECTIONS



- 2.1 Diagnosing Problem** → Determining what type of promotional help is most needed  
– *Knowing where to focus*
- 2.2 Traffic Promotions** → Techniques to increase awareness & generate more traffic  
– *Making people interested*
- 2.3 In-store Promotions** → Techniques to improve in-store presentation & performance  
– *Making people like it*

This chapter is written primarily for someone who has a selling location or who otherwise interacts directly with customers. It is useful mainly for a business that has the opportunity to work with the site, such as attracting more customers to the store or improving displays in the store.

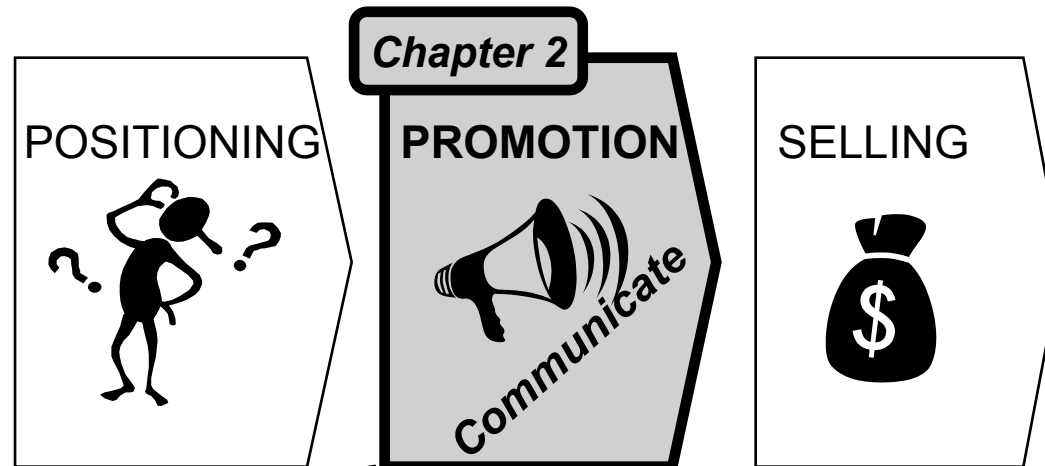
However, even if you do not have a store, most of the promotional techniques discussed can apply to you as well. The thinking and rationale behind these techniques could also apply to your business in many ways.

Finally, based on the problem facing your product, you need to select the proper promotional technique. Chapters 2.2 and 2.3 give overview and details of most commonly used promotional methods.



As in the previous sections, the next page gives one more overview of what can be found in section 2.1 'Diagnosing Problem'.

# Section 2.1: PROMOTION – DIAGNOSING PROBLEM



## 2.1 Diagnosing Problem

## 2.2 Traffic Promotions

## 2.3 In-store Promotions

### DIAGNOSING PROBLEM ...

... in terms of determining what type of promotional help is most needed is the first step before starting any promotions

... helps sift through dozens of possible ways to promote your product(s) and business and forces you to prioritize

... not only helps you select the right promotional techniques, but also helps you tailor them better to the situation and the targeted audience

### IN THIS CHAPTER

- Conceptual and intuitive, as well as more systematic and quantitative methods are described here for determining whether you should focus on raising awareness and getting more traffic or strive to do a better job with the (potential) customers with whom you already interact
- The concept of a marketing funnel is introduced
- Customer surveys are revisited in terms of using them to 'diagnose promotional issues'

\*\*\*\*\*

## – START OF DIAGNOSING PROBLEM SECTION (2.1) –

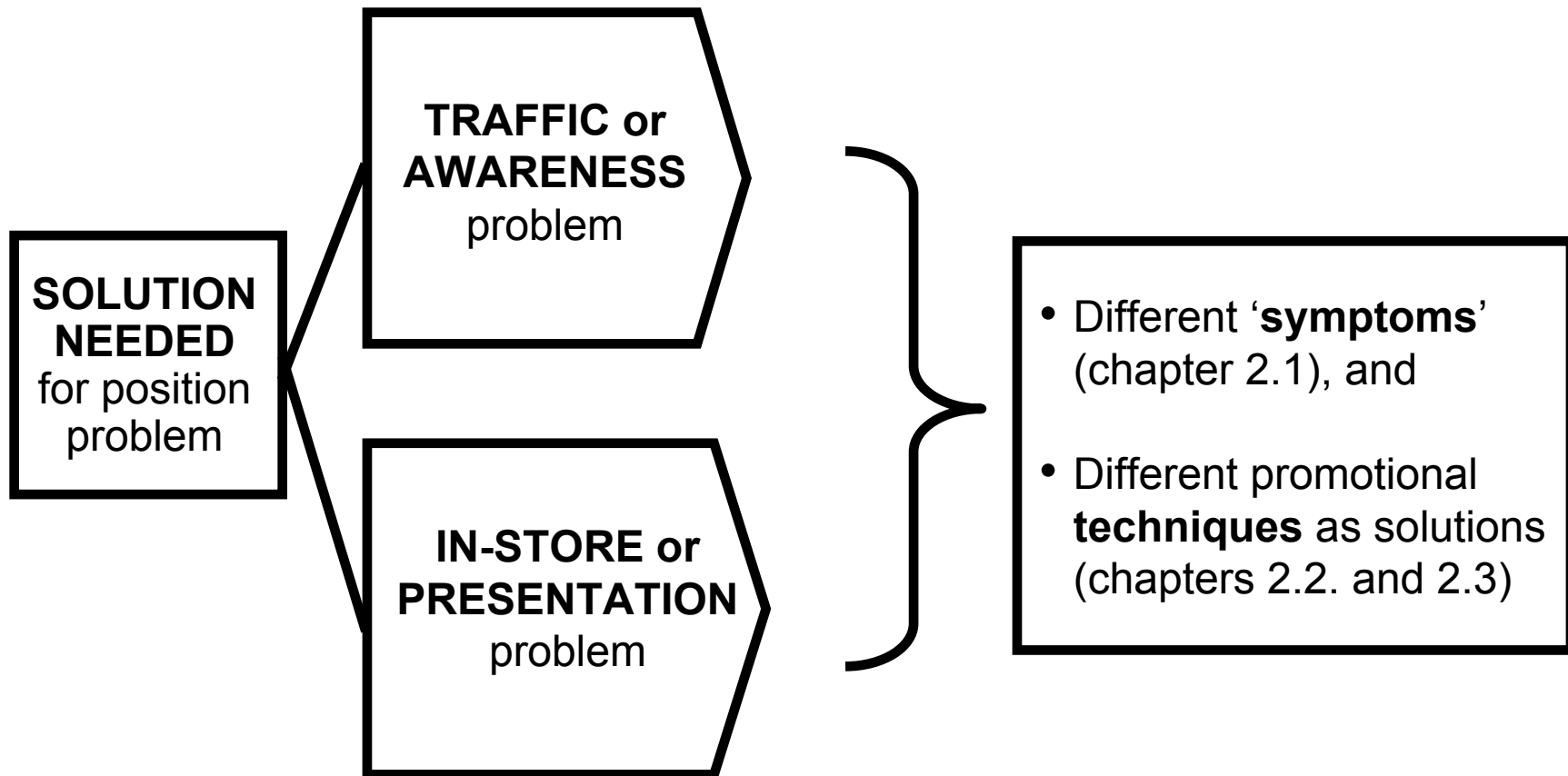
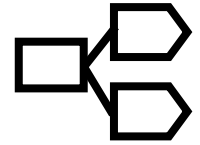
The main point of this section is to make you think about the types of problems (or opportunities) your business will be trying to tackle with promotions. Always ask yourself one key question: “Do I have a traffic or in-store problem?” As you read on, you will understand exactly what this means.



The next page introduces a simple framework through which we will look at promotions.



# INTRODUCING PROMOTION FRAMEWORK — USED IN THIS CHAPTER, AS WELL AS HELPFUL IN PRACTICE



Promotions can be classified in two broad groups depending on the type of problem you are trying to solve. First, determine the main problem facing your store or business, i.e., low number of customers (*traffic promotion problem*) or, is it that you are doing a bad job converting the traffic (customers or by-passers) into paying customers and selling them more (*in-store promotion problem*)?

The difference between traffic- vs. in-store promotions is important. Traffic vs. in-store performance are two very different problems and each are tackled with different solutions. A gift shop with a great ambiance inside and carrying unique nicely packaged products, but which is located in a remote location and has very few visitors, probably does not have to worry as much about improving product display as they should worry about promoting the store to tourists at hotels, restaurants and the airport. This is a traffic promotion problem.

On the other hand, a market stand with a large number of (potential) customers walking by every day, but most of whom do not even stop for a second, should probably think hard about how to make the display and products more appealing. These may included display of products, POS (point of sale materials), or even simply packaging. This is an in-store promotion problem.

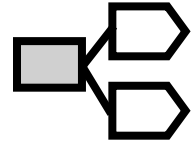
IT IS ESSENTIAL NOT ONLY TO FIGHT THE RIGHT WAR BUT ALSO TO FIGHT WITH THE RIGHT WEAPONS. The reason for dividing the covered promotional techniques into these two areas is because you can only find the right solution when you know what type of problem you are trying to fight. There are many, many promotional techniques, and you will need to prioritize to be effective. Otherwise, one can easily get lost in trying all sorts of promotions but with little effect.



How do you tell whether your business suffers from a traffic vs. in-store problem?

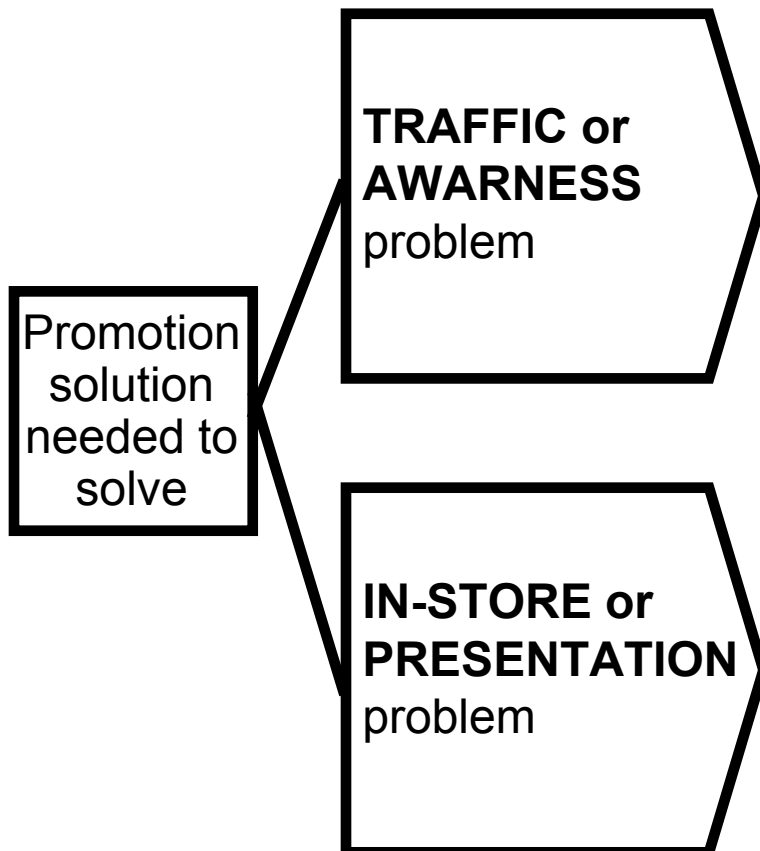
# DIAGNOSING THE TYPE OF PROMOTION HELP NEEDED

## – BASIC INTUITIVE RULES OF THUMB



Determine the main problem ...

---



... using, for example, some of these commonly occurring 'symptoms'

---

- Low awareness of product
- Very few people come into store
- Idle time at store

- Customers leave quickly, bypassers do not stop or make only small purchases
- Limited production would not accommodate increased customer base
- Unappealing displays and presentation of products

To determine whether you need to work more on increasing customer traffic and building awareness vs. presentation of products in-store, you can use the above listed 'symptoms'. You will certainly be able to diagnose the problem yourself based on your intuition without these symptoms, but these will help to guide your thinking.

If most people have never heard of your product and do not know what it does, this creates a traffic awareness problem. It is difficult to generate traffic to your store if people do not know what you are selling or what your products do.

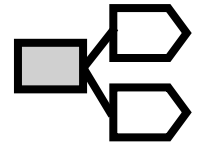
On the other hand, if people are aware of your product and your store, but leave your store quickly without buying anything, you may have an in-store display problem.

Right now we are still looking at how to diagnose the problem; techniques to solve these problems can be found in 3.2 for traffic promotion problems and 3.3 for in-store promotion problems.

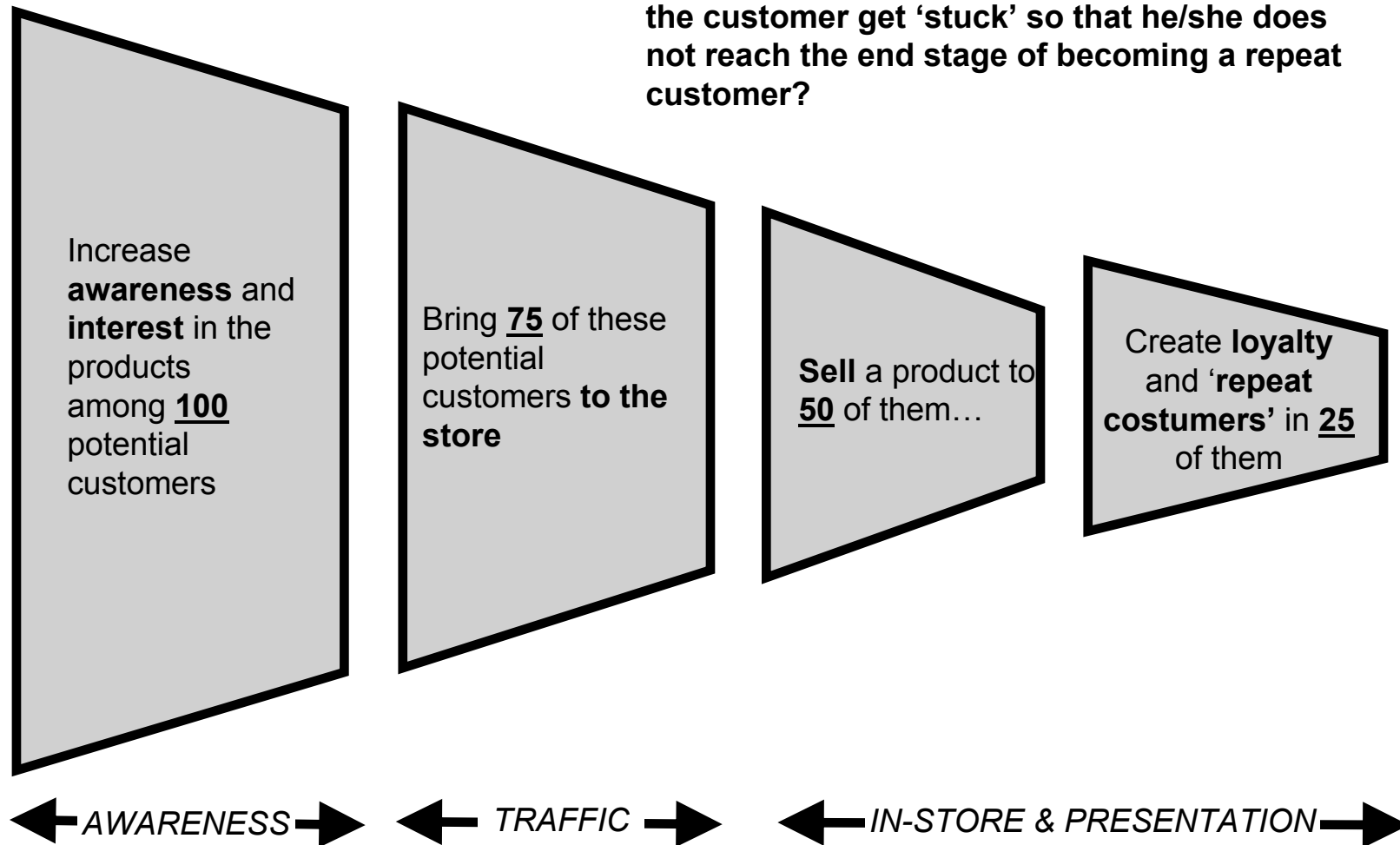


What would improve awareness and presentation of your products?

# DIAGNOSING THE TYPE OF PROMOTION HELP NEEDED: ANOTHER WAY TO LOOK AT IT – 'MARKETING FUNNEL'



At which point in the 'marketing funnel' does the customer get 'stuck' so that he/she does not reach the end stage of becoming a repeat customer?



There is a framework called the marketing funnel. Try to think of all marketing & sales as a funnel. We want to determine at what point in the funnel a potential customer gets stuck, which prevents them from reaching the desired end stage of buying and becoming a repeat customer.

This funnel makes it obvious that every business needs to work on all types of promotions ·you need to create an increase awareness of your product (if you have already done so, there will be new products). Once people are aware, you need to bring them to the store. Once they are in the store, you need to convince them (through in-store presentation, displays, personal selling, etc.) to try your product(s). Finally, once they buy your product, you should try to turn them into a loyal repeat customer.

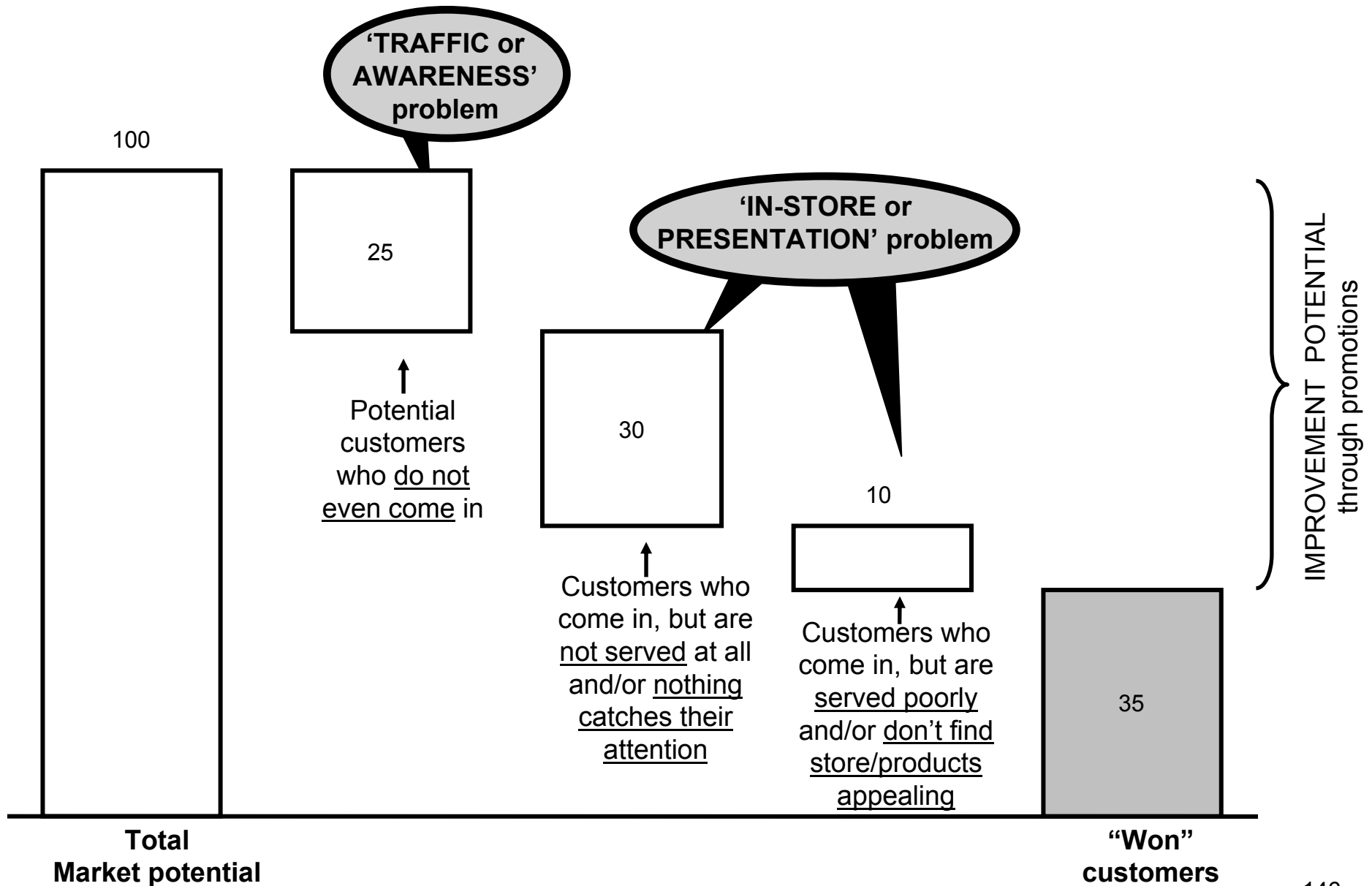
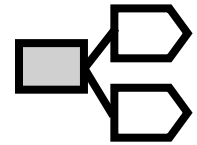
However, different businesses or different stages of businesses require a different focus. So again, know where your biggest improvement potential lies. In other words, know where in the funnel most of your (potential) customers get stuck, then work to get them ‘unstuck’.

You can have a very steep funnel·which means you have to communicate about your business to a huge number of people of which only a tiny share will then actually visit your store and buy your products. Or you can have a very flat funnel ·in which case you do not need to address as many people with your traffic and awareness-building, because you know you will convert a very high share of incoming people into paying customers. The look of the funnel varies with the type of business, product, your skills, possibilities, etc.



The next page starts the ‘Traffic Promotions’ section by giving a few comments and a preview of the section.

# DIAGNOSING THE TYPE OF PROMOTION HELP NEEDED – USING QUANTITATIVE TECHNIQUES



Imagine your potential market is 100 people (assuming there are 100 people living in your town). But out of these 100, only 35 buy your products. Now, why are the remaining 65 not buying your products?

Maybe around 25 of them are not even aware of your store and therefore will never come in. Then another 30 people come into the store but are not impressed with anything at the first glance and leave shortly. Moreover, no one in the store (meaning an employee) offers these 30 people anything, so they leave without a purchase. Finally, another 10 people come into your store but do not buy anything because, although someone approaches them and tries to serve them, they are served poorly and do not find in-store presentations appealing.

Knowing why these 65 people do not buy from you has important implications on what promotions you should be doing. It is difficult to say what you should focus on in terms of promotions in this particular example without more information. Suppose that on one hand the largest share of non-buying people do not buy because they do not know your store and do not ever come into it. On the other hand, out of 75 (35 +10 +30) people who do come in, only about half of them (35) buy. Should you try to attract more traffic to your store? Or, should you first learn how to do a better job with those who do come in? The answer is, that it depends on the situation.

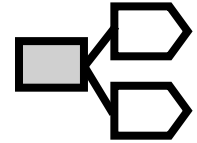
Regarding the above chart and exact numerical breakdown, you do not need to do this very scientifically (i.e. leave this to larger companies). Just make sure you have a rough idea of where your improvement potential lies.



If you were to put together a questionnaire to find out whether your store has a traffic/awareness problem, what questions would you ask?



# DIAGNOSING THE PROBLEM – USING CUSTOMER SURVEYS (EXAMPLE 1: TRAFFIC / AWARENESS ISSUES)



## Store X's awareness survey

*While waiting to check in, would you please take one minute to fill out our survey? It helps us serve you better during your next visit and other incoming visitors. Thank you! Your 'Store X'.*

Have you ...	Visited 'Store X'	<input type="checkbox"/>
	Considered going to 'Store X'	<input type="checkbox"/>
	Heard of 'Store X'	<input type="checkbox"/>
	Never heard of 'Store X'	<input type="checkbox"/>
If you know 'Store X', how did you learn about it?	<input type="text"/>	
If you have heard of 'Store X', but never visited it, why?	<input type="text"/>	
What other gift shops on the island do you know?	<input type="text"/>	
What other gift shops did you visit during your stay?	<input type="text"/>	
What souvenir products specifically were you looking for or liked during your stay? Did you buy any?	<input type="text"/>	

The above is an example of a simple questionnaire that can serve to find out whether your selling location (or your product) suffers from an awareness (traffic) problem. This is done by determining if people have heard of and visited the store.

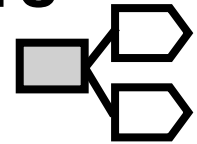
So, in our effort to diagnose the problem before we select the right type of promotion for our business, we are now moving beyond simple intuitive 'rules of thumb' that were discussed on the previous few pages. Sometimes, it pays off to do a little customer research to get a better understanding of the situation.

This example survey is to be filled out by a sizeable number of island visitors (e.g., at the airport while they are waiting to check in). Proactively asking people to fill out the survey or even motivating them to do so (e.g., with raffle prizes) is recommended to ensure a large enough sample (think back to the Customer Survey section).



Now imagine you are doing a questionnaire to learn how to improve your in-store presentation of products. What questions would you ask?

# DIAGNOSING THE PROBLEM – USING CUSTOMER SURVEYS (EXAMPLE 2: IN-STORE / PRESENTATION ISSUES)



## Store X's customer survey

We would greatly appreciate if you took a moment to fill out this survey. You can win a prize and it helps us to serve you better next time. Thank you! Your 'Store xxx'.

On a scale of 1 to 10 (1 being the best), please rate:		Any recommendations for a given category?	What is the most appealing in our store (product, service, atmosphere, etc.)
Product selection	<input type="text"/>	<input type="text"/>	<input type="text"/>
Product packaging	<input type="text"/>	<input type="text"/>	
Product display	<input type="text"/>	<input type="text"/>	
Product pricing	<input type="text"/>	<input type="text"/>	
Promotional materials	<input type="text"/>	<input type="text"/>	
Service and help provided	<input type="text"/>	<input type="text"/>	
Store atmosphere	<input type="text"/>	<input type="text"/>	
			Any other suggestions that would make our store a better place for you to shop? <input type="text"/>

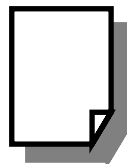
The survey above provides another diagnosis' example, this time directed at in-store/presentation issues. The survey is to be filled out by a sizeable number of customers that have visited the store or by-walkers, e.g., those who have seen the store's display window but have not come into the store.

Again, either motivate people to fill out the survey (e.g., by offering free samples, or a raffle) or approach them personally and interview them. When you explain the purpose of the survey and ask nicely, most people are receptive to helping (of course, this is more likely in smaller stores and in a relaxed atmosphere than in a busy suburban supermarket).

This is the end of the Diagnosing Problem section. It was very short and rather conceptual. You should walk away with one point—know what type of problem you are facing so that your promotions will target that specific problem.

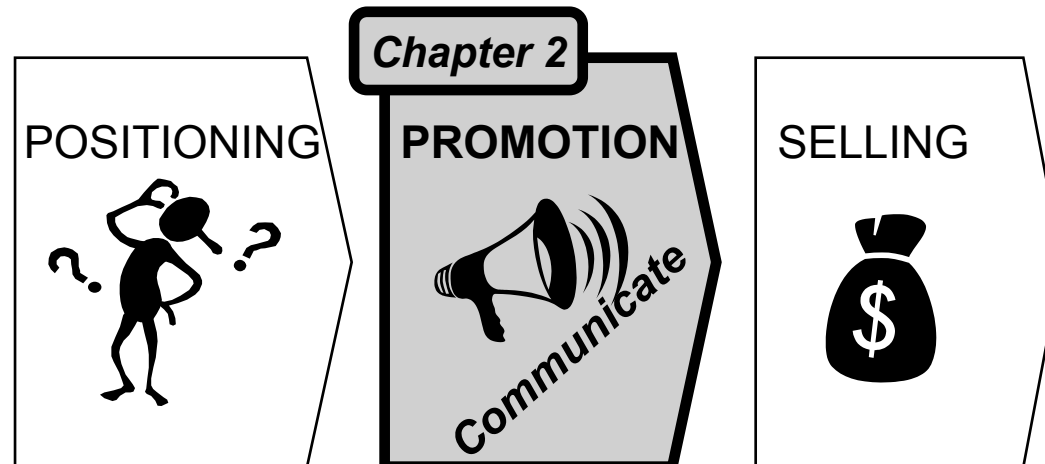
\* \* \* \* \*

**– END OF DIAGNOSING PROBLEM SECTION (2.1) –**



The next page starts the 'Traffic Promotions' section by providing a few comments and a preview of the section.

## Section 2.2: PROMOTION – TRAFFIC PROMOTIONS



2.1 Diagnosing Problem

**2.2 Traffic Promotions**

2.3 In-store Promotions

### **TRAFFIC PROMOTIONS ...**

... are synonymous here with whatever it is you can do to ensure higher awareness and interaction with more customers

... are more about 'doing stuff' and planning rather than in-store promotions that are more creative

... need to be done even if you currently have enough customers to ensure you have an inflow of the 'right' customers and communicate to them about new products

### **IN THIS CHAPTER:**

- Nine types of promotional techniques are discussed; the list is not exhaustive, but the techniques covered are sufficient for most small businesses
- For each technique, a standardized overview is provided and then examples are discussed

\* \* \* \* \*

## – START OF TRAFFIC PROMOTIONS SECTION (2.2) –

Again, the term ‘promotion’ is used in this manual to mean communicating and making people aware of your business and/or product(s), thus increasing the probability they will buy your product(s).

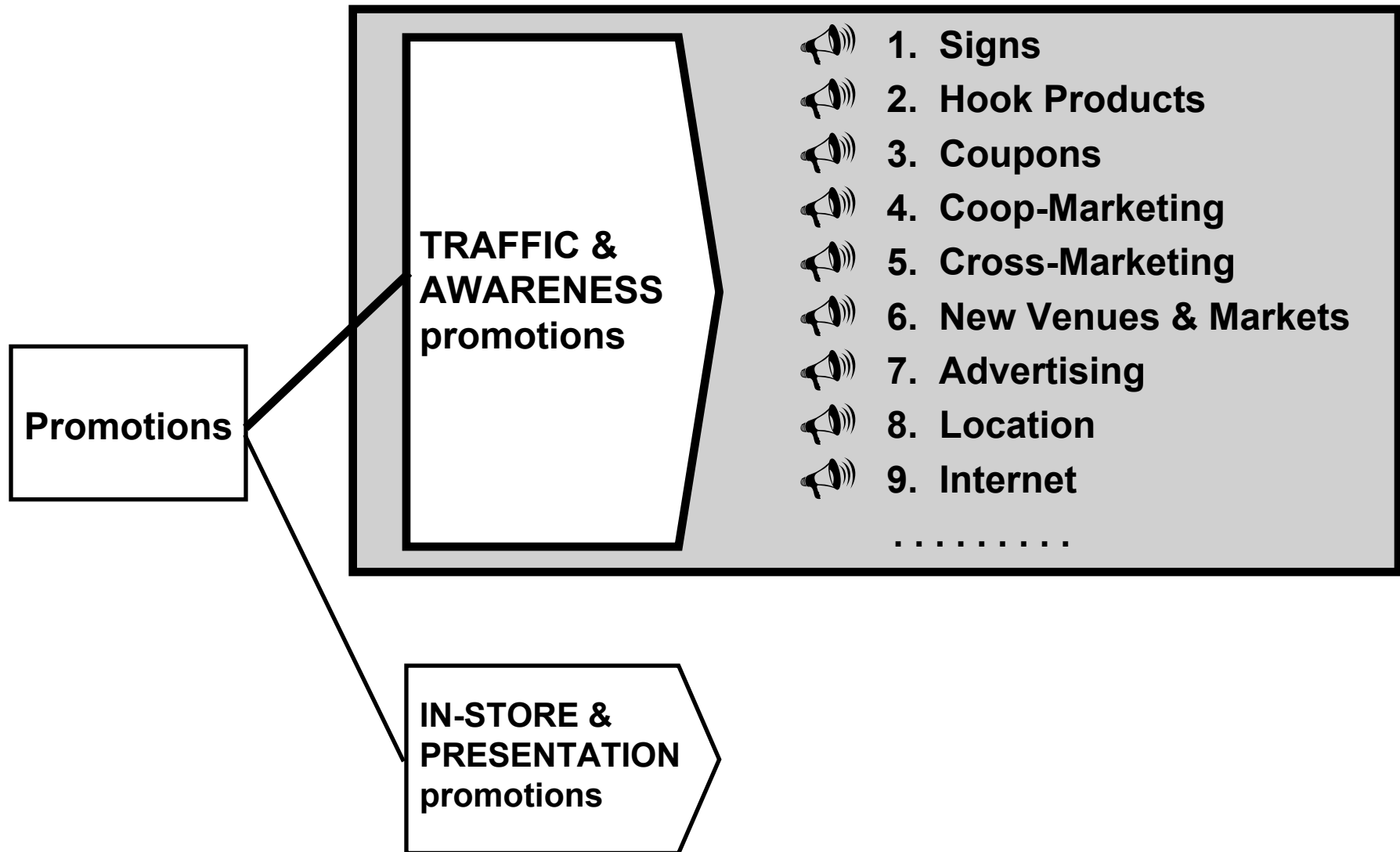
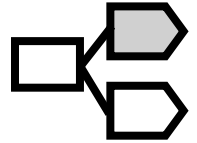
In section 2.2, the focus will be on the first type—how to make more people aware of your business (products) and how to make them come to your selling location.

As stated before, the topics to be discussed here are most relevant to those who have stores. **HOWEVER**, even as a producer that does not sell directly to end-customers, you should think about how to use some of these techniques to increase sales of your products. For example, you may want to try some of these promotions for your product(s) on behalf of a store or in cooperation with a store. Many stores neglect doing promotions. Even if they do them, there is nothing to guarantee that these promotions will specifically push your products!



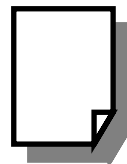
What comes to your mind when you hear of awareness or traffic promotions? What actions or methods would be on your list?

# LIST OF BASIC PROMOTIONAL TECHNIQUES FOR INCREASING CUSTOMER TRAFFIC AND AWARENESS



Above is a list of the basic techniques that will be covered in more detail. The list is broken into a two-part framework (traffic vs. in-store) to again remind you the first challenge is to get people into your store. Only then can you work on turning them into (happy) customers, which is covered in the section 2.3.

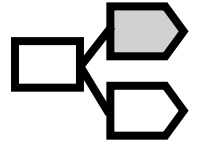
These terms will become even clearer as you read more detailed descriptions and discussion in the following pages—although only the basics of the last three techniques (advertising, location, Internet) are covered.












The next page shows a similar list of these nine techniques, but groups them into three categories depending on their difficulty and nature.



# TRAFFIC PROMOTIONAL TECHNIQUES VARY IN DIFFICULTY & NATURE



## TRAFFIC & AWARENESS PROMOTIONS

- |  |   |  |
|--|---|--|
|  1. Signs                 | } | <i>Attracting customers in simple ways</i> |
|  2. Hook Products         |   |  |
|  3. Coupons               |   |  |
|  4. Coop-Marketing        | } | <i>Partnering and new places</i>           |
|  5. Cross-Marketing       |   |  |
|  6. New Venues & Markets |   |  |
|  7. Advertising         | } | <i>Big-time efforts</i>                    |
|  8. Location            |   |  |
|  9. Internet            |   |  |

Techniques in the first group are simple, basic and old fashioned methods. Though simple, some of these are a 'must', yet are often neglected. Yet, they can have significant impact.

The second group of techniques requires a bit more planning, as well as cooperation with other businesses. If you can effectively cooperate with another business that has access to a large customer base, such cooperation is worth exploring.

The third group contains methods for increasing your customers through relatively more expensive 'big-time' efforts, including more attractive location and Internet presence.

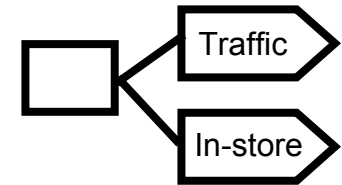
There is a reason behind the above grouping. Different types of traffic/awareness promotions—each with different levels of effort, cost and complexity—address different types of problems. Keep that in mind.



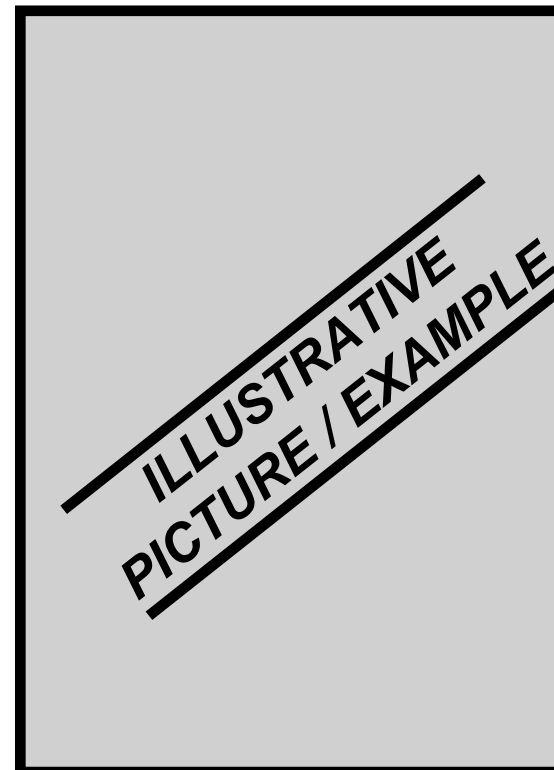
The next page describes the format of the detailed discussion on each promotional technique.

# BASICS OF EACH PROMOTIONAL TECHNIQUE DESCRIBED IN THIS FORMAT

- WHAT** *Basic description and explanation of the particular promotional technique*
- WHEN** *Description of the types of marketing situations when the particular promotional technique is appropriate or should be considered*
- HOW** *Main steps that need to be taken to prepare the particular promotional technique (basic work plan), and/or*  
*Key principles to keep in mind for the particular technique*
- E.g.** *Illustrative examples of the particular promotional technique*

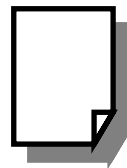


**TRAFFIC OR IN-STORE  
PROMO #**



For each of the nine promotional techniques, there is first an overview page. This page includes a description of the technique, when its use is appropriate, how to get started, and examples. For most techniques but not for all, the overview page is followed by examples from real businesses to illustrate important points about a given technique.

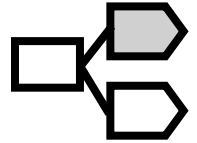
As you go through these promotional techniques, **THE MOST IMPORTANT THING** for you to do is to think about whether and how you could tailor and use the concept for your business. It is not possible, nor would it be correct, to use all the following promotions for one small business. And that makes it even more important that you think through each of these very carefully and select only the most important and appropriate of them.



The next page starts with signs.

# #1. SIGNS BASICS

## *Grabbing people off the street*



**TRAFFIC PROMO #1**

**WHAT**

Well-placed, eye-catching visuals to persuade bystanders to come to your store; can be located right next to the store or in neighboring block or street

**WHEN**

High walking or driving traffic close to your store but low awareness and knowledge of what you have to offer, resulting in few people coming into your store

**HOW**

- Summarize interesting and brief description of your store/product, including graphics (simple and few messages)
- Contact printing shops to discuss possibilities and pricing
- Agreement with land owner, if needed

**E.g.**

- Poster by the selling counter
- Sign couple blocks away

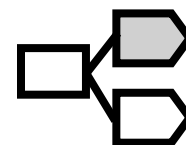


A sign is one of the most simple ways to promote your store and/or product(s). Signs simply increase the probability that a random person walking or driving by will notice your store, will find it interesting or useful at a given moment, and will come in. Of course, most people will not. But, when you consider how many people typically walk or drive by a store everyday, getting even a very small percentage of these people into your store will help.

You would be surprised how bad a job many small stores do with such an elementary thing as signs. Make sure you are not one of them. Have a sign, make it memorable, have it describe your store with your name and slogan, and put it in a high-traffic place close to your store.



On the next page, quickly look at the picture on top right without reading the text and guess what is for sale.



# SIGNS vs. NO SIGNS EXAMPLES

**X** *No signs—making the gift shop unnoticeable*



**✓** *Visible sign for drive-by traffic, moreover, with an attractive offer*

**X** *Frequented sidewalk should be used for promotional purposes*



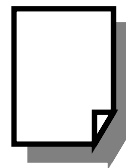
**VS.**



At the top left is a gift shop with very nice products inside. However, it is located off of a main street with no signs directing tourists to go to this side street. Tourists are unaware that there is a gift shop nearby. Moreover, when you do find yourself on this side street, you can easily drive by this store without noticing it is a gift shop.

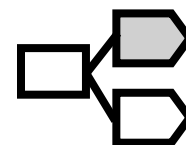
Below, at the bottom left, this fruit and vegetable vendor sells goods piled up on the sidewalk. But, it does not have a sign to advertise this is actually a shop. The sidewalk should be used to promote the market or the specific stand just next to it. Right now, hundreds of people walk by every day without realizing this is a place of business, not a storage area. A sign directing people to the market or to a specific stand, emphasizing the produce available, will help increase customer traffic.

On the right side, in contrast to the previous two examples, the store has a sign that is very noticeable and communicates an attractive offer. Whoever drives by and is hungry will consider coming in—especially if he/she does not want to spend too much on lunch.



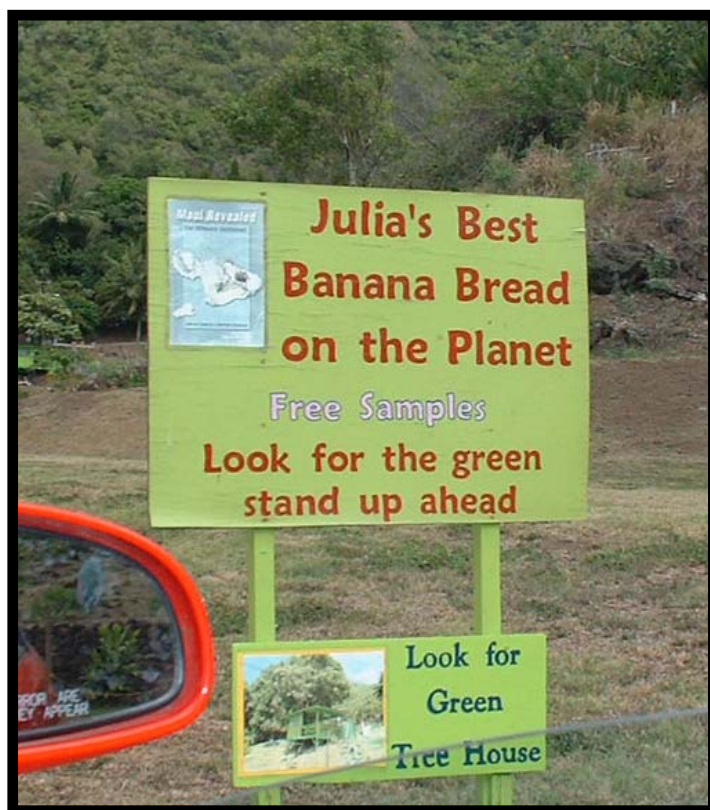
A few more sign examples are on the next page.





## OTHER EXAMPLES OF SIGNS

✓ *While driving by, one always has room in one's stomach for the best banana bread on the planet, as long as they know it is sold over there, just 20 yards off the road.*



✓ *Although people may come to the port to enjoy the sea and eat seafood, if they do not see this sign they may not realize there is a seafood grill and bar just a few meters off the street.*



Best banana bread on the planet?! Well, given the location of this store—a lovely and exotic coast valley in Hawaii—it is actually quite believable. Moreover, when driving on a vacation, chances are you may feel like trying the ‘best banana bread.’ Here is the real story. On my way to this location (still about 30 minutes drive from it), I met a family with two small children at a rest area. Both kids immediately started yelling’ at me, “Did you know they have the best banana bread on the planet there?”, still with their mouths full. It stuck in their minds and sounded really cool. Plus, the bread is really good. If it were not for the sign, they would not have even noticed they sold banana bread a little ways off the road. Unfortunately, that is what many small businesses do—they do not take advantage of potentially catchy signs.

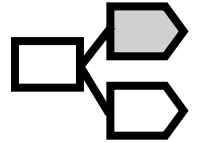
The second sign attracts people at the harbor who might be hungry and looking for seafood. Without it, people might not be aware that a hidden seafood restaurant is located in a quiet place just off the street.



Think of a sign for a product that you sell and where you would put it.

## #2. HOOK PRODUCTS BASICS

*Using favorites to make people come to you*



**TRAFFIC PROMO #2**

**WHAT**

Developing or just promoting existing products or services that are so wanted or unique that they can attract potential customers to your store if communicated

**WHEN**

- You have or can come up with a 'special' product that differentiates you and entices people to come
- You have nothing special that makes your store appealing, then coming up with a 'hook product' may be a way to go

**HOW**

- Select or develop the 'hook' product, (use market research, if needed)
- Position and promote the product to the targeted audience
- Prepare accompanying offerings that you can sell with the hook product to take advantage of the incoming customers (be willing to make little or no money on the hook product)

**E.g.**

- "The only place where you can get ...."
- "We have the souvenir that you cannot leave Hawaii without ...."

**We have FREE SLURPEES.  
Because it's the 40th  
Slurpee anniversary.**



**So head over to  
7-Eleven!!!**

Hook products are an item that will attract people to come to you. They do not have to be the most profitable part of your business. They do not even have to sell too much. But, they must make your store famous and motivate people to come to the store.

Regardless of how much money 7-11 actually makes or does not make on Slurpees, it surely attracts people to their stores (or at least it did at some time), and especially if that product is connected to some special anniversary promotion like the example in the picture above. Whether or not Slurpees are a profitable product, customers who do come to get it end up purchasing other products that may be more profitable. A lot of these people would not have shown up at the store at all, if they had not said to themselves: “Let’s go get some Slurpees.”

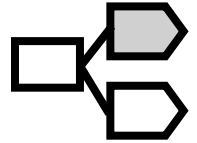
Slurpees are not the best example in terms of natural products. But we are sure you can come up with analogies relevant for your business. Actually, could you sell Slurpees, even if that product did not fit your store’s overall concept? Why not—if it attracts more (potential) customers to whom you can subsequently sell other products?



Would a hook product work for your business? What are some possibilities for one?

# #3. COUPONS BASICS

## Using freebies to make people come in



**TRAFFIC PROMO #3**

### WHAT

Distributing coupons in, for example, mass media or frequented locations, that entitle customers to obtain free product(s), sometimes conditioned on buying a certain quantity or other product(s)

### WHEN

- You have products that are sufficiently low-cost to give away
- You have the capability to print and distribute coupons to the right audience
- You are ready to offer other profitable products when 'coupon customers' show up

### HOW

- Select low-cost yet attractive product, ideally one that is not sold in high volumes
- Avoid *cannibalization* – giving products for free that would otherwise be sold
- Prepare to offer other products to 'coupon customers' or condition giving the free one on another purchase
- Thoroughly prepare the graphics or a coupon, possibly using expert help
- Organize the distribution of coupons

### E.g.

- 'Free surprise Pohnpei-authentic product' upon showing this coupon



Coupons should motivate customers to come into your store and buy some products by giving them something for free or at a discount. Just make sure that ‘something’ looks meaningful and attractive. But at the same time, try to avoid giving free things to people who would have come in and bought this product even without a coupon.

Striking this balance is difficult but can be found by careful selection of the right coupon offers (e.g., low-cost products, products that currently do not sell too much, yet can appear attractive).

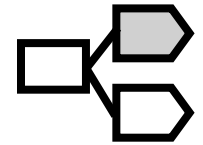
Also, consider where the coupon is located—to make sure it reaches the appropriate people. The coupon for this free Hawaiian mug might be great in a tourist guide or brochure, for example.



Would a coupon work for your business?

# #4. COOPERATIVE MARKETING BASICS

*'Pulling the same rope to offer more to customers ...'*



**TRAFFIC PROMO #4**

## WHAT

Combining promotional efforts with other businesses to reach a greater number of potential customers than if each firm promoted individually

## WHEN

- One business or product is not enough to attract new customers to a location
- Several businesses have non-competing products or can all benefit from increased traffic

## HOW

- Determine complementary businesses for joint marketing effort
- Agree on the theme (e.g., brochures and poster, distribution, etc.)
- Prepare promotional materials
- Split costs and responsibility
- Proactively market the coop

## E.g.

- Location-authentic products
- Farmers market
- Joint 'one-stop' distribution of produce



A very simple concept—partnering with similar businesses to prepare a more attractive proposition for customers than you could do just by yourself, and also to share the cost of promotions. Maybe the possibility of buying your product is not a good enough reason for a customer to make a trip to your area of town. However, the possibility of buying several other products offered by other businesses, including yours, might provide a sufficient reason to come.

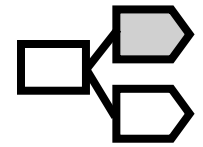
For example, having one stand selling produce two miles away from a small town's center may not be reason enough for anyone to go there. However, 50 stands selling different types of produce, meats, breads, and beverages, such as in a farmers' market, may encourage people to make the trip. Advertising the marketplace can help increase traffic to everyone's stalls.



Can you think of an example of coop-marketing for your business? Can you think of business(es) with which you could partner?



# COOPERATIVE MARKETING EXAMPLE: POHNPEI- AUTHENTIC PRODUCTS



TRAFFIC PROMO #4

**MICRONESIAN  
NATURAL SEA SPONGE**




*The Only Ecologically  
Farmed Sponge in the World*

**NUKUORO  
BLACK PEARLS**

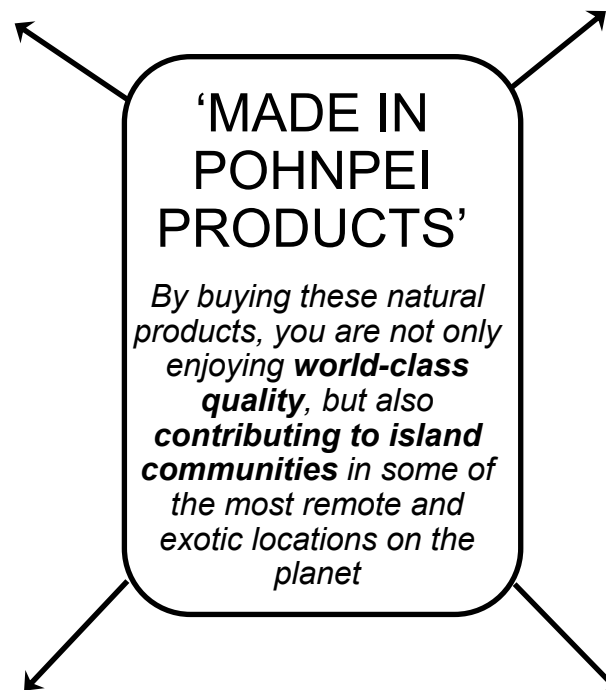


*The most rare and exquisite  
among world's black pearls*

**POHNPEI BLACK PEPPER**



*World renowned  
culinary pepper*



**MADEU – NATURAL  
CINNAMON  
THERAPEUTIC TEA**



*Proven health benefits  
with great taste*

Situation: there are no ‘famous’ products in Pohnpei (except possibly for pepper)—famous meaning that a typical tourist does not know what he/she should buy in Pohnpei as a souvenir, nor does it become apparent when he/she enters a store. Also, tourists do not have a strong association of quality with Pohnpei products.

Yet, there are some great (even world-class quality) products made in Pohnpei, including the four above. One way to tackle this problem and start promoting Pohnpei products and positioning them more strongly in the eyes of tourists is to conduct a coop-marketing campaign.

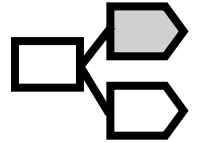
Such a promotional campaign could include a ‘Pohnpei-authentic’ or ‘Made in Pohnpei’ sticker to start building the ‘brand name’ and to differentiate these products from others. “We have some very cool products in Pohnpei—look for the sticker” is probably a more effective proposition and a cheaper campaign than each of the producers trying to ‘do it themselves’ for their specific product.



What about cross-marketing? What comes to your mind?

## #5. CROSS-MARKETING BASICS

### *Using others businesses' customer base*



**TRAFFIC PROMO #5**

#### WHAT

Placing promotional materials or announcements at other businesses' locations to communicate to high number and similar types of potential customers

#### WHEN

Non-competing complementing businesses have access to a high number of your targeted customers and are willing to cooperate with you (incentives, information improves their service, etc.)

#### HOW

- Prepare promotional materials (brochures, posters, coupons)
- Find businesses or places where targeted audience appears
- Agree with the business or institution that 'owns' the audience and place
- Distribute and try to control the materials

#### E.g.

- Brochures with coupons to hotel guests in their rooms
- Commission-based customer referral
- Email promotion to travel agency list



*Coffee shop, juice shop, gift shop, restaurants trying to promote their businesses to numerous aquarium visitors, also managing their image by showing they 'care' about a marine non-profit organization*

Always look for other businesses or institutions (such as a tourist bureau) that encounter a high number of people that could potentially become your customers.

When you look for these, think about two criteria. First, is the customer base they encounter significant and worth cooperation? Mainly, is their customer base a good fit with you type of customers? Would their customers be interested in what you have to offer?

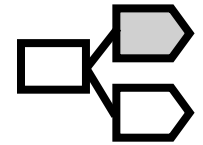
Second, would this business possibly agree to cooperate with you? How will you motivate the other business to cooperate? Could offering your products to their customers improve the overall service the other business provides?

Do not be afraid to give the other business a commission if they bring you new customers.



Would cross-marketing work for your business? If 'yes,' then which businesses are candidates with which to do cross-marketing?

# CROSS-MARKETING EXAMPLE: AGRI-TOURISM OPERATOR WORKING WITH A CRUISE SHIP



**TRAFFIC PROMO #5**



*(Step 1): Selected passengers of a cruise ship, immediately before arriving in port, ...*

*(Step 2): ... after arrangement between a cruise tour operator and the 'marketer' (in this case an agriculture tourism operator) ...*



*(Step 3): ... will receive promotional materials, such as brochures, discount coupons, etc., to motivate them to try an attraction (in this case a coffee-making tour) once in town*



This is a typical example. Think of how many people come in on a cruise ship. How much money do cruise ship passengers have to spend (money that they are willing to spend and looking forward to spending) while on their vacation?

What is the main customer need of these people as they arrive in your town? What can I see and what can I do during my one day here? Among several hundreds of potential customers on these ships, some would certainly be interested in your products or services. They just may not be familiar with what you have to offer, or they might be aware of your products or services, but find it too difficult to get themselves to your location.

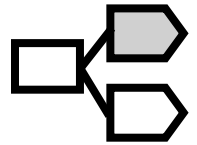
You need to promote your business among these people and you have to make it easy for them. A cross-promotion with a cruise ship can involve just dropping off brochures or coupons. Or, it can also involve you coming to the ship to pick people up or bringing the product right to the ship.



Would cross-marketing work for my business?  
Who are good candidates to cross-market with?

## #6. NEW VENUES & MARKETS BASICS

*'Going where the action is ...'*



**TRAFFIC PROMO #6**

**WHAT**

- Organizing special sale events at special occasions or frequented locations, specifically inviting audience
- Totally new way to reach customers, particularly selling in bulk, also called wholesaling

**WHEN**

- Regular sales times and locations are misaligned with availability of most customers
- Likely to make money by taking the product to the “bulk-user” (often, lower per unit price, but higher unit sales)

**HOW**

### **New venues:**

- Develop a mobile, yet attractive, product display and/or assure location
- Find out schedule of targeted audience
- Agree with the other business on cooperation, if needed
- Proactively market in advance to target customers

### **New markets:**

- Research what businesses (schools, restaurants, etc.) use your product type
- Find out what products are missing, pricing, buying factors (price, quality, freshness, etc.)
- Prepare 'value proposition' and make contacts

**E.g.**

- Bus trip from hotel, sales booth at a cruise ship
- Delivering to schools
- Selling on consignment in a gift shop
- New export markets, Internet sales



Many small businesses are entrenched in the way they sell their products. Often, these ways are quite passive—for example, sitting in their location and waiting for customers to come in and pick up a product from the store shelves.

Many products, though, can be sold in larger quantities, for example, to other businesses or at special venues to which a large number of people come. This requires, however, proactively finding new potential venues, customers, and even markets and approaching them. Especially with food products, selling in bulk to school cafeterias, restaurants, etc., should be considered.

What is meant by new ‘venues’ and markets is simply trying to sell in bulk to other businesses or finding a completely new market (for example, new locations for exporting your product). This promotional method is not about increasing the traffic at your store. Rather, it is about getting out of your store (not for good, just in addition to selling in-store) and going to where the traffic is, or going to businesses that will buy in bulk from you.

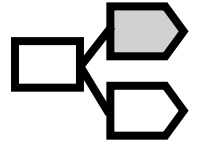
These promotional techniques are closely related to business-to-business selling, or wholesaling (topics covered in detail in the section 3.2. These few pages on new venues and markets complete the section on traffic promotions and emphasize the point that you should consider expanding the ways in which you sell your products if you want to sell more.



What new ventures and markets are available to you? Would these fit your products?



# NEW VENUES & MARKETS EXAMPLES



TRAFFIC PROMO #6

*Easily mobile sales booth enables you to transport your product(s) to high traffic venues as needed*



*A one-time sales event can bring together high numbers of otherwise hard-to-reach customers*



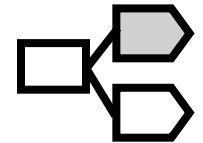
Here are some basic examples. On the left, setting up a sales booth in places 'where the action is'. Ideally, it is placed where the target market will pass by the booth on a regular basis. When sales take off at a different location, the sales booth can simply be moved there to that new location.

The photo on the right, shows the use of a special sales event to attract a high number of customers to one place at one time. This is useful if you do not have a permanent selling location. Depending on the location of the event, you might consider cross-marketing activities. For example, hold an event in cooperation with other companies, such as hotels and restaurants.



Imagine you are a producer of black pearls and want to sell directly to the end-customer. How would you go about it?

# NEW VENUES & MARKETS: EXAMPLE OF A PEARL PRODUCER FINDING WAYS TO SELL TO END-CUSTOMER



*Background & situation:*

**NUKUORO PEARL farm, Micronesia:**  
Originally only a pearl producer with no marketing skills and sales outlets. Now improving its marketing.



**Pearl setting**

**Marketing initiative #1**  
Making finished jewelry to enhance the product and increase prices

**Sales training**

**Marketing initiative #2**  
Hiring and training staff in marketing and selling skills

**TRAFFIC PROMO #6**

**Marketing initiative #3: 'NEW VENUES & MARKETS'**

- Cruise ship fairs**

Organizing special 'min-fair' when a ship arrives, with in-advance promotion


- Special sales events**

Special sales, with proactive invitations from various customer lists


- Export to Palau**

Huge opportunity because of developed tourism


- Setting up own store**

Opening own store with other island items, to be done later on



First, read the text box on the background and situation. This pearl producer has very little capital and marketing experience and few skills. Yet, they strive to find a more direct access to end-customers in order to keep a higher share of the final selling price. It is admirable that a community on a remote Pacific island realizes that they need to sell more directly. If they can do it, other natural producers should consider it also (*if appropriate to their needs/strategy*).

After setting pearls and training people to do the marketing (these two initiatives are here just for the context), they then have to find new venues and markets through which to sell their pearls.

Some possibilities are listed on the right. Notice that the option of opening a store is postponed, as it would require too much investment and commitment. You can do more direct selling even without having a permanent store.

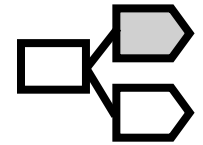
Section 3.2 'Business-to-Business Selling' provides more information on how this producer thinks about his/her selling strategy and the types of selling outlets to consider.



Is direct selling appropriate for your business?

# #7. ADVERTISING BASICS

## *Communicating big time*



**TRAFFIC PROMO #7**

### WHAT

Communicating about existence or details of your product(s) or store through mass media (e.g., newspaper, magazines, TV, radio, billboard, etc.)

### WHEN

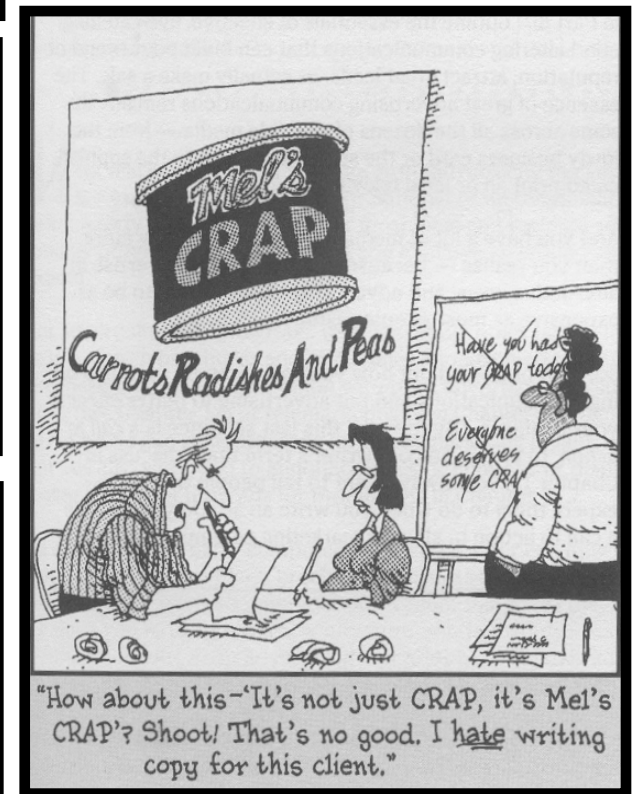
- Your product(s) or store can appeal to a large audience that could be addressed through a specific type of mass media
- Esp. in places when there are only a few types of mass media (e.g., one or two newspapers) that have cheap advertising rates
- Large enough business to be able to pay for the advertising

### HOW

- Details of advertising not covered in this manual
- Contacting a local newspaper, radio or TV will give a good idea of whether local pricing of ads makes advertising a potentially good promotional technique for you. As well, they can give you some tips on how to put together an ad

### E.g.

- Radio announcement
- Ad with a coupon in a newspaper



Advertising is a more complex topic than the previous techniques, and you should find professional help if you believe you can invest in advertising. Treat advertising as an investment. Advertising could be useful if you have the potential to attract a large enough number of customers who will spend enough to justify the advertising costs. A local paper or advertising agency will quickly give you a good idea of how much it will cost.

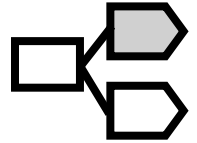
The above cartoon makes fun of advertisers. 'Mel's Crap' is better than just 'Crap'. Though this picture mocks advertising, do not underestimate the power of marketing—it can be very powerful in building a strong name, such as 'Mel' 😊, for your business or product(s).



Next, we offer a few comments on location.

# #8. LOCATION BASICS

## *Location, location, location*



**TRAFFIC PROMO #8**

**WHAT**

Changing location of a business to a more frequented location, with greater traffic

**WHEN**

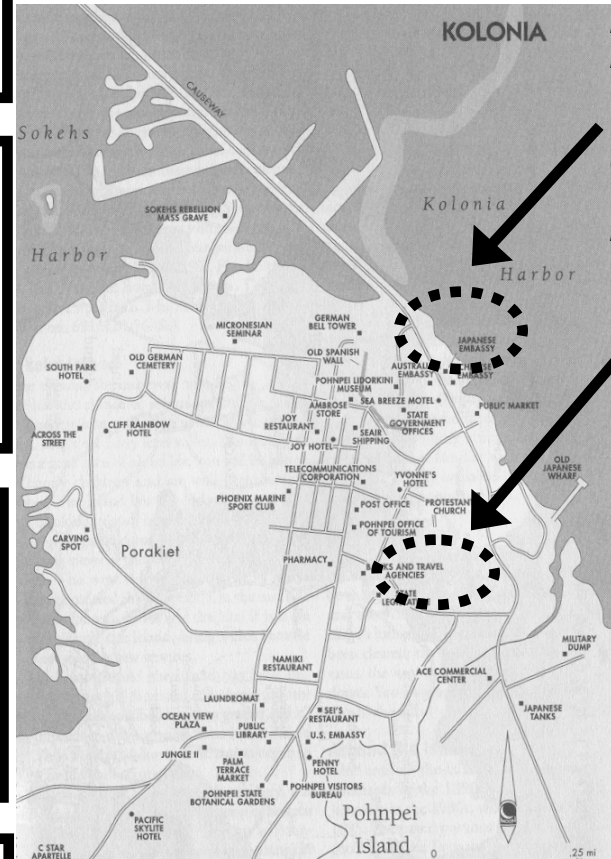
- Other (similar) businesses near your current location also have traffic problems
- There is another location that the target market uses and where traffic is greater

**HOW**

- Determine if a new location is appropriate, and where it would be
- Coordinate logistics for the move
- Make sure current customers are aware of the new store location

**E.g.**

- A store that changes its location within a shopping mall



*Frequented location on the road to the airport or by the tourist bureau*

A location on the frequented road to the airport or by the tourist bureau ensures that every single tourist coming onto the island will see or at least drive or walk by your gift store. After that, it is another marketing job to ensure that he/she will actually notice it, find it attractive, and want to enter.

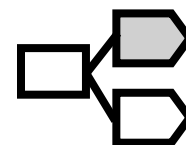
Ideally, through other marketing actions such as cross-promotion, the tourist is already aware that your gift shop exists and knows what he/she can get there. In this case, a good location is just increasing the likelihood of this tourist actually making the trip and coming into your store.

Location is probably the **MOST IMPORTANT FACTOR** in promoting your business and product(s) and ensuring a sufficient number of customers or potential customers. Therefore, do not be afraid to pay more for a better location. Just make a few simple calculations to determine how many new customers you will need to get to enter your shop in a more expensive location in order to warrant the larger expense for rent.



And finally on traffic promotions, the next pages will cover the topic of Internet basics.





## #9. INTERNET BASICS

### *‘ Communicating & selling in new age ... ’*

#### WHAT

- Having a web site for promotional/educational and/or selling purposes
- Using someone else’s web site to promote your product

#### WHEN

- Serving computer and Internet-literate customers
- Need to find direct way to end-customers without setting up own store
- Your products are especially popular with customers residing in highly developed countries

#### HOW

- Details of Internet promotions and web sites not covered in this manual
- Contacting a local Internet provider will give a good idea of whether Internet is right for you, both cost-wise and in terms of your technical skills
- Basic web sites can actually be developed and maintained relatively cheaply and the business owner needs minimum technical skills as the provider takes care of most technical details
- Important precaution regarding Internet in business: either do it 100% or do not do it at all. A poorly presented and/or poorly maintained web site can do more harm to a business than no web site at all
- Although building a web site is a technical endeavor, thinking it through and planning from a marketing point of view is not as much a technical task as it is similar to thinking through your positioning and other promotional techniques.

#### E.g.

- Web site on which customers can directly order your product
- An ad on Visitors’ Bureau web site describing your product / store



Similar to advertising, the Internet is a more complex topic than can be covered in full detail in this manual. Contacting a local Internet provider or browsing the Internet will give you an idea of the costs and other important details.

Many companies producing or selling natural products that are exotic or from exotic locations often sell to customers, for example, in the United States via a web site.

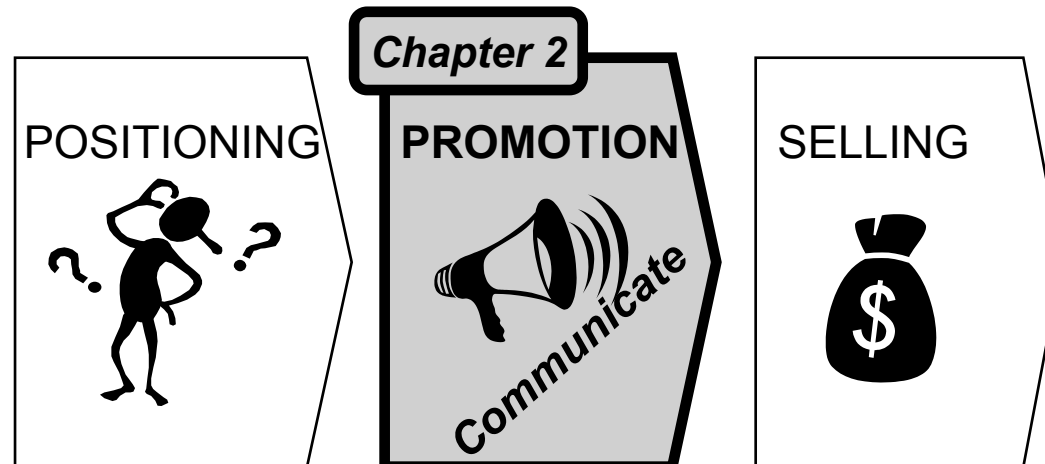
In the more economically developed world, it is easy to buy a foreign product over the Internet. The number of your potential customers increases when you start selling over the Internet. All people who have Internet access, which is a majority in the economically developed world, can now buy from you. Of course, this requires taking care of some other technical details, such as mailing and shipping. And that is why you have to think about the Internet more carefully than can be covered in this manual.

With improved awareness of your products and business and hopefully lots of customer traffic in your store, it is time to look at how to appeal to them when they come in the door, or as called in the next section, how to do 'In-Store' Promotions.

\* \* \* \* \*

**– END OF TRAFFIC PROMOTIONS SECTION (2.2) –**

# Chapter 2.3: PROMOTION – IN-STORE PROMOTION



2.1 Diagnosing Problem

2.2 Traffic Promotions

2.3 In-store Promotions

## IN-STORE PROMOTIONS...

... are synonymous to whatever you can do to ensure you sell more products per customer

... are more creative in nature and harder to teach than traffic promotions

... though more creative, can be done even by uncreative people if basic rules and guidance are followed systematically

## IN THIS CHAPTER:

- Nine broad promotional techniques are discussed. While not exhaustive, these are sufficient for most businesses
- For each technique, a standardized overview is given and then examples discussed

\*\*\*\*\*

## – START OF IN-STORE PROMOTION SECTION (2.3) –

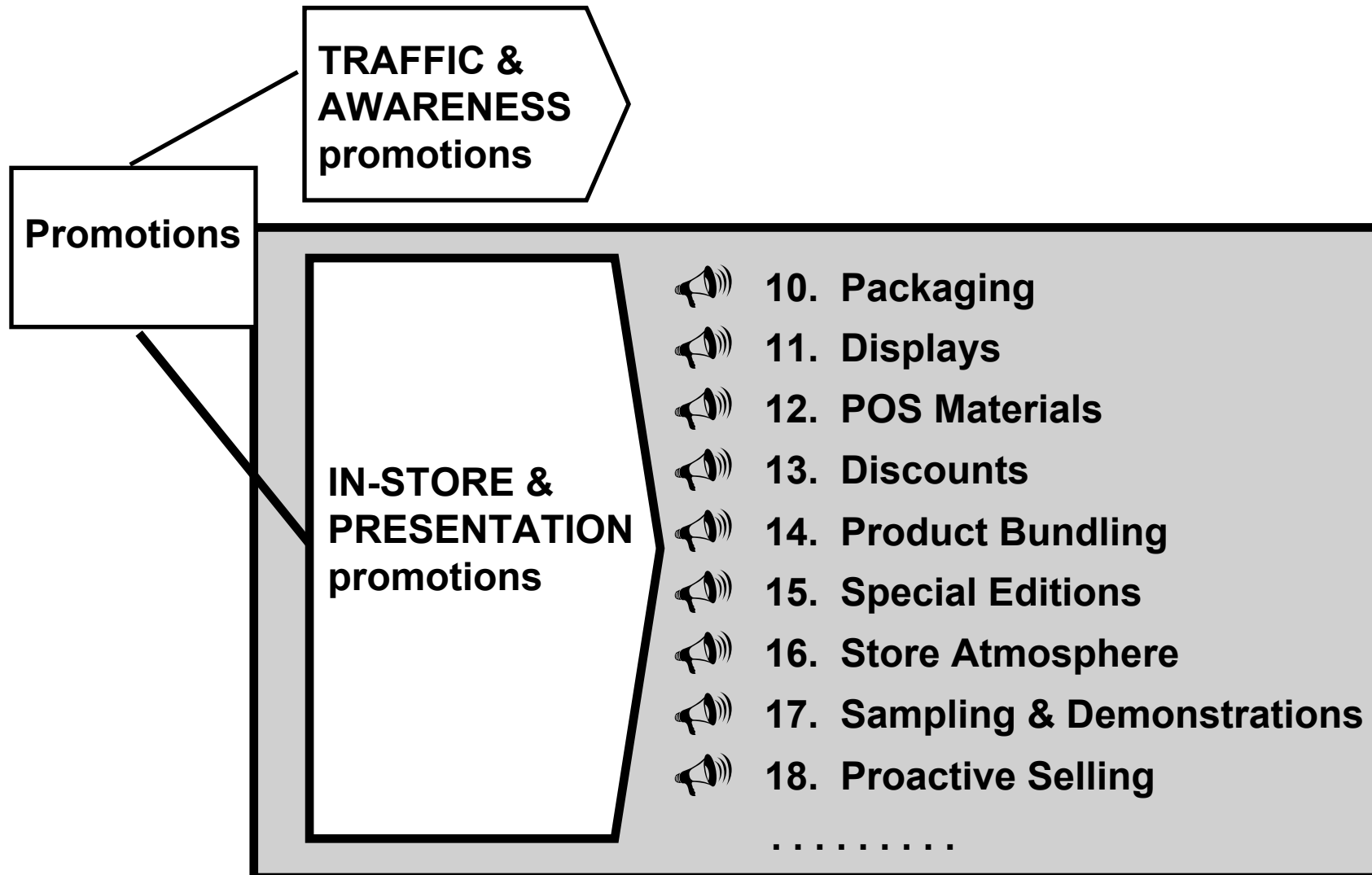
How do you appeal to people who come to your store in order to turn them into customers? As you will find, most of the methods illustrated in this manual are very simple and intuitive. The challenge is to pick few and try them, as opposed to talking and thinking about them.

As in the previous section, these promotional techniques are most appropriate for store owners. And again, sellers of natural products need to step in and provide support to stores. It is perfectly normal or even desirable for producers to prepare some of the promotions and pass them on to stores. For example, putting together a nice and creative display kit for your product and giving it to a store will have two benefits. First, it will improve your relationship with a store. Stores are interested in selling as much of your product as possible. Sometimes, it may even justify you asking a higher price from a store. Second, by being more proactive with promotions directed at end-customers, you will make your product stand out and increase the chance customers will buy your product over others. This is especially true for natural products given that most of them are not very well promoted.



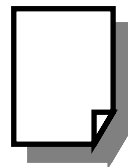
What in-store promotional techniques come to your mind?

# LIST OF BASIC PROMOTIONAL TECHNIQUES FOR IMPROVING IN-STORE PERFORMANCE AND PRESENTATION



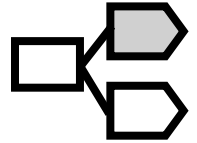
The following pages offer detailed explanations of the nine techniques. Each is described and discussed in the same manner as in the traffic section—i.e., a summary page describing the basics followed by examples.

The following point **CANNOT BE OVEREMPHASIZED**—producers should be more proactive in supporting stores in promotions and in this way get in more direct touch with the end-customer. Besides making their products stand out, it will also force producers to better understand end-customers and provide better feedback. Many producers of natural products who do not sell directly are totally out of touch with customers. Think back to the Positioning chapter—how will you know what to produce or sell and how to position it, if you do not have feedback from customers?



On the next page is the same list as above, but grouped according the type of promotion

# IN-STORE PROMOTIONAL TECHNIQUES VARY IN DIFFICULTY & NATURE



## IN-STORE & PRESENTATION PROMOTIONS

- |  |   |   |
|--|---|---|
|  <b>10. Packaging</b>                       | } | <i>Visual presentation</i>                        |
|  <b>11. Displays</b>                        |   |   |
|  <b>12. Point Of Sale Materials</b>         |   |   |
|  <b>13. Discounts</b>                       | } | <i>Playing around with products</i>               |
|  <b>14. Product Bundling</b>                |   |   |
|  <b>15. Special Editions</b>               |   |   |
|  <b>16. Sampling &amp; Demonstrations</b> | } | <i>Involving &amp; interacting with customers</i> |
|  <b>17. Store Atmosphere</b>              |   |   |
|  <b>18. Proactive Selling</b>             |   |   |

Again, this grouping is just to help you make better sense of the types of in-store promotions and what is required to undertake each of them.

Overall, in-store promotions are more creative than traffic promotions and require some talent. However, by treating this section as a menu of possible promotions for your business and following some basic rules you can easily execute basic, yet very effective, promotions to make the product and selling location more attractive.

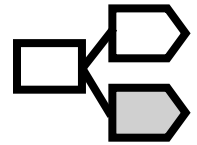


Take a guess. What percentage of shoppers who go shopping already know what they will buy?



## #10. PACKAGING BASICS

*‘Attractive packaging sells & helps customer decide ...’*



**IN-STORE PROMO #10**

### WHAT

Almost every product has packaging. Here ‘packaging’ means premium packaging that can differentiate or increase the appeal of the product. For certain customers and products, packaging is even more important than the product itself.

### WHEN

- Need to differentiate the product
- Comparable products all have packaging
- Selling a premium product
- Selling to tourists and/or affluent audience

### HOW

- Research competitors’ packaging/offerings by packaging vendors (use catalogues, Internet)
- Visualize the right design of the packaging with three principles in mind: functionality, information, emotion & image or the logo. Strive for a message consistent with your positioning (even for the logo)
- Find an artistically-minded and computer-literate person and give him/her guidance and instructions (for logos); let the person produce drafts
- Don’t be afraid of higher costs • 50 cents on packaging may increase selling price by \$5

### E.g.

- Nutritional organic-emphasizing labels
- Functional package enhancing the usability (e.g., Pringles chips)



Around 60 percent of people shopping do not know exactly what they will buy—i.e, 60 percent of purchases are unplanned! Once people are in a store and wandering between shelves, what makes them decide to buy? Mostly it is packaging.

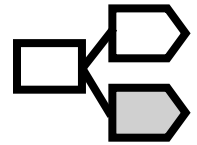
The most basic way to promote your product in-store is through packaging. You can serve water in a clear glass or you can serve water ‘packaged’ as in the above funny picture. The picture is a bit of an overstatement, but it gets across a point.

Packaging may make your product ‘stand out’ on shelves. It may let you charge more. Often a dollar investment into the packaging of a five dollar product may let you increase the price by much more than a dollar. Simply, it will put the product in a different category. Or, often a certain type of packaging is expected of a certain type of product sold (e.g., a souvenir) at a certain place (e.g., a gift shop). Often, tourists value packaging on a product more than the product itself. This is not surprising, since the packaging is often more visible than what is inside and souvenirs are often given as gifts.



What are the most important principles to keep in mind when designing packaging?

# PACKAGING: 3 PRINCIPLES FOR DESIGNING A PACKAGE



IN-STORE PROMO #10

## 1. FUNCTIONALITY



→ Increase **functionality** of the package to make using the product easier, more friendly and safe; with packaging you can significantly enhance the product

## 2. INFORMATION

→ Include valuable and 'salable' **information** on the package (e.g, factual information, benefits); often a small sticker can tilt shoppers' decisions

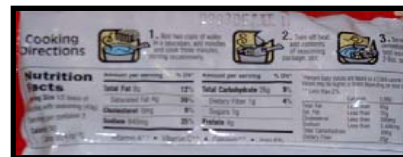
*Assurance of natural origin*



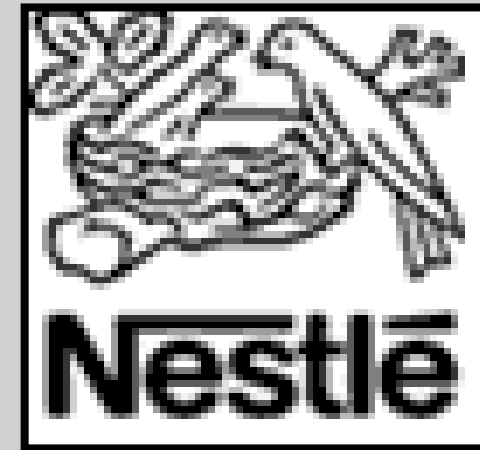
*Assurance of less processing*



*Directions & nutrition facts*



## 3. EMOTION & IMAGE



→ Make packaging attractive and give it an **emotional** appeal (e.g., by using a beautiful or symbolic logo); a nice package sells, especially if all other things are equal

Above are three principles to keep in mind when designing packaging. Not all three are relevant in all situations. But, definitely consider all three of them before you proceed.

Look at the center box above. Think of how many types of meat a supermarket shopper can choose from. What makes up his/her mind? How about a label and reminder that this beef comes from cows that are grass fed? This is 'grass fed beef'! Although for some, it is totally meaningless and for another is worth a laugh, it will surely make up many customers' minds who prefer to eat organic, 100 percent natural food.

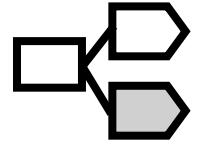
One note on logos—the packaging process often may include the need to design a logo. Most of us cannot draw a logo, and often cannot even think of one. Here is some advice on how to create a logo when you do not have the needed artistic talent. First, come up with what the logo should represent. Just like with the slogan in the Positioning section, your slogan should represent what your product stands for and vice versa. What do you want the logo to embody? Second, find a friend who can draw, especially on a computer. Third, give the 'creative friend' guidance in terms of what the logo should represent. Maybe you can even give him/her some more specific ideas. He/she will probably draw a few versions that you can jointly refine.

Why do you think the Nestle logo has a 'mom-bird' in a nest? Because Nestle tries to position itself as a caring company for caring homemakers who want to provide the best and healthiest foods for their family.



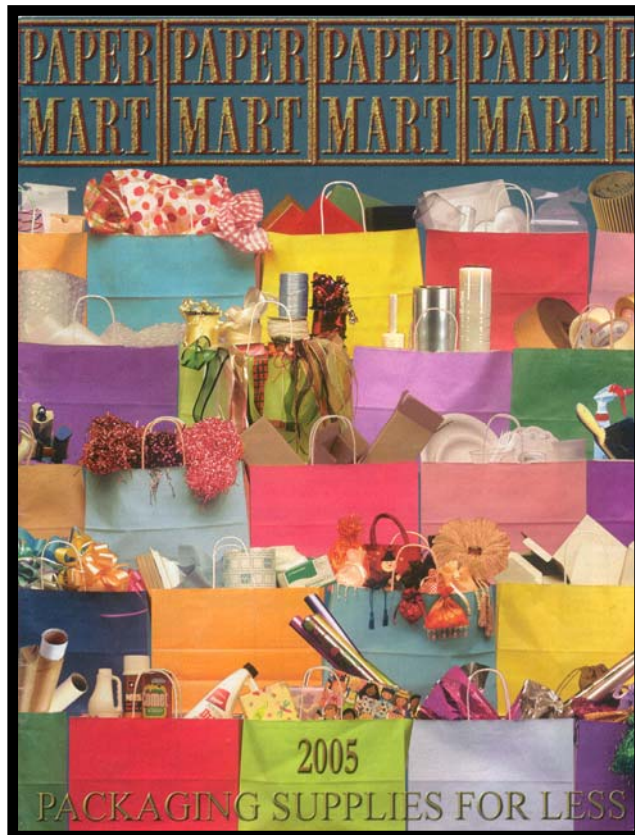
Next, we will start with some packaging practicalities, i.e., off-the-shelve packaging vendors.

# **PACKAGING: RESOURCES FOR CREATIVE, INEXPENSIVE AND OFF-THE SHELF PACKAGING**



**IN-STORE PROMO #10**

*Many packaging vendors have a variety of ready-to-use and inexpensive packaging solutions suitable for natural products (examples of catalogues of two vendors):*



[www.papermart.com](http://www.papermart.com)



[www.packageplusconverting.com](http://www.packageplusconverting.com)

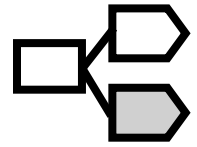
Many packaging vendors have a variety of ready-to-use and inexpensive packaging solutions suitable for natural products. These vendors are very approachable and responsive as they constantly look for new business. Just call them up or write an email and within a few days you will have a package with free samples at your door. If you do a search on the Internet, you will see more packaging options than you will need.

Also, if you are thinking about larger quantities, these vendors can customize the packaging to your liking. Using these resources can make packaging very inexpensive, allowing you to move your product into another, higher-selling category without a high investment.



The next page gives an example of how to turn a natural product into a premium product through the use of smart packaging.

# PACKAGING EXAMPLES: CINNAMON TEA – GOING FROM NONE TO BETTER TO FANCY PACKAGING



IN-STORE PROMO #10

*None: Uses only a plastic bag for the packaging —cannot demand a decent price*



*Fancy: premium tin packaging for gift-giving; it truly has premium product potential*

*Basic: simple, plain bag with simple but nice label; often used for teas*



*Nice: small, sealed, foil packaging enabling sales of smaller quantities*

The product in the illustrations above is cinnamon bark tea. While it is the same product at its core, it is perceived very differently in the eyes of customers, depending on how it is packaged.

Initially, these bark scrapings were simply put into plastic bags in relatively large quantities and sold mainly to local people (on a Micronesian island) for a relatively low price (relative to the quantity and uniqueness of this product).

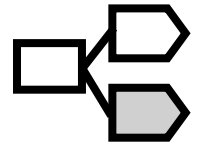
Putting the scrapings into fancier packaging, some of which can be ordered from one of the catalogues discussed previously, resulted in many benefits—including being able to charge higher prices, even for smaller quantities, and being able to target different, wealthier customer segments (tourists).



Consider your product. How can you transform it into something more valuable to customers through packaging? What are the options?



# PACKAGING EXAMPLES: NATURAL SEA SPONGE – GOING FROM NONE TO BETTER TO FANCY PACKAGING



**IN-STORE PROMO #10**

**No packaging at all, just the sponge**



**Final gift packaging using the below material**



**Thematic and emotional label (newborn babies are massaged with a sponge)**



**Ordering a simple mesh bag (from a catalogue) and creating a label with a logo enables nice gift packaging**

The sponge example is similar to the tea example from the previous page. Fancy natural sea sponges can sell for over \$15, but certainly not as packaged (or rather unpackaged) as on the picture on the top left. You need packaging to make the product sellable to the wealthier customer segment that is willing to pay \$15.

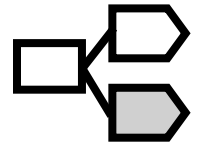
Moreover, in this case, putting sponges in nice mesh bags further elevates the product—making it a perfect candidate for a nice personal gift.

One more important note. It is okay to have more than one variety of packaging. It will allow you to serve different customer segments (remember the product line discussion in the ‘Developing Positioning’ section). For example, the sponge in the bottom left can be targeting newborn infants and their families, while the sponge in the top right can be targeting gift-shoppers.



One more ‘transformational’ example. How would you improve packaging of black pearls, if you did not have money to turn them into fancy jewelry?

# PACKAGING EXAMPLES: BLACK PEARL – GOING FROM NONE TO BETTER TO FANCY PACKAGING



IN-STORE PROMO #10

*A loose unpackaged pearl will be bought only by a pearl die-hard fan or someone who knows how to set pearls*



*Putting a pearl in a packet with a little 'story' and background on pearls can make even a low-grade pearl a nice souvenir*



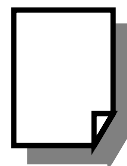
*Premium expensive luxury item in a nice jewelry box*



*“Mysterious” bag and a box with a ‘mysterious’ name and ‘mysterious’ logo from a ‘mysterious’ place makes this a nice exotic gift*

Somewhere, even high quality pearls are sold without any packaging or setting, and are displayed next to each other. Black pearls are a luxury product and one that is very mysterious for most customers. People just are not familiar with and do not understand pearls. Thus, these ‘pearl-uneducated’ customers are not likely to spend a relatively large amount of money on ‘loose pearls’ that are just ‘thrown’ on shelves.

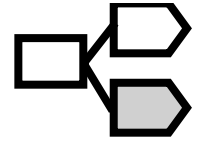
Pearls simply should not be sold unset and unpackaged. Pearls are not groceries. If you absolutely do not have any money to invest in packaging, at least do something creative, such as in the picture on bottom left—which shows separate pearls attached to a card with interesting and ‘touchy-feely’ commentary on pearls. With some money available for packaging, the pearl retailer is able to provide a more premium product to the consumer with the same pearls, as in the pictures on the right.



The next pages start a section on another basic, but very important, in-store promotions—displays.

# #11. DISPLAYS BASICS

## *Making products really stand out & building involvement*



IN-STORE PROMO #11

### WHAT

- Overall, displaying products in a visually appealing way
- Displaying some products preferentially
- Placing products logically to e.g., induce complementary sales

### WHEN

- Have preferable products, from customer's and/or store's point of view (profitability, must sell quickly, differentiating point)
- Room in store for special displays

### HOW

- Prepare promotional mix for a product (logo card, brochure, mini-poster)
- Make or buy a fixture
- Combine POS materials, fixture and product(s) in a display kit

### E.g.

- In- or in front of- store fixtures
- Shopping window display

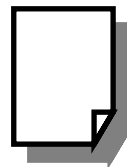


What is meant by product display is basically how to attractively place your products in your store (or at other promotional non-selling sites) using, for example, product fixtures, POS materials, etc.

Once customers are in a store, displays and placement of product, just like packaging, are what help them make up or change their mind. What consumers see and how they see it is crucial—especially given the variety of product/purchasing options they have and the communication glut that faces them.

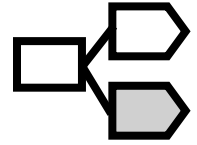
The good news for most natural producers and sellers of natural products is that by trying a little harder on displays, their products can really stand out. The displays illustrated on the following pages cost very, very little money to put together and require just a little bit of effort.

The picture above is an example of a nice display—it shows different product varieties (of nuts), educates about nutritional facts, history, and production methods of these nuts and is visually appealing (at least for some people) with its large models of nuts.



The next several pages show multiple examples of different aspects of displays and one page covering all the information needed on how to prepare a display kit.

# DISPLAYS EXAMPLES (1/7): ORGANIZING SHELF SPACE



IN-STORE PROMO #11

**X** *Critical shelf space by the counter should be better organized so as not to confuse customers*



*Logically and attractively sorted shelves, making product selection easy and transparent*

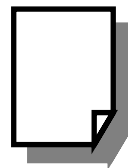


VS.

The next few pages will show different aspects of what must be considered when trying to produce a good display in stores. This page and the following focus on shelf space and product placement.

Keep in mind two main principles about organizing shelf space:

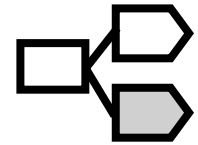
- 1) Place products on your shelves logically. For example, do not place toothpaste next to blank VHS tapes and the tapes next to nice souvenir items, as in the picture on the left.
- 2) When placing your products, think about where in the store to put different products according to how popular and profitable they are for you. Know which products you should be pushing as much as possible, such as those that have a high profit margin, are attractive to customers, and possibly a new product. Know your 'hot' products and place them in 'prime' spots—by the counters, at the entrance, or even in front of the store—to make sure everyone who walks in or by sees those products.



The next page continues the discussion of shelf space by illustrating destination and impulse items.



# DISPLAYS EXAMPLES (1/7): ORGANIZING SHELF SPACE CONTINUED



IN-STORE PROMO #11

*Destination items can be placed at the end of the store*



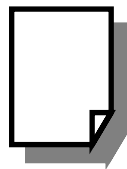
*Impulse items should go near checkout or a counter*



**VS.**

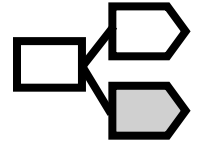
There are so called 'destination items,' which are products for which customers specifically come to your store. Milk is often a destination item at supermarkets. Destination items can be placed at the end of the store to make sure the customer walks by other interesting products that may catch their attention on their way to pick up the destination items.

There are also impulse items. These are products that customers do not necessarily think they need or did not realize they wanted, but when they see them they may decide to buy them. Chocolate bars at gas stations are an example of an impulse item. If you have such products, place them, for example, by the counter, so that while customers are waiting to pay, they see the product and have time to succumb to the temptation.



The next page shows a couple of examples of organizing a large quantity of produce products.

# DISPLAYS EXAMPLES (2/7): SORTING HIGH QUANTITY AND VARIETY OF PRODUCTS



IN-STORE PROMO #11

**X** *Though relatively nicely sorted, no extra effort is made to make the display look special*



**VS.**

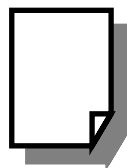


*Well-marked and sorted products with the display enhanced by small baskets & signs*



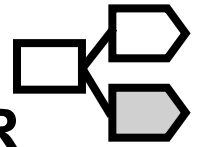
Imagine that you are selling at a farmers' market. There are dozen of stands selling the same produce (or at least they appear that way to customers). How does a customer decide which to buy? One way for a seller to differentiate his stand is by doing something extra and nice with his display. An example is putting the products into small baskets and preparing simple labels as on the picture on the bottom.

The farmer can also put prices on the labels to provide additional information to the consumer. Other small facts, such as where the produce is grown, if it is organic, or other points of differentiation, can also be added to the labels to make the items more attractive to the consumer. Having these labels frees up the farmer from having to answer “What is this?” or “How much does this cost?” questions, and gives him/her more time to emphasize other things about the products. It also helps prevent lost sales from people who are curious about an item but do not want to ask about it.



The next page talks still more about the logical placements of products.

# DISPLAYS EXAMPLES (3/7): PLACING & DISPLAYING RELATED PRODUCTS TOGETHER



IN-STORE PROMO #11

**X** *(High quality) sea sponges almost hidden and mixed with other unrelated products*



*Thematic display of related products making selection easier and promoting complimentary sales*



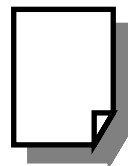
**VS.**



The above pictures further illustrate one of the product placement principles—putting related products next to each other. It is not just common sense; it can enhance sales. Think about a drug store. You have candy bars next to other snacks, juices next to juices and other beverages so everything is logically organized—but, it also can promote sales of additional related items, and it minimizes the probability that a customer will not be able to find what he/she is looking for in your store.

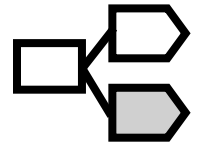
In the picture on the left, the customer is not likely to find the sea sponges unless he/she either asks a knowledgeable salesperson or goes through the entire store. Also, the customer who does purchase sea sponges is unlikely to want to purchase a can of the jelly on the next shelf.

In the picture on the right, the bath products are all together, with a display drawing attention to them. Not only is it easy for the customer to find the one bath product within the store, but he/she may logically need other bath products. The customer might not have searched the store for it, but having them right next to a product they were going to buy anyway makes the purchase easier for the customer.



On the next page you will find examples and discussion on improving a display of an individual product.

# DISPLAYS EXAMPLES (4/7): ENHANCING DISPLAY OF AN INDIVIDUAL PRODUCT



IN-STORE PROMO #11

**X** *Little effort to display products attractively. This is a particular issue with arts & handicraft items.*



**✓** *Nice, appealing and thematic coffee display, increasing desire to taste and buy the coffee.*



**VS.**

In addition to your placement strategy for your entire store, you also need to be concerned about your display of an individual product.

Compare the two pictures above. On the left, there are some quite nice handicrafts. But, they are poorly displayed. Can you think of ways to make the handcraft display more appealing and more like the coffee display on the right?

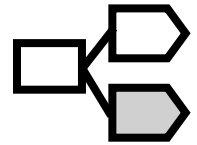
There are generally two reasons why people place similar pieces of handicrafts together. One is that they simply like it. The other is that it makes sense to group “like” items, in this case handicrafts with “mystical” aspects around how they were made, where they were made, their history, etc. This is a hand-made handicraft made by an interesting community on an exotic island. Thus, a simple product display for this handicraft can include some pictures, notes on the production, notes on the island where it was made, or an explanation of what the product means to indigenous people.



The next page talks about another way to make one or a few products stand out in front of store displays.



# DISPLAYS EXAMPLES (5/7): IN FRONT OF STORE PRODUCT DISPLAYS



IN-STORE PROMO #11



*Frequented walking space in front of gift shop should be used for displaying key products*



*Catchy, on-sale products in front of a store to make bypassers come in*



**vs.**



Another aspect of displays to consider is using the space in front of the store.

Just think of how many people walk by your store (or the store in the pictures above).

And, how many ever come in? One way to make more of them come in and make them consider buying your products is to advertise on the sidewalk. Simply treat the area in front of store as valuable advertising space. Businesses pay a lot of money for good advertising spots on TV or in the newspaper. You can communicate to a lot of people walking by your store for free!

If you do display something in front of the store, make sure it is good. It had better be the best stuff you have to offer, not just anything for the sake of having an in-front-of-store display. The product has to be good and something that customers off-the-street might want, and the offer (in terms of price) has to be attractive.

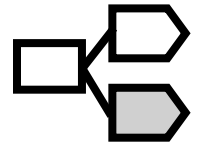
Just remember:

- 1) You need to be aware of the product outside of the store—you need to protect them in case of rain, restock them if someone knocks the display over, and watch for people trying to take them without paying.
- 2) Be aware of any ordinances there might be for putting displays out on a sidewalk or street.



Next: Fixtures for displaying products.

# DISPLAYS EXAMPLES (6/7): DISPLAY FIXTURES, MAINLY FOR 'IMPULSE' PRODUCTS



## IN-STORE PROMO #11

*Product fixture are used to push the product into customer sight, especially for 'impulse' products. Studies show they do affect customers' decision and improve sales.*

*Such fixtures or kits can be purchased or, with a bit of creativity, developed at home for a very genuine appearance*



Another aspect or a 'tool' for preparing product displays is fixtures.

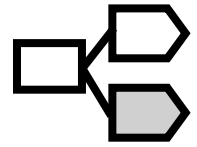
The goal of a fixture is to make the product stand out from many others as the customer walks around. The display has to make the customer say to him/herself as he/she sees the product, "I think I need this."

The two examples on the left and center show plastic and paper fixtures that can be purchased. They make the product stand out from the surrounding items and make them much more noticeable to the consumer. On the right, a simple home-made solution that really is not a fixture, but can serve to display a product more aggressively. Again, these products are separated from the rest of the store's items, and they draw the attention of the consumer, making the product seem special.




What types of displays would be most useful for your products? What would draw the most attention by customers? What would fit in with your location? What would you display?

# POINT OF SALE (POS) MATERIALS EXAMPLES (7/7): FINALLY, COMPLETE DISPLAY KIT FOR SEA SPONGES




IN-STORE PROMO #11


### Wall



General mini-poster logo → *On the wall*




“What is a sponge?” sheet → *On the wall*



Large logo card → On top of the fixture

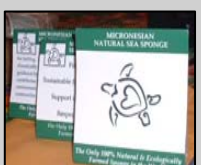


### Self-standing fixture



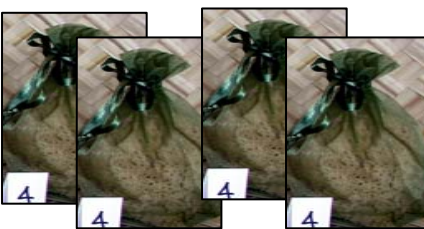
Mini logo-cards → *On the table and by the cashier*

A basket with unpackaged sponges → *Sitting on the table for touching*


Production mini-poster → *Self-standing on table*

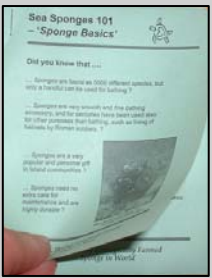




### Shelf




### Shelf





‘Sponges 101’ mini booklet → *Pinned on the side of the fixture*



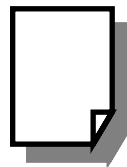
Brochures → *Stacked in a ‘pocket’ on the side of the fixture*

- Can be very low cost to prepare
- Should be provided to retailers or promotional places
- Should be placed in prime spot (by the door or even in front)

The information on this page is very important. A display kit is a complete package of promotional display materials. The above is an attempt to describe what a display kit could include and look like. Such a display kit can be prepared by a store or by a producer who gives it to a store (hence the word 'kit'). Just think about the motivation of a store manager to put a display like this together. The store carries so many different products—they cannot prepare such a display for all of them. So, if they do a couple of more serious displays, how do you know it will be for your product? Therefore, as a producer, take the initiative and prepare a display like this on behalf of the store for the reasons mentioned at the beginning of the display pages—i.e., developing better relations with a store and making your product stand out.

Here are a few more comments on what should be included in a display kit. Besides the product itself (or varieties of a product), the display should include various Point of sale (POS) materials. Do not try to decipher all the POS materials in the picture; the next few pages will explain.

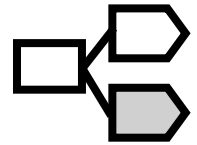
The main goals of a display kit are to make your product stand out and to educate customers. So, prepare some POS materials, add a little bit of creativity, put it all together and you have a display kit.



The next pages include more details on POS materials.

## #12. POS MATERIALS BASICS

### *Grabbing people's attention & educating them*



**IN-STORE PROMO #12**

#### WHAT

Informational and visually appealing materials used at stores to attract and educate

#### WHEN

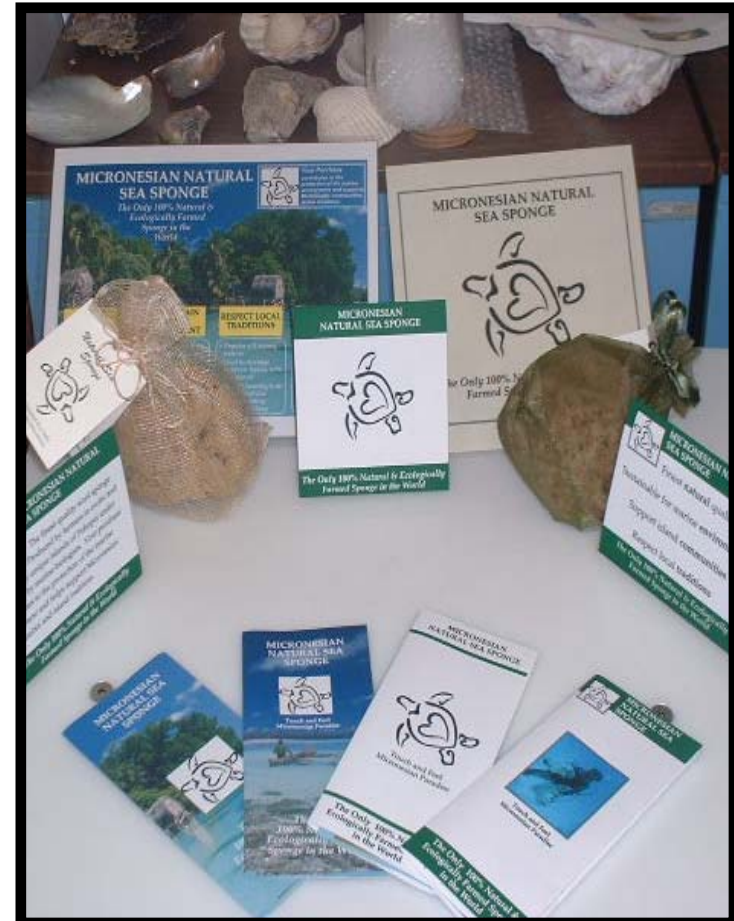
- Product is not self-explanatory or additional favorable facts could be told
- Need to make some special products or even the whole store stand out
- Need to educate customers to hopefully make the purchase next time

#### HOW

- List printed promotional mix – key products can have e.g., logo card, brochure, mini-poster
- Prepare key messages – e.g., attributes, positioning, facts
- Outline layout – keep simple
- Prepare on the computer (e.g., PowerPoint, Word, Photoshop) or at printing shops
- Print or have produced – color brochures and laminated sheets can be done at home

#### E.g.

- Brochures
- Mini-posters
- Self-standing product logo cards



POS materials are simply materials used in stores to enhance the appearance of the product, provide information, grab people's attention, etc., at the place where a product is purchased. POS materials come in many different forms, and only your creativity limits how they can look like.

POS materials can be professionally done. Or, with a computer and a printer you can make many of these materials yourself.

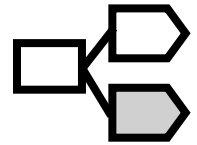
Much like packaging, remember to tie these POS materials back to your positioning. For example, say you are making POS materials for tea. The tea is positioned as a premium luxury product that can be given as a gift. The graphics and materials used should be rich and high-quality (color, high quality paper, exotic and elegant graphics), and the text content should emphasize how this tea is luxurious and better than other teas (and other beverages).



Name a few types of POS materials. Which ones do you use? Are there others that you could use effectively?



# POS MATERIALS EXAMPLES: MAIN KINDS TYPICALLY USED



**IN-STORE PROMO #12**

(a) **Logo cards:** e.g., for a fixture



(b) **Brochures:** e.g., give to customers



(c) **Self-standing mini-cards:** e.g., for a counter by a cashier



(d) **Mini-posters:** e.g., for the wall

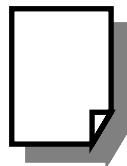


There can be many types of POS materials. As was said at the beginning of this section, in-store and display promotions are more about creativity. So, just be creative. If you do not have confidence in your creativity, just walk through the above list of four types of POS materials and think hard about whether you could use any ideas for your products.

Here are some comments on category “c,” ‘self-standing’ cards. They can be, for example, put on a desk by the counter so that all people waiting to pay can read it. This way it will make many people aware that things such as cinnamon bark tea exist, and will educate them on its benefits. If you prepare similar cards for your products, just make sure the text is short and simple. You can print them on an inkjet printer and paste them to cardboard.

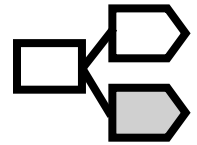
The practical aspect of POS materials—preparing and producing them—are covered in the next couple of pages.

Again, even as a producer you need to think about and create POS materials. Even more so than you need to do in-store displays. Do you think stores will prepare POS support for your products? No. It is you who has to do this.



On the next two pages, are pictures of the whole set of POS materials for two products—cinnamon bark tea and sea sponges.

# POS MATERIALS EXAMPLES (1/7): PRINTED PROMOTIONAL SUPPORT FOR A THERAPEUTIC TEA

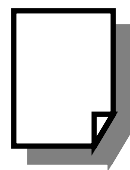


**IN-STORE PROMO #12**



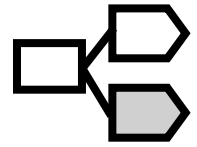
The above materials will be provided to stores that will sell the tea. You can see examples of how these materials can be used on the pages in which a display kit was described.

By having these materials, the store is more likely to stock the tea and use these materials, which will make customers more likely to find and purchase the tea.



This is the same for natural sea sponges as described on the next page.

# **POS MATERIALS EXAMPLES (2/7):** **PRINTED PROMOTIONAL SUPPORT FOR A SEA SPONGE**



**IN-STORE PROMO #12**



**Mini-posters**

**Information sheet**

**Educational booklet**

**Logo card**

**Product varieties**

**Brochures**

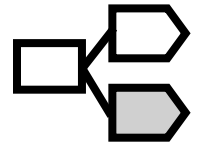
**Self-standing mini-card**

The product above—natural sea sponges—is somewhat over-marketed when it comes to the quantity and variety of POS materials that will support its sales in-store, as shown above. You do not need to prepare as many materials for your product. Often, just having a brochure will do. But, you may want to have more materials if you really want to push this product and if having quality support will really make your product stand out.

There were two main reasons why this sponge has so much POS support. First, the seller was unsure whether and how well employees in stores that carry sponges will proactively sell sponges and educate customers about them. Because of this, there was a need to make the sponges sell themselves and have a way to educate customers without depending on any effort by store employees. Second, these sponges are being sold in markets where very little or no POS support exists for other products. So, having quality POS materials for the sponge can really make it stand out.



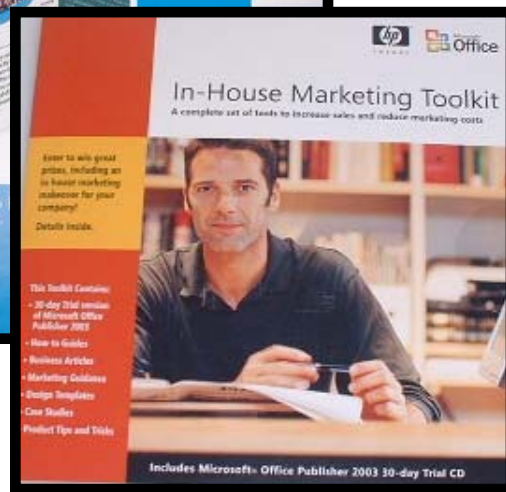
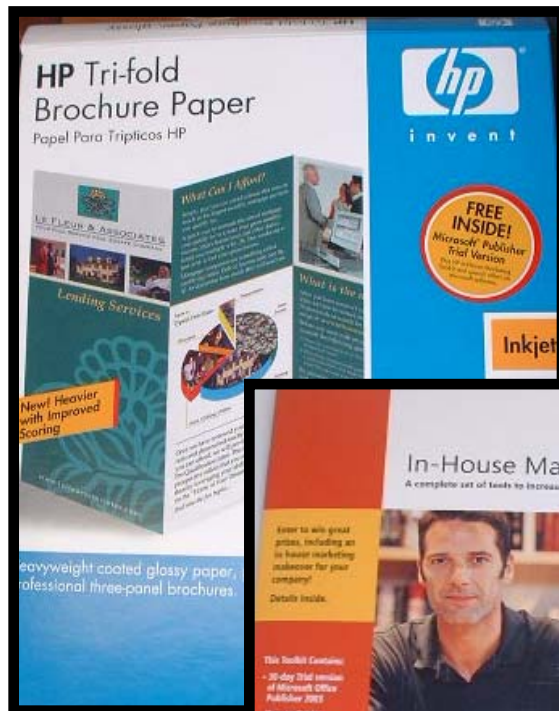
How would you go about making these POS materials?



# POS MATERIALS EXAMPLES (3/7): HOMEMADE PRODUCTION – BASIC TOOLS

IN-STORE PROMO #12

*Reasonably priced special marketing paper and PC programs enable you to design and produce your own custom quality POS materials*



*An inkjet color printer (<\$100) and a laminating machine (~\$100) allow professional-looking production of POS materials*

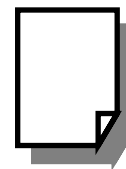


There are three steps involved in making POS materials: 1) blueprint, 2) design, and 3) production. Blueprint involves simply first thinking and then pencil-drafting what the POS material should look like. Anyone can do it. Design requires a computer, as it involves putting the blueprint into a computer template. Design requires relatively little computer skills, which can also be easily learned. Production requires a printer, at minimum. You can, of course, also prepare very nice POS materials without a computer and a printer, if you have artistic talents. Any of these three steps—blueprint, design, production—can be carried out by yourself or by a professional.

Above are examples of basic computer tools that can help you. On the left is a package of brochure paper that comes with a simple computer graphics program (a stack of paper with the program for \$15). The program gives ready-to-use brochure templates that just need added text and possibly pictures. These computer graphics programs will also take you to web sites where you can get more detailed and customized marketing help, often for free.

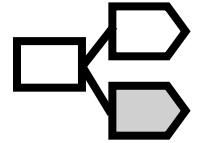
On the right, is a printer. Prices for a color inkjet printer adequate for printing brochures start at \$50. Thus, self-made brochures can be prepared at very reasonable costs, i.e., for the cost of paper plus printer cartridge. The photo above the one of the printer shows a laminating machine, which lets you make laminated cards. Prices for such a laminating machine start at slightly above \$100.

So, with a little self-education in computer basics, you can make nice POS materials by yourself. You can, of course, also have them made by professionals. Another option is to prepare the basic design by yourself and use Internet-based brochure vendors. You send these vendors a design of what the brochure should look like and they produce the brochure(s) for you. This cost is reasonable. Some vendors will even do the design and graphics for you and include it in the price of printing.



The next pages provide examples of basic POS signs.





## **POS MATERIALS EXAMPLES (4/7):** **SOME LOCAL EXAMPLES**

*General POS signs for building awareness and a brand of a whole product group*

*Product POS signs to make a specific product stand out and give information about it*



The above POS signs vary from very basic self-made ones to professionally produced materials. A product group or product category is just something like ‘Hawaiian Honey’—a broad grouping of a number of similar products. It is not, though, an actual brand, such as ‘John’s Hawaiian Honey.’

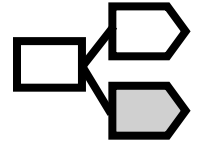
POS materials can serve many different purposes. The examples on the left are used to build consumer awareness about a new product category, such as Hawaii-made honey and locally-produced food. In contrast, the examples on the right are used to highlight one company’s product, and to provide the customer with information on that one product.

If a product is new and consumers are not sure how it is used or what it is for, then having POS materials to raise awareness and understanding of that category’s products makes sense. Customers need to first be aware of a product and what it is used for before they can understand benefits and differences between products. In a more established product category, you can immediately target POS materials as one means of ‘promoting’ or ‘making stand out’ one product in particular when you know that consumers are comfortable with those types of products and would agree, for example, that when it comes to coffee, a ‘richer aroma is better.’

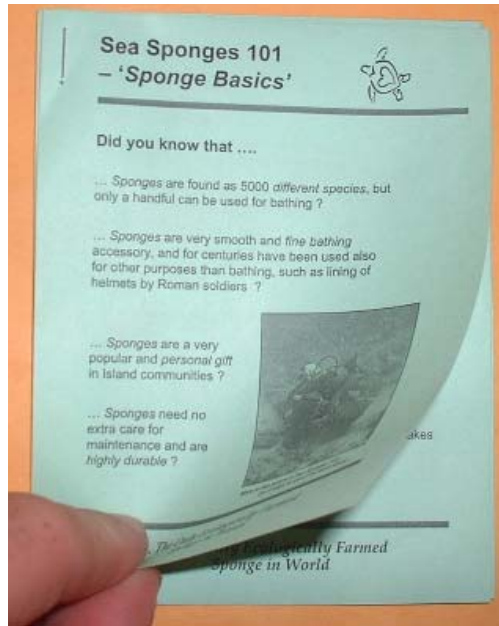


The following pages provides examples of educational POS materials.

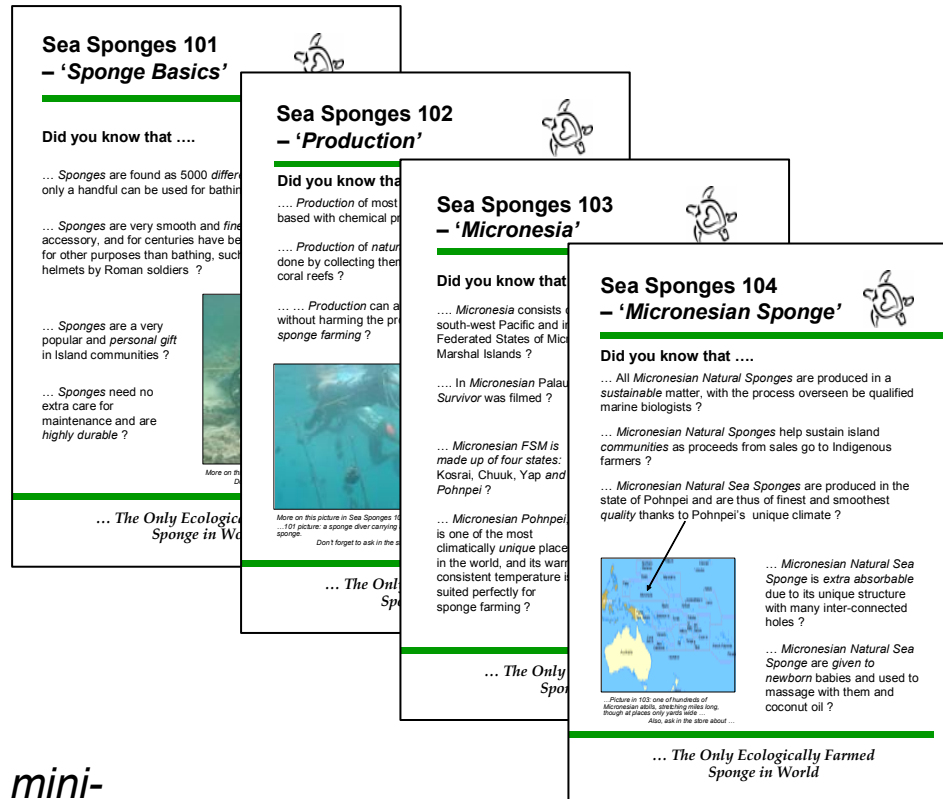
# POS MATERIALS EXAMPLES (5/7): ENTERTAINING 'SPONGES 101' MINI-BOOKLET OR WALL SHEETS



**IN-STORE PROMO #12**



Interesting facts about sponges, Pohnpei, etc. in a '101' form, in a mini-booklet (quarter of a page), or ...



... for hanging on a wall in store

Imagine you are selling natural sea sponges. Most people do not know too much about them. In fact, some people do not know what they are used for. Yet, sea sponges are a very interesting product and especially those produced in Pohnpei. The sponges produced in Pohnpei are the only naturally farmed sponges in the world.

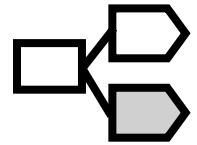
To educate and involve customers, the above educational booklet and sheets were prepared. A few pages are in the Sponges 101 booklet, with interesting facts. The same pages are used to prepare a simple booklet (by printing on a color paper, then cutting to ¼ size of a regular paper and then stapling together). This same informational material can be printed on full size sheets and posted on the wall.

Note that these could also be used for a business-to-business deal. If you would like to have your products sold in a store, it may be that the store management also does not know what sea sponges are or why their store should carry them. Having the above educational booklet and sheets would definitely help in convincing store management of the need to carry sea sponges in general and your sea sponges in particular.



The next couple of pages provide examples of professionally made POS cards.

# POS MATERIALS EXAMPLES (6/7): PROFESSIONALLY MADE SELF-STANDING CARDS



IN-STORE PROMO #12

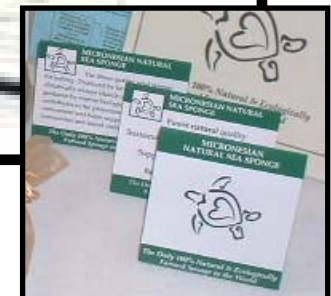


*To make a product really stand out, use professionally produced attention-grabbing signs*

*They can be purchased, or even easily made at home*



*These are home-made using cardboard and tape*



Another example of POS materials are self-standing cards. These can be used to showcase or provide more information on a product. These can be used in many places—near an entrance or exit, on a table in a restaurant, on a display, or on a shelf next to products in a store.

In addition to local businesses, on the Internet you can find vendors that make cards similar to those above. The top left and middle pictures show professionally made cards, while the bottom right picture is a self-made card for comparison.

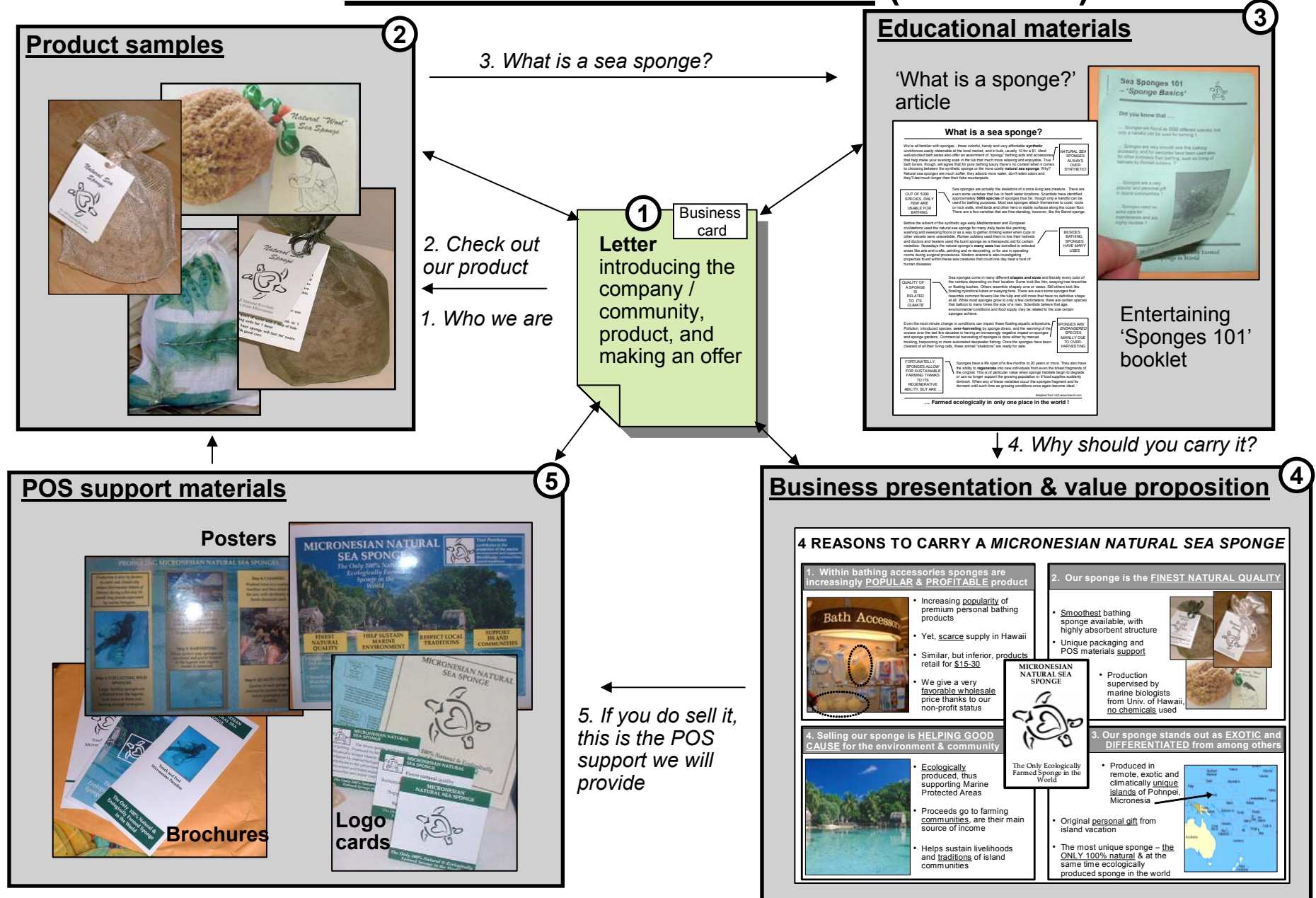
Again, they draw attention to and make the customer aware of a particular product or deal that is being offered by the company.



Finally, the next page describes how to use various POS materials to put together a promotional package that you can even send to businesses when offering your products.

# POS MATERIALS EXAMPLES (7/7): 'USING IT ALL' FOR OFF-THE-SHELF PROMOTIONAL PACKAGE (SPONGE)

IN-STORE  
PROMO #12



First of all, this topic is covered in detail in the section 3.2 ‘Business-to-business Selling’. This page is here just to quickly show other ways for you to use POS materials.

Imagine you need to get new business partners for selling your products—for example, new stores or distributors. You can also use POS materials to prepare a promotional package that you can give or send to these businesses. Just read from middle to top left corner and then clockwise following the numbers to get an idea of what you can put in an envelope or a box. Having POS support can help convince your partner to carry and sell your product and help convince the end consumer to buy your product.

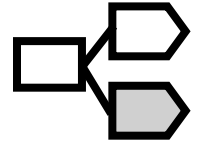


How would you go about making these POS materials?



# #13. DISCOUNTS BASICS

## *Motivating customers to buy more, Part One*



IN-STORE PROMO #13

**WHAT**

- Lower per-unit price if more units purchased, or
- Catchy low price on a selected item(s) to ensure they sell

**WHEN**

- Have large quantities of a product that need to be sold
- These products have high enough margin (price minus cost) to enable lowering price and still be profitable
- Sometimes, selected items can be sold below cost to help in selling other items through, e.g., cross-selling

**HOW**

- Avoid 'cannibalization'—selling the same number of units as before the discount, but for lower unit price
- Do not simply make the discount symbolic (e.g., 5%); make it significant (e.g., buy 2, get 3rd for free) while still ensuring overall positive margin

**E.g.**

- Buy 3 bags, get 1 for free
- 30 percent off between 2-4pm



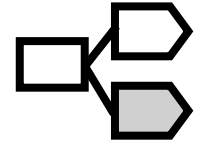
Discounts are meant to make customers buy more, but at a lower price. Think through and make some calculations before you give discounts. Then review your decision and calculations again after customers use these discounts. This is to ensure you are not actually making less money overall with discounts than without them. You also might want to determine the best discount amount to offer. These are similar to the pricing calculations.

Make sure a discount is consistent with your product's positioning. For example, if you have a premium luxury product, offering a buy-one-get-one-free discount for a month might cheapen the consumer's perception of the product. You also do not want to give discounts to people who will buy the same amount whether there is a discount offered or not, or to those customers who might only be marginally influenced by a discount offer.



An example of how to calculate the effectiveness of discounting is presented on the next page.

# EXAMPLE OF CALCULATING DISCOUNT PROFITABILITY



**IN-STORE PROMO #13**

	Selling Price per Rug	# of Rugs Sold	# of Rugs given away	Cost per rug	\$Margin per sold rug	\$Loss on rugs given away	Total Profit
<b>Option 1</b>	\$40	100	0	\$10	\$30	\$0	\$3,000
<b>Option 2</b>	\$40	200	100	\$10	\$30	\$1,000	<b>\$5,000</b>

In this example, you are selling rugs for \$40. It costs you \$10 to make each rug. You know you can sell 100 rugs at this price. However, you know that you could also make 300 rugs. If you gave a “Buy two, get one free” discount, would you make more money?

Review these calculations step-by-step. In this scenario, you are a weaver and it costs \$10 to make each rug that you can sell at your own shop for \$40.

You can either plan to make 100 rugs or 300 rugs.

At the current price with no discount, you believe you can sell 100 rugs, so you would make  $(\$40 - \$10) \times 100 = \$3,000$ .

If you offer a “Buy-two-get-one-free” discount, you believe you can sell 300 rugs (100 of these would be given away as part of the discount, however) if everyone takes the “Buy two-get-one-free” offer (no one buys just one rug).

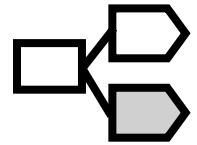
If that works, you make  $(\$40 - \$10) \times 200 + (\$0 - \$10) \times 100 = \$5,000$ , which is more than the 100 rugs at the current price.

Therefore, in this example, it is worth while to offer a discount in the form of a “Buy-two-get-one-free” offer.



What discounts are applicable to your business?

# DISCOUNTS EXAMPLES AND POPULAR TYPES USED



IN-STORE PROMO #13



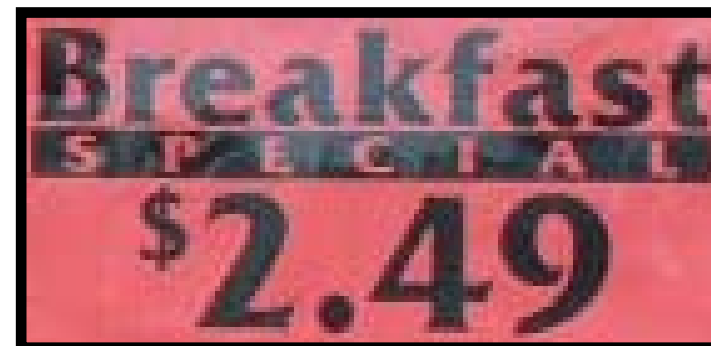
***Time-limited:*** ‘Today only!’ creates perceived urgency and gives customers a reason to come in now



***‘Conditioned’:*** Lower price if you talk to a cashier and come inside, thus possibly making another purchase



***‘3-for-2’:*** Make people buy more, thus increasing the spend-per-customer over what it would be without the promotion



***‘Special low price’:*** Low price attracting customers, who will also buy other higher-margin products (e.g., drinks)

Above is an overview of a few basic types of discounts. Before you go ahead with discounts, think hard about what type you should use depending on what you want to achieve through them.

Are you trying to eliminate products because otherwise they will soon become spoiled or obsolete? Get people to try a particular product because you know they will like it and buy more? Do you want to make people come in to buy something inexpensive because you believe you can sell them other more profitable products (very much like ‘hook’ products from the section 2.2)? These are just some examples of your potential goals. For each of these goals, a different type of discount (from the above list) should be used.

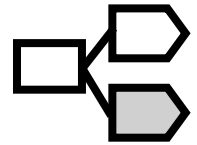
For example, if the goal is to get rid of products quickly, then motivating consumers through a “Buy-two-get-one-free” type of offer might be best to motivate them to purchase more. However, if you want customers to try a particular product now, in the hopes of getting them to make repeat purchases later, having a special low price might be best.



What comes to mind when you hear ‘product bundling’?

# #14. PRODUCT BUNDLING BASICS

## *Motivating customers to buy more, Part Two*



**IN-STORE PROMO #14**

### WHAT

- Selling or even packaging complementing products together
- A whole business model can be based on bundling and packaging otherwise stand-alone products together (e.g., gift baskets)

### WHEN

- Selling products that are complementary to another product, but which differ in popularity
- Package of more products is perceived more valuable by customers than stand-alone (e.g., a gift basket)

### HOW

- Avoid ‘cannibalization’—selling the same number of units as before the discount, but for a lower unit price
- Bundle products logically with a theme; do not just put product together randomly

### E.g.

- Coffee packaged with a mug
- Free nutritional fact sheet with purchase of more than five pounds of an item
- A gift basket



Bundling is simply selling products together. Bundling is meant to make products more attractive and lead to selling more units.

For example, many fast-food restaurants will offer customers a “meal” option with a sandwich, fries, and a drink. Customers can also order the sandwich, fries, and drink separately. The meal option seems more attractive to the customer because the price of the meal is less than the individual prices of the sandwich, fries, and drink combined. It also is more attractive to the restaurant because they have sold a sandwich, fries, and a drink to the customer, when they otherwise might have sold only two or one of these products without the bundle.

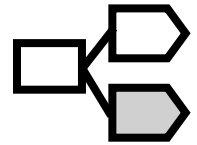
Similarly, in the picture shown here, teas and tea mugs are bundled together in an attractive basket. Together, they encourage a customer who might have just purchased either only tea or only the mug to instead buy the combination of them in the basket.



The next couple of pages have examples of product bundles.



# PRODUCT BUNDLING EXAMPLES



## IN-STORE PROMO #14

*There are even some companies whose whole business model is based on buying various products from multiple vendors and packaging them thematically together in a gift basket. Gift baskets are very popular. Natural high-quality food products or souvenirs/gifts are especially suitable for product bundling. Customers in the mainland US, for example, are willing to pay between \$100-200 for a gift basket of several products that altogether cost relatively little to produce, just because it looks nice and because it has an exotic origin (e.g., Hawaii-made)*



*Tea gift basket*



*Bathing products gift basket*

You can bundle in a relatively sophisticated way, by packing related products in nice gift baskets (as in the above pictures).

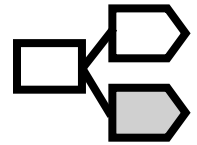
Or, you can do it simply by offering stand-alone products at lower prices if bought together than if bought individually (this is very similar to discounts). In this way, you do not have to bother with packaging your products.

Remember, though, that packaging can add value to the product. The appropriate way to bundle depends on who you are targeting. For example, if you are bundling your products together and promoting it as a gift, the packaging should be nice and classy.



What ideas do you have for bundling your products?

# PRODUCT BUNDLING EXAMPLES: BUNDLING CAN LEAD TO CREATING NEW COMPLEMENTARY PRODUCTS



IN-STORE PROMO #14



*CD-ROM with interesting materials from the Big Island can be packaged or offered with another Big Island authentic product, or just added for free with the purchase of certain items or purchases above a certain value.*

*It can be even given out free with certain purchases thanks to low production cost of the CD-ROM and binder.*

This example shows how a gift shop with entrepreneurial spirit came up with a new product to better serve its customers. The store sells Big Island products and having a binder with pictures and a CD is just another idea of how you can offer more to customers.

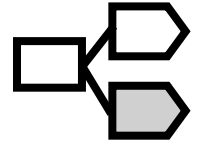
Given the relatively low cost of producing this product, you can even offer it at a discount or for free with other, more significant purchases. This can add a small incentive to encourage a customer to make a purchase.



What are some special events that you could leverage to sell more of your products?

# #15. SPECIAL EDITIONS BASICS

## *Leveraging holidays and special events to sell*



**IN-STORE PROMO #15**

### WHAT

- Preparing special editions of products (e.g., through packaging, labeling, etc.)
- Tailoring and targeting promotion of existing products to special events

### WHEN

- Your target customers are prone to giving gifts or using special products (e.g., type of food) with certain holidays or special events (e.g., parties, celebrations, sports events)
- Particularly when your target customers don't have sufficient number of options for gifts during these occasions
- For example, Christmas in the western world has turned into one big sales event and is a good opportunity to push gifts.
- In some tourist locations, the selection of souvenirs is limited, so offering a new type may work.

### HOW

- Investigate the type of holiday or special event that makes local people more prone to buy your type of product
- Modify packaging and/or labeling to make it relevant to the holiday/event, and/or
- Prepare promotional materials emphasizing the special occasion

### E.g.

- "Christmas edition sea sponge – unique holiday gift for your family on the mainland"
- "Micronesian Olympics Madue limited edition"



Using the sea sponge example again, but putting a sponge in a Christmas theme bag, preparing a Christmas label and maybe even a Christmas card makes the sponge a perfect candidate for a holiday gift. This is especially true since most people in Pohnpei (the home of this sponge) have relatives in the mainland U.S. and want to send them something for Christmas. And, since this sponge is very unique to Pohnpei and is not farmed the same way anywhere else, it makes for a special personal gift from Pohnpei.

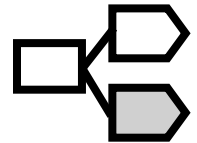
Look for other events in the calendar or local events (such as sports matches, concerts, other special events, etc.) that you can use for marketing purposes. People are more likely and more willing to spend money during special events and occasions. This is especially true if the product you are offering directly connects to the event or occasion somehow, or you alter some aspect of your product, such as the packaging, to match the event. For example, the company in the example above has changed its packaging to match the Christmas holiday theme.



The next page gives basics on sampling and demonstrations.

# #16. SAMPLING & DEMONSTRATIONS BASICS

*Letting customers try and see to increase 'appetite'*



**IN-STORE PROMO #16**

**WHAT**

- Giving customers a small sample for free to induce purchase
- Showing preparation / education to build involvement

**WHEN**

- Sampling: Product has a special or new unknown taste or mystique, yet cost of tasting is relatively little
- Demonstration: interesting, exotic and involving product preparation

**HOW**

- Create a link between the tasting and product(s) for sale – e.g., have follow-on offering to leverage the customer traffic and their interest (e.g., buyers can even try it themselves)

**E.g.**

- "Every kid gets a free piece of fruit"
- "Watch how coconut drink is made and try it yourself"
- "Taste our coffee and ask any question on coffee X"

• Our large viewing windows allow you to see how our popular macadamia nut chocolates and cookies are made.

• Enjoy FREE samples of our chocolates, cookies, and 100% pure Kona coffee served to you by our friendly staff.

• Our snack bar offers a variety of refreshing beverages as well as our island-made ice cream in a variety of satisfying flavors.

Our gift shop provides you with a wide variety of treats as well as our own line of appealing products to give as gifts to the special people in your life.

Mililani St.

Manono St.

**BIG ISLAND**

HAWAII'S FINEST HANDMADE CHOCOLATES AND COOKIES

HILO, HAWAII

Demonstrations make people stop and make them curious. A nice thing about demonstrations is that they can be done for free and yet are effective—that is a beautiful combination in marketing.

Sampling, or tasting: treat them as investments. Calculate how many extra items you have to sell as a result of sampling to cover your costs of sampling. Do not be afraid to give away free things and samples (in modest and reasonable amounts). Just calculate how fast and easy the ‘return on this investment’ can be in the form of increased sales.

Using honey as an example, assume you let 20 people walking by taste the honey (probably not even a full teaspoon per person). What does it cost you to do this free honey sampling? Probably much less than what you make on selling one jar. And if the honey really is good and you do a good job explaining it, then no doubt one of these 20 people will buy.

If without your giving the samples away to these 20 people, none of them would have bought the honey or even stopped by your stand, then this sampling ‘mini-campaign’ was a good ‘return on investment’.

Surely you could convince five of these people to buy a jar of honey— five people that would not have even stopped by your stand if it was not for the big appealing sign, your free sampling offer, and your explanation as to why this honey is good for them and why it is so special.

Samplings and demonstrations are an especially useful technique with new or tasty food products. An important note—do not just demonstrate or sample, but also offer the product subsequently. Try to offer it in a special way. Do not just ask ‘Do you want to buy it?’. Section 3.1 provides more information on this.

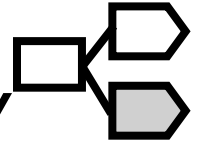


The next pages cover the topic of store atmosphere. What do you think constitutes store atmosphere?



# #17. STORE ATMOSPHERE

*Making people want to buy a piece of their Pohnpei memory*



**IN-STORE PROMO #17**

**WHAT**

- Creating an atmosphere that is in line with what people are buying; simply, an atmosphere that makes people feel warm and wanting to buy your products

**WHEN**

- Customers appreciate the setting and atmosphere, not just the product itself
- Particularly needed for gift shops and often for natural (high-quality, organic) products stores

**HOW**

- Just be creative and try to do it yourself if you don't have funds to purchase a 'complete solution'
- Look in other more advanced stores or on the Internet for inspiration

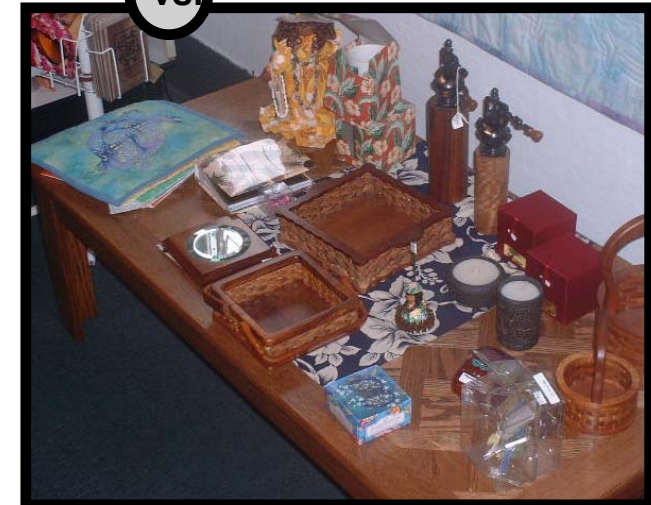
**E.g.**

- Hanging something nice and thematic on the wall
- Playing local music in store
- Painting on the outside wall of a store

*Not really an atmosphere for exotic gift shopping ...*



**vs.**



*... This one, though very simple, seems a much cozier gift shop ambiance*

Every type of store requires a certain type of atmosphere. Just think a bit about what would make your store look more attractive and genuine given the types of products you're selling.

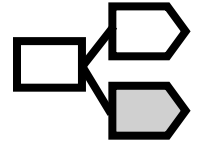
For example, if you're selling souvenirs and handicrafts, the first store above looks cold and utilitarian. It may be functional and allows people to see the store's products, but if the person is just browsing it doesn't encourage them to buy anything.

The second store, however, is much more open to the customer and could encourage them to buy more. The customer can get up close with the handicrafts and examine them. It also looks a little more 'traditional,' so the décor of the store matches its products.



The next page shows a couple of examples of creating a thematic atmosphere.

# STORE ATMOSPHERE EXAMPLES



IN-STORE PROMO #17

*For selling marine souvenirs, having a thematic window display helps*



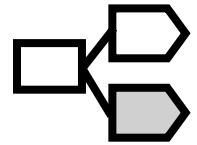
*To attract island visitors for genuine island dining, this marine theme and a palm helps*

Making the right atmosphere is similar to making POS materials in that you can do it yourself, have professionals do it for you, or a combination. For example, let's take making a store look more appealing from the outside by painting a nice picture on the wall. If you have a friend who's a bit artistic and you have a good idea of what the picture should be, you can do it all yourself or with your friend's help, and thus very inexpensively. You could also consider hiring a professional, or even an art student.



Next page shows how serious some companies take store atmosphere and the whole store operation.

# STORE ATMOSPHERE EXAMPLES: STRUCTURED FORM TO EVALUATE STORE ATMOSPHERE AND OPERATIONS



IN-STORE PROMO #17

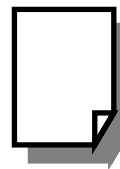
STORE INTERIOR	Significant Opportunity	Minimum Benchmark	Above Benchmark	Word Class
<b>Product display</b>	Poor visibility of product displayed on inappropriate fixtures (e.g. bread displayed in abandoned fridge)	Fixtures make product easy to access; all products clearly and accurately labeled and priced	Fixtures display product in attractive way	Fixtures draw attention to key products
<b>Stock outs</b> (Mystery shopper should be provided with a list of 10 'must have' items and check them in each store)	Significant numbers of gaps on shelves for both long and short-life products; more than half 'must have' items are missing	Some stock outs mainly in short shelf-life products (e.g. sandwiches); only 10 percent of 'must have' products are missing	Very few stock outs and where products are missing there is always an in stock alternative; none on the 'must have' products is missing and over half the 'good to have' items are in stock	No significant stock outs; all 'must have' and 'good to have' items are in stock
<b>Cleanliness</b>	Store is dirty — both in hard to reach corners and in the main selling area (e.g. floor unwashed)	Main selling area of the store and windows are clean	All areas of the store — including hard to reach areas — are clean (e.g., corners of the floor, shelving)	Every corner of the store is so clean that it sparkles
<b>Toilets</b> (Please write n/a if stores do not have toilets)	Toilets are dirty	Toilets meet minimum standard that costumers would accept	Toilets are clean and soap etc. is well stocked. There is a notice on the wall showing how regularly the toilets are checked and it has been filled in	Toilets sparkle so much that they look as if they are cleaned between every user
<b>Maintenance</b>	There are significant maintenance issues (e.g. toilets or coffee machine broken)	Store is well maintained; no outstanding maintenance issues, no more significant than one or two missing light bulbs	There are no outstanding maintenance issues	Equipment is all working and looks as if it were new
<b>Ambience</b>	Beyond the initial design, no effort made with store ambience — packaging cases on floor, POS material poorly displayed or missing etc.	Broadly acceptable ambience — all signage is clean and clear, product laid out neatly on shelves	Positive effort made with ambience — e.g. lighting an music used to enhance shopping experience	Lighting type adjusted across the store to emphasize different products; fresh coffee or baking smell enhances experience

Developing the right store atmosphere is a relatively 'intangible discipline', particularly compared to other promotional techniques. However, it can be broken into two parts:

- 1) Doing all the right things along with other in-store and presentation promotions
- 2) Being creative, which is obviously more difficult to teach

Some companies take creating the right store atmosphere and all store operations very seriously. They have questionnaires to evaluate whether everything is right at the store level and do random checks of their stores. They will assess the store atmosphere and determine whether the entire store presentation and operation is done properly along several structured dimensions, such as the ones listed on the above questionnaire.

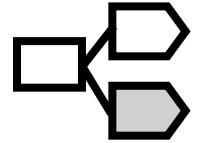
Along with the questionnaire, the company will take sample pictures of shelves, cleanliness of bathrooms, etc. If things are not in order, the responsible store manager can lose his/her bonus.



The next few pages give a couple of templates and checklists for you to summarize your learning and to start thinking seriously about how to improve promotions for your business.

## #18. PROACTIVE PERSONAL SELLING:

### *Convincing customers using your spoken words*



**IN-STORE PROMO #18**

#### **WHAT**

- Proactively approaching walk-in customers and offering them products in an unobtrusive way
- Trying to cross-sell products to a customer already buying a product

#### **WHEN**

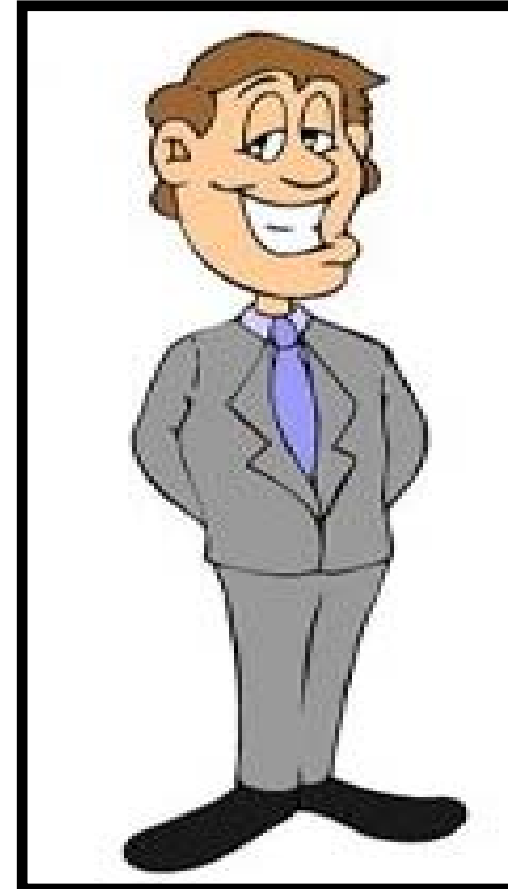
- Products being sold require or could benefit from explanation (e.g., pearls)
- Employees in store have enough time to devote to individual customers (e.g., low traffic)
- Customers appreciate personal attention (e.g., tourists)

#### **HOW**

- The whole chapter 3.1 'Personal Selling' covers this topic in detail

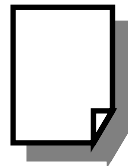
#### **E.g.**

- Approaching a walk-in customer and engaging in informal conversation followed by personalized offering of product
- Offering another product when a customer is already buying one



*The whole chapter 3.1 'PERSONAL SELLING' is devoted to this topic*

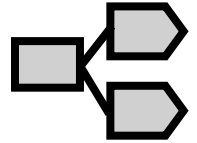
Personal proactive selling is also a promotion, and it is a very important one. It is important that the whole of chapter 3 is devoted to it. The section 3.1 'Personal Selling' explains how to promote your products on a store level using nothing other than a salesperson's spoken words.







The next few pages provide a couple of templates and checklists for you to summarize your learning and to start getting more practical about finding the right promotions for your business.



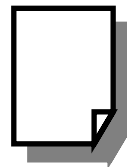
# TO SUM UP PROMOTIONS: USE THIS TEMPLATE TO TEST YOUR LEARNING, AS WELL AS A PRACTICAL TOOL



## Promotional Mix Template: *Product*

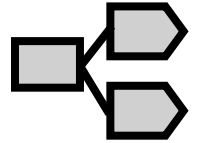
POS MATERIALS	DISPLAY KIT & LAYOUT
 <p><i>List of all marketing materials to be used at the Point of Sale (POS), such as brochures, cards, posters, etc., including details such as approximate size, pages, style</i></p>	 <p><i>If applicable (i.e., if a product is worth it), decide what should comprise a complete POS or non-selling promotional display look like. Think about a display kit that can be set up anywhere (e.g., fixture, types of product in, poster, layout, etc.)</i></p>
PROMOTIONS – TRAFFIC	PROMOTIONS – IN-STORE
 <p><i>List of specific promotional techniques and ideas to be used for increasing traffic and awareness</i></p>	 <p><i>List of specific promotional techniques and ideas to be used for improving in store appearance and information and to tilt customer to a sale</i></p>

Above is a summary template that covers main points about promotions and how to use them. Use the template to list the main promotional techniques keeping in mind whether you should focus more on traffic or in-store. Two specific techniques are emphasized in this template – POS materials and display kit. These two are often the most elementary and important ones. A blank template with space to write on is at the end of the manual with other templates.







On the next page is a filled out template for our favorite product, the natural sea sponge, to better illustrate how you can use the template for promoting your product(s).

# FILLING OUT THE TEMPLATE WILL ENSURE SUFFICIENT PROMOTIONAL SUPPORT



SEA SPONGE EXAMPLE

## Promotional Mix Template

 POS MATERIALS	DISPLAY KIT AND LAYOUT 
<ul style="list-style-type: none"> <li>• <u>Brochure</u>: professionally produced, three-fold, front: information and attributes, center: production overview</li> <li>• <u>Mini-posters</u>: (a) emotional with a photo (e.g., waterfall and woman/baby holding a sponge); (b.) educational with five-step production and photo for each step</li> <li>• <u>Logo cards</u>: small self-standing and larger for the wall, logo only vs. brief text</li> <li>• <u>Fact sheet one-pager</u>: black and white, self-printed with key facts</li> </ul>	<p>Display kit to be set up in outlets and promotional non-selling sites</p> <ul style="list-style-type: none"> <li>• Cardboard-made four foot, <u>self-standing fixture</u></li> <li>• <u>Three compartments</u> with different packaging in each and CD-ROM and mini-posters on side</li> <li>• Logo laminated <u>card</u> on the top</li> <li>• Pocket with <u>brochures</u> on the fixture</li> <li>• <u>Stand-up poster</u> on a skewed card board next to the fixture</li> </ul>
 PROMOTIONS – TRAFFIC	PROMOTIONS – IN-STORE 
<ul style="list-style-type: none"> <li>• Special <u>sales booth</u> at flight departures and arrivals</li> <li>• Displays at <u>Tourist Bureau</u> locations</li> <li>• Coop-promotion of <u>Pohnpei-Authentic</u> product campaign with pepper, Madue, etc.</li> <li>• Export effort to <u>Palau</u></li> </ul>	<ul style="list-style-type: none"> <li>• <u>Fixtures</u> in front of the store</li> <li>• Mini display in the <u>shopping window</u></li> <li>• Thematic displays <u>with other bathing</u> and cosmetics products in appropriate stores</li> <li>• Proactive <u>personal selling</u> with scripts</li> <li>• <u>As a cross-selling</u> item with other products</li> </ul>

This template helps you to make sure you have sufficiently think through the promotional support needed for your product(s). Most – if not all – of the four boxes should have something written in it.

Remember, this template is for planning only. Once you have done the necessary thinking and planning, you should put these promotions to work as soon as possible. Otherwise they may slip by and just may remain on paper forever as you move on to dealing with other business issues.

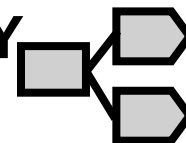
Note for producers. Again – even if you don't sell directly to the end-customer, go through this template to determine whether your stores do anything along these lines to promote your product or at least the store in general. If not, it is up to you to take a lead on some of the promotional ideas for your products displayed in their store.











Take a blank template from the end of the manual and fill it out for you product.



# TRAFFIC PROMOTION CHECKLIST AS ANOTHER WAY TO ENSURE SUFFICIENT PROMOTION SUPPORT



## Traffic and Awareness Promotion Checklist

- Signs 
- Hook Products 
- Coupons 
- Coop-Marketing 
- Cross-Marketing 
- New Venues & Markets 
- Advertising 
- Location 
- Internet 



Use this checklist as another way to ensure you don't neglect promotions. Carefully go through this checklist and mark the types of promotional techniques you think you should use for your business. In the blank space, briefly describe how to do the promotion more specifically in your situation.

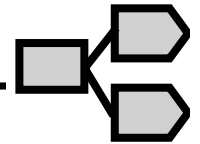
What are the top two techniques you will explore in more depth? What is the one idea you have that was not covered in this chapter?



Before moving to in-store checklist, take time to go through the traffic checklist. Take your time and return to the checklist again and again ....



# IN-STORE PROMOTION CHECKLIST AS ANOTHER WAY TO ENSURE SUFFICIENT PROMOTION SUPPORT



## In-store and Presentation Promotion Checklist

Packaging



Displays



POS Materials



Discounts



Product Bundling



Special Editions



Store Atmosphere



Sampling & Demonstrations



Proactive Selling



Above is a similar checklist for promotions to be used in-store and for product presentation. Again, what are the top two techniques you will explore in more depth? What is the one idea you have that was not covered in this chapter? Make sure you take the time to work through this template.

\*\*\*\*\*

Having selected, thought through and prepared the right promotional support, customers will be aware of the product (or the business) and will hopefully find it appealing.

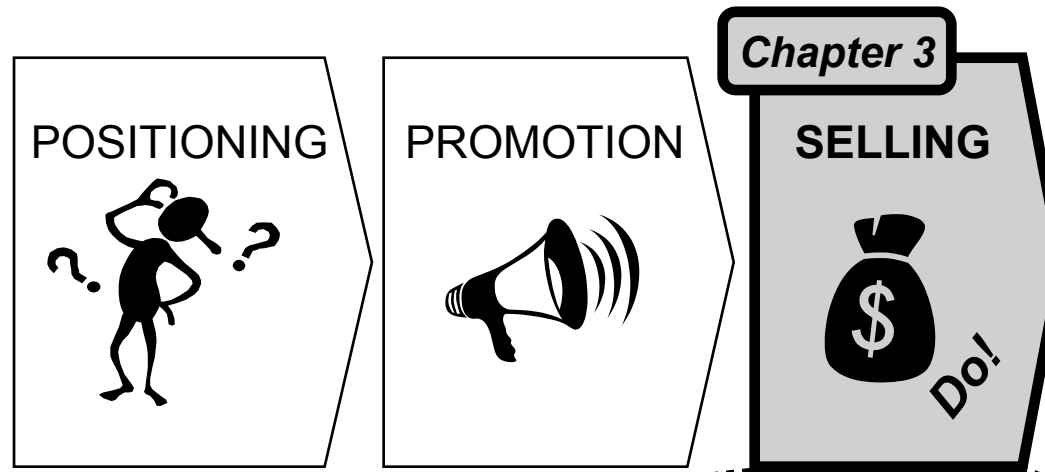
However, the product still needs to be sold, which in many cases calls for a very proactive and persuasive approach. So, the next chapter addresses the selling of your product.

\*\*\*\*\*

**– END OF IN-STORE PROMOTIONS SECTION (2.3)  
AND THE WHOLE PROMOTION CHAPTER –**



# Chapter 3: SELLING IS DIVIDED INTO THREE SECTIONS



## 3.1 Personal selling

Getting into a proactive mindset, offering product, cross-selling and using scripts  
– *Convincing on store level*

## 3.2 Business-to-business selling

Generating leads, preparing proposition, and making contacts  
– *Convincing on business-to-business level*

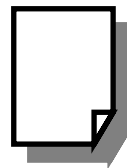
## 3.3 Managing sales force

Selecting, incentivizing, motivating and coaching your employees to better sell  
– *Convincing your employees*

This chapter covers selling and is divided into three parts. The first is how to do a better job of selling in-store. Though this section is most appropriate for those who sell directly to end-customers at the store level, others can benefit as well. For example, whether you are selling to retail or wholesale businesses, you need similar preparation—such as thoroughly thinking through your main selling arguments.

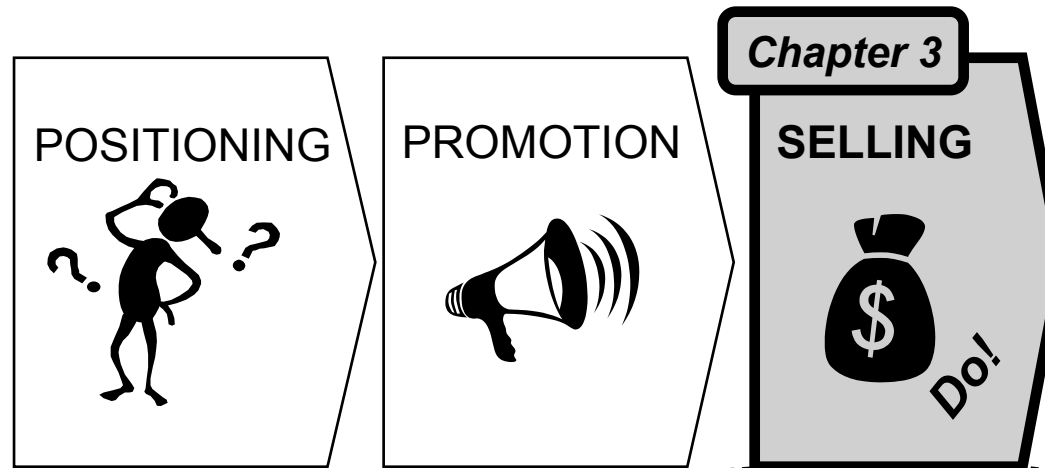
The second section covers what you need to know to sell in so-called ‘business-to-business situations. That is when you do not deal with end-customers directly, but rather other businesses buy products from you and then they re-sell it to end-customers.

The third topic covered in this chapter is all about how your employees can do a better job of selling. If you have employees that sell for you, both you and your employees need to go through the preparation in the ‘Personal Selling’ section. As an owner or manager, you need to do additional things to manage your employees.



The next page starts the ‘Personal Selling’ section by giving an overview of what is to follow.

# Section 3.1: SELLING – PERSONAL SELLING



## 3.1 Personal selling

## 3.2 Business-to-business selling

## 3.3 Managing sales force

### PERSONAL SELLING ...

... is not just cashing the money; rather, real selling means to proactively and persuasively offer products, while ideally building a rapport with a customer

... should also include trying to sell complementary products, if appropriate

... is a skill that can be learned by being persistent and systematic

... a good product is easy, but while a good salesman can sell a lousy product, only very few products are so good that they 'sell themselves' without effort

### ON THIS CHAPTER:

- 'Personal Selling Framework' describes what a good selling process should follow: (1) proactively approaching & greeting customers, (2) proactively offering & explaining products, and (3) proactively offering complementary products.
- 'Sales Manual Template' and other templates (scripts) are of crucial importance in this chapter — preparing these scripts, rehearsing and mastering them is guaranteed to make you a better salesman.
- 'Selling' covered in this chapter concerns personal, face-to-face selling to end-customers, done mainly in store.

\* \* \* \* \*

## –START OF PERSONAL SELLING SECTION (3.1)–

This section on “Personal Selling” is the most fun part of this manual. Everything else is just preparation and making sure that you have good ‘material’ (good product) to work with. The most valuable part of this section is about how to rehearse for selling situations. Great learning come from these rehearsals.

Unfortunately, live rehearsals can only be done in workshops. If you are using the manual stand-alone, just try to visualize that you are trying to sell your product. Imagine the kind of discussion you would be having. In fact, going through all the steps in this section will prepare you very well for reacting to various situations that arise in real life.

**IMPORTANT NOTE:** the personal selling approach described in this section is appropriate for those stores in which employees can devote time to individual customers without hurting service to other customers, and it is for selling products that require or could benefit from more explanation. A busy supermarket, for example, cannot afford a similar personal and intensive selling approach.



How do define ‘selling’, and how much of it do you or your store actually do?

## SO, WHAT REALLY IS AND IS NOT SELLING?

### **CASHIER** *“Order-taker”*



- ✗** Sitting by the counter
- ✗** Not smiling, even looking annoyed
- ✗** Not talking; providing no offers or guidance to customers

### **SALES MAN** *“Order-maker”*



- ✓** ‘Moving’ around; being active
- ✓** Smiling, greeting and approaching customers
- ✓** Offering and explaining products with a drive to sell

The left side symbolizes the approach to selling that many businesses still, unfortunately, take—i.e., passive ‘order-taking’. Nothing is being done to encourage the customer to make a purchase. The right side symbolizes a proactive approach—making customers comfortable about making a purchase. This is true selling.

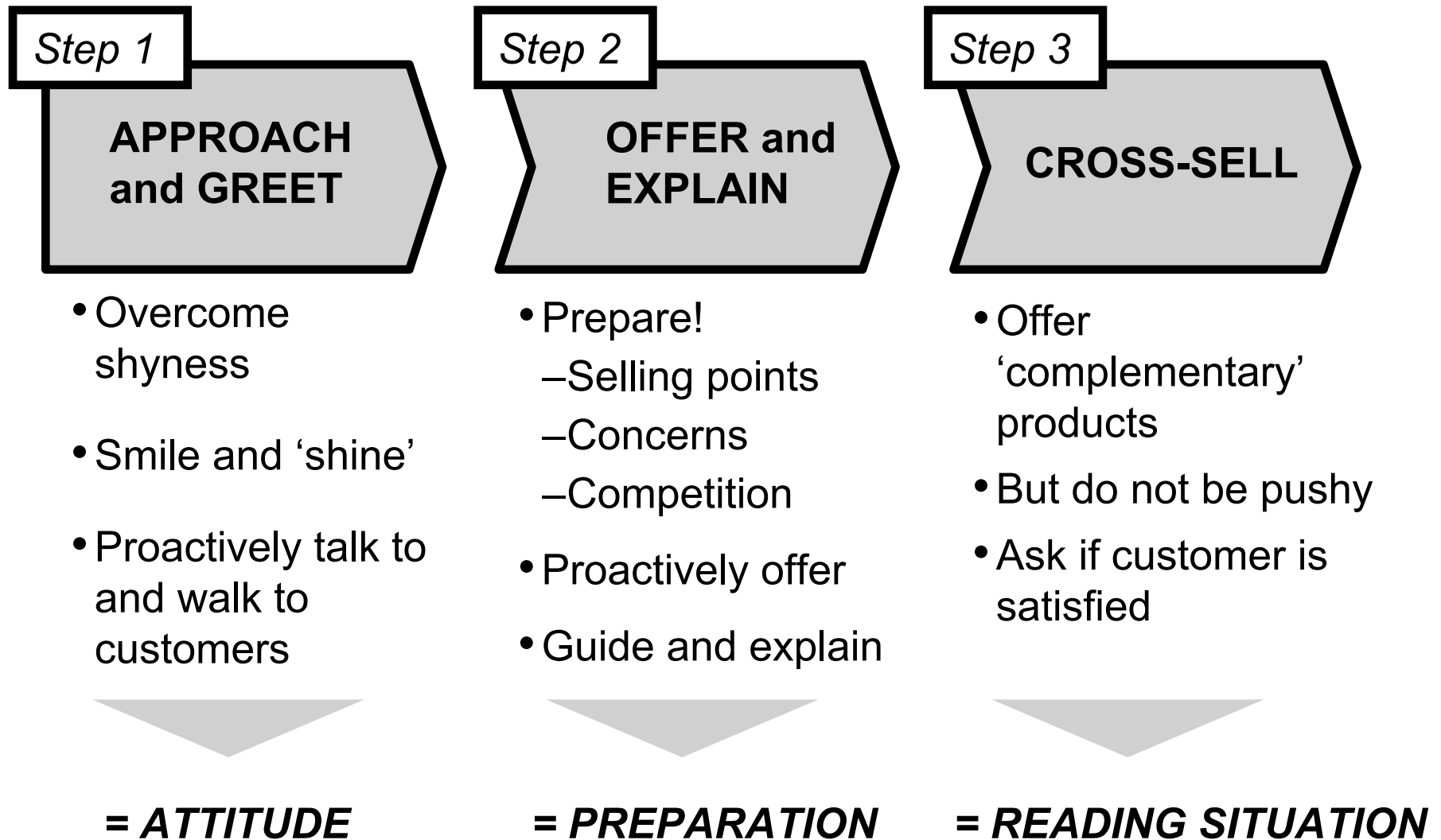
Generally, the average person is not born with skills in selling. Rather it is a skill that can only be learned. And most importantly, one has to realize that he/she is, in fact, in a selling position and not just an ‘order-taking’ or ‘cashier’ position. A “selling” position requires a certain approach, briefly outlined in the right box above and described in great detail in the following pages.

The bottom line is this. If you are 100% committed to selling the product to a given person, on average you will succeed. You just have to get in that mindset with all or as many of your customers as possible.



Before you are presented with a step-by-step selling framework on the next page, what do you think are the three most important things to think about when selling?

# INTRODUCING PERSONAL SELLING FRAMEWORK – USED IN THIS CHAPTER AND HELPFUL IN PRACTICE



Before going further, we are going to re-emphasize what selling really is and how effective selling can be achieved. Real selling means being proactive, by always approaching customers and talking and listening to them. Real selling means being driven towards a sale—always offering products and doing it by highlighting the benefits that will most likely appeal to a given customer and gradually guiding a customer towards a sale. Real selling should involve offering complementary or other interesting products—doing it in a logical and appealing way and only if appropriate.

Unless you were born a star salesperson, real selling requires preparation and a systematic approach. For some people this is natural and they need to know relatively little about a product in order to turn it into a “piece of gold” in the eyes of customers. Most people however, need to prepare what to say and then practice saying it.

Sitting down and preparing selling arguments, even writing them down and rehearsing them, is not only **ABSOLUTELY NORMAL**, IT IS VERY NECESSARY!

Answer the following question. If you picked your favorite product and picked any one person in your store or even off the street, and I promised you \$1 million dollars if you sold the product to that person, would you be able to make the sale? Would you sit down and think through your strategy? Would you walk to the person, smile, and make your pitch? Probably YES! So, please approach every single product you have and every single (potential) customer who walks in your store in the same way. This chapter should help you do that.



The next page starts a mini-series of pages on the first step by giving tips on approaching and greeting customers.



# STEP 1 OF THE SELLING FRAMEWORK – GREETING CUSTOMERS: BASIC PRINCIPLES



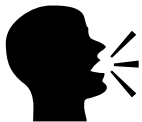
## OVERCOME SHYNESS

- Customers, particularly tourists, like to be talked to
- Often, ‘culture’ or shyness is just an excuse for not selling and for poor customer service



## SHOW FRIENDLINESS

- Approach and speak with customers, get them to like you
- Smile, smile, smile, and start an informal chat—saying ‘no’ to a “friend” is tougher



## TALK AND LISTEN

- Ask questions and listen, listen, listen—to find out what the customer may want
- Tell a customer something interesting about the place, products, production methods

You need to talk to customers in a friendly manner, while listening to their responses—which can steer you towards promoting one product or another to them.

One point deserves special mention. In situations in which it is not obvious what a customer may be looking for, chat with her very informally—as if you were not trying to sell anything to her. This builds a rapport and helps you judge what might appeal to her. The level of informality of the chat will, of course, vary from situation to situation. Sometimes, you may want to be more direct by offering something specific upfront. Only you can judge the situation.



How would you prepare or support your employees to be better able to greet customers and engage in a conversation with them?

## **GREETING CUSTOMERS (CONT.): A SCRIPT CAN BE USED TO PREPARE FOR APPROACHING CUSTOMERS**



**GIFT SHOP EXAMPLE**

**Employees should greet and start talking with an incoming customer in a similar way to the following:**

---

Hello Sir / Madam. Welcome to our store. How are you today?

Are you visiting Pohnpei for the first time? Have you been around for some time? How have you liked it so far?

How can I help you? Anything specific you're looking for?

Did you know that Micronesia is famous for its handicrafts? They are made by people on the outer island as far as 200 miles away. They have been making these crafts like this for hundreds of years. It is one of the main sources of their income. In fact, it is what still sustains those communities...

Our store is especially famous for these handmade bowls that you see over there. Can I show them to you?

The opening script is one way to support your employees or help yourself in the first step of the selling process. It is also a way to ensure this step is not skipped. It is much more effective to provide employees with a similar script rather than just to tell them “make sure you greet everyone.”

The above script is an example for a hypothetical store and product, the script for your store/product will be different. But in all cases a script must be friendly, open up conversation with the customer, and solicit them for products they are looking for.

Remember, people who work in sales need to practice their script.



Before moving on to the second step, you should think about how a similar script would read for your business.

## STEP 2 – OFFERING & EXPLAINING: STARTS WITH KNOWING YOUR PRODUCTS WELL



### DETAILS OF PRODUCT

- ✓ Description of a product and a sales pitch, how it works, etc.
- ✓ Defining the benefits (and technical details, if appropriate), price, etc.

### ADVANTAGES FOR CUSTOMERS

- ✓ What customer needs are being fulfilled by this product?
- ✓ Why should the customer consider buying this product if he has not thought of buying it before?

### ADVANTAGES VS. COMPETITION

- ✓ Why should anyone who is considering this type of product buy your product as opposed to buying from the competition or buying a comparable or substitute product?

It is your responsibility and a pre-requisite for successful selling to know all your products thoroughly!

As a preparation and reference tool, you should create sales manuals (or selling scripts) for your most important products. These are especially useful if other people, such as your employees, are doing the selling and could use support in making sales pitches.

The following pages offer selling scripts, or sales manuals, or product sales sheets (or whatever you want to call them) that suggest how you may want to go about this preparation.

In the points above, the details of your product serve as information to the customer, and can also serve to highlight the benefits of your product. The advantages of the product to the consumer should be made very clear. The customer needs to know why she needs this type of product, why she needs your product in particular, and why substitutes will not work.

For example, when selling a Micronesian natural sponge for bathing, you need to give information about the sponge, discuss the benefits of the sponge and what advantages it will provide to the consumer, and why the Micronesian natural sponge is superior to other natural sponges, as well as synthetic sponges and other bathing materials, such as washcloths.



If you were to prepare a sales manual for one product, what information would it include? What would it cover?

# OFFERING & EXPLAINING (CONT.): 'PRODUCT SALES SHEET' EXAMPLE FOR CINNAMON TEA



Madue –  
Natural  
Cinnamon  
Therapeutic  
Tea



CINNAMON TEA EXAMPLE

## SALES ARGUMENTS

**'Great tasting therapeutic tea... From an exotic place... With proven health benefits.'**

- **Scientifically proven health benefits**—USDA and other studies claim cinnamon bark, in addition to its benefits as a **traditional medicine** for pain, digestive aid, etc., it also helps:
  - Stabilize blood sugar levels
  - Lower cholesterol
  - Reduce blood pressure
  - Fight diabetes type II
- **Great taste**—Slightly sweet, even without adding sugar
- **100% organic**—No additives, unlike chemically processed cinnamon bark dietary supplements in pills selling for \$20
- **Exotic origin**—Makes a great gift or souvenir
- **Scarce and unique**—Pohnpei is one of the few places to produce and sell it, and only a couple of families grow it

## DID YOU KNOW THAT ...

- Cinnamon bark is one of the most powerful natural remedies known, with its unique combination and strengths of health benefit?
- No one dared grow a cinnamon tree at home until recently because of a myth that bad things would happen to them?
- Nutritionists recommend a teaspoon of cinnamon every day?

## PRODUCTION BASICS

- Cinnamon trees prosper best in almost pure sand, constant rain, heat and steady temperature
- Pohnpei is one of the best places in the world for growing cinnamon trees
- Cinnamon trees used to grow only in higher altitudes, in hardly accessible mountains
- Scraping the bark in the wild usually destroyed the tree
- Now, the tree is produced domestically and ecologically
- It takes five years to grow a tree
- The inner bark is scraped and re-grows in five months

## PREPARATION DIRECTIONS

1. *Start boiling water*
2. *Add scrapings* when water is warm (one teaspoon for several cups)
3. *Boil* 3-5 minutes—until turns reddish color)
4. *Strain* the liquid
5. *Serve* hot or as iced tea

This is an example of a sales manual for cinnamon bark tea. It contains four sections, mainly with selling arguments and interesting facts. These sections will vary with different products.

THERE ARE THREE IMPORTANT THINGS TO REMEMBER about scripts in general. First, it is useful to print them, even on a stiff paper and laminate them. Depending on the amount of text, you may want to print it on smaller paper than regular letter size. Scripts should have as little text as possible (sample scripts in this section are on the long side). Sometimes, several different scripts can be put on a key chain if printed on heavy paper or if laminated for a salesperson's use.

Second, it is not as important to have selling scripts as it is to think through the arguments and messages that are on the scripts. Whether you prepare and print some of these scripts is secondary. What is critical is that you prepare and you have the necessary points in your head. Scripts are useful also as a reference for you or your employees. Scripts are a very powerful tool because they force you to really think about selling arguments and force you to communicate these arguments when you face customers.

Third, scripts are for your internal use or for the use of store employees—do not let customers see them. Especially do not give them to customers as a way of their getting information about the product. Brochures and other POS materials serve that purpose.



Following is another example of a sales manual for the sea sponge.



# ANOTHER EXAMPLE OF A 'PRODUCT SALES SHEET' WITH SELLING ARGUMENTS FOR A SEA SPONGE



SEA SPONGE EXAMPLE

## SALES ARGUMENTS – How to convincingly present the product to a customer?

**'The only 100% natural and ecologically farmed sponge in the world, unlike all other sponges ... Exceptionally smooth... People wash babies with it.... Like taking home a piece of Pohnpei paradise.'**

- **FINEST NATURAL QUALITY:**  
*'Treat yourself to a pleasant experience at every bath'*
  - Gently cleans and massages, leaving your skin feeling smooth
  - Absorbent natural structure creates a rich lather, no odor
  - Extra-long durability, keeps your Pohnpei memories alive
- **TRULY ECOLOGICAL:**  
*'Contributes to sustaining the marine environment'*
  - The only ecologically farmed sponge in the world
  - Unique marine souvenir with no harm to coral reefs
  - 100% natural, with no harsh chemicals used in processing
  - Production overseen by marine biologists ensuring quality
- **COMMUNITY-SUPPORTIVE:**  
*'Support sustainable livelihoods for rural communities'*
  - Most proceeds go to indigenous people who produce them
  - Purchase contributes to sustaining their livelihood
  - For educational purposes and economic development
- **TRADITIONAL:**  
*'Respect local island traditions and customs'*
  - A popular gift among native Pohnpeins
  - Given with coconut oil for bathing and massaging to newborns
  - Sponge farming complements artisinal fishing practices

## INTERESTING FACTS – How to get a customer more involved and informed

### PRODUCTION

*Four steps, 18 months to two years*



#### **Step 1: Collecting Wild Sponges:**

- A diver goes to deep parts of the lagoon
- Cuts 2/3rds of the sponge, leaving enough to regrow

#### **Step 2: Farming:**

- Transported in ice chests filled with water
- Farmer cuts the sponge into smaller pieces
- Hangs sponge pieces on lines in an underwater farm
- Sponges kept free of fouling
- Waits 18 months to 2 years before harvest

#### **Step 3: Harvesting:**

- Harvested, placed in baskets in the lagoon to cure
- Organic matter removed, leaving only skeleton, called *spongin*, which forms the basis of sponge

#### **Step 4: Cleaning & Quality Control:**

- Run through a standard household washing machine twice, then sun dry
- No harsh chemicals are used in processing
- Marine biologists or agriculture trade school instructors check for quality

### DID YOU KNOW THAT ...

- There are 5,000 sponge species, but only a handful can be used for bathing
- Roman soldiers used sponges to line their helmets

Again, this product sales sheet contains two crucial sections—one on selling arguments and one on interesting facts. (In this case, the interesting facts are focused on production basics since many people are interested in how sea sponges are produced.) Notice that the main selling arguments have supporting points beneath them. This makes them more than just empty, unsupported statements.

If a customer has questions on one of these arguments, you will know the points that support your arguments and you can discuss them with the customer. You can also highlight these supporting points as a way of amplifying your selling arguments.



After reading through these two sales sheets, what is still missing in terms of the preparation needed to persuasively sell these products? What else could be used/done?

# OFFERING AND EXPLAINING (CONT.): 'COMPETITIVE COMPARISON' IS HELPFUL FOR PERSUADING CUSTOMERS



## SEA SPONGE EXAMPLE

**Why is the competition worse?**  
That is, what is the 'problem' with other bathing sponges?

**Chemically processed** ✗ *Other sponges are treated with harsh chemicals including bleach, which releases dioxins*


**Harming coral reefs** ✗ *Other natural sponges are collected in large quantities, thus harming coral reefs*

**Unattractive or no packaging** ✗ *Other sponges have plastic or no packaging, and producers does not help retailers educate customers*

vs.

vs.

vs.

**Why your sponge is better, advantages of Micronesian Natural Sea Sponge** 

*Micronesian Natural Sea Sponge is 100% organic, with no chemicals used* ✓ **100% natural, no chemicals**

*Micronesian Natural Sea Sponge is ecologically farmed and does no harm to coral reefs* ✓ **Ecologically farmed**

*Micronesian Natural Sea Sponge comes in a variety of packaging; attractive educational materials are provided* ✓ **Fine and varied packaging, brochures**

The above template or script outlines a competitive comparison along most important dimensions for a sea sponge. It is useful to think about a few main dimensions which make your product better than others. For each dimension, the template provides some talking points and facts.

You can use whatever product or group of products is appropriate in comparing it/them to your product. It all depends who/what products you/your product is competing with. (Recall the 'Developing Positioning' section.) For example, in Pohnpei, comparisons of the sea sponge are made to other souvenirs that tourists could buy. For example, a sea sponge might be more unique for the tourist to buy than would be a key chain or other generic gift. Meanwhile, the sponge also has a practical purpose.



After covering competitive comparison in quite some detail, what else could come up in your selling conversation that you should prepare for?

# OFFERING AND EXPLAINING (CONT.): PREPARING TO REACT TO CUSTOMER CONCERNS



SEA SPONGE EXAMPLE

<b>POTENTIAL CUSTOMER CONCERNS—Why a customer might not want to buy it</b>	<b>POSSIBLE SALESPERSON RESPONSES—How to convince customer or keep conversation alive</b>
<ul style="list-style-type: none"> <li>• “I <u>never use</u> a sponge. I do not need it for showering or bathing”</li> <li>• “Is it <u>safe</u> – is it an animal?”</li> <li>• “It is <u>expensive</u>”</li> </ul>	<ul style="list-style-type: none"> <li>• Used for bathing for centuries. Locals massage babies with it. No maintenance needed. I never used to use one either, but when I tried it, it felt very special.</li> <li>• Organic matter is no longer in the sponge since it is thoroughly cleaned. Production and quality are overseen by marine biologists.</li> <li>• It takes up to two years to grow. Comparable products sell for more than \$15. Those are not even ecologically farmed. This kind of sponge is very rare.</li> </ul>



There is always a reason why a customer is not interested. It can be as simple as ‘I just don’t care about this product,’ or ‘It is too expensive.’ Ask what the reason is.

Before a customer gives you his ‘excuse’ for not wanting your product, you have to do your preparation homework. Sit down and list the main reasons most customers will state for not being interested when you offer them your product. For each reason, come up with at least one response, or preferably multiple responses, that may change their mind—or at least keep the conversation alive. Above is an example of a simple script for preparing to respond to these customer concerns for this favorite sea sponge.

After you ask a customer ‘What is it about the product that you do not like?’ Do not give up too easily. But, also do not be too pushy. And, do not come across as annoying.



Next is a mini-series of pages on cross-selling. What is cross-selling?

# STEP 3 OF THE PERSONAL SELLING FRAMEWORK

## – CROSS-SELLING: BASICS



**What is 'X-selling'?**



Would you like french fries or dessert?

- Always offer other related or special products
- Help, don't annoy
- Give an appealing reason / story

**Basic rules**

**Advantages for customer?**

- Faster 'one-stop' shopping
- Helping overcome uncertainty
- Information and education

- Higher revenues
- Higher efficiency
- More satisfied customers

**Advantages for business?**

Above is a basic overview of cross-selling—how it should be done, and why it is good for customers and the business (when done well). These are very elementary and obvious things, but good reminders to make sure you understand cross-selling.

The basic idea of cross-selling is to offer a product to the consumer that logically complements something they are already buying. For example, you could offer fries with a hamburger at a fast food restaurant, or a computer monitor to a person buying a desktop computer. These offers are made by the salesperson to the customer (versus just having them bundled together on a shelf).

The advantage of this for the business is that revenues and sales efficiency will increase when items are successfully cross-sold. At the same time, customers benefit from getting useful items that go well with their original purchase.



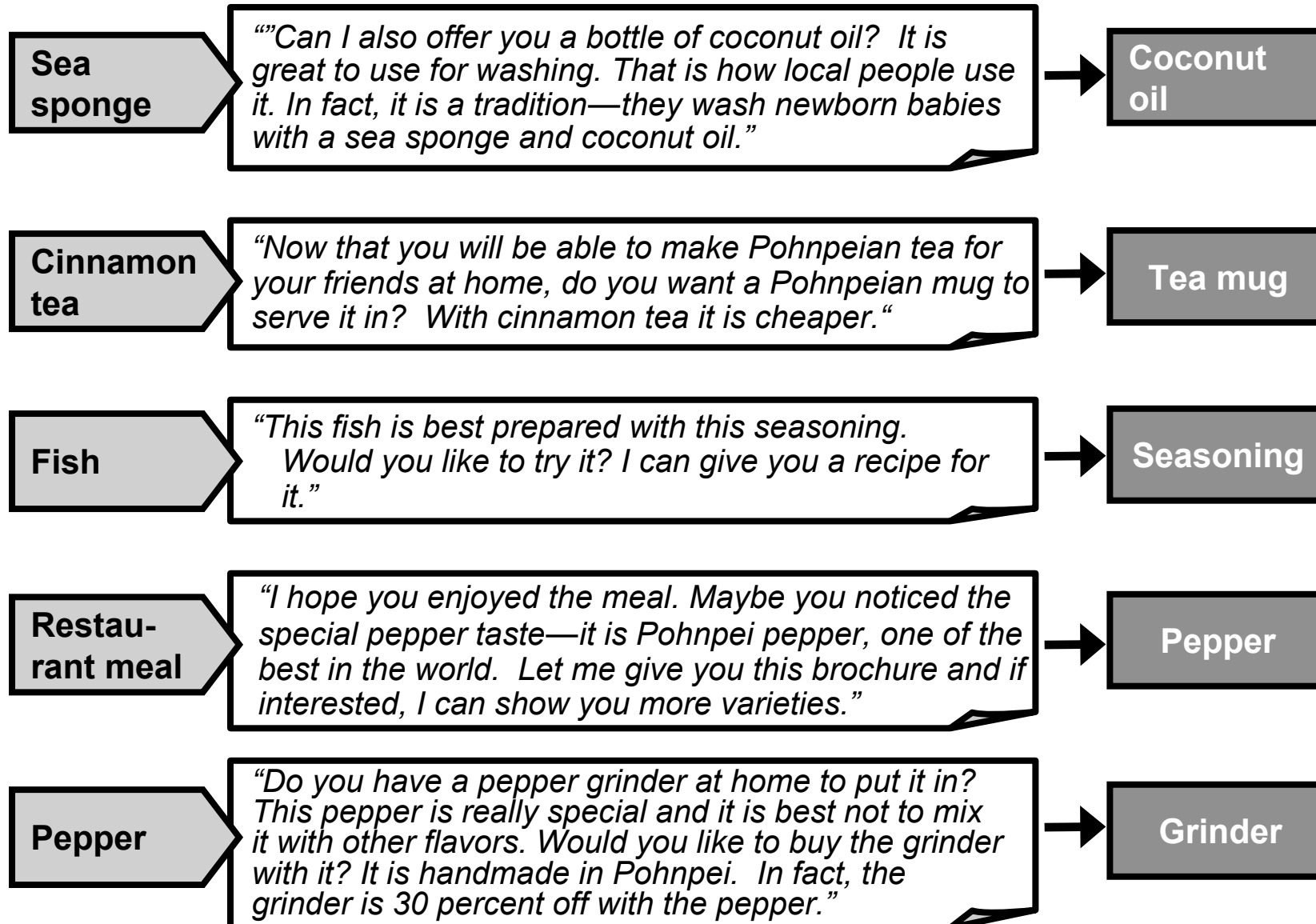
List several products you are dealing with. For each, add another product that would be good to cross-sell. Also, jot down or think through how you would offer the other product.



# CROSS-SELLING (CONT.): AN 'X-SELLING MANUAL' HELPS ENFORCE PROACTIVE OFFERINGS

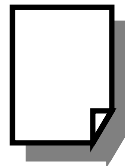


## RANDOM EXAMPLES



The product on the left is what the customer is buying. In the box on the right side is a cross-selling item—i.e., a complementary product that should be automatically offered with it. Together, these two products form a cross-selling pair. In the middle is a mini-script on how to offer the complementary product (making sure the offering sounds logical and appealing, not random and annoying). This is a key point: Cross-selling that is random and illogical is sure to annoy the customer.

As with previous scripts, a cross-selling script is not necessary. But it is a helpful preparation and forcing tool. If you have employees selling for you, it may be especially handy as an appropriate product may not always come to mind quickly, especially if the store carries many products. Having a small laminated card next to the cash register (but not visible to customers) may come in handy as a reminder on which products are cross-selling items.








The next few pages describe a template and a checklist to help with sales preparation.

# TO SUM UP SELLING: USE THIS TEMPLATE TO TEST YOUR LEARNING, AS WELL AS A PRACTICAL TOOL



## Sales Manual Template: *Product*

SELLING ARGUMENTS	INTERESTING FACTS
 <p><i>Several key differentiating and appealing selling arguments (use and build on positioning) that can be persuasively presented to a customer</i></p>	 <p><i>Something that could spark the interest and involvement of a customer, such as nutritional facts, production insights, etc.</i></p>
<div style="border: 2px solid black; border-radius: 15px; padding: 10px; display: inline-block;">  <p><b>Sales Pitch:</b> <i>One or two sentences to pitch to a customer or passerby</i></p> </div>	
COMPARISON TO COMPETITION	POTENTIAL CUSTOMER CONCERNS
 <p><i>Main differentiating points and advantages vis-à-vis competing products, such as pricing, quality, etc. Other useful information about competition.</i></p>	 <p><i>Predicted potential concerns raised by customers about the product or as a reason for not buying, such as high price, safety, etc. Persuasive responses to these concerns can change customer's mind</i></p>

The above template includes all main topics that may arise during a sales conversation. These are ammunition for you to use both proactively (selling arguments, interesting facts, comparison to competition) and reactively (handling potential customer concerns, helping them to change their mind about buying your product).

These topics were covered in more detail on the previous few pages. This template just pulls everything together and summarizes it on one page.







You should now try to fill out a blank template for one of your products (a blank template is at the end of the manual). The next page is an example of a template that has been filled-out for a sea sponge.



# FILLING OUT THE TEMPLATE WILL SERVE AS PREPARATION FOR BETTER SELLING

SEA SPONGE EXAMPLE

## Sales Manual Template

 SELLING ARGUMENTS	INTERESTING FACTS 
<ul style="list-style-type: none"> <li>• Finest <u>natural quality</u>—extra absorbent and durable</li> <li>• <u>Ecological</u>—helps sustain marine environment</li> <li>• Supports island <u>communities</u>—proceeds to indigenous people</li> <li>• Respects local <u>traditions</u>—gift to newborns</li> </ul>	<ul style="list-style-type: none"> <li>• Unique in its <u>combination</u> of natural origin while not harming the environment</li> <li>• <u>Production</u> takes 18 months and is supervised by marine biologists</li> <li>• <u>Five production steps</u>: collection, farming, harvesting, cleaning and quality control</li> </ul>
<p><b>Sales Pitch:</b> Only 100 percent natural and ecologically farmed sponge in world. Exceptionally smooth. Take a piece of Pohnpei paradise home</p>	
 COMPARISON TO COMPETITION	POTENTIAL CUSTOMER CONCERNS 
<ul style="list-style-type: none"> <li>• Chemically processed—sponges treated with harsh chemicals including bleach, which releases dioxins <i>vs. ours</i>, which is 100 percent organic with no chemicals used</li> <li>• Harms coral reefs—collecting entire sponges from the ocean harms coral reefs <i>vs. ours</i>, which is ecologically farmed</li> <li>• Unattractive packaging—simple plastic or even no packaging <i>vs. our</i> variety, with nice packaging and educational brochures</li> </ul>	<ul style="list-style-type: none"> <li>• “<u>Never used a sponge</u>”—Used for bathing for centuries. For massaging babies. No maintenance needed.</li> <li>• “Is it <u>safe</u> – it is an animal?”— Organic matter no longer in it. Production and quality overseen by marine biologists.</li> <li>• “It is <u>expensive</u>”?—Comparable products sold for \$15+. Very scarce. Two-year production time.</li> </ul>

The points in the above template were already covered in other selling scripts earlier in this section. Again, it has both proactive steps to induce a customer to make a purchase, as well as reactive steps to respond to a customer's concerns about making a purchase.

This page summarizes all of the steps in effectively selling products in one place and uses less text for the example of the sea sponge.



The following checklist of the steps involved in selling conclude section 3.1.



## **SELLING CHECKLIST AS ANOTHER WAY TO END THE CHAPTER AND PREPARE FOR SELLING**



- Attitude**      Am I willing to be a salesperson—i.e., be proactive, smiling, and communicative?
- Sales arguments**      Have I thought through and prepared sales arguments?
- Addressing concerns**      Have I thought through possible customer concerns and how to address them?
- Competition**      Do I know my competition?
- X-selling**      Do I know what and how to cross-sell?

After clarifying the positioning and employing the right promotional techniques, the product is ready to be sold. Proactive selling, as opposed to merely waiting for a customer to come in and pick up a product, can increase sales dramatically.

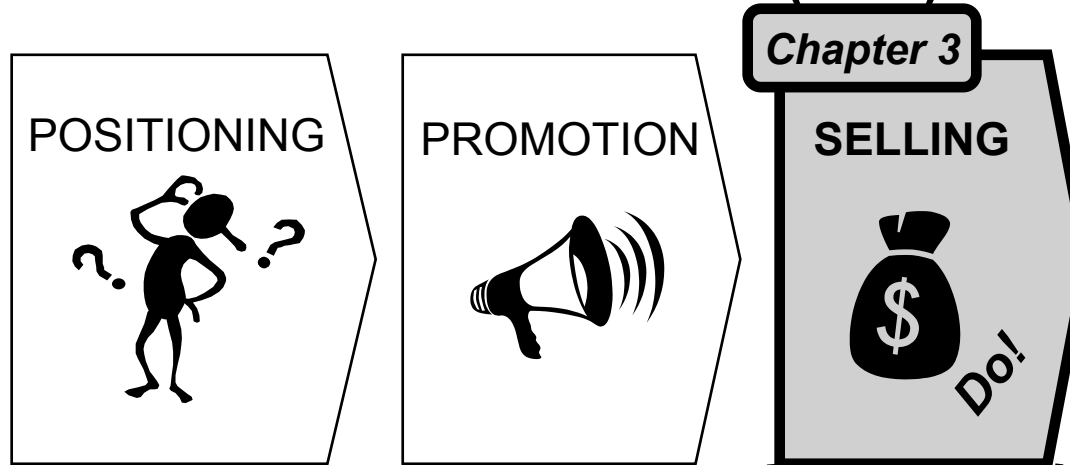
For that to happen, you need a proactive mindset and systematic preparation. This 'mindset' and preparatory aspects of selling were covered in this chapter and the above checklist is a simple reminder of what you need to do in preparation for and during the selling process.

\* \* \* \* \*

**–END OF PERSONAL SELLING SECTION (3.1)–**



# Section 3.2: BUSINESS-TO-BUSINESS (B2B) SELLING



## 3.1 Personal selling

## 3.2 Business-to-business selling

## 3.3 Managing sales force

### B2B Selling

In this chapter is a synonym for more formal dealings with other businesses, as opposed to selling to end-customers

This is not just about waiting for a call to take an order, but is more about proactively creating the orders

This can be improved if a systematic process is followed

### ON THIS CHAPTER:

- *'Business-to-business Selling Framework'* describes the steps that a good selling process should follow: (1) proactively generating leads and potential contacts, (2) thoroughly preparing a value proposition, (3) making contacts and following up
- Many steps in business-to-business selling are similar to personal selling or even positioning, but some specifics need to be covered—e.g., the tools for *how to structure a sales meeting* or produce a *summary meeting report*
- Selling issues covered in this section are more relevant to formal selling, such as, wholesaling, export, etc., rather than to in-store personal selling
- A detailed case study for wholesaling a sea sponge is provided

\* \* \* \* \*

## –START OF BUSINESS-TO-BUSINESS SELLING SECTION (3.2)–

This section is relevant to any business that does not sell directly to end-customers, but instead sells to retailers, wholesalers and other businesses.

To increase sales in the business-to-business setting requires lots of ‘leg work’ — for example, looking up many potential contacts, preparing for them, making many contacts, and following up.



Do you know what a ‘sales representative’ does?

# WHAT IS A SALES REP, AND HOW TO SELL TO BUSINESS CUSTOMERS?

“A sales representative, or anyone whose job it is to sell to firms, proactively acquires and continuously serves business customers through understanding and fulfilling their needs while maximizing the profit for his/her company”

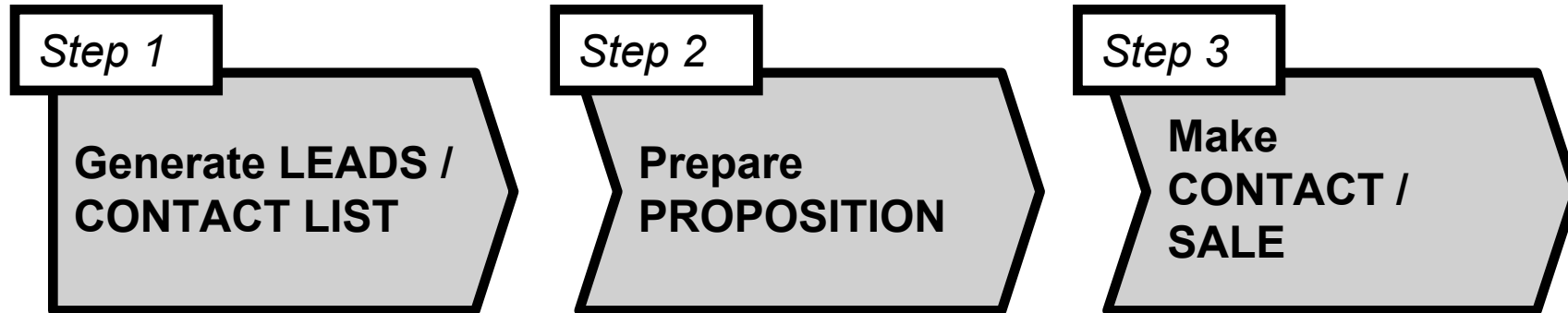


The above a job description of a sales representative illustrates, in general, what the term “business-to-business (B2B) selling” means. It means being proactive, systematic and constantly thinking about the needs of your business customers. The sales representative in the picture is calling a customer from his/her client list and offering him/her a well-prepared proposition. If you don’t have any employees that would sell for you, then you’re your own sales representative!



If you want to acquire many new business customers, what would you do?

# INTRODUCING B2B FRAMEWORK – USED IN THIS CHAPTER, AS WELL AS HELPFUL IN PRACTICE



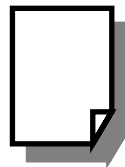
- Make a contact list of potentially interested customers
- Make a plan for when and how to contact each

- As in personal selling, prepare!
- In addition to an attractive offer to end-customers, also show:
  - Credibility as business partner
  - Profitability of the product
  - Competition comparison
- Put together a proposition package

- Do homework and prepare for every contact
- Do as many contacts as possible
- Record the outcome of each

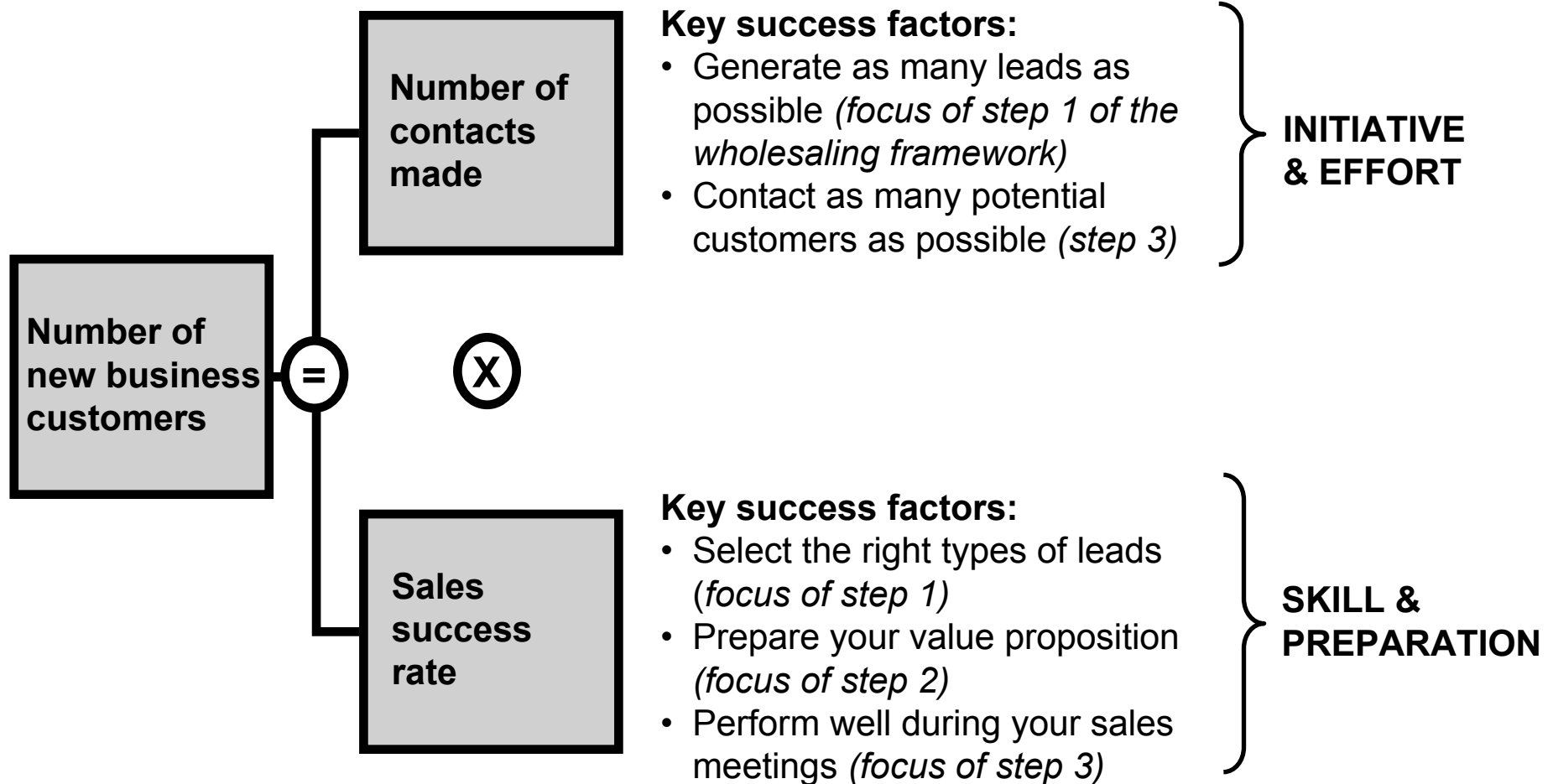
As in the 'Personal Selling' section, this section follows a three-step, but slightly different, framework. In personal selling you have to go through the framework step-by-step (greet → offer → cross-sell) with each customer. With business-to-business selling, the framework is meant for the overall selling process vis-à-vis many business customers.

When you want to make a larger sales effort (when selling to businesses as opposed to selling in stores), you must go through these steps. If you skip or neglect any one of them, your results will suffer. For example, if you're not systematic and diligent about preparing an extensive, quality contact list, you simply won't be able to get as many new customers. In contrast, if you already have a very good idea of whom to sell to or if you need to find only a couple of new business customers, you probably can put less time and effort into generating a contact list.



The next page shows that your success in B2B selling depends on two factors.

# SUCCESS IN B-2-B TRANSACTIONS DEPENDS ON NUMBER OF CONTACTS AND THEIR SUCCESS RATE



Generally speaking, in business-to-business selling there are two ways you can increase your success — (1) by contacting more potential customers, or (2) by doing a better job or offering a better proposition when a contact happens (success rate). If you multiply the number of contacts and your success rate, you get your end result (number of new customers).

You can do a good job selling to other businesses or intermediaries focusing on either of these two factors. You can contact a huge number of potential customer with a relatively mediocre proposition and among the huge number you will always find some new buyers. Or, when you have a superior proposition and do an excellent job during your sales calls or visits, you'll achieve decent sales even with fewer firms contacted because out of the relatively few contacts you'll make, most of them will say yes.

Of course, it's the best to do well on both dimensions — make a high number of contacts and do a great job with them. Both actions take a bit of preparation and thinking, and this chapter gives basic guidance how to go about that.



The next page starts a mini-series of pages on the step one of the B2B selling guide.



# STEP 1: GENERATING CONTACT LIST – SOME BASIC HINTS WHERE TO LOOK FOR CONTACTS



- 1**  
**Local businesses**
  - Do all local businesses who could possibly carry or use your products actually do that?
  - If not, do your homework on these business and contact them
- 2**  
**Trade Fairs**
  - Especially if you're not sure exactly where and how to sell, then go to a trade fair
  - These fairs bring together business buyers and sellers from related product areas
  - You are always guaranteed to benefit from attending a fair. Even if you don't sell, you will certainly learn a lot about the industry and about how you need to improve to sell the next time. The downside of a fair is its relatively higher cost
- 3**  
**"Cold calls"**
  - Cold calling means contacting firms that do not know you with a prepared offer
  - You can find contacts in a phone book, via the Internet, or various trade organization, or simply from friends

When looking up potential contacts, don't be afraid to deviate from the traditional way of supplying products to stores or end-customers in your industry or region.

Often, small businesses have to sell through dealers or wholesalers. But, if you do have a special product and proposition that differentiates you from other competitors, don't be afraid to bypass re-sellers, intermediaries or dealers, and try to go directly to the businesses which these other intermediaries supply.

This bypassing will let you keep a much higher share of the final selling price, the offset being that it requires more work and a better value proposition.



When you have a long list of contacts (or potential customers) how do you prioritize? How do you decide on the first dozen on which you will focus?

# GENERATING CONTACT LIST (CONTINUED) – IF LEADS ARE ABUNDANT, PRIORITIZATION IS ESSENTIAL



- *How many suppliers of similar products does the company have currently?*
- *How satisfied are they with their suppliers?*
- *Can you fulfill their needs?*

Ease to acquire	Easy	Your effort may not be economically justified, but must be served very cost efficiently	FIRST PRIORITY
	Difficult	IGNORE	Start building relationship to get small part of the wallet
		Low	High
		<b>Revenue potential</b>	

- Prioritizing will
- Maximize your chances of acquiring a customer
  - Ensure you can serve a customer profitably
  - Prevent you from wasting your time

- *Estimate potential customer profitability (their product needs, sales volume, selling price)*
- *What are their future needs?*

Prioritization of leads is important when there is an abundant number of potential customers and when the effort put into one contact is very high.

The above is one simple way to prioritize — write down all possible leads and keep on the contact list only those that have high potential (on the ‘Revenue potential’) and can be realistically acquired (on the ‘Easy to acquire’). For example, the ideal would be a company that is not currently being serviced by competitors that would also sell a lot of your product at a high price.

If you do not have as many options in terms of whom to contact and/or it is quite obvious whom to contact, no prioritization is needed.



The next page introduces an essential tool to use if you'll be dealing with a high number of (potential) customers.

# SALES DATABASE, WITH CONTACT DETAILS, AND UPDATED CONTINUOUSLY IS AN ESSENTIAL TOOL



As preparation, based on research, interaction, etc.

Last call, samples sent, research to be done, etc.

When to call again, what to send, etc.

	Company	Contact person	Phone, address	Comments	Status	Next steps
Segment A						
Segment B						
Segment C						
Segment D						

This a template for a contact list. While it's prepared in Excel, a paper-based list is fine too.) As mentioned previously, when it comes to larger B2B sales efforts (that is, for example, when you have a high number of units you need to sell and you will have to find multiple businesses that will buy from you), you need to be systematic. You need to know whom to contact, have basic information on each, update how your relationship is evolving, etc.

A contact list like the one above is a must. This list groups customers (or at this point still only contacts) into segments (for example by the size, region, type of store, level of centralization of purchasing decisions, etc.).

These contact lists are especially important if people other than you from your company will be dealing with your business customers. In this case, having this basic information available allows others to quickly see the status of these relationships, such as knowing who the contact is and what was promised to the customer.



Once you have a contact list, you need to think about your value proposition. What should a good proposition to business customers include? The next page starts a mini-series on the second step — preparing value propositions and making contacts.

## STEP 2: A GOOD VALUE PROPOSITION INCREASES CHANCES OF SUCCESS AND NEEDS PREPARATION



### A GOOD VALUE PROPOSITION....

---

1. Introduces & explains clearly what benefits the targeted customer will receive, as based on his/her main needs and concerns
2. Brings acceptable profit to your company
3. Is competitive with what competitors offer (or is at least not obviously uncompetitive)
4. Promises only what can be delivered

### THEREFORE, PREPARATION BEFORE CONTACTING POTENTIAL CUSTOMERS IS ESSENTIAL

---

- Prepare what you will say about your company and product(s)
- Do research about the company to be contacted
- Prepare a well structured offer emphasizing the key areas most important to the client (price, quality, service)
- Present the offer in a professional manner (appointment accompanied by a business letter, promotional package, etc.)

A **value proposition** is simply what you have to offer to your business customers. Besides the product itself (and all the selling arguments and other details for that product), dealing with business customers requires covering aspects of the business relationships, such as your reliability, their profit, etc. Simply answer convincingly the question ‘Why should I buy from you?’ from all potential angles.

The value proposition should produce a win-win situation. The customer benefits from the product and the additional support services that you provide, and your offer allows you to make an adequate level of profit.

More on how to put together a value proposition and how to communicate it is covered in the case study at the end of this section.



Before you contact a potential business partner, you need to think about their concerns and how you can address them. What are the main concerns of your typical business customers?





# WHEN PREPARING A PROPOSITION, KEEP IN MIND WHAT IS ON THE MIND OF A GIVEN BUSINESS OWNER



It's crucial to understand concerns of the individual or company you'll be contacting. As with end-customers, different businesses have different needs and concerns. Make an effort to understand them and address them proactively. Take the preparation seriously.

Some concerns are common to all potential new business partners. These include your credibility, your ability to supply on time, profitability of your product, customer demand for your product, etc. You need to provide credible examples of how you can address these concerns.

However, there also are concerns specific to each business partner. For example, Store X just cancelled a relationship with one supplier and is desperately looking for a supplier of a certain product to fill the gap. Make sure you think these concerns through and prepare to address them.



Now that you have prepared, it's time to make a sales contact. Imagine you're going into a sales meeting — what should you cover in such a meeting?

## STEP 3: MAKING A CONTACT – A POSSIBLE WAY TO STRUCTURE A SALES MEETING OR A CALL (1/2)



### Issues / points to be discussed in a sales meeting (1/2)

#### Introduction

- Introduce yourself
- State the objective for the meeting / call and potential benefits for the contacted firm
- Define time needed

#### Introducing your firm

- Describe your firm
- Introduce your product portfolio

#### Decision-makers in the firm

- Ask who is the decision-maker about your deal, if appropriate
- Ask who is the contact person for the future

This is just guidance, or one possible way to run a sales meeting. On the next page are a few more points pertinent to a more formal and more complex sales calls. Many sales calls, especially those with very small businesses and already established relationships, will be much simpler and informal.

The start of a meeting should be devoted to learning and exchanging general information to build some credibility and start relationship-building. Do not jump into specific issues (unless time pressures and/or the other party wants to 'get down to business' right away). At the beginning, gradually introduce yourself, your firm and the products that it offers, and find out who would be an appropriate contact person for the future.



This is just a start of the generalities of a sales meeting or a call. What else should you cover that might be specific to your business?

# MAKING A CONTACT (CONT.) – A POSSIBLE WAY TO STRUCTURE A SALES MEETING OR A CALL (2/2)



## Issues / points to be discussed a sales meeting cont. (2/2)

### Relationship with other suppliers

- Identify other relevant suppliers
- Try to get a sense of sales and unit volumes of relevant products and suppliers (if appropriate)

### Key needs / concerns & preferred products

- Identify key selection criteria for suppliers and overall needs and concerns
- Identify general product needs (especially those still unfulfilled)

### Summary & next steps

- Summarize their stated preferences and needs
- Agree on next steps, ideally take a lead on the next call
- End the meeting

Above are additional steps in the sample structure of a sales meeting or a call. These latter steps focus on business-specific issues after learning and exchanging general information. For example, this includes trying to understand the company's current relationships and their current problems, such as additional product needs.

None of these points is covered a sales pitch. That is because this was an example of a mainly information-gathering and relationship-building meeting to focus on the customer's needs. If it's appropriate to already make a pitch, that needs to be included.



The following is yet another template (reminder that B2B sales have to be systematic) for recording outcomes of sales meetings.

# MAKING A CONTACT – A SUMMARY MEETING REPORT IS USEFUL FOR TRACKING AND FORCING DISCIPLINE



<i>Your company name</i>		
Contact made by : _____ _____	Contacted / visited firm: _____ Contact person: _____	Date: _____
<b>Goals of the meeting:</b> 1. _____ 2. _____ 3. _____ ... _____		
<b>Agreed during meeting:</b> 1. _____ 2. _____ 3. _____	<b>Date for next follow-up:</b> _____ _____	<b>Responsible for the follow up:</b> _____ _____
<b>Key concerns of the contacted firm / what improve for the next time:</b> 1. _____ 2. _____ 3. _____		
<b>Other comments:</b> 1. _____ 2. _____ 3. _____		

If a large number of firms need to be contacted and if negotiations with them are more complex, it makes sense to record the outcomes and next steps of each contact in a summary sheet like the one above.

Such summary sheets are particularly useful if the contacting of potential new customers is done by different people who hand over these multiple relationships to someone else. This way everyone stays up to date on each customer. Alternatively, you can use the contact list from a few pages back to record what's happening in the process of turning your contacts into business customers.



The following page starts a several page case study on a larger business customer acquisition effort for sea sponges.



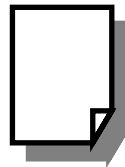


# BUSINESS-TO-BUSINES SELLING CASE STUDY

## “Micronesian Natural Sea Sponge”

- ➡ Thinking through sales strategies & promotional support
- ➡ Planning the wholesaling campaign
- ➡ Preparing details for the wholesaling campaign

This case study describes how a sponge producer will increase sales to new business customers.



The next page gives an overview of the situation.

# OVERVIEW OF A SPONGE CASE STUDY: WHOLESALE STRATEGY TO PLACE ABRUPTLY INCREASED PRODUCTION

## SITUATION

- A **sea sponge producer** with no marketing experience and skills
- Large **increase in production** of sponges (from 2,000 to 10,000)
- Due to the **limited local market potential**, unable to sell all locally

## KEY SUCCESS FACTORS

- **Generate a large contact list** – be prepared with a low hit rate (percentage success rate), that is normal in sales, esp. ‘cold-calling’
- **Select & prioritize sales contacts thoroughly** – Prioritize whom to contact along two dimensions, e.g.: (1) Sales potential: focus on larger companies, though don’t omit smaller shops as well, and (2) Likelihood of success: the sponge is a missing link in their product assortment, ease of buying decision process, expected pricing terms, etc
- **Be very persistent** – although sea sponges are a great product, no one is really going overboard to buy them from you. Therefore, persistency and follow-up is needed, as well as the seemingly repetitive process of following-up with sales contacts

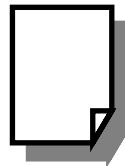
## SOLUTION

### “Cold-calling” campaign

- A **short but intense sales campaign** focused on contacting a larger number of carefully selected companies
- Use the **ready-to-use methodology** and promotional materials (described on the following pages)
- **Anyone can do this** campaign in five days, at minimal cost, as long as he/she can search the Internet and is good on the phone
- The campaign **can be fully outsourced** to, for example, a college student with a marketing major as a part of field project or as a few days of part-time work

Above is a description of the starting situation to give the context in which a B2B selling solution had to be found. This is a natural sea sponge producer with no marketing experience who needs to place 10,000 sponges while only a fraction of them can be sold locally on the island.

First, is to evaluate what is needed to sell more sponges (the key success factors); second is to create a plan to execute each of those strategies (solution).



Next, an overview of different options for sales strategies.

# FOUR BROAD SALES STRATEGIES IDENTIFIED WITH THREE WHOLESALE- (OR B2B-) TYPE

	Examples	Pros	Cons	
<b>RETAIL</b>	<p>1</p> <p>Local Pohnpei retail stores &amp; hotels</p>	<p>Sales to end-customers (mainly tourists) in Pohnpei</p> <ul style="list-style-type: none"> <li>• Gift shops</li> <li>• Hotel lobbies</li> <li>• Cosmetics shops</li> <li>• Avoid mass retailers!</li> </ul>	<ul style="list-style-type: none"> <li>• Can fully leverage the Pohnpei-authenticity</li> <li>• Can really stand out from among other local products with all the marketing support</li> <li>• Will build local marketing skills</li> </ul>	<ul style="list-style-type: none"> <li>• Limited potential</li> <li>• Difficult cooperation with and low marketing skills of local businesses</li> </ul>
<b>WHOLESALE (B2B)</b>	<p>2</p> <p>Local 'middleman'</p>	<p>Pohnpei or Micronesia person with established contacts</p> <ul style="list-style-type: none"> <li>• Mr. Sei</li> <li>• Warren Ching</li> <li>• RRE</li> </ul>	<ul style="list-style-type: none"> <li>• Arms-length working relationship</li> <li>• (Ideally) established network</li> <li>• Outsourcing most of work</li> <li>• Larger quantities potential</li> </ul>	<ul style="list-style-type: none"> <li>• No one suitable yet identified</li> <li>• Giving up a part of the margin</li> </ul>
	<p>3</p> <p>Export 'cold-calling' 1 – small stores</p>	<p>Small, stand-alone stores or franchises with decentralized purchasing (US, Palau, etc.):</p> <ul style="list-style-type: none"> <li>• Gift shops</li> <li>• Natural food stores</li> </ul>	<ul style="list-style-type: none"> <li>• Very high level of interest shown in Hawaii</li> <li>• Indefinitely large potential</li> <li>• Decent price</li> </ul>	<ul style="list-style-type: none"> <li>• Lots of work</li> <li>• Small order sizes</li> </ul>
	<p>4</p> <p>Export 'cold-calling' 2 – larger companies</p>	<p>Larger volumes, centralized purchasing (US, Palau, etc.):</p> <ul style="list-style-type: none"> <li>• Chain gift shops</li> <li>• Hotel with spas</li> <li>• Bathing specialty retailers</li> <li>• Wholesalers / distributors</li> </ul>	<ul style="list-style-type: none"> <li>• The only way to place larger share of 10,000 units yearly</li> <li>• Good learning opportunity on how to trade</li> </ul>	<ul style="list-style-type: none"> <li>• Lower price</li> <li>• Need to have planning &amp; production in order for consistent supply and commitments</li> </ul>

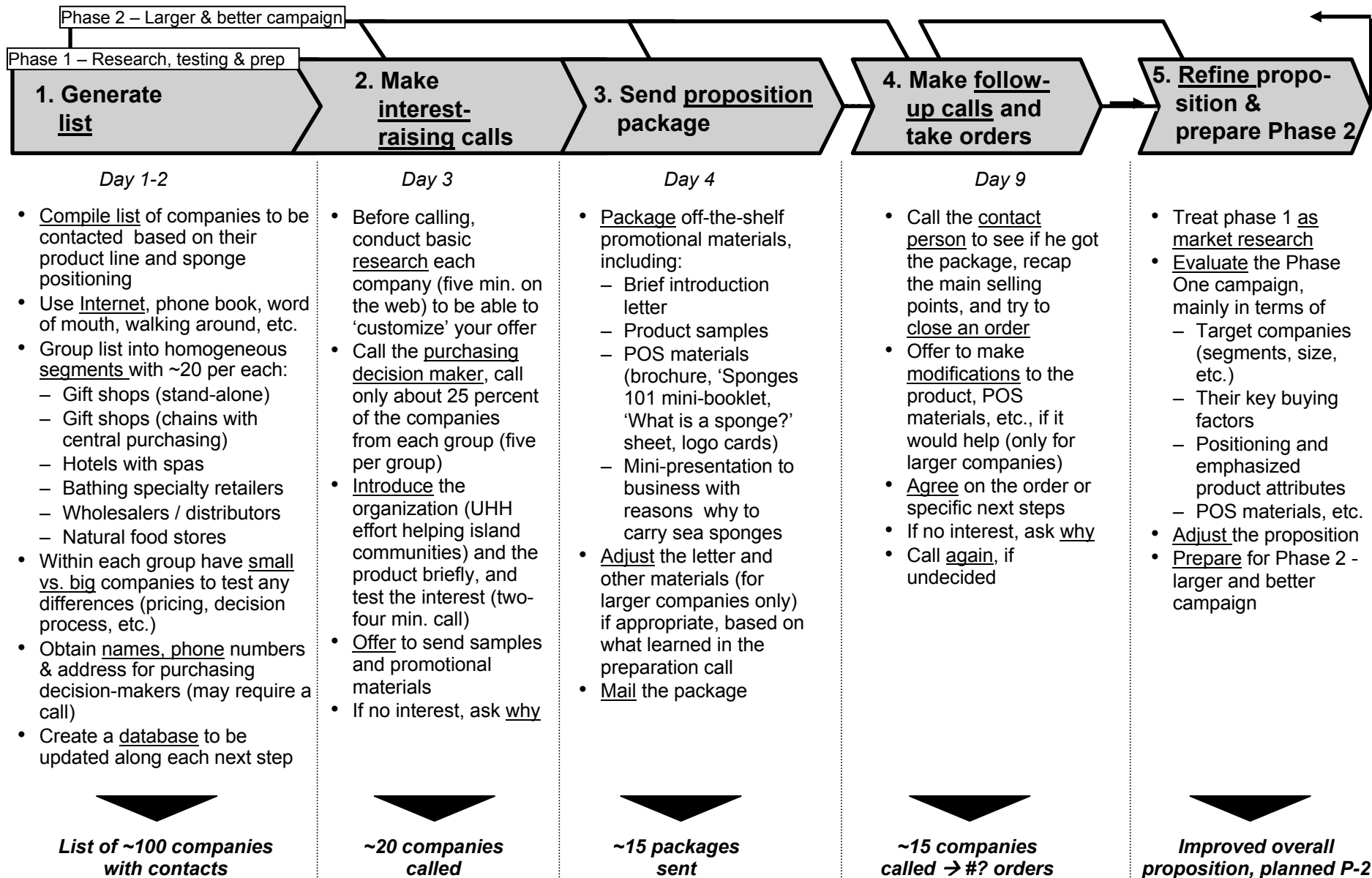
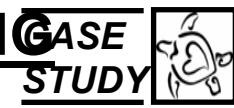
Above is a list of different sales strategies for the sponge with pros and cons for each. Coming up with different options is the first step in devising the right solution to the sponge problem. Use these pros and cons as well as other factors, such as time limitations and other resources available to you to evaluate the attractiveness of each option.

Most options on the above list are business-to-business in their nature (that means they will involve selling to business customers, as opposed directly to end-customers), and it seems that finding buyers for these sponges will be a lot of work. What would be an efficient solution?



The next case study is very busy and detailed, but it is also the most important page as describes the solution.

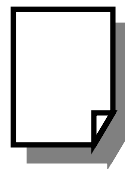
# TO TACKLE WHOLESALE STRATEGIES, A 'COLD-CALLING CAMPAIGN' WILL BE IMPLEMENTED; DETAILED PLAN:



This page contains a lot of information. Take your time to read it through and understand it. The top line is divided into five buckets and of which describes five subsequent steps that need to be followed. The arrow on the very top in the background indicates that there should be at least two phases to this selling campaign — after the first short phase, learnings should be used to improve the proposition and all other steps to do a better job in the second phase. Beneath each step is a list of tips and more detailed guidance for each step.

Simply put, what is needed to find buyers (unknown buyers in mainly new geographical markets) for the sponges is to: 1) put together an extensive list of potential buyers; 2) call them to test and raise their interest; 3) send them a promotional package; and 4) call them again to close a sale (or follow up as often as necessary). After going through these steps with several customers (at least 20 firms, together representing different segments), the proposition and the whole process needs to be refined and a new, bigger and hopefully a more successful round of making contacts should start.

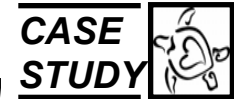
The entire sales campaign (its first phase) will take only several days and can be done by anyone who feels comfortable talking on the phone, given all necessary support (such as having the POS materials and promotional package already prepared).



The next page contains cost calculations of this sales campaign. It shows the campaign will very likely be profitable.



# BEFORE STARTING CAMPAIGN COST-BENEFIT IS EVALUATED: CAMPAIGN SEEMS MORE THAN WORTH IT!



## TOTAL COSTS OF 'COLD-CALLING CAMPAIGN' (Phase 1) ARE ABOUT \$500

### 'Producer' perspective:

• Hire a marketing college student: (5 days @ \$10/hr, can even be free if as field study)	\$400
• Telephone bill (35 calls @ 5 min each)	\$35
• Postage (15 packages @ \$3 each)	\$45
• Paper and material for POS materials (15 packages @ \$1 each)	\$15
• Cost of product samples (2 sponge bags per mailing @ 50c each, sponge opportunity cost ignored given no scarcity)	\$15
• <b>Total cost of campaign ← 'Producer'</b>	<b>~\$500</b>

### 'Middleman' perspective:

• All costs as above except sales outsourcing	\$110
• Cost of raw sponges (2 per mailing @ \$5 each)	\$150
• <b>Total cost of campaign ← 'Middleman'</b>	<b>~\$260</b>

## TO BREAK EVEN FOR THE CAMPAIGN, ONLY TWO 30-SPONGE ORDERS NEED TO BE GENERATED!

### 'Producer' perspective:

• Selling price per / 1 sponge	\$9
• Packaging cost per / 1 sponge	\$0.5
• Shipping costs per / 1 sponge	\$.25
• POS materials cost / 1 sponge	\$.25
• <b>Profit / 1 sponge → 'Producer'</b>	<b>\$8</b>
• <b># sold units</b> needed campaign breakeven	<b>~60</b>

### 'Middleman' perspective:

• Producer's profit / 1 sponge	\$8
• Cost of 1 raw sponge	\$5
• <b>Profit / 1 sponge → 'Middleman'</b>	<b>\$3</b>
• <b># sold units</b> needed for campaign breakeven (even if outsourcing sales)	<b>~90</b>

• A great product, promotional materials, and 'cold calling campaign' methodology are all prepared!

• To do this campaign at zero-cost and risk-free, you need to do only two things:

→ 1) A bit of organizing (hiring a college student for 5 days, or as a field study, or 5 days your time)

→ 2) Believing that 60 sponges can be placed by calling on ~20 companies (carefully screened, some quite large)

• For a producer to breakeven (even if outsourcing sales), only 2 orders of 30 sponges each need to be generated

• Even a middleman can make money on this campaign, if he can sell more than 100 sponges, buying them at \$5 each

Above, the box on the left side summarizes the estimated costs of doing the sales campaign described on the previous page. The box on the right shows how much money is made on one sold sponge and how many sponges need to be sold in order to cover the cost of the campaign (this is called 'break even').

The bottom sections of the cost and break even boxes show the perspective of a middleman (some one who doesn't produce sponges, but will just be selling them on behalf of the farmer and making money through his selling effort – thus this person would be a pure 'reseller'). The top parts of the two boxes show the perspective of a regular farmer who produces and owns these sponges.

The reason for these calculations is to illustrate the point that a sales campaign like this is relatively easy to do. Anyone can do it and make money on it (even a reseller who just buys sponges from a farmer and will contact a high number of firms and convince some of them to buy them).



The next few pages describe how a proposition for firms to be contacted is prepared in this case.

# PREPARING PROPOSITION (1/4): FOUR REASONS TO CARRY A MICRONESIAN NATURAL SEA SPONGE

## 1. Within bathing accessories sponges are increasingly POPULAR & PROFITABLE product




- Increasing popularity of premium personal bathing products
- Yet, scarce supply in Hawaii
- Similar, but inferior, products retail for \$15-30
- We give a very favorable wholesale price thanks to our non-profit status

## 2. Our sponge is the FINEST NATURAL QUALITY



- Smoothest bathing sponge available, with highly absorbent structure
- Unique packaging and POS materials support
- Production supervised by marine biologists from Univ. of Hawaii, no chemicals used

MICRONESIAN NATURAL SEA SPONGE



The Only Ecologically Farmed Sponge in the World

## 4. Selling our sponge is HELPING GOOD CAUSE for the environment & community



- Ecologically produced, thus supporting Marine Protected Areas
- Proceeds go to farming communities, as their main source of income
- Helps sustain livelihoods and traditions of island communities

## 3. Our sponge stands out as EXOTIC and DIFFERENTIATED from among others

- Produced in remote, exotic and climatically unique islands of Pohnpei, Micronesia
- Original personal gift from island vacation
- The most unique sponge – the ONLY 100% natural & at the same time ecologically produced sponge in the world



Your business customers who will further resell the product or who use the product in large quantities (such as a restaurant or a school cafeteria) care about the quality and attractiveness of a product, just like end customers do. So just like you have to convince an end customer in personal selling that your product is great, you need to do the same in B-2-B selling.

In addition, when trying to make a sale to a business customer, you have to address other aspects besides product quality. For example, profitability of a product (i.e., for how much do similar products sell elsewhere and how big will their margin be after the price you demand). You also have to address issues such as your credibility and reliability, and continuity of supply (i.e., will you still be in business one year from now, will you deliver on time, etc?)

It is important to address these concerns. The above and the two following examples show how you can prepare your proposition in written and structured form. You may prepare something like this for your potential business customers. But, whether or not you write the issue down, it is essential that you think them through.



What else would you enclose in your promotional package?

# PREPARING PROPOSITION (2/4): COMPETITIVE COMPARISON OF MICRONESIAN NATURAL SEA SPONGE

PROBLEMS ASSOCIATED WITH <i>OTHER BATHING SPONGES</i> .....		.... ARE NOT AN ISSUE WITH THE <i>MICRONESIAN NATURAL SEA SPONGE</i>				
Chemically processed	✗	<i>Other sponges</i> are treated with harsh chemicals including bleach which releases dioxins	vs.	<i>Micronesian Natural Sea Sponge</i> is 100% natural, organically produced with no chemicals used	✓	100% natural, no chemicals
Killing wild sponges & harming coral reefs	✗	<i>Other natural sponges</i> are collected in the wild in large quantities for sale, thus harming coral reefs and marine protected areas	vs.	<i>Micronesian Natural Sea Sponge</i> is ecologically farmed and thus no harm to coral reefs	✓	Ecologically farmed
Unattractive or no packaging	✗	<i>Other sponges</i> have simple plastic or even no packaging besides simple mesh, and producer doesn't help retailer to educate customer	vs.	<i>Micronesian Natural Sea Sponge</i> comes in variety of nice packages and we provide attractive and educational POS materials	✓	Fine and varied packaging, brochures
Squeezed retail margin for premium sponges	✗	<i>Other (fine) sponges</i> are wholesaled by distributors or larger-scale branded producers squeezing the retail margin	vs.	<i>Micronesian Natural Sea Sponge</i> is wholesaled at a very reasonable price given non-profit status of producers	✓	Reasonable wholesale price

Another piece of your proposition may be a comparison to competition, just like the one above. Find the major defects or problems of using the competition's products and state how your product does not have those problems.

Remember, competition can include other products that perform a similar function. For example, this chart could also include problems with washcloths that are used for similar bathing purposes as sponges, such as texture and lack of lather, and how the natural sponge is superior.

This comparison is similar to the one used for personal selling purposes, except this time it also includes few comments on the profitability of the product (at the bottom).



The following page shows one more piece of preparation, but this time it is just for internal use.

# PREPARING PROPOSITION (3/4): THINKING THROUGH HOW TO HANDLE 'TOUGH QUESTIONS'

## Issue / question mark:

## Situation / internal tactic

## Communication guidelines / way to respond:

**Continuity, forecasting, and size of supply**

- ~10,000 units harvested monthly?
- Unsure when and how big the 1<sup>st</sup> harvest will be

- Being a true natural product, harvest timing and size cannot be predicted with precision
- The speed and size will also depend on the level of your interest
- ~1,000 prices around Christmas?
- Can scale up in medium term if commitment to cooperation?

**Price**

- Sell for very high (\$8+) given limited supply and many potential outlets
- Don't commit to specific price

- Premium product (retail ~\$15)
- Pohnpeians pay \$6.5 unpackaged with no promotion
- Exact price depends on the size of harvest to cover fixed costs

**Shipping**

- Shipping from FSM scares some retailers
- Unclear

- Shipping charges are reasonable (\$10 per 100 pieces?) and we cover it?
- Easily shipped and durable product; we have experience
- Handling options: retailer finishes packaging from our kit or we deliver packaged

Sometimes, not all questions or concerns your business partner may have can be addressed. Some of these questions or concerns, though, may make or break the deal. It is, therefore, key to anticipate the tough questions and prepare how to answer them.

Sea sponges were a very difficult product to place on mainland shelves because of uncertainties — uncertainty on the timing of the next harvest, the size of the harvest, how to price the sponge, and whether sponge farmers would keep all their future commitments.

But, if you told a store that you weren't really sure when and how many pieces you can supply, it wouldn't make a very good first impression. In fact, many businesses (especially larger ones) would become uninterested.

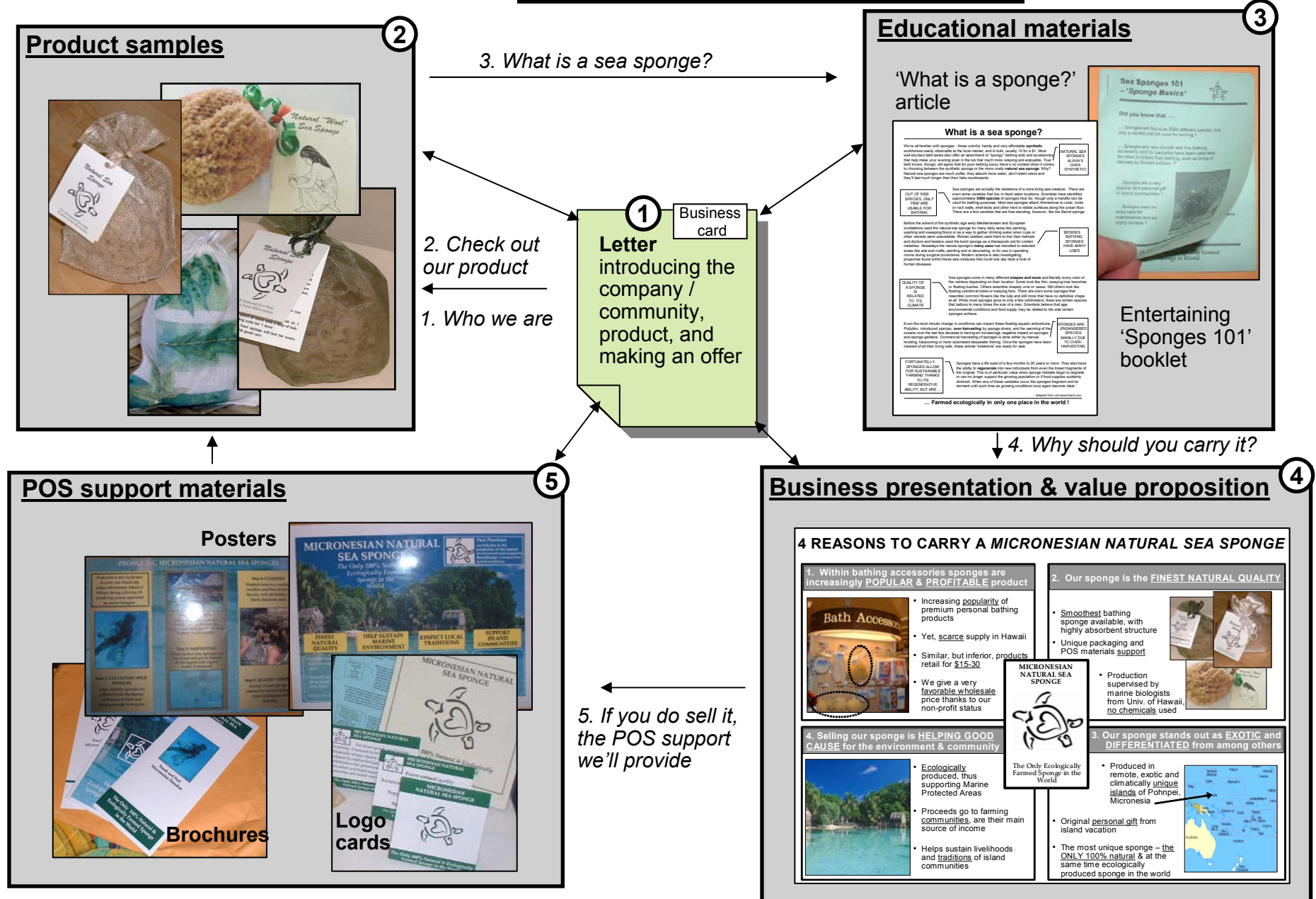
The above page is just for discussion purposes. It illustrates the people involved in the sponge business would likely address the above questions if asked. While it doesn't always make sense to write these things down, thinking them through and agreeing on what to say is important.



So, what do you send to your potential business customers?  
What is your offer?



# PREPARING PROPOSITION (4/4): PUTTING TOGETHER A READY-TO-BE-MAILED PROPOSITION PACKAGE



## Product samples



## Educational materials

**'What is a sponge?' article**

**What is a sea sponge?**

We're all familiar with sponges. These colorful, bouncy and very absorbent synthetic sponges are made of polyurethane foam. They're usually 10 to 25 centimeters (4 to 10 inches) in diameter and are used for cleaning, scrubbing, and drying. They're also used for bathing, especially for people with sensitive skin. They're made from a chemical reaction between a polyurethane resin and a water-based catalyst. The result is a soft, porous material that can absorb up to 90% of its weight in water. They're also used for cleaning, scrubbing, and drying. They're made from a chemical reaction between a polyurethane resin and a water-based catalyst. The result is a soft, porous material that can absorb up to 90% of its weight in water.

**Entertaining 'Sponges 101' booklet**

Did you know that...  
Sponges are very small and very soft. They're also very absorbent and can hold up to 90% of their weight in water. They're also used for cleaning, scrubbing, and drying. They're made from a chemical reaction between a polyurethane resin and a water-based catalyst. The result is a soft, porous material that can absorb up to 90% of its weight in water.

**1 Business card**

**Letter introducing the company / community, product, and making an offer**

## POS support materials

**Posters**

**Brochures**

**Logo cards**

MICRONESIAN NATURAL SEA SPONGE  
The Only 100% Natural & Ecologically Farmed Sponge in the World

Helps sustain livelihoods and traditions of island communities

Original personal gift from island vacation

## Business presentation & value proposition

**4 REASONS TO CARRY A MICRONESIAN NATURAL SEA SPONGE**

- 1. Within bathing accessories sponges are increasingly POPULAR & PROFITABLE product**
  - Increasing popularity of premium personal bathing products
  - Yet, scarce supply in Hawaii
  - Similar, but inferior, products retail for \$15-30
  - We give a very favorable wholesale price thanks to our non-profit status
- 2. Our sponge is the FINEST NATURAL QUALITY**
  - Smoothest bathing sponge available, with highly absorbent structure
  - Unique packaging and POS materials support
  - Production supervised by marine biologists from Univ. of Hawaii, no chemicals used
- 3. Our sponge stands out as EXOTIC and DIFFERENTIATED from among others**
  - Produced in remote, exotic and climatically unique islands of Pohnpei, Micronesia
  - Original personal gift from island vacation
  - The most unique sponge – the ONLY 100% natural & at the same time ecologically produced sponge in the world
- 4. Selling our sponge is HELPING GOOD CAUSE for the environment & community**
  - Ecologically produced, thus supporting Marine Protected Areas
  - Proceeds go to farming communities, are their main source of income
  - Helps sustain livelihoods and traditions of island communities

The Only Ecologically Farmed Sponge in the World

Once you have all the pieces, how do you put them all together? Simply put them in an envelope with an introductory letter. (The above page was already covered in the promotional section when discussion POS materials, because such a promotional package should include POS materials if any exist).

The letter should include an introduction to your company, your products and relevant details about them, and your value proposition on what you offer to your customers.

Include the materials discussed in the previous pages as well as POS materials, ideally some product samples, or at least their pictures, write a letter and put it all in one envelope or box and mail it. Read from middle to top left corner and then clockwise following the numbers to better understand what's in the promotional package for the sea sponge.



Next is the last page of our small case study, listing other promotional techniques to be used for the sponge ....

# **BESIDES SELLING ITSELF, SOME OTHER PROMOTIONAL STRATEGIES**

## **Promo pack & samples**

- Have a ready-to-use promotional package
  - The promo pack should include: introductory letter, product sample and POS materials (brochure, 'Sponges 101 mini-booklet, 'What is a sponge?' sheet, logo cards) plus a mini-presentation with business reasons why to carry sea sponges, total cost of ~\$2 excluding sponge opportunity cost
  - Use not only for companies, but also for well-networked individuals (See below)
- 

## **Well-networked individuals**

- Give out promotional packs to established traders (e.g., Sei) but also expats, wealthy, connected visitors to show around their circles
  - Give promotional packs to anyone who travels to interesting markets and can pass them along to gift shops, traders, etc...
  - Give out free samples to earn the good will of institutions that reach valuable tourist resources (e.g., Japanese embassy, tourist bureau, etc.)
- 

## **Display kit**

- Put together several 'display kits' (shown on another page) and provide to not only selling locations, but also frequented non-selling places (e.g., tourist bureau, airport, Japanese embassy)
- 

## **Educational showings**

- Organize rather informal showings of Pohnpei products with ready-to-use promotional support (Madue, sponges) and under Micronesian-educational theme, invite anyone and give promotional packs to pass along
  - In Pohnpei, as well as in Hilo or on the mainland when traveling (leverage 3PI who should be eager to cooperate)
- 

## **Pohnpei-authentic co-marketing & 'mini-fairs'**

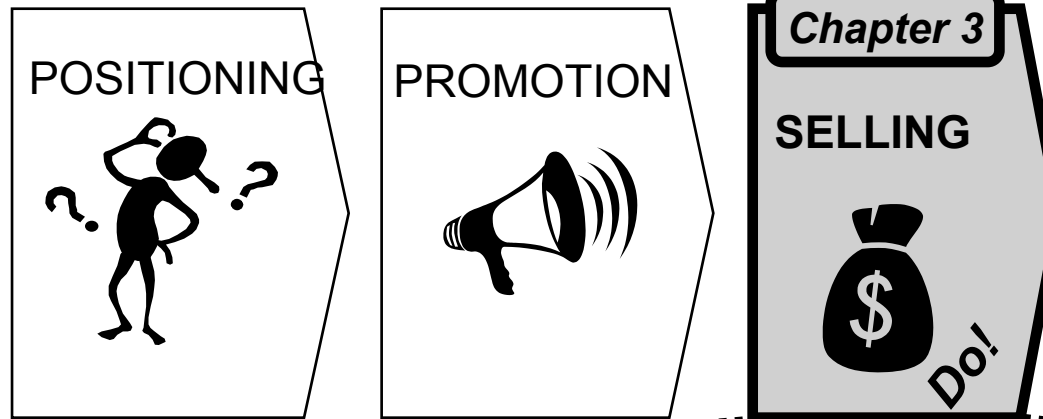
- Invite a few selected Pohnpei (or even wider Micronesia) businessmen to show them products and promotional support available (sponges, Madue, pearls)
- Treat as a working session to raise interest in selling these products, as well as adding other ones (e.g., pepper)
- Try to instigate a Pohnpei-authentic product campaign and piggy-back on that (see next page)

To wrap up our case study, above is a list of organized promotional strategies to generate more business customers and/or support those firms that will be reselling the sponges. Besides contacting potential business customers and trying turn them into sellers of our sponge, these promotions need to be done to make our B-2-B selling effort complete and meaningful. Many of these use a number of the promotional techniques covered in more detail in the earlier sections on promotions.

\* \* \* \* \*

**–END OF BUSINESS-TO-BUSINESS SECTION (3.2)–**

## Section 3.3: SELLING – MANAGING SALES FORCE



### 3.1 Personal selling

### 3.2 Business-to-business selling

### 3.3 Managing sales force

#### MANAGING SALES FORCE ...

... is what it sounds like — small business owners with employees and especially sales managers should really manage their sales force

... requires that you turn your employees from 'order-takers' into sales people

... can have great impact if done systematically and persistently, even with people without innate ability to sell

... is a prerequisite for improving sales; doing what is described in the personal selling chapter is just not enough if someone other than you is supposed to be doing the selling on your behalf

#### ON THIS CHAPTER:

- '*Managing Sales Force Framework*' has four steps, and it is an iterative process that will turn your company into a sales-oriented organization
- Issues covered in this chapter are a must-supplement to the Personal Selling chapter — if you have employees who are supposed to be selling
- Specifics on characteristics of a good sales person, examples of incentive pay and tips on how to coach and mobilize people, are examples of what's covered — they can be used as a stand alone, but are used in conjunction with each other for best effect

\* \* \* \* \*

## **–START OF MANAGING SALES FORCE SECTION (3.3)–**

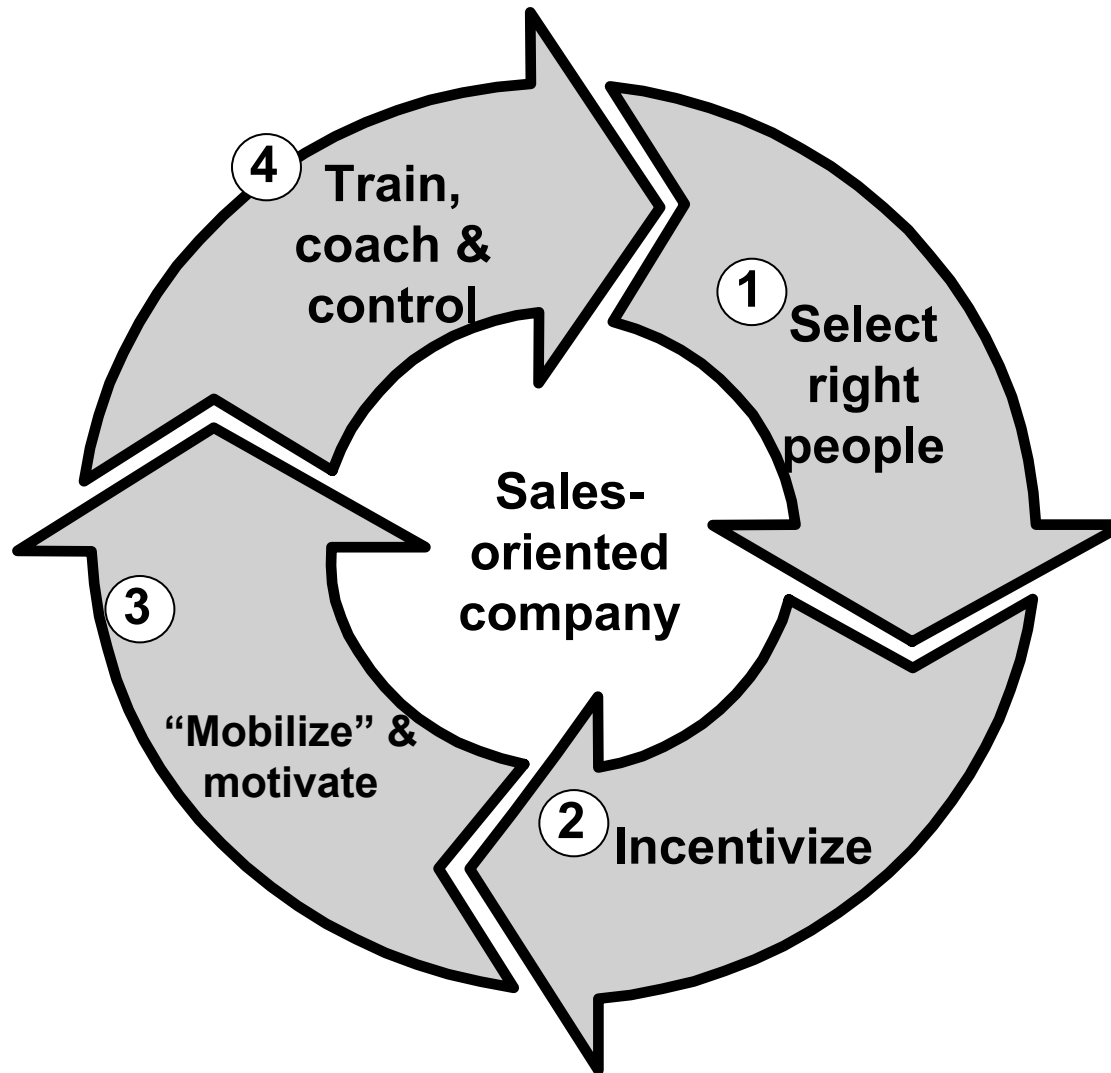
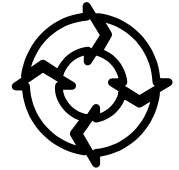
This section is essential to anyone who has employees who are supposed to be selling, but are not currently doing a satisfactory job or who could still improve. The main point of this section — managing people to sell — is one of the most important duties of a business owner or a manager of a company that has products to sell. The following pages give a step-by-step framework and tips you can follow.

If you alone are doing all the selling for your company, this section is not as relevant for you.



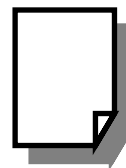
Before you're presented with the framework, what do you think are the four key things to keep in mind and to do when you're managing sales people?

# **INTRODUCING SALES FORCE MANAGEMENT FRAMEWORK** **– USED IN THIS CHAPTER, AS WELL AS HELPFUL IN PRACTICE**



One very important and often under-rated notion about sales is managing sales people. If other people are doing the selling for you and you don't manage them, then forget it! You will not get good results, unless your employees are natural sellers and self-motivated. This is especially true of employees who for years have been used to a passive approach and now need to change their mindset. It's not easy to change someone's mindset and habits; selling proactively is quite different from taking orders or cashing the money from customers who proactively come to you.

In the circle above are the four main pieces of what constitutes the "Management of sales force" framework. One of them — incentivization! i.e., linking employees' pay to how much they sell is especially important. Don't be afraid to be radical — don't be afraid to share a lot of profit you make back with your well-performing sales employees. Just compare how much they would sell without incentives and without trying too hard vs. how much they will sell when they buy using a proactive selling approach.

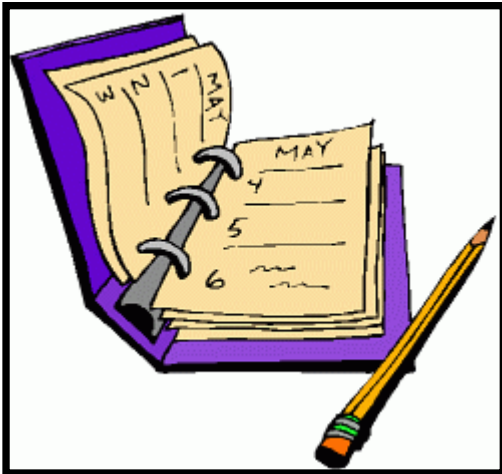


The next page covers two key sales management principles.

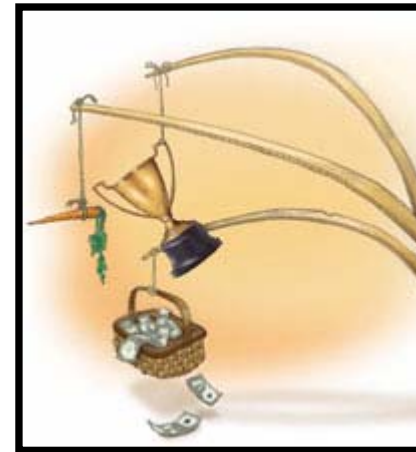


# TWO IMPORTANT SALES MANAGEMENT PRINCIPLES

Make managing your sales force part of your daily routine



Manage through motivation and incentives



As you manage your sales people, keep in mind TWO IMPORTANT PRINCIPLES:

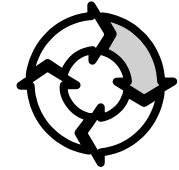
**First, make sales management a part of your daily activities.** If you tell your people once or twice to sell more proactively and even train them, that alone will not work. You need to tell them, motivate them, manage them, etc. all the time, over and over again. Don't stop after a week! If your company sells products, and you're an owner or a manager, making sure your people really proactively sell is one of your most important activities. But also it's the one that gets easily put on the side track if you need to take care of other business issues. Don't fall for that temptation. Be persistent!

**Second, manage your people by explaining, motivating and making it fun for them,** not by directives and authority. Getting into a proactive sales mindset is a big change and ordering someone to do so will not work. Or it will only work while you stand over their shoulder. Try to get their buy-in — explain to them why it's important, let them come up with their own selling ideas, and show them it's fun!



What types of people do you think are right for sales positions?

# STEP 1: SELECTING THE RIGHT PEOPLE – SOME TYPES OF PEOPLE ARE NOT JUST NOT RIGHT FOR SELLING



People vary in their characteristics and temperaments, for example:

- “*Initiators*” – look for new solutions to new problems
- “*Doers*” – get things done
- “*Recognition seekers*” – try to attract attention to their successes

Definitely right for selling

- “*Dominators*” – use their authority and try to manipulate others
- “*Harmonizers*” – resolve others’ problems

“Question marks”

- “*Information seekers*” – try to search for valuable information
- “*Energizers*” – stimulate others to act when others are down
- “*Encouragers*” – praise and encourage others
- “*Blockers*” – are hard-headed and resistant towards others’ proposals and actions
- “*Isolators*” – stay away from people, like to be isolated from others

Think twice before using for selling; lots of training & pushing will be needed

Start with step one, selecting the right people. For that, it's essential to be aware of people's different strengths and skills. It is impossible to demand that everyone does great in selling. Different people contribute differently in business.

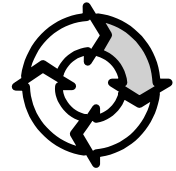
If you have the luxury of doing so, choose people with the right personality type for selling. That said, everyone can be taught basic selling skills. It is just a matter of motivation. And, some people can be motivated more easily than others, of course.

However, some people really don't pass the basic test for selling. If someone is an 'isolator' and just wants to stay away from people, I do not expect that person to be selling to tourists in a gift shop. That person may contribute to your business in other ways, a salesperson needs to be outgoing, proactive and communicative.



If you were to write down several specific characteristics and pre-requisites of a successful salesperson, what would they be?

# SELECTING RIGHT PEOPLE (CONT.) – CHARACTERISTICS OF A SUCCESSFUL SALES PERSON



Yes / no / never

*Check off if a given person has these characteristics or can develop them*

**Preparation /  
hard work**

Good knowledge of products

Knows customer needs

Takes initiative

**Communication  
skills**

Good communication skills

Observation and listening skills

Argumentation skills

**Innate  
characteristics**

Courage

Creativity

Self-confidence

Persistence

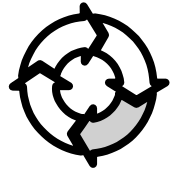
If you want to select the right sales people, the above list can help you judge whether they have what it takes. The above traits or features make a good salesperson. As you see, the list includes not only innate characteristics, such as creativity and persistence, but also willingness to go through some preparatory steps, such as increasing knowledge about products. These abilities or characteristics can be developed with sufficient training and motivation; one doesn't need to be born with them. But some people won't or can't develop these skills, hence the word 'never' in the right hand column above the check boxes – checking off 'never' means that this particular person will probably never develop this characteristic or skill.

This is a very idealized list in that it's perfectly okay if any one of your employees doesn't possess all of these characteristics and skills. Depending on what type of people are available, you'll have to compromise on this list. Don't worry, even people who don't do very well on this checklist can still be taught how to sell with persistence, incentives, and the right support and motivation from you.



If you have employees who are selling, do you motivate them financially to sell, besides just giving them a base pay?

# STEP 2: INCENTIVIZATION – GOOD SELLING PERFORMANCE RARELY COMES WITHOUT INCENTIVES



Example of a fairly typical 3-tier pay structure of a sales person selling individually, but also having to cooperate within a team

## I. BASE PAY

- Regular pay just for 'showing up'
- Provides certainty and insurance in case sales are low due to objective circumstances
- In true selling positions, base is relatively low
- Sales bonuses can be even bigger than the base – this also attracts the right type of people



## II. INDIVIDUAL INCENTIVES

- Before designing the incentive pay, you need to establish a baseline (what is being sold now without extra selling effort)
- Then, for example, a percentage of whatever will be sold above the baseline can be given as incentive pay
- Bonuses linked to targets can be used, etc.
- Rankings of different sales people are often publicized to create healthy competition
- Incentive doesn't have to be only financial – competition for a prize may do as well



## III. TEAM BONUS

- Additional incentive to promote teamwork and make it fun
- Bonus for reaching a sales target for the whole team (e.g., store work shift)
- Often, increasing bonus possibility as reaching higher and higher percentage of target
- Incentive doesn't have to be only financial – a team dinner may do as well

Sales-oriented company:

- Sales force motivated to proactively sell
- Sales force evaluated based on performance

After you have selected the right person for the job, you need to motivate the person financially to sell. Above is a description of an example salary and incentive structure of a typical sales person, where some team cooperation (for example, shared customers, etc.) is also necessary.

Don't be afraid to pay a higher salary to capable people. Your employees are likely only a small share of your total cost and this cost is, in turn, only a small share of what your employee can potentially sell. Doubling \$1.5 per hour pay to \$3 per hour may seem revolutionary, but if it gets you a more capable person, who is bringing in twice as many sales, why not? The \$3 per hour employee is more likely to do the proactive selling, will speak better English (if English is not the native language in your location), will smile more, can be trained more easily, will need less of your effort in motivating and managing him, and will more likely do all the other things that make a successful sales person.

Also, don't be afraid to give employees sizable incentives. If they bring in more sales through their effort and skill, they earn it. So, don't be just symbolic in the size of the incentives.

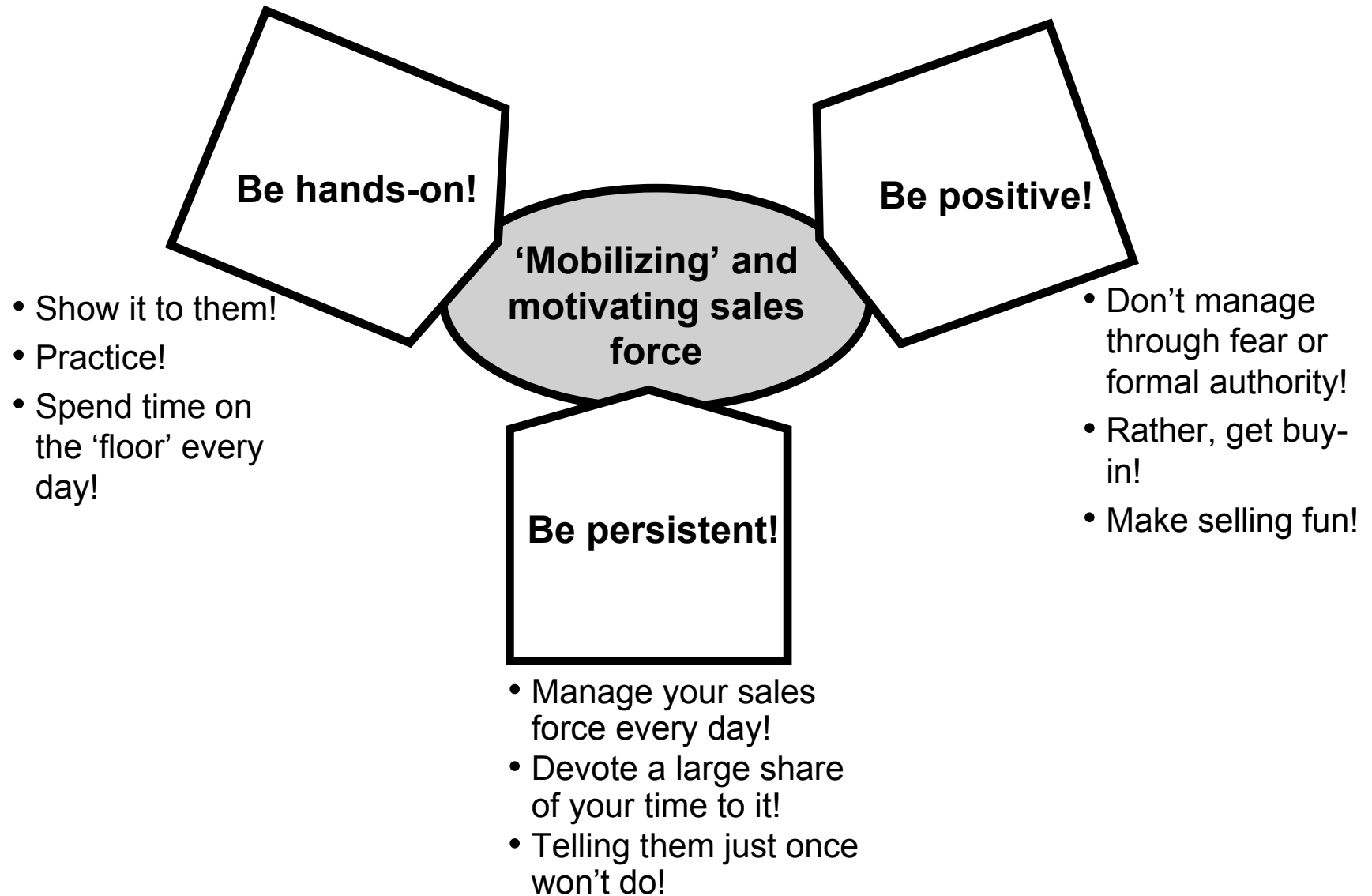
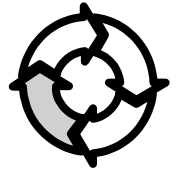
After highlighting the importance of financial motivation, one important caution – different people can be motivated differently. Try to find if there are other sources of motivation for your employees and then tailor your motivational techniques. Don't try to solve all motivational problems with money. For example, the prospect of being promoted may be more important to someone than how much money he/she's paid right now. But generally, some form of financial incentive is usually an essential part of how a salesperson should be paid.



More details on incentives will not be covered here (the example above and the simple point that incentives are a must) are sufficient to get started. The next pages offer tips on mobilizing and motivating employees in financial ways.



## STEP 3: 'MOBILIZING' & MOTIVATING YOUR SALESFORCE – SOME TIPS



Two points are worth re-emphasizing. First, don't underestimate the importance of 'soft' motivation. 'Soft' means non-financial and non-authoritative — e.g. by explaining, using emotions, etc. As said before, starting to sell with a more of a proactive mindset is a big change for people who for years have been entrenched in their passive ways of selling. Thus, you need mobilize these people. Give them time to adjust to the change.

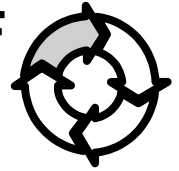
Secondly, repeatedly do whatever it is you do to train, coach, teach, and control your employees to ensure a more proactive and better service approach in your employees. Telling them once just does not work. Be persistent!

The above three tips are very important – just ask yourself at the end of every day: “Which of these principles did I put into practice today and what will I do tomorrow?”



Do you know how to train and coach a varied group of employees?

# STEP 4: TRAINING & COACHING – ADJUST THE STYLE OF YOUR COACHING TO EACH EMPLOYEE



## Typical approach

- Analyze specific skills that need to be developed
- Give directions and check periodically
- Coach in real time during a specific task
- Observe and give specific feedback

## Typical approach

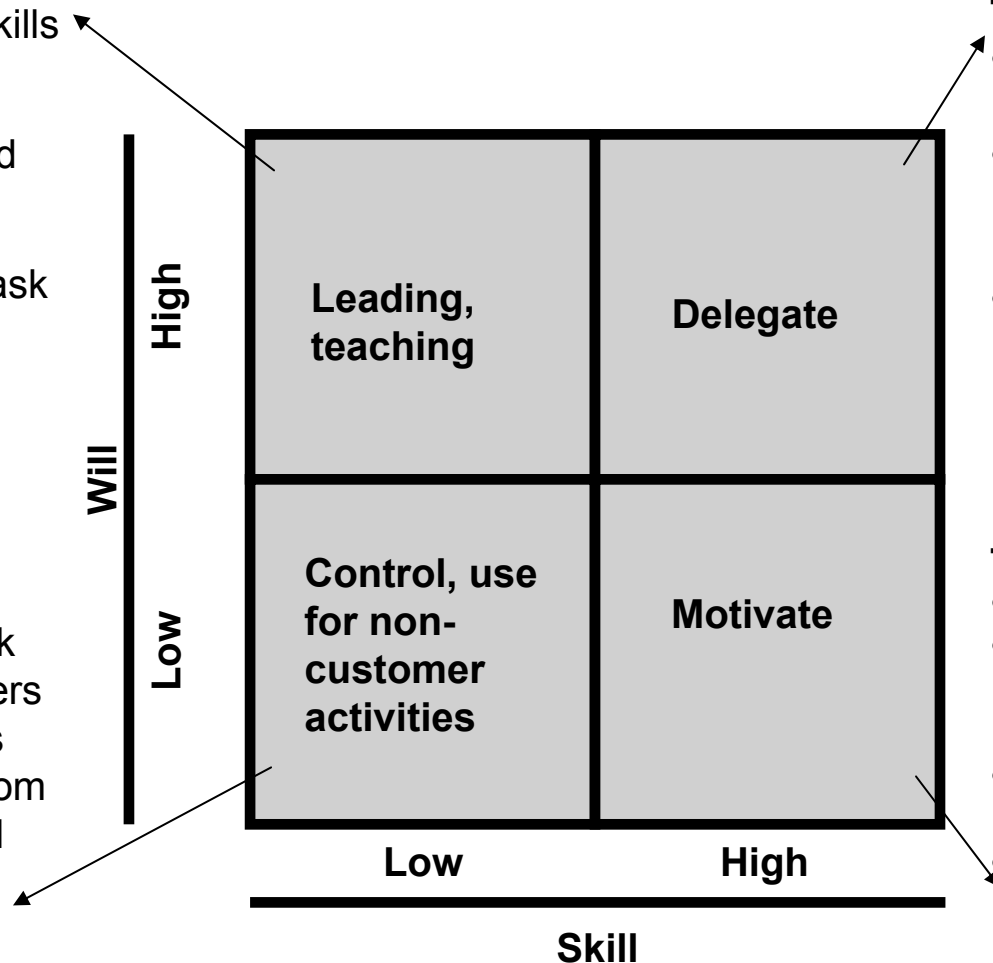
- Give freedom to fulfill tasks
- Take the risk and let them decide on your behalf
- Continue developing selling & business skills

## Typical approach

- Help plan the work
- Give detailed orders
- Define clear steps
- Ensure support from more experienced colleagues

## Typical approach

- Set targets
- Encourage taking part in important decision making
- Emphasize the importance of their work
- Use clear and frequent controls



Now, after you have selected, incentivized, and motivated your employees, it's time to support, train, and coach them. The first step is to recognize that you have to do it differently with different people.

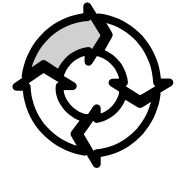
Your employees can be divided along two dimensions: their level of skill (the horizontal axis on the picture above) and their level of willingness (the vertical axis). By combining these two axis, you can group all your employees, and in fact all other people when it comes to a specific job, into four categories (the four boxes in the above picture). Each box requires a different approach in terms of training and coaching. Next to each box are tips on how to tailor the style to a given person.

This concept of tailoring your training and coaching, and even your whole management style, to different people is very important. Don't use a 'cookie cutter' approach for all your employees – everyone is different, both in their coaching needs and how they will respond to different types of coaching.



In your opinion, what is the difference between good and bad coaching?

# GOOD AND PRODUCTIVE VS. BAD AND INEFFECTIVE COACHING



← Results of coaching →



- Trusting and cooperative atmosphere
- Employee feels that his/her improvement efforts are understood and supported
- Employee understood exactly what aspect of his performance should be improved
- Employee learned something that he/she can use in practice
- Employees maintained or even increased his/her self-confidence and potential

- Defensive & controversial atmosphere
- Employee feels he's being evaluated and scrutinized
- Employee didn't exactly understand what specific behavior needs be improved
- Employee didn't learn anything specific that could be used in practice
- Employee's self-confidence suffered

Coaching employees simply means repeatedly taking time to give them constructive feedback and suggestions for how to improve. It should be in a very positive spirit and include recognition of what the employee is currently doing well. When you coach your employees, keep in mind the above list of good vs. bad outcomes of coaching.

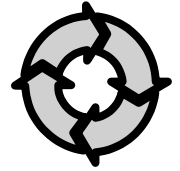
Becoming a good sales person is a learning process. No one can get it right the first time. As you deal with more and more customers and put into practice the preparation and tools covered in the 'Personal Selling' section, you learn. Getting feedback from others and coaching definitely helps, as an employee may not be aware of what he or she is doing right or wrong. Therefore, don't skip this important task of coaching on the way to improving sales performance of your employees.



To conclude this section, the next page has a checklist that will help you ensure you're doing your job as a manager of selling employees.



## **CHECKLIST FOR SUCCESSFULLY MANAGING YOUR SALES FORCE TO BETTER SELLING PERFORMANCE**



- Select** your sales force carefully and appropriately, based on the personalities and specific characteristics of a good salesperson
- Provide incentives** to your sales force by linking a part of their pay to their selling performance, giving them a high “upside”
- Mobilize and motivate** your sales force by being positive, persistent and hands-on
- Train, coach and control** your sales force, changing your approach according to skill & will of individual employees

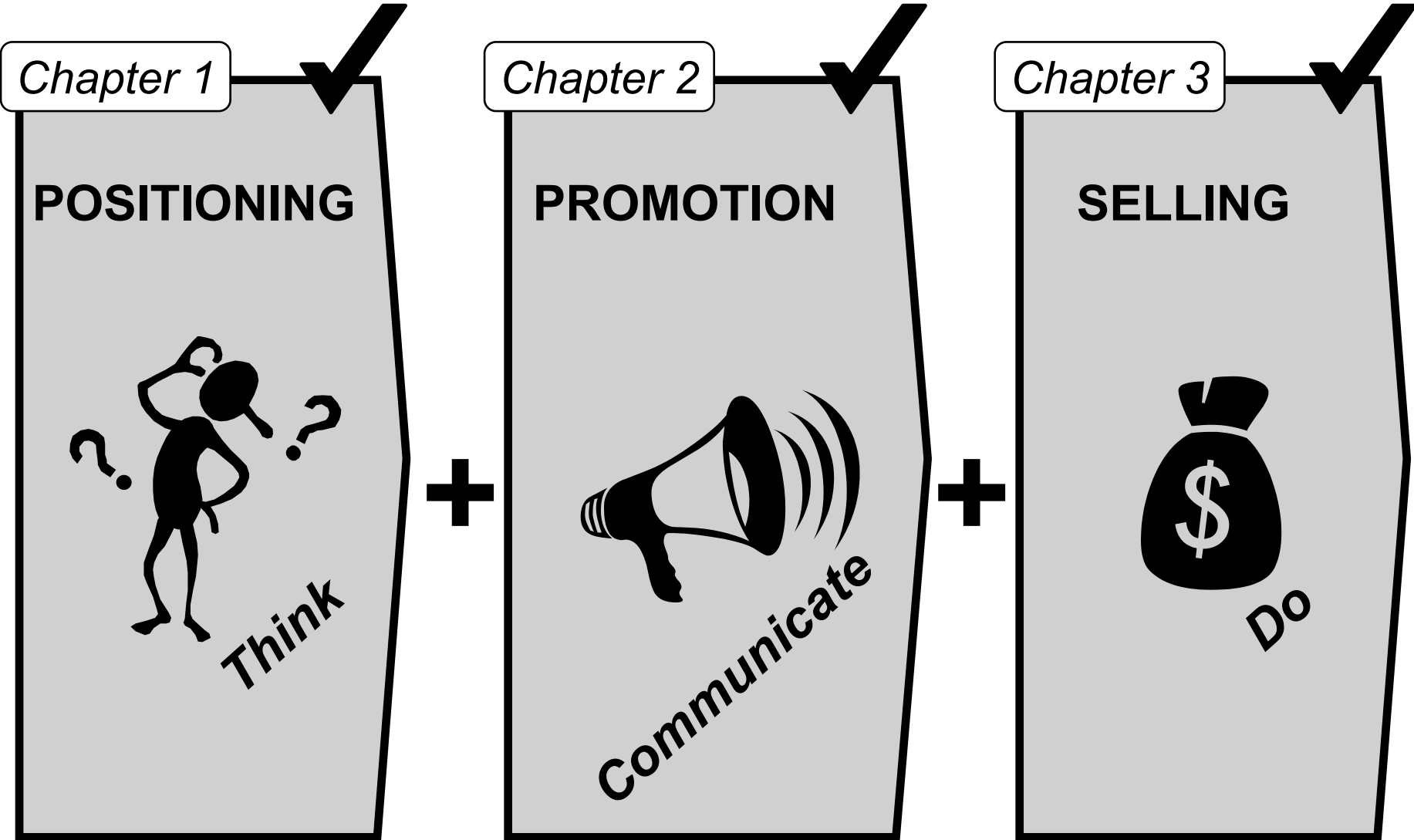
When your business has employees that deal with customers, make sure that you can check off all the boxes above indicating that you have these four important pieces in place. When you have done so, revisit this checklist repeatedly, to make sure you don't get lazy when it comes to managing your sales force. Sales force management is not a one time action, but a continuous process!

\* \* \* \* \*

**–END OF MANAGING SALES FORCE SECTION (3.3)  
AND THE WHOLE SELLING CHAPTER –**



# WORKSHOP SUMMARY – ALL THREE MARKETING AREAS & CHAPTERS COVERED




The whole marketing process has now been covered, or at least the most important parts. This section simply helps you recall what you have learned.

The following few pages are a brief summary of what was covered in the manual. The summary is in the form of (1) a work plan to start improving your marketing, and (2) an overview of useful frameworks and templates for your work.






What would your work plan for improving your overall marketing look like?


# WORKSHOP SUMMARY – ACTIONABLE WORKPLAN BASED ON THE MATERIAL COVERED






## POSITIONING

-  (1) Determine target customer and their needs
-  (2) Brainstorm & improve product attributes
-  (3) Define positioning & differentiation


***Think hard !***






## PROMOTION

-  (1) Clarify the type(s) of promotions you should focus on
-  (2) Select, plan & execute traffic promotions
-  (3) Select, plan & execute in-store promotions

***Be creative & execute !***



## SELLING

-  (1) Prepare how to approach customers
-  (2) Prepare & rehearse selling arguments
-  (3) Decide on what and how to cross-sell

***Use scripts & rehearse !***

Several necessary steps for each part of the marketing process are listed. The work plan, as well as the following page with the summary of frameworks and templates, focuses only on the selected section within each chapter: 'Developing Positioning' (1.1), the entire 'Promotion' chapter, and 'Personal Selling' (3.1). Other sections, such as 'Pricing' (1.2) or 'Customer Research' (1.3) are just supporting . If you're selling to businesses as opposed to end-customers, you definitely should also add the necessary steps from the 'Business-to-business Selling' section (3.2).

The above tasks are a must for a successful marketer. You will come up with additional important steps that you must take and that are not listed. Prepare your own work plan, a modified version of the above plan.



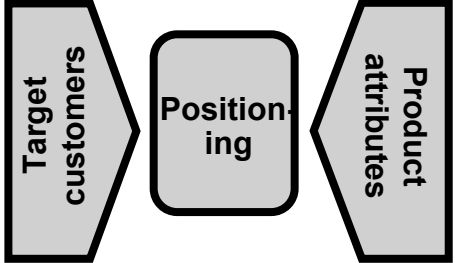
The next page is an overview of the most important frameworks that should be used as step-by-step guides and corresponding templates that should be used as end products for each of the three marketing parts.

# AND A RECAP OF USEFUL FRAMEWORKS AND TEMPLATES TO GUIDE YOUR WORK

Use **FRAMEWORKS** to think...  
...and to fill out **TEMPLATES**

## POSITIONING

3 parts to positioning



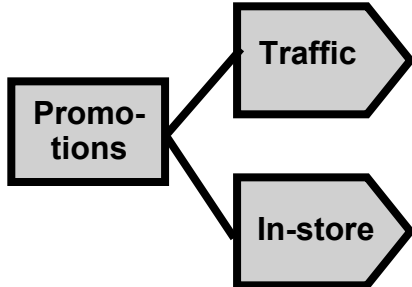
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Positioning	Slogan
Benefits	Competition
Product line	Sales channels

**Positioning & Product Planning**

## PROMOTION

2 types of promotions




↓

POS materials	Display kit
Traffic promos	In-store promos

**Promotional Mix**

## SELLING

3 steps to selling



↓

Selling arguments	Facts
Sales pitch	
Competitive comparison	Customer concerns

**Sales manual**

The challenge in improving your marketing from a relatively elementary level is not coming up with ideas or executing those ideas. Rather, the challenge is to strike a balance between ‘planning’, ‘creativity’ and ‘action’. Don’t try to do too many things and don’t over-plan. Instead, identify a couple of improvement ideas and try do them well, or at least just do them.

While going through all the frameworks, templates and checklists is important and can have real impact, don’t worry about being comprehensive and exhaustive. Select or identify something new that suits you, prioritize, and JUST DO IT!

The above page summarizes the three most important frameworks described throughout the manual and below each is a reminder of a template that you can use to ensure you have some end-products from each of the frameworks.

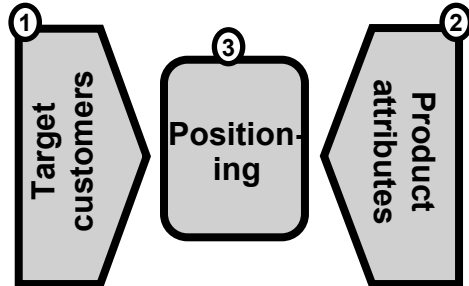
The next page gives a similar overview but in a more detailed way. You can use the next page as a quick reference and reminder. The three most important words of the whole manual – JUST DO IT!

\* \* \* \* \*

**–END OF THE SUMMARY (AFTER THE NEXT PAGE),  
BLANK TEMPLATES AND EXERCISE FOLLOW–**

# Overview and Explanation of Main Step-by-step Frameworks Covered in the Manual

## Chapter 1 – Positioning



### Step 1: Choose Your Customer

- Describe customer segments
- Choose target market(s)
- Define the needs of your target customer(s)

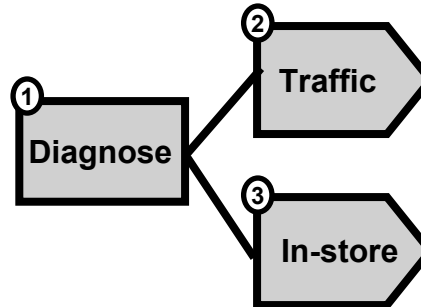
### Step 2: Describe Your Product

- Brainstorm all possible product attributes
- Test these attributes against customer needs
- Improve product attributes

### Step 3: Position and Differentiate

- Polish key product benefits
- Summarize in a positioning statement
- Decide on product name and a slogan
- Plan your product line

## Chapter 2 – Promotion



### Step 1: Diagnose the Problem

- Decide whether you need to do more to
  - Increase awareness of your products and get more traffic for your store, or
  - Do a better job with customers in-store and presenting your products

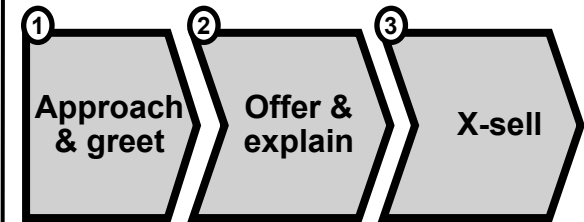
### Step 2: Select and Do Traffic / Awareness Promotions:

- Signs
- Hook Products
- Coupons
- Coop-Marketing
- Cross-Marketing
- New Venues & Markets
- Advertising
- Location
- Internet

### Step 3: Select and Do In-store / Presentation Promotions:

- Packaging
- Displays
- POS Materials
- Discounts
- Product Bundling
- Special Editions
- Store Atmosphere
- Sampling & Demonstrations
- Proactive Selling

## Chapter 3 – Selling



### Step 1: Approach & Offer

- Walk to customer
- Greet customer & be friendly
- Chat with, listen to and 'read' customer

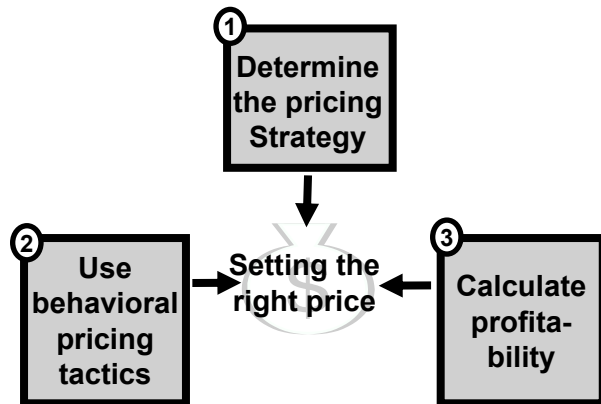
### Step 2: Offer & Explain

- Prepare, using scripts:
  - Sales arguments
  - Interesting facts
  - Competitive comparison
  - Handling customer concerns
- Offer and explain products

### Step 3: Cross-sell

- Offer complementary or other interesting products
- Do it in a logical and appealing way

## Overview and Explanation of Other Frameworks Covered in the Manual



### Pricing

Pricing can be a complex exercise. Moreover, you can never know with certainty if your price is correct. This three-legged framework makes pricing easier by guiding you in how to select the right pricing strategy, use behavioral tactics, and make necessary calculations to arrive at optimal price.

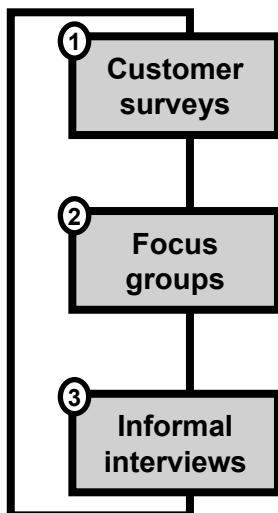
Chapter 1 – Positioning



### Business-to-business Selling

- Step 1: **Generate contact list**, including setting up contact database
- Step 2: **Prepare proposition**, including convincing them of your credibility, product profitability and superiority to competition
- Step 3: **Make contact / sale**, including preparing for each contact and trying to approach as many firms as possible

Chapter 3 – Selling



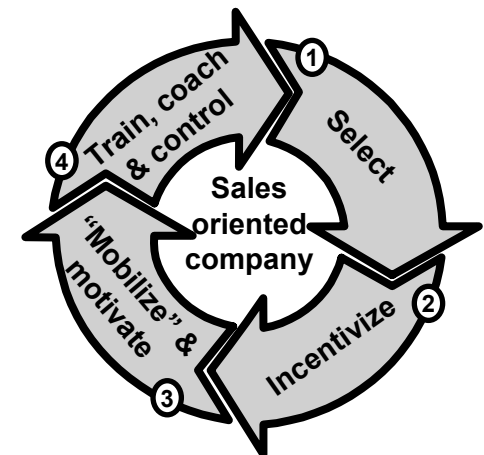
### Customer Research

To effectively position your products, you need to know your customers well. That often requires doing research. This framework gives an overview of three basic types of research methods and guidance on how to use each.

Chapter 1 – Positioning

### Managing Sales Force

An essential part of a business owner's or manager's job is to proactively and systematically manage their employees to 'sell'. This framework describes this process in four cyclical steps that need to be done repeatedly, and includes detailed tips on how to go about each.



Chapter 3 – Selling



# **USEFUL TEMPLATES**

# OVERVIEW OF USEFUL TEMPLATES & TOOLS THAT FOLLOW



T1: Positioning **statement** template 382

T2: Positioning and product **planning** template 383

T3: Positioning **checklist** 384

T4: **Pricing** calculation worksheet 385



T5: Promotional **mix** template 386

T6: Promotion ideas **brainstorming** template 387

T7: Promotion ideas **prioritization** matrix 388

T8: **Traffic** promotion checklist 389

T9: **In-store** promotion checklist 390



T10: Sales **manual** template 391

T11: Personal selling **checklist** 392

T12: Product **sales sheet** template 393

T13: Competitive **comparison** template 394

T14: **Reactions** to potential customer concerns 395

T15: **Cross-selling** template 396

T16: Selling observation and **feedback** form 397

T17: Sales campaign **break even** calculation sheet 398

T18: Summary sales **meeting report** 399

T19: Selecting the **right sales people** checklist 400

T20: Managing your **sales force checklist** 401

# POSITIONING STATEMENT TEMPLATE

T1



**Our product**

**is**



**(the most important advantage(s) / differentiation)**

**among all**



**(comparable / competing products)**

**because**



**(most important reason for / proof of the advantage and differentiation)**

# POSITIONING & PRODUCT PLANNING TEMPLATE

MAIN POSITIONING	SLOGAN
PRODUCT BENEFITS	COMPETITION
PRODUCT LINE	SALES CHANNELS



## POSITIONING CHECKLIST

T3

**Target customers**

Who is my target customer ?

**Customer needs**

What are the needs of my target customers that I need to fulfill ?

**Product benefits**

What are my product attributes and key benefits ?

**Positioning**

What is my one-sentence positioning and differentiation ?

# PRICING CALCULATION WORKSHEET

T4

<i>Step 1 - Estimate sensitivity</i>		<i>Step 2 - Calculate profit</i>		
<b>Price</b> <i>(hypothetical scenario)</i>	<b>Number of customers</b> <i>(estimated, best guess)</i>	<b>Cost per bag</b> <i>(given)</i>	<b>Margin per product</b> <i>(price less cost)</i>	<b>Total profit</b> <i>(margin times number customers)</i>


# PROMOTIONAL MIX TEMPLATE

POS MATERIALS	DISPLAY KIT & LAYOUT
PROMOTIONS – TRAFFIC	PROMOTIONS – IN-STORE


# PROMOTION IDEAS BRAINSTORMING TEMPLATE

T6

List of ideas for TRAFFIC /  
AWARENESS promotions:

1. 
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.

List of ideas for IN-STORE /  
PRESENTATION promotions:

1. 
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.



# PROMOTION IDEAS PRIORITIZATION MATRIX

*Place brainstormed ideas on the matrix:*

**FEASIBILITY**  
**How easy to do?**  
*Time, costs, difficulty*










<b>Easy</b>	<b>DO LATER</b>	<b>DO NOW</b>
	<b>DON'T DO</b>	<b>TRY TO SIMPLIFY</b>
<b>Difficult</b>	<b>Little more</b>	<b>Much more</b>

**IMPROVEMENT**  
**How much more sales?**  
*More units, higher prices, higher profit, more customers, better image*



# CHECKLIST FOR TRAFFIC AND AWARENESS PROMOTIONS

## Traffic and Awareness Promotion Checklist

<input type="checkbox"/>	Signs	
<input type="checkbox"/>	Hook products	
<input type="checkbox"/>	Coupons	
<input type="checkbox"/>	Coop-Marketing	
<input type="checkbox"/>	Cross-Marketing	
<input type="checkbox"/>	New venues & markets	
<input type="checkbox"/>	Advertising	
<input type="checkbox"/>	Location	
<input type="checkbox"/>	Internet	



# CHECKLIST FOR IN-STORE AND PRODUCT PRESENTATION PROMOTIONS

## In-store and Presentation Promotion Checklist

Packaging

Displays

POS materials

Discounts

Product bundling

Special editions

Store atmosphere

Sampling & demonstrations

Proactive selling

# SALES MANUAL TEMPLATE

SELLING ARGUMENTS	INTERESTING FACTS
<div data-bbox="606 721 1612 906" style="border: 2px solid black; border-radius: 15px; padding: 10px; background-color: #cccccc; display: inline-block;"><b>Sales Pitch:</b></div>	
COMPARISON TO COMPETITION	POTENTIAL CUSTOMER CONCERNS



## PERSONAL SELLING CHECKLIST

- Attitude** Am I willing be a salesperson — proactive, smiling, communicative?
- Sales arguments** Have I thought through and prepared sales arguments ?
- Addressing concerns** Have I thought through possible customer concerns and how to address them ?
- Competition** Do I know my competition ?
- X-selling** Do I know what and how to cross-sell ?

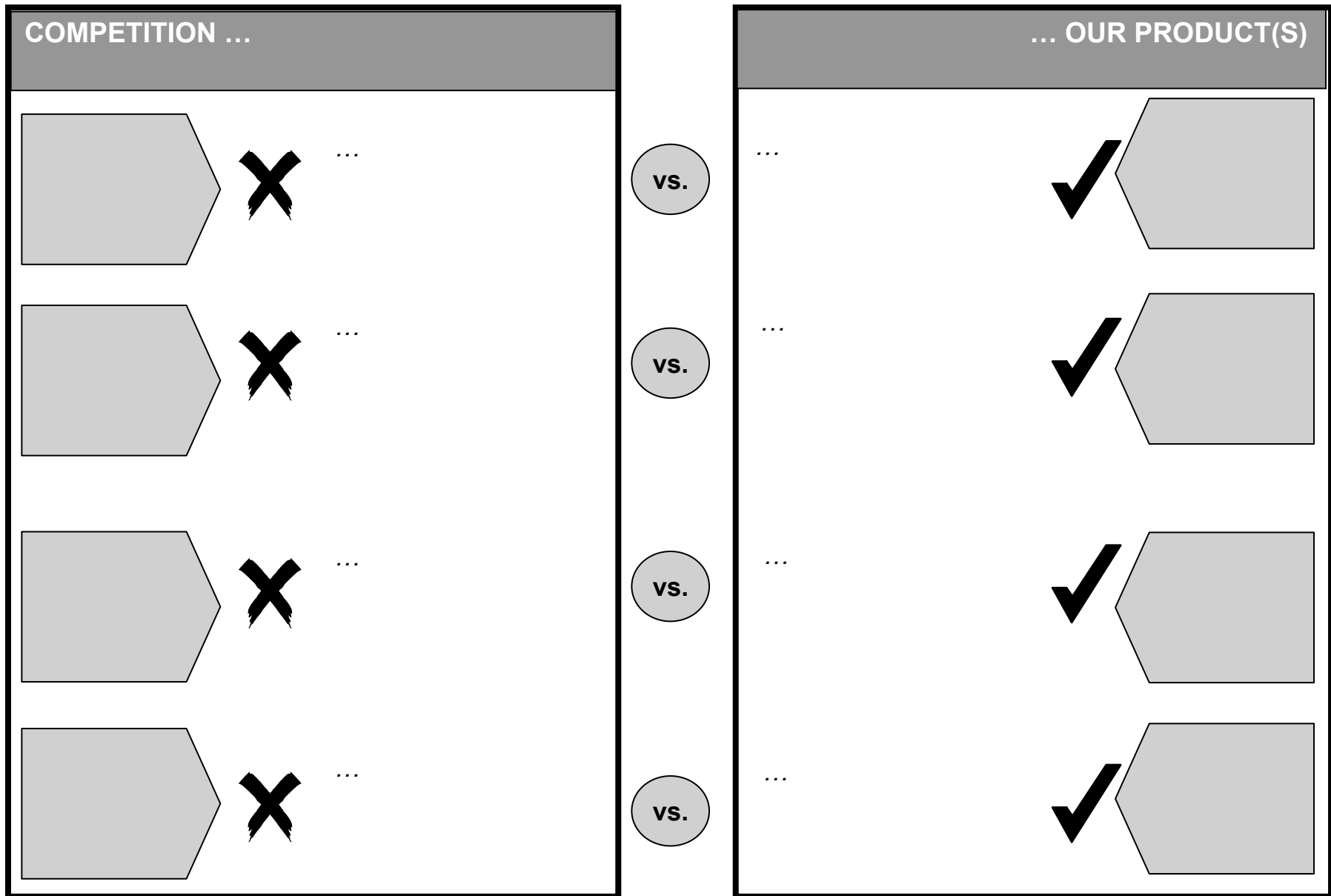
# PRODUCT SALES SHEET TEMPLATE

T12

SALES ARGUMENTS – How to convincingly present the product to a customer?	INTERESTING FACTS – How to get a customer more involved & informed?
<div data-bbox="296 440 1688 613" style="border: 1px solid black; border-radius: 15px; padding: 10px; background-color: #e0e0e0;"><p><b>Sales Pitch:</b></p></div>	

# COMPETITIVE COMPARISON TEMPLATE

T13



# REACTIONS TO CUSTOMER CONCERNS

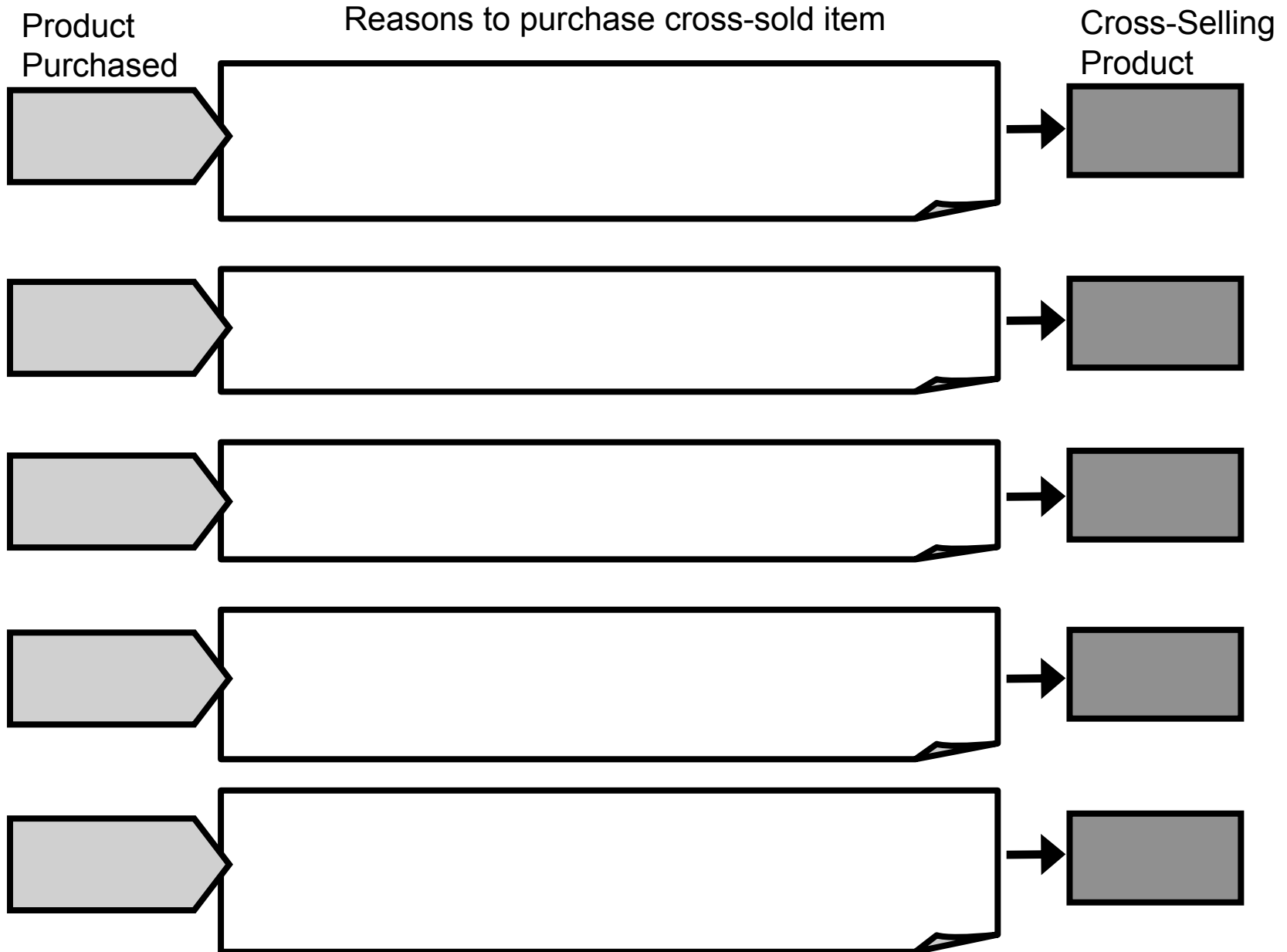
T14

<b>POTENTIAL CUSTOMER CONCERNS – Why a customer doesn't want to buy it ...</b>	<b>POSSIBLE REACTIONS – How to still try to convince a customer or keep the conversation alive ....</b>



# CROSS-SELLING TEMPLATE

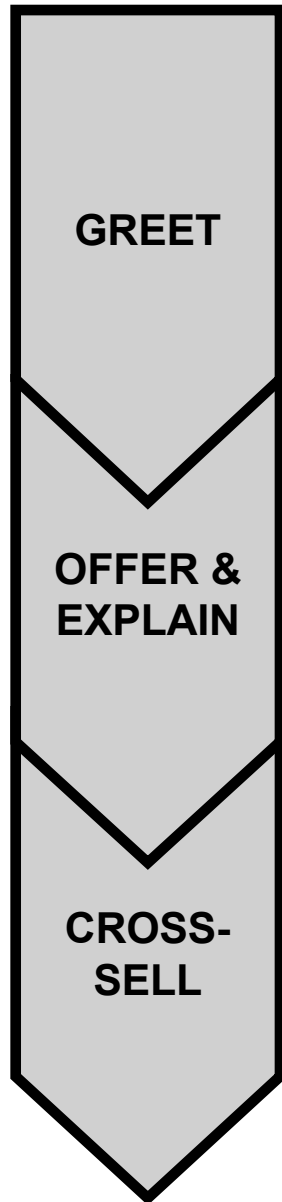
T15



# SELLING OBSERVATION AND FEEDBACK FORM

T16

Comments, observations, recommendations:



- Smiles and is friendly?
- Approaches and greets customer?
- Starts to chat and asks questions?

- Sales mindset?
- Offers and explains products?
- Prepared and knows products?

- Offers other products?
- Not too pushy?
- Asks if customer's satisfied?

# SALES CAMPAIGN BREAK EVEN CALCULATION SHEET

T17

TOTAL COST OF THE CAMPAIGN ...

WHAT DO WE NEED TO ACHIEVE TO BREAKEVEN ...



Conclusion:

# SUMMARY SALES MEETING REPORT

T18

*Your company name*

Contact made by : \_\_\_\_\_  
\_\_\_\_\_

Contacted / visited firm: \_\_\_\_\_

Contact person: \_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_  
\_\_\_\_\_

**Goals of the meeting:**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
- ... \_\_\_\_\_

**Agreed during meeting:**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

**Date for next follow-up:** \_\_\_\_\_  
\_\_\_\_\_

**Responsible for the follow up:** \_\_\_\_\_  
\_\_\_\_\_

**Key concerns of the contacted firm / what improve for the next time:**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

**Other comments:**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

# SELECTING THE RIGHT SALES PEOPLE CHECKLIST

Yes / no / never

Check off if a given person has these characteristics or can develop them

## Preparation / hard work

Good knowledge of products

Knowing customer needs

Initiative taking

## Communication skills

Good communication skills

Observation and listening skills

Argumentation skills

## Innate characteristics

Courage

Creativity

Self-confidence

Persistence



## MANAGING YOUR SALES FORCE CHECKLIST

- Select** your sales force carefully and appropriately based on the personalities and specific characteristic of a good sales person
- Incentivize** your sales force by linking a part of their pay to their selling performance, giving them a high “upside”
- Mobilize and motivate** your sales force by being positive, persistent and hands-on
- Train, coach & control** your sales force, differentiating your approach according to the skill and will of individual employees

# EXERCISES

# OVERVIEW OF EXERCISES THAT FOLLOW



## Developing Positioning (section 1.1):

Part a) –

404-405

Brainstorming product  
attributes

Part b) –

406-407

Refining product  
attributes into a  
positioning statement



## Promotional Techniques (sections 2.1 & 2.2):

Part a) –

408-409

Brainstorming promotion  
ideas by (traffic and in-  
store types separately)

Part b) –

410-411

Prioritizing the  
brainstormed ideas



## Personal Selling (section 3.1):

Part a) –

412-413

Preparing thoroughly to  
sell a specific product

Part b) –

414-415

Role-played selling,  
observation and  
feedback



# POSITIONING *EXERCISE (1)*, PART (a) – INSTRUCTIONS

## EXERCISE 1

### INSTRUCTIONS

Exercise 1 – part (a)

- Determine one **product** or business
- **Brainstorm** and list all possible product attributes & benefits that may appeal to customers including reasons why

### END PRODUCTS

- **List** of product attributes (what) with support (why)



# POSITIONING *EXERCISE (1)* , PART (a) – PRODUCT ATTRIBUTES

Product /  
business



EXERCISE 1

Product **attributes & benefits**, plus corresponding reasons, customer needs, ...



Exercise 1 – part (a)

# POSITIONING *EXERCISE (1)*, PART (b) – INSTRUCTIONS

## EXERCISE 1

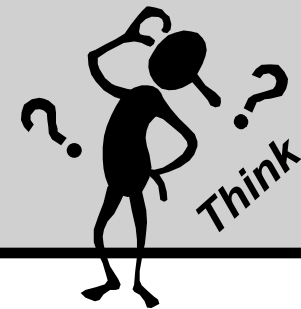
### INSTRUCTIONS

Exercise 1 – part (b)

- **Summarize** and **simplify** product attributes including the key advantage(s) (1 or 2 points), main competition / alternatives, and justification for your claims

### END PRODUCTS

- **Positioning statement** that characterizes and differentiates your product or business



# POSITIONING EXERCISE (1), PART (b) – POSITIONING STATEMENT

EXERCISE 1



Our product

is

(the most important advantage(s) / differentiation)

among all

(comparable / competing products)

because

(most important reason for / prove of the advantage and differentiation)

Exercise 1 – part (b)

# PROMOTION *EXERCISE* (2), PART (a) – INSTRUCTIONS

EXERCISE 2

## INSTRUCTIONS

---

- Determine a **business** (store)
- **Brainstorm** and list all possible ways to increase:
  - (a) Customer traffic for the store (customer promotions)
  - (b) Sales to customers who are at the store (in-store promotions)

Exercise 2 – part (a)

## END PRODUCTS

---

- **List** of ideas to increase:
  - (a) Customer traffic
  - (b) Sales to customers in store



# PROMOTION *EXERCISE* (2), PART (a) – BRAINSTORMED LIST OF IDEAS


Traffic or In-store  
Promotions ?




*EXERCISE 2*

List of ideas:

*Exercise 2 – part (a)*

1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	

9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	

# PROMOTION *EXERCISE* (2), PART (b) – INSTRUCTIONS

## EXERCISE 2

### INSTRUCTIONS

- **Prioritize** the brainstormed ideas based on ease of doing and relative impact (using the 2x2 matrix)

### END PRODUCTS

- **Prioritized list** of the above ideas considering ease and potential impact, with top 3 prioritized ideas presented



Exercise 2 – part (b)

# PROMOTION EXERCISE (2), PART (b) –

## EXERCISE 2

Exercise 2 – part (b)

**FEASIBILITY**  
How easy to do?  
*Time, costs,  
difficulty*

Easy

Difficult

DO LATER	DO NOW
DON'T DO	TRY TO SIMPLIFY

Little more

Much more

### IMPACT

How much increase in sales?

*More units, higher prices, higher profit,  
more customers, better image*



# SELLING *EXERCISE* (3), PART (a) – INSTRUCTIONS

## EXERCISE 3

### INSTRUCTIONS

- Determine one **product** for sale
- Prepare and **write down** a sales pitch (build on positioning)
- Also, using the **sales manual template**, write down other selling arguments, interesting facts, comparison to competition, and possible customer concerns and how to handle them

Exercise 3 – part (a)

### END PRODUCTS

- Effective **sales pitch** for a given product
- **Filled-out** sales manual sheet for the given product








Do!

# SELLING *EXERCISE* (3), PART (a) – SALES MANUAL TEMPLATE

*Product:*

EXERCISE 3

Exercise 3 – part (a)

SELLING ARGUMENTS	INTERESTING FACTS
	
<b>Sales Pitch:</b> 	
COMPARISON TO COMPETITION	POTENTIAL CUSTOMER CONCERNS
	

# SELLING *EXERCISE* (3), PART (b) – INSTRUCTIONS

EXERCISE 3

## INSTRUCTIONS

- Using part “a”, prepare for a role-playing selling exercise

Exercise 3 – part (b)

## END PRODUCTS

- Selling role play





Do!

# SELLING *EXERCISE* (3), PART (b) –

## EXERCISE 3

Comments, observations, recommendations:

Exercise 3 – part (b)	<b>GREET</b>	<ul style="list-style-type: none"><li>• Smiles and is friendly?</li><li>• Approaches and greets customer?</li><li>• Starts to chat and asks questions?</li></ul>	
	<b>OFFER &amp; EXPLAIN</b>	<ul style="list-style-type: none"><li>• Sales mindset?</li><li>• Offers &amp; explains products?</li><li>• Prepared and knows products?</li></ul>	
	<b>CROSS-SELL</b>	<ul style="list-style-type: none"><li>• Offers other products?</li><li>• Not too pushy?</li><li>• Asks if customer satisfied?</li></ul>	