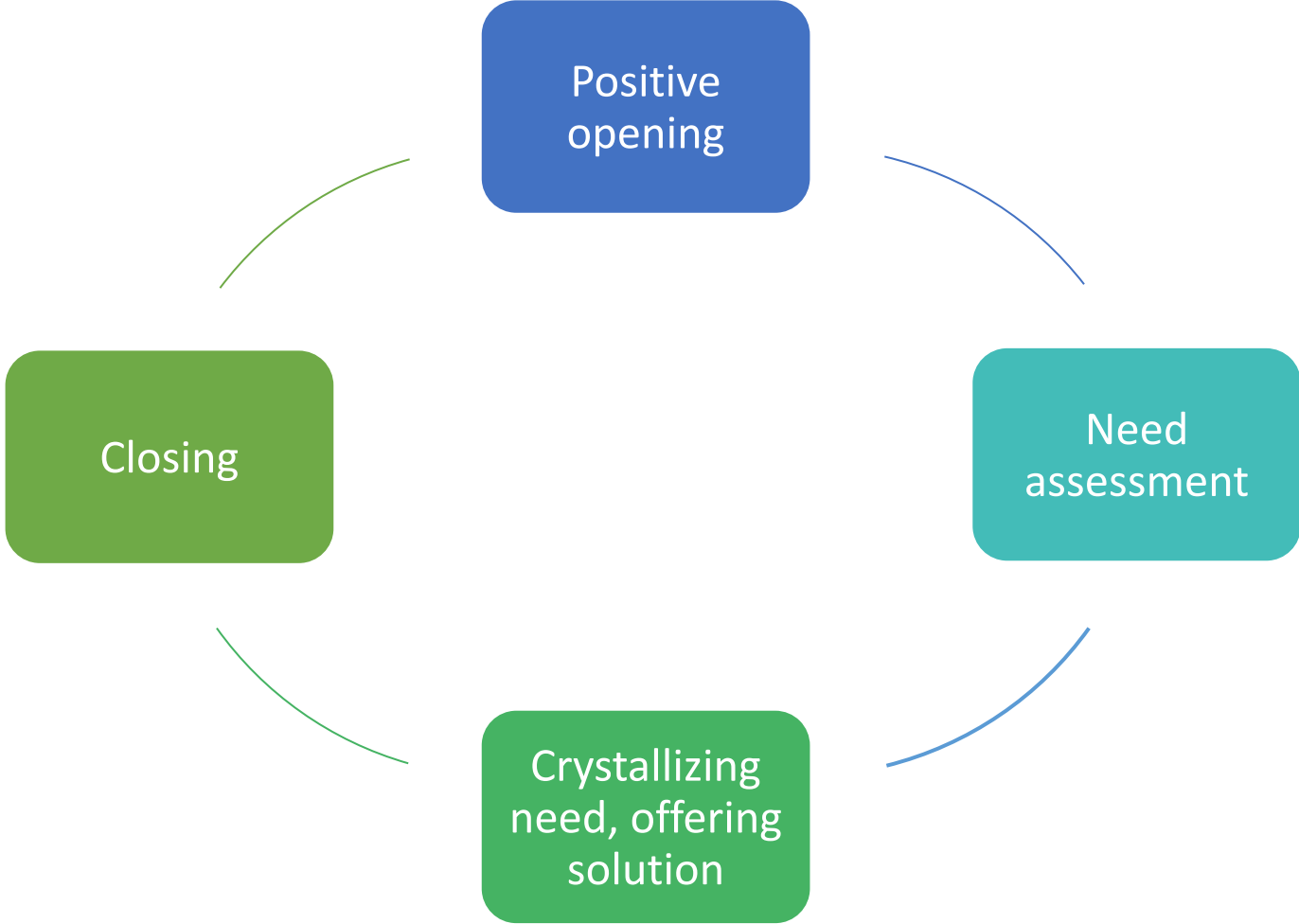


Personal Selling and Customer Service

Making an offer

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Selling cycle



Making decisions is hard work

Redelmeier&Shafir:

- Students had two options
 1. Participate the lecture by very famous speaker you admire available only today.
 2. Go to the library to study.

How many of the students chose option 2?

Answer: 21%.

Making decisions is hard work

- Researchers added third option:
 3. Watch a movie, you have wanted to see for a long time.

What happened?

□ Out of the three options, now 40% of the students chose option 2!

Why?

Making decisions is hard work

Iyengar, Huberman and Jiang:

- Invest 1000\$ to pension fund and your employer will invest the same amount.

4 options to invest 75% employees made the investment.

12 options 70%

59 options 60%

The more complicated the decision the more people decide not to decide.

Choice overload

- Sheena Iyengar: Jam experiment

- 6 flavours in tasting
- 24 flavours in tasting

□ How many people stopped in each case?

- 40%
- 60%

□ How many people of those who stopped made purchase?

- 30%
- 3%

Number of choices

- Sheena Iyengar: How kids play if they choose the toy themselves vs. they are given a toy decided by researcher?
 - Depends on the number of the options they have!
- We are more satisfied when we have possibility to choose
 - Limit number of options to maximum 3-5!
 - "Do you prefer strawberry or chocolate?"

Crystallizing the customer's need

- Repeat the customer's need and put it in the nutshell
- Pick one (entity) at the time!

“That’s right” “I understand” “I see” “I agree” “Exactly”

- And/or the check up questions: Was it that, If I understood right...
- Up-selling?
- Make customer say yes!
- Don't try to offer, before you succeed!

Value proposition

- Customer + Problem + Product / Service selection
 - Sales person chooses the right combination
 - Know your product!
- Focus on the benefits that fit with the needs and valuations the customer has expressed (not all the possible) □ tie benefits to needs.
- PFB- phrase
 - Product, Features, Benefits
 - “ *This is a cell phone, that has very good camera, which allows you to take professional pictures*”

Making deciding easier for the customer

- Clear offer makes customer feel more secure
 - No hidden traps
 - Understandable benefits
- It is easier to **evaluate** the solution than come up with one
 - Especially when it comes to complex and tailored systems

Price?

- Too cheap Bad quality
 - Research: The more expensive energy drink is, the more it improves performance (even when it is actually precisely the same drink...)
 - In blind tastings of wines price fools experts too.
- Price anchors
 - Is the price of the new German cars sold in Finland on average
 - a) Clearly lower than 26 000 euros,
 - b) About 26 000 euros or
 - c) Clearly over 26 000 euros?
 - Write your precise evaluation of the price of the new German cars sold in Finland?
 - Others have the same questions but with 87 000 euros mentioned. What happens?

How to tell the price?

- Need assessment: What is budget of the customer? How important factor price is for the customer?
- Mentioning price after customer understands the benefits (idea sold)
- After mentioning price shut up!
 - Customer's reaction?

Try it!

- Form 3-5 PFB-phrases with a pair.
 - PFB = Product, Features, Benefits
 - Product can be anything.
- Come to the white board to write one of those.