



# Sales

CHAPTER 9

# Sales

## What are Sales?

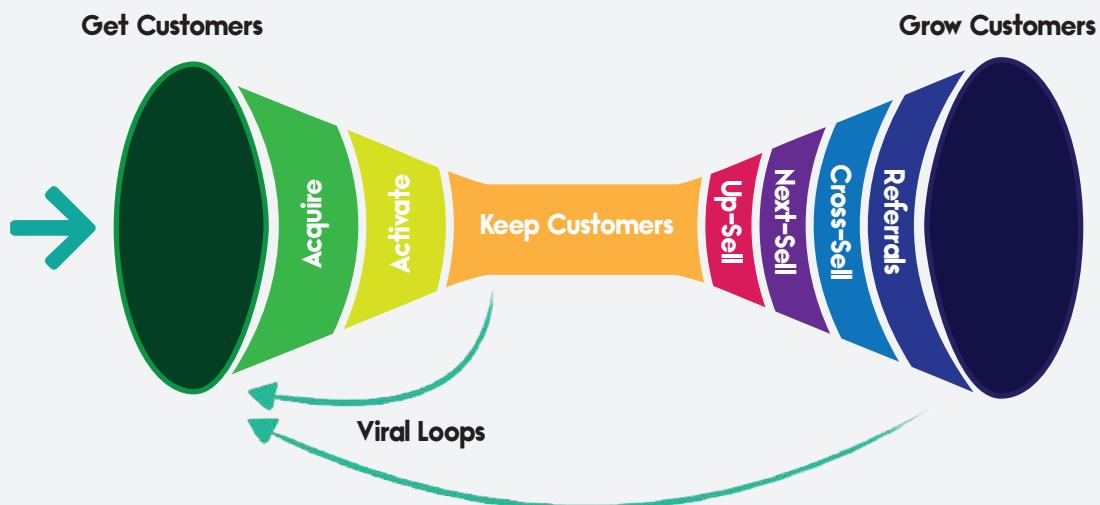
**Sales** are the act of selling your products and services. It is the process of turning a potential customer into a *paying* customer. Sales are the only activity that generates revenue. Since you need to generate revenue in order to run your business, **sales are what keeps your business alive**. Selling is used at every stage of your business. While you will mostly use sales to sell your products and services to customers, you also use sales to sell your business concept to investors, funders, and other relevant stakeholders.

Sales are **not** marketing. The two are easy to confuse which is why it is important to know the difference:

→ Marketing is the activity of **promoting** your product or services to your target market. Your marketing will generate leads (people who are interested in becoming customers).

→ Sales refers to the activity of **selling** products or services. Your sales strategy will turn leads into paying customers.

## Customer Development Funnel



The **customer development funnel**<sup>1</sup> is at the core of a sales strategy. It is about how you get new customers, how you keep those customers, and then how do you further grow your customer base.

## Get Customers

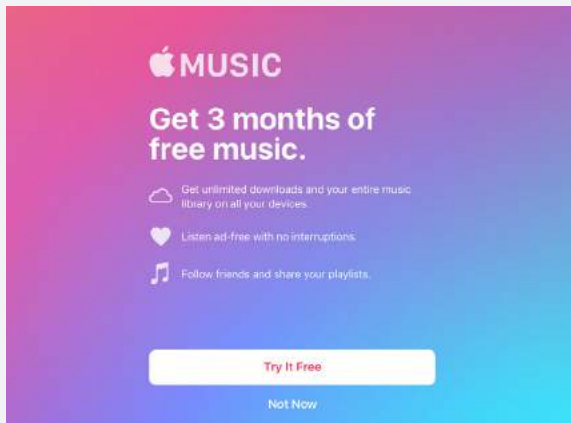
“**Get customers**” is the strategy you will use to bring new customers to your business. You can use marketing techniques and channels (e.g. social media, radio, advertisements, direct selling) to get potential customers’ attention and encourage them to purchase from your business.

**For example,** you create an advertisement on your Facebook page for a new product you have in store.

## Techniques To Get Customers

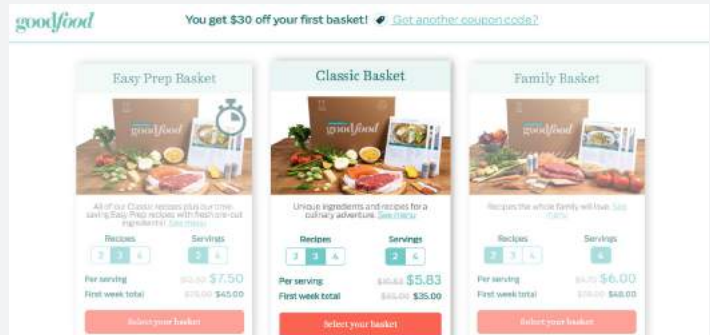
There are different sales techniques that you can use to get customers.

→ **Samples:** Can your product or service be sampled? If yes, this can be a great way to acquire new customers.



→ **Free trials or demos:** Give people the opportunity to try your product through demos or free trials.

→ **Sales promotion:** Attract new customers by offering them a special discount or coupon.

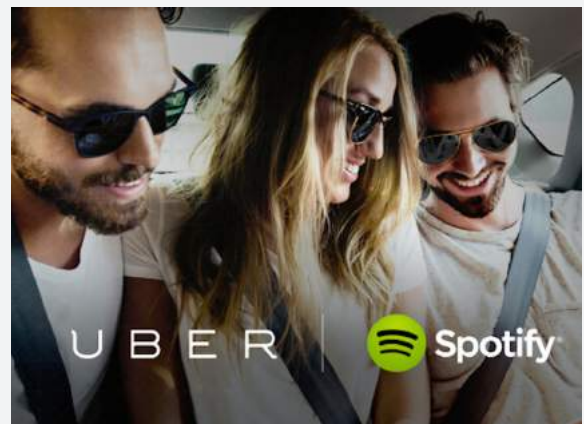


## Order in 3 easy steps

- 1 Go to [arcticfresh.ca](http://arcticfresh.ca) and select your community
- 2 Browse through 500+ products and add to your cart.
- 3 Checkout online and pay by credit card or EMT.

→ **Educate your target market:** Do your customers understand your product or service? Are they aware that you provide something they need or want? Hold community information sessions, make an engaging educational post on Facebook, or record a short video explaining to your potential customers what benefit they will get when they buy your product.

→ **Develop partnerships:** Partner with an existing business that already has the type of customers you would like to reach.

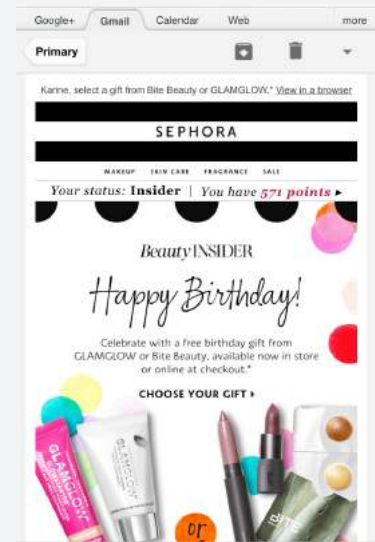


## Keep Customers

Once you have spent time and energy getting new customers, you want to find a way to **keep customers**. Keeping customers is just as important as getting customers. When you build customer loyalty and make sure happy customers come back, it helps you build a solid customer base and keeps your business profitable. Below are some techniques for keeping customers.

→ **Communication:** Keep your customers in the loop by sending email newsletters or posting blogs.

→ **Personalization:** Make your customers feel special. Send them a special deal for their birthday, send them a thank you note when they purchase from you, or invite them to customer-only sales events.



→ **Events:** Connect with customers at events or in your community. This can increase awareness of your brand.

→ **Loyalty programs:** Create loyalty programs that reward customers based on their spending. The more they spend, the higher the reward (e.g. Buy 14 get the 15th for free!)



## Grow Customers

**Grow customers** by encouraging your existing customers to increase their spending. This can happen when existing customers buy more of your products, buy different products or services, or when they bring in new customers to your business. When your customers invite other customers to purchase from you, it creates a self-sustained loop of incoming customers. Here are some strategies you can use to grow your customers:

→ **Up-sell:** Selling a customer a newer, more expensive, or improved version of the product.

*For example:* Apple does a great job at up-selling by releasing new phone and computer models. They create incentives for people to purchase newer models like releasing software updates that make older models useless.

→ **Cross-sell:** When you get the customer to spend more money by adding more products from other categories..

*For example:* Amazon does a great job at cross-selling by suggesting new products related to what you bought or your past searches in order to convince you to increase your spending.

**Customers who bought this item also bought** Page

Product	Rating	Price
150Pcs/Box Fishing Accessories Kit Including Jig Head,Worm Hooks,Treble Hooks,split...	5 stars	CDN\$ 19.99 ✓prime
Plano 3-Tray Tackle Box with Dual Top Access, Dark Green Metallic/Off White	17 stars	CDN\$ 18.97 ✓prime
27.6inch(70cm) Portable Fishing Rod Bag Canvas Fishing Pole Organizer Black/Camouflage 2...	8 stars	CDN\$ 15.99 - CDN\$ 22.99
Berkley Trilene Big Game Monofilament Custom Spool	42 stars	CDN\$ 11.04 - CDN\$ 163.99
Berkley Vanish Fluorocarbon Spool, Clear	57 stars	CDN\$ 5.99 - CDN\$ 107.93

→ **Referrals:** Referrals happen when your customers recommend your product or service to new customers. Referrals create trust because people are more likely to trust what their friends recommend instead of an advertisement from a company they don't know. You can encourage referrals by developing a referral program.

**EVERYONE'S PRIVATE DRIVER™**

- Send out your code
- Your friend takes a ride
- You both get \$20

Uber HQ  
205 Howard St, San Francisco  
Cot Tower  
1 Telegraph Hill Blvd, San Francisco

FARE ESTIMATE  
\$19-20

Uber HQ  
11:38 AM  
SET PICKUP LOCATION

## Understanding your Customer's Psychology

You may know for a fact that your product or service is better than your competitor's. But your customers may not know that. Even if they know it, it can still take a lot for a person to make the decision to become your customer. They can show a lot of interest, give you very positive feedback, but not become a paying customer. Why? It's important to understand that this doesn't mean your product or service isn't good. There are many factors that can turn an interested customer into paying customer.

→ **Lack of trust** - When a customer gives you money in exchange for a product or service, they are essentially saying that they trust you. You need to build trust with new customers before they decide to give you their money. Build relationships, let them get to know you, and show them that they can trust your company before they become customers.

→ **Fear of change** - Change can be scary. Understand that some people might require more time or more reasons to buy from you.

→ **Concerns over quality of the product or service** - Remember you're a new company and potential customers have not yet had the chance to try your products or service. Most customers will have concerns about the quality of the products or services that you are selling. Find ways to demonstrate your value to them before they make a purchase.

→ **Habit** - It can take a lot to change people's habits. If they've been purchasing certain products and services from the same place(s) for many years, it might take time or extra incentive to break the habit.

→ **Forgetfulness** - Have you ever seen a new product on the internet and thought, "How cool! I'll look into it later," only to forget about it altogether? People tend to be busy and forgetful. Understand that customers need many reminders about your business before they purchase.

→ **Timing** - It might not be the right time for a person to buy. Maybe they're low on cash, or maybe they've just purchased a rival product or service (e.g. they just got a haircut the week before you opened your new salon).

→ **Lack of attention** - Even though you are advertising and promoting your products, potential customers may not be paying close attention.

→ **Lack of education** - Are potential customers aware of the benefits you provide? Do they truly understand your offer? It is up to you to educate your potential customers on the value of your business.

Keep this in mind while you are building your strategy to get, keep, and grow customers. The more you understand your customers, the easier it will be to create a sales strategy that helps them overcome the obstacles they face to buying your product. **Patience and persistence is key.**

## REFLECTION

White Fox Snowmobiles just launched a brand new snowmobile model that they promise is both inexpensive and high performing. It retails for \$6,000. The company has placed this ad on Facebook.



What is your initial reaction to the ad?

Based on what you see, would you buy the snowmobile? Why or why not?



**CASE STUDY**

**ARCTIC FRESH<sup>2</sup>**

Arctic Fresh is an online grocery service that delivers fresh groceries to Kuujuaq and the Qikiqtani (Baffin) Region of Nunavut. Arctic Fresh groceries are fresh and more affordable than most community stores, especially in the high arctic. Arctic Fresh started by validating their business concept with friends, family, and connections in their hometown of Igloolik. They took a few months to perfect their business model. People in Igloolik started using the Arctic Fresh service regularly and the owners were very confident when they launched that everyone in Baffin would also want to buy fresh and affordable produce, just like their customers in Igloolik!

When Arctic Fresh launched, they put out a Facebook Ad campaign across all of Qikiqtani and Kuujuaq. They were surprised and disappointed when they didn't get the sales they were expecting in their first few weeks of operations. Although they knew they had a solution to people's problem of accessing fresh, healthy, affordable food, people were not buying in the volumes they were expecting.







What do you think prevented people from buying?

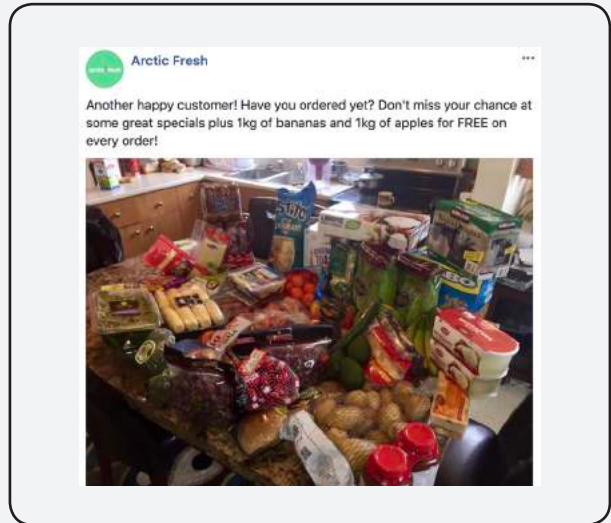
The Arctic Fresh team went back to the drawing board. They completed more validation with their customers and tested out different sales techniques. After reviewing and improving their customer acquisition strategy, they had a large influx of sales.

# ACTIVITY

Take a look at the social media posts below. Identify the sales technique used and explain why it was effective.

## Advertisement

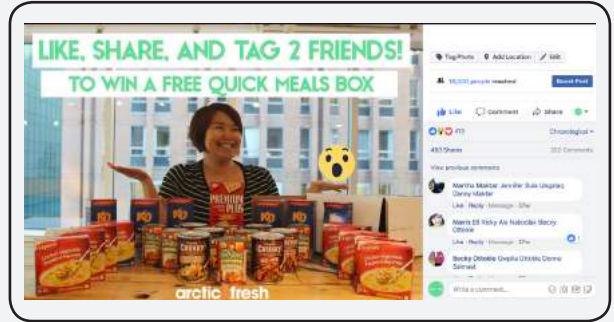
IQUALUIT GROCERY PRICE COMPARE		
	arctic fresh <small>with delivery</small>	Locally
	\$6.50/kg	\$19.99/kg
	\$1.83 <sup>ea</sup>	\$4.99 <sup>ea</sup>
	\$6.18/kg	\$14.39/kg
	\$2.84/kg	\$8.19/kg
	\$4.03/kg	\$17.69/kg
	\$4.80/kg	\$13.49/kg



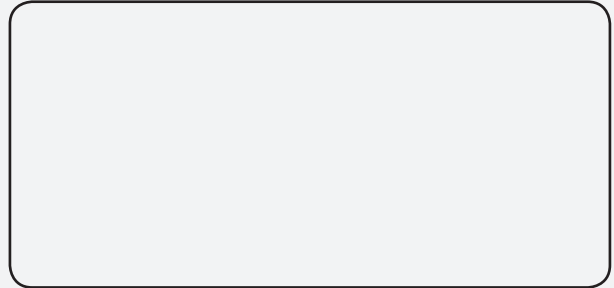
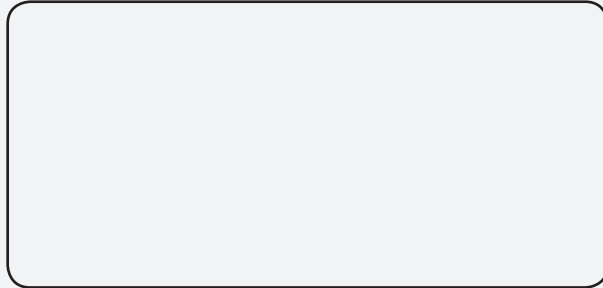
## Technique Used

## Why it Worked

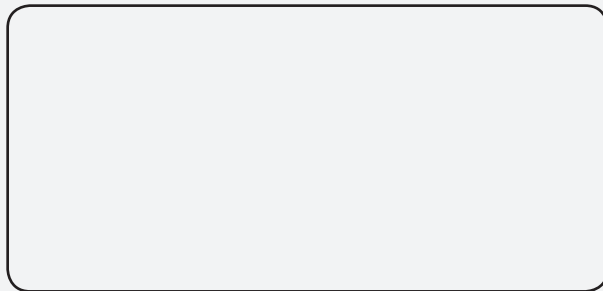
### Advertisement



### Technique Used



### Why it Worked



# Types of Customers

There are 2 main types of customers you will sell to.

- **Consumers**- People like you who buy goods and services day-to-day for themselves or others
- **Businesses** - Other companies or organizations who want to buy products and services (e.g. office supplies, furniture, uniforms, wholesale products and services)

Consumers and businesses have different characteristics, which means they need a different sales approach. Below is a comparison between **Business to Consumer (B2C)** and **Business to Business (B2B)**.

	B2C	B2B
<b>Who are they buying for?</b>	A consumer makes a decision for themselves, someone else, or a household.	Making a decision on behalf of a business or an organization. Many people may be involved in the decision making process.
<b>How many customers are there?</b>	Typically larger (targeting higher volume of customers).	Typically smaller (targeting a few businesses).
<b>How big is each sale?</b>	Typically smaller (e.g. purchases of 1 to 3 units).	Typically larger (e.g. purchases of 600 units).
<b>What type of relationship do you have with them?</b>	Typically shorter relationships	Typically longer relationships
<b>What motivates them to buy?</b>	Typically based on immediate needs and wants. Can be driven by emotions and desires.	Purchases are typically planned, evaluated, and decisions are rational, based on logic.
<b>How long does it typically take to make the sale?</b>	The time it takes for a consumer to make a decision on a purchase is usually shorter.	The time it takes for a business to make a decision on a large purchase usually longer, and may be a multi-step process.

## GROUP DISCUSSION

Name some of the businesses or organizations in town who buy products and services from other businesses. What types of products or services do they purchase?

## Other Types of Customers

### Government

Having a government agency or organization as a customer is a great opportunity for many businesses. Government, like consumers and businesses, buy products and services. Government purchase a lot of goods and services in a year from office supplies to furniture, from printing services to construction needs and professional services. This is called government procurement. Government orders are usually very large. In Canada, the government purchases approximately \$16 billion worth of goods and services from private business owners.

→ Federal Government tenders can be found on [www.buyandsell.gc.ca](http://www.buyandsell.gc.ca).

→ Provincial tenders can be found on [www.seao.ca](http://www.seao.ca).

If your company lands a Government contract, it can potentially sustain a large part or even your entire operation. When Government needs to procure goods and services, they look for businesses who can meet their needs by releasing a tender. A tender is an invitation for companies to place a bid on a certain goods/ services order that the Government wants to purchase.

For KRG, contracts valued at less than \$100,000 do not go through the formal public tender process. Instead, the KRG will invite businesses they are already familiar with to apply for the contract. That means it's important for companies to make themselves known to the procurement department at the KRG in order to be a part of the invitation roster.

For any contract valued above \$100,000, the contracts are posted on Le Systeme Electronique d'Appels d'Offres du Gouvernement du Quebec (SEAO) where every tender goes through the public tender process. For more information, visit [www.seao.ca](http://www.seao.ca) or [www.constructo.ca](http://www.constructo.ca) (which is the SEAO site optimized for the construction industry).<sup>3</sup>

**Example -** *The government may put out a tender for a new building they need to build. This will allow private construction companies to submit a bid and inform the government how much they would charge to do the job. The government will review all the bids and decide who will do the best job for the best price.*

## Inspire Nunavik Sales Process

**1** **KNOW EVERYTHING**  
ABOUT YOUR PRODUCT/SERVICE

**2** **RESEARCH**  
YOUR CUSTOMERS

**3** **CREATE AND DELIVER**  
MARKETING STRATEGIES

**4** **IDENTIFY**  
POTENTIAL CUSTOMERS

**5** **ENGAGE WITH THE CUSTOMER**  
& CLOSE THE SALE

**6** **RE-ENGAGE YOUR CUSTOMER,**  
RE-SELL, AND UP-SELL

### **1** **KNOW EVERYTHING** ABOUT YOUR PRODUCT/SERVICE

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To sell your product you must know your product or service inside and out. You must understand how your product and service adds value for customers.

- Learn everything about your product.
- Learn everything about competing products.
- Learn everything about how your customers will use your product or service.
- Be ready for the types of questions customers will ask you.
- Develop a 5-minute **elevator pitch** about your product and practice it.

### **2** **RESEARCH** YOUR CUSTOMERS

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Get to know your customers and learn about their challenges, their needs, their wants, and their preferences. Determine what type of customer you have.

- Create an experience that fits your customer's needs and wants.
- Know how much money your customer has to spend.
- Know who makes the decision to buy.
- Know their specific needs.
- Know how long it should take you to get the sale.
- Know if they are B2C, B2B, or B2G

### 3 CREATE AND DELIVER MARKETING STRATEGIES

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Based on your product and customer, you must create marketing materials that attract and engage them.

- Return to **Chapter 7. Marketing** to review.
- Develop your core message.
- Identify the right channels to use to reach your customers.
- Use a mix of marketing techniques that will reach your target market.

### 4 IDENTIFY POTENTIAL CUSTOMERS

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Your marketing campaign will help you identify customers who are interested in your products or services.

- Set-up ways to identify who is interested, such as email sign-ups.
- Create a list of high-potential customers with their contact information and notes on how well the communication has been going.

### 5 ENGAGE WITH THE CUSTOMER & CLOSE THE SALE

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Once you have an appropriate customer send them your “ask” to encourage them to make the purchase..

- Get to the top by finding a decision maker with the authority to buy.
- Have sales materials that highlight your value proposition ready to send along with your “ask”.
- Be prepared to address objections and questions.
- Have methods for accepting payment.
- Close the sale!

### 6 RE-ENGAGE, RE-SELL, AND UPSELL

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Re-engage your customers by using a customer retention and growth strategies.

- Consider up-selling and cross-selling techniques.
- Develop loyalty programs.
- Build relationships with your customers by personalizing the communication.
- Encourage referrals.

## Trade Shows

A **trade show**, also known as a trade fair exhibition or expo, is an event that brings together companies in a certain industry to showcase and sell their latest products and services. At public trade shows the general public is invited, but only participating companies and press can attend private trade shows. Trade shows are a great investment for your business for a number of reasons.

- Most people who attend the trade shows will be genuinely interested in you type of business.
- Customers will often be ready to make a purchase on the spot.
- They are a great opportunity to check out and learn from your competition.
- Exhibiting at a trade show is a great way to build brand awareness and show that you are a serious business within your industry.

Below are some tips on how to be successful when attending a trade show.

**LOCATION** - Try and get the best booth location as possible where there will be lots of foot traffic and you aren't hidden at the back of the room.

**APPEARANCE** - You want your booth to attract customers and trade show visitors. Make sure your booth is welcoming, bright and your company logo and name can be seen.

**HOSTS** - If you are not working the booth, make sure your team is friendly, knowledgeable of the business' products or services, and can have good conversation with customers.

**SPECIALS** - Make sure that your customers know they are receiving a special only if they buy today at the trade show!

**CONTESTS** - Having draws, giveaways, and promotions can attract potential customers to visit your booth. Getting their contact information to give away a prize at a later time is a great way to build an email and calling list.

**FOOD** - People always like free food! If you can give away food and drinks with your branding on it, visitors will remember where they got their snacks and refreshments.

**SOCIAL MEDIA** - Make sure to stay active on social media and build a campaign around your presence at the trade show.

**PROMOTIONAL PRODUCTS** - Give away some pens, hats, mugs, or other gadgets with your company logo for attendees to take home with them!





#### EXAMPLE - INUUVUNGA DESIGNS<sup>4</sup>

For Dawn Forrest, the Northern Lights Trade Show brought in some new business! It gave her a lot of exposure, and Dawn left with new orders for stores in different areas of Canada. Participating in the Northern Lights trade show allowed her to take new steps in her business and grow beyond Nunavik.

#### EXAMPLE - HINANNI DESIGN<sup>5</sup>

In addition to online sales, Hinaani participates in trade shows, fashion shows, craft fairs, and other events that have art markets. These events give them a lot of visibility and are opportunities to get your product in front of your target market. They say, “Our social media gets a lot more followers when we go to events and we always seem to have more opportunities just by meeting people.” Some of the events they’ve attended include: Iqaluit Christmas Craft Fair, Inuit Studies Conference, Kivalliq Trade Show, Arviat Kakpik Fashion Show, Baker Lake Festival By The Lake.

## Sales Tips!

- Your **product or service won't sell itself**. You need to develop a sales strategy in order to drive sales.
- **Listen, listen, listen** to your customers! Understand their wants and needs and then communicate to how you are adding value.
- The **entrepreneur is the best salesperson** a company has. No one can tell your company's story better than you can.
- People do business with people. Focus on **building great relationships** with potential clients, not just the sale.
- **Persistence** is key. 80% of sales require five or more follow-ups.
- **Sales leads to credibility** for your business. The more sales you generate at the beginning, the better your reputation is when trying to sell to new customers.

**ADVICE**

**BERNICE CLARKE, UASAU SOAP**

“My experience with Mary Kay taught me a lot about customer loyalty and customer relationship. Loyalty is given to a person because you take the time to show and prove to them that you will take care of and provide them the best products. There were many Mary Kay sellers out there—and that is where I learned that relationships are important—and you need to build it with your customer, so they choose you. And they will choose you over and over again. It’s not just about branding but your personality because they were many, many other Mary Kay sellers and we all had our own clients that chose us for a reason. I’m very honest. I approached people and I talk.

I’m open and honest, always with a smile and ready for new. I ask a lot of questions so people can start sharing more information with me, so I can innovate. I am always welcoming. We listen and we talk to our clients and we customize our products to them and for them. When I hear that someone doesn’t like a smell, then I do a non-scent, or if they have an allergy to nuts, then I do a nut free scent free product. Or if it is made for children, then I put in bubble gum. So it’s all about branding it for them and listening to them and trying new products as well because we all get bored so we all have to keep up with trying new things but also respecting that people want it a certain way, so it’s a balance too.<sup>6</sup>”

- Bernice Clarke, Founder of UasaU Soap

## 10 Things a Startup Salesperson Must Have

1) Willingness to **learn** something new everyday.

2) Desire to make a **real difference**.

3) Drive to **inspire** everyone you speak with.

4) Resist the urge to sell - instead be **helpful**.

5) Accepting of **change**.

6) Be **different**.

7) Be good at **negotiating**.

8) Tell good **stories**.

9) **Connect** with the right people.

10) Be comfortable with **rejection**.

## GLOSSARY

### **Business to Business (B2B)**

One of the two main types of customers. Other companies or organizations who want to buy products and services (e.g. office supplies).

### **Business to Consumer (B2C)**

One of the two main types of customers. Consumers are ordinary people who buy goods or services day-to-day for themselves or others.

### **Customer Development Funnel**

The sales framework that explains how to get customers, keep customers, and grow customers.

### **Cross-Sell**

A technique of customer growth by getting customers to spend more money by adding more products from other categories.

### **Elevator Pitch**

A short speech that summarizes your business.

### **Get Customers**

Sales activities that help bring new customers to your business.

### **Grow Customers**

Sales activities that increase sales by either increasing the spending of existing customers or getting existing customers to bring in new customers.

### **Keep Customers**

Sales activities that secure a solid customer base and build customer loyalty.

### **Referrals**

A technique of customer growth which involves getting customers to recommend your product or service to new customers.

### **Sales**

The act of selling your products/services and turning a potential customer into a paying customer.

### **Trade Show**

An event that brings together companies in a certain industry to showcase and sell their latest products and services. Also known as a trade fair, exhibition, or expo.

### **Up-Sell**

A technique of customer growth by selling customers a newer, more expensive, or improved version of their product.