

Inside BUSINESS

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The Canterbury Sales®

Recession Selling: Segmenting Prospects by Decision-Making Needs

By Andy Gole



Recently a new client said to me, “We are expecting a recession next year, times will be tough.”

I reflected for a moment and realized that I have been working primarily in “declining markets” – markets in permanent recession – for the last 25 years. A short-term decline in economic activity is not novel.

Why do markets decline? Due to the product life cycle.

Products and services come to the end of their useful life. Innovative products take over. Every business leader is challenged with managing the product life cycle – knowing where they are in that cycle and how to extend it. Classic champion brands like Coca-Cola have extended the life cycle over 100 years through non-stop innovation. Often small businesses have more limited life cycles of three-to-seven years.

How long are your life cycles?

How long should they be?

From a cash flow perspective, leadership’s fundamental task is extending the current life cycles to prepare the way for and finance new business

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life cycles. Life cycle management allows leaders to “time pace” change, to catalyze the necessary innovation.

In a recession, many more businesses face the “declining market” scenario. Are you prepared? You probably pare costs to the minimum and perhaps “buy business” by cutting prices.

What else should you be doing?

Having worked on more than a dozen declining life cycles, I have developed a tool kit for doing battle in brutal markets. One tool kit component is: repositioning your capabilities to more hospitable business environments – to a “blue ocean” of uncontested demand.

Coca-Cola performed a myriad of repositionings in extending its life cycle. In just one arena, distribution, Coca-Cola repositioned from the drug store to the supermarket and other retailers, to outdoor vending machines and to office vending machines.

Another classic declining market strategy is acquiring more market share. This can be achieved by finer market segmentation, or product/service differentiation: targeting your offer to the newly defined segments. Product/service differentiation consumes cash and time. So does price-cutting to acquire market share, when it does not help us move down the experience curve.

What if you have neither substantial cash resources nor time?

There is a low cash/quick implementation repositioning strategy to build market share. Many, if not most, firms overlook it: repositioning by

buyer decision-making needs. This entails a sales process change – what salespeople say, how they interact with prospects.

Most selling processes are geared to meeting the needs of “low hanging fruit” – prospects that are predisposed to buy. These methods appeal to only 1-15 percent of prospects, depending on the business.

These selling methods neglect the cornucopia of opportunity that exists by meeting deeper decision-making needs of prospects, which include:

- 1) Earning the right to be in a serious discussion with prospects (versus being a shopping exercise);
- 2) Addressing the needs of the skeptical decision-maker;
- 3) Helping new prospects make an unfamiliar decision.

Applying these tactics to a declining market – print advertising – helped my client increase sales more than 50 percent when the market demand declined 5 percent.

Imagine the impact of increasing your closing ratio from 10 percent to 40 percent or more. Everything else held equal, you will see “boom times,” not recession, provided your product is not obsolete.

Segmenting prospects by decision-making needs is always a viable strategy – especially valuable in cash-constrained recessionary times.

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Andy Gole has taught selling skills for 17 years. He started three businesses and has made approximately 4,000 sales calls, selling both B2B and B2C. He invented a selling process, Urgency Based Selling®, with which he can typically help companies double their closing or conversion ratio. Learn more about Andy’s method at www.bombadillc.com or by calling him at 201.415.3447.