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+ practice

Understanding customer needs

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Whether in freight traffic, depots, the area of financing and insurance or the provision of personnel services and railway vehicles: Business-to-Business-Selling (B2B) prevails in the railway industry. Additionally, railway workshops are increasing their use of modern sales structures when marketing their workshop services.

- But what is really important when it comes to B2B-Selling?
- What must a sales representative keep in mind in order to be successful?

This cover story describes on two examples how B2B really works.

Understanding customer needs, example 1

Success factors by making an offer

This article clarified that Business-to-Business-Selling places particular demands on sales representatives. B2B-Selling focuses on consulting rather than on classical sales, since "door to door selling" is generally not very productive in this area. Competence, expertise and customer needs as well as clear and comprehensible structures are especially important. If a customer is interested in an offer, a clear and transparent presentation of prices and performance which is restricted to key contents is necessary. This was verified by a survey which was conducted by the Forsa Gesellschaft für Sozialforschung und statistische Analysen mbH in 2005.

- But what does this mean exactly?
- What are the key factors one should take into consideration before making an offer, in order to conclude successful business?

Transparency

Neither the decision-makers of the purchasing departments nor those who are active in management have time to deal with tedious documents; this is the main reason for demanding clear and comprehensible supply structures. Unclear structures are not only very time-consuming during the offer examination, but they also give customers the impression that something is being covered up. It is often the case that good offers are turned down simply because their structures are too complex.

Concerning the preparation of an offer, there is another reason why transparency is necessary: A number of conflicts between clients and contractors result from a vague formulation of the offer. Such misunderstandings can quickly lead to a loss of confidence, especially regarding new business relationships, and can strain order processing as well as communication.

Focusing on customer needs

Not only do many offers have structures which are too complex, but they frequently lack of customer-specific requirements and solutions. Instead, sales representatives tend to emphasize the company and its range of products and services. Conflicts often occur due to divergent expectations, which are unfortunately speci-



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fied all too rarely. The reason for this is that providers and customers think that their expectations have already been discussed, or that they are self-evident.

Defining the offer clearly

Even though it may seem self-evident, it should be apparent whether the offer in question is a package deal or whether it will be invoiced depending on the distance and according to the time spent and the material used. If a contractor accepts a package deal, he is running the risk of having to invest more energy into the offer than he had estimated. Because he has already fixed both price and performance, he cannot charge extra for the additional expenses.

However, the majority of clients prefer this type of offer, because it guarantees cost certainty. Additional work is usually ordered verbally after a contract has been concluded and

remains a matter which is often disputed between contract parties.

Therefore, a transparent offer should also include information on the hourly rates which will be charged if there should be any additional work (in workshop services, for example). Therefore, offers which are rather complex and require an extensive examination should contain information on how long the contractor is willing to be bound to the offer. Without this specific information, the client does not have much time to consider an offer, since it can only be accepted "immediately". At the same time, an acceptance period can be helpful for the contractor's capacity plan.

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Understanding customer needs, example 2

How to sell workshop services successfully

In the last few years, changed market conditions have led to the situation that specialists such as technicians, master craftsmen or engineers are no longer solely responsible for the selling of workshop services: There has been a notable increase of salespeople who are involved in the railway industry. This also means that the sale area is gaining responsibility for the economic success of a depot or an entire workshop network.

The basis: Competence and expertise

Various studies have shown that it is extremely important for sales representatives to have the competence which customers – primarily the owners and operators of railway vehicles – expect or have previously been accustomed to. An extensive knowledge of the services and technical possibilities as well as a profound understanding of the special features of the railway industry and customer needs are of first priority when it comes to winning new customers and maintaining as well as expanding existing business relationships.

Understanding customer needs

It is virtually always the case that „door to door selling“ is not very productive in the B2B area. Instead, customers expect salespeople to be familiar with their individual needs prior to a meeting. In addition, it is also necessary to thoroughly research the respective customer needs, just as it is of crucial importance to be well informed on the customer's vehicle fleet. Basically, the aforesaid factors

should be taken into consideration from the moment the first appointment is scheduled. It is often the case that the customer does not expect a sales conversation, but primarily wants to be informed about new trends and offers. This frequently leads to the second step, namely sales success – for example, if the advantages of the new, mobile wheel lathe were explained or if a new competence, which was obtained in the field of engine technology, was exemplified. Therefore, the salesperson must be able to understand the customer's needs.

However, marketing specialists stress that many sales representatives have difficulties in this important area. A survey which was conducted by the Forsa Gesellschaft für Sozialforschung und statistische Analysen mbh and commissioned by the F.A.Z.-Institute in 2005 demonstrated that many customers are not satisfied with the sales phase at this point. Only eleven percent of the interviewed customers did not think that there is a particular need to improve the suppliers.

Clear and comprehensible structures

If the customer is interested in an offer, neither the decision-makers in procurement nor the company management have time to deal with tedious, time-consuming documents. In this case, a clear and comprehensible presentation of prices and performance is necessary, which is restricted to the key contents. For an offer represents the entire company – in this case, the entire depot – and can be directly compared to the offers of competitors. An unclear structure can give the customer the impression of trying to cover something up or they could get the notion that works were conducted in an uncoordinated manner.

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