

BSBPRO401

Develop product knowledge

Release 1

Learner guide

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Aspire Version 1.1

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BSBPRO401 Develop product knowledge Release 1

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Before you begin

This learner guide is based on the unit of competency *BSBPRO401 Develop product knowledge*, Release 1. Your trainer or training organisation must give you information about this unit of competency as part of your training program. You can access the unit of competency and assessment requirements at: www.training.gov.au.

How to work through this learner guide

This learner guide contains a number of features that will assist you in your learning. Your trainer will advise which parts of the learner guide you need to read, and which practice tasks and learning checkpoints you need to complete. The features of this learner guide are detailed in the following table.

Feature of the learner guide	How you can use each feature
Learning content	Read each topic in this learner guide. If you come across content that is confusing, make a note and discuss it with your trainer. Your trainer is in the best position to offer assistance. It is very important that you take on some of the responsibility for the learning you will undertake.
Examples and case studies	Examples of completed documents that may be used in a workplace are included in this learner guide. You can use these examples as models to help you complete practice tasks and learning checkpoints. Case studies highlight learning points and provide realistic examples of workplace situations.
Practice tasks	Practice tasks give you the opportunity to put your skills and knowledge into action. Your trainer will tell you which practice tasks to complete.
Video clips	Where QR codes appear, learners can use smartphones and other devices to access video clips relating to the content. For information about how to download a QR reader app or accessing video on your device, please visit our website: www.aspirelr.com.au/help
Summary	Key learning points are provided at the end of each topic.
Learning checkpoints	There is a learning checkpoint at the end of each topic. Your trainer will tell you which learning checkpoints to complete. These checkpoints give you an opportunity to check your progress and apply the skills and knowledge you have learnt.



Foundation skills

As you complete learning using this guide, you will be developing the foundation skills relevant for this unit. Foundation skills are the language, literacy and numeracy (LLN) skills and the employability skills required for participation in modern workplaces and contemporary life.

The following table outlines specific foundation skills noted for your learning in this learner guide.

Foundation skill area	Foundation skill description
Reading	<ul style="list-style-type: none"> Identifies, interprets, understands and compares information to monitor and evaluate quality of product and services and check against client requirements
Writing	<ul style="list-style-type: none"> Records results of product evaluations to show clear comparisons of features, benefits and weaknesses Uses clear and specific language to develop documents for different audiences in accordance with organisational requirements
Oral communication	<ul style="list-style-type: none"> Provides recommendations using language appropriate to the purpose and audience
Numeracy	<ul style="list-style-type: none"> Analyses numerical information to measure, compare and evaluate features
Navigate the world of work	<ul style="list-style-type: none"> Understands and follows organisational policies and procedures and legislative requirement relevant to own role
Get the work done	<ul style="list-style-type: none"> Plans and implements tasks required to achieve required outcomes Analyses information to decide on appropriate recommendations

What do you already know?

Use the following table to identify what you may already know. This may assist you to work out what to focus on in your learning.

Topic	Key outcome	Rate your confidence in each section
Topic 1 Acquire knowledge of products in a specified area	1A Identify and evaluate product information sources	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1B Identify product purpose and use	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1C Identify key features of the product	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1D Identify product strengths and weaknesses	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	1E Explain guarantees, warranties and service support	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
Topic 2 Convert product knowledge into benefits	2A Align product features with benefits that have buyer appeal	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	2B Present product benefits in line with organisational and legislative requirements	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
Topic 3 Evaluate competitors' products	3A Use a range of information sources to research competitors' products	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3B Compare competitors' products with own products	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident
	3C Establish how your organisation's products rate against your competitors' and communicate differences to the buyer	<input type="checkbox"/> Confident <input type="checkbox"/> Basic understanding <input type="checkbox"/> Not confident

Topic 1

Acquire knowledge of products in a specified area

As a team leader, you need to have comprehensive knowledge of the products offered by your organisation in order to optimise sales, satisfy internal and external customer needs, and help you train and mentor other sales staff.

Be aware of appropriate and reliable sources of information that can provide you with all the necessary details required to deliver high levels of customer service, maximise sales revenue and provide sales leadership.

In this topic you will learn how to:

- 1A Identify and evaluate product information sources
- 1B Identify product purpose and use
- 1C Identify key features of the product
- 1D Identify product strengths and weaknesses
- 1E Explain guarantees, warranties and service support

1A

Identify and evaluate product information sources

Information about products can be gained from a variety of sources – some sources are genuine and honest, while others are of dubious worth and contain details that are incorrect, biased or insufficient.

As a team leader, you need to know where you can obtain good product information so you can demonstrate effective sales techniques to your staff and build your personal credibility among customers, workers and higher level management.



Understand sales terms

You need to become familiar with a range of terms used in relation to the sales process. It is important to understand from the outset that the word 'product' includes reference to services as well. This means any statement about products produced or sold by an organisation also covers any services the organisation may offer or supply.

When an organisation and a customer agree to exchange certain products for a certain payment, we call this 'making a sale'. However, the actual definition of making a sale will depend on the context you work in.

A sale is when:

- on-the-spot cash payment is made – money is exchanged
- a cheque is tendered in payment
- an electronic transaction takes place – such as payment using EFTPOS or a credit card
- a purchase is made online
- an order is placed – this may require payment of a deposit (depending on organisational policy)
- a contract is signed
- a financial transaction occurs, such as a lay-by agreement, charging to an account or invoicing.

Specified areas

Team leaders and their staff are not expected to know everything there is to know about all products in all areas. But they are expected to have an excellent level of knowledge about products in a specified area. This is a legitimate expectation from your employer and your customers.

You and your staff need to build product knowledge relating to the products in your department for which you have sales (or other) responsibility. You may need that product knowledge to advise internal customers, external customers or both.

Here is more about internal and external customers.

Internal customers

These are the staff who work in the organisation and need information about products sold by the organisation in order to do their work.

External customers

These are the people who walk into the organisation, call on the phone or make an online inquiry about products.

Product knowledge

Product knowledge forms the basis for all effective selling and is the most important tool for sales staff to develop.

Product knowledge refers to:

- the characteristics of products sold by the organisation
- what the products can be used for
- the prices of products
- options available
- information about the manufacturer, supplier or provider of the product
- add-ons or services provided to supplement the product
- the organisation itself.



Importance of product knowledge

Many businesses sell products that are also sold by other businesses, which represent competition for customers and sales.

In this environment, it is often the service provided by sales staff that determines where the customer spends their money. A vital element of this service is the level of product knowledge displayed by the sales staff.

A satisfied customer will come back and buy more products (repeat business) and will tell others that they had a good experience in dealing with your organisation (referrals).

With this in mind, it is important in your role as team leader to understand the aspects of product knowledge, as shown below.

Key aspects of product knowledge
Customers rely on you and the sales team to provide them with comprehensive and accurate information and to supply truthful and pertinent answers to their questions.
Customers want sales staff to recommend suitable products and to help them make purchasing decisions.
Your employer expects you to know what you are talking about when serving customers, because they have shown trust in your expertise by appointing you.
A high level of product knowledge helps create rapport with customers, increasing the likelihood of a sale being made.
The level of product knowledge of sales and customer service staff is directly related to the level of sales an organisation makes.
Your employer expects you to educate other sales team members through formal training, coaching and mentoring.

Role and skills of the team leader

Developing product knowledge is an essential and time-consuming task. Team leaders need to be well organised and use their time effectively in order to get the work done.

Here is information about developing product knowledge.

Role	Skills
Plan the research and other work that needs to take place	<ul style="list-style-type: none"> • Time management • Organisation of multiple activities • Prioritisation of competing needs and demands • Allocation of supporting resources
Implement tasks necessary to achieve required outcomes	<ul style="list-style-type: none"> • Personal motivation and drive • Focus and self-discipline • Delegation • Interpersonal skills • Record keeping and filing

Role	Skills
Identify relevant information from specific sources	<ul style="list-style-type: none"> • Reading comprehension • Research and evaluation • Summarising • Critical thinking

An effective leader

There are many characteristics of an effective team leader.

A team leader needs to:

- be a role model in terms of acquiring and applying product knowledge every day
- role model the customer-focused use of product knowledge in a range of sales-related situations
- demonstrate techniques to develop product knowledge using a variety of reliable sources
- encourage staff to be proactive and create sales by using their product knowledge to suggest other items the customer may require
- instruct staff in strategies designed to enhance their acquisition of product knowledge by providing practical, hands-on assistance
- develop and maintain a database or file of product knowledge for the sales team to access and use.

Information sources

Information sources are the basis for the development of product knowledge. These sources provide the detail that combines to produce the required facts and opinions necessary to generate informed insight about a product.

Product knowledge is a blend of facts and opinions; this means it is based on both facts and figures, statistics and measurements (hard data) and also personal thoughts, feelings, attitudes and perceptions (soft data). You need to check all sources for reliability and validity.

Sources will vary between organisations. Different business may have access to different sources or may prefer to use certain sources. These choices can vary over time in response to new and emerging sources, customer demand and changes in the product mix offered by businesses.



Be sure you know where to access information according to your organisation's policies and procedures. But also be proactive in sourcing information. You cannot rely only on those sources that are given or provided to you. In practice, this means asking for information and seeking out product knowledge.

Personal experience

Personal experience is a valuable information source because it comes from the first-hand experience obtained when you use a product, taste an item, experience a service, visit the opposition and see what they have to offer, and engage with sales staff who work in the competition stores to find out what they have to say.

Personal observations are, of course, subject to personal bias. Consider how your impression could be influenced by factors such as how busy the other store is at the time you are there or your reaction to the person who serves you.



Customer feedback

Seek feedback by talking to customers or provide them with feedback options such as online 'contact us' facilities or customer comment cards.

Customer feedback can also be obtained through monitoring social media, holding focus groups and contacting people after their purchase has been delivered in order to survey them. Complaints and compliments received are another significant source.

Customer feedback is usually reliable and valid as it comes from those who have actually bought and used the product. However, it can be influenced by factors outside your control – 'My delivery was delayed due to bad weather' – or the customer's mood or personal biases.

People may give a polarised description of their experience, such as 'excellent' or 'terrible', which lacks context and objectivity.

Personal networks

Getting information about products from your personal network of contacts is common, as these are the people you know and trust and whose opinions you respect. Your personal network includes family, friends, acquaintances, and industry colleagues and associates with whom you have formed a professional relationship for the mutual exchange of information and ideas.

However, this source can also be biased, even though the opinions are genuinely held. Human memory is more like a jigsaw that we piece together than a video recording that replays the same way whenever we recall something. People – including you – mishear, misread and misremember things all the time without being aware of it.



This is why it is important to source information from a range of sources and to verify their reliability by looking at the overall evidence.

Organisational sources

Organisational sources include internal policies and procedures, contracts and product description statements developed for individual products that provide an explanation of the item and what it can do for customers.

The organisation may also provide internal databases that contain generic information about products, such as classifications according to categories (or fields) nominated by the business.

Other useful sources are staff handbooks (product, training and operating manuals) and the induction and orientation materials provided to new employees.

Make a note of organisation details such as management structure, operating hours, locations of other offices or stores and anything else you might need to refer to in your work.



Colleagues

You may also be able to obtain relevant product information from other team leaders in the organisation, as well as key people in administration, sales and marketing.

Your colleagues can:

- recommend reliable information sources
- supply system-wide sales reports and statistical data (quantities sold, fast and slow moving lines, market share, cost prices and selling prices)
- provide market research data such as customer feedback, survey and focus group results, and user testing outcomes
- share intelligence gathered on what the competition is doing.

Sales representatives

These salespeople represent the manufacturers, providers and suppliers who want to sell to your organisation. They provide product information including point-of-sale materials such as charts, diagrams and demonstration models.

Although they are paid to promote their employer's goods, as a product knowledge source they rate highly. This is because they want to create an ongoing sales relationship with your organisation and comply with trade practices and consumer protection laws.

Sales representatives make regular calls to businesses to touch base, troubleshoot, demonstrate new products, take orders and check stock levels on the retail floor.



Hard-copy product information materials

These materials, which are often also available in electronic/online format, include:

- catalogues – publications that showcase the products available from suppliers and manufacturers and give details of items in the range
- price lists – details on unit prices, additional fees (delivery, pre-order, options charge) and discounts (bulk purchase)
- product packaging – the boxes, wrappers and enclosures such as user manuals and operating instructions that are provided with the items by the manufacturer
- product information sheets and fact sheets – educational and sales tools provided by manufacturers or suppliers when stock is ordered, or developed in-house by an organisation specifically for its staff and customers
- technical specifications – files that may not be supplied to the general public but are kept on hand to answer occasional technical questions and for reference by staff and installers
- shelf talkers – in-store signage supplied by manufacturers that provides basic information to customers
- advertising materials – promotions in newspapers and magazines, on billboards and posters or in stand-alone flyers and brochures.



Electronic product information materials

Electronic and online options may also be available in hard-copy form.

Here are examples of electronic sources.

Manufacturer websites

These often contain generally available information for consumers and password-protected areas for industry personnel giving access to additional product information, pricing details, and delivery and order protocols.

Email newsletters

These are free regular updates with information on new products, selling points, promotions, personnel changes and industry events.

Alerts and updates

These are immediate notification via email or SMS for information that is time critical, such as product recalls, stock levels, price changes, delivery schedules and software updates.

Consumer advisories

These provide detailed advice on products that need to be removed from sale (or have some other nominated action taken) for safety reasons.

Formal product information literature

Formal product information literature tends to be more fact-based and credible than advertising material.

Here are several examples of formal literature.

Trade magazines

Trade magazines and industry journals have articles and reviews on products plus detailed advertising and product information aimed at retailers (rather than customers or end users) and are generally available by subscription.

Publications

These are publications from industry associations that investigate, promote, highlight, compare and rank products. They are available from the association if your employer is a member.

Government notifications

Product safety recalls and government reports are issued free of charge by authorities to provide details on issues related to individual products or product types or categories.

Industry events

Industry events are good sources for networking and seeking further information. Events may be local, interstate or overseas and can take many forms.

Here are some examples of industry events.

Industry events
Exhibitions, trade shows and sales conventions – a wide range of suppliers and manufacturers present information on their products
Seminars conducted by an industry body or a peak group or association – members and interested parties meet to discuss nominated topics
Information sessions operated by government agencies – commonly conducted to inform organisations about a pertinent legal issue
Product launches – a manufacturer releasing a new product onto the market holds an event to create interest and inform sellers/retailers about the product
Product rebranding – a company re-releases an existing product, renaming it and repositioning it in the marketplace
Product demonstrations – demonstrators or sales representatives tell potential on-sellers all about their product lines and show how to use (and sell) them

Information from competitors

Information from your competitors may be freely available to the general public or it may be specific information you have asked for and obtained when posing as a purchaser.

Examples of this information are:

- verbal advice provided by sales staff in response to queries
- sales literature including brochures, information sheets and general point-of-sale materials
- price lists and catalogues
- draft contracts and letters of offer
- advertisements
- online information such as websites, blog articles and social media channels.



Reliability and validity

All information you capture should be analysed, evaluated and classified to determine whether it is reliable and valid. For example, product information provided by manufacturers or suppliers will be biased – while they may not make intentionally misleading or fraudulent claims about their products, remember that they have a vested interest in selling their product so they may not advertise or advise of any shortcomings or failings of their products.

You need to determine the reliability and validity of all sources you use to gather product information, to ensure that you in turn generate legitimate product knowledge. You must, to the best of your ability, give information and advice that are honest and accurate to the internal and external customers you serve.



Giving incorrect, biased or unsubstantiated information may result in the organisation losing customers. Customers can complain to their state or territory consumer affairs department, which will be bad for the organisation's reputation. Giving wrong information could even lead to a product being used incorrectly and causing harm that results in legal action against the organisation.

Evaluate sources for reliability and validity

A reliable information source is trustworthy and dependable, and can be used with confidence. A valid source provides information that is current, accurate and appropriate to the intended use.

Reliability and validity need to be considered together when evaluating sources.

Here is more information about evaluating sources.

What makes a good information source?

- Accurate and truthful information, supported by facts and statistics from reputable sources
- Up-to-date, comprehensive detail that is regularly checked and revised
- A consensus view that is supported by evidence and the majority of industry experts, rather than 'cherry-picked' single studies or unrepresentative examples
- Freedom from errors (intentional or otherwise) in the descriptions and information provided
- Willingness to correct mistakes when advised of them and transparency about the correction process
- Acknowledgment of the limitations, downsides or problems of particular products
- A track record of providing reliable information
- Availability when needed, as opposed to only being accessible at certain times or when someone else decides access will be granted
- Appropriateness to your needs as a team leader
- Relevance to the local market in terms of models reviewed, laws and standards, and operating conditions
- Regular releases or updates to correspond with and support new releases of products

Strategies for determining reliability and validity

Determining the reliability and validity of an information source involves a combination of approaches. You need to undertake a personal assessment of each source prior to using the information provided, which involves making your own judgment based on the factors that are important for your role and the work your sales team is required to deliver.

To help you in this process, you can:

- ask senior staff at your organisation which sources of product information they use and why they use them
- talk to your personal industry contacts and ask them what sources they use and what they think are the relative merits
- search online to see whether the source has been criticised for errors or bias and how that criticism was answered
- test sources to find out whether the nature and quality of the detail are suitable for you and your work in practice
- talk with customers to find out their responses to the information provided to them from different sources.



Example: evaluate information sources

John works as a team leader in a busy suburban store that sells electrical goods. John's boss, Lorraine, asks him to evaluate two information sources to determine whether they can be used to generate product knowledge for a range of computers, printers and electronic equipment she plans to introduce into stock.

John begins his evaluation with the manufacturer's website. He notes that the information is comprehensive, the site is easy to navigate, information is current and all products are supported by photographs and relevant technical detail. Users are prompted to nominate their region so that only models available in the Australian market are displayed. John also notes that the site has a password-protected merchant portal.

Next John evaluates the head office of the Australian supplier. He telephones to ask about products, spare parts and guarantees. He receives poor service from the person on the phone, who displays a worrying lack of knowledge about the range and is unable to provide clear answers to simple questions. When John asks about wholesale prices, delivery times and terms of trade, the person says, 'Oh dear, I'll see if I can get someone to call you back. What's your number?'

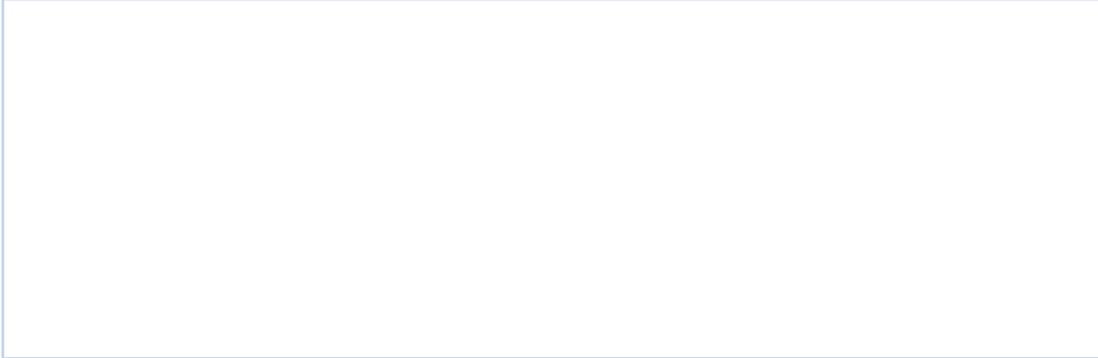
John arranges a meeting with Lorraine and passes on his findings. He explains that the material available online from the manufacturer is comprehensive and current. If the merchant portal is similarly helpful, this could provide further support in terms of product release schedules, bug notifications, recalls and market data. He then explains that his contact with the Australian supplier was not promising. He wonders whether they would get regular visits from a sales rep or any kind of local support.

John suggests that he contact a former colleague who works in a computer store to find out about her experience with this range and which information sources she uses.



Practice task 1

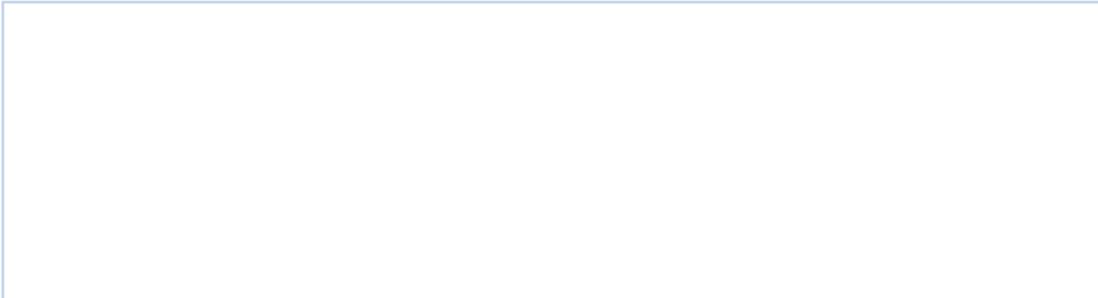
1. Provide three points that illustrate the importance of product knowledge for sales personnel.



2. Identify three criteria you would use to decide the reliability and validity of a product information source.



3. List three types of print materials that may be used as a source of product knowledge.



1B

Identify product purpose and use

Team leaders need to understand the purpose and use of the products they sell so that they can communicate this information to support their sales team.

Often variation in purposes and use is reflected in differences in the way the product is advertised, price points and range of models, sizes, options or other product variations.

Here we examine product purpose, use and target market.

Purpose

- The reason a product was developed, which can relate to a target market for the item and its known needs, wants and preferences
- The job or problem the product was designed to address, which often underscores the reason that the product was developed
- What the product can do and the application to which it can be put; for example, a product may have a single purpose or multiple purposes

Use

- Applying knowledge of the product to operate it
- Operation of the item as intended by the manufacturer
- How to get the product to achieve its intended purpose; that is, how to make it do what it is supposed to do

Target market

- The group of people a product is aimed at
- Market segments that can be described and differentiated with reference to factors such as age, sex, location and income

Identify product purpose

Customers decide to buy products that they feel will best meet their needs. It is important that salespeople know what each product is designed to do. Imagine the disappointment if a person buys a product, then finds out that it doesn't do what they expected it to. Not only will they be frustrated, but they will also lose their trust in the seller.

The best salespeople have developed a wide range of knowledge about what products and services the organisation offers, what the products or services are used for, how the products work and who the products are targeted at.

Team leaders need to know the full range of purposes and uses for all the products being sold, so they can provide proper support and leadership to the sales team.

Here are examples of how you can determine the purpose of a product.

Determining the purpose of a product

- Read or view advertisements about the product
- Examine promotional items provided by the manufacturer such as POS material
- Look at the packaging, user manual and instructions
- Attend product launches, demonstrations and other sales-related events
- Talk to the product team to find out the rationale for product development

Identify product use

Customers expect that a salesperson who sells a range of products should also be able to use those products competently. Customers want to know whether the product does what they need it to do; whether they will be able to operate the product; how they should care for and maintain the product; and what to do if it breaks down.

You should be confident that you can describe how the product is to be used. You may need to explain the functions and show the customer any labels or tags that describe how to use the item. A demonstration strengthens the selling approach.

Safety is always a consideration. Most products come with safety instructions, warning labels or a section in the manufacturer's instruction booklet on safe use. It is a salesperson's responsibility to point these out to the customer and demonstrate when appropriate.

You can improve your knowledge of product use by:

- reading the user manual or operating instructions supplied with the product
- using the goods or receiving (or demonstrating) a service in order to gain first-hand experience
- practising so you gain competence in using an item
- observing the sales representative or product demonstrator as they demonstrate and use the product
- watching training videos supplied by the manufacturer as part of its sales support strategy
- talking to people who have used the item and finding out what they have used it for.

Specific target

The aim of a good salesperson is to find the product that will best match the customer's needs. Make sure your sales team know who the product is designed for. For example, it would be inappropriate to suggest a product that is targeted at teenagers to an older person.

Explain to sales staff the importance of asking the customer questions; for example, they may discover that the customer wants the item not for themselves but as a gift for their teenage niece. Direct staff to look at the manufacturer's label, which may explain the age group the product is recommended for.



Example: purpose and use

Oliver is team leader for the sales staff at Jensens Audiovisual, a large capital city retailer of high-end audiovisual goods. Having just received a new brand of HD projector into stock, he calls the team together for a briefing session on the product.

The team gathers round and there is quite a buzz as Oliver shows them the projector and distributes a handout from the manufacturer. The handout shows the product number, brand and model name; technical specifications; and target market. Oliver describes the projection system and LCD panel, before moving on to explain the optical output and connectivity details. He focuses on the technical specs, explaining that there will be a follow-up session covering the features and benefits of the unit later in the week.

As he answers questions from his team, he prepares them for a practical demonstration of the unit and provides them with an opportunity to set up the product for themselves and play with it to become familiar with how it works and what it looks and sounds like.

'Jensens customers love to get their hands on the latest tech,' Oliver says, 'so I want you all to get comfortable with demo-ing this projector by next week.'

He concludes his session by giving them a web address they can access for more information and provides a product DVD that can be shown (or given) to prospective purchasers to help them learn about the product and how to operate it.



Practice task 2

Select a product that you are not familiar with to research. (Remember that products include services.) Identify suitable information sources such as promotional material, user guides and customer or industry reviews.

Use this product knowledge to write a half-page summary on the purpose and use of the item and who is likely to use it. Note the sources you used and the date you accessed them.

1C

Identify key features of the product

Team leaders must identify all the features of the products they sell so they can pass this knowledge on to their team, who in turn can share it with their customers. This is important because customers feel confident of getting good advice when dealing with a salesperson who knows what they are talking about.

Communicating with staff and customers about features is an important part of a team leader's professionalism and responsibilities. The features of a product are vital elements of product knowledge because they provide the basis for formulating the benefits of the product.



Features of a product

All products have features – the tangible characteristics of and facts about a product.

Features form the basis for product differentiation and determine selling prices; these factors combine to create customer perceptions of value for money when considering the product.

It is important for team leaders to discuss the features of products when describing them to customers and staff. Features provide the basis for generating the benefits that are used in the sales process to seal the deal. The more knowledge team members have, the greater their confidence and ability to sell the products.

Many stores prepare specific lists of a product's features.

In practical terms, features may be:

- seen; for example, a feature of a lounge suite may be its retro styling
- touched; for example, a feature of a mattress may be its firm support
- heard; for example, a feature of a vacuum cleaner may be its quiet operation
- smelt; for example, a feature of a perfume may be its floral aroma
- tasted; for example, a feature of a cheese may be its creamy flavour.

Key features

Key features are those that:

- are the primary or most significant facts or characteristics of the product
- are highlighted in the advertising and promotional material for the product
- may be the unique selling point for the product
- may be the reason that the product was developed and brought into the marketplace.



Unique selling point

A unique selling point (USP) or proposition refers to a feature that is specific to a particular product, service or retailer. This means no other product or store has this selling point, at least among your competitors.

Stores often seek to develop or sell products with USPs in order to gain a competitive advantage in the marketplace.

A USP could be a fun, convenient or useful feature of a product. It could be a time, location or option for a service. It may be as simple as free gift wrapping or as complex as a proprietary software system. Or it could just be that you are \$10 cheaper or ten minutes faster than the opposition.

Team leaders must ensure their sales staff know about any USPs that exist so they can emphasise these to customers during the selling process.

General descriptors

A general descriptor is basic information that covers:

- the type of product
- the name of the manufacturer
- the brand name or model number
- the code number – for ordering or reference purposes.

Product specifications

These give details of the size, shape, performance and manufacture of the item. The nature of this information varies depending on the type of product.



Here are some aspects of product specification.

Product specifications
<ul style="list-style-type: none">• Internal and external features• Physical dimensions• Weight• Energy rating• Capacity or output• Performance• Composition• Materials used in the manufacture and finishes

Country of origin

The country of origin indicates where the item was produced.

Customers want to know the country of origin for various reasons:

- They prefer to buy Australian in order to support local businesses and reduce product miles.
- They have a preference for certain products from certain countries because of their reputation or quality, such as French champagne or New Zealand wool.
- They want to boycott items from a particular country for social or environmental reasons.



Country of origin labelling is required by law for food products and is regulated by the Food Standards Code.

Non-food products do not have to be labelled with the country of origin. However, if a customer asks about the country of origin, the salesperson must answer honestly.

Product care instructions

Care instructions provide important information about how to look after a particular product.

This product information:

- explains how to disassemble and clean the product after use
- illustrates how to change those parts or consumables that can be replaced by users
- describes how to optimise product life and maintain appearance
- recommends care products (cleaning agents, lubricants) for cleaning and maintenance
- warns against care products and cleaning procedures that could cause damage.

Example: product care instructions

Outback picnic blanket – care and maintenance instructions

- Remove leather strap before washing
- Machine wash on wool setting, 30°
- Do not bleach
- Do not tumble dry
- Do not dry clean
- Ensure blanket is completely dry before storing
- Treat strap with leather conditioner twice a year

Cost

An important feature of a product to most customers on most occasions is the cost of the item. This is balanced against value for money and personal factors such as urgency, preferences and availability.

The cost of a product includes:

- the recommended retail price for particular product ranges and options
- applicable discounts (bulk purchase, promotional offer)
- price of spare parts and consumables
- adjustments related to trade-ins and rebates
- effects of loyalty schemes or rewards clubs
- projected expenditure for service and maintenance
- the cost of services provided in relation to the sale, such as a delivery fee or set-up charge
- transaction fees, such as a credit card surcharge.

Safety aspects

Many products and services come with a safety warning. The safety information may be displayed on the packaging, on the product itself, on a sign at the point of sale, in the operating manual, or in the terms and conditions.

Safety information:

- provides warnings regarding the use of the item
- highlights dangers posed by the item and gives cautionary advice
- indicates age groups that should not use or be allowed access to the product
- cites the Australian or other standards that the item complies with
- gives restrictions on what the item can be used for and what can be done to it
- states conditions under which the product should not be used.

Example: safety information

Safety information examples

- Not suitable for children under 5 years.
- Do not operate in wet conditions.
- Keep out of reach of children.
- Wear gloves and apron during application.

Quality

Product information may make reference to quality as a feature by:

- naming Australian or other standards that the product complies with
- identifying codes of practice that the manufacturer subscribes to
- using terminology to directly or indirectly indicate the quality level of the product
- providing guarantees and warranties
- highlighting organisations or schemes that have approved or accredited the product
- giving details of durability testing results
- making comparisons with competitors' products.



Availability

Availability is often important to a customer and you may need to find out the quantity of stock present in store and at the warehouse. You should ascertain when the customer needs the item early on in the sales process. For example, do they need it today, next month or in time for their husband's birthday?

The delivery time to the customer from the time of purchase needs to be established. You may need to know about the lead time for the supply of items from the manufacturer or how long a waiting list for a service is.

In terms of availability, it is good business practice to 'under promise and over deliver'. This means advising the customer of the maximum lead time. If the item comes in sooner or you call them when an earlier appointment opens up, they will be pleasantly surprised.

Promising quick delivery in order to seal a sale and then leaving people waiting is not good business practice. In addition, there are legislative requirements about supplying goods and services within a reasonable time or at the time promised.

Shelf life

When a product is perishable (food, pharmaceutical products and some chemicals) or has a finite service life (personal distress beacons, batteries, fire extinguishers), this information needs to be conveyed to the customer.

Shelf-life information is usually printed clearly on the packaging of a product. In some cases this information is governed by legislation.

Here is more about shelf-life information.

Types of shelf-life information
<ul style="list-style-type: none">• Use-by dates• Best-before dates• Expected battery life – hours• Replacement dates for spare parts – based on service hours or calendar dates

Options

Many products are offered with options so that the basic product can be tailored to suit the buyer's needs, wants and preferences. Different options are strongly linked to different price points.

Here are details you may need to advise customers about for products and services.

Product details	Services details
<ul style="list-style-type: none">• The range of models offered• Colours• Sizes• Styles• Functions	<ul style="list-style-type: none">• Duration• Frequency• Locations• Packages• Inclusions and exclusions

Packaging

Product features may also include aspects of packaging such as:

- how the item is packaged for in-store delivery into the sales environment
- individual product packaging statistical information describing details of the 'on shelf' product that is displayed for sale
- visual representations of what the item looks like when displayed for sale.



Extra services

The organisation selling a product may offer extra services to customers that can be considered as features, such as:

- gift wrapping
- lay-by
- a range of payment methods
- delivery
- installation and set-up
- alterations
- training on the use of a product and how to get the most out of it.



These services may be included in the purchase price; for example, 'This carpet costs \$89 per square metre including installation'.

Or they may be offered as optional extras; for example, 'Jeans shortened for \$5 a pair on day of purchase'.

You need to clearly inform customers about extra services, especially in regard to whether these are included in the purchase price or come at an additional cost.

Branding

For some products, the branding of the item is a feature.

This applies when the brand, manufacturer or model:

- has a good reputation or high status in the eyes of the consumer
- is perceived as being better than another brand
- is recognised by those who see or use the product.

Strategies to identify key features

Team leaders can identify the key features of a product using a combination of approaches, such as:

- reading the product literature, information sheets, advertisements and promotional material provided by the manufacturer
- listening to what the sales representative for the manufacturer has to say about the product
- gaining first-hand experience using the product
- comparing the product with similar products supplied by competitors to determine differences between them.



Strategies to support the team

Team leaders can use their knowledge of product features to support their sales team.

Here are five sales steps that can be used to assist a sales team in reaching its goals.

1**Generate lists**

Generate lists that identify the features of nominated products in an easy-to-read, dot-pointed format. Put key features first, then subsidiary ones.

2**Hold training**

Hold training, briefing or brainstorming sessions to explain and explore the product features. Provide handouts and supporting material.

3**Use role-play**

Role play sales situations; demonstrate how to use the features on the list to sell a product, then get team members to take turns in the roles of salesperson and customer.

4**Highlight USPs**

Highlight the unique selling points (USPs) of your products and your organisation, so staff can bring these to the attention of customers.

5**Compare and contrast**

Compare and contrast similar products, including those options or models in your product line, as well as those sold by the competition.

Numerical skills

The term 'numerical skills' refers to the application of arithmetic and mathematical techniques to the manipulation of figures.

You and your team may need numerical skills to:

- add, multiply, divide, subtract and perform percentage calculations in order to calculate relative values of products
- show comparative value-for-money options
- perform cost-benefit analyses
- help customers identify the most suitable choice for their needs
- understand and explain the physical dimensions of a product.

As well as a calculator, you may need to use a ruler, thermometer, set of scales or specialist meter relating to light, electrical current or torque, to obtain data.

Here are examples of when the use of numerical skills plays an important part in the sales process.

Using numerical skills

- Create tables comparing the size, capacity, output and/or performance of products
- Calculate how long it will take for an item to 'pay for itself' in terms of cost savings or increased productivity for the customer
- Show how a particular aspect of one product compares to the same aspect of another product

Example: understand a product's features

Chris is the team leader in the domestic appliance section of an upmarket homewares store. She has just received a new brand of coffee machine into stock. To help her team learn the features of the new product, Taste of De Bean, Chris follows her standard routine for developing a one-page product information sheet for each model.

She starts by taking a boxed unit into the staff kitchen and placing it on the bench. She reads the carton as she unpacks it and takes time to read the operator's manual supplied with the machine, jotting down points as she reads. Next she follows the instructions and assembles the machine. She uses the supplied coffee pods to prepare each coffee option described in the manual, making notes about how the machine works, ease of operation, time taken and difficulties encountered. She analyses the coffee, judging it by look, aroma and taste, and records her impressions alongside the information already noted.



Then Chris packs everything up and returns to her office. She visits De Bean Coffee's website and makes more notes, before contacting the 1800 buyer support information line to ask about spare parts, servicing and availability of pods.

Satisfied with the data she has assembled, Chris summarises her product findings in one page. Then she sets up a demonstration table and calls the staff together for a briefing session. She uses her one-page product information sheet as the starting point for her presentation.

Practice task 3

1. Give two reasons that it is important for a team leader to discuss the features of products when talking with both customers and staff.

2. Describe two strategies that a team leader can use to support their sales team in knowing about product features.

3. Explain why having sound numerical skills helps a salesperson to develop product knowledge.

1D

Identify product strengths and weaknesses

Team leaders need to know both the strengths and the weaknesses of the products that are sold by their organisation so this information can be shared with the sales team. To do this, they need to have high-level reading and analysis skills in order to identify, interpret, understand and compare information, to monitor and evaluate the quality of product and services, and to check these against client requirements.

The strengths of products are the positive aspects of the product, such as versatility, reasonable price, high quality, many options, a unique selling point, or a high level of correlation between product advertisements and promotional material and the actual product.

A product's weaknesses are the negative aspects, such as a higher cost than products of competitors, mass production with little concern for a long-lasting product, limited range of models and functions, long delivery times, or lack of customisation.

However, strengths and weaknesses can be relative, qualitative and subjective terms. What one person may think is a weakness (only available in bulk when they only need one item), another may feel is a strength (they get the product cheaper if they buy five items and they know they will use them). Similarly, a product being provided in only one colour may not be a concern to one customer, but may result in no sale for another.



Discuss strengths and weaknesses

Team leaders need to ensure their employees understand the strengths and weaknesses of their organisation's products when describing them as part of the sales process. This helps them give genuine customer focus to the sales process. If sales staff can target their explanations of how and why a product meets (or does not meet) identified customer needs, wants and preferences, this will create trust between the customer and the organisation.

Knowing strengths and weaknesses allows sales staff to provide additional advice to potential buyers by offering comparative detail between similar products. For example, a salesperson should always tell a customer that a product does not have a specific feature if the customer has mentioned this feature during their conversation. In some cases the customer may not proceed with the sale, but in others the feature may turn out to be less important than they first thought. Either way, the customer will appreciate the honest approach and that the salesperson is paying attention to their needs.

Team leaders can support their team by developing a list of comparative strengths and weaknesses for a product.

Here is more about understanding product strengths and weaknesses.

Understanding product strengths and weaknesses

- Know the customer's needs and preferences; for example, if having a product delivered immediately is not important to them, then the wait for a custom order will not be a weakness
- A strength in one product can be a weakness in another; for example, a high price might indicate high quality in one product, but price gouging (overcharging) in another
- A strength in a product can create weaknesses; for example, 'larger capacity' may also mean 'more expensive' and 'less portable'
- Strengths and weaknesses vary over time; for example, a product can be strong today but weak next month or year
- Strengths and weaknesses may differ between products from one manufacturer; for example, a line could have strong and weak models

Identify strengths and weaknesses

A key aspect in relation to identifying the strengths and weaknesses of products is the need to be realistic; this means it is vital to guard against only identifying the strengths, and stay alert to the weaknesses that a customer may identify and be able to discuss the perceived weakness.

In many cases, a weakness can be used to demonstrate strength; for example, a customer thinks an item is too expensive, but you explain that the competitor's price is even higher.

Because determining the relative strengths and weaknesses of products is essentially subjective, the ways to identify them focus more on human sources of information.

Here are some examples of these.

Strength and weakness identification

- Personal experience with the product
- Your industry network of contacts
- Input from your family and friends
- Comments from work colleagues
- Feedback from customers who have used the item

Product strengths and weaknesses

The following are generic and indicative examples of product strengths and weaknesses. Always keep in mind the customer’s needs, as they may be willing to accept a perceived weakness (such as no discount for cash payment) because they simply prefer to pay cash and see this as a strength of the service provided.

Similarly, a product that has a number of safety-related warnings may be perceived by some to be too complicated, but for others this is a sign of responsibility and accountability on the part of the manufacturer.



Price, quality and safety

Here is some information about strengths and weaknesses of various product features.

Price	<p>The amount of money paid by the customer for the product; an important consideration, but not the single deciding factor</p> <p>Strengths:</p> <ul style="list-style-type: none"> • Cheaper than another brand or model • Cheaper than what the competition is charging for the same thing • Quantity (bulk) purchase prices/discounts available • Discount for early bird purchases • Discount for cash purchases <p>Weaknesses:</p> <ul style="list-style-type: none"> • More expensive than other brands or models • Competitor stores or online businesses offer same product at lower price • Same price for an item whether customer buys one or 20 items • No discount for cash payment
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Quality

The extent to which a product rates against another product or a set of criteria; often, but not always, linked to price and the concept of value for money

Strengths:

- Inferred quality – customers may believe high price equates to high quality
- Manufactured according to a code or standard
- Recognised or accredited by an authority or known organisation
- High degree of alignment between stated specifications and actual product
- Tested prior to release (quality control checks)

Weaknesses:

- Inferred quality – customers may believe low price equates to low quality
- No code/standards governing manufacture of product
- Lack of approval or recognition by a known/well-regarded body
- Low level of correlation between stated and actual standards/specifications for the product
- No or low product testing or inspections (no quality control checks)

Safety

Safety relates to the dangers, threats or risks posed by the product and its use to the customer and others

Strengths:

- Low or no safety-related warnings applicable to use of the product
- Low rate of (or no) accidents involving the product
- Low/no limitations imposed on use as a result of safety issues
- Safety guards, equipment and/or gear provided with product
- Manufacturer/store provides safety training

Weaknesses:

- High numbers of safety-related warnings applicable to product
- Accidents have occurred involving the product
- Limitations imposed on use of item as a result of safety issues, such as mandatory wearing of bike helmets
- Additional safety equipment/gear needs to be bought
- No safety training provided and/or safety training needs to be purchased

Range, customisation and special offers

Here is some information about product strengths and weaknesses relating to range, customisation and special offers.

Range

The variations of the product available; often, but not always, linked to different price points

Strengths:

- Variety of colours available
- Different sizes in range
- Variations in construction materials
- Attachments extend uses and functions of item
- Different styles
- Variety of options at different price points

Weaknesses:

- No range of colours
- Only one (or limited) size available
- Same materials for all items
- Only a limited number or no attachments available
- Too many options – ‘choice overload’
- No variations in options at different price points

Customisation

The extent to which a product can be customised to suit the buyer

Strengths:

- Customisation can cater for customers’ needs, wants and preferences
- Tailor-making of products free or reasonably priced
- Customisation done in a timely manner

Weaknesses:

- No customisation available
- Limited variations available
- Customisation is expensive
- Customisation takes too long

Special offers

The packages, loyalty schemes, discounts and sales offered by the seller

Strengths:

- Can be targeted at market segments the organisation wants to attract
- Customers get a good deal on something they want
- Perception of lower prices
- Can be used to reward loyal/regular customers

Weaknesses:

- Restricted to limited persons via eligibility criteria
- Customer may have to buy things they do not want
- Short duration
- Confuses or annoys customers who just want to make a straightforward purchase

Reliability, support services and operation

Here is information about product strengths and weaknesses relating to reliability, support services, operation and availability.

Reliability

The dependability and durability of an item to operate as advertised under normal/ specified operating conditions without problems or breakdowns

Strengths:

- Rarely breaks down
- Easy to clean and maintain
- Simple to service
- Has guarantee and/or warranty in addition to ACL provisions
- Professional servicing readily available at reasonable price
- Spare parts available at reasonable prices

Weaknesses:

- Poor reputation for reliability
- Difficult to dismantle, clean, maintain and service
- Limited or no additional guarantee/warranty offered by manufacturer
- Lack of professional technicians to service product
- Parts unavailable, hard to find or expensive
- No replacement items available if there is a breakdown

<p>Service provision</p>	<p>The service delivered by the organisation, the staff and the suppliers/manufacturers as part of the overall selling process</p> <p>Strengths:</p> <ul style="list-style-type: none"> • Clear exchange, replacement and refund policy • Formal and publicised complaint-handling policy • Prompt and informed service • Organisation also does repairs and maintenance • Organisation also sells spare parts at reasonable prices • Wide range of payment options • Support services such as training, delivery, set-up, installation, removal of old item <p>Weaknesses:</p> <ul style="list-style-type: none"> • No formal returns policy • No formal complaint-handling policy • Poor service provision by sales and other store staff • Products have to be sent away for repair or service • No spare parts available or they are very expensive • Cash-only payment or lack of standard payment options • Limited or no after-sales service
<p>Operation</p>	<p>The practical use of the product</p> <p>Strengths:</p> <ul style="list-style-type: none"> • Product is user friendly • Manual and operating instructions are comprehensive and well written • Novices find the item simple and easy to learn • Item integrates with other products/systems <p>Weaknesses:</p> <ul style="list-style-type: none"> • Product is difficult or complicated to use • Manual and operating instructions are insufficient, incorrect or poorly written • Limited or no connectivity with other products/technology
<p>Availability</p>	<p>The accessibility of the product</p> <p>Strengths:</p> <ul style="list-style-type: none"> • Plenty of product in store or in inventory • Short lead time for orders to be delivered • Reliable supply <p>Weaknesses:</p> <ul style="list-style-type: none"> • Limited or no stock in inventory • Lengthy delay between placement of order and delivery of item • Item is not a regular product line or available only on a seasonal basis

Example: identify strengths and weaknesses

Helen heads the sales team at a local camping and outdoor shop and she has been asked to identify the strengths and weaknesses of its product range to support an upcoming sales push on tents in March.

She produces the following overview, which she intends sharing with her sales staff to assist with the March sales promotion.

The strengths and weaknesses have been listed below.

Aussie Outback tent range	
Strengths	Weaknesses
<ul style="list-style-type: none"> • Wide range of sizes, sleeping 1–10 people • Price reduction of 15% on RRP in March • Videos in store and online showing full range of tents erected internally and externally • 6-person tents can be divided into 2 rooms; 8-person tents can be divided into 3 rooms; 10-person tents can be divided into 4 rooms • LED night lights supplied with all models • Mesh screens on all entrances and windows • Guy ropes, poles and pegs included for all models (if required) • 8- and 10-person tents have roof skylight and additional external annex • 3-, 4-, 6-, 8- and 10-person tents available in blue, orange, red, green and white • 1- to 4-person models have external pole systems 	<ul style="list-style-type: none"> • 20-person tent is out of stock and will not be available from the manufacturer for 3 months • No built-in floor with 1-, 2-, 3- and 4-person tents • Fly not provided with 1- and 2-person tents • No weatherproof flaps on 1- and 2-person models • Rear doors on 10-person model only • 1- and 2-person models available in blue or orange only • Central pole/s in 6-, 8- and 10-person models only

Practice task 4

Select an organisation that you are familiar with. Use this table to develop a list for a service it provides and identify at least three strengths and three weaknesses of that service.

Type of service:	
Strengths	Weaknesses

1E

Explain guarantees, warranties and service support

Team leaders need to be familiar with guarantees and warranties for items they sell so that they can communicate this information to sales staff. Staff can use this knowledge to give customers confidence in the items being offered for sale and to demonstrate the value and reliability of products.

Always explain guarantees and warranties clearly and comprehensively, whether verbally or in writing. Remember that it is illegal to make a misleading statement about products.

Guarantees, warranties and service support undertakings made by your organisation are offered in addition to people's rights under Australian Consumer Law.

All personnel involved in the sales process need to fully understand the legal obligations that apply to the sale of products and services, so they can comply with these obligations and effectively handle complaints and returns.

Effective ways to find out about warranties and guarantees include:

- talking to store managers and owners
- reading product information and advice
- reading internal organisational policies and contracts
- visiting websites of manufacturers and suppliers
- talking to manufacturers, suppliers and sales representatives.

Fair trading legislation

Australia has several pieces of fair trading legislation that are designed to protect customers' rights when they buy products and services.

Compliance with these requirements is compulsory and cannot be reduced, removed or avoided by manufacturers or retailers.

The primary legislation is the *Competition and Consumer Act 2010* (Cth), which is supplemented by state and territory Acts. These are known together under the general title of the Australian Consumer Law (ACL).

The ACL is administered and enforced jointly by the Australian Competition and Consumer Commission and state/territory consumer affairs agencies.

For more information, visit the ACL website at: www.consumerlaw.gov.au and select 'The Australian Consumer Law' and then 'Legislation'.



Guarantees

A guarantee is a promise made by a seller to a buyer that if a product does not meet certain standards, the buyer is entitled to some form of compensation.

In Australia, consumer law mandates a minimum guarantee for all purchases of goods and services under \$40,000.

Read more about the Australian Consumer Law (ACL) at: www.consumerlaw.gov.au.

Organisations can choose to offer their customers extra guarantees, in addition to these basic rights. For example, a company could make the following guarantee:

If you don't agree with us that Smith's Slippers are the comfiest slippers you've ever worn, return them to us within one month for a full refund, no questions asked.

This guarantee is in addition to the legally mandated requirement that the slippers should be of acceptable quality.



Consumer guarantees

The Australian Consumer Law (ACL) sets minimum guarantees for purchases made by consumers of under \$40,000. The consumer guarantees apply to:

- new products
- second-hand products
- sale items
- items bought online from an Australian business.

Here is more information about minimum guarantees under the ACL.

Goods

Under the ACL, goods under \$40,000 are automatically covered by a blanket guarantee

- The item must be of acceptable quality:
 - able to be used for the purpose for which it is sold
 - safe
 - free from defects and faults
 - of acceptable appearance and finish
- Performance is as advertised and as a reasonable person would expect
- The item must comply with promises and descriptions made about it, including any verbal promises made by sales staff
- The item supplied must match the models or samples used, shown or displayed during the sales process
- Customers must get free and unencumbered title to goods when they pay for them
- Spare parts or repair facilities must be available for a reasonable time after purchase

Services

Under the ACL, services under \$40,000 are automatically covered by a blanket guarantee

- Services must be carried out with due care and skill, meaning:
 - an acceptable level of skill or knowledge must be applied
 - necessary care must be taken to avoid loss or damage
- The service must be 'fit for purpose' in that it delivers the promised or requested results
- The service must be delivered within a reasonable time unless otherwise stated or agreed

Details of a guarantee

A guarantee should identify the organisation providing the guarantee, name the product covered and spell out the terms of the guarantee.

This usually includes:

- specifying the duration of the guarantee period
- stating the nature of the guarantee; for example, 'If jeans purchased from our online shop don't fit, you can return them at no cost for a full refund'
- identifying items not covered by the guarantee; for example, accessories, fragile items or sale items
- indicating the action that consumers need to take to avail themselves of the guarantee; for example, 'Call the Service Centre for a returns authorisation' or 'Pack the item to protect it from damage in transit'
- limiting the guarantee in certain circumstances; for example, not covering a domestic product if it is used in a commercial context.



Warranties

A warranty is a promise made by the seller about a product it sells. Warranties are often issued by the manufacturer and are known as a 'manufacturer's warranty' or a 'warranty against defects'. Once a product is sold, the terms and conditions of the warranty become legally binding.

Under the Australian Consumer Law (ACL), salespeople must explain warranties clearly, in line with the requirement to not engage in 'misleading or deceptive conduct'. They must answer customers' questions honestly and inform them of all disclaimers, terms and conditions.

Some organisations sell optional extended warranties to lengthen the coverage of their manufacturer's warranty. When describing and selling extended warranties, you must not mislead customers into thinking that they are required to pay for rights that are automatically provided by the ACL.



For further information, visit the Australian Competition and Consumer Commission website at: www.accc.gov.au and select 'Business' and then 'Treating customers fairly > Offering warranties'.

Details of a warranty

A warranty commonly names the business (the warrantor) and indicates that evidence of purchase is required for warranty claims.

In addition, a warranty usually:

- describes the extent of coverage; for example, 'that the product will be free from defects for the warranty period'
- stipulates the warranty period that applies to the item
- specifies exclusion clauses the manufacturer will seek to rely on, if the product has been misused, abused, used contrary to instructions, incorrectly installed, modified or altered by the user, repaired by anyone else other than authorised personnel, or used with products specifically named
- details parts or items covered; for example, 'including accessories'
- excludes loss of data, if the item is capable of storing data
- provides a 'statement of remedy' explaining the warrantor's intentions regarding repair, replacement and/or refund, and affirming that the product is covered by (and nothing in the warranty detracts from) the provisions of the Australian Consumer Law
- advises customers how to avail themselves of the warranty service, such as listing where to send the product for repairs.



Service support

Service support (or sales support) is a generic term referring to both the mandatory requirements imposed by law to protect consumers and also the optional services an organisation may choose to provide to its customers.

It is important for team leaders to understand the kinds of support that are available to customers in order to communicate this to their team. This could be done by including services in sales-related role-plays and training so the sales team can practise their application.

Team members can highlight and use service support as appropriate during the sales process; ensure service support is explained to potential customers as and when necessary during the sales process; and use the service support to address customers' identified barriers and convert potential sales into results.

You can familiarise yourself with the types of service support available by:

- reading internal store policies and operating procedures
- talking to management, peers and experienced staff
- participating in formal internal organisational training
- reading advertisements and promotions run by the organisation.

Service support and product faults

Service support is designed to assist sales staff in the sales process by protecting the rights of customers.

When there are problems or faults with products, customers have legal redress open to them and team leaders must be able to communicate these to their sales team as they apply to individual products.

For further information on consumer rights, visit the Australian Competition and Consumer Commission at: www.accc.gov.au and select 'Consumers' and then 'Consumer rights & guarantees > Repair, replace, refund'.

Here are some examples of service support that may be offered by an organisation.

Service support

- If the problem is minor, the organisation will offer a repair.
- If the problem is major, the organisation will offer a replacement or refund.

Additional services

In addition to the requirements mandated by the ACL, an organisation can provide additional support services that make its product attractive to customers.

Additional support services may include:

- in-home presentations and showings
- free quotations
- gift wrapping, delivery
- free trials or loans of equipment
- lay-by and other payment options
- training on product use
- delivery and installation of new products and removal of old items from the home
- recipe and project sheets
- access to client lounge or facilities
- organisation-based clubs and loyalty schemes
- extra warranties or guarantees offered in addition to mandated minimum obligations
- online support such as online ordering, purchasing and access options.

Example: creating a warranty

Jim works at Spark Savers, a manufacturing business that develops, produces and sells electrical appliances to wholesalers and retailers. He is asked to draft a warranty suitable for inclusion with a new product. The draft will then go to senior management to refine and authorise. Jim reads existing warranties for Spark Savers' own products, as well as similar products offered by competitors, to ensure he covers everything.

Spark Savers 12-month Warranty for Sparky's Sonic Stake

Definitions

For the purposes of this Warranty:

We means Spark Savers Pty Ltd of 23 Selfridges Street, Sydney, Australia.

You means the purchaser/consumer of the Sparky Sonic Stake within the definition of the Australian Consumer Law (ACL).

Place of Purchase refers to the authorised dealer or outlet where you bought the product.

Product means the Sparky Sonic Stake.

User Manual means the manual supplied with the Sparky Sonic Stake.

General coverage offered by this Warranty

This Warranty is offered in addition to your rights under the Australian Consumer Law (ACL). Nothing in this Warranty is intended to reduce or remove those rights.

Terms and Conditions

1. If the Product fails within 12 months of the date of purchase as a result of normal domestic use, or there is a defect in the product that was caused by faulty workmanship or production, We will replace the Product without cost, with the replacement Product completing the duration of the initial 12-month Warranty period (not an additional 12 months).
2. If the Product is used in a commercial context (that is, in a non-domestic manner), this Warranty is reduced to 3 months only.
3. We reserve the right not to replace the Product if it has been abused, incorrectly used (that is, used contrary to the instructions in the User Manual), repaired by an unauthorised agent, wrongly installed, intentionally damaged or interfered with, or improperly cleaned or maintained (that is, not cleaned or maintained in accordance with the instructions in the User Manual).
4. This Warranty applies only to the Product and, in accordance with the ACL, we specifically exclude liability in relation to:
 - a) consequential or other loss or damage caused by the product to property or person
 - b) breakables such as the glass cover of the product and the globe therein
 - c) damage to the batteries supplied with model 4W
 - d) damage as a result of normal wear and tear.
5. To claim under this Warranty, you must return the product to the Place of Purchase with proof of purchase within the Warranty period.
6. The Warranty does not cover costs associated with returning the Product or collecting the replacement Product.

Practice task 5

Read the case study, then answer the questions that follow.

Case study

Mustapha is responsible for a 20-person sales team in a thriving mobile phone business. Based on recent customer complaints, he decides to update his team with information relating to product guarantees and warranties. Mustapha previously worked in accounts, so he is not familiar with this area. He asks his manager for a copy of the returns and exchanges policy, and any other relevant organisational documents. The staff manual is not well organised, but Mustapha manages to find the following statements:

- Telephones are subject to neglect and misuse by customers and as a result have been granted blanket 'special exemption' under the Australian Consumer Law (ACL) and are not covered to the same extent as other products and services.
- Customers are legally entitled to exchange a phone they have purchased if they change their mind and want a different type, brand or model, providing they have proof of purchase.
- The lower end phones sold by the organisation are not covered by the ACL if they retail for less than \$200 (plus GST).
- Customers are not entitled to a refund if there is a legitimate major problem with their phone, but are entitled to a replacement phone.
- Where a phone is returned because there is a minor fault with it, staff should inform customers that the problem will be fixed free of charge within six months.

Visit the following websites to educate yourself about the Australian Consumer Law, warranties and guarantees, before answering the questions below.

- Australian Competition and Consumer Commission: Consumer guarantees at: www.accc.gov.au/consumers/consumer-rights-guarantees/consumer-guarantees.
- Australian Competition and Consumer Commission: Warranties at: <http://acc.gov.au/consumers/consumer-rights-guarantees/warranties>.

1. Are mobile phones covered under the Australian Consumer Law (ACL) to the same extent as other goods and services, or do they have a blanket special exemption (as stated in Mustapha's staff manual policy)?

continued ...

... continued

2. Do customers have a legal right to exchange a phone they have purchased for another type, brand or model if they change their mind and can provide proof of purchase?

3. Is it true that phones worth under \$200 (ex. GST) are not covered by the ACL?

4. Does a customer who returns a phone because there is a major problem with it (such as a safety issue) have to accept a replacement phone as a solution to the situation?

5. Is Mustapha's policy correct in conveying ACL requirements in relation to repairs to phones with a minor problem?

Summary

1. Product knowledge underpins the successful and effective selling of products and services.
2. Team leaders have an obligation to help their staff acquire and apply product knowledge.
3. Product knowledge should be gained from a variety of sources.
4. Care must be taken to ensure that all product information sources used are reliable and valid.
5. Inherent in the development of product knowledge is the non-negotiable need to identify product purpose, use, features, strengths and weaknesses.
6. Organisations must comply with fair trading legislation (the Australian Consumer Law) as a minimum standard.
7. Organisations may choose to offer additional warranties, guarantees, 'change of mind' exchanges or support services to customers.

Learning checkpoint 1

Acquire knowledge of products in a specified area

This learning checkpoint allows you to review your skills and knowledge in acquiring knowledge of products in a specified area.

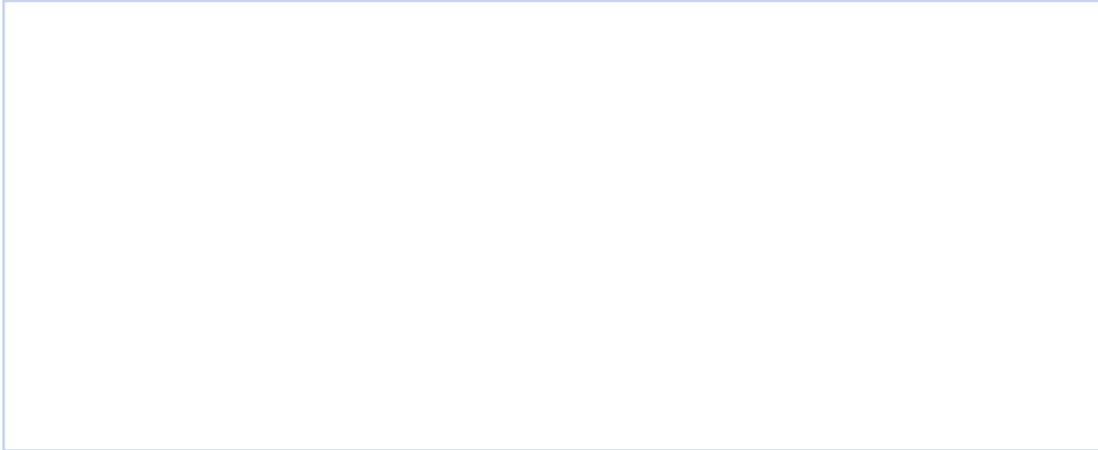
Part A

1. List five sources that a team leader could use to obtain information about products sold by their organisation.

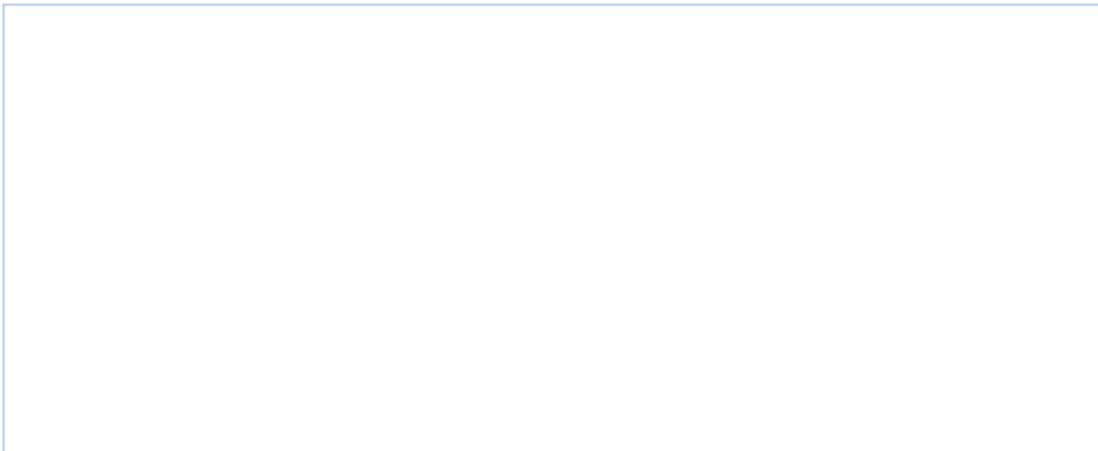
2. Why is it important for product information to be reliable and valid?

3. Give three reasons that it is important for salespeople to be able to accurately identify the purpose, use and features of products when describing them to customers.

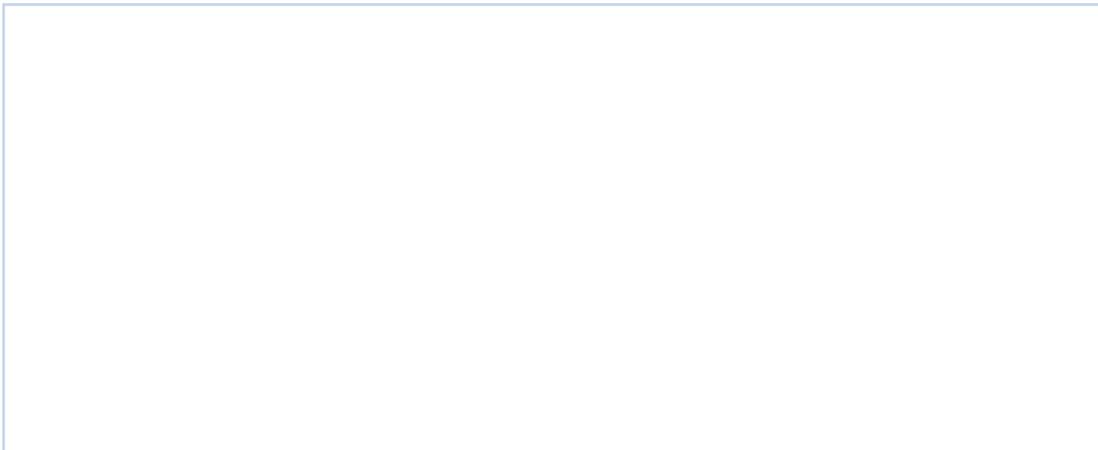
4. Give three reasons that it is important to understand the strengths and weaknesses of a product when selling products.



5. Team leaders need to plan the research and implementation tasks associated with acquiring product knowledge. Identify three skills they need to do this.



6. What techniques can a team leader employ to ensure their sales team have the required product information?



- List three tasks connected with product knowledge that require a salesperson to have sound numerical skills.

Part B

- Use this table to identify valid and reliable sources for gathering, recording and comparing information on two examples of a product of your choice; for example, a gym membership, a microwave oven or a backpack.

	Product 1	Product 2
Type of product (brand and model)		
Reference sources		
Validity and reliability of sources		
Price		
Purpose/use		
Capacity		

	Product 1	Product 2
Internal features		
External features		
Dimensions		
Weight		
Options		
Warranty or guarantee		

2. Using the data captured in the previous question, plus any other relevant information, evaluate how these two products compare. Be sure to make clear comparisons of the features, strengths and weaknesses, and sum up your conclusions in a way that would be useful to a sales team.

	Product 1	Product 2
Features		
Strengths		
Weaknesses		
Evaluation result and rationale		

Topic 2

Convert product knowledge into benefits

Comprehensive, relevant and accurate information about products and services forms the platform for successful selling. It is a standard requirement for all sales situations.

However, in itself product knowledge is not sufficient to optimise sales and deliver customer service that satisfies customers and the employer to the fullest extent required by genuine professionalism.

For sales staff to be truly effective and turn prospects into repeat customers, they have to develop the skill to convert product features into benefits. They must then use this ability to present those features and benefits to potential buyers in ways that best respond to their unique mix of needs, wants and preferences.

In this topic you will learn how to:

- 2A Align product features with benefits that have buyer appeal
- 2B Present product benefits in line with organisational and legislative requirements

2A

Align product features with benefits that have buyer appeal

Effective selling requires salespeople to present items to customers that meet their identified individual needs. This means it is crucial to be able to determine what those needs are.

Successful sales team leaders must be able to:

- show their teams how to identify customer requirements
- demonstrate how to identify the features of products and services that have potential buyer appeal
- encourage their team to convert those features into benefits in order to optimise the likelihood of a positive sales outcome.



Buyer appeal

‘Buyer appeal’ refers to the features or qualities of a product that make it attractive to potential customers. In practice, these features are called benefits.

Sometimes there may be one strong, single factor influencing customer buying behaviour, such as price, and sometimes there is a mix of factors such as price, colour options and availability.

These motivating factors are as individual as the customer. All salespeople need to be able to determine what the customer sees as important and why. This must always be the focus of sales pitches, because the aim of a good salesperson is to find the product that best matches the customer’s requirements – even if the customer isn’t quite sure yet what they need.



Identify customer preferences

Before you can promote one particular product feature over another, you need to understand and confirm a customer’s preferences and needs. You should use a range of communication skills to do this, including active listening.

Here is more information about active listening.

Applying active listening skills

- Listen with focus and concentration to what the customer says when initial contact is made and throughout the sales process.
- Provide feedback to the customer to demonstrate that you have heard what they are saying and understand their needs and preferences.
- Paraphrase what they say by repeating back to them what they have said using different words, to confirm you both agree on what has been said.
- Give them your full attention and treat them with respect.
- Take notes to demonstrate interest and record important points.
- Solicit additional information through the use of positive body language (smiles and nods) and short, encouraging verbal cues ('Yes', 'I see').

Ask questions

Questions need to be used to discover more information about customer needs, wants and preferences and to encourage them to think about their responses.

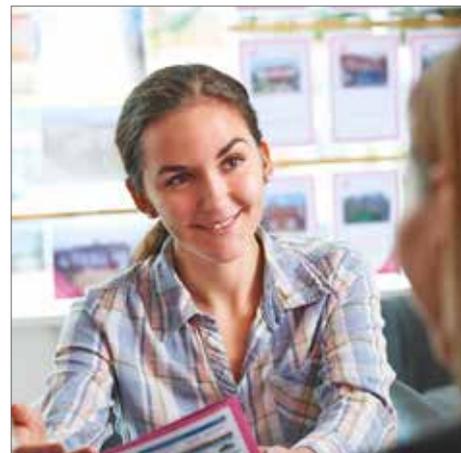
Use open questions that start with 'why', 'what', 'where', 'when', 'who' or 'how'; these cannot be answered with a simple 'yes' or 'no' or a short answer, but require people to think about the question and give an extended response.

These questions give insight into what the customer is seeking and why, helping to reveal their feelings on the products being presented to them.

Open questions are also vital because they give the customer an active role in the process and provide them with a sense of control over the transaction.

Closed questions can be answered with 'yes', 'no' or a short answer. These are used when you want the customer to decide between several options being presented to them or to extract a decision to progress the sales process.

It is rarely effective to ask only open or only closed questions. Successful salespeople use a mix of open and closed questions as appropriate, given the progress of the sale.



Appropriate interpersonal skills

Appropriate interpersonal skills are about:

- creating a positive sales environment by smiling, being warm and friendly, and demonstrating willingness to help
- projecting a positive attitude by showing interest in the customer and becoming genuinely engaged with the process
- monitoring and interpreting the nonverbal communication to determine the customer's response to items being suggested or shown
- acknowledging and respecting buying parameters, and making recommendations and presenting products that conform to the stated restrictions
- helping the customer to purchase an item that meets their needs and wants without placing pressure on them to buy.



Differentiate between features and benefits

Features are the tangible characteristics of a product that are fact based and readily discernible to customers – they can see, touch or otherwise know about them. By contrast, benefits are based on and flow from these features. These are what the customer has to gain from using the product or service.

For example, the fact that a computer operates at 10,000 MHz and has loads of RAM and ROM may not mean much to some purchasers, but they will want to know that these features mean their computer will work quickly and have lots of memory for storing photos and videos.

Benefits depend on the type of product, but may relate to saving money, being safe, easy to use, hardwearing and environmentally sustainable, providing a particular image, being time efficient or being attractive.

Here is an outline of how benefits can meet customer needs.

Product benefits

- Describe how the customer's needs, wants and preferences will be met
- Answer the often unasked but ever-present customer questions 'What's in it for me?' and 'How will it help me?'
- Set one item apart from another

Convert a feature to a benefit

Knowing how to look for potential buyer appeal in the products and services offered is a crucial aspect of a salesperson's responsibilities. Salespeople must know the process of converting features into benefits as part of the development of product knowledge.

In addition to knowing the benefits of products and services sold, there is also a need to ensure the sales team can also identify and present to the customer the advantages of buying from them.

The benefits of buying relate to:

- one product in preference to another
- a particular brand or certain item, to help clear product
- from this store, as opposed to buying the product somewhere else or online
- now, rather than deferring the purchase, if there is an imminent price increase.

Selected benefits

To understand the benefits that flow from a product, spend time to getting to know the product. Try it out, put it through its paces. Speak to people who have used it. Don't simply accept what you are told in the advertising and promotional materials from manufacturers.

Here is more about product benefits and features.

Benefits and features of a product
<ul style="list-style-type: none">• Safety and security; for example, car door security locks; burglar alarm; fire alarm• Performance; for example, control panels on a refrigerator; petrol consumption per kilometre; room to store photos without overloading the computer• Aesthetic quality; for example, gold-plated; titanium steel finish; quality designer• Social quality; for example, child-labour free; recyclable• Financial savings; for example, buying in bulk; tax advantages; discounts• Time savings; for example, online banking services; a recruitment company that screens job applicants for another organisation• Customer service; for example, two-year warranty; customer-service help desk; prompt trouble-free service for faults• Complementary services; for example, a free massage with a hotel booking; free delivery• Availability; for example, immediate delivery• Manufacturing origin; for example, made in Australia

Corresponding benefits

It is useful to prepare a list for each product showing features and their corresponding benefits that salespeople can refer to during a sales presentation. In many instances, there may be more than one benefit.

Practise identifying benefits in workplace sales training, such as role plays and simulations. Use clear and specific language when developing the documentation so the information is easily understood.

When describing products, make sure the language is clear and easy to understand, as there may be technical language or jargon used by manufacturers or suppliers. Where you need to be specific, include a definition or explanation.

Here is a selection of features and how these tangible qualities have corresponding benefits.

Feature (fact or characteristic)	Benefit (for customers)
<ul style="list-style-type: none"> • Is a discontinued model • Is made in Australia • Is the latest release or version • Weighs one kilogram • Produces XYZ standard products • Operates on AC or DC power • Is collapsible • Is made from recycled materials • Comes with three-year warranty • Is produced to strict, stated specifications • Is pre-cut • Is made from cotton • Produces one copy every 2 seconds 	<ul style="list-style-type: none"> • Is being cleared at cheaper price • Can be serviced locally • Provides most up-to-date features • Is light; easy to carry/move • Saves money • Offers flexibility • Stores easily • Is environmentally responsible • Gives peace of mind; provides security • Gives confidence in quality • Saves time and effort • Is lightweight and breathes • Saves time

Discuss benefits

Identifying product features, converting them into benefits that will be valued by a customer and communicating them to that customer are all essential parts of the social and interpersonal exchange that is at the heart of all retail transactions. Being familiar with product benefits optimises sales outcomes for the customer and for the organisation.

Sales team leaders must explain and demonstrate to sales staff the importance of the following aspects:

- Features are important to the process but only as the basis for the conversation, and not as the focus or the end in itself. From the customer's perspective, it is the benefits that provide them with what is most important to them.
- 'Features tell but benefits sell.' Because customers can readily see the features of a product, they do not need much time spent on these issues. What they may not realise is the benefits the product can bring to them; this aspect demands extra time and more attention during the sales process.
- Sales professionals should strive to sell the benefits, not the features. The sales process is a personal thing and the focus must always be on the customer and what is best for them, so describing the benefits illustrates how their needs can best be met. Be careful of not overselling and be sure the benefit really does help the customer.



- Identify buyer needs early on in the sales process by asking questions and listening to the responses.
- Discussion of benefits demonstrates respect for, and acknowledgment of, the customer as a unique person with unique needs.

Deal with unpredictable problems

Sometimes a salesperson may encounter a difficulty or issue that needs to be handled as part of professional selling. For example, a customer has an advertisement for a product you have never seen or do not stock; a person is seeking a feature you have never heard of; a purchaser states they have heard a claim about the product and wants to know if it's true or not, but you are unaware of this.

In such cases, you need to brainstorm with the sales team as many possible issues and foreseeable problems as possible and prepare adequately to cope with them. Follow standard problem-solving techniques, such as thanking them for bringing it to your attention and explaining that you will do more research and get back to them as soon as possible.

Here are six steps that can be taken to deal with an unpredictable problem.

Problem resolution process

- 1** Show interest in the problem and in trying to help the customer find an answer. Never simply ignore the problem and/or the customer, because this is the quickest way of losing a sale.
- 2** Identify the true nature and scope of the problem by talking with the customer, asking them questions and obtaining more details.
- 3** Analyse the problem, finding out what the key issues are for the person and their individual set of circumstances as they apply to this unique scenario.
- 4** Generate possible solutions based on matching existing product knowledge combined with additional research to address the identified key issues/criteria for the problem situation.
- 5** Communicate and explore the options to determine a viable alternative and/or serve as the basis for restarting and repeating the process, and revising and refining options and thoughts until a viable answer/sales solution can be developed.
- 6** Share the solution with others in the sales team after the transaction has been completed so they can also learn and benefit from the experience.

Example: convert features into benefits

Aaron works as a spare parts interpreter for a major country truck and trailer dealership. He has just taken delivery of a new range of shock absorbers suitable for trucks, buses and trailers.

He decides to follow standard practice and develop a list of benefits for the products, drawing on the listed features of the shock absorbers as identified by the manufacturer, so others in the spare parts department can pass on this knowledge to help their customers. He makes sure that any technical terms are explained to customers who may be unfamiliar with them.

Product name: Mighty Mackay Monster Movement Modifiers (5M)	
Source of information: Company website: www.mmmmm/spares.50.45.41.htm Service manual Advertising/POS material Product packaging	
Features	Benefits
40, 45 and 55 mm internal bores	Provides smoother/softer ride Causes less damage to suspension components Allows tailoring of ride to suit individual road conditions and load type Enhances level control Fits all H1, H2, H3 and H4 vehicles (1965–current), front and rear, all trailer types
Greater body size	Gives enhanced lower internal pressure and better heat dissipation, leading to longer life of pistons and rubbers
Casvolpax® fluid	Reduces noise and provides optimum heat absorption Extends piston and seal life
Single cast unit	Eliminates welds, providing increased strength and durability
12-month/200,000 km limited warranty	Doubles the warranty of nearest competitor
Australian design	Meets harsh outback conditions not catered for by some European brands
Optional nitrogen gas cell	Assists with maintaining required fluid viscosity
Trade and switch	10 per cent discount for switching from another brand to 5Ms
Nationwide service and support at 678 depots	Parts and service available at more outlets than nearest competitor

Practice task 6

1. Describe three ways that features are different from benefits in terms of product knowledge and the sales process.

2. How can a salesperson identify customer preferences so they can promote a product's buyer appeal?

3. Why is it important to prepare a document that clearly lists product features and benefits in language people can understand?

2B

Present product benefits in line with organisational and legislative requirements

The presentation of products to customers needs to align with internal sales protocols, as well as complying with externally imposed legislated and voluntary requirements.

For example, if you promote a product as being made in Australia, then you must have evidence that this is the case and it is not just the components (made overseas) that have been assembled in Australia.

It is a team leader's responsibility to ensure sales staff know what is necessary when explaining a product's benefits and to make sure they can effectively present product benefits within those parameters.

Failure to meet legislative and organisational requirements can result in adverse consequences for the organisation and those involved in a particular breach.



Uphold ethical standards

You need to conduct the entire sales process legally and ethically within the parameters described by organisational protocols and consumer legislation.

Salespeople need to be aware of organisational practices and procedures as presented in work-based operating manuals, policy folders and codes of conduct, as they apply to product knowledge and sales, and to be up to date with changes, so the information they provide is current and relevant. Learn about new laws and any changes to existing legislation regarding sales and consumer protection.

Work performance skills include the ability to analyse product information, identify and promote customer benefits, and generate product recommendations for a range of foreseeable customer needs, wants and preferences in order to accommodate buyer parameters and requirements.

Verbal language skills are critical for sharing information effectively with staff and customers when disseminating product knowledge and ensuring all information complies with policies and legislative obligations. Use clear and unambiguous words, terms and phraseology that the customer can understand. Be honest and don't leave out any information that could be important to the customer's decision.

Australian Consumer Law

The Australian Consumer Law (ACL) governs fair trading and provides for consumer rights and consumer protection. It provides for general standards of ethical business conduct that must be complied with when selling goods and services worth under \$40,000.

Organisations that sell and manufacture products carry significant obligations under consumer law to ensure the products they sell are safe, fit for the designated purpose and correctly described when taken into stock.



Sales staff are required to provide truthful, unbiased advice supported and explained by objective, verifiable facts and proof. They should also explain safety issues relating to items or services being considered by the customer.

Legislative requirements

Laws relating to the sale of goods and services to customers in Australia were simplified in 2011 with the introduction of the Australian Consumer Law (ACL). The aim of this law is to give Australian consumers the same rights and protections wherever they are in Australia.

Legislation takes the form of Acts of Parliament and Regulations that are formed under those Acts. Both are mandatory requirements. They may be proclaimed by federal and/or state parliament and are legally binding on business and individuals as stated in each Act or set of Regulations.

The ACL is jointly administered and enforced by the Australian Competition and Consumer (ACCC) and the state and territory consumer affairs agencies.

Internal policies and procedures are written to enable compliance with all legislated requirements. When promoting a product's benefits, always make sure you are operating within legal parameters.

Here is an explanation of how the ACL applies when you are promoting a product.

Making false or misleading statements

- └ Sales staff must be honest when describing features and benefits. It is an offence to mislead customers about a product's quality, value, composition, model, performance characteristics, accessories, uses, benefits or previous use. It is also an offence to mislead customers about the need for a product.
- └ It is an offence to make a false statement about a product's price, the availability of repairs and parts, the country of origin, or warranties and guarantees (and the conditions under which they apply). It is illegal to supply fake testimonials or falsely state that a product is endorsed by a particular body.
- └ It is an offence for people to describe goods and services in a way that may mislead a customer about its suitability for the advertised purpose. It is against the law to recommend a product or service for something that it is not suited for.

Selling unfit products

- └ All products sold must be safe, durable and free from defects, fit for the designated purpose, acceptable in appearance, match the descriptions made of them and match any sample or demonstration model used in the sales process.

Selling banned or dangerous products

- └ Organisations must remove products that have been banned or recalled from sale. They must not sell products that fail to meet Australian Standards, do not carry applicable safety warnings or do not meet labelling requirements.

Application by salespeople

The Australian Consumer Law imposes the following requirements on sales staff:

- Be honest about the country of origin of products and the assembly of items.
- Refrain from asserting or implying that an item or service can do things that it realistically cannot be expected to do.
- Avoid implying that a product is used by a person, organisation or body it is not used by.
- Never state that an item is a legal requirement if this is not the case.
- Do not tell customers that they need to purchase additional items, accessories or more expensive services if these are not needed.
- Provide the total cost of an item when quoting a price as part of the sales process.
- Explain clearly the availability of spare parts for products and maintenance for the item.
- Honour the implied and expressed requirements for repair, replacement or refund under warranties and guarantees.



Failure to comply with legislated requirements

You and your team must know the laws that govern the sale of goods and services, because a raft of penalties and sanctions apply if anyone fails to comply.

Depending on the severity of the breach and whether or not it is a first offence or a repeat offence, outcomes will vary.

Failure to comply with legislation may lead to the following consequences:

- Cautions or reprimands issued as verbal and/or written warnings by inspectors or authorities
- Undertakings requiring the business to commit to a prescribed course of action or to abide by a designated protocol
- Fines levied via penalty notices according to the penalty unit system in the section of legislation that has been breached
- Addition of a term or condition to a licence or permit under which the organisation operates, making it more arduous to do business
- Cancellation of licence or permit to operate resulting in business closure, commonly reserved for sustained or severe breaches
- Orders or directives issued to the business by an authority requiring it to do specified actions
- Disqualification of a person from working in an industry or performing in a managerial capacity

Codes of conduct

A code of conduct is a set of rules of behaviour. Some codes of conduct are mandatory (required by law); others are voluntary. For example, the Unit Pricing Code is a mandatory industry code for online and bricks and mortar grocery shops; it applies to retailers above a certain size that sell food-based groceries. The Food and Grocery Code of Conduct is a voluntary code; it governs conduct by grocery retailers and wholesalers in their dealings with suppliers.

Most codes of conduct require salespeople to act lawfully and in good faith. Codes often set out minimum standards for dealing with customers and suppliers, treating people fairly, advertising and promoting the business, and avoiding actions that limit competition.

For example, the Unit Pricing Code states that prices must be easily seen, not difficult to read, accurate, clear in meaning and located close to the item. Manufacturing codes of conduct expect manufacturers to be honest and clearly label and describe the country of origin, components, price, quality, repair capability and safety measures of the items they produce.

For further information on mandatory codes of practice, see examples on the Australian Competition and Consumer Commission website at: www.accc.gov.au under 'Industry codes'.

In addition, individual organisations may develop codes of practice for their staff, outlining the behaviour standards they are to follow. Check out specific codes of conduct on organisational websites.

Organisational requirements

Be aware of the range of organisational requirements relating to the presentation of products and benefits to customers. Many organisational policies and procedures are based on legislated obligations, so if these procedures are followed, salespeople are complying with the legislation.

Customers may lose faith in your professionalism if you do not know your organisation's requirements; you may also have to deal with angry customers who have been affected by your lack of knowledge.

As the reputation of a business is built on ethical behaviour, organisational policies require salespeople to follow organisational requirements.

Here are example guidelines for presenting product or service information.

Selling our products

- We comply with organisational policies and procedures.
- We comply with the Australian Consumer Law.
- We conduct business with honesty, integrity and fairness.
- We do not put pressure on the customer to buy.
- We are honest and provide full disclosure.
- We provide unbiased advice on the best match for the customer's needs.

Returns and refunds

It is essential that you are familiar with your organisation's policies and procedures for returns, refunds or exchanges on goods or service. In the case of services, there is usually a cancellation policy as well.

As well as complying with the Australian Consumer Law, your organisational policies should state whether 'change of mind' returns are allowed. This is when the product is not faulty, but the customer has simply changed their mind about it. 'Change of mind' returns are not mandated by law, but many organisations offer a generous returns policy in order to attract customers.

Your organisation's policy should clearly state whether 'change of mind' returns are allowed and it should be displayed at the point of sale or conveyed to customers verbally. If 'change of mind' returns are allowed, the policy should clearly state the conditions; for example, goods must be unused and in original packaging or cancellations must be made seven days before the appointment date.

Here is more about organisational policies and procedures around returns and refunds.

Organisational policies and procedures

Returns	<p>Will the store accept an item a customer wishes to return because they have changed their mind? Does the customer have to show a receipt?</p> <p>A generous returns policy may be a selling point to a customer if the salesperson tells them that they can return the product if they change their mind. This enables them to make the purchase with confidence.</p>
Refunds	<p>Will the store give the customer their money back or will the customer have to accept a credit note instead? Do different conditions apply to sale items?</p>
Exchanges	<p>Will the store allow the customer to bring an item back and take another one of the same value in its place?</p> <p>Exchanges are an accepted benefit for the customer. The information gives customers peace of mind knowing they can swap the item if the original one does not suit their needs or turns out not to be what they want. It is also helpful if the item is being purchased as a gift and the purchaser is not sure about the size or style.</p>
Discounts	<p>When are discounts offered? Which items are eligible? Is there a loyalty club that entitles members to discounts on certain items?</p> <p>Discounts lower the purchase price, creating better value for money. The price may now meet or beat competitor pricing. Discounts allow purchasers to feel they have got a bargain.</p>

Other organisational polices

There are many other organisational policies that could become selling points. Make sure your staff are aware of all the services your organisation offers and the benefits these could bring for customers.

Here is more about organisational policies and procedures that can become selling points.

Organisational policies and procedures

Pricing	<p>Will the store sell the item to a customer at the marked price even if the item has the wrong price ticket on it?</p> <p>Does organisational policy allow a salesperson to alter the selling price? Often, policies that allow a small discount may provide a real benefit to the customer.</p>
Giveaways	<p>Does your store run promotions in which the purchaser receives a gift if they spend a certain amount or buy a certain product? Make sure you are aware of such promotions.</p>
Lay-by	<p>What conditions are in place for lay-bys? Lay-bys are a great benefit to customers as they can secure an item when it is available, but they must be informed of and understand the conditions before signing up.</p>
Availability	<p>Knowing that there is stock available (even if the salesperson has to phone another branch) is a benefit to a customer as they won't have to wait for the product.</p>
Delivery, installation and set-up	<p>Free delivery within a certain area is generally seen as a benefit for a customer. Is there a policy for after-hours delivery?</p> <p>Having items installed and set up is important for customers who are busy or unable to do this themselves.</p>
Customisation	<p>Is there a policy that goods can be customised to suit customer preferences? Is there a cost associated with this service?</p> <p>Customisation enables the product to be tailor-made to suit the needs of the individual and may save the customer time and trouble.</p>
Miscellaneous services	<p>Alterations (free or for a small fee) save customers time and they purchase a product that suits them and meets their needs.</p> <p>Gift-wrapping enhances the appearance of the item and saves the customer time and money.</p> <p>Do you have a parcel hold counter, customer toilets, baby-change facilities, personal shopping service or any other service or facility that could help your customer?</p>

Learn about organisational requirements

Team leaders need to know the organisational requirements that apply so they can pass the knowledge on to team members.

Ways to do this include the following:

- Read internal documentation that contains specifications and/or guidelines in this area; these documents can govern action in terms of sales and selling and may include policies, standard operating procedures, operating manuals and staff handbooks.
- Read public statements the organisation makes about itself in relation to its orientation to sales, selling, customer service and issues associated with ethical conduct, such as a mission or vision statement and code of conduct.
- Read the advertisement and promotional materials the business creates that contain statements and information about how it will conduct itself, the services it provides and information about the way it promises to treat customers.
- Talk with management to identify their interpretations of statements made by the business and the plans and directions set for the organisation.
- Liaise with the area head or manager to identify department-specific requirements that apply. These requirements may address alterations to selling prices, changing sales strategies, targeting new or different customers, quitting a certain stock line or implementing a new sales campaign.



Failure to align with organisational requirements

Team leaders need to tell their staff that failure to align with organisational requirements when providing product knowledge to customers can result in:

- negative customer attitudes towards the organisation and loss of sales
- negative effects on their personal career path
- adverse public sentiment and media attention.

You should advise staff that they will receive retraining or coaching to ensure they have the knowledge and competence to do what is required.

If they continue to fall below organisational standards, they may receive official censure, such as a verbal or written warning, or face dismissal in the case of serious breaches of policy or long-term underperformance.



Practice task 7

Case study

Danny works at the Triple-A Warehouse, which sells electrical and electronic gear. He greets a customer who is browsing at a product display and asks her if he can be of assistance.

He asks the customer what she intends using the product for and listens carefully. Danny explains that the model she is looking at would be unsuitable because it is a domestic type and the customer needs a more powerful model; he shows her the industrial version. He lets the customer examine the product on her own, but remains nearby to answer any questions she may have.

Danny confirms the price of the industrial model on display. He explains that the price is inclusive of all necessary parts and requirements plus GST. The customer asks where the product is made. Danny shows her the label that states it is made in Australia. He then tells the customer that Triple-A is an authorised agency and dealership for the product and has a qualified technician and a full range of spare parts to support service and repairs. The product is covered by a comprehensive 12-month warranty.

Danny knows that it is organisational policy to allow a trial period of three days, so he suggests to the customer that she borrow the demonstration model to see if it suits her needs. He explains that if the product is purchased this month, it comes with a bonus set of micro-screwdrivers. He also explains the store's policy of a money-back guarantee if the product turns out not to do the job the customer wants it to do.

List eight positive things Danny has done to comply with legislative and organisational requirements when selling.

Summary

1. Comprehensive, relevant and accurate product knowledge underpins the ability of sales staff to effectively and persuasively convert product features into benefits for customers.
2. The sales process must be aimed at satisfying identified customer needs, wants and preferences; sales staff need to find out this information so they can make suitable recommendations.
3. The features of products form the basis of the development of benefits for individual products and services.
4. The benefits of products need to be highlighted for customers in order to explain what these can do for them.
5. Organisational requirements and restrictions regarding the provision of information must be complied with when presenting product knowledge to customers
6. Team leaders must ensure that all sales staff are aware of all applicable legislation and organisational protocols to be complied with as part of the sales process.
7. Sales staff should explain features and benefits honestly; describe costs accurately, explaining what is and is not covered; offer advice based on customer needs and product knowledge; and explain any terms and conditions such as guarantees, warranties and whether there is a returns policy for 'change of mind'.

Learning checkpoint 2 Convert product knowledge into benefits

This learning checkpoint allows you to review your skills and knowledge in converting product knowledge into benefits.

Part A

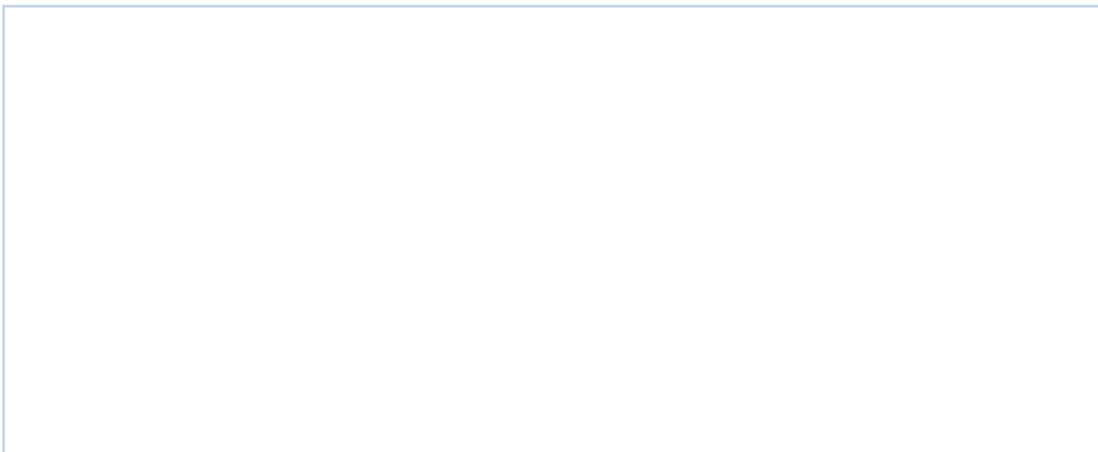
1. In your own words, describe what is meant by buyer appeal.

2. Give three reasons that it is important to discuss benefits when describing products to customers.

3. Before you can promote one feature or benefit over another, you need to understand the customer's preferences and needs. Describe three skills a salesperson needs in order to identify a prospective customer's needs.



4. What is the difference between a feature and a benefit? Provide an example.



5. Give three reasons that team leaders need to understand and follow organisational policies and legislative requirements when developing product knowledge.

Part B

1. Select a product of your choice and complete this table by highlighting five features of the product and listing the benefits that flow from those features.

Product name:	
Features	Benefits

2. Describe at least five organisational requirements that salespeople would have to comply with when describing the benefits of the product you analysed in question 1.

3. List three aspects of legislation, regulations and standards, codes of practice or organisational policies that may apply when describing the benefits of the product you analysed in question 1.

Benefits	Legislation or organisational policy

Topic 3

Evaluate competitors' products

Very few organisations have the luxury of operating without competition. For most businesses, the trading environment is dynamic and competitive – new stores emerge and new products are released, all vying for limited customer dollars. To be successful, you need to know who your competitors are, what their products are, where they are located and what they are doing to attract customer attention and make sales.

Implicit in this is the need to analyse opposition stores so effective action can be taken to respond to their product and service initiatives, prices, offers and other sales and promotional activities.

In this topic you will learn how to:

- 3A Use a range of information sources to research competitors' products
- 3B Compare competitors' products with own products
- 3C Establish how your organisation's products rate against your competitors' and communicate differences to the buyer

3A

Use a range of information sources to research competitors' products

Most organisations want to be leaders in their particular field. They want to stand out from the competition by offering a better product or a faster service.

To be able to respond to threats and exploit opportunities, organisations must aim to continually improve their products and services. One way to do this is by analysing existing products and services and comparing their performance and range with the competition.

Know the competition

Competition is at the heart of the free market economy. It refers to the activities undertaken to attract customers, increase market share, make profits and raise brand awareness.

Businesses do not operate in isolation – they compete against other organisations seeking to sell to the same customers. Action taken by competitors has the potential to directly or indirectly affect an organisation or even threaten its viability.

A successful organisation responds appropriately to action taken by its competitors; this means countering whatever the competition is doing, taking advantage of marketplace opportunities and guarding against market threats.

To remain competitive, you must know what the opposition is offering and doing and, conversely, not offering or doing. This means having a thorough understanding of competitors in terms of their market share, brand and offerings.

Businesses need to know about their competition so they can adapt to changes in the business environment and maintain or enhance their own competitive position.

Competitor analysis

Competitor analysis is the process of producing a comprehensive picture of the marketplace by identifying who your competitors are and using a range of information sources to learn about their business models and product ranges.

You need to capture evidence about the opposition to keep abreast of what is happening in the wider marketplace, as distinct from relying on opinions or hearsay. You need to gather information from a variety of sources instead of relying solely on one source, which may be biased or failing to capture important points. Be sure to generate data regularly so that you are not using outdated or inaccurate information.

Competitor analysis can be undertaken using the set of marketing tactics known as the 5 Ps: product, price, promotion, place and people.

If you are analysing service provision, you may find the 7 Ps model more useful: product, price, promotion, place, people, physical evidence and process.

You can display the results of your research in a competitor analysis matrix to show the relative details of identified competitors.

For further information about the P models, see the Australian Government Business website at: www.business.gov.au/business-topics/business-planning/marketing/Pages/5-ps-of-marketing.aspx and the NSW Government SmallBizConnect website at: <http://toolkit.smallbiz.nsw.gov.au/part/3/12/56>.

The 5 Ps

Here is an outline of the 5 Ps as used in competitor analysis. Remember that 'products' is used as a general term describing anything sold or offered by an organisation, whether it be goods or services.

Products

- Types and range of products
- Brands, makes and models
- Options available
- Customisation services
- Product features and benefits
- Support services (pre-sale and after-sale)
- Packaging and labelling
- Branding and brand recognition (image and status)
- Match to target market

Price

- Standard prices charged, pricing structure
- Loyalty schemes
- Discounts – type, amount, eligibility criteria
- Specials, deals, packages, sales
- Price points
- Set-up and running costs, consumables

Promotion

- How they advertise – TV, radio, newspapers, magazines, billboards, social media, online
- Where they advertise – specific publications or media outlets used; location of billboards
- When they advertise – days of the week; times of the day; seasons
- Who they advertise to – target markets, demographics
- Promotional campaigns being used – including those aimed at sales staff and/or agencies (for example, bonus schemes; sales competitions)

Place

- Physical (geographical) location of business
- Agencies, distributors and partners that extend the reach/presence of the business
- Online and social media presence
- Time and days the store is open, services are offered or deliveries made
- Capacity to travel to the customer (e.g. in-home demonstrations, mobile services)

People

- Number of staff employed
- Type of staff employed; for example, sales staff, marketing personnel, service technicians
- Their qualifications, experience and expertise
- Their level of product knowledge
- Their interpersonal and sales skills

Sources of competitor information

You need to make a point of seeking out and analysing product and service information from competitors. Information on competitors' products can be sourced by reading their product and service brochures, pamphlets, catalogues, order forms, price lists and other material that is available in store, online or at industry events. You may need to attend trade fairs, conferences, seminars or functions to see what your competitors are offering and where they are headed.

It is also essential that you access competitors' websites to get the latest information about their product range, product details and specifications, prices, terms and conditions, opening hours, specials, deals and packages, available stock and promotional activities. Websites are easily accessible and readily available to customers, so it is important not to be caught out – for example, if a customer knows about a competitor's offer before you do.



Sources of competitor information

Here are several tips to follow when seeking competitor information.

Visit competitors' stores	Look around, obtain copies of advertising available for shoppers, talk to sales staff and ask questions as a customer, or even make an actual purchase of goods or services. This provides you with first-hand experience of contact with sales staff, enables you to ask questions and gives you personal experience with operating a range of products.
Monitor the mass media	Identify and analyse competitors' advertisements on radio, in newspapers and on TV. Media has mass circulation, contains current information that changes to reflect sales and marketing initiatives, is covered by legal requirement not to be false or misleading and can validate online research.
Ask around	Seek word-of-mouth information from customers to get alternative and additional user feedback and qualitative information on their sales experience at your competitors.
Link into social media	Link into social media to gauge reactions and responses from customers.
Sign up for newsletters	Sign up for newsletters, text/SMS alerts and mailing lists to be advised of new releases, limited offers, deals, sales, achievements, and updates on new terms, conditions, trading hours, staffing and special events.
Network in the industry	Get to know who's who in your industry by attending seminars, conferences and networking events.
Talk to sales representatives	Learn about what is happening in the market from sales representatives who visit your store and also pay calls on the competition.
Join local business groups	Join a local business group, association, forum or club where people from competing businesses are also members.

Ensure information is valid and reliable

Information sources used to develop competitor product knowledge need to be valid and reliable, which means that they are current, accurate, factual and honest, balanced and unbiased, and trustworthy.

Be sure to evaluate each source carefully and speak with others, such as experienced colleagues and industry contacts, to confirm your findings.

You can check the information gained from one source against another to test its reliability. For example, you could read a promotional brochure from another store about a product and then visit the store to inspect the item in person.

Example: source information about competitors

Miki leads a team of salespeople who sell home furniture to retail customers. As part of her efforts to increase market share, Miki's manager asks her to research the local competition. He suggests she begin with an internet search. Miki goes online and searches 'home furniture retail sales' to get the names and addresses of the three local competitors in this market.

Using this as her basis, Miki then looks for each store online, talks to them over the phone and visits them in person. She also attends the Australian furniture convention to talk to sales representatives and others in the home furniture market.

She records the information she discovers in a comparative matrix.

	Competitor 1 William Watts Lounges	Competitor 2 Westwood Home Decor	Competitor 3 Country Lane Furniture
Product	<ul style="list-style-type: none"> • Don Ron brand only • Starter/basic range • Fabric and vinyl, no leather • Sofas, armchairs, bar stools, bench seats • Some items made in Australia • New and second-hand items • No dining furniture • No beds • No office furniture 	<ul style="list-style-type: none"> • Wide range from domestic, German and Italian manufacturers • Lounges, dining settings, chairs, beds, office furniture, display units • No decorator items • No outdoor furniture • New only • Medium to high-end target market 	<ul style="list-style-type: none"> • Sells own range of wooden home furniture • Only sells beds, dining and lounge furniture • New only • 'Rustic' and 'country' ranges • Made in Australia from Australian-grown timber (sustainably sourced) • FSC certified • Repair/refurbishment service for own-brand items

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	Competitor 1 William Watts Lounges	Competitor 2 Westwood Home Decor	Competitor 3 Country Lane Furniture
Location/ online presence	<ul style="list-style-type: none"> • Shop on main shopping strip, open 7 days, 9 am–6 pm • Basic website, no e-commerce • Lists second-hand items on eBay 	<ul style="list-style-type: none"> • Shop in up-market shopping centre, open 7 days, 10 am–6 pm • All products and options can be ordered online • Promotes new products, sales and events via Facebook 	<ul style="list-style-type: none"> • Factory and shop in outer suburb, open weekdays 8 am–4 pm • No website, can be found via Yellow Pages and other online directories
Payment	<ul style="list-style-type: none"> • Lay-by • Credit card surcharge (2%) 	<ul style="list-style-type: none"> • Interest-free payment plan 	<ul style="list-style-type: none"> • Cash sales only
Delivery	<ul style="list-style-type: none"> • Free local delivery • Will pick up old furniture when delivering new items at no charge 	<ul style="list-style-type: none"> • Free delivery to metro area 	<ul style="list-style-type: none"> • Free delivery within 30 km radius

Practice task 8

Identify a competitor and use it as the basis for completing this table by listing:

- four sources you would use to find out about this competitor and its products
- the type of information that could be sourced
- the rationale for using these sources.

Name of competitor:	4			
	3			
	2			
	1			
		Source	Type of information obtained from the source	Rationale for using the source of information

3B

Compare competitors' products with own products

A competitive advantage is something that gives one organisation an edge over another. It could be a matter of price, branding, technology, location, customer service or product quality.

In a competitive marketplace, it is not enough to track your own performance. You need to understand the features, benefits, strengths and weaknesses of your competitors' products and compare them with your own.



Understand competition

Direct competitors are organisations that offer the same product as you do in terms of brand name, models, range and options. Direct competitors are easy to identify. They are listed under the same heading as you in the Yellow Pages and pop up along with your name in an internet search. For example, if you run a barber shop, your direct competition is any business that offers men's haircuts in your area.

Indirect competitors are organisations that do not offer the same product as you do, but compete with you for the same customers and the same spending money. They may offer different brands of the same item, such as a home brand; customisation options that you are unable to provide; and models you do not stock, such as economy or high end.

Indirect competitors are not always easy to identify. For example, a small-appliance retailer that sells hair clippers is an indirect competitor to a barber shop, because customers could decide to spend their haircut budget on a set of clippers for DIY haircuts.

Know competitors' products

The primary objective of identifying and analysing products sold by your competitors is to provide you with comprehensive qualitative and quantitative information for comparing them with the products offered by your organisation.

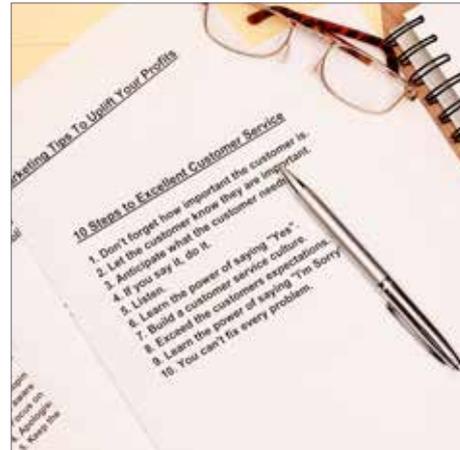
Knowing exactly what your competitors are doing helps you to:

- respond intelligently and appropriately to the threats posed by competitors
- better or beat a competitive advantage currently held by a competitor
- address customer concerns that your competitors offer a better product or can give them a better deal
- counter misleading or incorrect claims about what competitors are offering or claims they may make about your organisation
- prepare strategies to enable your sales team to effectively meet the challenges of competition
- provide information that can help with negotiating and closing a sale
- suggest marketing and promotional initiatives to meet competition and exploit opportunities in the marketplace.

Identify competitors' competitive advantage

You need to know your competitors' competitive advantage so you and your sales staff can:

- prepare strategies that enable you to effectively meet the challenges posed by those advantages – once again, advance preparation of what to say and what to do is key in using your competitive advantage to its fullest potential
- respond intelligently and appropriately to the threats posed by the opposition – integrating evidence-based information into selling techniques and statements designed to close deals/sales
- take required action to secure a sale – making sure such action is 'no more and no less' than what is necessary
- be proactive – to better or beat a competitive advantage currently held by a competitor.



Analyse competitor products

An analysis of your organisation's product information and that of your competitors is essential in order to make effective comparisons. You need to generate clear, accurate and detailed comparison documentation that highlights the differences between your products and your competitors'.

This is done by focusing on product features, benefits, strengths and weaknesses. It is possible this process will not be undertaken for every product, but only for those that have been identified by management as being the key to a sales campaign or promotional effort.

You need to:

- manipulate, classify and work with the data, details, facts and opinions gathered
- analyse the similarities and differences between products
- ensure you are comparing like with like
- distinguish between items by comparing your products with those of the opposition
- evaluate the findings of the research and comparison process.

Here is an outline of what needs to be done when you are researching your competitors' products.

What to research and record

- Features: the physical properties of the products
- Benefits: how each feature can make a product attractive to a customer
- Strengths: show how, when, where and why one product is better than another by referring to criteria such as price, availability, options provided, quality, safety, branding, target market, warranty and guarantees
- Weaknesses: refer to areas in which one product fails in some respect when measured against another product

Present comparative information

Information generated as a result of the comparative analysis process needs to be presented in a standardised format, such as a spreadsheet or information handout.

The information also needs to be formatted in a way that is easy to read and understand. Make sure any technical terms or jargon are explained.

It should be readily accessible to the sales staff to assist and guide their sales efforts. Be aware that the information may need to be regularly updated as new products emerge.



Example: compare competitors' products

Graeme works as sales team leader at Catherine's Country Cooking. Catherine asks him to compare their best-selling frypan with a new frypan on the market from a nearby kitchenware store, Pots 'n' Pans. Catherine is concerned about the falling sales of the Country Cooking model, which has been on the market for 15 years. She says she has been told by customers that Pots 'n' Pans is selling a better product.

Graeme walks to the store and talks to the salesperson, making inquiries about the new product. He asks lots of questions and picks up a copy of their sales material, before making a purchase and taking the frypan back to his store.

Graeme opens the box, takes out the frypan and examines it, noting its features. He reads the user manual and takes notes. He plugs the frypan in and turns it on. He cooks an omelette and then cleans the pan, taking more notes. Graeme then compares the Pots 'n' Pans model with their own.

The chart he prepares is easy to read and clearly shows the areas in which the competitor's product is superior. The results make Graeme consider how Catherine's Country Cooking can re-market their frypan in light of these results.

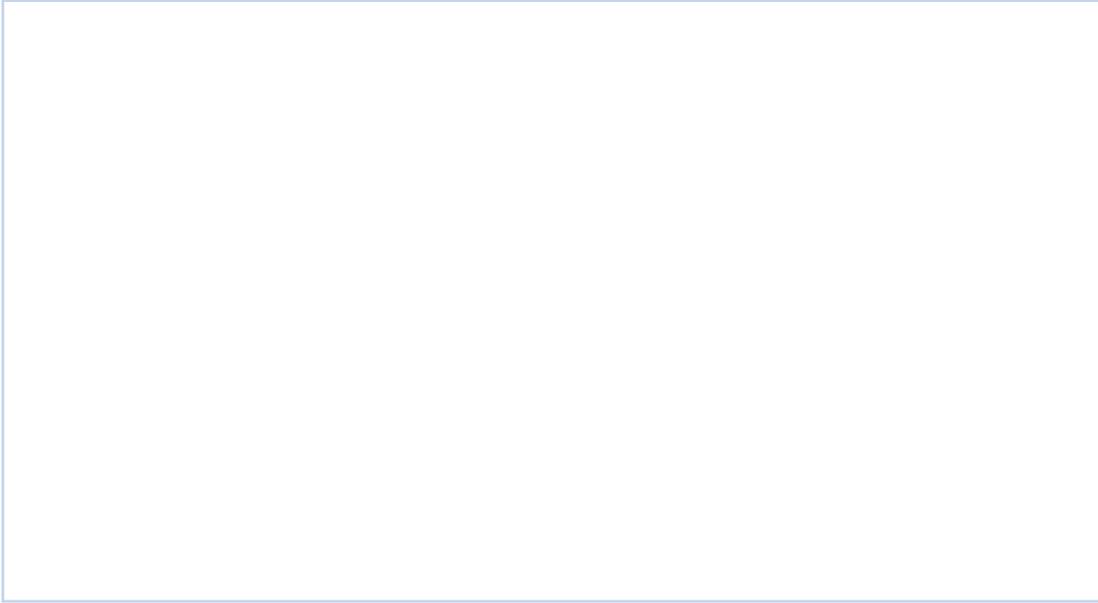
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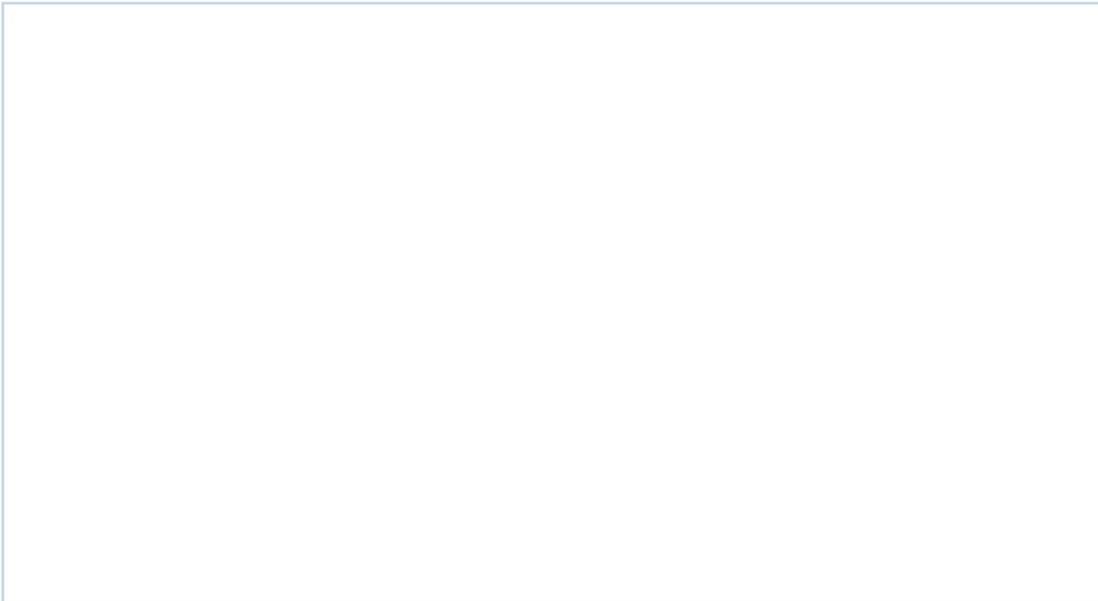
	Competitor product	Our product
Product	Pots 'n' Pans frypan	Country Cooking frypan
Features	<ul style="list-style-type: none"> • \$79 • 18 L capacity • Non-stick cooking surface • Aluminium body • Glass lid • 2.5 kg • Steam vent • Variable temperature setting • Recipe book • Made in China • No parts available • 12-month warranty 	<ul style="list-style-type: none"> • \$145 • 12 L capacity • Stainless steel • Metal lid • 5 kg • 3 temperature settings • Made in Australia • Repairs and parts available • 24-month warranty
Benefits	<ul style="list-style-type: none"> • Capacity allows cooking of large meals • Glass lid allows inspection of food during cooking • Light and easy to move • Non-stick cooking surface makes for easier clean-up 	<ul style="list-style-type: none"> • Can cook medium-size meals • Retains heat well • Easy to use • Hardwearing • Provides customers with confidence for repairs
Strengths	<ul style="list-style-type: none"> • Lower price • Larger capacity • Looks more modern • Has more features 	<ul style="list-style-type: none"> • Suitable for single person or couple use • Good basic model • In production for 15 years • Can be repaired on site • Made in Australia
Weaknesses	<ul style="list-style-type: none"> • Limited warranty • No replacement parts available • Must be used with plastic or wooden implements (metal will scratch non-stick surface) • Made in China 	<ul style="list-style-type: none"> • Costs \$66 more • Not suitable for larger volume / family use • Too basic • Less control over temperature settings
Rating	<ul style="list-style-type: none"> • Cheaper, larger capacity, lighter, more features 	<ul style="list-style-type: none"> • Basic model that is sturdy and has a longer warranty, but is more expensive

Practice task 9

1. Give three reasons that sales staff need to compare products from their organisation with those from competitors.



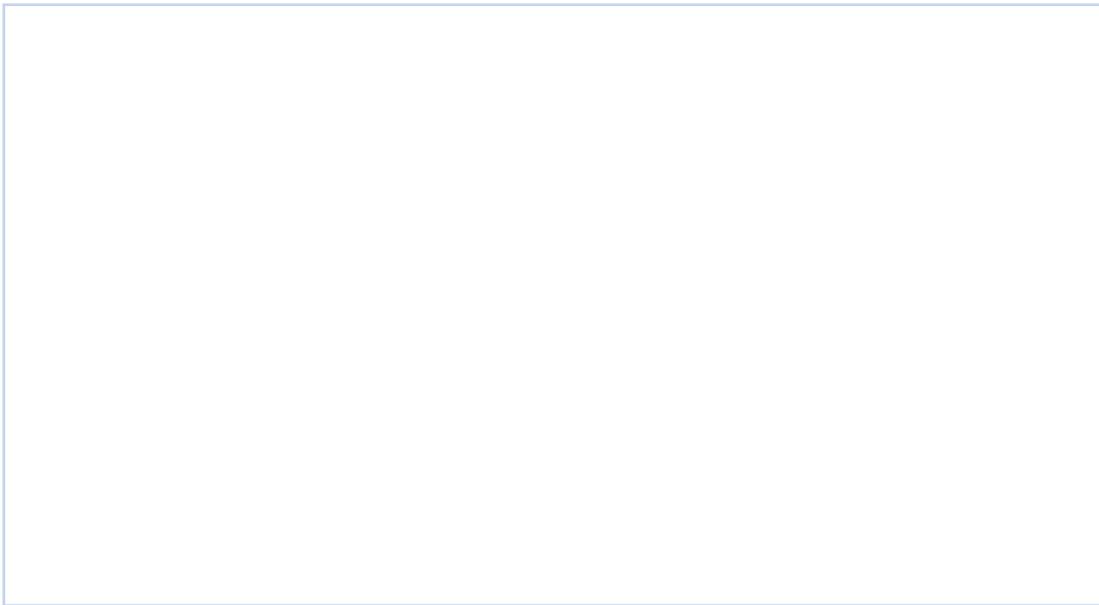
2. What criteria could you use when comparing products?



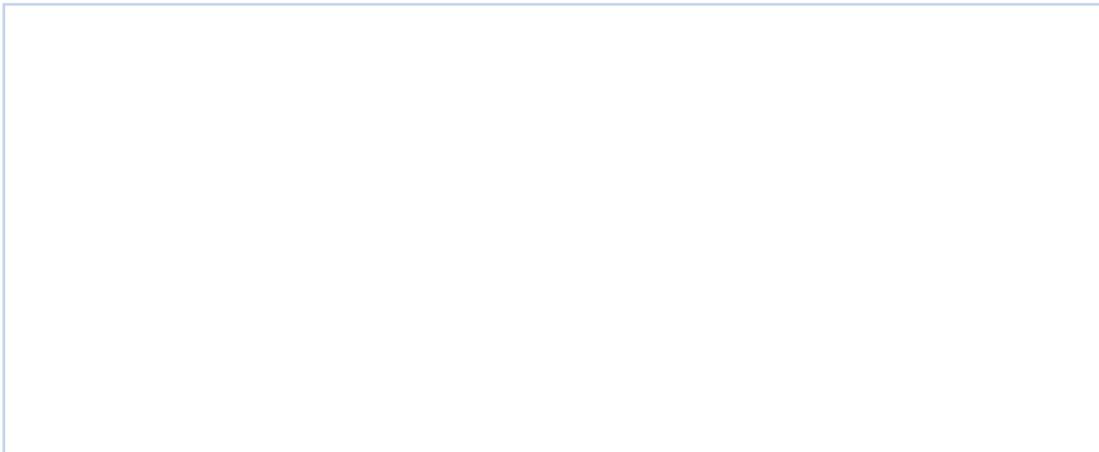
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3. Describe a useful way of presenting comparisons between a product your organisation offers and a similar product from a competitor.



4. List three ways that you can share competitor analysis information with your staff.



3C

Establish how your organisation's products rate against your competitors' and communicate differences to the buyer

The comparative analysis highlighting the relative merits of each product and the resulting differences between your organisation's products and your competitors' forms the basis for establishing the relative standing of your organisation's products.

Knowing where your organisation's products have an advantage over competitors' products helps to increase customer confidence in making a purchase.

Here is an overview of what staff can do when they know about their organisation's competitive advantage.

Selling from a good knowledge base

- Capitalise on the organisation's strengths
- Highlight benefits to purchasers during the sale
- Take action to address known weaknesses
- Negotiate deals only when necessary

Compare products

Once the research has been completed and the results documented, you need to identify potential points of difference, such as price, availability, ease of use, options, quality and after-sales service.

Refer to the features and benefits of your product that are attractive to buyers and indicate where your product has strengths and the competitor product has weaknesses.

For example:

- Your product is always in stock, but your competitors often need to order theirs in.
- Your after-sales service is free for the first 12 months and no other companies match this offer.
- Even though your product is slightly dearer, it comes with more attachments.



It is useful to prepare a dot-point ready-reference document that lists five key benefits and strengths that your products have over your competitors'. This fact-at-a-glance method is valuable for busy sales staff and can help them to explain the positive differences and advantages of your products when compared to the competition in the market. This reference can help staff to resolve objections and successfully promote products to achieve a sale.

Presenting key advantages clearly helps the purchaser to draw the distinction in their own mind about which is the best choice for them.

Comparisons in action

During the sales process, you may have a conversation with a customer in which they describe a similar product that another store is selling in a more positive light than the product you have shown them.

It is good business practice not to disparage the competition. You can point out a strength of the competition, then balance it with a strength from your own organisation that you know will appeal to the customer more.

When a customer raises an objection or shows reluctance to commit to a purchasing decision, the 'feel, felt, found' strategy can be effective.

For example:

- Customer: I'm not sure. I think I'll get the other model from the store over the road, because I've never really heard of this one. I'm worried about reliability and if it's any good or not.
- Salesperson: I understand. Look, you're not alone in the way you feel. In fact, lots of other customers have felt the same way. But what I've heard from customers who have bought this model is that they have found it to be reliable, excellent value for money and easier to operate than the famous-name brand.



Communicate comparative information

Competitor intelligence may form the basis of your sales team training, so its use is integrated into standard sales practice. It should be readily accessible to the sales staff to assist and guide their sales efforts.

It is also important that the information is regularly updated as new products emerge or existing products change.

Here is more about communication methods.

Communication methods

- Provide a hard copy for people to take away, read, study and refer to in the future.
- Share the information verbally with sales staff at daily briefings, as part of product notifications, at team meetings and as part of structured on-the-job training.
- Make the information available for future staff reference on an internal database, intranet or filing cabinet.
- Communicate to partners, board members and branch stores via the intranet or email.
- Communicate with customers through advertisements, leaflets and the company website and social media.

Team communication

You and your team can also communicate comparisons to customers by taking the comparative analysis research findings to the sales floor.

Here are some methods that can be used to communicate product comparisons to customers.

Sharing comparative information with your customers

- Post it onto your website so online customers can view (aspects of) it.
- Convert it to text for use in in-store promotional materials such as shelf-talkers, posters and signage.
- Present it in electronic or hard-copy newsletters sent to customers on your database mailing list to draw distinctions between your products and similar products available from competitors, remembering not to disparage competitors.
- Generate a series of one-off flyers for local distribution or for inclusion in local newspapers.
- Provide advice and assistance to callers as part of your pre-sales service – when they make contact to ask questions and find out information about a product when they are browsing prior to making a purchase.
- Create mass media advertisements drawing on relevant data to illustrate how your product provides a better deal for the buyer.
- Use social media to share the benefits of your products in a more personal way.

Share comparative information with your organisation

You can also use your analysis to:

- pass on relevant details to the sales and marketing department – explaining where the organisation appears at a competitive advantage and where it is at a competitive disadvantage, so they can take action to exploit opportunities and mitigate threats
- suggest promotional or sales campaigns to management – based on identified competitive advantage of products
- recommend increases in selling prices for products with a viable USP (unique selling point)
- advise external manufacturers, suppliers or your own production department about relative standings, so they can develop new or updated products to meet or better the competition.



Communication practices

When communicating the relative standing of your organisation's products against competitor products, consider the following points:

- Be honest – all information provided must be truthful and never misleading or deceptive
- Never argue with customers – they have a right to their opinion
- Do not put pressure on them to buy – you may get a sale, but the customer will leave feeling unhappy
- Target the presentation – to the identified needs, wants and preferences of the individual
- Highlight the differences – to draw distinctions between products
- Avoid disparaging the competition's products or service – customers view this as unprofessional
- Highlight weaknesses or deficiencies in competitors' products – in a polite, factual manner
- Emphasise points of likeness, where appropriate – to provide reassurance about similarity between items



Example: establish relative standing of your organisation's products

Jasmine is working with a member of her sales team, Robert, to help in the sale of a new queen-size bed to a demanding and well-informed shopper.

Jasmine: Robert tells me you are interested in the new Lorelei Queen.

Customer: Yes, I want one for my daughter. She's getting married and I said I'd buy her a bed, but I'm not sure I can justify the price you're asking ... the store up the road has a similar one at \$800 less.

Jasmine: Certainly \$2350 is a lot, but this bed is made from Australian huon pine, top of the range, recommended by the Australian Bed and Blanket Association and guaranteed for 10 years. The mattress features the latest 250 independent mono-spring, 20-zone, self-acting air-ride system – yes, I know that's technical talk, but it means the surface adapts to the individual body size and weight and can be pre-programmed for density and temperature: useful in our changeable weather.

Customer: Yes, but the other store has the same brand of mattress.

Jasmine: True, but that's the previous generation support system, which only has 17 inter-locked springs per row, no temperature control and the standard mattress top without the air-ride system. I think your daughter and her new husband would appreciate the extra comfort and better night's rest they'd get from the mono-spring system. And we offer free delivery of the new bed and mattress and free pick-up of any old bed and mattress. That costs around \$150 at most other stores.

Customer: That's good about the delivery, but I'm not sure if they'd ever use the adjustable base.

Jasmine: That's a consideration a lot of people mention and I understand how you feel. Lots of other customers who consider a new bed have felt the same way, but the different positions the base can be configured into helps relieve pressure on body parts and joints, and our Lorelei Queen purchasers say they've found this to be a really useful function for them. Let me demonstrate it for you and then you can have a go and see what you think.



Practice task 10

Read the case study, then answer the question that follows.

Case study

Helen is working with a member of her sales team, Robert, to assist in the sale of a new model microwave oven to Mr Walker. Mr Walker is a regular customer, but he is price sensitive and likes to shop around for the best deal.

Helen: Hello, Mr Walker, nice to see you again. Robert tells me you're interested in the new Heat Easy microwave.

Mr Walker: Yes, I want one for the office. I'll say upfront that I saw one online for \$80 less, including delivery – here, I printed out the page.

Helen: Hmm. Certainly at \$350 this model's not the cheapest, but with a 40-litre capacity it is 25 per cent bigger on the inside than the unit you saw online. And it takes up less room on the bench, so you can cook or reheat more dishes in a smaller space. As you're a regular customer, you're eligible for our loyalty discount of ten per cent, which closes the price gap a bit.

Mr Walker: Yes, but I'm not sure I need all that capacity just to heat lunch and make coffee.

Helen: Well, one difference is that this model has a patented easy-clean interior. You know how everyone dreads cleaning the microwave? Well, this one's easy and quick to clean. And it comes with a three-year warranty: just bring it back to us if you have any problems.

Mr Walker: That does sound good about the cleaning. But I wonder how quickly it reheats things? The one I saw online is 1000 watts.

Helen: That's a question most people have, Mr Walker. They feel saving money is important, but not always at the expense of wasting time. The Heat Easy has the latest technology, which means it heats and cooks twice as fast any domestic model currently on the market. Other customers who compared the Heat Easy with other models and felt the price was a bit high have found the greater speed and capacity of this model more than make up for that. Would you like me to heat up a coffee for you, so you can see how fast it works?

Identify five ways that Helen communicated to Mr Walker the relative differences between the Heat Easy microwave at her store and the model available online.

Summary

1. Use a range of reliable and up-to-date sources to find out about the products of your direct and indirect competitors.
2. Focus your analysis of the competition by using the 5 Ps: products, prices, promotion, place and people.
3. Formalise and standardise the presentation of product information, highlighting the relative strengths and weaknesses of each product based on identified features and benefits.
4. Determine the competitive advantages of competitors' products and your own products.
5. Remember to adhere to organisational and legislative obligations when presenting the relative standing of products.
6. Use the 'feel, felt, found' approach to address concerns or buying objections.

Learning checkpoint 3 Evaluate competitors' products

This learning checkpoint allows you to review your skills and knowledge in evaluating competitors' products.

Part A

1. Identify five sources or strategies that you can use to obtain information on your competitors' products.

2. Describe five aspects of products and services that you should study when comparing your products with your competitors'.

3. Name three activities you could undertake to determine the validity and reliability of information sources on competitors' products.

4. Why is it essential to know your organisation's competition?

5. Give three reasons that organisations should compare their products and services with those of their competitors.

6. Select a product or service you are familiar with, then compare it with a similar product or service using the following table. Make sure the language used is clear and specific and easily understood by the target audience.

	Competitor product	Our product
Product		
Features		
Benefits		
Strengths		

	Competitor product	Our product
Weaknesses		
Rating		

Part B

Read the case study, then answer the questions that follow.

Case study

Troy leads a small sales team in the lighting department of a large do-it-yourself store. He has been asked by management to investigate the recent entry of a new store into their local area and to determine the competitive positions of both stores in relation to domestic lighting.

Troy decides to visit the new store in person; he poses as someone wanting advice and prices for lighting to support a renovation. He walks through the store noting the range of lighting manufacturers stocked, models, ranges, options and prices. Next he collects several information sheets from nationally recognised suppliers, as well as some 'Tips from the trade' information sheets prepared by the store aimed at home renovators, an innovation he has never seen before. He speaks with several staff members and asks some questions before obtaining prices on various items, thanking them and leaving. He records their prices, which appear quite high; no discounts are offered to trade and there is no loyalty card scheme. He also makes a note that they have a large range of solar lighting, something his store has never stocked.

Back at his workplace, he visits the new store's website and searches the lighting section, jotting down points and noting similarities and differences between his in-store visit and the online experience.

Next he phones a few electricians who shop at his workplace to get their impressions of the new store.

Troy uses all the data he has obtained to create a standard competitor analysis matrix based on the 5 Ps. He makes sure to check his information to ensure it is valid and reliable before he enters it.

Finally Troy chooses the three most popular pendant lights, ceiling lights and wall lights that he sells and draws up a one-page information sheet to give to his sales team, presenting the relative standing of those products with similar products available in the new competitor store.

- List three other sources or strategies that Troy could have used to obtain more information about his competitors' products so he could provide accurate recommendations to his customers.

2. Give three negative consequences that sales staff would face if Troy had not undertaken the comparative analysis.

3. Identify three ways that Troy could share the findings of his research with his team.

4. In addition to sharing his findings with his sales team, identify three other ways Troy could make use of the comparative information.

5. What does Troy need to keep in mind when developing his competitor analysis matrix so it will be easy for all salespeople to understand?