

Transactional selling verses relationship selling

As competition becomes more intense companies are looking for ways to get away from transactional selling, but why?

Taking a step back transactional selling is an older form of selling that has been around for at least 50 years. It is characterised by the customer:

- Being very familiar with the product or service
- Seeing the product and service as a commodity
- Switching suppliers easily and do so often to gain a lower cost
- Aiming to extract as many concessions as possible
- Not trusting or value the salesperson relationship and are not loyal
- Striving for an '*I win you lose*' outcome

The salesperson's focus is on making the sale now which often leads to giving away profit margin to get the business. Because the selling cycle is short it limits the salesperson's ability to create add-ons, upgrades, renewals or develop partnerships.

Relationship selling

The foundation of relationship selling is trust between yourself and your customers. This results in long term collaborative relationships that generate repeat business. It's about consistently delivering the desired value to your customers and their business.

Because it takes time to build trust particularly from the customer's perspective, you need to demonstrate that you truly care for them and have their best interest at heart. You will find the extra time taken to build trust is credited with more business and loyalty.

Relationship salespeople tend to be dependable and loyal to their customers. Customers in turn treat them as their trusted problem solver. They see no need to shop around for a better price because the value the salesperson brings offsets a possible price difference. These customers rarely change suppliers even if offered the same or a similar product at a lower cost.

Relationship selling gains momentum every time a win is created for the customer and a win for yourself. The relationship selling environment can't be sustained if one party wins so this must be kept front of mind.

Salespeople who are consistent performers in relationship selling have the following attributes:

- A strong work ethic
- Independent and like to be self sufficient
- Cooperative and service focused
- Patient and persistence
- Good product knowledge and knowledge of customers
- Treat customers like partners
- Take responsibility when mistakes are made
- Open honest communication
- Time and Territory Management

Relationship selling and the return on investment

- 2.6 times - more revenue from a totally satisfied customer verses a satisfied customer
- 14 times - more revenue from a totally satisfied customer verses a somewhat dissatisfied customer
- 1.8 times - totally dissatisfied customer decreases revenue to what a satisfied customer contributes to a business.

*Based on a detailed study of 20,000 global customer surveys from InfoQuest CRM

Not every customer can be converted but it is well worth the effort. For customers who insist on the lowest price and then shop around you need to make a business decision and ask yourself whether you really want the customer's business?

If you would like to know more about this subject or discuss any other about sales or sales management then contact Kurt Newman direct +61 412 252 236 or email info@salesconsultants.com.au



Kurt Newman is a recognised sales expert, successful author and respected coach and mentor who has guided many well-known companies to improved profitability and countless sales professionals to greater success. Following an outstanding, award-winning and record-making career in sales that spanned three decades and covered all major market segments, Kurt is now focussed on passing his expertise on to others through his work with Sales Consultants and community-based initiatives.