



Solution-based Selling

Developing a clear understanding of who your true customer is and the critical needs that drive them to a buying decision is fundamental to developing an effective sales and marketing strategy

IDEA IN BRIEF

- › While the practice of framing products and services around a customer's pain point is well known, companies often make the mistake of failing to confirm that their identified issues matter and truly motivate actual buying
- › In cases where there is a clear customer problem to be addressed, the challenge is convincing your customers that you have the best solution; however, in other cases, the pain points may not be as significant, and the challenge is to determine the alternative factors that do drive the buying decision and to adapt the product or service to meet a broader requirement
- › Depending on the varying circumstances of a potential buying decision, companies need to direct their commercial resources at the appropriate mix of purchasing agents, influencers, and end-users—both an art and a science that needs deep insights from the voice of the customer

Over the course of several years, a leading manufacturer of specialty engineered components in the Automotive sector had steadily diversified its business and product portfolio to serve an increasing number of adjacent end markets, primary of which was the Oil and Gas sector. While the company did not have a full portfolio of products to fully serve this market, it believed that the reputation of the limited number of current products they had in the market was strong and sufficiently differentiated from comparable competitive offerings. The company invested in a dedicated oil and gas end-market sales organization and embarked on an ambitious campaign to expand its market share. Its results were mediocre; while the company had managed to win a number of replacement sales with existing customers, the team had struggled to gain an audience with new customer prospects and steal share from incumbents.

This client recognized that it needed to develop a better understanding of the purchasing process across its value chain, key decision makers, and influencers at each step, and the pain points that drove the purchase decision in order to refine their go-to-market strategy. For this client, Kaiser embarked on an in-depth Voice-of-Customer exercise that included a broad cross-section of upstream oil and gas players ranging from exploration and production

companies, drilling contractors, oil service companies, and rig yards. This analysis revealed a number of fundamental challenges to how the company was pursuing the market opportunity in terms of the customers it was targeting and how it was positioning its offerings.

One key issue revealed through the VOC research, which was shocking to our client, was that most customers did not perceive a significant problem or deficiency with their current products and suppliers. As a result, the company's sales team was not very effective at convincing customers why its products were superior and why they needed to replace their existing equipment in the first place. The VOC research revealed that most customers were simply purchasing equipment at regular pre-determined intervals (based on generally accepted practices) rather than going through a thoughtful process of pro actively evaluating needs, searching for solutions, and evaluating optimal vendors to provide those solutions.

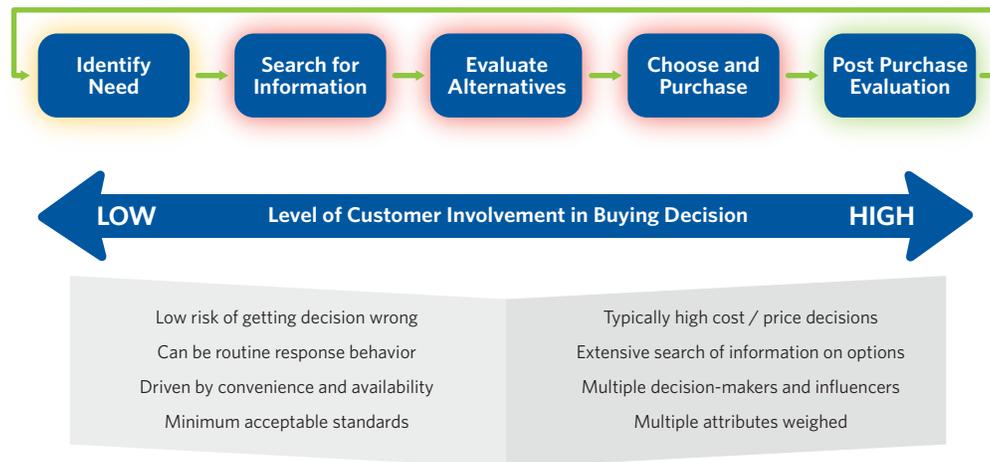
This highlighted a fundamental misunderstanding of who drove decisions for purchasing the company's product. As the company believed that its product offering was a critical element of upstream operations given the functions the product performed and the risk a failure could pose, it assumed that decision making would be held at more senior levels of its customers' organizations and within an engineering and technical department. In reality, the product was viewed as a lower complexity and lower risk commodity good and, therefore, buying decisions were being handled much further down the organization by procurement departments.

While the implications of these results were initially disappointing for the company, the research also revealed that there was an emerging opportunity for the company to reframe the customers' buying decisions around potential pain points and under served needs. With heightened scrutiny on safety across the industry and a greater number of oil rigs being bought and sold among oil companies, there was an increasing need for inspection, maintenance, and recertification services for oil rig equipment. By offering these adjacent services, our client had new opportunities to engage with a different set of stakeholders within their customers' organizations; stakeholders who were be much more aware of the potential needs associated with the type of equipment the company had to offer and were much more receptive to a discussion of alternatives.

The analysis served as an important reminder of a number of basic but fundamental and powerful principles of marketing, and reinforced how it is critical to answer several key questions:

- › What are customers' pain points?
- › What is the magnitude of the customers' perceived needs and challenges?
- › Whose responsibility is it to address the issues?
- › How well are these pain points being addressed by current offerings?
- › How effectively does the offering help them get to the desired end state?

The answers to these questions provide insight into the extensiveness of the customer's involvement in a buying decision (e.g., how thoroughly will customers seek information on alternatives, how complex is the decision-making criteria). Based on these factors, companies are able to make much better choices on key decisions, such as customer segmentation, value proposition development, and resource allocation.



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