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HOW TO PERSUADE CUSTOMERS IN SELLING NANOPRODUCTS?

Case
Study

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Abstract

Good ideas are sometimes hidden in new unknown products and they can die if the selling process fails. Decades ago, the nanotechnology concept used to be a nice dream and many discoveries were at the starting level. Nowadays we have plenty of successful nanoproducts that succeeded to cross the fundamental discoveries and won, step by step, slices from the market. In this article we analyze a descriptive case study of an entrepreneurial attempt for producing and selling nano-items on the Romanian market. Our purpose was to gather – through the in-depth interview method – some relevant information regarding the strategy adopted and the conditions that guide the small company in its acting on the market. We found that beyond the way of thinking and confronting the fear for something that people do not know, the technics of selling and the management of customers and clients are the key to reach success. Our study allows us to learn a lesson about practices used in persuading customers during the selling process of nanoproducts, but the result brings us to the conclusion that for the moment the company cannot survive without producing and selling traditional or other products. Meanwhile, nanoproducts remain the flagship of the company, insufficiently explored, trying to cross the obstacles at the level of laws and customer mentality.

INTRODUCTION

The nowadays businesses suppose building a strong human relationship and they depend on the way people interact. There are no rules in building relationships, they are a result of a certain entrepreneurial culture. Every economic process means selling something, a product or a service. The success is generally translated into competitiveness, which means considering the economic and environmental impact. In private cases, as niche-business, the success supposes special abilities to find clients and customers. The sales are a consequence of commercial partnerships and depend on the way the company is integrated into the value chain.

Nothing is stable or forever, because the evolution depends on inputs, processes and customers.

The clients and customers have a key role in building business landscape, but similar products or substitutes can grab consumers from the market, influence the price and affect the investments. That is why some studies are dedicated to understanding the best way to persuade customers in buying certain products instead of other substitutes.

In this article we analyze a descriptive case study of an entrepreneurial attempt for producing and selling nano-items on the Romanian market. This study allows us to be informed about some practices used in persuading customers during the selling process of nanoproducts.

Our paper is structured in six parts: introduction, literature review, methodology, main findings, conclusion and references.

LITERATURE REVIEW

Good ideas are sometimes hidden in new unknown products and they can die if the selling process fails. This supposes some characteristics translated into competitive advantages or at the contrary, the missing of them.

Economists as Ghemawat (2010) consider the competitive advantages as a consequence of the market conditions or a result of a proper strategy at the company level. For a better understanding of where and how these advantages can be created, there are some theories as Porter's five forces or value chain. According to Ghemawat (2010), the Porter's theory allows a hole image of the market by considering the barriers to enter a business, then the suppliers, competitors, customers and substitutes that can replace the existing products. Each of these can offer a complete idea about the strengths and weaknesses of the characteristics examined.

On the other hand, the analyze of the value chain offers the chance to identify where and how the added value is created. Both theories are suitable for

products designed and developed for responding to certain needs at every level of their market evolution.

Years ago, the nanotechnology concept was a nice dream when many discoveries were at the fundamental level or at the start and a lot of plans were designed for their launch on the market. Unfortunately, many failed suddenly, but only a few could find in time their way to the customers.

Nowadays we have successful nanoproducts that cross the border of fundamental science and won, step by step, slices from the market.

Studies (Ghennady, 2015) show that the nanoproducts market configuration depends on the country conditions and they are a result of how consumers are aware of their qualities and develop their own value in connection with these new products. For example, Ghennady (2015) applied a research to 3500 people from Russia. The results show that 52% heard about nanotechnology, 26% understood this concept and only 3% had a negative perception. Even if this study is not applied in other countries, the interest for nanotechnology can be seen through the level of investments or the nanoproducts already existing on the market. If the statistics or the reality do not show this, that means that ignorance characterizes the business perception. As we understand, in some countries, in comparison with others, there is a more open attitude to implement nanotechnology, but in terms of the market, this means that a proper production level must be considered. In the case of Russia, the market is big enough to believe in a wide range of tastes and affinities.

The limit of the nanotechnology is to be applied in products made in big quantities and accepted by customers. That is almost impossible since the customers do not reach the critical mass level anywhere. That is why in appearance, the nanoproducts are a chance for small and medium size companies and their entrance could depend on their professionalism and ambition to spread competitive advantages as Ghennady (2015) says. Most of the companies are working now to familiarize the customers with new discoveries, but sometimes this effort seems a fight against nature.

There is good news when the studies (Ghennady, 2015) show that there are lucky fields where nanoproducts are accepted easily by customers as electronics, health and aerospace and their interest could be maintained for the next five or ten years. Also, there are domains where the interested is low and the substitutes are still important enemies for the progress.

Ghemawat (2010) shows that in a free market, the offer and the demand are giving the impulse for the company development even if the competition becomes the key factor for the success or the failure. The consequences of competition could be spread

over the incomes and affect the number of customers and influence the level of investments. Once the activity has a good start, the fight for gaining a slice of the market will never stop; then maintaining the market position or starting a new development process will be the target of the company. For some in-trend businesses, if the entrance succeeds, they will meet certain obstacles as the traditional products. In this case, the fight is not only against competitors, but also against the old fashion mentalities carried out by customers. This is the real issue of the nanoproducts, where the balance between new and old is not in the advantage of the evolution.

So, reporting all these theories at the practices of today we conclude that the nanoproducts market depends on the willingness of the customers to accept and try something new. Since they are not ready yet, the companies must find solutions to survive, but to get ready at the proper time when times and conditions will be changed.

The effort will be focused on finding the best strategy to convince customers and trying to shape the mentalities to their advantage. Studies (Kimberly, 2016) show that a pro-active behavior of the company brings benefits. The focus of a small company must be on reducing costs and risks, pushing the performance of the product and showing differentiation. Even so, the problem is not always to persuade the distributor for accepting the nanoproduct in-house but to persuade the customer to buy.

Also, as Kimberly (2016) says the main problem is to persuade the clients that the nanoproducts are safe and compelling with what gives a promise for reducing costs and energy, because all these arguments could be easily accepted by customers.

Kimberly (2016) shows that the use-stage of the nanoproduct, and its ingredients are arguments in front of customers, but only a few companies are aware of the environmental impact for producing and selling their products. Some customers have big expectations beyond the individual impact, and they require a guarantee that certain nanoproducts do not affect the environment.

According to Digital Market Institute (2019) there are techniques and tricks to sell and the best are: building a relationship with the customer, serving him/her, giving more than receiving, taking time and patience, building a schedule, exploring the customers by interacting continuously, chatting from time to time, never neglecting the customer, updating always the company profile. Are all these very modern technics enough to persuade the customer in buying nanoproducts?

Beckerman (2016) considers that "selling-solution" was a successful strategy and the purpose was to inform the customer about the offer for a special need. In the same time, it seemed the perfect variant in the case where the customer has a lot of

alternatives and the best way to educate and to familiarize about what is new in an industry.

In the following, we wanted to discover some practices used by a Romanian nano-producer in selling activity. The purpose was to get the perception of the seller and what techniques are the best in persuading customers.

METHODOLOGY

Since the Romanian statistics cannot expose the difference between traditional products and nanoproducts, we are not so lucky to meet enough quantitative information that is why the most efficient method to get the picture of reality is a qualitative research and this is offering a holistic image of an analyzed subject. We consider that private opinions are welcome to share some experiences, even if they are very rare since in Romania there are only very few nano-producers and many importers.

In this article we analyze a descriptive case study of an entrepreneurial attempt for producing and selling nano-items on the Romanian market. In this way we succeeded to get an example of a Romania producer for bio and nanoproducts where we could reveal the story of a pioneer that conquered its niche after a strong fight between some obstacles as bureaucracy, law or a very strong and famous competition. Our purpose was to gather – through the in-depth interview method – some relevant information regarding the strategy adopted and the reasons that guide the small company in its action on the market. To elaborate our research, we organized three series of interviews in two years (2017-2018-2019), one face to face and two via WhatsApp. Some questions were asked from time to time to identify some changes. During the first conversation we wanted to reveal the entrepreneurial experience and identify the selling history of the company; then, we wanted to know where the passion for nanotechnology comes from. In the second interview we focused on the production process and how the value added is created. In the last interview we focused on how a customer can be convinced in buying products based on nanotechnology. The entire study allows us to learn a lesson about practices used in producing, distributing and then persuading customers during the selling process of nanoproducts. In this paper we share our findings regarding:

- What are the main obstacles in selling nanoproducts?
- How clients react in front of nanotechnology?
- How is the law supporting the selling of nanoproducts?
- Is the "nano" concept helping the company to sell its products?
- What is the best technic of selling nanoproducts?

In the following, we share the main discoveries: after a very short presentation of the company, where and how the new ideas come from, how the samples are born; then we insist on the selling process and the customer relationship management, as a subject of this paper.

MAIN FINDINGS

Seri Nano Group S.R.L. is a Romanian company born in 2008. At the beginning the company focused on product development and improving its characteristics by implementing nanotechnology. The very first plan was changed step by step, because of the market conditions - after a better understanding of the Romanian customers that have different preferences and affinities.

Until now, the company created a portfolio of 68 nano and bio products. Between all of these, only 6 have some private characteristics: they afford cleaning and sealing at the molecular level being original nanoproducts, using the latest discoveries. In fact, we identified only a nanoproducer in Romania making cleaning products for houses, glasses, shoes, leather and cosmetics. Most of the nanoproducts existing on the market are imported from abroad.

These very new products with natural ingredients and nanoparticles of zinc monoxide are the result of the ideas inspired from the scientific or commercial journals, trying to cover the need of the customers and to compensate the offer of the competition.

After designing the project of the new product, the next step is creating samples and testing them. Then, an analyze of the technical and economical perspective is essential. The economic aspect focused on the cost impact is one of the most important aspect of the new product. In his experience, the owner of the Seri Nano Group identified some errors in considering the cost of development - which is connected to the distribution and promotion of the product. By ignoring these errors, the budget was affected and the lost capital was difficult to recuperate. For example, this business planned a budget of 9 000 Euros for producing the first line of products. The total cost was overloaded with 50% because of some unknown taxes (as VAT), standardization expenses, marketing research etc. This experience offers the chance to advise entrepreneurs to start with a double budget since the life is not always as we expect. Fortunately, this lost was recuperated in time. Since the receipts used the same substances in different proportions, the quickest idea became a new product in three weeks, and the longest period to apply the new discovery was nine months. After many tests, the receipt of one product is completed and then the standardization process is starting, taking enough time, even months. Meanwhile the label is designed

in different colors carefully studied to inoculate their use in the eyes of the consumers. The customers seem attired by certain designs already imposed by other competitors on the market: black for cleaning suede, brown for cleaning leather, purple for cleaning sneakers; green label seems suitable for day creams, dark purple for night creams. Lila is the most loved color by women that is why it was a good solution for eye cream.

Each sample and tasting costs about 200-500 Euro. The cheapest nanoproduct is sold at about 3 Euro and the most expensive is about 25 Euro.

To increase the visibility, the owner of Seri Nano Group S.R.L. considers that two things are working well in Romania: workshops and recommendations. The workshops are the places where people come alone to try the products, meanwhile recommendations are a follow-up of a good selling. For instance, after distributing the cleaning nanoproducts for glasses in an optical shop, three weeks later there was no sale. After three months, the manager of the shops declared that the product was not selling, but the owner of the analyzed company was not discouraged and asked permission to stay in each of the five stores from the Bucharest. In five weeks, he placed samples in the stores for customers to try the products themselves. He succeeded to recuperate the amount estimated for three months target. Thus, he understood that a direct sale is the best solution for nanoproducts, but the shops dedicated to natural ingredients are welcomed – where the customers have a certain culture and can be persuaded easily.

As a development target some dealers as business partners are welcomed, while the MLM schedule (multi-level-marketing) is rejected.

Besides the seller charisma, we found that the main arguments that convinced the customers are connected to economic approaches by reporting the costs from nanoproducts to traditional ones; another aspect took into consideration is underlining the differences of the quality between those two.

As a selling technique, the owner of the company follows the big companies' strategy, fist listening to the customer, then trying to find what does he or she want, and finally inviting him for testing (meanwhile his reaction is observed). He always offers a small present and samples of other products, trying to build a relationship by keeping the contact from time to time. The feedback is gathered from three directions:

- fairs (by dialogues and direct conversations)
- shops (by asking feedback at once)
- social media (following the online reactions, answering to all questions).

As the literature says, the nanoproducts are not easily sold anywhere in the World, but our example shows that in Romania it is more difficult to sell than everywhere. "The main explanation is the weak culture for nanotechnology", the manager and the

owner of the analyzed example says. But he continuous:" Instead of this, the bioproducts follow an upper trend, a quick development being more appreciated especially those without odor. In the last 10 years the allergies are considered most important, so Seri Nano Group created a BioGreen Line, based on natural ingredients, without odor, nontoxic and biodegradable, a bio-replication of the nanoproducts for cleaning house, furniture, leather, shoes or glasses. Fortunately, our customers understand better the cleaning issue, unfortunately they do not understand the sealing process. The culture for nanoproducts is weak, even there are some customers found of new technologies. The good news comes from sales reports: who buys nanoproducts for the first time, does it forever. The beauty of nanotechnology is the wide range of fields where they can be used, from where we take information and learn what we can do. So, the big secret is to know how this" nano" works. The main arguments are nontoxic, non-odor and natural. But this brings light at the individual level. Besides we must fight against the preconceived opinions – people do not read, do not study, but they believe what they hear".

Since we understood the selling problem of nanoproducts we wanted to know if time brought some changes on the customer's perception. Thus, some more questions were necessary to bring more findings:

What are the main obstacles in selling nanoproducts?

After many discussions with hundreds of clients, it seems that tolerance for the nano concept is the main obstacle. If the client seems open minded the next step is to expand the exposure and explain the characteristics of the products, what is doing and the differences with other products. The purpose of the discussion is to find what is he or she looking for and the reason for being there. If he or she is not interested in hearing something about" high-tech" concept, the discussion is already a failure and better ignore it because" it is a waste of time".

How clients react in front of nanotechnology?

Few of them know or heard something, but most of them do not have any idea about what" nano" means exactly. The most met reaction is:" Is it not dangerous?" In this case, the arguments must be persuasive, gathered from practice, eventually bringing the examples from other fields but in an understandable language. A few people are impressed in front of this attitude, most of them refuse to hear and the discussion is closed. Generally, it is a matter of age: the younger people want to try and find out more, old people reject the progress.

How the Romanian law is supporting the selling of nanoproducts?

The Romanian legislation affords the selling of raw materials used in the composition of the nanoproducts, thus, there are not yet legal limits. This means that in front of the customers the argument as" it is safe because is legal" should work, but people are not so confident in new products even if they are approved by authorities.

When nanotechnology will be a mass phenomenon, maybe the legal support will be more specific and people more open to the subject.

Is the" nano" concept helping the company to sell its products?

The company portfolio contains nanoproducts and bio products. People buy more bio than nano. Why is it happening? Because it is a fashion, a World campaign supporting bio products, organic products, biodegradable etc." The nano-revolution has not started yet. We are in the situation of middle '91 when people from America did not understand what Internet concept is and how it will go on" hopes the owner of Seri Nano Group adding the following:

"The nano concept of the company is in the backstage because the market is not ready yet. Our best nanoproduct is the cleaner for glasses, but it could be sold better if the sellers from our distribution are more involved. The other products for cleaning the house, shoes or leather are not going well, that it why the company developed a wide range of bio products to avoid bankruptcy. We never give up, at the contrary, we are confident and keep hope for the next 6-7 years when the market will be ready. In the meantime, we will sell everything else instead of nanoproducts. Also, we are seriously thinking to change the name of the company or to create a new site dedicated to our bioproducts and avoid mixing them with nanoproducts. The" nano" concept still remains our flagship, but possible we will operate some changes soon".

What are the best technics of selling nanoproducts?

"Proving is the best solution. The Romanian customer is not confident anymore and after some bad experiences it is difficult to persuade him. For instance, two years ago a competitor brought a spray for sealing the suede at a very low price. In two years when that product existed on the market, a lot of people tried it and after many claims it was rejected from the shops. A few customers are now available to try a new one, that is why workshops seem a good solution, where people can see with their eyes how the suede can become clean because of nanotechnology. It takes time, but the time will change people" concluded the owner of Seri Nano Goup.

CONCLUSIONS

Even if we presented an isolated example, this could be considered as a story of a Romanian entrepreneurial start in nanotechnology that teaches us some lessons as:

- The direct contact with customers is the most suitable way to promote new products and to work on building a new consumer culture; the synthesis of the sale techniques is included in Table 1.
- There are few obstacles besides the customer's mentality: the distributor's interest to accept nanoproducts in-house and to sell them properly;
- The possibility for developing this kind of business is limited by financial barriers and market conditions – more sale employees are necessary, but they cannot be paid because the sales are not going well; then, the business needs time for advertising to be known by clients;
- The selling process depends on the seller's availability to expose advantages for using a certain product, but it is difficult to be in many places at the same time; the effort must be concentrated on a sales team prepared to adopt an offensive strategy.
- Not only the product characteristics are essential, sometimes the costs are more important; the seller must emphasize the gains obtained in time, in comparison with other products;
- Building a relationship with customers is the key of success because they can bring other customers; the social media and the interaction have an important role in the image campaign
- Even if the legal conditions are not yet a barrier for entrance on the market, the client mentality and the substitutes are the main obstacles to conclude the nanoproducts value chain
- For the moment the analyzed company cannot survive without producing and selling bio-products that are more appreciated by customers;

a SWOT analyze can supply enough information for getting a complete image of the landscape (Table 2).

Meanwhile the nanotechnology remains the flagship insufficiently explored by Seri Nano Group S.R.L., trying to cross the existing laws and customer mentality obstacles.

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Table No. 1
The synthesis of sales techniques

Sale Techniques	Details
Creating Relationship	” Who buys once, buys forever”
Serving the customer	Observe what he/she wears / what he/she wants/ and bring suggestion or solution
Giving more than receive	A gift is always offered (a brush for cleaning the leather or the suede, a cover for shoes, a tissue for glasses etc.
Taking time and patience	Offering testers and samples, then asking for feedback/ patience for explaining every detail to clarify some misunderstandings
Building a schedule	Make every day/monthly/yearly plan
Making a research	Getting information about everything is new in the field or other fields, about competitors, searching for the demand on the market - connection to the reality
Interaction with clients and customers	Social media contact/ getting feedback for a certain situation
Chatting with customers	Keeping permanent contact with them
Never neglecting the customers	Initializing conversations, uploading small movies with products in use/ individual explanations
Updating the company profile	Intention to separate the nano line from bio-line in different sites

Table No. 2
A SWOT synthesis for Seri Nano Group S.R.L.

<p>Strengths</p> <ul style="list-style-type: none"> - Unique producer - Very good products quality - Competitive prices 	<p>Weaknesses</p> <ul style="list-style-type: none"> -weak sales force -narrow market -a poor nanoproducts portfolio
<p>Opportunities</p> <ul style="list-style-type: none"> -new partnerships - new products -new events to expose nanoproducts -more social media actions 	<p>Threats</p> <ul style="list-style-type: none"> -mentalities -traditional products (substitutes) -distributors