# Personal Selling and Sales Promotions

## Chapter 15

### Learning Objective 01
**The Evolution of Personal Selling**

**Personal Selling** – Interpersonal influence process involving a seller’s promotional presentation conducted on a person to person basis with the buyer.

A good salesperson should:
- Focus on a customer’s situation, needs, and create a solution
- Follow through and stay in touch before, during, and after the sale
- Know the industry, customers industry, own firm’s capability, and their competitor abilities
- Work hard to exceed customer expectations

### Learning Objective 02
**The Four Sales Channels**

- **Over the Counter Selling**
  - Personal selling conducted in retail and some wholesale locations in which customers come to the seller’s place of business
  - Most over the counter sales are direct to customers
  - Customers visit the seller’s location on their own initiative to purchase items

- **Field Selling**
  - Sales presentations made at prospective customer’s locations on a face to face basis
  - It is considered to be expensive largely because it involves travelling. In order to cut costs, some companies have cut travel costs with conference calls
  - In fairly routine selling situations (calling on established customers) a salesperson acts as an order taker. But in complex situations, it involves weeks of preparations
  - Some firms take a network marketing approach to field selling. Network marketing involves personal selling effort that relies on lists of family members and friends of the salesperson, who organizes a gathering of potential customers for a demonstration of products

- **Tele Marketing**
  - Promotional presentation involving the use of the telephone on an outbound basis by salespeople or on an inbound basis by customers who initiate calls to obtain information and place orders
  - **Outbound telemarketing** – sales method in which sales personnel place phone calls to prospects and try to conclude the sale over the phone. Technologies such as auto dialing, predictive dialers, random digit dialers increase the chances of telemarketers reach customers at home
  - **Inbound telemarketing** – sales method in which prospects call a seller to obtain information, make reservations and purchase goods and services. Some firms are taking dramatic steps to incorporate inbound telemarketing into their overall marketing strategy

- **Inside Selling**
  - Selling by phone, by mail and electronic commerce
  - They turn opportunities into actual sales, support technicians and purchases to current solutions
  - They provide customer service, solve customers’ problems

### Integrating the Various Sales Channels

- An organization should effectively blend the four channels to create a successful cost effective sales organization
- Traditional field force will be useful to solve complex customer needs. Current customers who need to be service could be handled by an inside salesman. Over the counter salesmen can serve existing customers by providing information and completing transactions. Telemarketers could be used to strengthen and re-establish relationships with customers
Learning Objective 03
Trends in Personal Selling

Relationship Selling
- Regular contacts between sales representatives and customers over an extended period to establish a sustained seller – buyer relationship
- To create strong, long lasting relationships with customers, salespeople must meet buyer's expectations
- Relationship selling is equally important in B2B sales

Consultative Selling
- Meeting customer needs by listening to customers, understanding their problems, paying attention to details, and following through after the sale
- Online companies have used consultative selling models to create long term customers
- Cross selling relates to offering unrelated goods and services to the same customer based on the knowledge of that customer's needs

Team Selling
- Selling situation in which several sales associates or other members of the organization are recruited to assist the lead sales representative in reaching all those who influence the purchase decision
- This offers many advantages
- Some entrepreneurs have built virtual sales teams – network of strategic partners, suppliers and others who recommend a firm's goods and services

Learning Objective 04
Sales Tasks

Order Processing
- Selling mostly at the wholesale and retail levels, that involves identifying customer needs, pointing them out to customers, and completing orders
- Includes several steps
  1. Identify customer needs
  2. Point out to the need to the customer
  3. Complete (write up) the order
- This is part of most selling positions
- Technology now streamlines order-processing tasks. Interactive store kiosks (touch screens catalogues) where customers can place orders

Creative Selling
- Personal selling that involves situations in which a considerable degree of analytical decision making on the buyer's part results in the need for skillful proposals of solutions for the customers' needs
- Creative selling develops new business by adding new customers or by introducing new goods or services
- New products or upgrades to more expensive items require creative selling
- It can create a buzz for a product

Missionary Selling
- Indirect type of selling in which specialized salespeople promote the firm's good will among indirect customers, often by assisting customers in product use
- Some missionary salespeople do offer sales incentives. It is a program that rewards salespeople for superior performance
- They may involve both field selling and telemarketing
- Many aspects of team selling could also be seen in missionary selling

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Learning Objective 05
The Sales Process

Follow Up – It is not enough to close the sale and move on. Relationship selling involves reinforcing the purchase decision and making sure the company delivers the highest quality merchandise. Follow up relates to post sale activities that often determine whether an individual who made a recent purchase will become a repeat customer. Sales experts could use a wide array of follow up techniques for this purpose.

Closing – The stage of the personal selling process in which the salesperson asks the customer to make a purchase decision. Methods of closing include:
- Addressing prospects, major concern about a purchase and then offering a convincing argument
- Posing choices in which either alternative represents a sale
- Advising the prospect that the product is to be discontinued/will go up in price soon
- Remaining silent so that the prospect can make a decision on his/her own
- Offering an extra inducement to motivate a favourable buyer response

Handing Buyer Concerns – Expressions of sales resistance by the prospects, at times called objections needs to be handled. Potential customers have legitimate questions and concerns that need to be addressed. This concern could be in relation product, price, source, time and need

Demonstration – Stage in the personal selling process in which the customer has the opportunity to try out or otherwise see how a good or service works before purchase. Interactive multimedia are useful to demonstrate the product in use

Presentation – Refers to the personal selling function of describing a product’s major features and relating them to a customer’s problems or needs. One form of presentation format is the Features-Benefits framework (where you refer to a good or a service in a way that is meaningful to the customer). The presentation should be well organized, clear and concise. In a cold calling situation (contacting a prospect without a prior appointment) the approach and presentation works together

Approach – Salesperson’s initial contact with a prospective customer. Information gathering is key before approaching a prospect. This is referred to as pre call planning. It is the use of information collected during the prospecting and qualifying stages of the sales process and during previous contacts with the prospect to tailor the approach and presentation to match the customer’s needs

Prospecting – Personal selling function of identifying potential customers. Leads for prospecting come from the internet, computerized databases, tradeshows, previous customers, etc. Sales people should create a brand story that defines their product. Focus on the customer is critical since they expect products will solve their problems

Qualifying – Determining a prospect’s needs, income and purchase authority as a potential customer. This is important since not all prospects are qualified to make purchasing decisions
Learning Objectives 06
Managing the Sales Effort

In managing an effective sales force, sales managers need to handle reacted sales management tasks. The following will highlight some of those tasks.

Recruitment and Selection
- Successful sales career should offer opportunity for advancement, potential for higher earnings, personal satisfaction, job security and independence and variety.
- Careful selection of sales people is important since the company invest a substantial amount of time and money and hiring mistakes can damage customer relationships.
- Candidates should be subjected to skills tests and reference checks before hiring.

Training
- Principle methods used in sales training are on the job training, individual instruction, in-house classes and external seminars.
- Popular training techniques include instructional videos, lecturers, role playing exercises and interactive computer programs.
- Simulation can help sales people improve their selling techniques.
- Some firms supplement their training by enrolling their sales people in executive sales programs.

Organization
- Typical sales structures are organized by geography, products, types of customers or some combination of these factors.
- Firms using a customer oriented structure adopts a national accounts organization.
- This is promotional effort in which a dedicated sales team is assigned to a firm’s major customer to provide sales and service needs.
- Sales managers also has the task of organizing sales territories.

Supervision
- Supervision of a sales force is determined on the span of control (number of representatives who report to first level sales managers).
- The optimum span of control is affected by the ability of the sales manager interdependence required by sales people and the extent of training received by sales persons.
- A 6 to 1 ratio has been suggested as the optimum span of control for technical and industrial sales people.

Motivation
- Sales managers can motivate sales people by:
  - Let sales people know what is expected sales goals, service standards etc.
  - Assigning tasks according to needs.
  - Make the work achievable.
  - Provide immediate and specific feedback.
  - Offer rewards that each sales person values.

Compensation
- Sales compensation can be based on a commission, straight salary or a combination of both.
- Commission – incentive, compensation directly related to sales or profit achieved by a sales person.
- Salary – fixed compensation made periodically to an employee.
- Compensation programs that combine both features of salary and commission has been found to work best.

Evaluation and Control
- Sales performance could be measured by sales volume, profitability, and changes in the market share.
- Typically the use of sales quotas (level of expected sales for a territory, customer, or sales person again which actual results are compared) are used to measure sales performance.
- Other measures include customer satisfaction, customer retention, share of product category sales etc.

Learning Objectives 07
Ethical Issues in Sales

- Personal selling can raise many ethical questions.
- Sales Institute Code of Ethics is a set of principles and standards that a certified sales professional will strive to adhere to with customers, organization, competitors and colleagues (see figure 15.4 on page 4.85).
- Sales managers should foster a culture that encourages ethical behaviour. Some characteristics of this culture include employees understand what is expected of them, open communication, managers leading by example.
**Learning Objectives 08**

**Sales Promotions**

Sales promotion refers to marketing activities other than personal selling, advertising and publicity that enhance consumer purchasing and dealer effectiveness.

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### Consumer Oriented Sales Promotions

Promotions directed towards final consumers to induce purchase. Following are some tools that are typically used for consumer promotions.

<table>
<thead>
<tr>
<th>Tools</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coupons</td>
<td>Sales promotion technique that offers a discount on the purchase price of goods or services</td>
</tr>
<tr>
<td>Refunds</td>
<td>Cash given back to consumers who send proof of purchase for one or more products</td>
</tr>
<tr>
<td>Sampling</td>
<td>Free distribution of a product in an attempt to obtain future sales</td>
</tr>
<tr>
<td>Bonus Pack</td>
<td>Specially packed item that gives the purchaser a larger quality at a regular price</td>
</tr>
<tr>
<td>Premium</td>
<td>Item given free or at a reduced cost with purchase of other products</td>
</tr>
<tr>
<td>Contest</td>
<td>Sales promotion technique that requires entrance to complete a task, such as solving a puzzle or answering questions on a quiz for a chance to win a prize</td>
</tr>
<tr>
<td>Sweepstakes</td>
<td>Sales promotion technique in which price winners are selected by chance</td>
</tr>
<tr>
<td>Specialty Advertising</td>
<td>Sales promotion technique that places the advertisers name, address and advertising message on useful articles that are then distributed to target consumers</td>
</tr>
</tbody>
</table>

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### Trade Promotions

Promotions directed towards the marketing channel to induce them to stock goods and eventually promote them to the final consumers. Following are some tools that are typically used for trade promotions.

<table>
<thead>
<tr>
<th>Tools</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Allowances</td>
<td>Financial incentives offered to wholesalers and retailers that purchase/promotes specific products. They include off invoice allowances, received free goods/amounts to cover the cost of special displays or extensive advertising. Some retailers require vendors to play a special slotting allowance which grants shelf space for newly introduced items in the stores</td>
</tr>
<tr>
<td>Point of Purchase Advertising</td>
<td>Display or other promotion located near the site of the actual buying decision. Encourages retailers to improve onsite merchandising</td>
</tr>
<tr>
<td>Trade Shows</td>
<td>Product exhibition organized by industrial trade associations to showcase goods and services. Attending exhibitions are relatively expensive. Therefore company’s must assess the value of these shows in terms of potential direct sales increased in product awareness and image building</td>
</tr>
<tr>
<td>Dealer Incentives, Contests and Training Programs</td>
<td>Incentives are used to promote specific products. These are typically called push money (cash reward paid to retail sales people for every unit of a product they sell). For highly complex products manufacturers often provide specialized training for retail sales personnel.</td>
</tr>
</tbody>
</table>