

# Personal Selling and Sales Promotion

## Sales Management



mid season madness  
today\* only:



**15%**  
off everything

\*offer is only valid on 21 october 2010. Other promotions and/or coupon codes will not work in conjunction with this offer.

A promotional graphic for a sale. It features two green, spotted, cartoonish characters flanking a large red '15%' discount sign. The text 'mid season madness today\* only:' is at the top, and 'off everything' is at the bottom. A small disclaimer is at the very bottom.

Dr. Sunmeet Banerjee

# Learning Objectives:

1. Discuss the role of a company's salespeople in creating value for customers and building customer relationships.
2. Identify and explain the six major force management steps.
3. Discuss the personal selling process, distinguishing between transaction-oriented marketing and relationship marketing.
4. Explain how sales promotion campaigns are developed and implemented.



# Outline:

1. Personal Selling
2. The Personal Selling Process
3. Sales Promotion



# The Nature of Personal Selling

Examples of people who do the selling include:

- Salesmen
  - Sales executives
  - District managers
  - Account executives
  - Sales engineers
  - Sales agents
  - Sales Managers
  - Branch Managers
  - Zonal Sales Managers
  - Vice President – Sales
  - Etc ....
-

## The Nature of Personal Selling

**Salespeople / Salesman** can include an order taker such as someone standing behind the counter or an order getter whose position demands more creative selling and relationship building.



# The Role of the Sales Force

Personal selling is the interpersonal part of the promotion mix and can include:

- Face-to-face communication
- Telephone communication
- Video or Web conferencing



## The Role of the Sales Force

- Salespeople can be more effective than advertising.
- They learn about customer problems and adjust the marketing offer and presentation accordingly to meet the special needs of each customer.



# The Role of the Sales Force

Salespeople are an effective link between the company and its customers to produce customer value and company profit by:

- Representing the company to customers.
- Representing customers to the company.





# Managing the Sales Force

**Sales force management** is the analysis, planning, implementation, and control of sales force activities and includes:

- Designing the sales force strategy and structure
- Recruiting
- Selecting
- Training
- Compensating
- Supervising
- Evaluating



# Managing the Sales Force

## *Sales Force Structure:*

- Territorial sales force structure
- Product sales force structure
- Customer sales force structure
- Complex sales force structure



# Sales Force Structure

**Territorial sales force structure** refers to a structure where each salesperson is assigned an exclusive geographic area and sells the company's full line of products and services to all customers in that territory:

- Defines salesperson's job.
- Fixes accountability.
- Lowers sales expenses.
- Improves relationship building and selling effectiveness.

# Sales Force Structure

**Product sales force structure** refers to a structure where each salesperson sells along product lines:

- Improves product knowledge.
- Can lead to territorial conflicts.

# Sales Force Structure

**Customer sales force structure** refers to a structure where each salesperson sells along customer or industry lines

- Improves customer relationships
- Focused
- Low penetration

# Sales Force Structure

**Complex sales force structure** refers to a structure where a wide variety of products is sold to many types of customers over a broad geographic area and combines several types of sales force structures.



# Sales Force Size

- ✓ Sales people are one of the company's most productive and expensive assets
- ✓ Increases in sales force size can increase sales and costs
- ✓ So how to manage HR in sales force?

# Sales Force Size

**Workload approach** to sales force size refers to:

- Grouping accounts into different classes according to **size, account, status** or other factors related to the **amount of effort** required to maintain them to determine the **number of salespeople** needed to call on each class of accounts the desired number of times.



# Other Sales Force Strategy and Structure Issues

- Outside and inside sales forces
- Team selling
- **Outside salespeople** call on customers in the field.
- **Inside salespeople** conduct business from their offices.

# Other Sales Force Strategy and Structure Issues

**Inside sales people** provide support for the outside sales people:

- Technical sales support people
- Sales assistants
- Sales agents
- Franchisees

# Other Sales Force Strategy and Structure Issues

**Team selling** is used to service large complex accounts and can include experts from:

- Sales
- Marketing
- Technical
- R&D
- Engineering
- Operations
- Finance



# Other Sales Force Strategy and Structure Issues

Some challenges of team selling:

- Customers used to working with one salesperson may become confused or overwhelmed.
- Salespeople used to working alone can have difficulties working with and trusting teams.
- Evaluating individual contributions can lead to compensation issues.

# Recruiting and Selecting Salespeople

Issues in recruiting and selecting include:

## Careful selection

- Increases sales performance

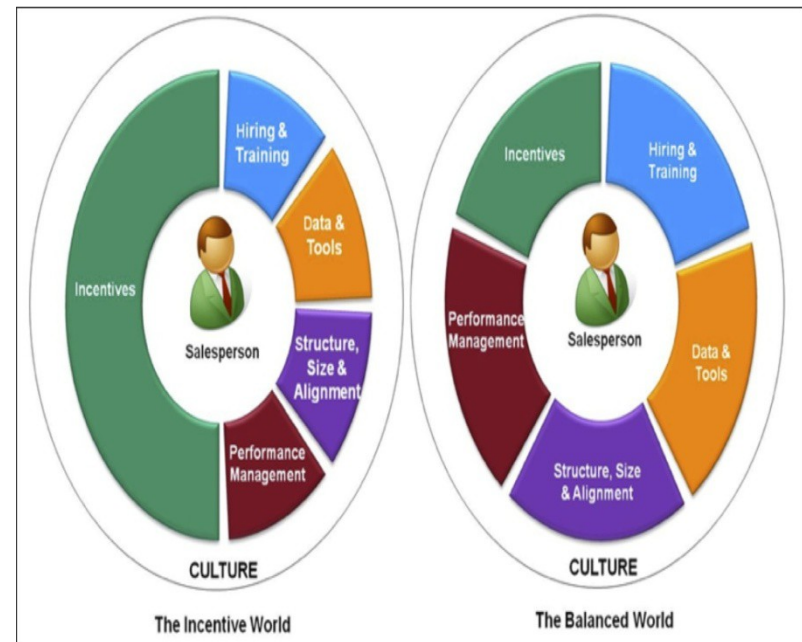
## Poor selection

- Increases recruiting and training costs
  - Lost sales
  - Disrupts customer relationships

# Compensating Salespeople

Compensation is made up of:

- Fixed amounts
- Variable amounts
- Expenses
- Fringe benefits



# Compensating Salespeople

**Fixed amounts**, usually a salary, gives the salesperson some stable income

**Variable amounts** can include commission or bonus based on sales performance; rewards the salesperson for greater effort and success.

*Salary seems to be the latin '**salarium**' ('sal' being **salt**) which is a word tied to the payments made to soldiers in the early Roman salt trade. In those days, salt was a prized and valuable commodity.*

# Compensating Sales people

- X Companies are moving from high commission plans that may drive salespeople to make short-term grabs for business and not develop long-term customer relationships.
- ✓ Companies are moving to compensation plans that reward salespeople for building customer relationships and growing long-term value with each customer.





# Supervising and Motivating Salespeople

- The goal of supervision is to help salespeople work smart by doing the right things in the right ways.
- The goal of motivation is to encourage salespeople to work hard and energetically toward sales force goals.



# Supervising and Motivating Salespeople

- ❖ **Sales force automation** systems are computerized. Digitalized sales force operations let salespeople work more effectively anywhere, anytime, providing improved:
  - Time management
  - Customer service
  - Lower sales costs
  - Higher sales performance

IntusionSOFT.



# Supervising and Motivating Salespeople

Sales morale and performance can be increased through:

- Organizational climate
- Sales quotas
- Positive incentives



# Supervising and Motivating Salespeople

**Organizational climate** describes the feeling that salespeople have about their opportunities, value, and rewards for good performance.

**Sales quotas** are standards stating the amount salespeople should sell and how sales should be divided among the company's products.

**Positive incentives** include:

Sales meetings that can provide social occasions to meet management and discuss opportunities and challenges.

Sales contests to motivate the sales force to make additional effort.

# Evaluating Salespeople and Sales Force Performance

- Sales reports
- Call reports
- Expense reports



# The Personal Selling Process

The goal of the personal selling process is to get new customers and obtain orders from them.



# The Personal Selling Process

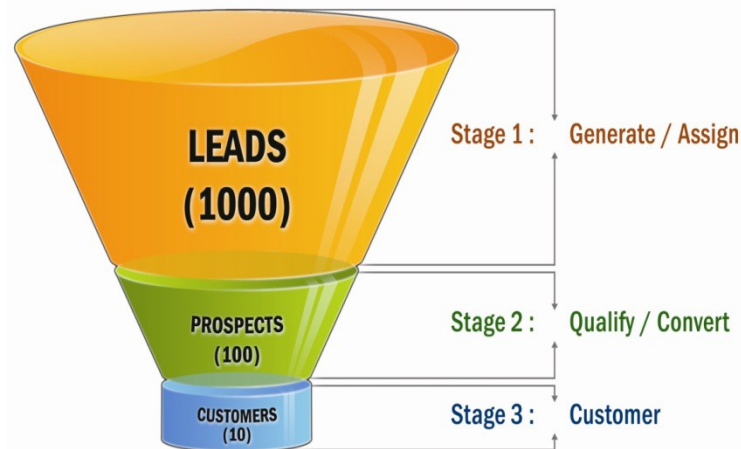
1. Prospecting and qualifying
2. Pre-approach
3. Approach
4. Presentation and demonstration
5. Handling objections
6. Closing
7. Follow-up



# Steps in the Personal Selling Process

**Prospecting** identifies qualified potential customers through referrals from:

- Customers
- Suppliers
- Dealers
- Internet





# Steps in the Personal Selling Process

**Qualifying** is identifying good customers and screening out poor ones by looking at:

- Financial ability
- Volume of business
- Needs
- Location
- Growth potential

# Steps in the Personal Selling Process

**Pre-approach** is the process of learning as much as possible about a prospect:

- including needs
- who is involved in the buying
- the characteristics and styles of the buyers

# Steps in the Personal Selling Process

In the pre-approach stage, the salesperson sets call objectives and the best approach

## Objectives

- Qualify the prospect
- Gather information
- Make an immediate sale

## Approaches

- Personal visit
- Phone call
- Letter

# Steps in the Personal Selling Process

**Approach** is the process where the salesperson meets and greets the buyer and gets the relationship off to a good start, and involves the salesperson's:

- Appearance
- Opening lines
- Follow-up remarks

**Opening lines** should be positive, build goodwill, and be followed by key questions to learn about the customer's needs or by showing a display or sample to attract the buyer's attention and curiosity

The most important attribute is for the salesperson to:

**LISTEN**



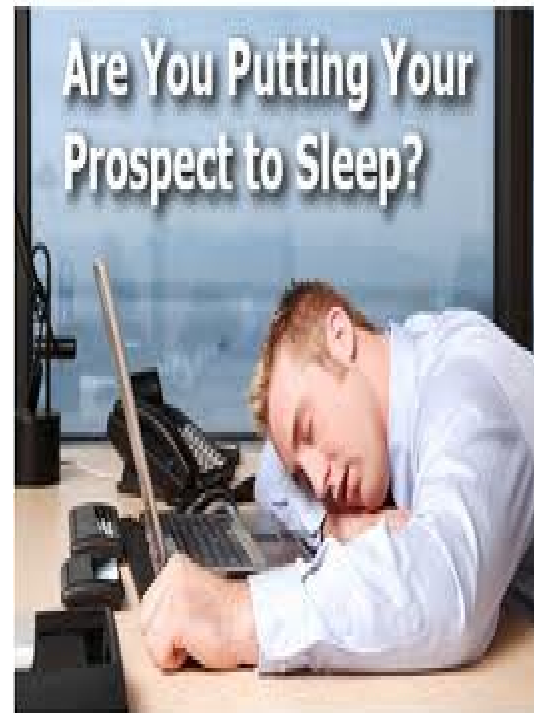
**Presentation** is when the salesperson tells the product story to the buyer, presenting customer benefits and showing how the product solves the customer's problems

**Need-satisfaction approach:** Buyers want solutions, and salespeople should listen and respond with the right products and services to solve customer problems



## Buyers dislike salespeople that are:

- Pushy
- Late
- Deceitful
- Disorganized
- Unprepared



## Buyers appreciate salespeople that are:

- Good listeners
- Empathetic
- Honest
- Dependable
- Thorough
- Follow-up types





# Steps in the Personal Selling Process

**Handling objections** is the process where salespeople resolve problems that are logical, psychological, or unspoken

When handling objections from buyers, salespeople should:

- Be positive
- Seek out hidden objections
- Ask the buyers to clarify any objections
- Take objections as opportunities to provide more information
- Turn objections into reasons for buying



# Steps in the Personal Selling Process

**Closing** is the process where sales people should recognize signals from the buyer, including physical actions, comments, and questions to close the sale.



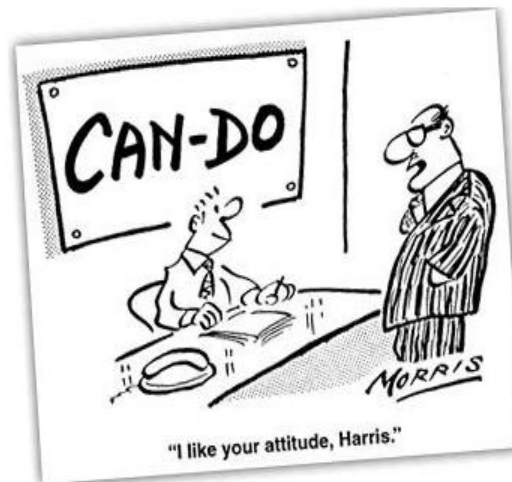
# Steps in the Personal Selling Process

Closing techniques can include:

- Asking for the order
- Reviewing points of agreement
- Offering to help write up the order
- Asking if the buyer wants this model or another one
- Making note that the buyer will lose out if the order is not placed now
- Offering incentives to buy, including lower price or additional quantity

# Personal Selling and Customer Relationship Management

Personal selling is a transaction-oriented approach to close a specific sale with a specific customer, with the long-term goal to develop a mutually profitable relationship



# Personal Selling and Customer Relationship Management

Attributes of a favorable supplier include the ability to:

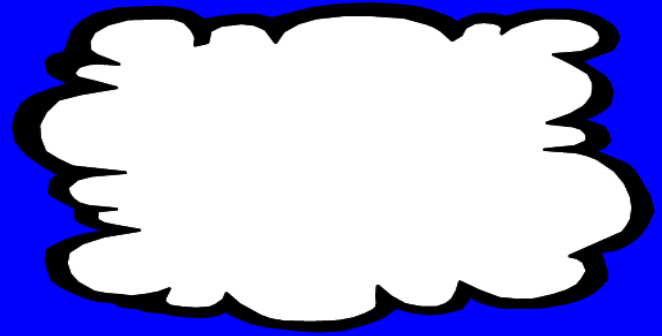
- Deliver a coordinated set of products and services to many locations
- Work with customer teams and improve products and processes
- Listen to customers and understand their needs

# Sales Promotion

**Sales promotion** is the short - term incentives to encourage purchases or sales of a product or service.



# Sales Promotion



**PERSONAL  
SELLING**

**ADVERTISING**

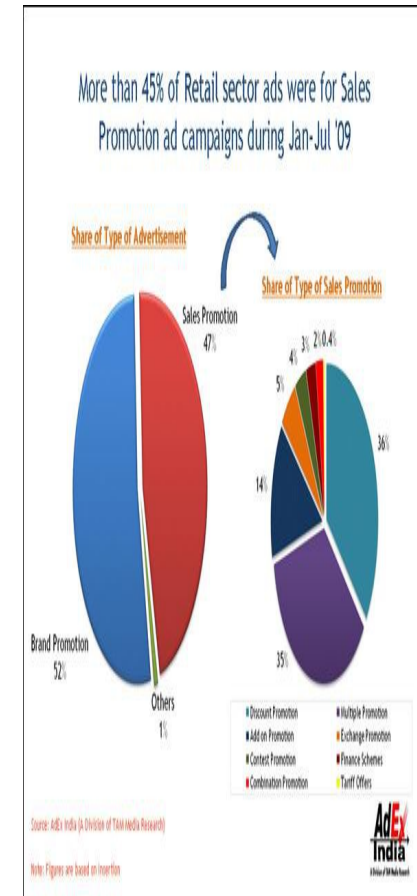
**PUBLICITY**

**SALES  
PROMOTION**

# Rapid Growth of Sales Promotion

## *Types of Sales Promotions*

- Consumer promotions
- Trade promotions
- Sales force promotions





# Sales Promotion

## *Factors in the Growth of Sales Promotions*

- Product managers are under pressure to increase current sales
- Companies face more competition
- Competing brands offer less differentiation
- Advertising efficiency has declined due to rising costs, clutter, and legal constraints
- Consumers have become more deal-oriented
- Large retailers are demanding more deals from suppliers

# Sales Promotion

## Developing a sales promotion program

- Set sales promotion objectives
- Select sales promotion tactics

**ON PACK PROMOTIONS /**  
**LINK SAVE / LOYALTY /**  
**SUBSCRIPTION OFFER /**  
**RETAIL TRADE /**  
**IN PAPER PROMOTION /**  
**SOCIAL MEDIA /**  
**SMS / SPONSORSHIP /**  
**SPORT CLUB PROMOTIONS /**  
**ADVERTISING /**

# **Sales Promotion**

## *Objectives*

Setting sales promotion objectives include using:

- Consumer promotions
- Trade promotions
- Sales force promotions

# **Sales Promotion**

## *Objectives*

**Consumer promotions objectives are to:**

- Urge short-term customer buying
- Enhance long-term customer relationships

# Sales Promotion

## *Objectives*

Trade promotions urge retailers to:

- Carry new items or more inventory
- Buy in advance
- Advertise company products
- Get more shelf space

# **Sales Promotion**

## *Objectives*

### **Sales force promotion objectives**

include getting:

- More sales force support for new or current products
- Salespeople to sign up new accounts

# **Sales Promotion**

## *Major Sales Promotion Tools*

- Consumer promotion tools
- Trade promotion tools
- Business promotion tools

# Sales Promotion

## *Major Sales Promotion Tools*

### *Consumer Promotion Tools*

- Samples
- Coupons
- Cash refunds
- Price packs
- Premiums
- Advertising specialties
- Patronage rewards
- Point of purchase displays
- Demonstrations
- Contests
- Games
- Etc



# Sales Promotion

## *Consumer Promotion Tools*

**Price packs** offer consumers savings off the regular price of a product.

**Premiums** are goods offered either free or at low cost to buy a product.

**Advertising specialties** are useful articles imprinted with the advertiser's name, logo, or message that are given as gifts to consumers.

# Sales Promotion



## *Consumer Promotion Tools:*

**Samples** offer a trial amount of a product.

**Coupons** are certificates that give buyers a saving when they purchase specified products.

**Cash refunds** are similar to coupons except that the price reduction occurs after the purchase

# Sales Promotion

## *Consumer Promotion Tools:*

**Patronage rewards** are cash or other awards offered for the regular use of a certain company's products or services.

**Point-of-purchase promotions** include displays and demonstrations that take place at the point of sales.

# Sales Promotion

## *Consumer Promotion Tools*

**Contests, sweepstakes, and games** give consumers the chance to win something, such as cash, trips, or goods, by luck or through extra effort.

- Contests require an entry by a consumer.
- Sweepstakes require consumers to submit their names for a drawing.
- Games present consumers with something that may or may not help them win a prize.

# **Sales Promotion**

## ***Trade Promotion Tools***

Trade promotion tools persuade resellers to:

- Carry a brand
- Give the brand more shelf space
- Promote the brand in advertising
- Push the brand to consumers

# **Sales Promotion**

## *Trade Promotion Tools*

Trade promotion tools include:

- Discount
- Allowance
- Free goods
- Specialty advertising

# **Sales Promotion**

## *Business Promotion Tools*

Business promotion tools are used to:

- Generate leads
- Stimulate purchases
- Reward customers
- Motivate salespeople
- Conventions and trade shows
- Sales contests

# **Sales Promotion**

## *Business Promotion Tools*

**Conventions and trade shows** are effective ways to reach many customers not reached with the regular sales force.

**Sales contests** are effective in motivating salespeople or dealers to increase performance over a given period.



# **Sales Promotion**

## *Developing the Sales Promotion Program*

- Size of the incentive
- Conditions for participation
- Promote and distribute the program
- Length of the program
- Evaluation of the program