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# Personal Selling



# Determining the Role of Personal Selling

- What information must be exchanged between firm and potential customer?
- What are the alternative ways to carry out these communications objectives?
- How effective is each alternative in carrying out the needed exchange?
- How cost effective is each alternative?

# When the Sales Force is a Major Part of IMC

- ***Product or Service***
  - Complex goods or services
  - Major purchase decisions
  - Personal demonstration required
- ***Price***
  - Final price negotiable
  - Price provides adequate margin
- ***Channels***
  - Channel short and direct
  - Training needed by intermediaries
  - Selling needed to push product through
  - Intermediaries can provide personal selling
- ***Advertising***
  - Media do not provide an effective link
  - Information can not be provided by media
  - Sparse market make ads uneconomical

# Stages of Personal Selling Evolution

- *Provider* Stage
  - Selling activity limited to order-taking
- *Persuader* Stage
  - Attempting to persuade customer to buy
- *Prospector* Stage
  - Seeking out buyers perceived to have a need
- *Problem-Solver* Stage
  - Buyers identify problems to be met by goods
- *Procreator* Stage
  - Seller determines buyer needs and fulfills them

## **The Business World in Transition**

- Individuals and corporations are gaining more knowledge and economic power
- Value is replacing efficiency
- Industry boundaries are changing



# New Roles for Salespeople

## ➤ ***Surveying***

- Educating themselves more about their customers' businesses and regularly assessing these businesses and their customers to achieve a position of knowledgeable authority

## ➤ ***Mapmaking***

- Outlining both an account strategy and a solutions strategy (for the customer), laying out a plan, discussing it with the customer, and revising it as changes require

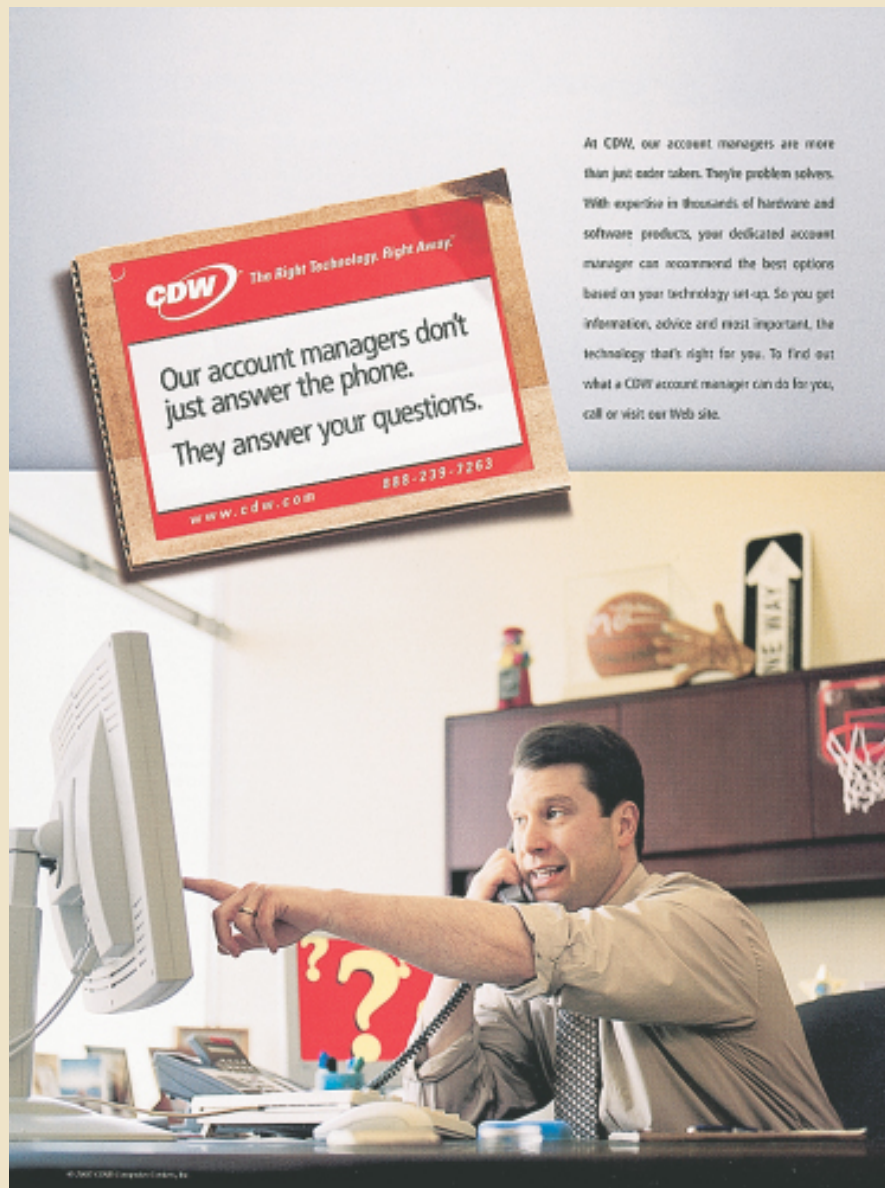
## ➤ ***Guiding***

- Bringing incremental value to the customer by identifying problems and opportunities, offering alternative options and solutions, and providing solutions with tangible value

## ➤ ***Fire starting***

- Engaging customers and driving them to commit to a solution

# Sales People Now Assume Many Roles



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# Relationship Marketing

***Relationship marketing*** is an organization's effort to develop a long-term, cost-effective link with individual customers for mutual benefit



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# Personal Sales Calls are Expensive

The cost of a personal sales call ranges from **\$276** in the food industry to **\$354** in electronics



# Personal Selling Responsibilities

- Locating prospective customers
- Determining customers' needs and wants
- Recommending a way to satisfy them
- Demonstrating capabilities of the product
- Closing the sale
- Following up and servicing the account

# Types of Sales Jobs

## ➤ ***Creative Selling***

- Requires the most skill and preparation
- Must assess situation, determine needs and make the presentation

## ➤ ***Order Taking***

- This role is much more casual
- Often involves straight rebuying

## ➤ ***Missionary Sales Rep***

- This is essentially a support role where the focus is on account service
- May not actually take the order



# 10 Traits of Effective Salespeople

1. Ego strength: a healthy self-esteem that allows one to bounce back from rejection.
2. A sense of urgency: wanting to get it done now.
3. Ego drive: a combination of competitiveness and self esteem.
4. Assertiveness: the ability to be firm, lead the sales process, and get one's point across confidently.
5. Willingness to take risk: willing to innovate and take a chance.
6. Sociable: outgoing, friendly, talkative, and interested in others.
7. Abstract reasoning: ability to understand concepts and ideas.
8. Skepticism: a slight lack of trust and suspicion of others.
9. Creativity: the ability to think differently.
10. Empathy: the ability to place oneself in someone else's shoes.


# Personal Selling Pros & Cons

## *Advantages*

- Two-way interaction with prospect
- Message can be tailored to recipient
- Prospect isn't likely to be distracted
- Seller involved in purchase decision
- Source of research information

## *Disadvantages*

- Messages may be inconsistent
- Possible management-sales force conflict
- Cost is often extremely high
- The reach may be very limited
- Potential ethical problems



# Personal Selling Should be Combined with Other IMC Program Elements

- **Advertising**—assists the salesperson in getting in the door; reduces the cost of selling; improves reach
- **Public Relations**—sales people can assist in the PR process
- **Direct Marketing**—sales costs are lowered when combined with direct mail, e-mail and/or telemarketing
- **Internet**—provides information to assist the salesperson and save them time; saves costs and time of information dissemination
- **Sales Promotions**—often used to motivate the salesperson; supports the sales effort with customers

# Advertising and Personal Selling Work Together



**“What’s our advertising doing for sales?”**

**Imagine your company’s reaction to this forbidden question.**

*It’s strange. Sometimes the larger a company gets, and the more it invests in business press advertising, the less accountability it demands from its ads. It’s a good bet that when a large company first started, it used advertising as a “sales breaker” . . . to sift through the market and identify new business. It used the “return on investment” principle . . . in creating ads, and in selecting media. It asked the kinds of questions that made a small company large. Like, “What are our ads doing for sales?”*

*But large companies often forget to ask tough questions. They often seem to be in the business of advertising, and not advertising for business. And they run “image” magazines—the no-justification-needed media buys. There’s nothing wrong with image. But advertising can go way beyond that. And a company that doesn’t look for more, is selling advertising short. And selling itself short.*

*When your company wants its advertising to get down to business, we suggest you look to Gordon Publications.*

*We publish product news tabloids. The not-for-profit coffee-table magazines. The magazines whose readers also ask a basic question—“What’s on the market that can solve our problems?”*

*Last year, we carried ads from over 3,000 different companies. From the giants. And would-be giants. Handcme ads. Plain ads. Inquiry-seeking ads. Image ads. Ads for low-cost products. Ads for costly equipment.*

*These advertisers asked the tough questions. And because they wanted accountability, they responded with our tabloids.*

*We came through. Not with just a blank page. But with measurable, advertising/marketing programs that were sales-oriented.*

*The forbidden questions. Isn’t it time you asked them? For some of the answers, write to Kenneth Nelson, our President.*

**Yes, product news tabloids are different . . . the difference is accountability.**

**GP GORDON PUBLICATIONS, INC.**  
THE UNIFYING FORCE BETWEEN BUYERS AND SUPPLIERS



# The Internet is Used to Conduct Online Sales Meetings



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# Criteria for Judging Personal Selling's Contribution

- Does sales provide good marketing intelligence?
- Are follow-up activities conducted well?
- Are promotional programs being implemented?
- Are communications objectives attained?

# Sales Force Evaluation Criteria

## Quantitative Criteria

### ➤ **Orders**

- Number of orders obtained
- Average order size (units or dollars)
- Batting average (orders + sales calls)
- Number of orders canceled by customers

### ➤ **Sales Volume**

- Dollar sales volume
- Unit sales volume
- By customer type
- By product category
- Translated into market share
- Percentage of sales quota achieved

# Sales Force Evaluation Criteria

## Quantitative Criteria

### ➤ **Margins**

- Gross margin
- Net profit
- By customer type
- By product category

### ➤ **Customer Accounts**

- Number of new accounts
- Number of lost accounts
- Percentage of accounts sold
- Number of overdue accounts
- Dollar amount of accounts receivable
- Collections made of accounts receivable

# Sales Force Evaluation Criteria

## Quantitative Criteria

### ➤ **Sales Calls**

- Number made on current customers
- Number made on potential new accounts
- Average time spent per call
- Number of sales presentations
- Selling time versus nonselling time
- Call frequency ratio per customer type

### ➤ **Selling Expenses**

- Average per sales call
- As percentage of sales volume
- As percentage of sales quota
- By customer type
- By product category
- Direct-selling expense ratios
- Indirect-selling expense ratios

## Quantitative Criteria

### ➤ **Customer Service**

- Number of service calls
- Displays set up
- Delivery cost per unit sold
- Months of inventory held, by customer type
- Number of customer complaints
- Percentage of goods returned

# Sales Force Evaluation Criteria

## Qualitative Criteria

### ➤ **Selling Skills**

- Knowing the company and its policies
- Knowing competitors' products and sales strategies
- Use of marketing and technical backup teams
- Understanding of selling techniques
- Customer feedback (positive and negative)
- Product knowledge
- Customer knowledge
- Execution of selling techniques
- Quality of sales presentations
- Communication skills

# Sales Force Evaluation Criteria

## Qualitative Criteria

### ➤ **Sales-Related Activities**

- Territory management: sales call preparation, scheduling, routing, and time utilization
- Marketing intelligence: new product ideas, competitive activities, new customer preferences
- Follow-ups: use of promotional brochures and correspondence with current and potential accounts
- Customer relations
- Report preparation and timely submission



# Sales Force Evaluation Criteria

## Qualitative Criteria

### ➤ **Personal Characteristics**

- Cooperation
- Human relations
- Enthusiasm motivation
- Judgment
- Care of company property
- Appearance
- Self-improvement efforts
- Patience
- Punctuality
- Initiative
- Resourcefulness
- Health
- Sales management potential
- Ethical and moral behavior