

Chapter

16

Personal Selling and Sales Promotion

Course: Mkt 202

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PERSONAL SELLING

Personal presentations by the firm's sales force for the purpose of making sales and building customer relationships.



▶ **Salesperson** An individual representing a company to customers by performing one or more of the following activities: prospecting, communicating, selling, servicing, information gathering, and relationship building.

▶ **The Role of the Sales Force**

- ▶ Linking the Company with Its Customers
- ▶ Coordinating Marketing and Sales

Managing Sales Force

▶ Sales force management

Analyzing, planning, implementing, and controlling sales force activities.

FIGURE | 16.1

Major Steps in Sales Force Management

The goal of this process? You guessed it! The company wants to build a skilled and motivated sales team that will help to create customer value and build strong customer relationships.



Step 1: Sales Force Structure

- ▶ **Territorial sales force structure** A sales force organization that assigns each salesperson to an **exclusive geographic territory** in which that salesperson sells the company's full line.
- ▶ **Product sales force structure** A sales force organization in which salespeople **specialize in selling only a portion of the company's products or lines**.

Sales Force Structure

- ▶ **Customer (or market) sales force structure** A sales force organization in which salespeople **specialize in selling only to certain customers or industries.**

Leading medical-equipment supplier Hill-Rom recently adopted a customer-based sales force structure, which helped it focus more intensely on the needs of large key customers. In the two years following the sales force redesign, sales growth doubled.



Sales Force Structure

▶ **Complex Sales Force Structures:**

When a company sells a wide variety of products to many types of customers over a broad geographic area, it often combines several types of sales force structures. Salespeople can be specialized by customer and territory; product and territory; product and customer; or territory, product, and customer

Other Sales Force Strategy and Structure Issues

- ▶ **Outside sales force (or field sales Force)** Salespeople who travel to call on customers in the **field**.
- ▶ **Inside sales force** Salespeople who conduct business from their **offices** via telephone, the Internet, or visits from prospective buyers.
- ▶ **Team selling** Using **teams of people** from sales, marketing, engineering, finance, technical support, and even upper management to service large, complex accounts

Step 2: Recruiting and Selecting Salespeople

- ▶ When recruiting, a company should **analyze the sales job** itself and the **characteristics of its most successful salespeople** to identify the traits needed by a successful salesperson in their industry
- ▶ Motivations of salespeople:
 - ▶ Drive to excel (self motivated)
 - ▶ Money
 - ▶ Desire for recognition
 - ▶ Satisfaction of competing and winning
 - ▶ Desire to provide service
 - ▶ Desire to build relationship

Step 3: Training Salespeople

- ▶ the training program must teach them about different types of **customers** and their needs, buying motives, and buying habits.
- ▶ It must also teach them **how to sell effectively** and train them in the basics of the selling process.
- ▶ Salespeople also need to **know** and identify with the company, its products, and its competitors.

Step 4: Compensating Salespeople

- ▶ Company must have an appealing compensation plan
- ▶ Mix of the following **compensation elements** makes most sense for sales job:
 - ▶ Straight salary
 - ▶ Straight commission
 - ▶ Salary plus bonus
 - ▶ Salary plus commission

Step 5: Supervising and Motivating Salespeople

▶ Supervising Salespeople

- ▶ weekly, monthly, or annual **call plan** that shows which customers and prospects to call on and which activities to carry out
- ▶ **Time-and-duty analysis:** In addition to time spent selling, the salesperson spends time traveling, waiting, taking breaks, and doing administrative chores
- ▶ **Sales force automation systems:** computerized, digitized sales force operations that let salespeople work more effectively anytime, anywhere

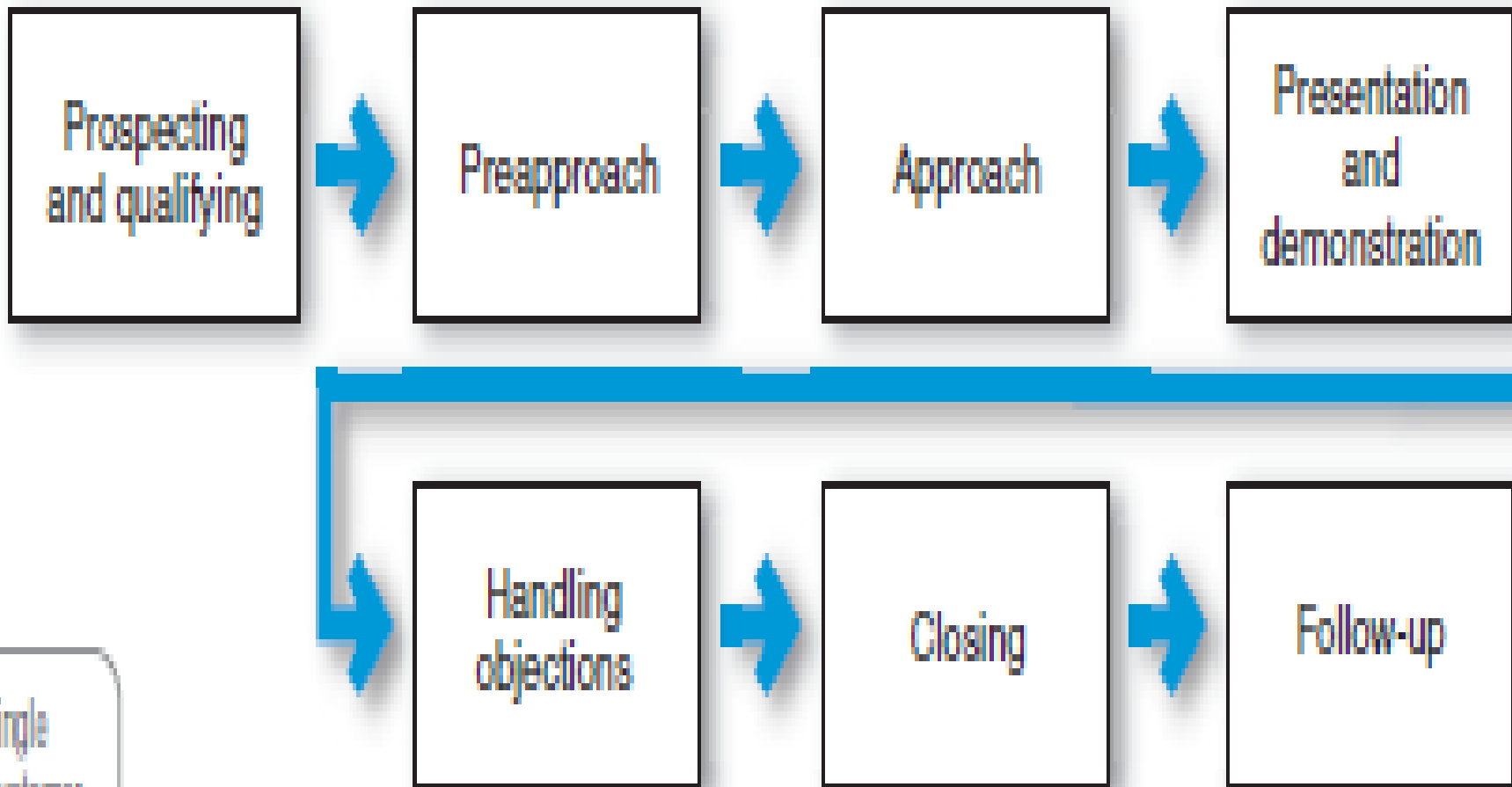
Supervising and Motivating Salespeople

- ▶ **Motivating Salespeople:** Management can boost sales force morale and performance through its organizational climate, sales quotas, and positive incentives.
 - ▶ **Organizational climate** describes the feeling that salespeople have about their opportunities, value, and rewards for a good performance.
 - ▶ Some companies treat their salespeople as valued contributors and allow virtually **unlimited opportunity for income and promotion**.
 - ▶ **Sales quota** A standard that states the amount a salesperson should sell and how sales should be divided among the company's products.

Step 6: Evaluating Salespeople and Sales Force Performance

- ▶ Management gets information about its salespeople in several ways.
 - ▶ The most important source is **sales reports**, including weekly or monthly work plans and longer-term territory marketing plans.
 - ▶ Salespeople also write up their completed activities on **call reports** and turn in expense reports for which they are partly or wholly reimbursed.
 - ▶ The company can also monitor the **sales and profit performance data** in the salesperson's territory.
 - ▶ Additional information comes from **personal observation, customer surveys, and talks with other salespeople.**

The Personal Selling Process



run, a single
-term customer

The Personal Selling Process

- ▶ **Prospecting** A salesperson or company identifies qualified potential customers.
- ▶ **Preapproach** A salesperson learns as much as possible about a prospective customer before making a sales call.
- ▶ **Approach** A salesperson meets the customer for the first time.

The Personal Selling Process

- ▶ **Presentation** A salesperson tells the “value story” to the buyer, showing how the company’s offer solves the customer’s problems.
- ▶ **Handling objections** A salesperson seeks out, clarifies, and overcomes any customer objections to buying.
- ▶ **Closing** A salesperson asks the customer for an order.
- ▶ **Follow-up** A salesperson follows up after the sale to ensure customer satisfaction and repeat business.

SALES PROMOTION

Short-term incentives to encourage the purchase or sale of a product or a service.

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Major Sales Promotion Tools

- 1. Consumer promotions:** Sales promotion tools used to boost short-term customer buying and involvement or enhance long-term customer relationships.
 - ▶ **Cash refunds (or rebates)** are like coupons except that the price reduction occurs after the purchase rather than at the retail outlet.
 - ▶ **Price packs** (also called cents-off deals) offer consumers savings off the regular price of a product.
 - ▶ **Premiums** are goods offered either free or at low cost as an incentive to buy a product

1. Consumer promotions:

- ▶ **Advertising specialties**, also called **promotional products**, are useful articles imprinted with an advertiser's name, logo, or message that are given as gifts to consumers
- ▶ **Point-of-purchase (POP)** promotions include displays and demonstrations that take place at the point of sale
- ▶ **Contests, sweepstakes, and games** give consumers the chance to win something, such as cash, trips, or goods, by luck or through extra effort
- ▶ **Event marketing (or event sponsorships)**
Creating a brand-marketing event or serving as a sole or participating sponsor of events created by others.

Major Sales Promotion Tools

2. Trade promotions: Sales promotion tools used to persuade resellers to carry a brand, give it shelf space, promote it in advertising, and push it to consumers.

- ▶ Many of the tools used for consumer **promotions—contests, premiums, displays**—can also be used as trade promotions.
- ▶ the manufacturer may offer a straight **discount** off the list price on each case purchased during a stated period of time (also called a price-off, off-invoice, or off-list).

Major Sales Promotion Tools

2. Trade promotions:

- ▶ Manufacturers also may offer **an allowance** (usually so much off per case) in return for the retailer's agreement to feature the manufacturer's products in some way.
- ▶ An **advertising allowance** compensates retailers for advertising the product.
- ▶ A **display allowance** compensates them for using special displays.

Major Sales Promotion Tools

3. Business Promotion: Sales promotion tools used to generate business leads, stimulate purchases, reward customers, and motivate salespeople.

- ▶ **Convention and Trade show**

- ▶ **Sales contest:** A sales contest is a contest for salespeople or dealers to motivate them to increase their sales performance over a given period