

CHAPTER

17

PERSONAL SELLING AND SALES MANAGEMENT

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AFTER READING THIS CHAPTER YOU SHOULD BE ABLE TO:

- **Recognize different types of personal selling.**
- **Describe the stages in the personal selling process.**
- **Specify the functions and tasks in the sales management process.**

AFTER READING THIS CHAPTER YOU SHOULD BE ABLE TO:

- **Understand how firms recruit, select, train, motivate, compensate, and evaluate salespeople.**
- **Describe recent applications of sales force automation and customer relationship management.**

SCOPE AND SIGNIFICANCE OF PERSONAL SELLING AND SALES MANAGEMENT

- **Nature of Personal Selling and Sales Management**
 - **Personal Selling**
 - **Sales Management**
- **Selling Happens Almost Everywhere**

Personal Selling

Personal selling involves the two-way flow of communication between a buyer and seller, often in a face-to-face encounter, designed to influence a person's or group's purchase decision.



Sales Management

Sales management involves planning the selling program and implementing and controlling the personal selling effort of the firm.



SCOPE AND SIGNIFICANCE OF PERSONAL SELLING AND SALES MANAGEMENT

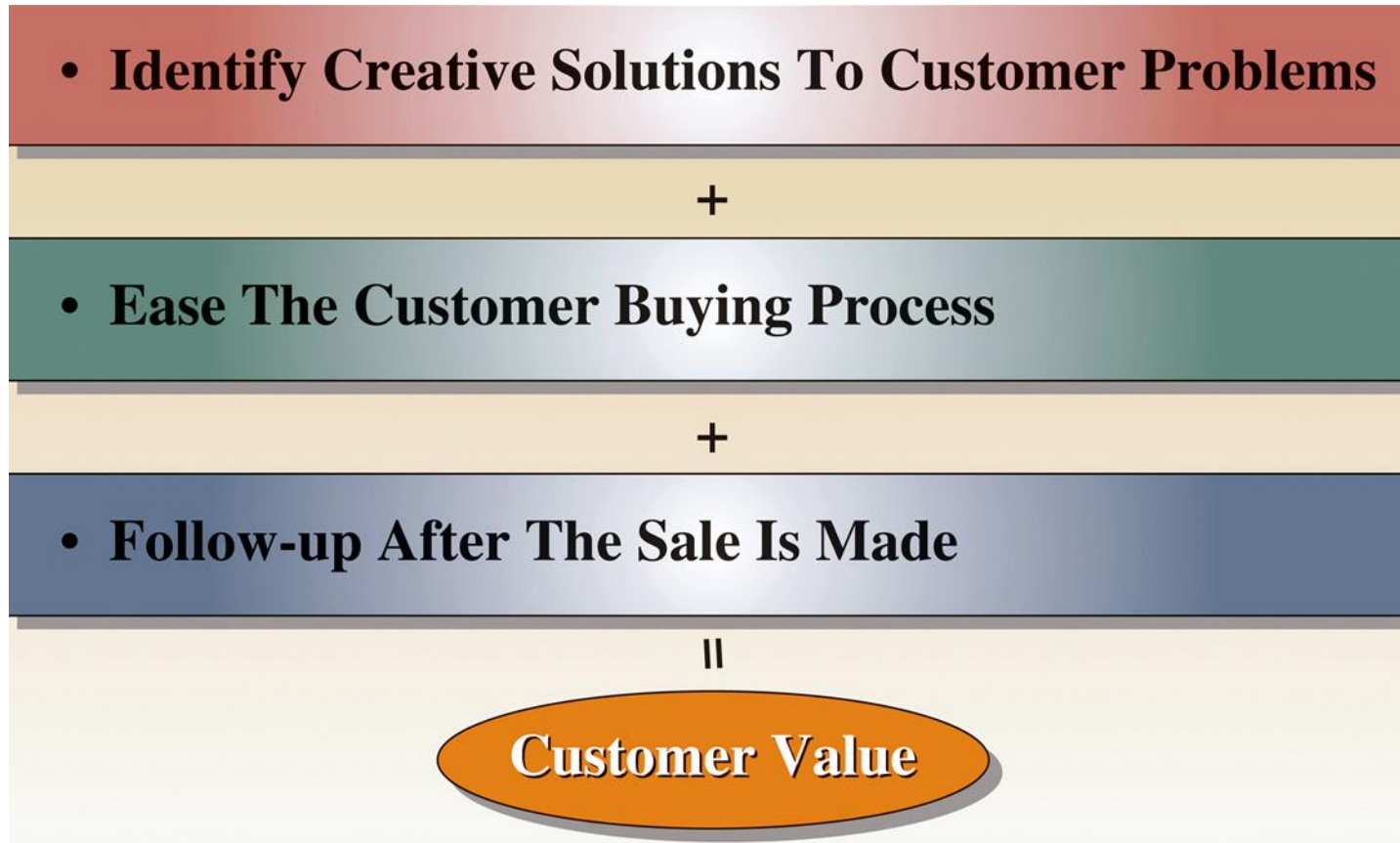
- **Personal Selling in Marketing**
- **Creating Customer Value Through Salespeople: Relationship Selling**
 - **Relationship Selling**

Relationship Selling

Relationship selling is the practice of building ties to customers based on a salesperson's attention and commitment to customer needs over time.



How salespeople create value for customers



Concept Check

1. What is personal selling?

A: Personal selling involves the two-way flow of communication between a buyer and seller, often in a face-to-face encounter, designed to influence a person's or group's purchase decision.

Concept Check

2. What is involved in sales management?

A: Sales management involves planning the selling program and implementing and controlling the personal selling effort of the firm.

THE MANY FORMS OF PERSONAL SELLING

- **Order Taker**
 - **Outside Order Takers**
 - **Inside Order Takers, Order Clerks, or Salesclerks**
 - **Inbound Telemarketing**
- **Order Getter**
 - **Outbound Telemarketing**

Order Taker

An **order taker** processes routine orders or reorders for products that were already sold by the company.



Order Getter

An **order getter** sells in a conventional sense and identifies prospective customers, provides customers with information, persuades customers to buy, closes sales, and follows up on customers' use of a product or service.



Comparing order takers and order getters

Basis of Comparison	Order Takers	Order Getters
Objective	Handle routine product reorders	Identify new customers and uncover customer needs
Purchase situation	Focus on straight rebuy or simple purchase situations	Focus on new buy and modified rebuy purchase situations
Activity	Perform order processing functions	Act as creative problem solvers
Training	Require significant clerical training	Require significant sales, product, and customer training

Concept Check

1. What is the main difference between an order taker and an order getter?

A: An order taker processes routine orders or reorders for products that were already sold by the company. An order getter sells in a conventional sense and identifies prospective customers, provides customers with information, persuades customers to buy, closes sales, and follows up on their use of a product or service.

Concept Check

2. What percentage of an order-getting salesperson's time is spent selling?

A: About 54% (25% selling over the phone and 29% selling face-to-face).

THE PERSONAL SELLING PROCESS: BUILDING RELATIONSHIPS

- **Presentation**
 - **Stimulus-Response Format**
 - **Stimulus-Response Presentation**
 - **Suggestive Selling**
 - **Formula Selling Format**
 - **Formula Selling Presentation**
 - **Canned Selling Presentation**

THE PERSONAL SELLING PROCESS: BUILDING RELATIONSHIPS

- **Presentation**
 - **Need-Satisfaction Format**
 - **Need-Satisfaction Presentation**
 - **Adaptive Selling**
 - **Consultative Selling**

Adaptive Selling

Adaptive selling involves adjusting the presentation to fit the selling situation, such as knowing when to offer solutions and when to ask for more information.



Consultative Selling

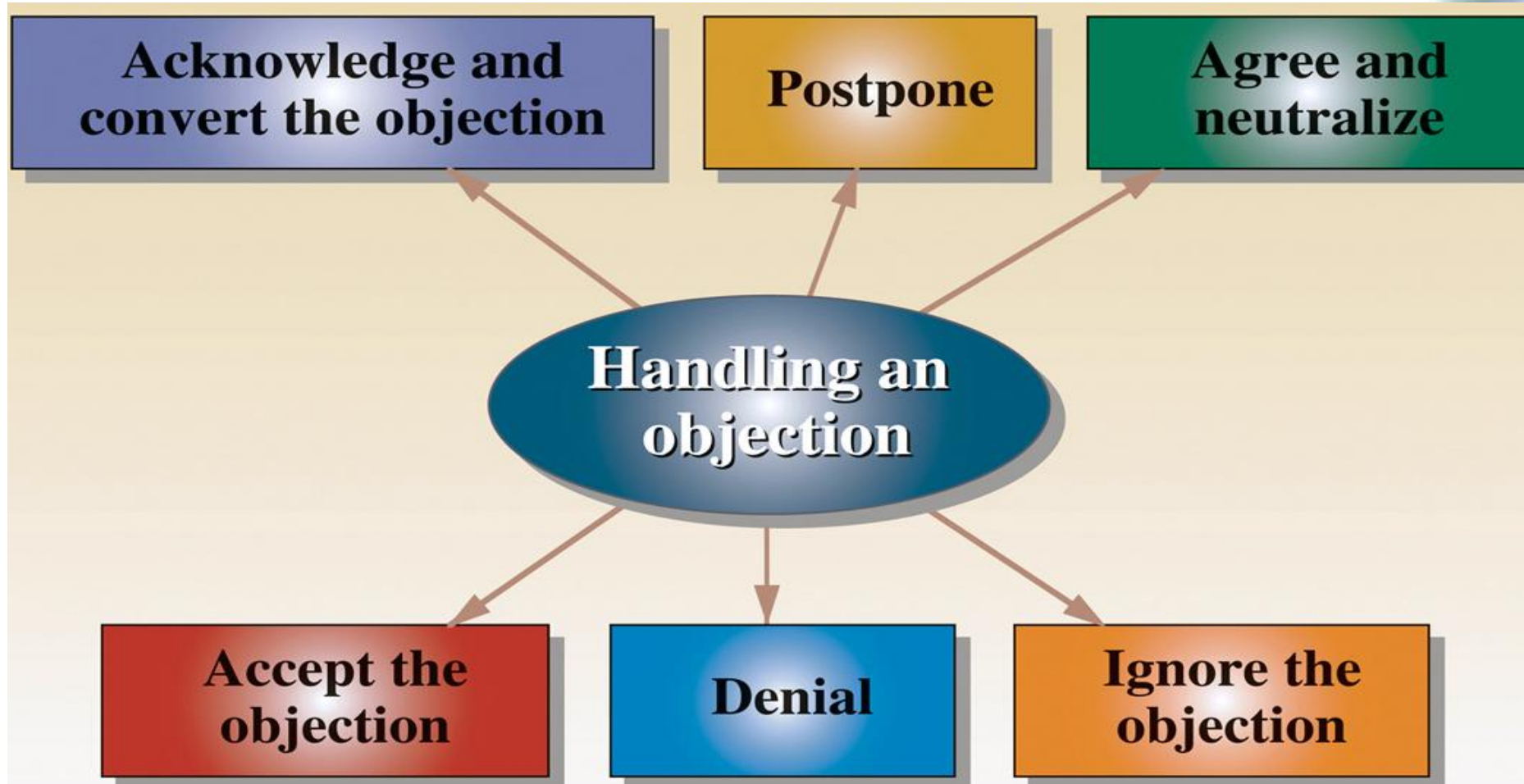
Consultative selling focuses on problem identification, where the salesperson serves as an expert on problem recognition and resolution.



THE PERSONAL SELLING PROCESS: BUILDING RELATIONSHIPS

- **Presentation**
 - **Handling Objections**
 - **Acknowledge and Convert the Objection**
 - **Postpone**
 - **Agree and Neutralize**
 - **Accept the Objection**
 - **Denial**
 - **Ignore the Objection**

Techniques for handling objections



THE PERSONAL SELLING PROCESS: BUILDING RELATIONSHIPS

- **Presentation**
 - **Close**
 - **Trial Close**
 - **Assumptive Close**
 - **Urgency Close**
 - **Final Close**

Concept Check

1. What are the six stages in the personal selling process?

A: They are: (1) prospecting, (2) preapproach, (3) approach, (4) presentation, (5) close, and (6) follow-up.

Concept Check

2. Which presentation format is most consistent with the marketing concept? Why?

A: The need-satisfaction format is most consistent with the marketing concept because it emphasizes problem solving.

THE SALES MANAGEMENT PROCESS

- **Sales Plan Formulation**
 - **Sales Plan**
 - **Setting Objectives**
 - **Organizing the Sales Force**
 - **Major (or Key) Account Management**
 - **Developing Account Management Policies**
 - **Account Management Policies**

Sales Plan

The **sales plan** is a statement describing what is to be achieved and where and how the selling effort of salespeople is to be directed.



Major Account Management

Major account management is the practice of using team selling to focus on important customers so as to build mutually beneficial, long-term, cooperative relationships.



The sales management process



THE PERSONAL SELLING PROCESS: BUILDING RELATIONSHIPS

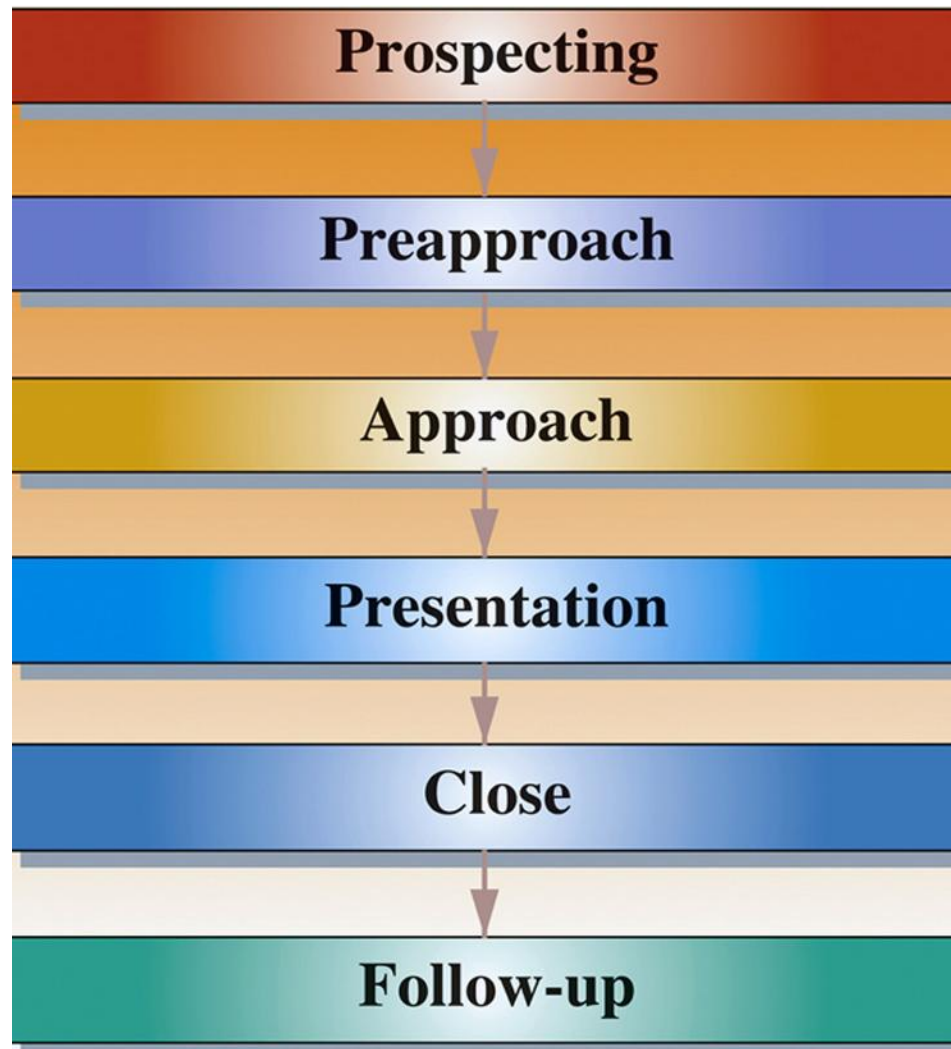
- **Personal Selling Process**
- **Prospecting**
 - **Lead**
 - **Qualified Prospect**
 - **Prospect**
 - **Cold Canvassing**
- **Preapproach**
- **Approach**

Personal Selling Process

The **personal selling process** consists of six stages: (1) prospecting, (2) preapproach, (3) approach, (4) presentation, (5) close, and (6) follow-up.



Stages in the personal selling process



Stages and objectives of the personal selling process

STAGE	OBJECTIVE	COMMENTS
1. Prospecting	Search for and qualify prospects	Start of the selling process; prospects produced through advertising, referrals, and cold canvassing
2. Preapproach	Gather information and decide how to approach the prospect	Information sources include personal observation, other customers, and own salespeople
3. Approach	Gain prospect's attention, stimulate interest, and make transition to the presentation	First impression is critical; gain attention and interest through reference to common acquaintances, a referral, or product demonstration
4. Presentation	Begin converting a prospect into a customer by creating a desire for the product or service	Different presentation formats are possible; however, involving the customer in the product or service through attention to particular needs is critical; important to deal professionally and ethically with prospect skepticism, indifference, or objections
5. Close	Obtain a purchase commitment from the prospect and create a customer	Salesperson asks for the purchase; different approaches include the trial close and assumptive close
6. Follow-up	Ensure that the customer is satisfied with the product or service	Resolve any problems faced by the customer to ensure customer satisfaction and future sales possibilities

Account management policy grid

Competitive position of sales organization		
	High	Low
High	<p>1</p> <p><i>Attractiveness:</i> Accounts offer a good opportunity because they have high potential and the sales organization has a strong position.</p> <p><i>Account management policy:</i> Accounts should receive high level of sales calls and service to retain and possibly build accounts.</p>	<p>3</p> <p><i>Attractiveness:</i> Accounts may offer a good opportunity if the sales organization can overcome its weak position.</p> <p><i>Account management policy:</i> Emphasize a heavy sales organization position or shift resources to other accounts if a stronger sales organization position is impossible.</p>
Low	<p>2</p> <p><i>Attractiveness:</i> Accounts are somewhat attractive because the sales organization has a strong position, but future opportunity is limited.</p> <p><i>Account management policy:</i> Accounts should receive moderate level of sales and service to maintain current position of sales organization.</p>	<p>4</p> <p><i>Attractiveness:</i> Accounts offer little opportunity, and the sales organization position is weak.</p> <p><i>Account management policy:</i> Consider replacing personal calls with telephone sales or direct mail to service accounts. Consider dropping account.</p>

THE SALES MANAGEMENT PROCESS

- **Sales Plan Implementation**
 - **Sales Force Recruitment and Selection**
 - **Job Analysis**
 - **Job Description**
 - **Sales Force Training**

THE SALES MANAGEMENT PROCESS

- **Sales Plan Implementation**
 - **Sales Force Motivation and Compensation**
 - **Straight Salary Compensation Plan**
 - **Straight Commission Compensation Plan**
 - **Combination Compensation Plan**

THE SALES MANAGEMENT PROCESS

- **Sales Force Evaluation**
 - **Quantitative Assessments**
 - **Quotas**
 - **Behavioral Evaluation**

THE SALES MANAGEMENT PROCESS

- **Sales Force Automation and Customer Relationship Management**
 - **Sales Force Automation**
 - **Sales Force Computerization**
 - **Sales Force Communication**

Concept Check

1. What are the three types of selling objectives?

A: They are: (1) output-related (dollars or unit sales, number of new customers, profit); (2) input-related (number of sales calls, selling expenses); and (3) behavioral-related (level of product knowledge, customer service, selling and communication skills).

Concept Check

2. What three factors are used to structure sales organizations?

A: They are: (1) geography, (2) customer, and (3) product or service.

Account Management Policies

Account management policies specify whom salespeople should contact, what kinds of selling and customer service activities should be engaged in, and how these activities should be carried out.



Sales Force Automation

Sales force automation (SFA) is the use of computer, information, communication, and Internet/Web technologies to make the sales function more effective and efficient.

