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Personal Selling

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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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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

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