MKTG
Principles Of Marketing
Twelfth Edition

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LAMB • HAIR • McDANIEL
PRINCIPLES OF MARKETING

Chapter 17
Personal Selling and
Sales Management

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Learning Outcomes

17-1 Understand the sales environment

17-2 Describe personal selling

17-3 Discuss the key differences between relationship selling and transactional selling

17-4 List and explain the steps in the selling process

17-5 Understand the functions and roles of sales management

17-6 Describe the use of customer relationship management in the selling process

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Learning Objective 1: The Sales Environment

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Sales Environment

- Sales people can be consumer-focused or business-focused
- Sales environment changes constantly as new competitors enter the market and old competitors leave
- Rapid increase in new sales technologies are changing the ways in which customers:
  – Interact with salespeople
  – Learn about products and suppliers

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New sales technologies

- In order for companies to successfully sell products or services, they must be effective at:
  - Personal selling
  - Sales management
  - Customer relationship management (CRM)
  - Technology

Learning Objective 2: Personal Selling

Advantages of Personal Selling

- Provides detailed explanation or demonstration of the product.
- Sales message can be varied according to motivations and interests of each prospective customer.
- Directed only to qualified prospects.
- Costs can be controlled by adjusting the size of the sales force in one-person increments.
- More effective in obtaining a sale and gaining a satisfied customer in comparison to other forms of promotion.

Limitations of Personal Selling

- Cost per contact is much greater than for mass forms of communication.
- If the sales force is not properly trained, the message provided can be inconsistent and inaccurate. Continual sales force management and training are necessary.
- Salespeople can convince customers to make unnecessary purchases.

Exhibit 17.1 Comparison Of Personal Selling And Advertising Or Sales Promotion

Personal selling is more important if . . .	Advertising and sales promotion are more important if . . .
The product has a high value.	The product has a low value.
It is a custom-made product.	It is a standardized product.
There are few customers.	There are many customers.
The product is technically complex.	The product is easy to understand.
Customers are concentrated.	Customers are geographically dispersed.
Examples: Insurance policies, custom windows, airplane engines	**Examples:** Soap, magazine subscriptions, cotton T-shirts

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Learning Objective 3: Relationship Selling

Relationship Selling (Consultative Selling)

- Involves building, maintaining, and enhancing interactions with customers
  - Purpose—To develop long-term satisfaction through mutually beneficial partnerships
- Relationship selling, or consultative selling, is a multistage process that emphasizes personalization and win–win outcomes.
- **Relationship selling** is to build long-term relationships with key accounts by developing trust over time.
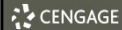

Learning Objective 4: Steps in the Selling Process

Selling Process (Sales Cycle)

- Set of steps a salesperson goes through in a particular organization to sell a particular product or service
- Can be unique for each product or service
- Depends on:
  - Features of the product or service
  - Characteristics of customer segments
  - Internal processes in place within the firm

Steps in Personal Selling Process

- Generating leads
- Qualifying leads
- Approaching the customer and probing needs
- Developing and proposing solutions
- Handling objections
- Closing the sale
- Following up

Generating Leads (Prospecting)

- Identification of firms and people that are most likely to buy the seller's offerings
- Sales leads in many different ways
  - Advertising
  - Trade shows and conventions
  - Social media
  - Webinars
  - Direct mail and telemarketing programs

Methods of Lead Generation

- **Cold calling**
  - Salesperson approaches potential buyers without any prior knowledge of the prospects' needs or financial status
- **Referral**
  - Recommendation from a customer or business associate
- **Networking**
  - Using friends, business contacts, co-workers, acquaintances, and fellow members in professional and civic organizations to identify potential clients

Qualifying Leads

- Determining a sales prospect's:
  - Recognized need: Preliminary questioning can often provide the salesperson with enough information to determine whether there is a need.
  - Buying power: Buying power involves both authority to make the purchase decision and access to funds to pay for it.
  - Receptivity and accessibility: The prospect must be willing to see the salesperson and be accessible to the salesperson.

Approaching the Customer and Probing Needs (1 of 3)

- **Preapproach tasks**
  - Visiting website, social media sites, and standard reference sources
  - Determining if the client should be approached by a personal visit, a phone call, or a letter
- The salesperson's ultimate goal during the approach is to conduct a **needs assessment.**
- Should be knowledgeable about the product or service, customers and their needs, competition, and industry

Approaching the Customer and Probing Needs (2 of 3)

- **The product or service:** Product knowledge is the cornerstone for conducting a successful needs analysis.
- **Customers and their needs:** The professional salesperson brings each client business-building ideas and solutions to problems.
- **The competition:** The salesperson must know as much about the competitor's company and products as he or she knows about his or her own company.
- **The industry**: Knowing the industry requires active research by the salesperson.

Approaching the Customer and Probing Needs (3 of 3)

- Creating a customer profile during the approach helps salespeople optimize their time and resources.
- Approach is concluded by summarizing the prospect's need, problem, and interest.
  - Salesperson should get a commitment from the customer to some kind of action.

Developing and Proposing Solutions

- The salesperson then develops a solution, or possibly several solutions.
- A sales proposal is a written document or professional presentation that outlines how the company's product will meet or exceed the client's needs.
- The sales presentation is the formal meeting in which the salesperson has the opportunity to present the sales proposal.

Handling Objections

- Rarely does a prospect say "I'll buy it" right after a presentation.
- The potential buyer may insist that the price is too high or that the good or service will not satisfy the present need.
- A good salesperson considers objections a legitimate part of the purchase decision.

Closing the Sale

- Customers usually exhibit signs if they are ready to purchase a product or service.
- Negotiation plays a key role in closing the sale. It is the process during which both the salesperson and the prospect offer special concessions.
- Effective negotiators avoid:
  - Using price as their negotiation tool
    - Show increased value in their products or services
  - Giving unilateral concessions

Following Up

- One of the most important aspects of the job is follow-up.
- Final step of the selling process, in which the salesperson ensures:
  - Delivery schedules are met
  - Goods or services perform as promised
  - Buyers' employees are properly trained to use the products

The Impact of Technology on Personal Selling

- Technology can help to improve that relationship.
- Cell phones, laptops, text messaging, and electronic organizers allow salespeople to be more accessible.
- E-business buying, selling, marketing, collaborating with partners, and servicing customers electronically using the Internet.
- For customers, the web has become a powerful tool, providing accurate and up-to-date information on products, pricing, and order status.

Learning Objective 5: Sales Management

Responsibilities of a Sales Manager(1 of 2)

- **Defining sales goals and the sales process**: A quota is a statement of the salesperson's sales goals, usually based on sales volume alone.
- **Determining the sales force structure:** HP salespeople might also be assigned to specific industries or markets.
- **Recruiting and training the sales force:** GE uses its website to provide prospective salespeople with explanations of different career entry paths.

Responsibilities of a Sales Manager(2 of 2)

- **Compensating and motivating the sales force:** Mary Kay Cosmetics offers a unique type of incentive, whereby salespeople can earn the use of different types of vehicles.
- **Evaluating the sales force:** The final task of sales managers is evaluating the effectiveness and performance of the sales force.

Traits Managers Look for in Applicants

- Ego strength
- Sense of urgency and competitiveness
- Assertiveness
- Sociable
- Risk takers
- Capability to understand complex concepts
- Creativity
- Empathy

Learning Objective 6: Customer Relationship Management and the Sales Process

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Customer Relationship Management Process

- The text, CRM is the ultimate goal of a new trend in marketing
  - Identifying customer relationships
  - Understanding interactions of the customer base
  - Capturing customer data
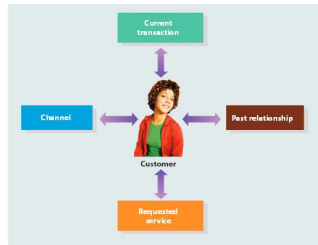 - Leveraging customer information

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Identifying Customer Relationships

- Companies with CRM systems follow a **customer-centric** model
  - Rely on **knowledge management**
  - Terms of **interaction** are defined by the customer and not the organization

Exhibit 17.4 Customer-centric Approach For Managing Customer Interaction

Understand Interactions of the Current Customer Base

- Data provided by customers affect a wide variety of touch points
- *WEB-BASED INTERACTIONS:* Web-based interactions are an increasingly popular touch point for customers to communicate with companies.
- *SOCIAL CRM:* As social media have become more popular, many companies have begun to use these media for "social CRM."
- *POINT-OF-SALE INTERACTIONS:* Another touch point is through point-of-sale interactions in stores or at information kiosks.

Capturing Customer Data

- In a CRM system, the issue is not how much data can be obtained, but rather what types of data should be acquired.
- Interactions between the company and the customer facilitate the collection of large amounts of data.
- The large volume of data resulting from a CRM initiative can be managed effectively only through technology.

Leverage Customer Information

- *CAMPAIGN MANAGEMENT*: Involves monitoring and leveraging customer interactions to sell a company's products.
- *RETAINING LOYAL CUTOMERS:* If a company has identified its best customers.
- *CROSS-SELLING OTHER PRODUCTSAND SERVICES:* The financial services industry uses cross-selling better than most other industries do.
- *DESIGNING TARGETED MARKETING COMMUNICATIONS:* Customers can also be segmented into infrequent users, moderate users, and heavy users.

Exhibit 17.5 Common Crm Marketing Database Applications

Key Terms (1 of 2)

- Relationship selling (consultative selling)
- Sales process (sales cycle)
- Lead generation (prospecting)
- Cold calling
- Referral
- Networking
- Lead qualification
- Preapproach
- Needs assessment

Key Terms (2 of 2)

- Sales proposal
- Sales presentation
- Negotiation
- Follow-up
- Quota
- Customer-centric
- Knowledge management
- Interaction
- Touch points
- Point-of-sale interactions
- Campaign management