

Personal Selling and Sales Management

MKTG 8

Chapter 17

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Learning Outcomes

- LO¹ Describe personal selling
- LO² Discuss the key differences between relationship selling and traditional selling
- LO³ Describe customer relationship management
- LO⁴ List the steps in the selling process
- LO⁵ Describe the functions of sales management

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Personal Selling

Describe Personal Selling

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Advantages of Personal Selling

- ◆ Personal selling provides detailed explanation or demonstration of the product.
- ◆ Message can be varied according to motivations of each customer.
- ◆ Personal selling can be directed only to qualified prospects.
- ◆ Costs can be controlled by adjusting the size of the sales force in one-person increments.
- ◆ Personal selling is considerably more effective than other forms of promotion in obtaining a sale and gaining a satisfied customer.

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Exhibit 17.1

Comparison of Personal Selling and Advertising/Sales Promotion

Personal selling is 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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Relationship Selling

Discuss the key differences between relationship selling and traditional selling

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Relationship Selling

Relationship selling, or consultative selling, is a sales practice that involves building, maintaining, and enhancing interactions with customers in order to develop long-term satisfaction through mutually beneficial partnerships.

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Exhibit 17.2

Key Differences between Traditional Selling and Relationship Selling

Traditional Personal Selling	Relationship or Consultative Selling
Sell products (goods and services)	Sell advice, assistance, and counsel
Focus on closing sales	Focus on improving the customer's bottom line
Limited sales planning	Consider sales planning as top priority
Spend most contact time telling customers about product	Spend most contact time attempting to build a problem-solving environment with the customer
Conduct "product-specific" needs assessments	Conduct discovery in the full scope of the customer's operations
"Lone wolf" approach to the account	Team approach to the account
Proposals and presentations based on pricing and product features	Proposals and presentations based on profit impact and strategic benefits to the customer
Sales follow-up is short term, focused on product delivery	Sales follow-up is long term, focused on long-term relationship enhancement

SOURCE: Robert M. Peterson, Patrick Schu, and George H. Lucas, Jr., "Consultative Selling: Walking the Walk in the New Selling Environment," National Conference on Sales Management Proceedings, March 1996.

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Customer Relationship Management and Personal Selling

Describe customer relationship management

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Customer Relationship Management

- Identify customer relationships
- Understand interactions of the customer base
- Capture customer data
- Leverage customer information

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Identify Customer Relationships

Companies that have CRM systems:

- Follow a customer-centric focus or model
- Use knowledge management systems
- Organize information gathered through the “learning” process
- Learn via interactions

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Interactions of the Current Customer Base

CRM is built on interactions between customers and organizations.

- Touch points occur at a wide variety of locations.
 - Web-based interactions are an increasingly popular.
 - One popular touch point is the point-of-sale touch point.

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Capturing Customer Data

Rather than focusing on the amount of data that can be obtained, companies should focus on the type of data to be acquired and how it can be used to enhance relationships.

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Leveraging Customer Information

Campaign management

Retaining loyal customers

Cross-selling other products and services

Designing targeted marketing communications

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Steps in the Selling Process

List the steps in the selling process

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Steps in the Selling Process

Generate Leads

Qualify Leads

Probe Customer Needs

Develop Solutions

Handle Objections

Close the Sale

Follow Up

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Generating Leads



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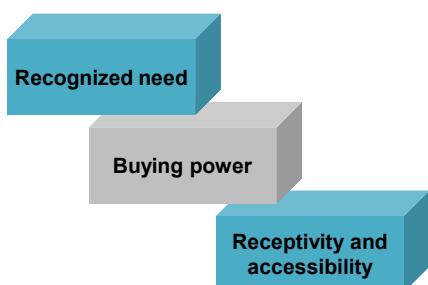
Cold Calling

A form of lead generation in which the salesperson approaches potential buyers without any prior knowledge of the prospects' needs or financial status.

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Qualifying Leads



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Approaching the Customer and Probing Needs

A needs assessment is a determination of the customer's specific needs and wants and the range of options a customer has for satisfying them.

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The Consultative Salesperson

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Developing and Proposing Solutions

The Sales Proposal is...

A formal written document or professional presentation that outlines how the salesperson's product or service will meet or exceed the prospect's needs.

The Sales Presentation is...

A formal meeting in which the salesperson presents a sales proposal to a prospective buyer.

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Handling Objections

- ◆ View objections as requests for information.
- ◆ Anticipate specific objections.
- ◆ Investigate the objection with the customer.
- ◆ Be aware of competitors' products.
- ◆ Stay calm.
- ◆ Use the objection to close the sale.

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Closing the Sale

- Look for customer signals**
- Keep an open mind**
- Negotiate**
- Tailor to each market**

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Following Up

In the final step of the selling process—the follow up—the salesperson must ensure:

- ✓ Delivery schedules are met
- ✓ Goods or services perform as promise
- ✓ Buyers' employees are properly trained to use the products

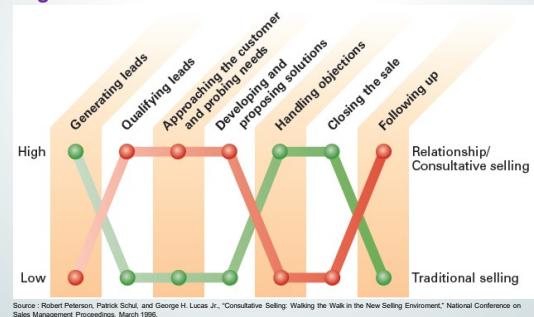
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Exhibit 17.5

Relative Amount of Time Spent in the Key Steps of the Selling Process



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Sales Management

Describe the functions of sales management

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Sales Management

Sales managers must:

- Define sales goals and the sales process
- Determine the sales force structure
- Recruit and train the sales force
- Compensate and motivate the sales force
- Evaluate the sales force

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Sales Goals and the Sales Process

- Sales goals provide salespeople with targets and measurements.
 - Usually goals are developed in terms of desired dollar values, market share, or profit level.
 - Goals are stated as quotas, or statements of a salesperson's goals.

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Sales Force Structure

Sales department organization:

- Regional
- Product Line
- Marketing Function Performed
- Market or Industry
- Client or Account
 - Allows for more specific and better customer service

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The Sales Force



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Compensating the Sales Force

- Compensation planning is one of the sales manager's toughest jobs. Only good planning will ensure that compensation attracts, motivates, and retains good salespeople.
- Although the compensation plan motivates a salesperson to sell, sometimes it is not enough to produce the volume of sales or the profit margin required by sales management.

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Evaluating the Sales Force

- Performance evaluations allow managers to review the strengths and weaknesses of the sales force.
- This information can then tell a manager what sales skills might need to be reassessed or retrained.

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The Impact of Technology on Personal Selling

Cell Phones

Laptops

Pagers

E-Mail

Electronic Organizers

Internet

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Chapter 17 Video

New Balance Hubway

New Balance Hubway is a bike-sharing system located in Boston Massachusetts designed to augment existing transportation systems in the greater Boston area. In this clip, Hubway discusses how they generate buzz and get funding to build their bike share network.

[CLICK TO PLAY VIDEO](#)

Beyond
the
Book

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