

## CHAPTER 16: PERSONAL SELLING

### Chapter Objective

To explain the purpose of the personal selling function, how it works, and how it fits into the overall MC efforts of a brand

### Chapter Key Points

**Chapter Outline**

- How does personal selling work and what are its objectives?
- What is the personal selling process?
- How is personal selling managed and how does it relate to an IMC program?

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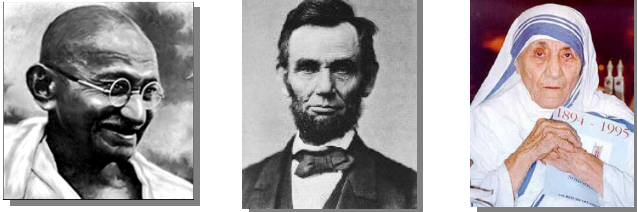
This chapter addresses three key issues:

1. How does personal selling work and what are its objectives?
  - The chapter explains the importance of personal selling and identifies the key objectives it seeks to accomplish in building brand relationships.
2. What is the personal selling process
  - The chapter identifies and discusses each of the four key steps in the process.
3. How is personal selling managed how does it relate to an IMC program?
  - The chapter discusses some of the managerial issues related to the creation and maintenance of a successful personal selling effort explains how personal selling can be effectively integrated into the organization's overall MC program.

## Chapter Perspective

Chapter Perspective

**Mahatma Gandhi, Abraham Lincoln, and Mother Theresa were all sales people**



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When you look back through history, you see many significant changes brought about by individuals such as social activists Mahatma Gandhi, Susan B. Anthony, and Martin Luther King; spiritual leaders such as Mother Theresa; politicians such as Abraham Lincoln, Franklin Roosevelt, and Winston Churchill. All of these individuals were great communicators who knew how to motivate others and change behavior. In the highest sense, they were doing “personal selling.”

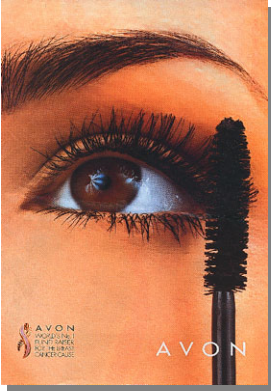
Some historians would say calling these historical figures “sales people” is an insult because they “sold” ideas rather than goods and services. But selling an idea—getting volunteers, votes and donations—is still a form of high-powered personal sales. It is personal because the success of the sales effort depends upon personal one-to-one contact, and such efforts are almost always enhanced by an individual’s integrity, credibility, and passion.

Unfortunately, over the years the personal selling of goods and services has been associated with manipulation and high pressure tactics. Although there are still some who use these practices, today’s professional sales person is one who realizes that partnering with customers and prospects, in a way that creates a win-win situation, is the most effective personal selling strategy.

Although the historical figures mentioned above didn’t “sell” for financial gain (as most sales people do), their passion for what they believed in, their ability to understand their audiences, and their ability to communicate and persuade were what made them so successful. These characteristics hold true for those selling goods and services, as well as causes.

## Opening Case: Avon

**Opening Case: Avon**



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**Opening Case: Avon**

**Challenge:** → Recruit a new generation of Avon salespeople

**Answer:** → An IMC program featuring:

- The introduction of a new youth brand, mark
- Joint sales training program with University of Phoenix
- New magazine/catalog: *meet mark*

**Results:** →

- To early to tell, but the target audience, young women 16-24, is a huge potential market, spending approximately \$24 billion on beauty-related products

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Discussion Starters:


- 1) This case should be interesting to many in the class, so a good discussion starter would be to poll the class to see how many are aware of Mark.
- 2) An interesting follow-up would be to ask how many were aware that Mark is a division of Avon.
- 3) To determine the effectiveness of the Mark segmentation strategy, ask how many in the class have purchased an Avon product in the past 6 months. Then ask how many would consider purchasing a Mark product.

## Lecture Outline

- I. Personal Selling: The Primary Two-Way Marketing Communication Function
  - A. Personal selling

How Does Personal Selling Work?

**Personal selling:** Person-to-person interactive communication used to ultimately persuade a current/prospective customer to buy something

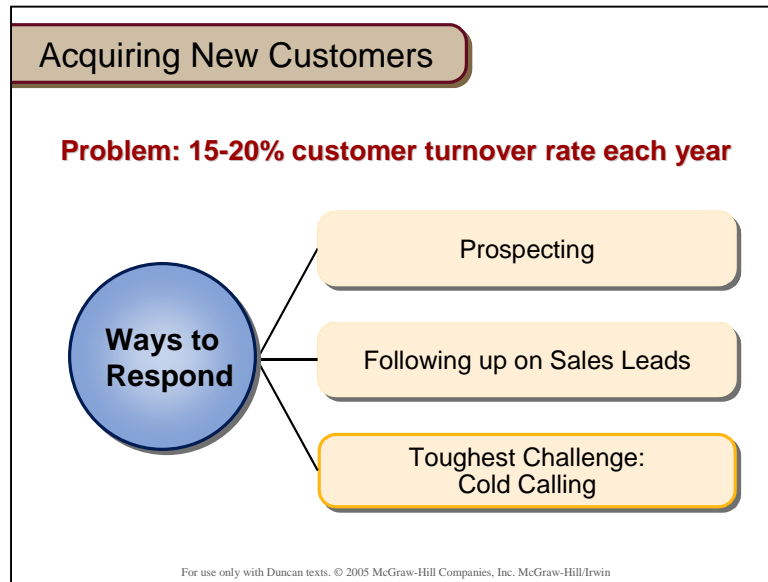


The Oldest Marketing Communication Function

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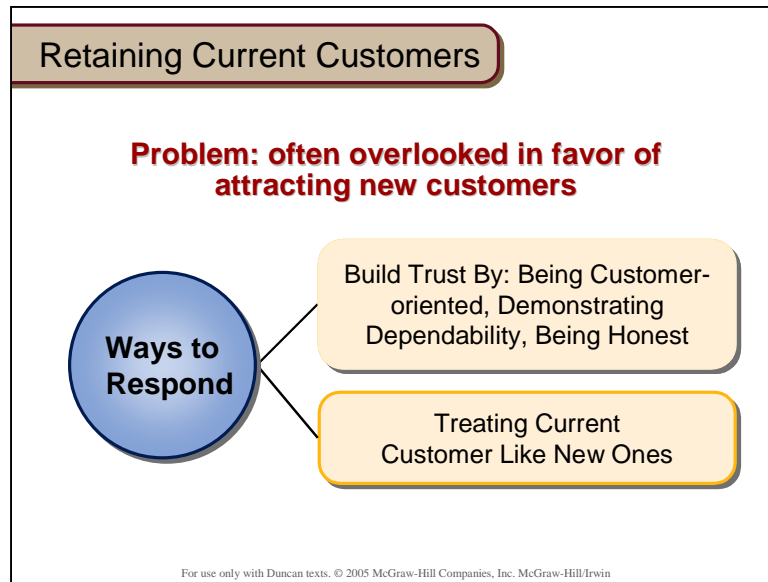
- i. *Person-to-person interactive communication used to ultimately persuade a current/prospective customer to buy something*
  1. the oldest marketing communication function

## B. Acquiring new customers



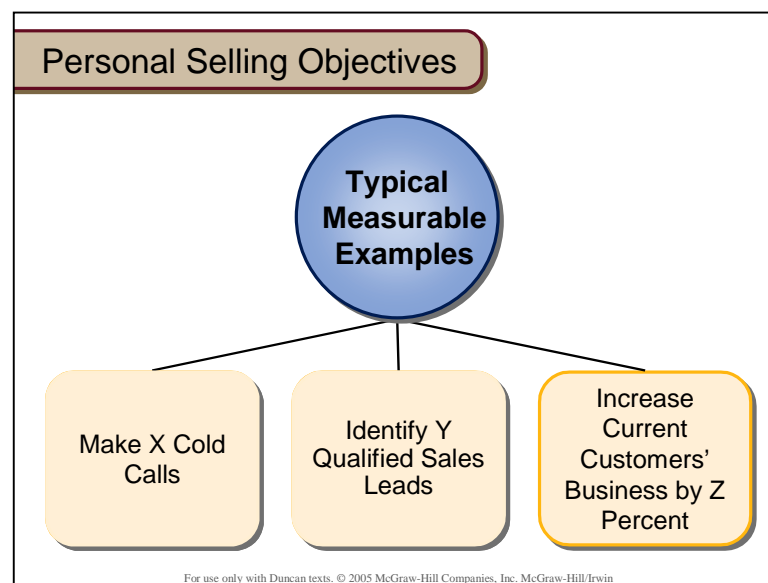
- i. Problem: 15-20% customer turnover rate each year
  1. Ways to respond:
    - a. Prospecting
      - *The process of locating potential new customers (prospects)*
    - b. Following up on sales leads
      - *A person or organization identified as being a prospect—someone able to benefit from the brand being sold*
  - ii. Toughest challenge: cold calling
    1. *A sales call where the prospect is unknown and has not expressed any particular interest in the company or brand*

### C. Retaining current customers



- i. Problem: often overlooked in favor of attracting new customers
  1. Ways to respond:
    - a. Build trust by
      - Being customer-oriented
      - Demonstrating dependability
      - Being honest
      - Treating current customer like new ones

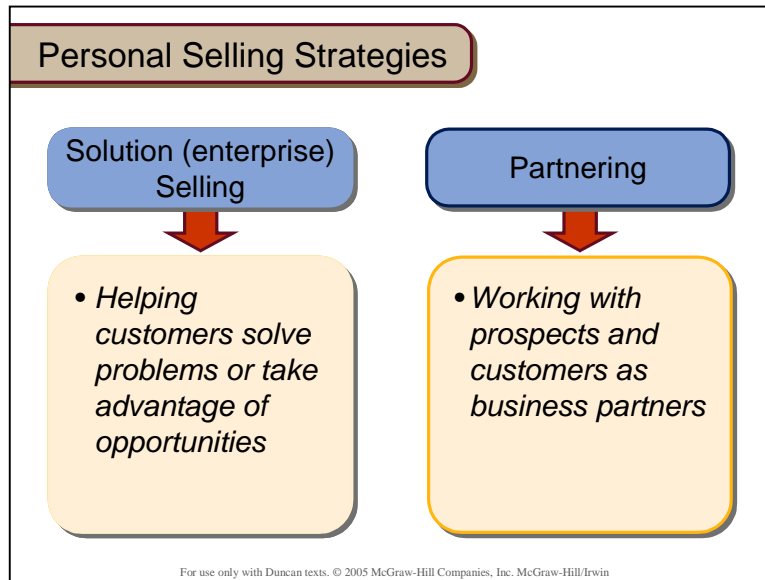
### D. Objectives



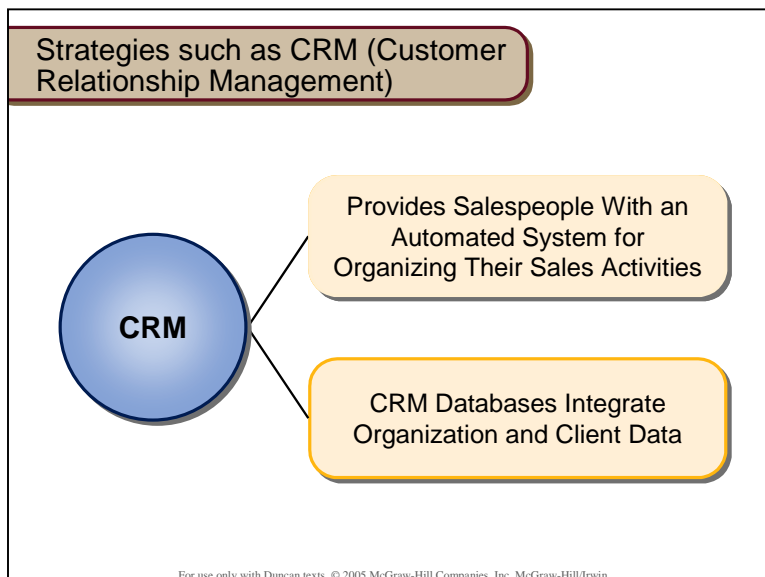
- i. Some typical, measurable examples:
  1. Make X cold calls

2. Identify Y qualified sales leads
3. Increase current customers' business by Z percent

E. Strategies




- i. Solution (enterprise) selling
  1. *Helping customers solve problems or take advantage of opportunities*
- ii. Partnering
  1. *Working with prospects and customers as business partners*
    - a. Question: Who are you working for? The customer or us?
      - Salesperson's answer: both
- iii. CRM (customer relationship management)



1. 2 benefits:
  - a. Provides salespeople with an automated system for organizing their sales activities
  - b. CRM databases integrate organization and client data

▷ **INSTRUCTOR IN-DEPTH INSIGHT: USE OF CRM BY SALESPEOPLE**

**Insight: Use of CRM by Sales People**



**CRM can be divided into 5 categories of primary use:**

1. Sales force automation (44% of all CRM use)
2. Customer service and technical support (27%)
3. Help desk for supporting channel members (20%)
4. Tracking of field service technicians (6%)
5. Support for planning, executing, and tracking marketing campaigns (3% but the fastest growing)

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II. The Personal Selling Process  
A. Step 1: Generating and qualifying leads

**4 Steps in the Selling Process**

**Step 1: Generating and qualifying leads:**

- Leads may come from direct-response ads or from publicity about the brand
  - Can include “bingo cards”
- Leads may also come from referrals
  - Can include satisfied customers and employees



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B. Step 2: Making the sales call

**4 Steps in the Selling Process**

**Step 2: Making the sales call:**

- Can occur in the following ways
  - During a visit to a prospect’s home or office
  - During group meetings like Avon Mark parties
  - By inside salespeople
    - *Used to call on accounts whose average size orders are not large enough to cost-justify an in-person sales call*
  - Typically employs sales literature



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- ii. Typically employs sales literature

C. Step 3: Handling objections

**What is The Personal Selling Process?**

**Step 3: Handling objections:**

- Handling objections is key to closing the deal
  - Some examples to “I can’t afford to buy now”:
    - Offer more favorable credit terms
    - Point out how the brand can reduce costs—and pay for itself



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#### D. Step 4: Closing and following up the sale

**What is The Personal Selling Process?**

**Step 4: Closing and following up the sale:**

- Once objections have been successfully addressed...
- ...the next step is to close the sale
  - *determining the terms of the transaction and getting the prospects agreement to those terms*
- But don't forget to follow up

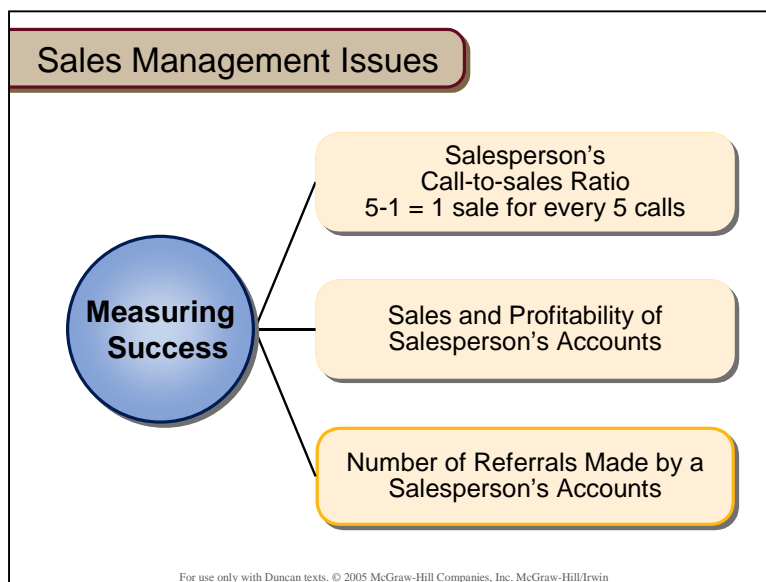


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### III. Managing The Personal Selling Function

#### A. Measuring success



- Salesperson's call-to-sales ratio
  - 5-1 = 1 sale for every 5 calls
- Sales and profitability of salesperson's accounts

iii. Number of referrals made by a salesperson's accounts

B. Compensation

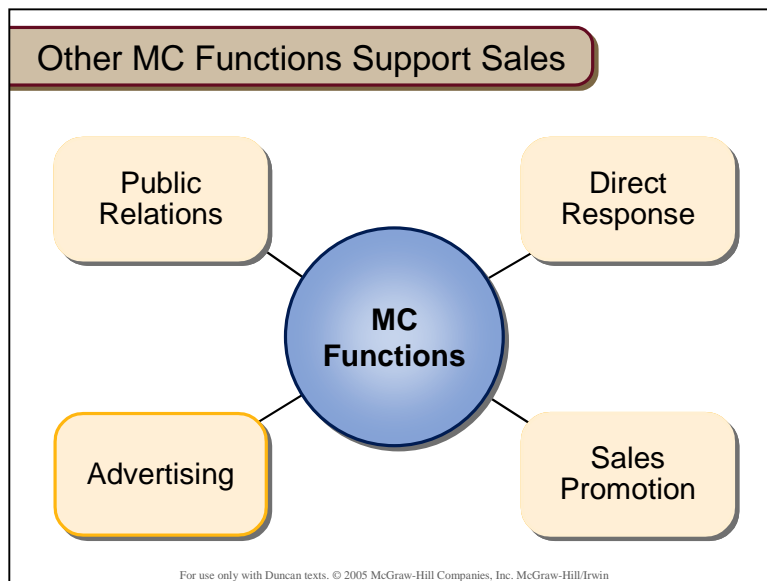
1. Traditional form: commissions

a. *A percentage of the sales price paid to a salesperson for each transaction*

2. Evolution toward compensation based on new measures, including:

- a. Customer retention
- b. Customer sales growth
- c. Customer satisfaction

C. Integrating personal selling with other MC functions



- i. Public relations
  - 1. Creates awareness for the brand
- ii. Direct response
  - 1. Generates leads
- iii. Sales promotion
  - 1. Helps salespeople close deals
- iv. Advertising
  - 1. Creates awareness
  - 2. Pre-sells the brand
  - 3. Gets interested prospects to "raise their hand"



## TALES FROM THE REAL WORLD

### Tales From the Real World

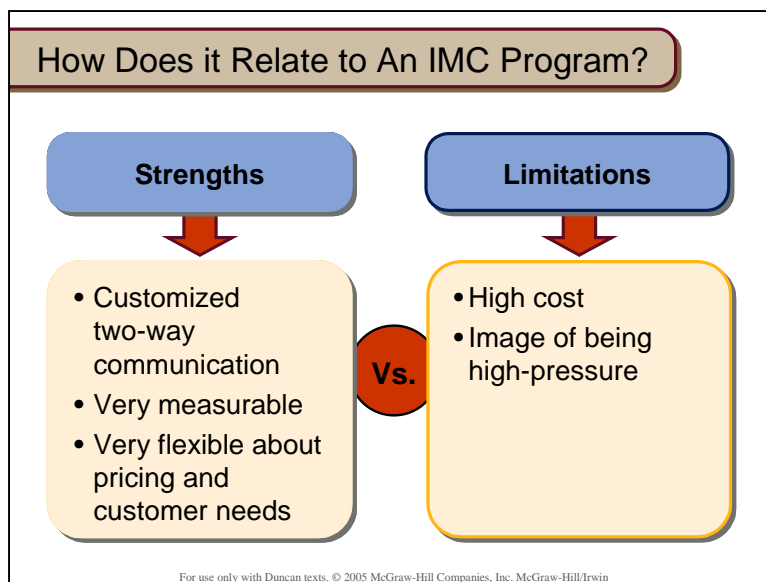
It's amazing, but true, that many sales people feel totally disconnected from the remainder of the MC functions.

In fact, in many organizations, "sales" is a separate department, and views marketing communications as a rival. As a result, in the real world, there is sometimes very little coordination between a salesperson's pitch and what the organization is saying in its advertising, direct marketing, or public relations.

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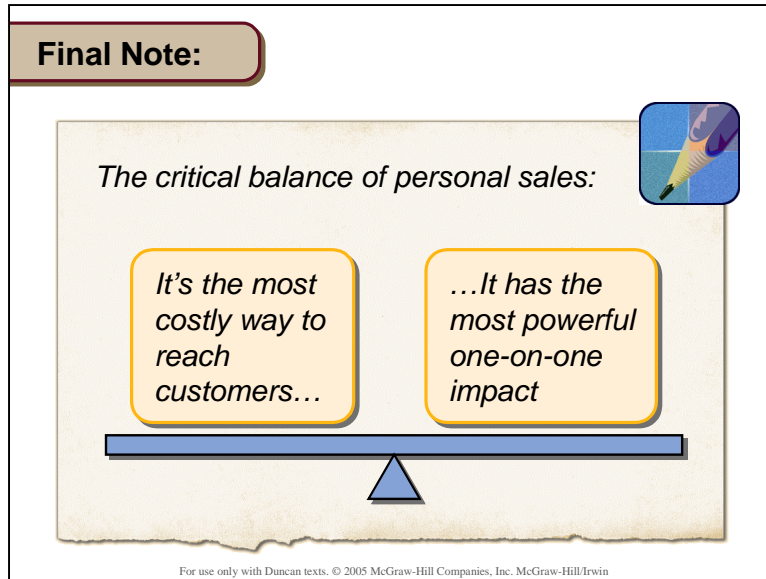
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#### D. Strengths...



- ii. Very measurable
- iii. Very flexible about pricing and customer needs
- E. ...and limitations
  - i. High cost
  - ii. Image of being high-pressure

#### IV. Final Note



- A. The critical balance of personal sales:
- i. It's the most costly way to reach customers...
  - ii. ...but it has the most powerful one-on-one impact

## Answers to Review Questions

### 1) Personal Selling's Role and Objectives

- a. Why is the personal nature of personal selling its greatest strength?

*Answer: The two-way interaction that is the heart of personal selling is what makes it the most powerful MC function a company can use. In personal selling, a sales person asks many questions of a prospective customer in an effort to better understand how a product could benefit that customer. Through the dialogue, the sales person can gauge how a customer is reacting to a product offering. If there are misunderstandings, a sales person can immediately clear these up. If a prospect does not like certain aspect of the product offering (e.g., price, credit terms, delivery schedule), the sales person can address these and perhaps negotiate a solution.*

- b. Define personal selling and what is meant by the statement “personal selling is more than making a sale.”

*Answer: Personal selling is person-to-person interactive communication used to ultimately persuade a current/prospective customer to buy something. It is more than “making a sale” because everyone does some type of personal selling whether we acknowledge it or not. For example, children sell lemonade, magazine subscriptions, and Girl Scout cookies. Students sell prom tickets and yearbook ads. Doctors “sell” exercise and diet programs to overweight patients. Lawyers “sell” briefs to skeptical judges.*

- c. Explain the evolution of personal selling and how the focus of the effort has changed over time.

*Answer: Personal selling has evolved over three modern eras. Specifically, prior to 1960, the focus of much personal selling was the short term goal of simply persuading consumers to make a transaction. During the marketing era (from 1960-1990), personal selling evolved to a more customer-focused approach of solving consumer problems in an effort to satisfy their needs. The most advanced evolutionary step came after 1990 when the personal selling field entered the partnering era. This evolution recognized the need to move even further along the customer-focused spectrum to a point where the goal is the build long-term relationships with customers by concentrating on providing the greatest possible value for them.*

- d. Explain how personal selling occurs at various points in the marketing process and what roles sales representatives typically play.

*Answer: Personal selling can occur at any point in the marketing process, and interact with other functions in the marketing communication mix. For example, MC functions such as advertising, events and sponsorships, and brand publicity serve to create brand awareness and knowledge. But personal selling, integrated into the MC mix, can customize brand messages on a customer-by-customer basis and address specific needs and wants of customers.*

- e. Sales calls should be considered as planned communication. What does that mean to a sales rep getting ready to make a call?

*Answer: Even though personal selling often includes a great number of spontaneous actions, good salespeople must plan ahead and actively manage their communication with consumers. For example, salespeople must create and manage customer expectations. This includes expectations not only of product performance but of all the services that go along in support of a brand.*

- f. How is personal selling used to acquire or retain a customer?

*Answer: Personal selling can be used to acquire new customers through the process described in the text of prospecting for likely candidates and then approaching these potential clients. Because customer retention is the bottom line of a brand relationship, salespeople must also focus on serving the needs of existing customers to help maintain these relationships. For example, after closing a*

*sale, the salesperson should make sure the product arrives on time, that invoicing is properly handled, and that the customer knows how to use the product in the proper way.*

- g. What is the salesperson's number one personal objective and why is it important?

*Answer: A salesperson's number one personal objective should be to create trust. This is accomplished by demonstrating dependability, competence, a customer orientation, honesty, and likability. Some sales managers say that current customers should always be treated as new customers—with the same level of attention and care as prospects.*

- h. Explain solution selling and its enterprise dimension.

*Answer: One of the most successful personal selling strategies is helping customers solve problems or take advantage of opportunities, which is called solution selling or enterprise selling. The solution approach to selling focuses on the customer's needs and problems, and then showing how a company's product can provide a solution for these needs and problems. In high technology industries, solution selling often involves integrating the sales and engineering functions in order to come up with new systems or customizing software to fit the customer's needs. Another personal selling strategy is to work with prospects and customers as business partners*

- i. What is CRM? Why is it important in personal selling?

*Answer: One of the primary technologies widely used by sales forces is CRM (Customer Relationship Management). CRM is helpful in personal selling in two specific areas: First, it provides individual salespeople with an automated system for organizing sales leads, developing sales presentations, making these presentations, processing orders, and recording customer concerns and agreed upon next steps. Second, having all this information in databases means it can be easily shared with appropriate departments in the company to make sure that everyone is involved in maintaining the customer relationship.*

## **2) The Personal Selling Process**

- a. What are the four steps in the personal selling process?

*Answer: The four steps in the personal selling process are: generating and qualifying leads; making the sales call; identifying and responding to objections; closing the sale and following up to build and maintain the customer relationship.*

- b. What is a lead? Why is it important to qualify a lead?

*Answer: A sales lead is a tip about a potential customer. It may come from a company's direct-response advertising or from publicity about the company or its brands. Tips include those who call in for information or return a business reply card from a direct-mail piece or a "bingo card" from a trade or special interest magazine. Many leads also come from referrals—satisfied customers,*



*employees, even from competitors who feel a prospect is either too big or too small for them to handle.*

- c. What is inside sales? How might it be used by your college or university?

*Answer: Inside sales are made by phone as part of a company's inside sales force. Inside sales are used to call on accounts whose average size orders are not large enough to cost-justify an in-person sales call. Colleges sometimes use inside selling when they call alumni to ask for contributions. In a sense, alumni can be viewed as existing customers, and are a good source of fund raising for colleges.*

- d. What is involved in closing a sale?

*Answer: Closing the sale is not as simple as it sounds. It includes the precise discipline of determining the terms of the transaction and getting the prospects agreement to those terms, followed by issuing a purchase order or signing a contract. Moving a customer to this point of commitment, to actually sign on the dotted line, is the goal of the entire selling process.*

- e. Why is it important to address objections as part of a sales call?

*Answer: One of the main skills of a good rep is getting prospects to voice their objections—that is, to admit the real reason why they aren't convinced or why they don't want to buy now—and then responding to these objections. Understanding objections is key to understanding customers. In the best case scenario, a sales rep is able to satisfactorily address a prospect's objections during a presentation and go on to close the sale—but only if he or she knows what the objections are. In the worst case, a prospect's unknown objections are not addressed and a sale is lost.*

- f. Explain the importance of follow-up for a salesperson.

*Answer: Once a sale is made it is important to keep in contact with customers to make sure all of their expectations have been met—Was the product delivered on time? Was it in good shape? Was the billing correct? Are you aware of the next promotional opportunities? Making sure the customer is satisfied requires following-up, which can be done in person, by phone, email, or mail.*

### **3) Personal Selling Management**

- a. Differentiate between the call-to-sale and cost-per-call calculations and explain how they are used.

*Answer: Cost-per-call is calculated by comparing a salesperson's total costs (salary, commission, expenses) to the number of calls made in a specified period of time (generally one year). Perhaps a more important measure is call-to-sale, which is calculated by comparing the total number of prospect calls made to the number of who actually bought. Tracking these measurements helps ensure the sales effort is going in the right direction. For example, if the overall company call-to-sale ratio is 5-to-1 this year (meaning one sale was made for every five*

*sales calls), steps should be taken to reduce that to, say, 4.5-to-1 for the following year. Such ratios can be used to evaluate individual sales representatives, as well.*

- b. Identify one personal selling measurement that is particularly relevant to IMC managers and explain why it is important.

*Answer: One measure that relates closely to IMC is the average length of time an individual's accounts have been buying from the company. Because a primary IMC objective is to retain customers, the average customer lifetime should continue to increase if a salesperson is doing a good job.*

- c. What is the problem with rewarding salespeople through commissions and what can be done to solve that problem?

*Answer: Many companies reward salespeople with a commission, which is a percentage of the sales price paid to a salesperson for each transaction. Unfortunately, the problem with commissions being the major compensation factor is that they reward transactions rather than long-term relationships. One way to solve this problem is to evaluate and reward salespeople not only for sales but also for how long customers have bought from the company (retention), how much customers have increased their purchase quantities (customer growth), and how much they have been helped by the salesperson in solving problems and increasing productivity (customer satisfaction).*

- d. Give an example of how personal selling can be integrated with the following MC functional areas:

- Advertising

*Answer: An example of a role that advertising can play in personal selling is creating leads and qualifying prospects. Specifically, advertising messages can be designed to motivate those who might be interested in a brand to "raise their hand." Mass media advertising can reach a wide range of prospective customers for far less than it would cost for a sales person to contact the same number and ask if they were interested in the brand. This can be done for a wide range of products, including insurance.*

- Public Relations

*Answer: An example of a role PR can play in personal selling is the use of press and video releases can help create brand awareness that makes a sales person's job easier. On the other hand, the sales force itself can become part of the PR efforts for its organization since sales people are often the most pervasive "public face" of the company. Because a salesperson is often the only person from the company that customers ever see and talk to face-to-face, the salesperson is the company. If the salesperson is responsive and helpful, then the company is perceived as being responsive and helpful. Many organizations who provide cars or trucks for their sales force insist that these vehicles be kept clean as they are constantly seen by thousands of people every day. An example*

*of this are the vehicles used by the Red Cross Blood Services, which is very interested in its image as a safe, clean place to donate blood.*

- **Direct Response**

*Answer: An example of a role direct response can play in personal selling is its ability to help generate leads for sales representatives. An example of this is the mailing of an automotive brochure to an audience of potential customers such as college seniors. The brochure might offer a special incentive to buy, such as a first time buyer discount. The organization hopes that this incentive will motivate some members of the potential buyer group to “raise their hands” by calling or visiting a local dealership for more information.*

- **Sales Promotion**

*Answer: An example of consumer sales promotion used to support personal selling is the special first time buyer incentive noted above. An example of trade sales promotions is the use of incentive programs, such as free vacations, that are designed to increase the enthusiasm of salespeople for a product and encourage them to push the product more and sell harder.*

e. How might Avon use other MC areas in support of the Mark selling strategy?

*Answer: The following package of MC tools could be used to support Mark’s strategy. First, advertising in magazines or TV programs targeting young women would be a good way to create awareness for the brand. Second, PR efforts could be used, such as a major kick-off event with a celebrity who uses Mark products—and who is appealing to Mark’s target. Third, direct marketing could be used by mailing a small sample of a Mark product to a mailing list of Mark’s most likely customers. Fourth, within the mailing, an incentive offer could be included to motivate the recipient to “raise their hand” by contacting a local Mark representative.*

## **Chapter Challenge**

### Writing Assignment

Visit a local store that has salesclerks on the floor. Analyze how they (1) greet a customer, (2) try to identify the customer’s needs and match the needs to merchandise, (3) up-sell, (4) close the sale, and (5) make an effort to build a relationship with the customer. Are their efforts effective? Write a memo to the store’s manager explaining what he or she could do to improve the performance of the sales clerks.

### Presentation Assignment

Assume you are explaining one of the following to the new Avon Mark sales force:

- The personal selling process.
- How to identify and qualify sales leads
- How to make a sales call

- How to close a sale
- How to follow up on a sale

Prepare a presentation on this topic as if you were addressing a group of new young saleswomen for the Mark line and present it to your class.

### Internet Assignment

Go to a website for The Journals of Personal Selling and Sales Management. Click on “Table of Contents.” You will be given a choice of issues. Keep selecting issues and looking at the recaps of major stories in each until you have found at least two that discuss how personal selling ties in with the rest of a company’s marketing communication effort. What were the main point(s) in these stories (as explained in the stories’ brief abstracts)?

### Research Assignment

Review articles on personal selling. Prepare a report on how to communicate with customers in ways that are respectful—that is,—not irritating or needlessly intrusive—and that contribute to, rather than destroy, brand relationships.

### IMC Plan Team Assignment

At this stage in their semester-long project, students should be able to provide some insights into how they would like to integrate the personal selling effort into their overall plan. This portion of the assignment asks them to identify MC ideas they can use to assist their client’s sales people in each step of the personal selling process described in the chapter.

# IMC Final Project Checklist #16

Due Date: \_\_\_\_\_

**Your Agency Name:**

**Personal Selling Support Ideas**

*Provide suggestions for the specific use of MC tools to support each of the following steps in the personal selling process discussed in the chapter.*

**Generating and Qualifying Leads**

- Suggest specific MC ideas that could help create consumer awareness and interest in the client's brand and to help motivate consumers to "raise their hand" for salespeople.

**Making the Sales Call**

- Suggest specific MC ideas that could assist sales people during this crucial stage in the personal selling process.

**Identifying and Responding to Objections**

- Suggest ways that MC data and/or ideas that could be used to help sales people identify potential consumer problems—and to address them.

**Closing the Sale and Following Up**

- Suggest specific ways that MC tools could be used to assist in this aspect of the process.