

Personal Selling and Direct Marketing

Chapter 17

Objectives

- Understand the role of a company's salespeople in creating value for customers and building customers relationships.
- Know the six major sales force management steps.

Objectives

- Understand the personal selling process, and how to distinguish between transaction-oriented marketing and relationship marketing.
- Learn about direct marketing and its benefits to customers and companies.
- Know the major forms of direct marketing.

Case Study

Lear Corporation

- **Record-breaking earnings and sales growth**
- **Outstanding sales force; rated as one of America's best.**
- **Sales force focuses on customer success**
- **Sales force is organized into separate divisions dedicated to specific customers**
- **Division platform teams work with customers and are linked to customer operations at all levels**

Definition

- **Salesperson**
 - An individual acting for a company by performing one or more of the following activities: prospecting, communicating, servicing, and information gathering.

Personal Selling

Salespeople Have Many Names

- Agents
- Sales consultants
- Sales Representatives
- Account Executives
- Sales Engineers
- District Managers
- Marketing Representatives
- Account Development Representatives

Personal Selling

- **The Role of the Sales Force**
 - Two-way personal communication
 - More effective than advertising in complex selling situations
 - The sales force plays a major role in most companies
 - The sales force works to product customer satisfaction and company profit.

Definition

- **Sales Force Management**
 - The analysis, planning, implementation, and control of sales force activities. It includes setting and designing sales force strategy; and recruiting, selecting, training, supervising, compensating, and evaluating the firm's salespeople.

Managing the Sales Force

- **Sales Force Strategy and Structure**
 - **Sales Force Structure**
 - ❖ *Territorial sales force structure*
 - ❖ *Product sales force structure*
 - ❖ *Customer sales force structure*
 - ❖ *Complex sales force structure*

Managing the Sales Force

- **Sales Force Strategy and Structure**
 - **Sales Force Size**
 - ❖ *Many companies use the workload approach to set sales force size*
 - **Other Issues**
 - ❖ *Outside and inside sales forces*
 - ❖ *Team selling*

Managing the Sales Force

- **Recruiting and Selecting Salespeople**
 - Careful recruiting can:
 - ❖ *Increase overall sales force performance*
 - ❖ *Reduce turnover*
 - ❖ *Reduce recruiting and training costs*

Managing the Sales Force

Traits of Successful Salespeople

- Enthusiasm
- Patience
- Initiative
- Self-Confidence
- Job Commitment
- Customer Orientation
- Independent
- Self-Motivated
- Excellent Listeners
- Friendly
- Persistent
- Attentive
- Honest
- Internally Motivated
- Relationship Oriented
- Disciplined
- Hardworking
- Team Players

Managing the Sales Force

- **Recruiting and Selecting Salespeople**
 - Recruiting involves:
 - ❖ *Soliciting applications*
 - ❖ *Screening candidates*
 - Interviews
 - Sales aptitude, personality, analytical and/or organizational tests
 - References, work history, etc.

Managing the Sales Force

- **Training Salespeople**
 - Average training period is 4 months
 - Training is expensive, but yields strong returns
 - Training programs have many goals
 - Many companies are adding Web-based sales training programs

Managing the Sales Force

- **Compensating Salespeople**
 - Compensation elements: salary, bonuses, commissions, expenses, and fringe benefits
 - Basic compensation plans:
 - ❖ *Straight salary*
 - ❖ *Straight commission*
 - ❖ *Salary plus bonus*
 - ❖ *Salary plus commission*

Managing the Sales Force

- **Compensating Salespeople**
 - Compensation plans should direct the sales force toward activities that are consistent with overall marketing objectives.
 - ❖ *Gain market share*
 - ❖ *Solidify market leadership*
 - ❖ *Maximize profitability*

Managing the Sales Force

- **Supervising Salespeople**
 - Effective supervisors provide direction to the sales force
 - ❖ *Annual call plans and time-and-duty analysis can help provide direction*
 - ❖ *Sales force automation systems assist in creating more efficient sales force operations*
 - ❖ *The Internet is the fastest-growing sales technology tool*

Managing the Sales Force

- **Supervising Salespeople**
 - Effective supervisors also motivate the sales force
 - ❖ *Organizational climate*
 - ❖ *Sales quotas*
 - ❖ *Positive incentives*
 - Sales meetings, sales contests, honors, etc.

Managing the Sales Force

- **Evaluating Salespeople**
 - Several tools can be used
 - ❖ *Sales reports*
 - ❖ *Call reports*
 - ❖ *Expense reports*

The Personal Selling Process

Steps in the Selling Process

- Prospecting and Qualifying
- Preapproach
- Approach
 - Follow-up
- Presentation and Demonstration
- Handling Objections
- Closing

The Personal Selling Process

- **Prospecting and Qualifying**
 - Prospecting: identifying potential customers
 - Qualifying: Screening leads
- **Preapproach**
 - Learning as much as possible about a prospective customer prior to making a sales call
- **Approach**
 - Stage where the salesperson meets the customer for the first time

The Personal Selling Process

- **Presentation and Demonstration**
 - Benefits of the product are presented/demonstrated
 - Understanding prospect needs is key
- **Handling Objections**
- **Closing**
 - Asking for the order
- **Follow-up**
 - Helps ensure customer satisfaction

Direct Marketing

- **Benefits of Direct Marketing to Buyers**
 - Convenient
 - Easy to use
 - Private
 - Access to a wealth of information
 - Immediate
 - Interactive

Direct Marketing

- **Benefits of Direct Marketing to Sellers**
 - Powerful tool for building relationships
 - Allows for targeting of small groups or individuals with customized offers in a personalized fashion
 - Offers access to buyers that couldn't be reached via other channels
 - Low-cost, effective alternative for reaching specific markets

Direct Marketing

- **Customer Databases & Direct Marketing**
 - Databases include customer profile, purchase history, and other detailed information
 - Databases can be used to identify prospects, profile customers, and select customers to receive offers, and to build relationships
 - Database marketing requires substantial investment in hardware, software, personnel

Direct Marketing

Forms of Direct Marketing

- Face-to-Face Selling
- Telemarketing
- Direct-Mail Marketing
- Catalog Marketing
- Kiosk Marketing
- Online Marketing
- Direct-Response TV Marketing

Direct Marketing

- **Telephone Marketing**
 - New legislation and technological advances threaten the future of telemarketing
- **Direct-Mail Marketing**
 - New trends include fax mail, e-mail, and voice mail
- **Catalog Marketing**
 - Many cataloguers have migrated to the web

Direct Marketing

- **Direct-Response Television Marketing**
 - Direct-response advertising
 - Infomercials
 - Home shopping channels
- **Kiosk Marketing**

Direct Marketing

- **Integrated Direct Marketing**
- **Public Policy and Ethical Issues**
 - Irritation, Unfairness, Deception, and Fraud
 - Invasion of Privacy