

# 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.

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## 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.

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## 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

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## Definition

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

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## Personal Selling

### Salespeople Have Many Names

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

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## 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.

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## 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.

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## 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*

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## 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*

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## Managing the Sales Force

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

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## 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

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## 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.

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## 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

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## 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*

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## 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*

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## 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*

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## 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.

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## Managing the Sales Force

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

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## The Personal Selling Process

### Steps in the Selling Process

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

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## 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

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## 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

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## Direct Marketing

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

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## 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

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## 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

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## Direct Marketing

### Forms of Direct Marketing

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

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## 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

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## Direct Marketing

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

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## Direct Marketing

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

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