



# Personal selling

Tools of marketing communications

## Personal selling: Background

- -the importance of relationship marketing is finally becoming understood and accepted
  - -traditional image of personal selling:
    - 1) embracing the hard sell
    - 2) persuasive and aggressive messages
- currently a movement towards a more professional, value-driven customer perspective
- different from other forms of communication: personal selling is **dyadic**
  - the main advantage of personal selling: it can be tailored and thus made very personal
  - the most expensive element of the communications mix (average cost per contact can easily exceed 140 €)

## Roles of personal selling

<b>1) Order takers</b>	Salespersons to whom customers are drawn (f. ex. Reception and tickets personnel)
<b>2) Order getters</b>	Sellers operating away from the organization – act as a mediator between the customer and functional departments)
<b>3) Order collectors</b>	Gather orders without physically meeting the clients – communication electronically or over the phone
<b>4) Order supporters</b>	Secondary salespersons who provide financial and operational advice once the order has been secured

## Types of personal selling

**1) Intermediaries:** selling offerings through a channel network to other resellers → they will sell the offering to other members closer to the end-user

→ Computer manufacturers distribute their products through a combination of direct selling channels

**2) Industrial:** Mainly b2b marketing; companies sell components to the end user (company) which builds them into the final product offering

→ Goodman manufactures car radio systems and sells them to Ford

**3): Professional:** Selling ideas in the middle of the product/service chain

→ An alarm systems salesperson approaches an architect to persuade them to include their alarm system within the construction plan

**4) Consumer:** Requires communication directly with the retail trade and/or the end user consumer

- salespersons usually focus their activities on just one of these types

## Tasks of personal selling

<b>1) Communicating</b>	<i>Informing various stakeholders and feeding back information about the market</i>
<b>2) Selling</b>	<i>Guiding the prospect to a successful close</i>
<b>3) Information gathering</b>	<i>Reporting about the market and individual activities</i>
<b>4) Servicing</b>	<i>Consulting, arranging, counselling ...</i>
<b>5) Shaping</b>	<i>Building and maintaining client relationships</i>

# *The Role of Personal Selling*

- *Salespeople are boundaries of organization, the first touch for a firm*
- *The role is vital since otherwise the communication would occur through electronical channels*
- *Humans understand customers' problems and needs better than devices*
- *Salespeople form the image of the companies itself → provides valuable signals*

# *Strength and Weaknesses of the Channel*

## ***Strengths:***

- Provides fast and direct feedback
- Feedback is understood more better and the actual problems will be more likely solved
- Less distraction in the selling process compared to mass media or viral media
- More tailored selling & advertising of the products compared to other channels

## ***Weaknesses:***

- Costs per contact are really high → How to allocate the time and choose the right prospects?
- Messages maybe inconsistent if the salesperson does not know the product that well
- The client relationship may be jeopardised due to the poor sales actions
- The value of personal selling increases usually by time used with the customer → that leads also to the poor cost effectiveness

# When personal selling should be added to the channel mix?

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## **Complexity:**

- Very important with **businesses that have complex and demanding customers** e.g. management consulting or IT-Software businesses → lots of tailoring
- Right products for right problems
- Allows customers to see demos and **feel the solutions**

## **Buyer significance:**

- **High risk is attached to the business** (measured in benefits and costs) e.g. start-ups have very limited budgets and all of the investments should be successful. Salespeople can convince them.

## **Communication effectiveness:**

- **By using only one channel** for instance mass **media may not provide enough information** for the customer. Mix of many channels provide the best results.
- Good example would be a car business: Buyers usually read lot about different models, but the investment is so high that they require all information that is available and who would know the product better than the salesman?
- Salespeople use customers' own language → brings more credibility
- **Channel network factors:**
- **When communication strategy is based on push strategy** rather than pull strategy the personal selling suits the best → Questions can be answered immediately and deal can be closed more quickly
- In case the number of customers is small the personal selling works the best e.g. some niche industry → It is hard to reach these potential prospects via other channels and they will need a lot post purchase assistant and it is easier to contact the salespeople.

# Personal selling process:

Figure 1. The full buying process

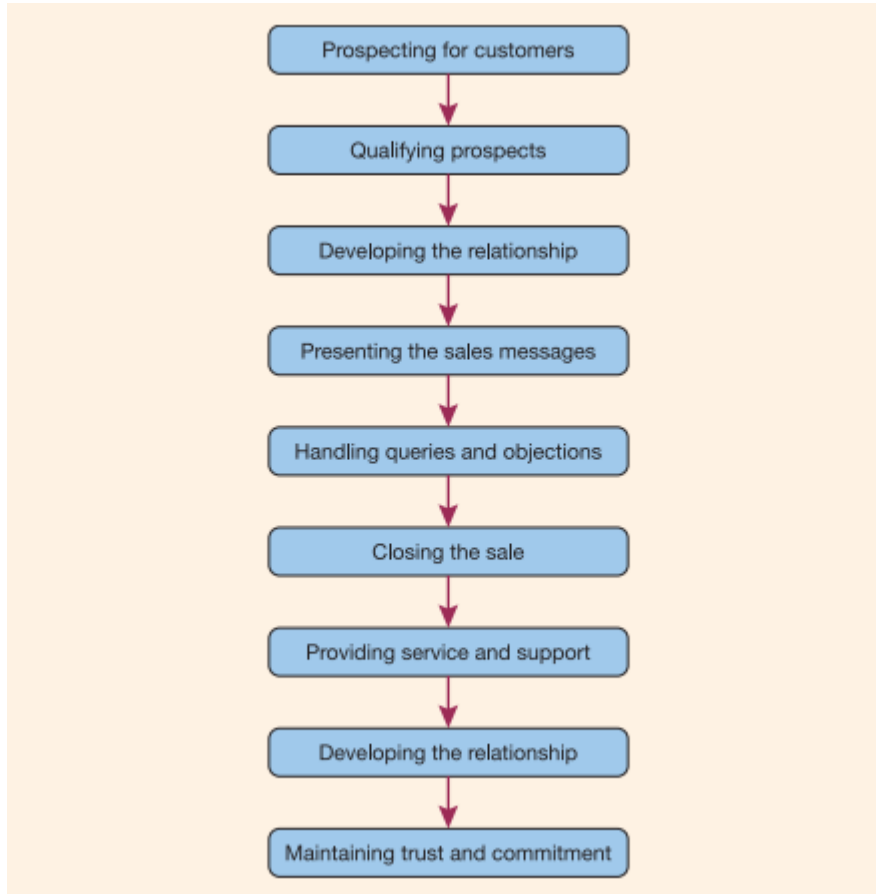
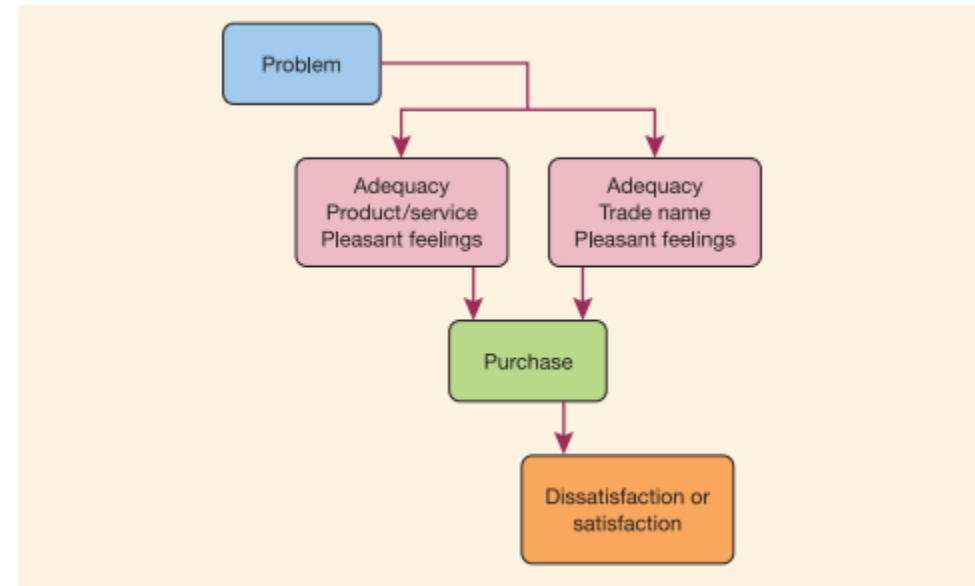


Figure 1. The complete buying formula



# *Sales force management and organisation*

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- In order to build a message and decide on an appropriate sales strategy, one has to examine the nature of the desired communication needs:
  - Sales individual/team vs. single buyer / buying team ?
  - What is the degree of importance of the portfolio of accounts, and how should the organisations be contacted? Etc.
- Salespersons are like any unit of resources in a way that they have to be deployed so that they provide maximum benefit for the company. Grant and Cravens (1999) presented that the effectiveness of sales organisation depends on two factors:
  - Sales management
    - Sales management control
    - Territory design
  - Sales force
    - Customer relationship strategy
    - Organisational commitment
    - Performance

# *Sales force management and organisation*

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- Two approaches for sales management

## 1) **Behaviour-based**

- Managing the inputs or processes to a salesperson
- High fixed salary and low commissions

## 2) **Output-based**

- Focus on results, little managerial supervision
  - High commissions as an incentive to perform
- The most common is a hybrid where manager builds a positive culture which leads to results
  - Responsibilities of sales management in respect of sales people are:
    - 1) Selection and recruitment
    - 2) Training
    - 3) Size and deployment
    - 4) Motivation and supervision
    - 5) Evaluation, control, reward



# Structure of sales force

There are 3 widely used approaches to structure the sales force:

## 1) Geographic-based

- Assigning individuals to be responsible for separate geographic regions
- Used by new companies or companies with limited resources
- + The lowest cost
- + Enables a quick response to local needs
- + Consistent message
- The level of specialized knowledge is reduced
- The number of new customers is often low due to a great freedom in designing and executing working day
- There is a risk that this execution isn't in line with organisation objectives

## 2) Product-based

- Different sales teams which are responsible for different product lines
- Used by companies with large and diverse product portfolio and/or technical and complex products

- + Allows development of product expertise
- + May help to build more credibility, especially in b2b
- + If product line responsibilities are in line with the allotment in production -> chance to benefit from cooperation
- Organisations with this approach may be subject to the sales effort duplication
- High costs

## 3) Market-based

- Organizing sales force by market or customer type
- Has increased its popularity among all kind of companies
- + Great understanding of customer needs
- + The size of specialist sales force is dynamic according to the demand
- Organisations with this approach may be subject to the sales effort duplication
- Highest costs

# Sales force size and shape

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- Decision on the size of sales force is about optimizing revenues and costs and it is constantly subject to changes
- Three main approaches for determining the size of sales force are:

## 1) The breakdown method

- The simplest model
- Assumption that all the salespersons have same productivity potential for the period
- $n = \frac{sv}{p}$ , where n = required number of sales people; sv = anticipated sales volume; p = estimated sales productivity per unit
- The method is flawed in that it treats sales force size as a consequence of sales, which is perverted situation

## 2) The workload method

- Underlying premise: the amount of work to service the whole market is constant and same for all salespeople
- First task is to classify the customers into four categories based on the level of sales (First 15% of customers account for 65% of sales, etc.), then multiplying by the duration and frequency for calls for each category = workload
- Then determining “the contact hours” available per salesperson (“40 hours per week, 60% in contact...” etc.)
- $number\ of\ sales\ people = \frac{total\ workload}{contact\ time\ per\ person}$

## 3) The sales potential method

- The decreasing-returns principle: One salesperson generates more sales than two salesperson per each etc.
- Conclusion: increasing the revenues by making sales territories smaller and not adding people to “a larger territory”
- Provides the basis for some of the more sophisticated methods

# *Territory design*

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- The decomposition of the total market into smaller territories enables more control to costs, strategy and operations
- A sales territory = A group of of customers assigned to the specific sales team/person
- Territory design is 6-step process:
  - 1) Select basic control unit
  - 2) Estimate market potential in each control unit
  - 3) Combine control units into tentative territories
  - 4) Perform workload analysis
  - 5) Adjust tentative territories to allow for sales potential and coverage difficulty differences
  - 6) Assign salespeople to territories

# *Changing channels - multichannel approach to personal selling*

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## **Team selling**

- In order that partnership and more collaborative selling approaches be implemented it has become increasingly necessary and common for organisations to assign a team of salespeople to meet the needs of key account customers
- Big selling processes involving customized combinations of products and services, where lots of different expertise is needed. i.e. Big IT procurement
- Team can include sales people, engineers, product managers, programmers, training executives.

## **Sales force automation**

- Communication technology and customer relationship management
  - Goals to deliver relevant data effectively internally and externally
- Successful implementation of SFA: management commitment, training, user involvement and accurate expectation setting salespersons

# *The future role of salesforce*

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- Organisations are seeking more cooperative relationships
- Expectations of organizational buyers and consumer have shifted so that new skills are required of a salesperson
- Organisations manner in which performance is measured and resources are deployed
- More relationship management and communication with the customer
- Salesperson, seen earlier as working at the boundary of the organisation to generate sales, is now expected to act as a network coordinator and as a manager of customer
- Collaborative communication strategy seeks to establish long-term relational transaction

# *The integration of personal selling with the other elements of the communications mix*

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Personal selling cannot work effectively in isolation from the other elements in the marketing communication mix.

- Sales force are literally representative of the organization
  - PR representatives, how salesperson acts and appear, communicates company to customers
- Advertising is more effective at the initial stages of the response hierarchy, but the later stages of inducing trial and closing for the order are more appropriate for personal selling.
- Combining advertising or and other elements of communications mix with personal selling is very beneficial
- Marketing communications creates better brand awareness before buyers meet sales people