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## The Promotion Mix: Personal Selling and Sales Promotion

**Figure 15.1** Hilton Hotel utilizes a personal selling process with its HGV product. (credit: modification of work "Hilton Hotel @ Riverwalk Shopping Mall" by Thank You (22.5 Millions+) views/flickr, CC BY 2.0)

### Chapter Outline

- 15.1** Personal Selling and Its Role in the Promotion Mix
- 15.2** Classifications of Salespeople Involved in Personal Selling
- 15.3** Steps in the Personal Selling Process
- 15.4** Management of the Sales Force
- 15.5** Sales Promotion and Its Role in the Promotion Mix
- 15.6** Main Types of Sales Promotion
- 15.7** Ethical Issues in Personal Selling and Sales Promotion



### In the Spotlight

Since 1919, when Conrad Hilton bought his first hotel, **Hilton Hotels and Resorts** has been providing a good night's sleep to travelers around the world. With over 6,800 hotels within its portfolio (including several sub-brands), Hilton has a hotel to meet the needs of just about any traveler. Hampton Inn is a beloved brand for road-weary business travelers as well as families. The Conrad is one of the luxury brands for Hilton. And DoubleTree is another favorite brand for business travelers, known for the gooey, warm chocolate chip cookies presented at check-in. To reward travelers, Hilton offers several tiers of Hilton rewards: Silver, Gold, and Diamond. Reward members are able to trade their points for various perks, including free nights. During off-peak travel, Hilton offers a variety of sales promotions; for example, one program it offers is 3X points on every stay for three nights or more.

Consumers who travel often are able to increase their points through certain purchases and promotions that Hilton will offer to spur more travel. Hilton also connects with customers through **Hilton Grand Vacations (HGV)**. HGV is a time-share within the Hilton portfolio of properties and rooms. When customers join HGV, they are buying ownership in the exclusive club properties.

To increase the sale of the HGV properties, Hilton runs promotions to sign Hilton customers for a tour of a new property and a presentation about the benefits of ownership. In exchange for participating in a tour of HGV

properties, customers are offered incentives, such as three nights and four days of a Hilton hotel stay for a discounted price. In exchange for the discounted rooms, customers agree to a tour and to sit through a sales presentation.

HGV sales professionals are typically real estate agents who understand how to structure vacation rental properties and time-share sales. Every sales professional selling the HGV properties is well-versed in the cost of vacations, how to structure real estate deals, and the benefits of being a member of HGV. Once a customer agrees to the tour and the sales presentation, the sales representative is tasked with making sure the decision makers are present, and when possible, the goal is to have customers make their decision before the tour is over. These strategies have been very effective at generating continuous streams of income from HGV members.

## 15.1 Personal Selling and Its Role in the Promotion Mix

### Learning Outcomes

By the end of this section, you will be able to:

- LO 1 Define personal selling.
- LO 2 Discuss the role of personal selling in the promotion mix.

### Personal Selling Defined

**Personal selling** is the one-on-one interaction between a company representative (salesperson) and the buyer (customer or prospect). The interaction is intended for the salesperson to uncover the needs and wants of the prospect and discuss how the product or service will help to satisfy the customer's needs and wants. The salesperson works to develop a relationship with the prospect with the intention of having them buy the company's product and become a customer.

### The Role of Personal Selling in the Promotion Mix

The promotion mix includes the marketer's tactics for communicating with consumers. Determining how to use the promotion mix is dependent on the goals and objectives of the overall marketing strategy as well as the nature of the product, the market segments being targeted, and the message the marketer wishes to send.

Generally, marketers will use a combination of the promotion mix tactics to create an integrated approach to connecting with customers. Out of all the promotion mix strategies, personal selling is the strategy that connects directly with the customer in a one-on-one setting and focuses on building relationships. Personal selling is ideal if the product is more complex in nature, higher in price, and customizable according to a customer's needs.

### Relationship Selling

**Relationship selling** is a method of personal selling used to better understand the needs and wants of the buyer. If the product is relatively high in price and has some customizable attributes, the salesperson will strive to become a trusted advisor to the customer. This allows the salesperson to develop a relationship that will create trust and ultimately fit the best product with the customer to fulfill their needs and wants and solve a problem they are having that put them in the market for the product. **TalEx**, a fast-growing human resource company, works with its clients to find the right talent for open positions at a variety of companies. Sales representatives for TalEx work as trusted advisors to collaborate with clients to help find the right staffing solutions for growing companies.

### When to Use Personal Selling

Personal selling is best utilized as a promotional strategy when the products are higher in price, variable in nature, and require some explanation or education. Hilton Grand Vacations (HGV) employs real estate agents

to sell club memberships. Due to the variety of membership purchase levels, the explanation and education of how to use the membership, and the higher price of the time-share vacations, the sales force spends time educating clients about the product. Typically, personal selling is used for products that are also in the introductory stage of the product life cycle and for products that require significant follow-up after the sale. Business-to-business (B2B) strategies are largely reliant on personal selling as a primary promotional strategy.

#### LINK TO LEARNING



#### Personal Selling

Watch this video to learn more about personal selling. Learn when personal selling is most relevant, the cons, and what types of products it is most suited for.

[Click to view content \(<https://openstax.org/books/principles-marketing/pages/15-1-personal-selling-and-its-role-in-the-promotion-mix>\)](https://openstax.org/books/principles-marketing/pages/15-1-personal-selling-and-its-role-in-the-promotion-mix)

Watch this personal selling role-play to gain insight into a sales call situation, and [read this guide for the advantages, the disadvantages, the process, the strategies, and examples of personal selling \(<https://openstax.org/r/salespersonalselling>\)](https://openstax.org/r/salespersonalselling).

[Click to view content \(<https://openstax.org/books/principles-marketing/pages/15-1-personal-selling-and-its-role-in-the-promotion-mix>\)](https://openstax.org/books/principles-marketing/pages/15-1-personal-selling-and-its-role-in-the-promotion-mix)

#### Knowledge Check

It's time to check your knowledge on the concepts presented in this section. Refer to the Answer Key at the end of the book for feedback.

1. Companies typically use personal selling as the promotional strategy of choice when which of these is true?
  - a. The product is higher in price.
  - b. The product requires the sales professional to spend significant time educating the customer.
  - c. The product has a lot of variation.
  - d. All of these statements are true.
  
2. Personal selling is \_\_\_\_\_.
  - a. unpaid advertising to consumers
  - b. a method of increasing sales in the short term
  - c. one-on-one interaction between a sales professional and a potential buyer/customer
  - d. used for handling routine purchases
  
3. If a company has a higher-priced product that requires some variation according to the customer's needs and wants, which method of promotion is best?
  - a. Direct marketing
  - b. Personal selling
  - c. Advertising
  - d. Public relations
  
4. Which of the following is NOT a reason for personal selling to be used?
  - a. When the product is complicated
  - b. When the product has a lot of competition
  - c. When the product needs to be demonstrated

- d. When the product is highly technical
5. Jasmine works for a Honda dealership. Jasmine has spent considerable time listening to a potential customer talk about what features they are looking for in a new car. Jasmine is able to identify the best Honda automobile to meet the needs of the customer. What feature of sales is Jasmine demonstrating?
- a. One-on-one interaction
  - b. Meeting the needs and wants
  - c. Personal communication
  - d. All of these features are correct.

## 15.2 Classifications of Salespeople Involved in Personal Selling

### Learning Outcomes

By the end of this section, you will be able to:

- LO 1** List the various roles involved in personal selling.
- LO 2** Describe the differences between the various personal selling roles.

### Order Takers

Within the role of personal selling, there are various types of selling functions. Many organizations utilize more than one type of personal selling. Various sales personnel within an organization may fulfill several of the roles. The type of personal selling is dependent on the nature of the product as well as the customer.

In many sales situations, the salesperson is responsible for prospecting to find new customers as well as working to match the right products with the customer needs and wants. However, some organizations have sales personnel that are only responsible for taking orders from customers, called **order takers**. They work to identify the customer and find the right product fit. Within the role of the order taker, there are typically two different types of order takers, inside and outside.

#### Inside Order Takers

An **inside order taker** is the person who talks with a customer when they walk into the business to place an order, or they are the one who is answering the phone, responding to an online inquiry, or responding to an email to accept customer orders as they are placed. Often the inside order taker may have to answer questions or discuss details of the product order. Their role is to serve as the liaison between the customer and the company. They make sure the right product is ordered according to the requests of the customers.

Restaurants typically replenish inventory on a weekly basis. When a sandwich shop calls its supplier to order more paper products and cleaning supplies, it calls the inside order taker. For some businesses, the inside order taker may be referred to as an inbound customer service agent. In this case, the inside order taker will make sure they have the order submitted correctly and will typically communicate about any out-of-stock products or any variation of the typical order.

Another type of inside order taker is in the business-to-consumer (B2C) market, where a consumer will shop at a store and pick a product. An example of this would be the cashier at **Walmart** or other retail outlet. When the consumer is ready to pay for the product, and if they choose to check out with a cashier rather than the self-checkout option, they are checking out with the inside order taker. In the role of inside order taker, the cashier carefully scans each of the products and completes the sale. For online retailers, the inside order taker is the one making sure the products ordered from the online shopper are in stock and available for fulfillment. They may contact the customer if the product is unavailable or if there are questions about the order.

#### Outside Order Takers

**Outside order takers** work with customers who routinely buy products, and their role is to take in and

process those orders. The outside order taker is not required to persuade a customer to purchase, but rather they are a resource for the customer in fulfilling orders. In addition, they are a resource to their customer and may offer insight and advice on inventory patterns and expected delivery times.

Your neighborhood hair salon is a good example of a business that relies on an outside order taker. Hair salons typically have both a supply of the products they use on their customers and a supply of products they sell to their customers for home use. The beauty products sales force consists of multiple sales roles. However, the outside order taker routinely checks in with the salon owner and will fill out the order sheets to replenish product stock that is low.

## Order Getters

The role of the **order getter** is critically important to the revenue of many businesses. The order getter is responsible for finding customers and persuading them to purchase. They might also be responsible for increasing orders from current customers. The order getter is typically well versed in their products and has superior knowledge about the industry. Additionally, successful order getters are often viewed as a trusted advisor by the customers they serve. Many businesses rely heavily on the order getter to work with them to solve their problems through the products they represent.

The order getter must be able to listen to the customer and respond with solutions that will be mutually beneficial to both companies. In the role of the order getter, it is not uncommon to work with a customer for a year or more before ever making a sale. *iSalus* is a perfect example of this. In an effort to get the company's cutting-edge patient engagement software into health systems, the sales force must identify the decision makers within the health system as well as work with those who will be using the software. Educating and engaging with a variety of teams within the health system, as well as waiting on budget approvals, can take anywhere from 6 to 18 months. Laying the foundation can be a lengthy process but can be very rewarding when everything comes together and the sale is made.

## Support Personnel

A typical sales force includes various **support personnel** that help facilitate the sales process. Support personnel can take on many functions in the process of making the sale, including marketing, prospecting, setting appointments, educating customers, building goodwill, checking inventory and order status, as well as providing service after the sale. There are two primary types of support personnel utilized in the sales process: missionary salespeople and technical specialists.

### Missionary Salespeople

**Missionary salespeople** are often employed by manufacturing firms to represent the company and call on retailers in an effort to inform or persuade them to buy the firm's products. In some cases, they may also be referred to as a detailer. It is the job of the missionary salesperson to inform customers about new products and promotional specials and to encourage new orders and reorders. Missionary salespeople are most common with manufacturing, pharmaceutical, and software companies. A salesperson for *McKesson Corporation*'s pharmaceutical products will work with physicians in their territory. Typically, they meet with the physicians, provide education on new products, leave samples, and connect with the physician's practice on a regular basis to keep the company's products in use.

### Technical Specialists

A **technical specialist** serves as an assistant to a firm's existing customers. Their role is to advise on many aspects of the product, such as technical specifications, application, design, and installation. As the name implies, this job is highly technical and often requires formal training. Many people in the role of the technical specialist have backgrounds in science or engineering. The types of products and the applications for the products determine the need for and training of the technical specialist.

## Team Selling

Many of today's customers and products are complex. The more expensive and high-tech the product, the more important it is to have a team of people to assist the client in making sure the product meets their needs and wants. Team selling is a sales approach that can improve the likelihood of a good experience that meets or exceeds the customer's expectations. **Team selling** involves the lead salesperson bringing in other functional support people from within the organization. Other functions that are often involved include finance, engineering, and accounting. These various functions can assist with the skills and knowledge to address specific customer problems or issues and work through objections or special circumstances that may be required to make the sale. Bringing extra skills and knowledge to the situation can make for a better product fit and a good outcome whereby the client sees the company and products as invaluable.

### CAREERS IN MARKETING



#### Personal Selling

Personal selling is a technique used by sales professionals to make a connection and possible sale with customers. There are several techniques and tips for personal selling, and you can [read about them in this Indeed article \(<https://openstax.org/r/careerdevelopmentpersonalselling>\)](#).

There are many types of sales jobs. If a career in sales interests you, spend time learning about the different kinds of sales jobs and how they differ. Start by [reading this article to learn about the things to consider \(<https://openstax.org/r/typesofsalesjobs>\)](#) in a sales job, types of sales job titles, and job types. Read this [article from Indeed about all the various \(<https://openstax.org/r/findingajob>\)](#) types of sales jobs to explore.

There is a lot to explore when learning about sales jobs. Check out these resources to learn more:

- Indeed: "[10 Sales Skills Reps Should Have](https://openstax.org/r/salesskillsforreps) (<https://openstax.org/r/salesskillsforreps>)"
- ResumeGenius: "[Top 12 Sales Skills for Your Resume + Examples](https://openstax.org/r/resumehelp) (<https://openstax.org/r/resumehelp>)"
- Brainshark: "[17 Sales Skills All Reps Need](https://openstax.org/r/keysalesskills) (<https://openstax.org/r/keysalesskills>)"
- LiveAbout: "[Important Sales Skills That Employers Value](https://openstax.org/r/salesskillslist) (<https://openstax.org/r/salesskillslist>)"
- HubSpot: "[How to Understand & Thrive in Digital Sales](https://openstax.org/r/salesdigitalsales)" (<https://openstax.org/r/salesdigitalsales>)
- HubSpot: "[The Best Sales Job Boards for Finding or Filling a Sales Job](https://openstax.org/r/searchforsalesjobs) (<https://openstax.org/r/searchforsalesjobs>)"

A career in sales can be fast-paced, exhilarating, and competitive. If sales interests you, be sure to do your homework so that you're sure to find a position and industry you're passionate about.

## Knowledge Check

It's time to check your knowledge on the concepts presented in this section. Refer to the Answer Key at the end of the book for feedback.

1. The practice of using call centers, where employees receive calls from customers and provide service by taking orders and answering queries, is called \_\_\_\_\_.  
 a. customer response marketing  
 b. guerilla marketing  
 c. reactive marketing  
 d. inside order taking
2. The management of Javier's Bicycles has an approach where the call center makes appointments and the

sales professionals go out to meet with the potential customers and discuss the various products available. This is an example of \_\_\_\_\_.

- a. inside order takers
  - b. team selling
  - c. technical specialists
  - d. internal marketing
3. Special-Lite makes industrial doors for many commercial applications. Once the sales professional meets with the customer to discuss the products they wish to buy, the sale moves into production, and a special person within the company is assigned to make sure the doors meet the requirements specified in the blueprints. This person is a(n) \_\_\_\_\_.
- a. order getter
  - b. order taker
  - c. technical specialist
  - d. telemarketer
4. Pfizer uses sales professionals to visit with physician offices and inform the physicians of the new medications and the uses for the medications and to encourage them to prescribe the new medications to their patients. This form of sales professional is often called \_\_\_\_\_?
- a. technical specialist
  - b. order taker
  - c. order getter
  - d. missionary sales
5. 84 Lumber has personnel who work to set appointments and check inventory levels. What type of person does this for the sales force?
- a. Support personnel
  - b. Missionary sales
  - c. Technical specialist
  - d. Order getter

## 15.3 Steps in the Personal Selling Process

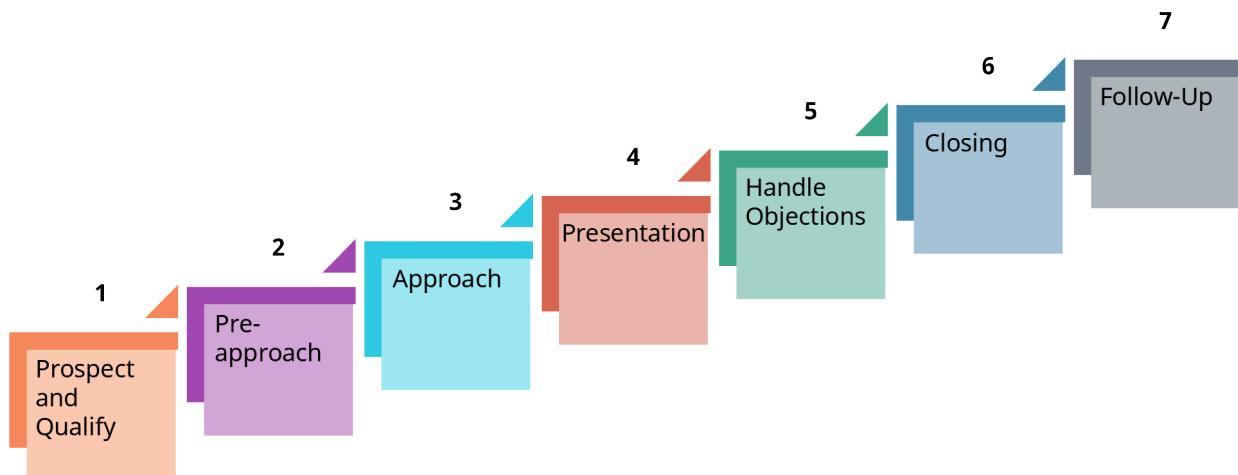
### Learning Outcomes

By the end of this section, you will be able to:

- LO 1** List the steps in the personal selling process.
- LO 2** Describe each step in the personal selling process.

### Step 1: Prospecting and Qualifying

The **selling process** is a seven-step process (see [Figure 15.2](#)) used for selling a product. The process can be multifaceted, lengthy, and complex, depending on the product and the prospect. While all salespeople are different, generally most sales professionals go through the same selling process.



**Figure 15.2** Steps in the Selling Process (attribution: Copyright Rice University, OpenStax, under CC BY 4.0 license)

The first step in the sales process is to find, or **prospect** for, strong potential customers. In prospecting, sales professionals will work to create and develop a database of potential customers, called **sales leads** through lead generation. Getting the names and contact information for the database is the act of prospecting. Each business or company has its own methods of prospecting and qualifying. For some companies, the process is rigorous and lengthy; for others, it can be nothing more than a quick phone conversation.

There are many methods of lead generation. Utilizing digital strategies is one example. Many companies may prospect leads through a digital advertising campaign that triggers potential customers to sign up for information about a product. Other forms of prospecting can include meeting potential customers at trade shows, use of a referral program, or purchasing a list of customers from a third-party company that meets the criteria for the target market.

Once the sales professional has a database of leads, the next step is **qualification** of those leads. Not all names in a database may be the right candidates for a company's products. There are many reasons why a candidate may not be a good fit for a company's products. For example, some leads may have recently purchased a competitor's product, and others may not be in a financial position to afford the product. The sales professional wants to reduce the list to include only the leads who are a good fit and are more likely to be receptive to purchasing the company's products. Qualification may also include making sure the contact has the authority to make the purchasing decision.

You might be asking yourself how a salesperson or company tracks these leads and keeps all the various communication touch points organized. They typically have two software tools to help them: **sales force automation** (SFA) and **customer relationship management** (CRM) software. SFAs are used to acquire a customer, and CRMs are used to retain and manage customers after the sale.<sup>1</sup>

According to **Salesforce**, a company known for one of the most popular CRMs on the market, CRM software "is a technology for managing all your company's relationships and interactions with customers and potential customers. The goal is simple: Improve business relationships to grow your business."<sup>2</sup>

#### LINK TO LEARNING



#### Difference between CRMs and SFA

Check out this [short article from SelectHub](https://openstax.org/r/sfavscrm) (<https://openstax.org/r/sfavscrm>) that outlines in more detail the difference between CRMs and SFAs.

## Step 2: Pre-approach

The **pre-approach stage** can best be described as a thorough analysis or research of the potential candidate. It is in the pre-approach stage that the sales professional will conduct a very detailed study of the prospect, which will often include information about specific product needs, what current brands they might be using, brand awareness, who the decision makers are, and general knowledge of personal interests and financial standing. The research findings are meant to help the sales professional to find out needs and wants as well as the best way to approach the prospect for the sales presentation.

Some of the research that sales professionals seek to review as part of their investigation may include interviews with other clients, financial reports, credit histories, and any sources of public information. Most companies with a sales force and sales process will use robust customer relationship management (CRM) databases to collect, filter, and track prospects through the stages of the sales process. Information that is uncovered during the pre-approach will be added to prospect records in the CRM system.

## Step 3: Approach

Information gathered in the pre-approach helps the sales professional during the **approach** phase. Utilizing the insights they have gathered about the prospect, the sales professional seeks to contact the prospect to build rapport and gather more information on the needs and wants of the prospect. During this phase, it is very important for the sales professional to create a positive impression, ask the right questions, and begin building a relationship with the prospect.

A soft approach is generally the best strategy, as the goal is to build the relationship and not necessarily push product. Hard-sell tactics are often rebuffed during this early contact with the prospect. Ideally the role of the salesperson in this early stage is to ask questions and listen. It is through listening intently to the prospect that the salesperson can detect the fit for the product and ultimately the best way to sell the product. Information gathered during the approach will often be used in the presentation stage.

## Step 4: Presentation

Once the prospect has made it through the approach stage, the sales professional is ready to present the product to the prospect. During the **presentation** stage, the goal is to showcase the features about the product that will be of most benefit to the prospect based on the needs uncovered during the pre-approach and approach stages. Often the presentation may include education on the aspects of the product that the prospect will find most beneficial to solve their problems. This is the time for the sales professional to highlight the benefits of the product and answer questions the prospect might have. For example, college admissions departments work with students to showcase the best of the university in an attempt to persuade them to enroll. Part of the presentation process includes tours of the campus, meetings with current students, attending classes, and experiencing campus life.

The best sales professionals are good listeners. Good listening strategies work to build rapport and create winning strategies. When you listen carefully to your prospects, they will tell you exactly how to sell to them. Using information provided by the prospect, a good sales professional will be able to turn it into a winning sale. Several methods of sale presentation include a stimulus-response format, formula selling, a need/satisfaction format, adaptive selling, and consultative selling.

### Stimulus-Response Format

When a salesperson has done the research and they understand many of the issues that might be presented by the customer, they are able to provide a stimulus, and the customer provides a response. The skilled salesperson is able to counter every response with a new stimulus. The goal is to sell based on the response from the customer. To be effective, the salesperson must follow a script, which has been developed based on the pre-identified needs and wants of the customer.

### Formula Selling Format

Advertising has typically been dependent on the customer going through a specific set of actions before responding. One of the most common consumer response models is the **AIDA model**, which encompasses attention, interest, desire, and action. Marketers often look to the AIDA model when putting together advertising campaigns. The AIDA model is also used for **formula selling**. The goal is for the salesperson to take the customer through the various stages of response until they get to the purchase of the product. The skilled sales professional will make sure they are providing stimuli and responses for each of the stages of AIDA.

### Need/Satisfaction Format

The **need/satisfaction format** of selling is an approach where the sales professional opens the sales presentation by probing the potential customer with questions in an effort to uncover their needs. The sales presentation is then tailored to the customer by showing how the product/service will satisfy the customer needs.

For example, the owner of a busy café may be met with a question about scheduling from a salesperson who sells scheduling software. The salesperson may start with a question such as "This café is so busy; is it difficult to schedule your staff?" Once the café owner talks about the challenges of scheduling, the salesperson now has information they need to custom tailor the sales presentation about scheduling software to the specific needs identified by the café owner.

### Adaptive Selling

Adaptive selling is one of the most customer-centric sales methods available to the sales professional. Using the **adaptive selling** approach requires the sales professional to adapt their selling strategy and even the product to meet the needs and solve the problems of the customer. To fully utilize this approach requires that the sales professional rapidly customize their approach to meet the needs of different customers. Many sales professionals are taking advantage of the big data that is now readily available to better target customers. Armed with data about what is going on in the market, the salesperson can now adapt their presentation with real time information.

### Consultative Selling

Perhaps this method was best exemplified in the movie *Miracle on 34th Street*. In the movie, the Macy's Santa Claus suggests a location, other than Macy's, where a mother can get a toy for her son. **Consultative selling** makes the sales professional a consultant who develops a relationship with the customer and takes on an advisory role to help the customer solve their problems. Generally, the problem will get solved through purchase of the product, but it can also be solved in various other ways. The sales professional becomes the anchor to helping the potential customer solve their problems.

### Step 5: Handling Objections

Preparation during the qualification, pre-approach, and approach stages of the sale process, provide the sales professional with the information they will need to handle objections. In many situations, seasoned sales professionals are able to successfully present the product and answer questions without having objections. Good research on the customer and an understanding of how the product will help them and solve their problems allow the sales professional to avoid objections. However, when the customer does present an objection, the skilled sales professional will need to be agile at handling them.

Typically, strategies for handling objections include listening, restating the question, and responding with additional questions. Price is generally always voiced as an objection. Knowing the common objections and having a strategy to handle them prior to the presentation will help advance to the close stage.

## Step 6: Closing

Asking for the order is perhaps the hardest step in the sales process for many sales professionals. Up to the point of the close, the sales professional has spent a tremendous amount of time and energy with the prospect. Much of the work of the sales professional has been around building a relationship with the prospect. Asking for the order is a source of tremendous fear for many sales professionals because this is the point where all of their work could unravel. What if the customer says no? Then what?

Many sales professionals fear the possibility of rejection. They also consider that they may get the timing wrong. However, if the sales professional has prepared, they know that asking for the order is the point where they make the prospect a customer. One way to eliminate the guesswork of timing is to do a trial close by talking about things such as financial terms or delivery of the product. The customer's response to the trial close questions will alert the sales professional to the prospect's readiness to purchase.

## Step 7: Follow-Up

After the order is placed, the real work begins. Upon closing a sale and signing the prospect as a customer, the sales professional is now tasked with onboarding the customer and ensuring that everything progresses smoothly with the sale of the product. Because it is much more lucrative for a company to keep current customers happy than to go out and prospect for new customers, the follow-up is a major step in creating lifetime customer value (LCV). Most salespeople would rather maintain their current clients than search for new clients. The follow-up after the sale is a critical step in getting repeat business, customer referrals, and upsells during the next order cycle.

## Knowledge Check

It's time to check your knowledge on the concepts presented in this section. Refer to the Answer Key at the end of the book for feedback.

1. Lucia works for ABC Home Centers. The company sells roofing and windows to customers looking to make home improvements. Lucia's main job with the company is to identify people who might be in the market for home improvement products. As part of Lucia's job, she calls people to see if they would be interested in finding out more about ABC's products. What stage of the sales process is Lucia doing?
  - a. Closing
  - b. Handling objections
  - c. Presentation
  - d. Prospecting and qualifying
2. Tony likes everything about the products from Supreme Restaurant Equipment. He is just about ready to purchase, but he has some questions about the payment methods and financing. At what stage of the selling process does the sales professional deal with Tony's questions?
  - a. Handling objections
  - b. Closing
  - c. Pre-approach
  - d. Qualifying
3. Shakira has been working with a customer for quite some time. She has a good rapport with the customer, and the customer often asks her a lot of questions regarding other matters in the industry. When Shakira is ready to work with the customer for an order, she talks with them about the pros and cons as well as other companies' products that might be a good fit. What type of selling approach is Shakira using?
  - a. Adaptive
  - b. Hard sell
  - c. Stimulus-response

- d. Consultative
4. "Besides you, are there other decision makers that buy apparel?" This is a question that you might ask during what stage of the sales call?
- a. Pre-approach
  - b. Close
  - c. Approach
  - d. Handling objections
5. Keith is with his prospect, and he is out on a test drive for the new Ford F-150. He is telling the prospect about the safety features of the truck. What stage of the selling process is Keith in?
- a. Approach
  - b. Close
  - c. Presentation
  - d. Handling objections

## 15.4 Management of the Sales Force

### Learning Outcomes

By the end of this section, you will be able to:

- LO 1** Identify the issues involved in managing a sales force.
- LO 2** List the various ways a sales force can be structured.
- LO 3** Describe the tasks involved in sales force recruitment and selection.
- LO 4** Discuss key metrics that can be used to assess sales performance.
- LO 5** Describe the tasks involved in supervising and evaluating a sales force.
- LO 6** Summarize the metrics that can be used for sales force performance evaluation.

### Issues Involved in Managing a Sales Force

A sales force can be the lifeblood of an organization's revenue cycle, so it's important that they are incentivized to produce new clients, maintain current clients, and generate revenue for the organization. Proper management of the sales force includes setting goals, motivating, incentivizing, supporting, and monitoring.

Typical issues specific to sales include motivating and challenging the sales force. A sales force is always under pressure to meet sales targets, often linked to revenue goals, so a manager needs to constantly be working with their sales team to keep them motivated and hit the targets.

Finding the right person for the job is an important role for a sales manager. Sales managers often look for recent college graduates to fill sales positions. In addition, sales managers may look for someone already experienced in sales and then train them for the specific industry and products. Whatever set of skills a company might be looking for, finding the right mix of professionals can be challenging.

### Sales Force Management Defined

Sales force management includes a very wide range of responsibilities. There are many tasks involved in sales force management, including the process of hiring, training, and motivating sales staff, as well as coordinating activities and implementing a sales strategy designed to increase sales revenue.

### Setting Sales Force Objectives

For the sales force to be effective, they must understand what is expected of them. Establishing a clear set of objectives conveys to the sales force the expectation and how they will be evaluated. Sales force objectives can be set for the entire sales force as well as individual sales professionals. Objectives are usually set based on

revenue goals, and they should be clearly established with measurement metrics and a time frame for completion. Typical sales force objectives include a mix of generating new customers and working with current customers.

## Serving Existing Customers

Much of the work of a sales professional is around serving the existing customer. It is important to keep customers satisfied. Most organizations rely heavily on existing customers to provide good reviews, customer referrals, repeat purchases, and upsell of existing products. Sales professionals are expected to continue developing and building the relationship with existing customers to ensure they are satisfied. This can include checking on inventory, dealing with supply issues, and educating on product application. Objectives may include how often the sales professional is expected to keep in contact with the existing customer.

## Developing New Customers

Growth is a key driver of most organizations, and growth comes through new sales to existing customers and also through sales to new customers. A sales force objective of obtaining a certain number of new customers is common. The sales force must have a lead pipeline of prospective customers they are constantly working to turn into customers.

## Increasing Market Share and Profit

Additional methods for companies to grow include obtaining more market share as well as more profitable sales. When there are sales objectives for market share, they usually focus on an increase in the proportion of the firm's sales as compared to the total number of products the firm sells overall in the industry.

## Enhancing Customer Satisfaction

An important element of obtaining new customers as well as getting additional sales from existing customers is keeping customers satisfied. Satisfaction can mean good reviews, referral business, and lifetime customers. Objectives for customer satisfaction usually involve the sales force working with customers and obtaining reviews and endorsements.

## Designing the Sales Force Strategy and Structure

There are many ways to design and develop a sales force. Careful thought to the customer is usually the best practice for establishing the right structure. Other factors in determining the best structure involve the company and its products. Sometimes organizations utilize all of the methods to structure the sales force.

For example, **Pfizer** has a neuroscience product and structures its sales force by product, customer type/size, and geography. The Pfizer pharmaceutical sales representative for the neuroscience product calls on neurologists, represents only one or two products so that they are an expert on the efficacy and uses, and has a very tight geographical territory, usually focused on a few zip codes depending on the number of neurological medical practices in a given area.

### Territorial Sales Force Structure

Setting up a sales force territory is typically done based on the number of prospects and customers as well as the size of the customer and the potential revenue from the typical sale. The goal is to make the territories equitable for all of the sales force. Geographic territories are typical and take into consideration the amount of time spent in the field and how large the coverage area may be for the sales force.

### Product Sales Force Structure

Firms typically want the sales force to be knowledge experts on the products they represent. It is common for a company to provide the sales force with a portfolio of products and to include continuous training on all aspects of the products they sell. In order to provide the best resources, companies create structure around product portfolios and have their sales force structured according to the products they sell. For example, in

wine distribution, some sales representatives work with restaurants, the “on-premise” segment. Other sales reps would serve retail outlets, including supermarkets and independent wine shops.

### Customer (Market) Sales Force Structure

In addition to knowledge of the products, the sales force needs to be knowledgeable about the customers and the industries they serve. Many companies structure their sales force according to the industry or customers. A company that sells products within the restaurant industry may be structured according to quick service, fast fresh, food truck, and fine dining.

### Determining the Size of the Sales Force

Investing in a sales force is significant for any company. Sales professionals must be properly incentivized, and the pay and benefits packages can be quite high for experienced and well-trained employees. Companies must determine the number of potential customers as well as the time to nurture prospects into customers. The size of the sales force must be considered in relation to the complexity of the product, the profit margins on sales, and the size and number of customers in the markets served.

### Recruiting and Selecting Salespeople

Hiring and training a sales force is a significant process and cost for companies. The sales manager must have a set of skill requirements and product knowledge that the right candidate must have in order to fill the available roles. There is significant agreement that good salespeople all possess the traits of self-motivation, time management, optimism, empathy, and the ability to network. Many salespeople make themselves valuable based on the network of contacts they are able to maintain.

Most recruiting starts with a job description detailing the requirements and the necessary skills that are needed to do the job. Finding the right candidates often starts through listing available job openings on many of the digital job boards, such as [Indeed](#), [CareerBuilder](#), and [LinkedIn](#). Executive recruiting firms can also be instrumental in finding and matching the right job candidates.

### Training Salespeople

Training of the sales force is a significant effort for most companies. Many organizations have a formal training program and spend considerable time and resources to keep the sales force knowledgeable on the products and industries served. Areas of training include sales strategies and how to sell, the products being sold, the industries served, and the company itself.

The best training programs are a combination of classroom activities and in-the-field training. Companies typically have their own training programs. New hires will spend a couple of weeks to a few months in training before they are given their own accounts and territories. Training, however, is not only for the newly hired sales professionals. Most companies have continuous training requirements for their sales force. Training for existing employees often includes company processes, information on products, and enhancing sales skills. Most top-performing sales teams spend time training with company managers as well as other sales professionals.<sup>3</sup>

### Compensating Salespeople

Compensation of the sales force is typically focused on providing a fair wage as well as incentivizing and motivating. Many organizations combine a variety of compensation methods to meet both individual goals and the overarching organizational goals.

#### Commission Only

Using a **commission**-only compensation structure provides for the motivation and incentive to make sales. Seasoned sales professionals typically enjoy a higher commission or commission-only structure. They are confident in their ability to sell the products and want to recognize the significant compensation enjoyed by a

high commission structure on the sales they make.

The advantages of a commission-only compensation structure are that the company is not burdened with the expense of the sales force, as it only pays the sales professional if they have made a sale. This structure provides incentive and motivation for the sales professional to make sales and work hard.

The disadvantages of this structure include potential burnout of the sales force as well as a possible situation where the sales force uses aggressive practices to make sales.

### Salary Only

When an organization uses the sales force more as trusted, it tends to provide a salary structure. Using salary-only compensation provides for stability of the sales force and the inclination of the sales professional to spend significant time with the customers and prospects.

A new salesperson at a car dealership might start on salary for a few months while learning the business. Later, after gaining product knowledge, developing a prospect list, and gaining the trust of the veteran sales staff, that person might switch to commission only.

The advantages of the salary-only structure are that it gives the organization control over the sales expense and is easy to administer. There are, however, a few disadvantages. One of the major disadvantages is that there is no incentive or motivation to make a sale. Another major disadvantage is that when sales decline, the expenses remain the same.

### Salary and Commission

Many organizations utilize a combination of salary and commission. This allows for control of the sales force and the activities while still providing the sales force with incentives and motivation.

The major advantage to the combination structure is that it provides a certain amount of financial stability for the sales force while also incentivizing them to make sales. A disadvantage to the organization is that it is difficult to administer, and it makes the selling expense less predictable.

### Salary and Individual Bonus

Another form of compensation is a base salary plus individual bonuses upon meeting goals and objectives. The advantages are control over the selling expense and incentive to meet goals and objectives established for the sales force. The disadvantage is primarily in the administration of the structure to make sure the bonus is sufficient to provide motivation and incentive and to keep track of the bonus structure.

### Salary, Commission, and Bonus

This is the most complex of all of the compensation methods, as it combines all elements: a base salary, commission based on sales, and bonus based on goal targets. The advantages for the employee are the security from the salary combined with an incentive through the commission and bonus. There are two levels of incentive and motivation to keep the sales force engaged and actively working on making sales. The disadvantages include the complexity of managing the structure and tracking commissions and bonuses.

## Supervising and Evaluating the Sales Force

While most sales professionals are self-motivated, they still require supervision, and this will include methods of evaluation to make sure the predetermined objectives have been met. Sales managers are tasked with developing the objectives and goals as well as monitoring and evaluating the success of the sales effort. There are a number of methods used to supervise and evaluate.

**Quantitative assessments** focus on the items that can be measured. They are less subjective and allow the sales manager to focus on the goals and objectives set for the sales force. A quantitative assessment may include a scale to rank activities of the sales force. For example, [Paychex](#) may evaluate the sales force based on

how many leads they have acquired in a given month, the number of meetings with prospects, and the number of communication touch points with existing clients.

Another key element of evaluation includes the behavioral aspects of selling. Behavioral evaluations tend to be subjective in nature; however, they can be very helpful in identifying the right actions for the sales force to be effective at selling. Typically, a sales manager may accompany a sales professional for a day. The goal of the sales manager is to see how the sales professional handles their day, communicates with clients, answers questions, and conducts follow-up activities.

### **Useful Metrics to Assess Sales Performance**

There are many metrics utilized by sales managers to gauge the performance of the sales force. The metrics should align with the goals and objectives of the organization and the sales function. Ideally, sales managers rely on metrics to provide the sales force with clear targets to work toward.

#### **Sales Metrics**

Sales metrics include data that serve to measure the individual performance of the sales professional, the team as a whole, and the company's sales performance over a period of time. Sales managers use the data to measure and evaluate areas that are doing well and those that need improvement.

Most sales teams have found that a few key metrics are instrumental in evaluating the overall success of the sales efforts. Every activity of the sales force needs to work toward making the sale. Metrics for sales productivity look to gauge the effectiveness of the efforts. Some typical productivity metrics include

- percentage of time spent on selling activities;
- percentage of time spent updating the CRM;
- percentage of lead follow-up; and
- percentage of leads generated.

Time is of the essence in connecting with "warm" leads, or potential customers who have expressed interest in the product. **Lead response time** measures evaluate the responsiveness of the sales force to the leads generated. Most sales programs seek an acceptable time frame for response. Some examples include

- time to contact a new lead;
- time to respond to a customer question;
- time to prepare a new prospect presentation; and
- time to create a proposal.

The **opportunity win rate** is a good measure to gauge the effectiveness of the sales force. It is important to know how many leads the sales force is given and how many leads become prospects. Knowing the opportunity win rate will help to determine where the sales force might need extended training on closing sales; it will also help to determine how many leads are needed in order to convert to clients.

#### **Knowledge Check**

It's time to check your knowledge on the concepts presented in this section. Refer to the Answer Key at the end of the book for feedback.

1. Lev is the sales manager for John Paul Mitchell Systems. He is responsible for the North American sales division. Lev is currently reviewing the total number of salons and looking to estimate the size of his sales force. What sales force management function is Lev performing?
  - a. Setting sales goals
  - b. Looking at territories
  - c. Estimating the number of sales professionals he will need
  - d. Writing job descriptions

2. Part of Malika's job with H2O Pool Supplies is to identify potential new customers. She is required to spend 20% of her time working to bring in new customers. What type of objective is Malika working toward?
  - a. Serving existing customers
  - b. Increasing profits
  - c. Enhancing customer satisfaction
  - d. Developing new customers
3. Terra Cotta Landscape Supply is currently developing a two-day session for all sales professionals within the organization. During this two-day meeting, the sales professionals will be learning about new products and applications for their clients. This is an example of what element of managing a sales force?
  - a. Compensating
  - b. Training
  - c. Recruiting
  - d. Evaluating
4. Johnny has worked for Nestlé for 15 years. He is paid based on the sales he makes. What type of compensation is Johnny most likely making?
  - a. Base salary
  - b. Bonus
  - c. Commission
  - d. Salary and commission
5. Ranee is concerned with making sure she has a set number of appointments with customers each week. Ranee is most likely being evaluated based on what?
  - a. Percent of time spent on selling activities
  - b. Percent of time spent generating leads
  - c. Time it takes her to develop a proposal
  - d. Percent of time working in the CRM

## 15.5 Sales Promotion and Its Role in the Promotion Mix

### Learning Outcomes

By the end of this section, you will be able to:

- LO 1 Define sales promotion.
- LO 2 Discuss the importance of sales promotion in the promotion mix.

### Sales Promotion

**Sales promotion** is a promotional strategy focused on inducing sales in the short term. Of all the promotional activities, sales promotion is solely focused on a direct call to action to buy something. Sales promotion can be targeted to intermediaries through a push strategy or directly to consumers through a pull strategy. Marketers often use sales promotion in tandem with other promotional strategies. When McDonald's advertises, for example, "Free fries on Friday when you purchase a menu item through the app," it is using advertising along with sales promotion to induce consumers to use the app and to increase sales on Fridays.

When products are at the introductory stage of the product life cycle, sales promotion can be effective at inducing trial of a product. The greater the competition, the more a sales promotion strategy becomes important for getting consumers to switch or try a new or different product. Product manufacturers often use sales promotion in-store to set apart the brand or product at the time of purchase. As you walk past the cheese aisle at the grocery store, you might see Sargento offering a buy-one-get-one (BOGO) deal. This is a sales promotion geared toward getting the customer to buy more of Sargento or possibly try Sargento for the

first time.

### Importance of Sales Promotion in the Promotion Mix

Many of the strategies in the promotion mix are informative in nature. However, when other strategies are combined with sales promotion, there is a direct and immediate call to action to purchase the product. Companies needing to create sales in the short term will benefit from sales promotion. Utilizing sales promotion is a very effective strategy for generating trial of a product in the introductory stages of the product life cycle (PLC).

#### Spreading of Information

Sales promotion is very effective at spreading information about new products and product modifications. Creating awareness of the brand to new markets and customers is another effective use of sales promotion.

When [MyPillow](#) has an advertorial during Fox News and provides a code for a reduced price of its renowned pillows, the advertorial serves to tell new customers about the products as well as provide an incentive to purchase the product immediately.

#### Stimulation of Demand

One of the key elements to good sales promotion is that it stimulates sales in the short term. Sales promotion gives customers an immediate incentive to purchase a product.

[Sonic Drive-In](#) (see [Figure 15.3](#)) offers half-price drinks and slushes every day from 2:00 to 4:00 as a “happy hour” special. The use of this sales promotion tactic does two things: first, it incentivizes consumers to buy drinks, and second, it provides sales during the slow times of the day.



**Figure 15.3** Sonic Drive-In uses a half-price sales promotion to stimulate sales during slow times of the day. (credit: “Sonic Drive In and Eat In Restaurant, Bristol CT 5/2014” by Mike Mozart, JeepersMedia/flickr, CC BY 2.0)

#### Customer Satisfaction

Today’s customer is presented with thousands of messages. Companies are driven to get noticed, increase sales, and keep their customers satisfied. Sales promotions are one method a company may use to increase customer satisfaction. A survey from [RetailMeNot](#) “showed that coupons can affect brain chemistry and can make customers happier.” The research concluded that an online shopper who received a \$10 coupon was 11% happier and had 38% higher oxytocin levels than those who didn’t get a discount.<sup>4</sup> Providing the occasional discount can chemically make a customer happier, resulting in a more satisfied customer, who may spend more in the future and may become a loyal shopper.<sup>5</sup>

#### Stabilization of Sales Volume

Sales promotion can also be used to help stabilize sales volume. Because sales promotion works to incentivize purchase of a product in the short term, companies often use this promotional tactic to drive sales and meet

targets. Typical sales promotion tactics used to increase sales include buy-one-get-one-half-off and other specific discounts that are available when used by a certain time. The time element provides the company with the target for the sale, and the customer is provided with an incentive to purchase by a certain time.

## MARKETING DASHBOARD



### Cost of Customer Acquisition

We often think about profitability based on the difference between what we spend to create a product or service and the amount a customer pays for that product or service. However, we have to remember that there are costs to acquiring customers. In this chapter, you learned about two promotional activities that create costs to reach customers: sales and sales promotion.

Within the sales process, an organization pays a salesperson salary and/or commission to make sales. This is an example of a cost to acquire a customer. As you can imagine, we want our cost to acquire to stay low. For example, if we sold multimillion-dollar airplanes, it would be reasonable to spend thousands of dollars on a salesperson to make that sale. However, if we were selling several-hundred-dollar televisions, our cost to acquire a customer must be much lower.

Sales promotion is another promotional expense. For example, if a pizza brand provides samples at Costco, this might encourage a customer to purchase pizza. And if that customer keeps buying pizza, the cost of the pizza sample was worth it for the value that the customer will bring over the life of the relationship. Other categories of promotional costs include advertising, public relations, social media, search, and direct marketing.

The formula for cost of acquisition is the total cost of marketing activities divided by number of customers acquired.

$$\text{Cost of Acquisition} = \frac{\text{Total Cost of Marketing Activities}}{\text{Number of Customers Acquired}}$$

In this formula, you will see an assumption that all customers are worth the same amount, but as savvy marketers, we know that this is untrue. This is why we need to use a variety of marketing metrics when evaluating campaigns.

**Give the cost of acquisition calculation a try for yourself. What is the cost of acquisition in the example provided below?**

Type of Promotion	Expense	Yield
Television Advertising	\$1,250,000	400,000 customers
Catalog Mailing	\$750,000	250,000 customers
Search Engine Marketing	\$550,000	90,000 customers
Outdoor Activation	\$1,500,000	70,000 customers

**Table 15.1**

Type of Promotion	Expense	Yield
Ad Agency Fees	\$600,000	0 customers
<b>TOTAL</b>	<b>\$4,650,000</b>	<b>810,000 customers</b>

**Table 15.1****Solution**

\$5.74 per customer

Formula:

$$\$4,650,000 / 810,000$$

**What additional information do you need to determine whether the cost of acquisition is appropriate for the product or service?**

**Solution**

The price of the product/service, total sales, expenses, and margins associated with the product or service

**Let's suppose that this example is for a national bookseller. The bookseller has an average profit per customer of \$90 over the customer's lifetime. Would the cost per acquisition that you calculated provide a good value for the bookseller? Why or why not?**

**Solution**

Yes. It is worth it to spend \$5.74 to acquire a customer worth \$90 on average over the lifespan of the relationship;

$$\$90 > \$5.74$$

## Knowledge Check

It's time to check your knowledge on the concepts presented in this section. Refer to the Answer Key at the end of the book for feedback.

1. The retail store Ann Taylor is offering 75% off if you order online today and sign up to receive the newsletter. This is an example of what promotional mix strategy?
  - a. Advertising
  - b. Personal selling
  - c. Public relations
  - d. Sales promotion
2. When Starbucks has a happy hour special from 2:00 to 4:00 and drinks are half price, what is the purpose of the sales promotion?
  - a. Lose money
  - b. Stimulate demand
  - c. Spread information
  - d. Increase customer satisfaction
3. Rolex calls itself the "Official Timekeeper" of the Wimbledon and Australian Open tennis championships, by virtue of its sponsorships of the marquee events. What is the most likely objective for Rolex's sponsorship deal with these events?

- a. Lose money
  - b. Stimulate demand
  - c. Spread information
  - d. Increase customer satisfaction
4. Sales promotion consists of a collection of incentive tools designed to do what for the product?
- a. Stimulate demand
  - b. Create brand awareness
  - c. Provide free publicity
  - d. Inform
5. Sally loves to receive her coupons from American Eagle. She typically looks in her email every day to see what promotions the company will be sending. The American Eagle sales promotions are helping to accomplish which important task?
- a. Increased customer satisfaction
  - b. Providing information
  - c. Increasing brand awareness
  - d. Developing junk mail

## 15.6 Main Types of Sales Promotion

### Learning Outcomes

By the end of this section, you will be able to:

- LO 1 Discuss the primary types of consumer-oriented sales promotion.
- LO 2 Discuss the primary types of trade-oriented sales promotion.

### Consumer-Oriented Sales Promotion

**Sales promotion** can be categorized in two ways. The first category of sales promotion is consumer-oriented, which focuses on the consumer pulling the product through the marketing channels. The second category is trade-oriented, which is intended to push the product through the channel to the consumer.

Consumer-oriented sales promotion provides the customer with an immediate inducement to purchase a product. The goal is to have the consumer seek out the product and “pull it” through the marketing channel. There are many common forms of consumer-oriented sales promotion.

#### Coupons

The goal of **coupons** is to reduce the price of the product and prompt the consumer to make an immediate purchase. The major goal is to increase sales quickly, attract repeat purchases, or try new versions of a product. Consumers using coupons recognize the savings when they relinquish the coupon at the time of purchase. Coupons come in many different forms, including printed, digital, and mobile. Because a coupon has to be redeemed to obtain the reward, manufacturers can determine the effectiveness of the coupon offer and the method of delivery.

The company **HelloFresh** sends a direct mail piece with a coupon for 16 free meals. When consumers sign up for the home delivery meal plan, this is a great example of how a coupon might be used to create brand awareness and acquire new customers. The direct mail might also include a code to use online for digital application of the offer.

#### Samples

**Samples** are most often used to induce trial of a new product. This tactic can be very effective to increase sales

volume during the early stages of the product life cycle and to help with better distribution. Samples can be given out in stores, at events, or through the mail. This is an expensive form of sales promotion but can be highly effective at inducing purchase. **Costco** regularly has samples within its aisles and at the immediate point of sale as consumers are shopping. Another example is from the 2022 SXSW conference in Austin, Texas, when **Creminelli Fine Meats** distributed free mini packs of salami to showcase the company's line of "charcuterie-grade snacking" products. The makers of White Claw Hard Seltzer were corporate sponsors of the event; conference-goers were treated to free samples of new flavors, such as Passion Fruit.<sup>6</sup>

### Premiums

**Premiums** are items offered free or at a minimum cost alongside the purchase of a product. Some of the most famous premiums include the McDonald's Happy Meal toys and Cracker Jack ("The more you eat the more you want") with a prize inside.<sup>7</sup> Premiums are very good for attracting new buyers and providing an incentive for customer loyalty. The use of the Happy Meal toy created significant customer loyalty among consumers who wanted to collect all the toys in a series.

### Contests

**Contests** make consumers use their skills to compete for prizes. Using contests allows customers to engage with products and become invested in the process of trying to win something of value. Companies often use contests in coordination with other sales promotion tactics, such as coupons. **Doritos** regularly includes a contest as part of its advertising. **Pepperidge Farm** challenged consumers to #GoForTheHandful and create an Instagram duet with pro basketball player Boban Marjanović. The goal was to see if consumers could hold more Goldfish crackers in their tiny hands compared to the large hands of the pro basketball player. Winners were treated to Goldfish for a year and the title of Official Goldfish Spokeshand.<sup>8</sup> Contests are based on analytical or creative skills.

### Sweepstakes

Where contests are based on skill, **sweepstakes** are based on chance. Companies use sweepstakes in order to increase sales volume in the short term. Sweepstakes ask contestants to submit their names for inclusion in a drawing for prizes. **Publishers Clearing House** conducts one of the most well-known sweepstakes. The company ultimately wants consumers to order magazines; however, the purchase of a magazine is not necessary to enter and win the \$1 million cash prize. However, Publishers Clearing House is able to add to its mailing list when consumers enter to win.

### Loyalty Programs

**Loyalty programs** have increased in popularity. Most of today's loyalty programs are tied to a mobile app. The attractiveness of loyalty programs is that when consumers spend, they get points toward something free. For example, **Wired Coffee Bar** offers consumers \$5 off of a product in-store when they spend \$50.

### Point-of-Purchase Displays

**Point-of-purchase displays** have been a hallmark in store aisles for decades. The point-of-purchase display allows manufacturers to showcase their products in a way that stands out from all the other products in the store. Companies typically utilize the point-of-purchase promotion method for new products that are being introduced to the market. Some common forms of point-of-purchase presentations include outdoor signs, window displays, countertop containers, display racks, and self-serve cartons. The key to good point-of-purchase is having a display that attracts customers and enhances the brand image of the product being offered.

### Rebates

**Rebates** provide some type of reimbursement of the cost of a product when the consumer completes certain information about the time, place, and price of the product purchased. Typically, the consumer must submit

the rebate form by a certain date and must include receipts or bar codes from the purchase. Rebates usually induce the consumer to buy the product as it is being offered at a perceived cheaper price. Consumers often fail to submit the required materials to receive the rebate, as they might see the process as too laborious.

### MARKETING IN PRACTICE



Domino's



**Figure 15.4** Companies will often use national days for sales-oriented promotions, like Domino's does on National Pizza Day. (credit: "Domino's Pizza delivery bikes" by Erica Fischer/flickr, CC BY 2.0)

Companies use sales promotion to generate more sales and to promote their brands. Setting up special days for certain products and causes can help bring focus and attention as well as boost sales or donations in the short term. For example, days such as National Coffee Day, National Pet Adoption Day, and National Pizza Day put a spotlight on the product or cause and can work to create a news story, which helps to generate consumer interest.

During National Pizza Day, companies selling pizza will run various promotions geared toward selling more pizza and getting consumers across the country to eat pizza. While **Domino's Pizza** regularly runs discounts and promotions, most of them are "deals" that consumers can use on a regular basis (see [Figure 15.4](#)). Pizza delivery companies regularly utilize sales promotion strategies as a way to deal with the highly competitive nature of the pizza delivery industry.

For National Pizza Day 2022, Domino's, a company known for fast pizza delivery, ran an unusual sales promotion offering cash back if consumers picked up their pizza instead of having it delivered. For a limited time, Domino's, the world's largest pizza chain, offered to give consumers back \$3 when they opted to pick up their pizza instead of having it delivered. "The \$3 coupon was redeemable the following week on another carryout order of \$5 or more before tax and gratuity."<sup>9</sup>

### Trade-Oriented Sales Promotion

Trade-oriented sales promotion is focused on the channel intermediaries: the wholesalers and retailers. The goal is for the intermediary to be incentivized to push the product to the consumer.

### Allowances and Discounts

Manufacturers provide the retailers or wholesalers with allowances to pass along in the form of price breaks to the end customer. For example, **Ford Motor Company** might offer a \$3,000 trade-in allowance for the new F-150. This is an incentive to come into the dealership and buy the F-150.<sup>10</sup> The dealer has the allowance from Ford and is able to pass the savings to the consumer as an incentive to come in and buy a new truck.

### Cooperative Advertising

Advertising can be expensive for retailers. Typically, they advertise products they have in stock in an effort to induce consumers to come in and make a purchase. **Cooperative advertising** is a way for manufacturers to help with the cost of the advertising, in exchange for the retailer to advertise the products produced by the manufacturer. When supermarket chain **Publix** advertises **Boar's Head** meats and cheeses, Publix is using cooperative advertising from Boar's Head to run the ads featuring Boar's Head products.

### Cash Bonuses

Some manufacturers provide bonus cash as an incentive for the retail sales associates to push the manufacturers' products. Bonuses can be given to the sales associate who sells the most or to the store that is the highest sales producer. It is then up to the store to determine how best to use the cash bonus.

### Credit Terms

One way for manufacturers to help the retailers and wholesalers who sell their products is to provide them with favorable **credit terms**. Often these terms allow the wholesaler or retailer to sell the products long before actually having to pay for the product.

### Dealer Conferences

When companies have dealers who distribute their products, they want to incentivize the dealer sales force to sell the product. Additionally, the dealer conferences are a good method of training and educating dealers to work with customers and ultimately sell the product to them.

### Push Incentives

Push incentives work to create demand for a product through discounts that retailers pass on to customers. In the mobile phone industry, **Apple** may provide a discount on phones through one of its retail partners in an effort to encourage buyers to choose the iPhone through the distributor. Push strategies focus on selling directly to the customer. Typical tactics include point-of-sale displays and direct approaches from the retail store sales professionals to the customers.

### Knowledge Check

It's time to check your knowledge on the concepts presented in this section. Refer to the Answer Key at the end of the book for feedback.

1. \_\_\_\_\_ are certificates that entitle the bearer to a stated saving on the purchase of a specific product.
  - a. Samples
  - b. Coupons
  - c. Rebates
  - d. Premiums
  
2. Which of the following consumer promotion tools offers a free amount of a product or service delivered door-to-door, sent in the mail, picked up in a store, attached to another product, or featured in an advertising offer?
  - a. Coupons
  - b. Rebates

- c. Premiums
  - d. Samples
3. Which of the following allows consumers to do things in order to have a chance of winning?
- a. Coupons
  - b. Sweepstakes
  - c. Contests
  - d. Rebates
4. Which of the following is an example of a trade promotion?
- a. Allowances and discounts
  - b. Coupons
  - c. Loyalty programs
  - d. Premiums
5. Which of the following elements of the marketing communications mix consists of a collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or services by consumers or the trade?
- a. Advertising
  - b. Personal selling
  - c. Public relations
  - d. Sales promotion

## 15.7 Ethical Issues in Personal Selling and Sales Promotion

### Learning Outcomes

By the end of this section, you will be able to:

- LO 1 Discuss the ethical issues that may arise in personal selling.
- LO 2 Discuss the ethical issues that may arise in sales promotion.

### Ethical Issues in Personal Selling

The goal of sales is to create customer loyalty and repeat purchases. Developing the relationship with the customer is best done through honesty and integrity. Sales should always be conducted with a long-term goal of developing a lifetime customer and not just one sale.

However, with sales goals as the driving force behind the sales activities, the sales force can be pressured into practices that might be counter to building customer loyalty. Without proper regulation and a code of ethics, sales efforts can run afoul of ethical rules. Good sales managers seek to have control features built in to prevent the temptation to have a climate of dishonesty.

Ethical issues that can arise within the sales function of a company include dishonest claims about a product, slanderous comments about the competition, padding of company expense accounts and/or misuse of the expense account, artificially inflating sales data to meet goals and bonuses, and bribes and kickbacks.

Sales professionals are typically self-starters who are out in the field working with their customers. In a sales role, companies provide the sales professionals expense accounts and credit cards as a way to work with and build relationships with clients. Without close supervision and company policies and guidelines, the sales professional can be tempted to participate in unethical practices. If a code of conduct is not present, it is often hard to resist the temptations. Some of the most common practices and temptations include misuse of the company credit card, inflating sales to reach goals, and receiving kickbacks.

### Misuse of Company Credit Cards or Expense Accounts

Misuse of company credit cards and expense accounts can happen with any employee, but given the solitary nature of the sales professional, it is typically prone to happen more often with them. Because the work of the sales professional is fairly independent from the rest of the organization, it can create situations where there isn't enough accountability. Misuse can happen through double billing, padding the expense account, or overcharging for expensed items.

To handle issues of expense misuse, it is best to have policies and procedures in place along with a record of accounting for expenses and providing receipts for all expensed items.

### Inflating Sales Data

Because sales professionals are often given sales targets and expectations to meet the targets, they are at risk for finding methods of inflating their sales numbers to meet the targets. If the sales professional gets behind or feels pressure to meet goals, it can be appealing to find methods of showing goal achievement. The method of inflating sales can also be termed channel stuffing. This practice happens when a company forces more products through the distribution channel than the channel is actually capable of selling.

When the sales organization calculates the sales targets based on shipments of products, the method of channel stuffing helps to meet the targets in the short term. However, long-term sales targets are adversely affected, especially if the channel partners return the products.

An example of how this might happen can be explained through a company that sells over-the-counter medicines. If it has products with an expiration date in a few months, it may ship all of the products with the near-term expiration date. When the products don't sell within the expiration time frame, the products are shipped back for a return. The sales in the short term were high, and the targets were met. However, in the long-term, the company is faced with a large shipment of returned product.

In 2016, in an effort to meet sales goals and targets, [Wells Fargo](#) employees created millions of fraudulent savings and checking accounts for clients without their consent. Regulatory agencies such as the [Consumer Financial Protection Bureau](#) (CFPB) penalized the company and fined it \$185 million for the illegal activity.<sup>11</sup>

### Accepting Kickbacks

Another unethical practice is when sales professionals accept **kickbacks**. There are many forms of kickbacks. Companies that deal internationally are often at the biggest risk for kickbacks, as it is common practice in some countries. Sales professionals that have long-term relationships can be tempted to take advantage of the situation, particularly if both sides profit from the scheme. There are many types of kickback schemes. Primarily a kickback scheme involves two people who work together to change the pricing structure, and in turn they both generally pocket some profit from the sale. Under the 1977 Foreign Corrupt Practices Act (FCPA), it is unlawful to pay or promise to pay another person for the purpose of retaining their business.

## COMPANIES WITH A CONSCIENCE



### Tentree



**Figure 15.5** Tentree runs consumer-oriented promotions in which it plants 10 trees for every purchase made. (credit: "Tree Near Barkisland" by Tim Green/flickr, CC BY 2.0)

**Tentree** is a sustainable clothing brand. Like many online stores and clothing brands, it regularly runs promotions, including a percent off of the purchase price when you sign up for their newsletter. But along with the typical consumer-oriented promotions, Tentree also plants 10 trees for every purchase (see [Figure 15.5](#)).

According to Tentree's [Facebook](#) page, "We believe that big change starts small. Small as in bringing your reusable tote to the grocery store, getting your coffee refilled in a thermos, and choosing to wear sustainably made T-shirts. These small choices add up (trust us, we've done the math), and we're here to celebrate each and every one of them. By planting 10 trees for every purchase, we hope to make big change accessible to everybody and show the lasting impact that one small choice can have."<sup>12</sup>

So far, the company has planted over 81 million trees. The clothing it manufactures and sells is designed to have a very small environmental impact. And consumers are incentivized to purchase from Tentree because for every item purchased, the company plants 10 trees. Tentree has a goal that customers are pushing to reach—1 billion trees planted by 2030.<sup>13</sup> Its earth-first philosophy is at the heart of every garment it sells.

## Ethical Issues in Sales Promotions

When it comes to sales promotions, many ethical issues can arise. One of the most well-known issues with sales promotion happened with a popular McDonald's game (see [Figure 15.6](#)). For years, McDonald's ran its Monopoly game as a method to increase the consumer purchase of meals along with Monopoly game pieces that could net customers winnings from the fast-food giant. Not only was the game popular with customers, but it did exactly what the sales promotion was supposed to do: it increased sales. Unfortunately, the head of security for the company that ran the promotion and printed the game pieces took out all the winning game pieces in a scam worth \$24 million.<sup>14</sup>



**Figure 15.6** McDonald's Monopoly game was an effective consumer-oriented promotion that resulted in a \$24 million scam. (credit: "McDonald's Monopoly 2014" by Mike Mozart, JeepersMedia/flickr, CC BY 2.0)

### Hidden Fees

One of the most common issues with ethics in sales promotion is in **hidden fees** that might be tacked on to the promotion. The travel and hospitality industry can be an example of the hidden fees often found in the fine print for the unwary customer looking for a “deal.” An airline might have advertised prices, but upon booking, the traveler may realize the baggage and airport fees make the price higher than other advertised rates. This can also be a common practice with hotels and resorts. The advertised price may look appealing, and the sales promotion may seem like a good deal, but by the time resort fees are tacked on to the price, the promotional discount isn’t as attractive.

### Ambiguous Terms and Conditions

Legal documents have long been considered tricky to maneuver. A company may provide the terms and conditions and a link to click or simply acknowledge that you have read through the 15,000-word document for understanding. But does anybody really read the documents? Do consumers really understand what they are reading and agreeing to? Most likely, the legal jargon has gone unread, and the customer is typically unaware of what they have agreed to. However, it is in the best interest of the company to look out for the best interests of their customers. If the end goal is long-term customer satisfaction, all of the work of the company should be around making sure the customer is satisfied. Providing **ambiguous terms and conditions** does nothing to really protect the customer relationship.



## Chapter Summary

This chapter covers personal selling and promotions, both integral components of marketing. Personal selling is defined as communication between a buyer and a seller and can be customized based on the product or service. Much of personal selling is enhanced when the salesperson engages in relationship development to build loyalty.

Personal selling involves inside and outside order takers and their primary responsibility to create a relationship with the buyer. Consider inside order takers as the clerks employed by a company to assist the customer and complete the final sale. Outside order takers are out making calls on customers and delivering inventory. Order getters are the highly trained salespeople, and missionary salespeople are the ones that facilitate experiences such as samples in the store. A technical salesperson is one that has extensive product knowledge that they use to present a product.

Personal selling is broken down into steps. It begins with identifying a qualified customer or prospecting; from this point leads are identified. This is then followed by an approach, a presentation, handling objections, closing, and asking for the order. There are many components involved in each step based on the product/service, customer, timing, and ability of the salesperson to close the sale. The final step is the follow-up.

Sales force management was covered, including the definition, purpose, and construction of compensation packages. Assessment of performance, using sales performance metrics for quantitative assessment, and qualitative goals are important functions of sale management.

The final section discusses promotion, which is a form of marketing communication that is used to inform target audiences of a good, service, brand, or issue. Considered a basic element of the marketing mix, promotion includes various tactics that encourage purchase. Examples include coupons, sweepstakes, rebates, premiums, special packaging, cause-related marketing, and licensing. Loyalty programs are increasingly used to build customer loyalty and repeat sales while at the same time generating valuable consumer information.

Additional incentives include push incentives, which cover a marketer's effort and expenditure to influence channel members stocking and promotional efforts. Pull incentives, on the other hand, cover a marketer's effort and expenditure to influence consumer and customer demand and preference for the marketer products, using advertising, coupons, and other forms of promotion.

Finally, ethical issues with personal selling and promotions were discussed. Fraud and misuse of funds for sales personnel can be closely monitored using software developed to track this information. With promotions, hidden fees, which are one-time add-ons that may not be fully disclosed to the consumer, will carry additional unfair costs. Where contracts are concerned, ambiguous terms and conditions are considered problematic, and customers as well as marketers should be aware and avoid these issues.



## Key Terms

**adaptive selling** an approach to personal selling in which selling behaviors are altered during the sales interaction or across customer interactions, based on information about the nature of the selling situation

**AIDA model** the model consumers go through when becoming interested in a product. First the product must grab their attention, then they gain interest, they have a desire for the product, and they act to acquire the product

**ambiguous terms and conditions** when a contract is unclear and misleading

**approach** the stage of the sales process where the salesperson makes the initial approach to introduce the product to the customer

**commission** the compensation paid to salespeople based on a fixed formula related to the salesperson's activity or performance

**consultative selling** focuses on the expertise of a salesperson with problem solving

**contest** a marketing or consumer sales promotion technique that involves collection, matching, or use of

- skill** to complete a project or activity with the goal of a prize or reward for the player
- cooperative advertising** an approach to paying for local advertising or retail advertising whereby the details are handled by a local retail store but is partly or fully paid for by a national manufacturer whose product is featured in the ad
- coupon** a printed certificate entitling the bearer to a stated price reduction or special value on a specific product
- credit terms** credit terms of the agreement between the buyer and seller with length of time and payments to be made
- customer relationship management** the process sales personnel undertake to work with the customer to build the relationship and move into the role of a trusted advisor
- formula selling** an approach in which the sales presentation is designed to move the customer through the stages in the decision-making process, such as get the customer's attention, develop interest, build desire, and secure action
- hidden fees** also called undisclosed fees and are fees that are not made known to the buyer
- inside order taker** a salesclerk or order clerk that is employed for a company that address questions and complete the final sale
- kickbacks** illegal payment for preferential or improper service
- lead response time** the activity of evaluating factors through data analytics, demographics, buyer behavior, competitor analysis, and economics
- loyalty programs** a form of promotion focused on repeat purchases and frequently attached to a sales receipt, punch card, or stamp card
- missionary salespeople** individuals who have the power to influence the customer to purchase a product or service
- need/satisfaction format** a type of customized sales presentation in which the salesperson first identifies the prospective customer's needs and then tries to offer a solution that satisfies those needs
- opportunity win rate** the number of sales closed divided by the total number of opportunities created; calculates another opportunity to track sales
- order getters** highly trained salespeople who know their products, services involved, and competition across the street
- order takers** sales personnel that are responsible for taking orders from customers by identifying the customer and finding the right product fit
- outside order takers** salespeople out in the trenches, visiting customers and delivering inventory to retailers and wholesalers
- personal selling** communication between a buyer and seller. The primary responsibility is to build a relationship with the buyer.
- point-of-purchase displays** displays that allow manufacturers to showcase their products in a way that stands out from all the other products in the store
- pre-approach stage** the stage of the sales process where the salesperson will work to understand the needs of the customer and begin working with them to become a customer
- premiums** a promotional tool that is often defined in three forms: merchandise offered at a lower price or free; an item of value, other than the product; souvenir merchandise
- presentation** the stage of the sales process where the salesperson showcases the features about a product that will be of most benefit to the prospect based on the needs uncovered during the pre-approach and approach stages
- prospect** a potential qualified customer who has the willingness, financial capacity, authority, and eligibility to buy the salesperson's offering
- qualification** the process the salesperson undertakes to make sure the sales lead is a good fit for the product they are selling
- quantitative assessments** numbers driven and based on inputs and outputs of the sales cycle
- rebates** a form of promotion that rewards consumers for sending information to the company

- relationship selling** a method of personal selling used to better understand the needs and wants of the buyer
- sales force automation** a software tool that helps organizations acquire customers
- sales leads** a database of potential customers that sales professionals work to create and develop through lead generation
- sales promotion** a short-term way of enticing the consumer to purchase a product or service
- samples** providing consumers with a free sample of a product is a form of promotion
- selling process** includes all of the steps the salesperson will implement as they work with the buyer to become a customer
- support personnel** fulfill the responsibilities that assist the sales team in supporting the customer and completing the sale
- sweepstakes** a marketing or consumer sales promotion that involves the offering of prizes to participants, where winners are selected by chance and no consideration is required
- team selling** the practice of involving a group of people familiar with the viewpoints and concerns of a customer's key decision makers to sell and service a major account
- technical specialist** a salesperson who has extensive product knowledge and uses this knowledge as the focal aspect of the sales presentation

## Applied Marketing Knowledge: Discussion Questions

1. Consider which of the sales positions you have engaged with in the last month. Would they be inside or outside order takers, order getter, missionary, technical, or a team? In what circumstances did you have this experience?
2. Explain in detail what happens in each of the steps in personal selling process.
  - a. Prospecting and Qualifying
  - b. Pre-approach
  - c. Approach
  - d. Presentation
  - e. Handling Objections
  - f. Closing: Asking for the Order
  - g. Follow-Up
3. Partner with a fellow student, and practice the personal selling process. Take turns being the buyer and then the seller.
4. Define sales promotion and discuss its importance in the promotion mix.

## Critical Thinking Exercises

1. Compose a paragraph (150–200 words) using all of the following terms as they relate to personal selling. The goal is to prove you understand the meaning of each term.

Terms:

Order takers  
 Inside order takers  
 Outside order takers  
 Order getters  
 Support personnel  
 Missionary salespeople  
 Technical specialists  
 Team selling

2. Consider the promotions that you have participated in. List them and the product that they were used to promote. Did you buy the product based on the promotion? If you did, what was the selling point? If you did not, where did it miss the mark? Pick a product that you are familiar with, and create a promotion aimed at the consumer.
3. Identify a time you've read about or were personally involved in an unethical sales experience.



## Building Your Personal Brand

Consider the concept of personal selling, and apply it to yourself. What information would you need? How would you go about crafting your message? First, gather the facts that you would like someone to know about you, and create a list. Next, craft the basic "elevator pitch" introduction (that is, you only have an elevator ride to tell someone your unique value). What would that pitch include?

Next, make a list of the situations where you might need an introduction (sales pitch) that is longer and contains more detail. Consider a job interview (much of this information should be on your resume), joining a club or professional organization, or volunteering. Each of these situations calls for slightly different information.

Create several different personal selling scripts for yourself, and have someone you know read them and provide feedback. Consider their feedback, and revise as you see fit. If requested, submit your scripts to your instructor.



## What Do Marketers Do?

We are surrounded by personal selling encounters: cell phone, insurance, services in a bank, restaurant, and the list goes on. Pick a service that you would like to learn more about. Now find a person that holds the job of personally selling that service/product. Reach out to them; you can call, walk into a business, or make an appointment, any way that you choose. Introduce yourself, and tell them you are a student and would like to ask some questions.

1. Start with simple information. What does the job entail?
2. How did they get the job? How long have they been doing personal selling?
3. Do they enjoy what they do? What are the best parts and the worst parts of the job?
4. Do they think that there are skills that are needed to do the job well? If they do, what are they?
5. Can they discuss the compensation structure (they might hesitate, but explain you do not need specifics, just general information)?
6. Do they have the opportunity to move up into management if they would like?

Add any additional questions, or ask for clarification of something that you do not understand. End with thanking them for their time.

This exercise should provide you with firsthand information about this job; you can always choose another person that is in a totally different service/product category to compare the details of the job.



## Closing Company Case

### Cutco

In 1949, **Cutco** began manufacturing knives in Olean, New York. At the time, Cutco was making products for Wear-Ever Aluminum, a division of Alcoa. In 1982, the company went through a management buyout that made it a private company. The Cutco name was derived from the time under Alcoa, when it existed as the Cooking Utensil Company.

For the past 70 years, Cutco has been a family business that prides itself on being made in America.<sup>15</sup> The company has a deep-rooted commitment to providing American jobs. Through quality of craftsmanship, the

Cutco products are an American staple in many kitchens, and they are the reliable cookware of choice for many home cooks.

Through its commitment to service and quality, Cutco has one of the leading guarantees in the industry. All Cutco products are backed by The Forever Guarantee. No matter how the consumer acquired the product—self purchase or gift—the products come with a lifetime performance guarantee, which includes free sharpening. If at any time the customer is not satisfied with the performance, Cutco will correct or replace the product. Because Cutco relies on lifetime customers and word-of-mouth referrals, its primary responsibility is to customer satisfaction.<sup>16</sup>

While Cutco has 15 retail stores in the United States, it has long relied on its sales force through **Vector Marketing**. For years, Vector has hired and mentored a mostly collegiate sales force. In fact, 85 percent of the Vector sales force is comprised of college students.

Vector Marketing is a single-level direct sales company, and it sells only Cutco. The relationship between Vector and Cutco dates back to 1985. Early in the 1980s, Vector Marketing was an independent seller of Cutco. Because of Vector's success, Cutco bought it to replicate the success it was having with Cutco's product.<sup>17</sup>

The Vector Marketing home office is in Olean, New York—by its parent, Cutco. It also operates 250 independent locations throughout the United States, Canada, and Puerto Rico. However, during its busy summer months, when students everywhere are working to earn money for college, Vector Marketing has over 300 temporary locations.

Because of the weekly pay, flexible schedules, and superior sales training, tens of thousands of college students have experienced the joy of cutting a penny with the kitchen shears or slicing through a piece of extra-thick rope courtesy of the sharp Cutco blades. Hundreds of thousands of family kitchens across North America have watched the sales demonstration, asked good questions, provided referrals, and purchased a set of Cutco knives and kitchen accessories.

Vector Marketing works hard to recruit, educate, train, and incentivize its sales force. The hardworking Vector Marketing sales representatives know that up for grabs is a total of \$40,000 to full-time undergraduate students who sell the most—the top 50 students get this award every summer. Vector also gives a guaranteed base pay and even pays the student for the appointment, regardless of whether they make the sale. The company doesn't want a reputation for high-pressure sales although they do pay commissions. Vector Marketing and Cutco realize only satisfied customers are repeat and referral customers.

When the Vector Marketing sales representative calls to set up the appointment, they courteously ask about when the customer can view the Cutco presentation. When you are in the presentation, the sales representative will go through a carefully scripted and rehearsed presentation, which will take you through the features and the related customer benefits afforded with ownership of your Cutco blades.

Throughout the presentation, the potential customer is asked if they have questions and, further, what they think of the various Cutco knives and accessories they have been shown. At the end of the presentation, the potential customer is intentionally asked which pieces they are going to buy, and they are encouraged to make the purchase by being offered an additional incentive Cutco tool as a gift with purchase.

Most of the prescreened customers have come to the Vector Marketing representative by way of a close friend or family member. Not only is Cutco an undisputed superior product with a lifetime guarantee, but the quality of the link from the customer back to the sales representative helps to solidify the sale. Saying no is very difficult. Almost all objections have already been eradicated.

After the presentation is over, the order has been placed, and the sales representative is closing up the meeting, they ask for 10 referrals. All good sales representatives know that the best customer is a word-of-mouth referral.

Check out [the Cutco website](https://openstax.org/r/cutco) (<https://openstax.org/r/cutco>) and [the Vector Marketing website](https://openstax.org/r/vector)

(<https://openstax.org/r/vectormarketing>).

### Case Questions

1. How would you classify the type of sales force utilized by Cutco?
2. What is the presentation style utilized in selling Cutco?
3. Describe the compensation structure for the Vector Marketing Cutco sales force.
4. Explain how the Vector Marketing sales team develops relationships with its customers?



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