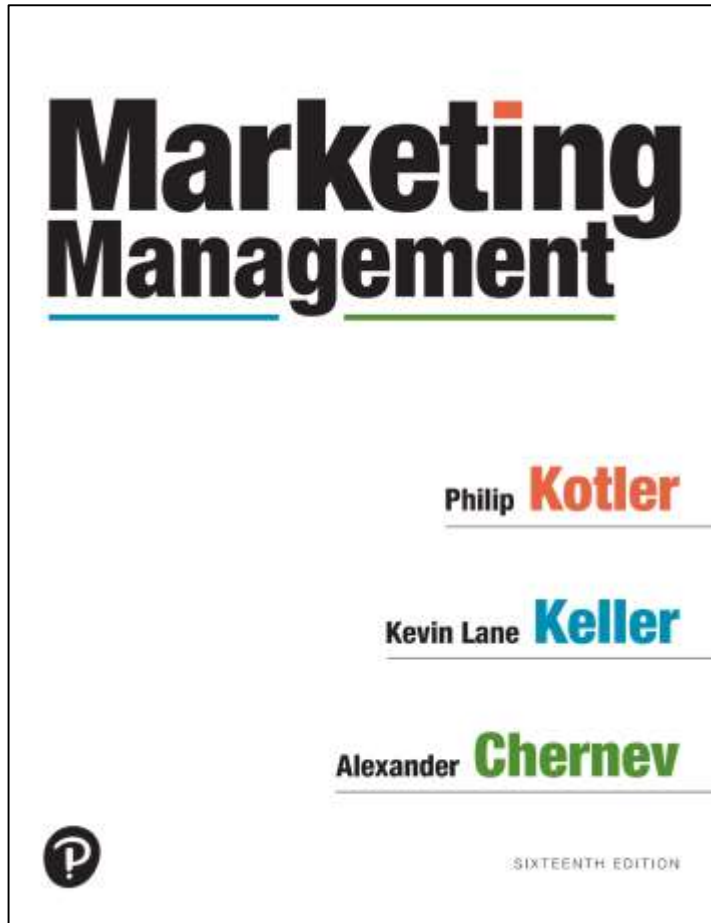# Marketing Management

Sixteenth Edition

Chapter 14

Personal Selling and Direct Marketing

Learning Objectives

14.1 Define the key aspects of the selling process.

14.2 Explain how to design an effective sales force organization.

14.3 Explain how to manage a sales force.

14.4 Discuss the role of direct marketing, and identify the key direct marketing channels.
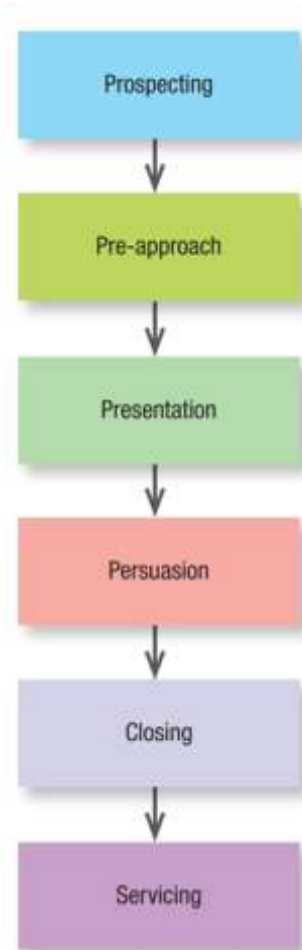
Personal Selling

- **Personal selling**
  - Direct interaction with one or more prospective buyers for the purpose of making presentations, answering questions, and procuring orders

Personal Selling (2 of 2)

- Personal selling
  - Customized
  - Relationship oriented
  - Response oriented

Figure 14.1 Major Steps in Effective Selling

Personal Selling as a Process

- Some companies use BANT
  - Does the customer have the necessary **budget**, the **authority** to buy, a compelling **need** for the product or service, and a **timeline** for delivery that aligns with what is possible?

Personal Selling as a Process

- Pre approach
    - Learn about the prospect company
    - Understand the who, when, where, how and why in the purchasing process
    - Choose the contact approach
    - Plan an overall sales strategy

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Personal Selling as a Process

- Presentation and demonstration
  - FABV approach
    - Features
    - Advantages
    - Benefits
    - Value

Personal Selling as a Process

- Persuasion
  - **Psychological resistance**
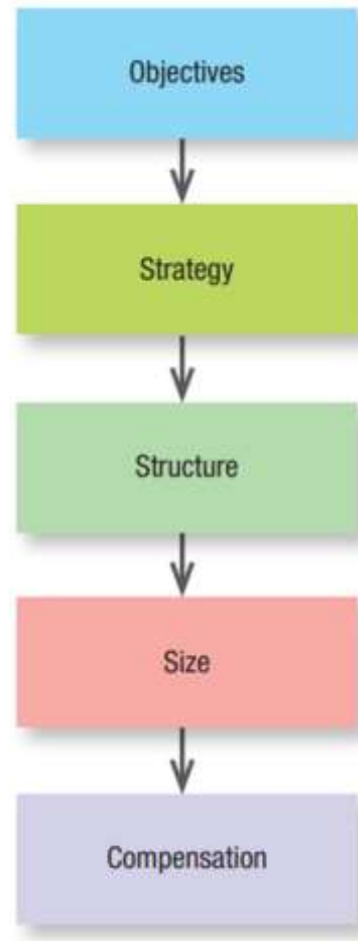 - **Logical resistance**

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Personal Selling as a Process

- Closing
  - Know how and when to close the sale
  - Offer inducements

- Servicing
  - Follow up and maintenance
  - Build long-term relationship

Managing the Sale

- SPIN
  - Situation questions
  - Problem questions
  - Implication questions
  - Need-payoff questions

Figure 14.2 Designing the Sales Force

Designing the Sales Force

- Sales force objectives
  - Tasks completed by salespeople
    - Information gathering
    - Targeting
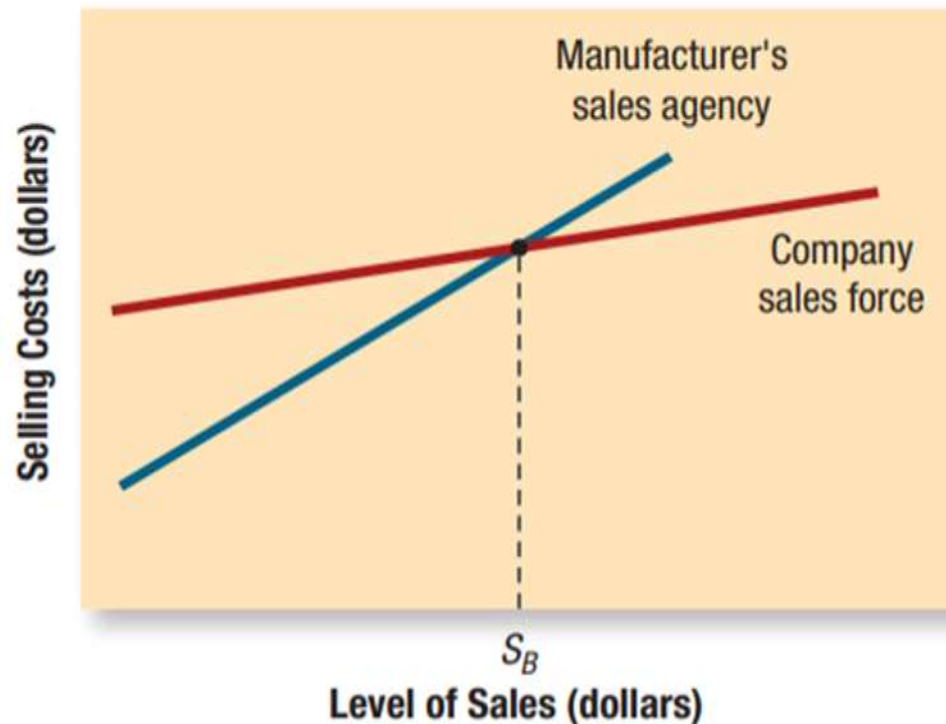   - Communicating
    - Selling
    - Servicing
    - Allocating

- Sales force strategy
  - Direct vs. contractual sales force

Figure 14.3 Break-Even Cost Chart for the Choice between a Company Sales Force and a Manufacturer's Sales Agency

Designing the Sales Force

- Sales force structure
  - Connection between sales force strategy and structure
    - Organize around
      - Geographic regions
      - Products
      - Services
      - Customer needs

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Designing the Sales Force

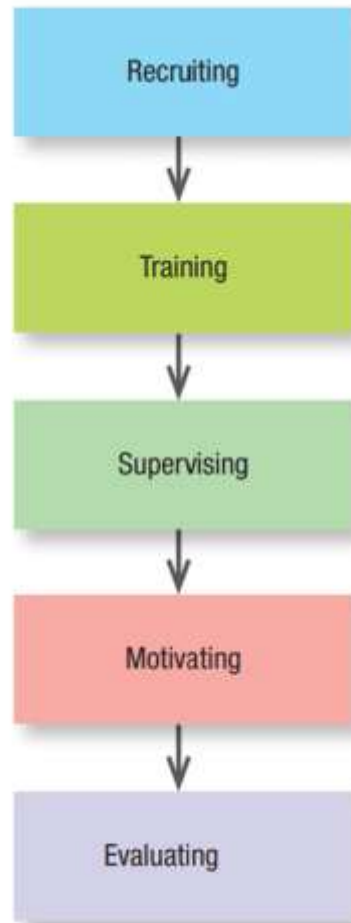- Sales force size
  - Workload approach

Sales Force Size

1. Group customers into size classes according to annual sales volume

2. Establish desirable call frequencies for each customer class

3. Multiply the number of accounts in each size class by the corresponding call frequency to arrive at the total workload for the country

4. Determine the average number of calls a sales representative can make per year

5. Divide the total annual calls required by the average annual calls made by a sales representative to arrive at the number of sales representatives needed

Designing the Sales Force

- Salesforce compensation
  - Fixed amount
  - Variable amount
  - Expense allowances
  - Benefits

- Straight salary, straight commission, and combination of two

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Figure 14.4 Managing the Sales Force

Managing the Sales Force

- Recruiting the sales force
    - Don't hire the wrong person
    - Predictors of high performance
        - Composite tests and assessment centers that simulate the working environment and assess applicants in an environment similar to the one in which they would work

Managing the Sales Force

- Training and supervising the sales force
  - Median training period
    - Industrial-products companies—28 weeks
    - Service companies—12 weeks
    - Consumer-products companies—4 weeks

Managing the Sales Force (3 of 5)

- Managing sales force productivity
  - Norms for prospect calls
    - Companies often specify how much time reps should spend prospecting for new accounts
  - Using sales time efficiently
    - **Time-and-duty analysis** and hour-by-hour breakdowns of activities
  - Sales technology
    - The salesperson today has truly gone digital

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Managing the Sales Force

- Motivating the sales force
  - Monetary and nonmonetary rewards
  - Salesperson type and compensation
    - Stars
    - Core or solid performers
    - Laggards

Managing the Sales Force

- Evaluating the sales force
  - Sales reports
    - Activity plans
    - Write-ups of activity results
    - Territory marketing plan

- **Direct marketing**
  - The use of consumer direct channels to reach and deliver goods and services to customers without using intermediaries

Direct Marketing

- Direct marketing channels
  - Direct mail
  - Catalog marketing
  - Telemarketing
  - Infomercials

Direct Marketing

- The future….
  - Market niches
  - Customer interaction as an opportunity to up-sell, cross-sell, or just deepen a relationship

Discussion Questions

- Virgin Group is comprising a range of companies including, among others, an airline, Virgin Atlantic, a gym, Virgin Active, a cruise line, Virgin Cruises, and a hotel line, Virgin Hotels.

  – How does Virgin Group use direct marketing to promote the brand and the companies within the Virgin Group?

  – Why is developing a long term relationship with customers valuable to Virgin Group?

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