Personal Selling

Key Terms: B2B, order getting, order taking, supporting salespeople, converting prospects into customers, prospecting, prepared sales presentations, need satisfaction approach, AIDA, and relationship marketing.

One important advantage of personal selling is that the selling pitch can be adjusted and individualized to the prospect. Once you determine the prospect's needs, you tailor the sales pitch. Unfortunately, personal selling is extremely expensive. As noted previously, door-to-door selling is disappearing in the area of consumer marketing. This is, however, not true in the area of business-to-business (B2B) marketing. Companies selling complex products such as printing presses, buses, jets, computer systems, power plants, and other expensive "installations" usually use salespeople to sell their products. These salespeople are compensated quite well and a large number of them are college graduates. When selling complex, costly products B2B (business-to-business), personal selling is extremely important. You need to develop a relationship with customers and may have to answer technical questions. A customer with a question can get an immediate response. Personal selling is also important where prices have to be negotiated and the sale involves a great deal of money. For example, when JetBlue executives decide to purchase 100 jets and want to talk to salespeople from Boeing, they expect negotiations will be extensive and that there will be several face-to-face meetings. The salesperson for Boeing will have a great deal of knowledge about jets and air travel and will expect to meet the JetBlue executives several times before the sale is closed. A key disadvantage of personal selling is that it is costly and you have to deal with customers one at a time. This is different from advertising where millions of people see the same ad. Advertising is mass selling, not personal selling.

Personal selling is divided into three tasks:

Order getting – order getters attempt to increase their firm's sales by selling to new customers or by convincing current customers to buy more of a company's products. They are important to a company because they develop new business and are therefore compensated quite well. Salespeople in computer stores or fancy clothing stores are often order getters. Their job is to convince the customer to purchase an expensive computer or a fancy outfit. They need to have persuasive abilities, and they generally receive commissions plus salary. It takes talent to convert prospects into customers and companies are willing to pay people who have this ability. Order getters understand the importance of focusing on benefits and not simply describing features of products.

Order taking – order takers are involved in the routine completion of a sales. They complete the sales transaction and mainly deal with the same or similar customers. A sales clerk in a supermarket is an order taker. They are paid minimum wage and do not have to persuade anyone to buy anything. Example: In a fancy women's clothing store, the order getter convinces the customer to purchase some very expensive gowns. She will then take the customer with the merchandise to the order taker who will complete the transaction and take care of such matters as payment, delivery, *etc*. A smart retailer does not want to waste an order getter's valuable time with such routine and mundane matters as completing the order.

Support Personnel – Do not make any sales but help facilitate the selling function. There are two major types of support personnel: missionary salespeople and technical specialists. A missionary salesperson for a drug company (*i.e.,* a detailer) will visit doctors and try to convince them to use various drugs manufactured by her company. They do not sell anything and often leave many free samples with the doctors. Technical specialists are necessary when very technical products are sold (*e.g.,* advanced computers). They have the ability to explain how to use the product and its limitations. Some support personnel are sent to retailers to help them with displays and provide advice about promoting the product.

The Personal Selling Process:

Step 1: Prospecting and Qualifying

Prospecting, the first step in the personal selling process, focuses on developing a list of potential customers (prospects). Both internal (a company's own records) and external sources can be used to prospect. Many salespeople use the telephone to prospect. Some firms get names of prospects from list brokers. For instance, one firm that sells burglar alarms purchases a list of new home buyers. One good way of getting leads is by running a direct response ad in a magazine. For instance, Xerox might run an ad in a trade publication describing a new copying machine that can make one million color copies a month at a price of a few cents per copy. The ad will provide a toll-free number and offer a free brochure describing this machine. Anyone who calls will be asked a few critical questions (*e.g.,* when do you expect to make a purchasing decision) and their name and the company name will be entered into a database.

Qualifying deals with determining which prospects are most likely to purchase the product. In some firms, prospects are rated A, B, C, D, and F depending on the chance that they will purchase and the amount they might spend. In many firms, prospects who plan on buying the product within 3 months are classified as "hot leads."

Step 2: Preapproach

A good salesperson attempts to know his/her prospect well. You want to know something about the buyer's company, the buyer's specific product needs, and what brands are currently being used. The more you know about your prospects, the easier it is to sell to them. Knowing about a prospect's needs also makes the salesperson more credible in the eyes of the buyer.

Step 3: Approaching the Customer

Cold calls are not the most effective way of approaching customers. Some salespeople spend a great deal of time canvassing an area trying to find prospects willing to listen to their spiel without a prior appointment. This wastes a great deal of time since it may take hours to find an individual with the authority to make the purchase willing to listen to the sales pitch.

Referrals (referred leads) are usually more effective than cold calls.

Step 4: Presentation Step = Making the sales presentation

During the presentation step, the salesperson has a vital job. The salesperson has to **convert** prospects into customers by creating a need and desire for the product or service. S/he has to tell the prospect the "product story" and highlight the benefits of the product. You are familiar with the term USP (unique selling proposition) that is used in advertising. A good salesperson has to convince prospects that the product is special and will provide important benefits. Did you get a call from the college when you were a high school senior? If you did, what were you told that made you choose this college? Research indicates that students selecting a college are concerned with reputation and variety of programs to choose from. A good salesperson knows which attributes/benefits to stress in trying to convert the prospect into a customer. The attributes or benefits that should be stressed should be important to prospects.

Three types of sales presentations:

Prepared sales presentation – The salesperson does almost all of the talking. Usually, the entire sales pitch is "canned," *i.e.*, the salesperson memorizes what s/he has to say. This approach is used by many telemarketers who are trying to sell an inexpensive product (*e.g.*, home delivery of a paper or a warranty extension) and untrained people are used for this type of selling. The entire training consists of reading a script. This is a selling approach used by telemarketers that sell relatively inexpensive and uncomplicated products or services (e.g., home delivery of a newspaper). The telemarketers are not trained, other than being given a script to memorize, and have a very high turnover. The pay is quite low and high school students are often used. If you were ever called by a telemarketer trying to convince you to use a particular long distance service, you know what I am talking about. The telemarketers do virtually all the talking and have no interest in understanding (or satisfying) your needs.

Need satisfaction approach – The customer does most of the talking and the salesperson attempts to understand the customer’s needs. A problem solving approach is used. This approach is good for complicated and expensive products. Salespeople need extensive training for this approach. In fact, firms using the need satisfaction approach to selling may require a six-month training period for their salespeople. If you get a job as a salesperson for IBM or Xerox selling high-technology products, this is the approach that you will be taught.

Selling formula approach – This is in between the first two approaches. Salespeople are trained to use an approach similar to AIDA (Attention – Interest – Desire –Action). The salesperson does most of the talking in the beginning of the selling pitch. Afterwards, the customer is brought into the discussion to help clarify his/her needs. The training is not as extensive as with the need satisfaction approach.

An important part of the preparation for the sales presentation involves **Overcoming Objections.** It is important to anticipate and prepare counterarguments for any objections that a prospect might have. For instance, if a prospect states that she likes the product but her firm cannot afford it, a possible counterargument could be that financing is available at very reasonable terms. Alternatively, the salesperson might note that the product actually saves the company money in the long run and is therefore quite reasonably priced.

Step 5: Closing the Sale

Here is where you are trying to get the order. The salesperson asks the prospect to buy the product. One common approach is to assume that the prospect does want to buy the product and to ask "when you do want delivery?" or "how many do you want?"

Step 6: Follow-up

A good salesperson follows up and ensures that everything went well. Was the product delivered on time? Is the customer satisfied? Any problems? By demonstrating that you care about your customers, you will increase the chances that customers will continue to buy from you and recommend you to others. Marketing is all about customer satisfaction and following up is necessary to determine whether or not your customers are satisfied.

Compensating Salespeople
Most firms use a combination of a fixed salary and a commission based on sales.

Door-to-Door Personal Selling: Door-to-door selling to consumers is virtually obsolete. There was a time when vacuum cleaners, cosmetics, cleaning supplies, encyclopedias, aluminum siding, were sold by salespeople who went door-to-door. This is not a feasible way of selling most consumer products and is very costly. Few people are home nowadays (most women with children work) so many of the companies that sold products this way have changed their channel of distribution. Many use catalogs or use stores or websites to sell their products. Avon was a company that sold cosmetics door-to-door using salespeople. Many of the salespeople were women who did this part time and they used a selling formula approach. Today, you can shop online and use an Avon online representative and select personal delivery or free shipping. If you want to learn more about how Avon sells cosmetics, go to the Avon website at avon.com. They recruit for independent Avon sales representatives on their website. Tupperware is sold using a special kind of personal selling. A representative will make a Tupperware party. One can also make a Tupperware online party.

Relationship Marketing

Relationship marketing refers to a philosophy that a company that wishes to succeed should maintain a strong, continuous, long-term relationship with its customers, suppliers, and distributors. Companies that follow this philosophy understand the importance of communicating with their customers, suppliers, and distributors on a regular basis. In order to have this kind of relationship customers and intermediaries have to feel good about doing business with the company. Also, customers and intermediaries should find it easy to contact the company and feel welcome when communicating with it. They should feel that they are part of a big family and that the company is upset if the product or service fails to perform properly. Obviously, it is much easier to make customers and intermediaries feel this way if you strive to understand their needs.
