

Chapter One — Overview of Personal Selling

Learning Outcomes

1. Define personal selling and describe its unique characteristics as a marketing communications tool.
2. Distinguish between transaction-focused traditional selling and trust-based relationship selling, with the latter focusing on customer value and sales dialogue.
3. Describe the evolution of personal selling from ancient times to the modern era.
4. Explain the contributions of personal selling to society, business firms, and customers.
5. Discuss five alternative approaches to selling.
6. Describe the three primary roles fulfilled by consultative salespeople.
7. Understand the sales process as a series of interrelated steps.

Chapter Outline

- I. Introduction**
- II. Personal Selling Defined**
- III. Trust-Based Relationship Selling**
 - A. Importance of Customer Value
 - B. Importance of Sales Dialogue
- IV. Evolution of Personal Selling**
- V. Contributions of Personal Selling**
 - A. Salespeople and Society
 - B. Salespeople as Economic Stimuli
 - C. Salespeople and Diffusion of Innovation
 - D. Salespeople and the Employing Firm
 - E. Salespeople as Revenue Producers
 - F. Market Research and Feedback
 - G. Salespeople as Future Managers
 - H. Salespeople and the Customer
- VI. Alternative Personal Selling Approaches**
 - A. Stimulus Response Selling
 - B. Mental States Selling
 - C. Need Satisfaction Selling
 - D. Problem-Solving Selling
 - E. Consultative Selling
- VII. The Trust-Based Sales Process**

Exercises

Developing Professional Selling Knowledge

1. How is personal selling different from other forms of marketing communications?

The primary difference between personal selling and other forms of marketing communications is that mass markets, are interactive, and occur before during and after the sale.

2. What are the key differences between transaction-focused traditional selling and trust-based relationship selling?

In transaction-focused traditional selling, salespeople are focused on maximizing short-run gain, and are self-oriented rather than customer-oriented. Little attention is given to uncovering needs or providing customized solutions. Instead, selling tactics including a heavy reliance on objection handling and closing techniques. Little to no post sale follow-up is provided by the salesperson unless it is focused on another transaction.

In contrast, trust-based relationship selling strategies focus initiating, developing and enhancing long-run mutually beneficial relationships with the customers. Selling methods are customer-oriented, focusing on need discovery and presentation of customized solutions. Post-sale follow-up is considered an important part of the relationship development process.

3. What factors will influence the continued evolution of personal selling?

The continued evolution of personal selling as a profession is necessary in response to the ever-growing complexity of our dynamic environment. Factors that will influence this evolution include the increased sophistication of buyers, economic uncertainties, and new computer technologies. Other issues include: Intensified competition, more emphasis on improving sales productivity, fragmentation of traditional customer bases, customers dictating quality standards and other procedures, and greater demand for in-depth, specialized knowledge as an input to purchase decisions.

4. How do salespeople contribute to our society? Are there negative aspects of personal selling from a societal perspective?

Salespeople contribute to society's goal of economic growth in two basic ways. First, they act as stimuli for economic transactions by initiating action within the business world. In a fluctuating economy, salespeople make invaluable contributions by assisting during recovery cycles and by helping to sustain periods of relative prosperity.

Salespeople also contribute to our society by playing a critical role in the diffusion of innovation, the process whereby new products, services, and ideas are distributed to the members of society. Consumers who are likely to be early adopters of an innovation often rely on salespeople as a primary source of information. Consumers often exhibit strong resistance to change, but change is necessary in the long run for the continued progress and/or survival of the society. By encouraging the adoption of innovative products and services, salespeople make a positive contribution to society.

The negative aspects of personal selling can become apparent when salespeople allow themselves to exhibit unethical conduct. If salespeople mislead a consumer regarding a product or service for their own or their company's benefit, then society is negatively impacted. Society's perception of personal selling as a professional and ethical occupation is adversely affected and salespeople's credibility as accurate sources of new information is damaged.

5. What are the primary contributions made by salespeople to their employers?

Salespeople make three important contributions to their firms. First, they are the direct producers of revenue in most business firms. Second, they play an important role in market research and in providing feedback to their firms. For instance, salespeople can provide information about customer-requested additions to the product line.

One further contribution that salespeople make to their firm is serving as a pool of candidates for promotion into management positions. The sales job is often considered an entry-level position providing the right foundation for future management assignments.

6. Most businesses would have a difficult time surviving without the benefits of the salespeople who call on them. Do you agree?

Yes, because customers benefit from salespeople in many ways. Buyers expect salespeople to contribute to the success of the buyer's firm. Salespeople do so by providing valuable information to buyers and using their problem-solving skills to benefit the buyer's firm.

7. How are need satisfaction and problem-solving selling related? How do they differ?

Need satisfaction and problem-solving selling are related in that each seeks to uncover and satisfy the needs of the buyer. Problem-solving selling differs from need satisfaction selling in that it seeks to identify a set of alternative solutions, which may include a competitor's product, to satisfy the buyer's needs.

8. How does the consultative selling approach differ from problem-solving and need satisfaction selling? Explain the three key roles of consultative salespersons.

Consultative selling differs from problem-solving selling in that this type of selling is focused on helping customers reach their strategic goals, not merely solving immediate problems or filling immediate needs. To engage in consultative selling, the salesperson must possess a great deal of knowledge about the customer's business and industry. This is necessary so that the salesperson can provide the customer with insight into all areas of his/her business that influence their ability to reach their strategic goals.

The three key roles of consultative salespeople include the strategic orchestrator, the business consultant, and the long-term ally. As the strategic orchestrator, the salesperson's primary job is to utilize the resources of the sales organization to help the customer obtain his/her strategic objectives. As the business consultant, the salesperson's job is to become an expert on the customer's business and industry. This often entails seeking internal and external resources in order to become better educated with respect to the customer's business. As a long-term ally, the salesperson's job is to support the customer even if a sale is not expected in the short term.

9. How important is teamwork between the customer and the sales organization in practicing consultative selling? How does teamwork within the sales organization factor into consultative selling?

Teamwork between the customer and sales organization is essential if consultative selling is to be successful. This is especially true when the salesperson is assuming the role of a strategic orchestrator and a long-term ally. Teamwork within the sales organization is also essential given that internal resources must be directed toward helping the organization's customers achieve their strategic goals.

10. Discuss the final step of the sales process (enhancing customer relationships) as related to the continuing evolution of personal selling.

The final step of the sales process is enhancing customer relationships, and it is an important part of the continuing evolution of personal selling. As personal selling evolves from a transaction-oriented process into a relationship management process, the ability of the salesperson to enhance relationships will become increasingly important.

Group Activity

Word Association: The Image of Salespeople

Before placing students into teams, ask them to spend two minutes thinking of positive and/or negative words that come to mind when they hear the word “salespeople.” Instruct the students to make a list of these words. Now put the students into three-person teams. Allow 10 minutes for each team to compare thoughts and develop a list of words associated with the word “salespeople.” Next, ask each one team to share their list with the class. Record these responses on the board in two columns, one positive and the other negative. Continue recording responses from each team, then discuss the findings. Many students often negatively stereotype salespeople. This is typically a result of perceptions they have formed about salespeople from their encounters with retail salespeople, movies negatively portraying salespeople, and accounts of salespeople in the popular press. Discussion can focus on the characteristics a professional salesperson should possess and how the negative stereotypes of salespeople can be overcome.

The purpose of this exercise is to bring to the surface negative stereotypes associated with salespeople and selling. Most students will have at least some negative attitudes towards salespeople and selling because of their limited exposure to professional selling. Instructors should use this exercise as an opportunity to assure the students that the focus of the course is on trust-based relationship selling, a type of selling that is markedly different from the stereotypes permeated by the media and door-to-door selling.

Experiential Exercises

Understanding What It Takes to Succeed in Sales

Objective: Build awareness that sales requires a high knowledge and skill levels and that salespeople must be well-prepared when calling on customers.

Time Required: Two hours outside of class (one hour to conduct an interview with a sales professional, one hour to write an interview summary).

Teaching Tip: In some instances, this assignment will be better suited to a team approach with 2-3 students per team. Salespeople from organizations that recruit on campus can be a good source of interview candidates.

Have students interview a salesperson to better understand what it takes to be successful in professional selling. In addition to the following interview questions, require students to develop two additional questions for their interviews.

1. **What are the key skills required in your job?**
2. **What do you need to know about your products/services in order to succeed?**
3. **How has professional selling changed in the past few years?**
4. **How do you prepare for sales calls with new customers?**

Students should write a summary report of their interviews and be prepared to discuss their key conclusions in class.

Video Exercises

Overview of Personal Selling

Preview all six scenes.

Empathy, ego drive, strong interpersonal communication, and enthusiasm are some of the qualities required to be a successful sales professional. As you progress through this course it will be beneficial to keep some of these qualities as an organizing framework to refine and build your skill set.

Mark – Manager for Player One

Lisa – Sales Rep for Alpha Tech – Security system provider trying to earn the customer away from Goodman

Jim – Sales Rep for Goodman – Current provider of security system

Ask your students:

1. Review the videos and comment on the sales professional's performance in areas mentioned above.

Students answers will vary but should address a couple of key issues. Both salespeople demonstrate some empathy and decent interpersonal communication skills. Jim seems to be assuming he will win the contract because he is the current provider and because he has a good relationship with Mark. As a result, Lisa demonstrates greater enthusiasm than Jim.

2. Comment on the role that these sales people contribute to society.

Students' answers will vary, but should include mention of the diffusion of innovation. For example: Both salespeople are helping with the diffusion of innovation – informing Mark about new security technology. In addition, both are trying to help stimulate the economy by proposing Mark spend 40 – 50 thousand dollars on a new security system.

3. What managerial roles do you see in the clip?

Students are likely to have some difficulty with this question as none of the clips includes managers (other than the customer). However, Jim appears to have greater autonomy than Lisa as he is able to make changes to the proposal (e.g., price discount) without needing managerial approval. Both salespeople seem to be able to manage their respective sales support personnel (i.e., IT folks) to effectively to generate an appropriate solution.

Chapter 1 Case

Plastico

Summary: Sales representative Sharon Stone was recently assigned to Plastico Inc.'s central Michigan territory. Plastico Inc. is a manufacturer and marketer of high quality plastic components to industrial markets. Fresh out of college and the company's training program, she was eager to make her first sales call. She scheduled an appointment with David Kline, materials purchasing manager for a small refrigerator manufacturer in Ann Arbor, Michigan. She arrived late for her appointment, forgot her samples, and had a difficult time getting Kline to talk about anything other than the football and basketball programs at Michigan. Afraid Kline would get back to discussing basketball, Sharon took control of the conversation and began discussing the benefits of her product (without properly assessing his needs). Fearing she might lose the sale, she lied about the turn-around time. Upon finishing, she failed to gain any type of commitment.

This case has students consider various aspects of the sales process: making an appointment, starting the sales call, delivering the presentation, and gaining commitment. It also illustrates an unethical sales tactic, lying about turn-around time. Students are asked to identify problems with Sharon's sales call and recommend solutions for doing a better job.

Discussion Questions

1. What problems do you see with Stone's first sales call?

- Failed to call and let prospect know she was running late
- Complained to receptionist
- Did not apologize for being late
- Spent too much time in approach trying to build rapport
- Did not ascertain needs before discussing product benefits
- Not enough questioning and listening
- Poor job of building credibility
- Forgot samples

- Lied about delivery time
- Could not justify higher price
- Failed to receive any kind of commitment

2. If you were Sharon's sales manager, what would you recommend she do to improve her chances of succeeding?

Sharon was successful in the first step of the approach, gaining an appointment, but the process deteriorated from there. When she realized she was going to be late she should have called Kline's office, explained why she was running late and ascertained whether she could push the meeting back. Instead, she compounded the problem by complaining to the receptionist, who is likely to discuss Sharon's demeanor with Kline. This, coupled with her failure to apologize for being late, does not leave a favorable first impression. Attempting to build rapport was a good idea. However, she let the discussion carry on for much too long. Five minutes is more than enough.

Plastico wants its salespeople to use an organized sales presentation. An organized approach encourages feedback from the buyer. Fearing Kline would attempt to revert back to discussing Michigan sports, Sharon attempted to monopolize the conversation. As such, she failed to adequately ascertain the buyer's needs. Sharon may be explaining product benefits that are not very important to Kline. By first understanding his company's needs, she will be able to explain how her product and company can best fulfill them. Sharon could have done a better job of building credibility. Credibility hinges on personal behavior and sales techniques. As mentioned earlier, by taking a different course of action from the outset (with regards to being late) her credibility would have benefited. In addition, she should have explained any guarantees or warranties the company offers. Moreover, the company is noted for its high quality products. She may want to obtain some testimonials or references to provide to her next prospect. Such information might help her overcome prospects' price objections.

Ethical behavior is important for building customer trust. Sharon should be honest at all times. Lying about delivery time will only hurt her in the long run.

Finally, Sharon should have gained some type of customer commitment. In this case, she could have attempted to get Kline to agree to another meeting in the near future. At this meeting, she could bring the floor samples, testimonials, and provide solid reasoning for her firm's higher price. At this meeting, she may be better prepared to negotiate a price that will be suitable to Plastico and Kline.

Role Play

Ask two students to participate in a role play (one playing Stone and the other playing Stone's Manager) in which Stone describes to her sales manager her sales call with Kline. The description should focus on how her sales call matches up with transaction-focused or trust-based focused selling behaviors (see Exhibit 1.1). When finished, have the class discuss the following:

- 1. Is Stone's review of her sales call accurate?**
- 2. What steps should Stone take to begin to develop a strong relationship with Kline?**

Chapter 1 Role Play

Biomod, Inc.

Summary: Biomod, Inc. is a California-based manufacturer of educational models of the human body. It sells its products primarily to middle schools in the United States. Five years ago it began selling consumer versions of its models through selected specialty educational toy stores and recently began selling on its own Web site. Zack Wilson, a recent graduate who has been employed with Biomod as a sales representative for electronic retailing accounts for the past six months, just landed two big Internet retailers, Hypermart.com and Ed-Toys. Zack is having

a problem with Andrea Haughton, a buyer at Ed-Toys, who is upset about Hypermart.com's heavy discounting of Biomod's line. Moreover, one of Zack's colleagues, Barbara Moore, who sells to retail stores, complained to Zack that one of her big customers is upset about Hypermart.com's discounting and she fears she may lose the account and subsequently others. When Zack met with Warren Bryant, Hypermart's buyer for the Biomod line, to discuss the discounting issue, Warren informed him that Hypermart was not concerned about profit margins, but rather market share, and was not interested in raising its prices on the Biomod line. Moreover, he told Zack that Hypermart.com was not happy that Biomod was selling over the Web nor that it was providing software for its retail customers to do the same. Warren left Zack with the impression that he might sever their business relationship.

This case revolves around the issue of channel conflict. Zack's troubles may in part be due to flaws in his prospecting, wherein he did not match the needs of a prospect with the strategy of the organization.

Role Play Activity

Characters: Zack Wilson, Biomod sales representative; Rebecca Stanley, Biomod sales manager.

Scene 1: *Location*—Stanley's office. *Action*—Wilson explains to Stanley what has occurred with the Ed-Toys and Hypermart accounts. Rather than telling Wilson how to deal with Hypermart and Ed-Toys from this point forward, Stanley directs Wilson to devise his own strategy. Rebecca then tells Wilson that she would like to visit both accounts with him within a week, and that she would like to review his strategy for Hypermart and Ed-Toys within 48 hours.

Upon completion of the role play, address the following questions:

- 1. Is Stanley justified in telling Wilson to devise his own strategy rather than giving him specific direction at this time? What are the advantages and disadvantages of her approach?**

Yes, Stanley is justified in telling Wilson to devise his own strategy. The advantage to this approach is that it forces Wilson to think about the issue, learn more about problem-solving, and gives him greater ownership in the solution. The primary disadvantage is Wilson's lack of experience is likely to lead to an unrealistic or otherwise problematic solution.

- 2. How could this situation have been prevented?**

Students' answers will vary. Some ideas include establishing clear expectations with regard to reseller activity (e.g. implementing a retail price maintenance program) and to stop selling the products on Biomod's website.

Scene 2: *Location*—Stanley's office. *Action*—Wilson presents his strategy to Stanley.

Upon completion of the role play, address the following questions:

- 1. What are the strengths and weaknesses of Wilson's interaction with Ed-Toys and Hypermart?**

Students' answers will vary. However, it's worth noting that in both cases, the conversation is somewhat adversarial in nature. Wilson would have benefited from attempting to be more collaborative. Finally, Wilson is candid in both interactions, and perhaps too candid with Bryant. He did not need to share with Bryant the idea that store division is helping its retailers set-up websites.

- 2. What further suggestions can you make for dealing with Hypermart and Ed-Toys?**

Students' answers will vary. However, Wilson needs to work on developing a more collaborative communication style, seeking ways to help each customer identify new opportunities. In any case, Wilson should avoid taking sides while, in the absence of a retail price maintenance program or other control mechanism, negotiating a reasonable solution with Hypermart and Ed-Toys.

Chapter 1 Continuing Case

Introduction

The National Copier Company (NCC) sells a variety of copiers to small and medium-sized businesses. NCC has been in business for five years and has been growing at a steady pace. NCC differentiates itself from other copier companies by customizing its products to meet the specific needs of each customer and by providing excellent customer service. The company's salesforce plays a key role in creating value and managing customer relationships. Brenda Smith has been a NCC salesperson for the past three years. She has steadily improved her sales performance during her time with NCC, and now is in the top one-fourth of all NCC sales representatives as measured by two key metrics: overall sales volume and customer satisfaction. Brenda has been especially successful with small professional firms, such as attorneys, architects, accountants, and medical professionals. She is excited to begin her fourth year with NCC and has established challenging goals to increase sales from existing customers and to generate new customers.

Brenda recently met with Pat Brady, her sales manager and was quite excited about the upcoming year. Pat had told Brenda that she was progressing toward a possible promotion into sales training if she had another good year in her sales position. In addition, Pat gave Brenda this feedback: "Brenda, I think you are doing a fine job with your customers, but I would like to see you become more of a consultative salesperson in the coming year. I would also like for you to sharpen your group communications skills, as that will be important if you are promoted into sales training. We will talk about the specifics more as the year goes along. Meanwhile, thanks for your results to date and good luck with the upcoming year."

Questions

- 1. Brenda had been thinking about Pat Brady's feedback that directed her to become more of a consultative salesperson. In thinking about her own selling approaches, she knew that she had been concentrating on the needs satisfaction and problem-solving approaches. What must Brenda do to become a more consultative salesperson?**

To become more of a consultative salesperson, Brenda needs to shift her focus from helping her customers solve copier-related problems to helping her customers reach their strategic objectives. This will require her to expand her involvement with her customers, looking for opportunities to help her customers obtain their strategic objectives through the products she sells as well as the business expertise and other resources she and her company can provide. Brenda will need to serve as a strategic orchestrator, a business consultant, and a long-term ally. To fill these roles, Brenda will need to become an expert with respect to her company's capabilities and the industries in which her customers compete. She will also need to demonstrate the trustworthiness necessary for organizations to share with her their strategic goals.

- 2. Three months later, Brenda was having mixed results with the consultative selling approach. She was finding that some of her customers just wanted the convenience of having a copier in their offices, and did not seem eager to discuss their strategic goals. She was beginning to wonder about the consultative selling model, thinking it was not such a good idea after all. What recommendations do you have for Brenda?**

First, Brenda needs target for a consultative relationship only those customers with whom she is likely to generate enough revenue (now or in the future) to make the consultative approach profitable (at least in the long-run). Given the appropriate set of customers, Brenda needs to respect and appreciate the relationship-orientation of each of those customers. Some will desire a consultative relationship and others will not. Further, developing and maintaining a consultative relationship requires greater effort and time. It's unlikely she would be able effectively maintain a consultative relationship with all of her customers. Finally, I would suggest that as she gains experience, competence, confidence, and a successful track record in her role as a consultative salesperson, she will be better able to win-over some of the customers currently not interested in that sort of relationship.

- 3. A month before the annual meeting for all NCC sales representatives, Pat Brady told Brenda, "For the upcoming meeting, I want you to prepare a 10 minute presentation about the pros and cons of the basic**

selling approaches that we use at NCC compared to our competitors.” NCC’s sales training program advocated the use of needs satisfaction, problem-solving, and consultative selling. Many of NCC’s key competitors used the same approaches. However some of the toughest competitors used stimulus response and mental states (AIDA) approaches. This latter category of competitors often stressed lower prices and utilized telemarketing instead of field sales representatives in selling their products. Put yourself in Brenda’s role and prepare the presentation requested by Pat Brady.

Students’ answers will vary but should include some discussion of the idea that stimulus response and mental states approaches are transaction-focused traditional selling approaches rather than a trust-based relationship approach. These approaches combined with lower prices and less interpersonal interaction tend to produce price-loyal customers. This represents a disadvantage for NCC, especially if the market begins to commoditize copiers (i.e., fails to recognize any difference between competing offers). Another disadvantage of the problem-solving, need satisfaction, and consultative selling approaches is that they require a greater investment in sales training and, subsequently, are more expensive to utilize (relative to telemarketing and other non-interpersonal forms of sales communication).

The primary advantage of the trust-based relationship approaches (i.e. problem solving, need satisfaction, and consultative) is that they tend to build loyal customers and provide a certain degree of insulation against price competition. In addition, by working more closely with their customers through interpersonal interaction, NCC salespeople are in a better position to identify other opportunities (e.g. identify problems of which the customer may not yet be aware) and provide more customized solutions.

- 4. Early in the year, Pat Brady told Brenda that her efforts were needed to gain more exposure for NCC’s college recruiting program: “Brenda, I want you to be part of a two-person team to help with recruiting on two college campuses in your territory. The other team member will be an experienced recruiter who had sales experience before moving into recruiting. The two of you should seek out opportunities as guest speakers for classes and student organizations. Your role will be to talk about how sales can be a great place to start a career, and for some, a great career path. Think about the future of selling and what it takes to be successful and share your thoughts with students.” Acting as Brenda, make note of ten key points you would like to make about the future of professional selling and what it takes to be successful. (Hint: be sure you read the online Appendix to Chapter 1 along with Chapter 1 before you undertake this task.)**

Students’ answers will vary but may include mention of: (Advantages) job security, advancement opportunities, immediate feedback, prestige, job variety, independence, and high compensation. (What it takes to be successful) empathy, strong ego drive, self-motivation, ethical behavior, strong interpersonal communication skills.