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Personal Selling and Direct Marketing



Chapter Questions


- How can companies integrate direct marketing for competitive advantage?
- How can companies do effective interactive marketing?
- How can marketers best take advantage of the power of word of mouth?
- What decisions do companies face in designing and managing a sales force?
- How can salespeople improve selling, negotiating, and relationship marketing skills?



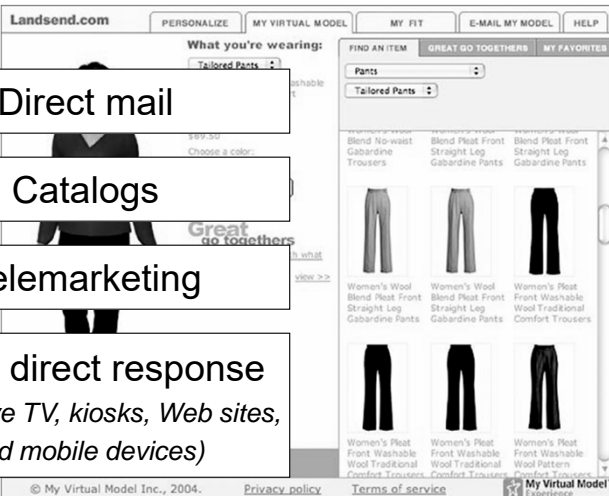
Direct Marketing

Use of consumer-direct channels to reach and deliver goods and services to customers without using market middlemen.

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Direct Marketing Channels



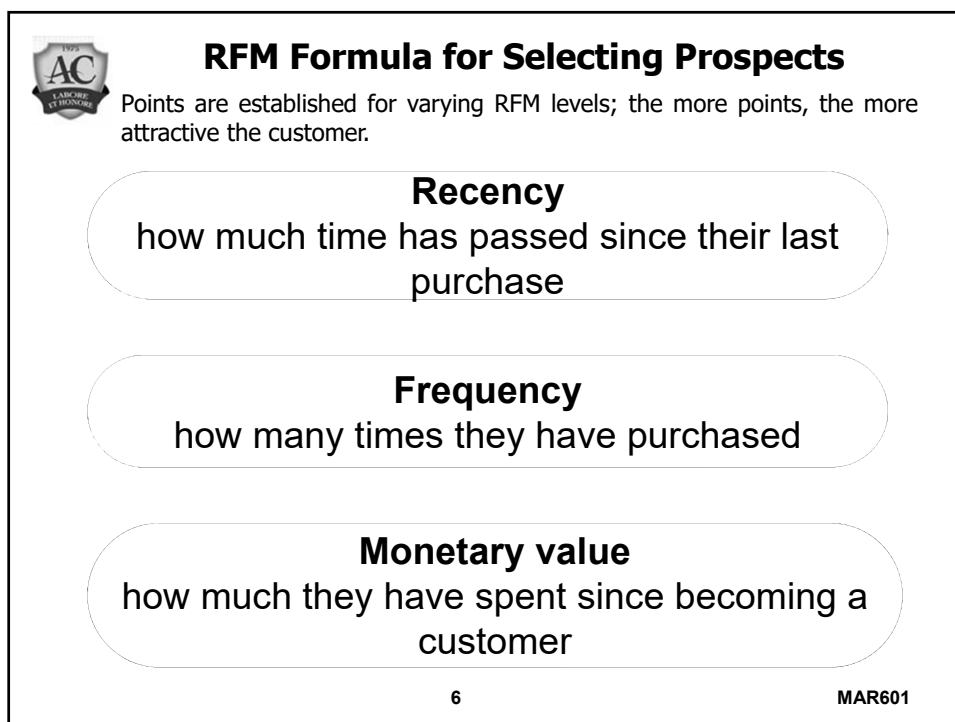
Direct mail

Catalogs

Telemarketing

Other direct response
*(interactive TV, kiosks, Web sites,
and mobile devices)*

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Elements of the Offer Strategy

Product: What is being offered?

Offer: At what price?

Medium: Through what medium?

Distribution method: Distributed in what manner?

Creative strategy: With what creative appeal?

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Components of the Mailing

- Outside envelope
- Sales letter
- Circular
- Reply form
- Reply envelope



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Catalogs

- How many catalogs did you get in the mail yesterday?
- How many catalog websites do you visit when shopping online?

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Types of Telemarketing

(use of the telephone and call centers to:)



- Telesales
- Telecoverage
- Teleprospecting
- Customer service and technical support

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Other Media for Direct Response

Television

- Direct Response Advertising
- At home shopping channels
- Videotext

Kiosks

Radio

Newspapers

Magazines

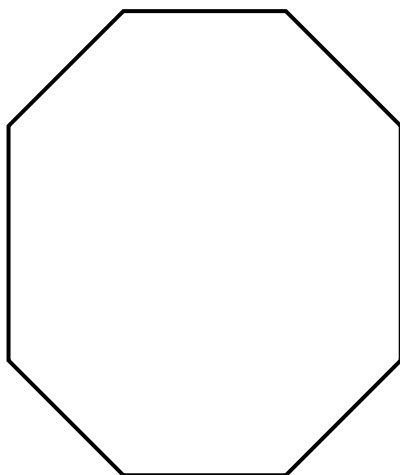
Internet

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Public Issues in Direct Marketing



Irritation

Unfairness

Deception/fraud

Invasion of privacy

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Interactive Marketing

- Tailored messages possible
- Easy to track responsiveness
- Contextual ad placement possible
- Search engine advertising possible
- Subject to click fraud
- Consumers develop selective attention

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Figure 1: Average Time Spent per Day with Select Media for US Consumers

Online	4:13
TV and video	3:17
Music and radio	1:26
Mobile phone	1:18
Landline phone	0:36
Gaming	0:36
Reading	0:24

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Online Promotional Opportunities

- **Websites**
- Microsites
- **Search ads**
- **Display ads**
- Interstitials
- Internet-specific ads and videos
- Sponsorships
- Alliances and affiliate programs
- Online communities
- **Email**
- Mobile marketing

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Key Design Elements of Effective Websites

- *Context*: Layout and design
- *Content*: Text, pictures, sound, video
- *Community*: User-to-user communication
- *Customization*: Site's personalization ability
- *Communication*: Site-user communication
- *Connection*: Links to other sites
- *Commerce*: Ability to conduct transactions

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Ease of Use and Attractiveness

- Ease of Use
 - Downloads quickly
 - First page is easy to understand
 - Easy to navigate
- Attractiveness
 - Clean looking
 - Not overly crammed with content
 - Readable fonts
 - Good use of color and sound

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Increasing Visits and Site Stickiness

- Deep information with links
- Changing news of interest
- Changing offers
- Contests and sweepstakes
- Humor and jokes
- Games

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Online Ads

- **Search-related ads:** In paid search, marketers bid in a continuous auction on search terms that serve as a proxy for the consumer's product or consumption interests. When a consumer searches for any of the words with Google, Yahoo!, or Bing, the marketer's ad may appear above or next to the results, depending on the amount the company bids and an algorithm the search engines use to determine an ad's relevance to a particular search.
- **Display ads** are small, rectangular boxes containing text and perhaps a picture that companies pay to place on relevant Web sites

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e-Marketing Guidelines

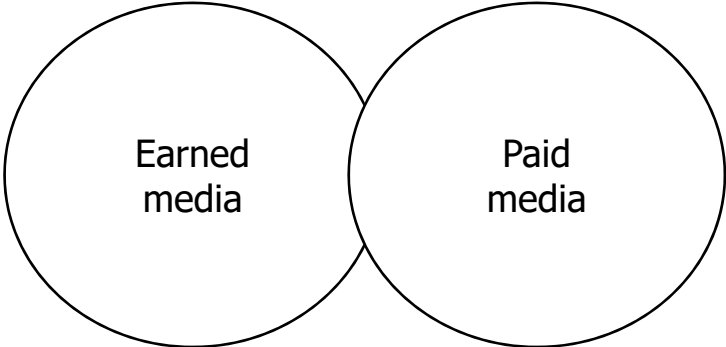
- Give the customer a reason to respond
- Personalize the content of your emails
- Offer something the customer could not get via direct mail
- Make it easy for customers to unsubscribe

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Word of Mouth

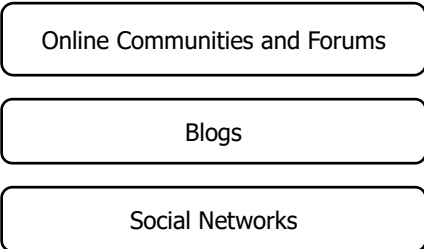


- **Earned media**—sometimes called free media—is all the PR benefits a firm receives without having directly paid for anything—all the news stories, blogs, social network conversations that deal with a brand.
- **Paid media** results from press coverage of company-generated advertising, publicity, or other promotional efforts

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Platforms of Social Media



Online Communities and Forums

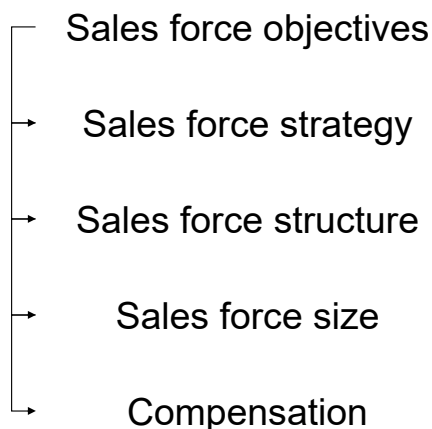
Blogs

Social Networks

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Designing a Sales Force



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Types of Sales Representatives

1. **Deliverer** —A salesperson whose major task is the delivery of a product (water, fuel, oil).
2. **Order taker** —An inside order taker (standing behind the counter) or outside order taker (calling on the supermarket manager).
3. **Missionary** —A salesperson not permitted to take an order but expected rather to build goodwill or educate the actual or potential user.
4. **Technician** —A salesperson with a high level of technical knowledge (the engineering salesperson who is primarily a consultant to client companies).
5. **Demand creator** —A salesperson who relies on creative methods for selling tangible products or intangibles.
6. **Solution vendor** —A salesperson whose expertise is solving a customer's problem, often with a system of the company's products and services.

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Sales Tasks

- **Prospecting.** Searching for prospects, or leads
- **Targeting.** Deciding how to allocate their time among prospects and customers
- **Communicating.** Communicating information about the company's products and services
- **Selling.** Approaching, presenting, answering questions, overcoming objections, and closing sales
- **Servicing.** Providing various services to the customers—consulting on problems, rendering technical assistance, arranging financing, expediting delivery
- **Information gathering.** Conducting market research and doing intelligence work
- **Allocating.** Deciding which customers will get scarce products during product shortages

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Workload Approach to Determining Sales Force Size

1. Group customers into size classes according to annual sales volume.
2. Establish desirable call frequencies (number of calls on an account per year) 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, in sales calls per year.
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.

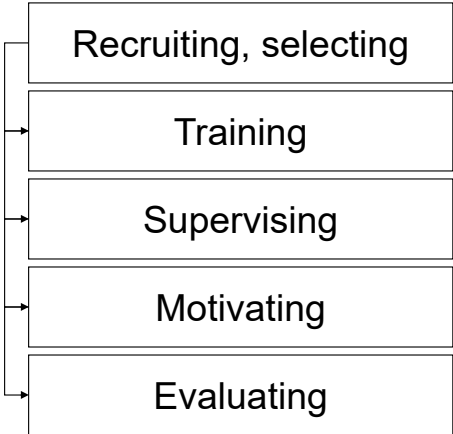
Example: Suppose the company estimates it has 1,000 A accounts and 2,000 B accounts. A accounts require 36 calls a year, and B accounts require 12, so the company needs a sales force that can make 60,000 sales calls (36,000 + 24,000) a year. If the average full-time rep can make 1,000 calls a year, the company needs 60.

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Managing the Sales Force



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graph TD
    A[Recruiting, selecting] --> B[Training]
    B --> C[Supervising]
    C --> D[Motivating]
    D --> E[Evaluating]
  
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Components of Sales Force Compensation

Fixed amount: The fixed amount, a salary, satisfies the need for income stability.

Variable amount: The variable amount, whether commissions, bonus, or profit sharing, serves to stimulate and reward effort.

➤ *Fixed and variable compensation give rise to three basic types of compensation plans—straight salary, straight commission, and combination salary and commission.*

Expense allowances enable sales reps to meet the expenses of travel and entertaining.

Benefits, such as paid vacations, sickness or accident benefits, pensions, and life insurance, provide security and job satisfaction.

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What Motivates Sales Reps?

Most Rewarding

- Pay
- Promotion
- Personal growth
- Sense of accomplishment

Least Rewarding

- Liking
- Respect
- Security
- Recognition

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Principles of Personal Selling

- Reps are taught the SPIN method to build long-term relationships, with questions such as:
 1. **Situation questions** —These ask about facts or explore the buyer's present situation. For example, "What system are you using to invoice your customers?"
 2. **Problem questions** —These deal with problems, difficulties, and dissatisfactions the buyer is experiencing. For example, "What parts of the system create errors?"
 3. **Implication questions** —These ask about the consequences or effects of a buyer's problems, difficulties, or dissatisfactions. For example, "How does this problem affect your people's productivity?"
 4. **Need-payoff questions** —These ask about the value or usefulness of a proposed solution. For example, "How much would you save if our company could help reduce errors by 80 percent?"

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Steps in Effective Selling

1. **Prospecting/qualifying**: More companies are taking responsibility for finding and qualifying leads so salespeople can use their expensive time doing what they can do best: selling.
2. **Preapproach**: The salesperson needs to learn as much as possible about the prospect company (what it needs, who takes part in the purchase decision) and its buyers (personal characteristics and buying styles).
3. **Approach**
4. **Presentation**: The salesperson tells the product "story" to the buyer, using a features, advantages, benefits, and value (FABV) approach.
5. **Overcoming objections**: To handle these objections, the salesperson maintains a positive approach, asks the buyer to clarify the objection, questions in such a way that the buyer answers his own objection, denies the validity of the objection, or turns it into a reason for buying.

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Steps in Effective Selling (cont'd)

6. **Closing**: Closing signs from the buyer include physical actions, statements or comments, and questions.
7. **Follow up**: Follow-up and maintenance are necessary to ensure customer satisfaction and repeat business. Immediately after closing, the salesperson should cement any necessary details about delivery time, purchase terms, and other matters important to the customer. The salesperson should schedule a follow-up call after delivery to ensure proper installation, instruction, and servicing and to detect any problems.

• **Review Question**

1. The term *sales representative* covers a broad range of positions, tasks, and responsibilities. List and briefly describe each of the positions.
2. List and briefly discuss the steps to achieve effective selling.

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