

Unit 1

Chapter 1: Fundamentals of Personal Selling

Learning Objectives

After reading this chapter, you should be able to:

- Know the basic concepts of personal selling
- Differentiate among personal selling, sales management, and salesmanship
- Understand the selling myths
- Comprehend about selling situations

In the dynamic and complex business environment of today's time, with new and improved products entering into market to meet the expectations of informed customers. The personal selling approach of promotional mix occupies prominent position. The narrow view of merely influencing the buying behavior no longer exists rather the salespersons assumes more of a partnering role in providing solution to the problems of prospective buyers. Due to ever growing competition in both domestic and global markets, the salesperson play a pivotal role in stimulating the demand of products and services. Personal selling is an important tool for delivering the desired satisfaction and developing long and enduring relationships with valued customers. Personal selling is highly effective in case of sale of complex and technical products. The role of personals seller becomes significant in informing and educating buyers for deriving satisfaction out of mutual beneficial relationships. The personal selling efforts intensifies the marketing efforts created by advertising and sales promotion to push the product in the market.

PERSONAL SELLING

Personal selling is an integral part of promotion mix. It involves face to face interaction with prospective buyers for presenting goods and services and convincing them to make a purchase. Personal selling efforts comprises connecting, engaging and persuading buyers to satisfy their needs/problems in most effective way. It is direct and personal communication to influence prospective buyers to make a purchase decision.

According to American Marketing Association (AMA) "It is a personal process of assisting and persuading a prospective customer to buy a commodity or service and to act favorably upon an idea that has a commercial significance".

Philip Kotler defines "Personal selling is a face-to-face interaction with one or more prospective purchasers for the purpose of making presentations, answering questions and procuring orders."

According to Cundiff and Still "personal selling is basically the method of communication. It involves not only individual but also social behavior each of a person in face-to-face contrast-salesman and prospect influence each other".

Personal selling is a two-way communication in which the salesperson makes attempt to sell products while handling queries and objections of prospective buyer. It involves educating the prospect or the existing customer about the product or service, its features, attributes, price etc. and convincing to close the sale. The objective of personal selling is to not just to sell the products but also to cultivate and nurture long term relationships. The interaction in the personal selling can be customized as per the requirements of different prospective buyers. The personal selling enables the marketer through salesman to provide goods, services and ideas to assist customer in meeting his needs or wants.

NATURE OF PERSONAL SELLING

1. *Direct communication*: It is a face-to-face interaction between sellers and prospective buyer. The buyer could be first time buyer or prospective buyer or regular buyer of the same products or company. This interaction involves presenting, informing about products and convincing him to enter into a sale.
2. *Buyer*: seller interaction-With most of purchases going online today, the interaction between the buyer and seller are also happening on virtual platforms as well. The interactive and immediate relationship between buyer and seller is not just limited to geographical boundaries. The technological advancements have allowed the interaction to spread across the globe.
3. *Customization and personalization*: The unique feature of personal selling is the flexibility in approaching the prospective buyer as compared to advertisement. It is a personalized communication designed considering distinct customer characteristics in perspective. The salesperson has to adapt in light of customer requirements, distinct characteristics, products, situations for communicating the solution.
4. *Human element*: Personal selling is a two-way interaction between buyer and seller. In the interaction the seller educates, discuss concerns with respect to product, price or delivery and applies persuasive skills to go ahead with purchase. The body language, confidence, tone and tenor play a vital role in interaction. The real time presentation and demonstration allows more engaging and satisfying experience for buyers.
5. *Quick response and feedback*: In case of personal selling, the sellers get instant feedback about the company's offerings. The alive, immediate and interactive interaction allows the salespersons to gauge the response of prospective buyers. It assists the salespersons to keep a track of progress of response received from the prospective buyers and existing customers. This information is helpful for the company for improving the products and services for future use.
6. *Tool of promotion mix*: The personal selling is an integral part of promotion mix. But it cannot be used as an isolated tool to influence the buying behavior of prospects. It is interdependent and has interlinkages with other tools of communication mix. Like advertising and sales promotion activities.
7. *Art and Science*: Personal selling is both art and science. It is considered as an art because it uses the creative abilities to engage and present the products before the customers. It is science because how to persuade the prospects to act is based on scientific studies and facts. It applies the principles and knowledge derived from studies to shape the perception of people for buying.
8. *Cultivation of relationships*: The personal selling helps in cultivation of mutual beneficial relationships between buyer and seller. The seller makes use of this

relationship for building and maintaining goodwill with the prospective or current buyer.

OBJECTIVES OF PERSONAL SELLING

The objectives for which the personal selling exercise is undertaken can be outlined as follows

1. *Identifying prospective buyers:* The primary objective of personal selling is to identify and search the prospective buyers for the products. The direct communication between the buyer and seller helps to recognize the most suitable prospects for carrying out the personal selling activities. Personal selling enables to connect and engage with those persons who are interested in the offerings of company.
2. *Stimulating demand:* Once the prospects have been identified, the next step is to push the products by convincing efforts of salesperson. The interaction with the potential buyer helps in determining the specific needs and requirements. The salesperson has to present and demonstrate in such a manner that arouses the interest and desire for acquisition of product.
3. *Informing, educating and guiding:* The task of personal selling involves providing information and assistance, promoting, educating and guiding the customers throughout their journey of seeking the solution to their problem. The information about the new products and services, educating the potential buyers with respect to handling and disposal of products, and guiding them in finding the best solution to their requirements are embedded as goal of personal selling exercise. It also includes supplementary services like installation, repairs and maintenance that can be made available to buyers.
4. *Persuading and reinforcing prospects:* The persuasion and positive reinforcement is the key objective of personal selling. The reinforcement with respect to finding or suggesting products/services to the best interest of potential buyer helps to create a satisfying experience. The features, advantages, benefits and competitive edge of products must be communicated to the prospects and customers. the need- benefit linkage must be established through personal selling.
5. *Building long term relationships:* The personal selling efforts are undertaken to cultivate relationships with buyers. Even if the salespersons may not be able to close the sale successfully, it cannot be considered as failure of person selling rather it should be seen as an opportunity to understand the needs better and provide solution accordingly. The strength and conviction of personal selling helps in building the trust and confidence in the minds of customers.



Figure 1.1: Objectives of personal selling

IMPORTANCE OF PERSONAL SELLING

Personal selling is the personal communication of information about goods, services and ideas to the prospective buyers or existing buyers to meet their needs or requirements. The importance of personal selling can be grouped under three heads for businesses, customers and society respectively.

IMPORTANCE FOR BUSINESS

1. *Immediate feedback:* The sellers get quick response or feedback of the performance of products in the market. All other tools of promotion mix like advertisement and sales promotion have certain time lag in communicating the results of progress of various products and services. The immediate and real time feedback helps the business to keep the information generated through personal selling in consideration to improvise products for future use.
2. *Minimum wastage of efforts:* Personal selling identifies and search the most appropriate prospects for selling goods and services. The effective prospecting assists in focusing the efforts only on those who have the higher probability of making a purchase. It helps in minimization of sales force efforts on interested potential buyers only.
3. *Cost Control:* Personal selling plays an important role in reducing the selling expenses and thereby bringing more profits for the company. The selling expenses are controlled by emphasizing only on those prospects who have higher probability of making a purchase decision.
4. *Customer confidence:* The collaborative or partnering nature of personal selling in finding the right solution at the right place, delivering better products and services ultimately results in winning the customer confidence and gaining larger share in the market.

5. *Goodwill*: The objective of personal selling is to bring revenues for the company along with winning customer on continual basis. The goodwill and reputation of the company is developed through satisfying the needs of the target segment in an effective manner.

IMPORTANCE FOR CUSTOMERS

The customer centric approach is embedded in the personal selling. The various benefits of personal selling can be outlined as follows:

1. *Assists in identification of needs*: The salesperson provides information about the different products for different needs of potential buyers. Personal selling efforts are more about understanding the demands and enlightening the potential buyers by providing them information of new arrivals, modifications in products and identifying the right kind of product to meet their needs.
2. *Personalization and customization*: Personal selling is highly customized form of communication. The customized information for different customers is designed keeping in consideration the various factors affecting their buying behavior. It differs from advertisement in the mode and manner of communication. Advertisement is unilateral whereas personal selling is bilateral and personalized according to the requirements of different buyers.
3. *Provides consultation and guidance*: The personal seller also provides follow up services to maintain the relationships with customers. The after-sale services such as installation, repairs, maintenance with respect to use and disposal of services are also ensured in personal selling.
4. *Source of information*: The feedback or the responses of the customers for company's offerings can be easily gauged by the salespersons. Personal selling acts as interface between the customers and top management of the company. The feedback received from the customers' act as an input for further improvisation, modification or removal of products in future.

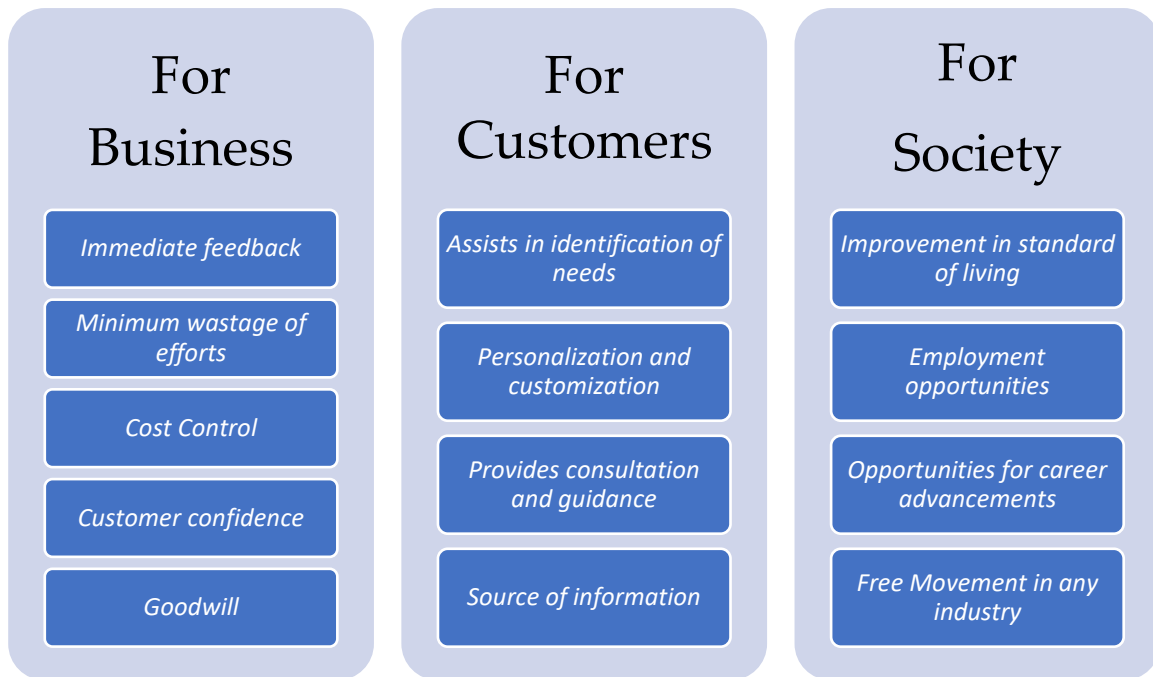


Figure 1.2: Importance of Personal Selling

IMPORTANCE OF PERSONAL SELLING TO SOCIETY

Personal selling plays a constructive role in the progress of society. The importance of personal selling for selling can be illustrated as follows-

1. *Improvement in standard of living*: Personal selling enables educating buyers about the about new improved products. It assists in maintaining equilibrium by reducing the fluctuations in price. Salesperson acts as a interface between the company and customers at large. The inputs of the customers and society at large are communicated for developing better products at affordable prices.
2. *Employment opportunities*: The scope of personal selling also entails creating employment opportunities for people. The working conditions are also changing because of the online presence of the companies, salesmen need not to go door to door but now assist customers in choosing a final product out of all the available options.
3. *Opportunities for career advancements*: Personal selling enables creation of opportunities for career advancements. From starting his career as a field salesman, a person can raise his level till the CMO too passing through the stages of area sales manager, regional sales manager among others. Moreover, competitors are also looking for a start sales performer. Hence, he can always be showered by the offers from the competitors.
4. *Free Movement in any industry*: Each industry is engaged in selling activity, hence, selling skills give a person an additional advantage to move across industries without having any kind of specialized degree. A small training is sufficient to make him understand about all the technical jargons of that industry.

PERSONAL SELLING, SALES MANAGEMENT, AND SALESMANSHIP

Sales management, salesmanship and personal selling are interlinked and have lot of commonalities. The interlinkages and interrelatedness help to provide value added relationships to both company and customers. Customer is going to have winning proposition in terms of best purchase solution for his need. The company gains by selling satisfied product not just the revenue but also take forward the long-term relationship, positive word of mouth, recommendation. The differences among the terms can be understood in scope and functions of each activity. Personal selling is the interaction between buyer and seller. The techniques used in personal selling can be referred as salesmanship. The recruitment, training, motivation, compensation or any other activity for managing sales force is a part of sales management.

PERSONAL SELLING

Personal selling is a broader concept than salesmanship. It is direct interaction between buyers and sellers which involves informing and persuading the prospect to close the sale. The interaction encompasses the details about the product, its features, attributes, benefits, advantages. The aim is to inform, educate about company's offering and persuade to make a purchase decision. Personal selling now goes beyond than merely selling products. The objective of personal selling also includes developing and nurturing long term relationships with customers for future revenues and goodwill of the company.

SALES MANAGEMENT

Sales management can be defined as “the planning, direction and control of personal selling, including recruiting, selecting, equipping, assigning, routing, supervising, paying and motivating as these tasks apply to personal sales force”. Sales management comprises of all the activities related to management of sales force. The planning, directing and controlling the sales force involved human resource functions such as recruitment, selection, training, compensating, motivating in a particular sales territory. The objective of sales management is to develop effective sales team. It is the process of attaining the sales force goals in an effective manner through planning, staffing, training, leading and controlling organisational resources. It is giving direction to sales force to attain sales force. Sales management is a broader concept and includes personal selling.

SALESMANSHIP

It is an art and skill to influence the prospective buyer or the actual buyer to enter into sale. Salesmanship is one aspect of personal selling. It is one of the skills used in personal selling. Salesmanship is the art of persuading people to buy the products. The skill is also used for developing long term relationships with customers, creating goodwill for the organisation in the minds of customers. It includes efforts for motivating prospective buyers to decide in favour of sellers' products and services. Salesmanship skills includes skills such as interpersonal skills, conceptual skills, listening skills, to influence prospects to make a sale.

DIFFERENCE AMONG SALES MANAGEMENT, PERSONAL SELLING AND SALESMANSHIP

The sales management, personal selling and salesmanship are interrelated with each other. The sales management administers the personal selling efforts and personal selling is enacted through salesmanship.

Table 1.1 Difference among Sales management, Personal selling, and Salesmanship

Point of distinction	Sales Management	Personal Selling	Salesmanship
Meaning	Process of managing the sales force	Direct interaction between seller and buyer	Skills to influence the buyer to enter into sale.
Scope	Broader in scope includes personal selling	Personal selling includes salesmanship	Art and skill of persuading potential buyers
Objective	Develop efficient sales team	To generate sales and build mutual beneficial relationships	To generate sales, create long term relationships with customers and creation of goodwill for the organisation
Activities included/steps involved	Planning, organising, staffing, directing and controlling of sales force	Prospecting approach, approach, presentation, demonstration, handling objections, closing the sale and follow up.	Interpersonal skills, listening skills, conceptual skills required for persuading potential buyers.
Key ingredient	Managing sales force	Buyer seller interaction	Sales person behaviour
Position	Precedes personal selling	Succeeds sales management	Part of personal selling

RELATIONSHIP MARKETING AND PERSONAL SELLING

Relationship marketing is creation of long-term collaborative relationships for a maintaining a large and loyal customer base. Personal selling is an integral component of promotion mix. It is about educating, influencing and successfully persuading both prospective and actual buyers to become and remain satisfying customers of the organization. The goal of personal selling is not restricted to merely seeking sales rather it focusses on developing and nurturing long term relationships with its prospective and actual buyers. Relationship marketing is based on the customer centric approach. The salesperson can act as interface between seller and customer. The discussions, opinions, feedback obtained with the help personal selling are transmitted to sellers for further improvisation and management of relationships. Timely complaint redressal is another component of relationship marketing. The relationships with the customers can be strengthen by understanding the customer needs and customizing the solution as per the specific needs of customers. The essence of any relationship is communication and personal selling is the most direct form of communication with potential and actual buyers. The task of relationship marketing is implemented by the salesperson in following ways:

1. *Implementing customer contact programs:* The various customer contact programs can be developed by an organization to get in touch with user base and seek their feedback on products/services.
2. *After sale services:* The services received post sales in form of installation, servicing, repairs, handling of complaints etc. constitutes an important role in relationship building. The customer experience about the products and services play a pivotal role in taking decision of patronizing the organization products in future. The way of handling and redressing complaints by the sales representative help in maintaining a better brand image.
3. *Finding the future needs of customers:* The companies that continuously monitor and respond to future needs of customers have more likelihood of adding large customer base to its product. The various loyalty programs, membership cards are few sources of reminding and monitoring customers' activities.
4. *Developing adaptive selling approach:* The personalized selling strategy can be developed according to the specific needs of different buyers. The positive word of mouth recommendations and positive reviews is what the organization is aspiring for along with cultivation of long and enduring relationships with its customers.

MYTHS OF PERSONAL SELLING

These are the certain myths associated with personal selling that affect the perception of a salesperson during the entire process of personal selling.

Myth 1-Anyone can be a buyer: The first myth about personal selling is related with the buyers. It is not right to think that each consumer may buy everything. Many different factors are considered by the consumers before making any purchase decision. However, there are few exceptions to it. For example, a consumer may be induced for impulse buying by offering him a steal deal or deep discounts. In order to make efficient use of the efforts a salesman should carefully assess the attributes of the product and accordingly target the market.

Myth 2-Price is the most important criterion for buying a product: Sellers may be misguided if they believe this myth. There is no denying fact that price plays an important role in making any purchase decision but not always a primary factor. There are many exceptions to this assumption. First in case of luxury goods, prices of the product hardly matter. Rather people look for expensive items to show their status. Second for quality conscious customers, quality or features of the product matter than prices. Finally, in case of brands loyal customers, the users of particular brand will rarely compare the prices of the substitutes and shift just because of lower prices offered by the competitor.

Myth 3-Same sales techniques will work for everyone: All customers are different individuals hence they are driven by different needs, motivations, and goals. Hence, a single sales strategy may not be helpful for everyone. The marketers have well understood this and now they are focusing on *Segment of One* where each individual is considered as a segment and customized products being offered to every one based on their unique requirements.

Myth 4-Finish the selling process soon as possible: This myth is guided by the selling concept where the selling of unit is more important than customer satisfaction. However, in today's time the swiftness in closing the deal may not help much as in case of any dissatisfaction consumers may use social media to spread the negative word of mouth. Besides this, it's going to cost goodwill in the long run.

Myth5-Explore everything to close the sale: This myth may lead salespersons towards unethical selling behavior too. It is unethical on the part of seller to misrepresent the facts or misinform about the product quality or capabilities of the product to the consumers just to increase the sales number or match the sales quota. Following this myth salesman can adopt manipulative and aggressive sales approach. In long run, a company may fail because of such salespersons who believe in this myth.

Myth6- Extrovert salesman perform better than introvert one: Few people think that salesmanship is the cup of tea only for those who are outspoken. But it is not true. The task of salesperson is to understand the needs of its potential customer and present the solution of his/her problem. Salesperson should try to overcome this misconception by adopting professional approach that will be appreciated by customers. Salesperson should try to refrain from being overly friendly.

Myth 7- "fake it, fill it and make it": The long term goal of every salesman should be establishing relationship with its customer rather than just seeing a buyer as an account. Therefore, sales representative should not hide any information or fact from the customer just for closing the deal. Rather, all the crucial points should be well communicated to the customer.

Myth 8- A customer "no" is "never": A salesman should not be disheartened after hearing a "no" from the customer. Rather he should try new ways to address the customer struck points and find new ways to pursue them more. Salesman should be hopeful towards converting the "no" of the customer into "yes".

Myth 9 The customer is always right: This is an old saying in business that "customer is always right". This line has largely been misinterpreted. It is not necessary that customer is always correct in understanding his innate needs. Sometimes a customer gets confused in identifying about his preferences. In that situation he needs guidance of the salesman. Moreover, in the era of over exposure to information, consumer may form some misconception about products. Here

the role of salesperson is to make him aware about the true facts related to products. Salesperson has to figure out what information customer possesses and what he is missing out and bridging the information gap for making rational decisions.

Myth 10- Sales is all about numbers: Sales in the quantifiable number is the most important. Though numbers are important but they are not the only thing. the quality of interaction is going to determine is going to play important role in translating the prospect into potential buyers.

Types of Selling Situations

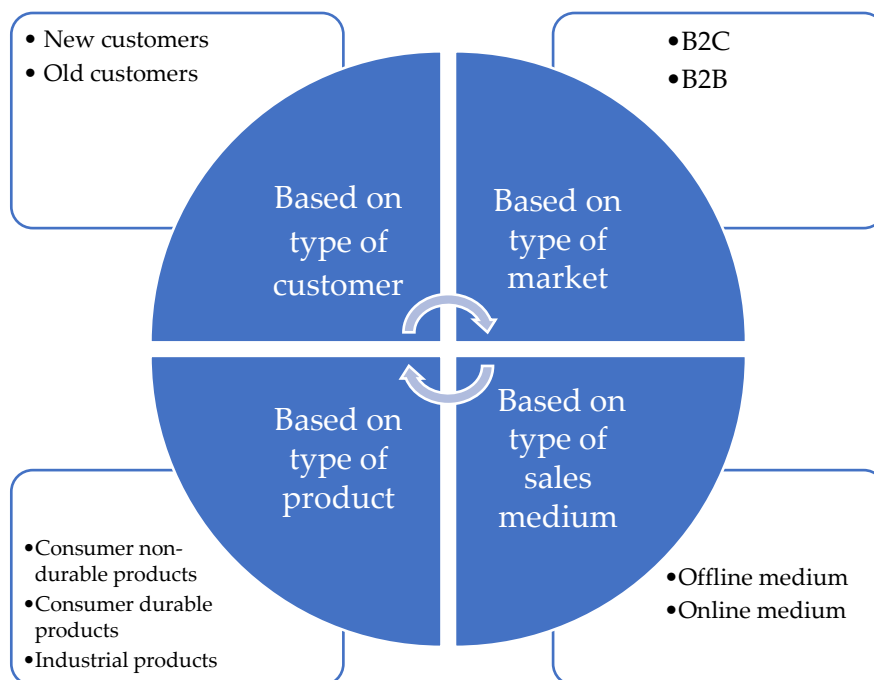


Figure 1. 1: Types of selling situations

Selling is a specialized task and the salesman come across many different selling situations while he is in field. These selling situation has been categorized in four broad categories which are mentioned below:

BASED ON TYPE OF CONSUMER

New Customers: Acquiring new customers is always more challenging than the retaining older one. The selling situation in which salesman tries to sell the products to a completely new set of customers is also called *developmental selling situation*. The target customers are either existing users and buy product from competitor or the completely new users who never bought the product. The sales persons have to use different promotional schemes (discounted prices, better deals etc.) to woo the competitor’s customers. For first time users, salesman need to demonstrate the benefits of the product just to prove its usability.

Old Customers: Retaining the old customers is also not an easy task as competitors' always try new ways to gain new customers. To sell the products to the existing customers is also called *service selling situation*. In service selling situation, salespeople focus on building relationships with existing customers and try for cross selling too.

BASED ON TYPE OF MARKET

Business to Consumer (B2C): Salesman make attempts to sell the products either to individual customer or group buyers. However, each selling situation needs different preparation from salesman's perspective. In the case of individual buyer, the interpersonal skills play a major role. A salesman assesses the personality and motivation to buy of an individual and offers the products. While in case of group buyers, generally the product is pre-decided and the buyers look for a better deal. There is a possibility that group buyers are already in communication with the competitors' product and evaluating or comparing the product and deal. Hence, for cracking the deal other than interpersonal skills, negotiation skills of the salesman are also important. For example, the strategies used for selling a home to single buyer will be completely different from the deal offered to a group of people together bargaining with the builder.

Business to Business (B2B): In B2B setting, the salesman has to be well read and knowledgeable about the working of the target industry. In case of organizational buyer, single or a team of salesmen can give the presentation about the product. The selling situation is completely different than B2C as in most of the cases the company which quotes minimum cracks the sales deed. Hence, salesman put efforts in finding out that magical number which will bring tender in their favor. For example, when pitching for selling of a machinery in an organization a team of salespeople may be required to address different queries of the industrial buyer.

BASED ON TYPE OF PRODUCT

Consumer non-durable products: Consumer non-durable products are relatively less expensive products and people are not much engaged while buying these products. For example: if a consumer is looking for buying a pack of biscuit he will simply approach to the nearby shop. In this situation salesperson play a role of order taker who simply handovers the required product to the customer and collects payment.

Consumer durable products: The involvement level of customer is comparatively high in this situation compared to the buying of non-durable product. A customer passes through the selling process and need to be pursued by the salesman. The salesman acts here as an order getter as he may require to make presentations or demonstrate the product. Salesman also answers the queries of the customers and address their concerns. For example, when a customer is interested in buying a car then he probably will compare different cars and after evaluating different alternatives he will close the deal.

Industrial Products: In case of industrial product personal selling is very important as salesman need to visit the buyer frequently. Since the investment is big, seller may go through the round of negotiations before finalizing the sales deal.

BASED ON THE TYPE OF SALES MEDIUM

Offline methods: Sales representative can reach the potential customers through offline methods such as face to face meeting method or making a telephonic call. The potential customers can also be met a seminar or a referral case from an existing customer. The salesperson offers the product to these leads and tries to convert them into the customers of the company. Salesman can also give live demonstration of the product.

Online methods: Online methods involve connecting leads through emails, social media and other digital platforms. Salesperson maintains the database of the leads and follow up with the them at regular intervals. In online methods, selling situation is comparatively different than offline situations. Online methods provide more flexibility in terms of contact hours and relatively cost effective too. However, the connection level in online sales situations is comparatively lower than online selling situations. Besides this, to keep potential customer engaged and interested is also difficult online medium selling situation.

Concluding Remarks

Personal selling is a process wherein salesman attempts to sell the products to the customer after meeting them either face-to face or contacting them through online medium. The salesman uses their specialized skills to impress customers and encourage them to at least try the product. Sales management, salesmanship and personal selling are interlinked and have lot of commonalities. The interlinkages and interrelatedness help to provide value added relationships to both company and customers. Besides this, there are many selling situation depending upon many factors such as product, market, medium, and customer. A salesman should take cognizance of the selling situation carefully and plan his strategy.

Key Points to Remember

- ❖ Personal selling is an integral part of promotion mix.
- ❖ Personal selling is a two-way communication in which the salesperson makes attempt to sell products while handling queries and objections of prospective buyer.
- ❖ Personal selling is the personal communication of information about goods, services and ideas to the prospective buyers or existing buyers to meet their needs or requirements.
- ❖ The importance of personal selling can be grouped under three heads for businesses, customers and society respectively.
- ❖ Sales management, salesmanship and personal selling are interlinked and have lot of commonalities.
- ❖ Personal selling is a direct interaction between buyers and sellers which involves informing and persuading the prospect to close the sale. The interaction encompasses the details about the product, its features, attributes, benefits, advantages.

- ❖ Sales management can be defined as planning, direction and control of personal selling, including recruiting, selecting, equipping, assigning, routing, supervising, paying and motivating as these tasks apply to personal sales force.
- ❖ Salesmanship is an art and skill to influence the prospective buyer or the actual buyer to enter into sale.
- ❖ Relationship marketing is creation of long-term collaborative relationships for a maintaining a large and loyal customer base.
- ❖ These are the certain myths associated with personal selling that affect the perception of a salesperson during the entire process of personal selling.
- ❖ There are many selling situation depending upon many factors such as product, market, medium, and customer.

Lets' Evaluate Ourselves

Q1. Define personal selling. Discuss its nature.

Q2. Do you think that personal selling is important for business, customers, and society? Give explanation.

Q3. Explain the relationship between personal selling, salesmanship, and sales management.

Q4. Discuss the myths of personal selling.

Q5. What are different selling situation. Discuss briefly.