



Tenth Edition

SELLING AND SALES MANAGEMENT

David Jobber & Geoff Lancaster

Selling and Sales Management

PEARSON

At Pearson, we have a simple mission: to help people make more of their lives through learning.

We combine innovative learning technology with trusted content and educational expertise to provide engaging and effective learning experiences that serve people wherever and whenever they are learning.

From classroom to boardroom, our curriculum materials, digital learning tools and testing programmes help to educate millions of people worldwide – more than any other private enterprise.

Every day our work helps learning flourish, and wherever learning flourishes, so do people.

To learn more, please visit us at www.pearson.com/uk

Tenth Edition

Selling and Sales Management

David Jobber and Geoff Lancaster

PEARSON

Harlow, England • London • New York • Boston • San Francisco • Toronto • Sydney
Auckland • Singapore • Hong Kong • Tokyo • Seoul • Taipei • New Delhi
Cape Town • São Paulo • Mexico City • Madrid • Amsterdam • Munich • Paris • Milan

Pearson Education Limited
Edinburgh Gate
Harlow CM20 2JE
United Kingdom
Tel: +44 (0)1279 623623
Web: www.pearson.com/uk

First published as *Sales Technique and Management* by Macdonald & Evans Ltd in 1985
Second edition published by Pitman Publishing, a division of Longman Group UK Ltd in 1990
Third edition published by Pitman Publishing, a division of Longman Group UK Ltd in 1994
Fourth edition published by Pitman Publishing, a division of Pearson Professional Ltd in 1997
Fifth edition published by Financial Times Management, a division of Financial Times Professional Limited in 2000
Sixth edition published 2003 (print)
Seventh edition published 2006 (print)
Eighth edition published 2009 (print)
Ninth edition published 2012 (print and electronic)
Tenth edition published 2015 (print and electronic)

© Macdonald and Evans Ltd 1985 (print)
© David Jobber and Geoff Lancaster 1990 (print)
© Longman Group UK Ltd 1994 (print)
© Pearson Professional Ltd 1997 (print)
© Financial Times Professional Ltd 2000 (print)
© Pearson Education Limited 2003, 2009 (print)
© Pearson Education Limited 2012, 2015 (print and electronic)

The rights of Professor David Jobber and Professor Geoffrey Lancaster to be identified as authors of this Work have been asserted by them in accordance with the Copyright, Designs and Patents Act 1988.

The print publication is protected by copyright. Prior to any prohibited reproduction, storage in a retrieval system, distribution or transmission in any form or by any means, electronic, mechanical, recording or otherwise, permission should be obtained from the publisher or, where applicable, a licence permitting restricted copying in the United Kingdom should be obtained from the Copyright Licensing Agency Ltd, Saffron House, 6-10 Kirby Street, London EC1N 8TS.

The ePublication is protected by copyright and must not be copied, reproduced, transferred, distributed, leased, licensed or publicly performed or used in any way except as specifically permitted in writing by the publishers, as allowed under the terms and conditions under which it was purchased, or as strictly permitted by applicable copyright law. Any unauthorised distribution or use of this text may be a direct infringement of the author's and the publishers' rights and those responsible may be liable in law accordingly.

All trademarks used herein are the property of their respective owners. The use of any trademark in this text does not vest in the author or publisher any trademark ownership rights in such trademarks, nor does the use of such trademarks imply any affiliation with or endorsement of this book by such owners.

Pearson Education is not responsible for the content of third-party internet sites.

ISBN: 978-1-292-07800-7 (print)
978-1-292-07803-8 (PDF)
978-1-292-07801-4 (eText)

British Library Cataloguing-in-Publication Data

A catalogue record for the print edition is available from the British Library

Library of Congress Cataloguing-in-Publication Data

Jobber, David, 1947-
Selling and sales management / David Jobber and Geoff Lancaster. – 10th edition.
pages cm
Includes index.
ISBN 978-1-292-07800-7
1. Selling. 2. Sales management. I. Lancaster, Geoffrey, 1938- II. Title.
HF5438.25.J63 2015
658.8'1—dc23

2014046929

10 9 8 7 6 5 4 3 2 1
19 18 17 16 15

Print edition typeset in 9.5/12.5 pt Charter ITC Std by 71
Print edition printed by Ashford Colour Press Ltd, Gosport

NOTE THAT ANY PAGE CROSS REFERENCES REFER TO THE PRINT EDITION

Brief contents

List of figures	xiv
List of tables	xvi
About the authors	xviii
Preface	xix
Acknowledgements	xxi
Part One	
Sales perspective	1
1 Development and role of selling in marketing	3
2 Sales strategies	47
Part Two	
Sales environment	75
3 Consumer and organisational buyer behaviour	77
4 Sales settings	109
5 International selling	152
6 Law and ethical issues	196
Part Three	
Sales technique	217
7 Sales responsibilities and preparation	219
8 Personal selling skills	239
9 Key account management	269
10 Relationship selling	293
11 Direct marketing	316
12 Internet and IT applications in selling and sales management	338
Part Four	
Sales management	371
13 Recruitment and selection	373
14 Motivation and training	391
15 Organisation and compensation	419

Brief Contents

Part Five

Sales control

437

16 Sales forecasting and budgeting

439

17 Salesforce evaluation

472

Appendix: Case studies and discussion questions

487

Index

501

Contents

List of figures	xiv
List of tables	xvi
About the authors	xviii
Preface	xix
Acknowledgements	xxi

Part One Sales perspective

1

1 Development and role of selling in marketing	3
Objectives	3
Key concepts	3
1.1 Background	4
1.2 Nature and role of selling	4
1.3 Characteristics of modern selling	5
1.4 Success factors for professional salespeople	7
1.5 Types of selling	8
1.6 Image of selling	12
1.7 The nature and role of sales management	14
1.8 The marketing concept	16
1.9 Implementing the marketing concept	21
1.10 Relationship between sales and marketing	37
1.11 Conclusions	42
References	43
Practical exercise: Mephisto Products Ltd	44
Examination questions	46
2 Sales strategies	47
Objectives	47
Key concepts	47
2.1 Sales and marketing planning	47
2.2 The planning process	48
2.3 Establishing marketing plans	48
2.4 The place of selling in the marketing plan	60
2.5 Conclusions	72
References	72
Practical exercise: Auckland Engineering plc	73
Examination questions	74

Part Two Sales environment

75

3 Consumer and organisational buyer behaviour	77
Objectives	77
Key concepts	77
3.1 Differences between consumer and organisational buying	78
3.2 Consumer buyer behaviour	79
3.3 Factors affecting the consumer decision-making process	85
3.4 Organisational buyer behaviour	91
3.5 Factors affecting organisational buyer behaviour	97
3.6 Developments in purchasing practice	100
3.7 Relationship management	104
3.8 Conclusions	105
References	105
Practical exercise: The lost computer sale	107
Examination questions	108
4 Sales settings	109
Objectives	109
Key concepts	109
4.1 Environmental and managerial forces that impact on sales	110
4.2 Sales channels	116
4.3 Industrial/commercial/public authority selling	122
4.4 Selling for resale	124
4.5 Selling services	129
4.6 Sales promotions	132
4.7 Exhibitions	136
4.8 Public relations	140
4.9 Conclusions	146
References	146
Practical exercise: Yee Wo Plastic Piping Components Ltd	147
Practical exercise: Gardnov Ltd	148
Practical exercise: Quality Chilled Foods Ltd	150
Examination questions	151
5 International selling	152
Objectives	152
Key concepts	152
5.1 Introduction	153
5.2 Economic aspects	153
5.3 International selling at company level	161
5.4 Cultural factors in international selling	163
5.5 Organisation for international selling	172
5.6 Pricing	181

5.7 Japan – a study in international selling	183
5.8 Conclusions	187
References	188
Practical exercise: Selling in China	188
Practical exercise: Syplan	189
Practical exercise: Wardley Investment Services (Hong Kong)	191
Practical exercise: Quality Kraft Carpets Ltd	192
Examination questions	194
6 Law and ethical issues	196
Objectives	196
Key concepts	196
6.1 The contract	197
6.2 Terms and conditions	198
6.3 Terms of trade	198
6.4 Business practices and legal controls	202
6.5 Ethical issues	206
6.6 Conclusions	211
References	211
Practical exercise: Kwiksell Cars Ltd	212
Practical exercise: ChevronTexaco cuts losses with Innovetra Fraud Alerter	214
Examination questions	216
Part Three Sales technique	
	217
7 Sales responsibilities and preparation	219
Objectives	219
Key concepts	219
7.1 Sales responsibilities	219
7.2 Preparation	228
7.3 Conclusions	235
References	235
Practical exercise: The O'Brien Company	236
Practical exercise: Presenting New Standa Plus: The final word in hydraulic braking systems?	237
Examination questions	238
8 Personal selling skills	239
Objectives	239
Key concepts	239
8.1 Introduction	239
8.2 The opening	242
8.3 Need and problem identification	243
8.4 The presentation and demonstration	245

8.5	Dealing with objections	251
8.6	Negotiation	255
8.7	Closing the sale	258
8.8	Follow-up	261
8.9	Conclusions	262
	References	263
	Practical exercise: Mordex Photocopier Company	264
	Negotiation exercise: Supermarket versus superbrand: cooperate to compete	265
	Task	265
	Practical exercise: A controlled sales process?	266
	Examination questions	268
9	Key account management	269
	Objectives	269
	Key concepts	269
9.1	What is key account management?	270
9.2	Advantages and dangers of key account management to sellers	272
9.3	Advantages and dangers of key account management to customers	273
9.4	Deciding whether to use key account management	273
9.5	Criteria for selecting key accounts	274
9.6	The tasks and skills of key account management	275
9.7	Key account management relational development model	277
9.8	Global account management	280
9.9	Building relationships with key accounts	281
9.10	Key account information and planning system	283
9.11	Key success factors for key account management	286
9.12	Conclusions	287
	References	287
	Practical exercise: Cloverleaf plc	289
	Examination questions	292
10	Relationship selling	293
	Objectives	293
	Key concepts	293
10.1	From total quality management to customer care	294
10.2	From JIT to relationship marketing	299
10.3	Reverse marketing	301
10.4	From relationship marketing to relationship selling	302
10.5	Tactics of relationship selling	305
10.6	Conclusions	310
	References	310
	Practical exercise: Microcom	312
	Practical exercise: Focus Wickes – ‘Fusion’: Winners, 2004 <i>Retail Week</i>	
	Supply Chain Initiative Award	313
	Examination questions	315

11 Direct marketing	316
Objectives	316
Key concepts	316
11.1 What is direct marketing?	317
11.2 Database marketing	319
11.3 Managing a direct marketing campaign	322
11.4 Conclusions	333
References	333
Practical exercise: Kettle Foods	334
Practical exercise: RU receiving me?	336
Examination questions	337
12 Internet and IT applications in selling and sales management	338
Objectives	338
Key concepts	338
12.1 The changing nature of the salesforce	339
12.2 Electronic commerce and electronic procurement	344
12.3 Using technology to support sales activities	354
12.4 Using technology to improve sales management	360
12.5 Social media and selling	365
12.6 Conclusions	366
References	367
Practical exercise: ASOS: selling online fashion	368
Examination questions	370
Part Four Sales management	371
13 Recruitment and selection	373
Objectives	373
Key concepts	373
13.1 The importance of selection	373
13.2 Preparation of the job description and specification	376
13.3 Identification of sources of recruitment and methods of communication	379
13.4 Designing an effective application form and preparing a shortlist	381
13.5 The interview	382
13.6 Supplementary selection aids	386
13.7 Conclusions	388
References	389
Practical exercise: Plastic Products Ltd	389
Examination questions	390

14 Motivation and training	391
Objectives	391
Key concepts	391
14.1 Motivation	391
14.2 Leadership	402
14.3 Training	404
14.4 Conclusions	415
References	415
Practical exercise: Selling fountain pens	417
Examination questions	417
15 Organisation and compensation	419
Objectives	419
Key concepts	419
15.1 Organisational structure	419
15.2 Determining the number of salespeople	426
15.3 Establishing sales territories	428
15.4 Compensation	430
15.5 Conclusions	433
References	434
Practical exercise: Rovertronics	434
Practical exercise: Silverton Confectionery Company	435
Examination questions	436
Part Five Sales control	
	437
16 Sales forecasting and budgeting	439
Objectives	439
Key concepts	439
16.1 Purpose	439
16.2 Planning	440
16.3 Levels of forecasting	443
16.4 Qualitative techniques	444
16.5 Quantitative techniques	448
16.6 Budgeting – purposes	458
16.7 Budget determination	459
16.8 The sales budget	461
16.9 Budget allocation	461
16.10 Conclusions	463
References	465
Practical exercise: Classical Reproductions Ltd	465
Practical exercise: A recipe for success	470
Examination questions	471

17 Salesforce evaluation	472
Objectives	472
Key concepts	472
17.1 The salesforce evaluation process	472
17.2 The purpose of evaluation	473
17.3 Setting standards of performance	475
17.4 Gathering information	475
17.5 Measures of performance	476
17.6 Appraisal interviewing	483
17.7 Conclusions	483
References	484
Practical exercise: Dynasty Ltd	484
Practical exercise: MacLaren Tyres Ltd	485
Examination questions	486
Appendix Case studies and discussion questions	487
Alternatives: a hub in London for personal development	487
Ask Electronics: integrating online and offline sales	489
Game The Work: serious games for serious results	491
Lloyds Banking Group: corporate events as a sales tool	493
Putney Methodist Church: a pinnacle of community life and support	495
Tourism Concern: the relevance of selling and sales management to non-profit organisations	498
Index	501

Lecturer Resources

For password-protected online resources tailored to support the use of this textbook in teaching, please visit

www.pearsoned.co.uk/jobber



List of figures

1.1	Characteristics of modern selling	6
1.2	Types of selling	9
1.3	Sales versus market orientation	20
1.4	The marketing mix and proposed extensions of the 4Ps	25
1.5	The product life-cycle curve	26
1.6	The adoption of innovations	28
1.7	The demand curve	30
1.8	A simple break-even chart	31
1.9	Organisational implications of adopting the marketing concept	37
1.10	Marketing strategy and management of personal selling	39
1.11	Sales buy-in of marketing strategies	41
2.1	The planning process	48
2.2	The link among objectives, strategies and tactics	49
2.3	Hierarchy of the marketing plan	50
2.4	SWOT matrix for Boots	52
2.5	SWOT matrix for a sports car producer	59
2.6	An overview of the marketing planning process	61
2.7	Inside-out planning model	64
2.8	Outside-in planning model	64
2.9	Stages in the buying process	66
2.10	The relationship between objectives, strategies and tactics	70
3.1	The consumer decision-making process	81
3.2	The evaluation system	83
3.3	Level of purchase involvement and the buying situation	86
3.4	Dimensional model of buyer behaviour	87
3.5	The organisational decision-making process (buy phases)	93
3.6	Influences on organisational purchasing behaviour	97
3.7	Reverse marketing	103
4.1	A model of the exhibition communication process	138
5.1	Prahalad and Doz integration and responsiveness model	165
5.2	Helping companies evaluate foreign distributors	177
6.1	Example of conditions of sale document	199
7.1	Key responsibilities of salespeople	220
7.2	A negotiating scenario	234
8.1	The personal selling process	242
8.2	Dealing with objections	252
8.3	The level of buyers' purchase intentions throughout a sales presentation	258
8.4	Closing the sale	259
9.1	Traditional (bow-tie) buyer-seller relationship: communication is between salesperson and buyer	276
9.2	Key account (diamond) based relationship: key account manager coordinates communication which is direct between functions	276

9.3	Key account relational development model	278
9.4	Key account planning system	285
10.1	Luck's optimal value chain proposition	297
10.2	Internal to external focus of total quality perspective	298
10.3	The creation of the virtuous circle	306
10.4	Marketing information system	307
11.1	The direct marketing mix (Institute of Direct Marketing)	323
11.2	The bull's eye model (Institute of Direct Marketing)	323
11.3	Managing a direct marketing campaign	324
12.1	Four levels of e-commerce	346
13.1	Stages in the recruitment and selection process	376
13.2	Important qualities of salespeople	378
14.1	The Vroom expectancy theory of motivation	394
14.2	Methods of conducting sales meetings	396
14.3	Salesforce motivation	396
14.4	Motivating factors for salespeople	397
14.5	Summary of differences between sales directors and sales representatives	400
14.6	Components of a training programme	408
14.7	Criteria used to evaluate training courses	412
14.8	Fountain pen features	418
15.1	Organisation structures	420
15.2	Compensation and sales volume	431
16.1	A conceptually based model of judgemental forecasting	442
16.2	Office Goods Supplies Ltd: annual sales of briefcases, moving average	449
16.3	Office Goods Supplies Ltd: annual sales of briefcases, exponential smoothing (weighting shown in brackets)	450
16.4	Office Goods Supplies Ltd: quarterly sales of briefcases and one-year forecast	453
16.5	Office Goods Supplies Ltd: monthly sales of briefcases, Z chart for 2014	454
16.6	The budgetary process	462
16.7	Decision tree for Classical Reproductions Ltd	468
17.1	The salesforce evaluation process	473
17.2	The central role of evaluation in sales management	474
17.3	Salesperson evaluation matrix	481

List of tables

1.1	Strengths and weaknesses of personal selling	5
1.2	Top ten success factors in selling	7
1.3	The characteristics of effective sales managers	15
1.4	Marketing strategy and sales management	40
3.1	Social class categories	90
3.2	Choice criteria	95
4.1	Forces affecting selling and sales management	110
4.2	Characteristics of services and products	131
5.1	Top ten criteria used by sales agents to evaluate principals	175
5.2	Translations of common Japanese business titles	185
7.1	Product features and customer benefits	229
8.1	Key characteristics of salespeople desired by buyers	241
8.2	Types of question used in personal selling	245
9.1	Distinctions between transactional selling and key account management	271
9.2	Tasks performed and skills required by key account management	275
9.3	Roles and competencies required of a global account manager	281
9.4	Handling relationships with key accounts	283
9.5	A key account information system	284
9.6	KAM key success factors	287
10.1	Contrasting transaction marketing and relationship marketing (Christopher <i>et al.</i> , 1991)	295
10.2	Marketing strategy continuum offered by Grönroos	296
12.1	Well-known salesforce automation (SFA) software packages 2014	356
13.1	Features of most interest and most value	374
13.2	Qualities required of trainee and senior sales executives	379
14.1	Maslow's hierarchy of needs	392
14.2	Motivational factors for salespeople in industrial and consumer goods markets	398
14.3	Topics salespeople would like to discuss more with their sales managers	400
14.4	Positive and negative strokes	401
14.5	Six leadership styles and key characteristics	403
14.6	Benefits of training	406
14.7	Skills development	407
14.8	Methods used to train sales managers	414
14.9	Topics covered in sales training programmes for managers	414
15.1	Strengths and weaknesses of geographic and product specialisation in organisational structures	422
15.2	Strengths and weaknesses of customer-based organisational structures	425
15.3	Workload method	427
15.4	The use of compensation methods in the United Kingdom	433
16.1	Office Goods Supplies Ltd: annual sales of briefcases, moving average	449
16.2	Office Goods Supplies Ltd: quarterly sales of briefcases	451
16.3	Office Goods Supplies Ltd: sum of quarterly deviations from trend	452

16.4	Office Goods Supplies Ltd: forecasted trend figures and deviations from trend that have been applied	452
16.5	Office Goods Supplies Ltd: monthly sales of briefcases 2013-14	454
17.1	A comparison of the usage of salesforce evaluation output criteria between small and large organisations	478
17.2	A comparison of the usage of salesforce evaluation input criteria between small and large organisations	479
17.3	A comparison of the usage of qualitative salesforce evaluation criteria between small and large organisations	481
17.4	Winning and losing orders	482

About the authors

David Jobber BA (Econ), MSc, PhD is an internationally recognised marketing academic and is Professor of Marketing at the University of Bradford School of Management. Before joining the faculty at the School of Management, he worked in sales and marketing for the TI Group and was Senior Lecturer in Marketing at Huddersfield University. He has wide experience of teaching sales and marketing at undergraduate, postgraduate and executive levels and has held visiting appointments at the universities of Aston, Lancaster, Loughborough and Warwick. Supporting his teaching is a record of achievement in academic research and scholarship. David has published four books and over 100 research papers in such internationally rated journals as the *International Journal of Research in Marketing*, the *Journal of Personal Selling and Sales Management*, and the *Strategic Management Journal*. His eminence in research was recognised by his appointment as Special Adviser to the Research Assessment Exercise panel. In 2008, David received the Academy of Marketing Life Achievement award for extraordinary and distinguished services to marketing.

Geoff Lancaster MSc, PhD, FCIM, FLCC is Dean of Academic Studies at the London School of Commerce, a constituent college of University of Wales Institute Cardiff. He was the founding Chairman (until 2011) of corporate communications company Durham Associates Group Ltd, Castle Eden, County Durham, with offices in London, Hull, Bahrain and Oman. The company is in receipt of the Queen's Award for Export Achievement. Geoff was formerly Professor of Marketing at Huddersfield University and has subsequently held appointments at the University of Newcastle-upon-Tyne, London Metropolitan University and Macquarie University, Sydney. He was previously Senior Examiner and Academic Adviser to the Chartered Institute of Marketing and Chief Examiner to the Institute of Sales and Marketing Management. He has published marketing and research methods textbooks with McGraw-Hill, Macmillan, Butterworth-Heinemann and Kogan Page. Geoff has published widely in academic marketing journals such as *European Journal of Marketing*, *Journal of Advertising Research* and *Journal of Marketing Management*.

Preface

■ Premise

This text covers what must still be the most important element of the marketing mix for most students and practitioners. With a move away from the selling function towards more esoteric areas of marketing over the past few years, this vital aspect of marketing has been somewhat neglected. However, in the end it has to be face-to-face contact that eventually wins the order, and this text therefore explains and documents the selling and sales management process from both the theoretical and practical viewpoints.

■ Book structure

More precisely, the text is split into five logical parts: **Sales perspective**, **Sales environment**, **Sales technique**, **Sales management** and **Sales control**.

Sales perspective examines selling in its historical role and then views its place within marketing and a marketing organisation. Different types of buyers are also analysed in order to help us achieve an understanding of their thinking and organise our selling effort accordingly. **Sales technique** is essentially practical and covers preparation for selling, the personal selling process and sales responsibility. **Sales environment** looks at the institutions through which sales are made; this covers channels, including industrial, commercial and public authority selling followed by selling for resale. International selling is an increasingly important area in view of the ever increasing ‘internationalisation’ of business and this merits a separate chapter. **Sales management** covers recruitment, selection, motivation and training, in addition to how we must organise and compensate salespeople from a managerial standpoint. Finally, **Sales control** covers sales budgets and explains how this is the starting point for business planning. Sales forecasting is also covered in this final section, and a guide is given to the techniques of forecasting and why it is strictly a responsibility of sales management and not finance. Each chapter concludes with a mini case study and practical exercises, together with formal practice questions typical of those the student will encounter in the examination room.

■ New to this edition

This latest edition contains cutting-edge research that differentiates it from most of its competitors. In addition, there are new and updated cases and practical exercises, together with more practical illustrations and examples.

Other improvements include:

- Increased coverage of strategic selling and partnering.
- More discussion of ethical issues in selling.
- Expanded coverage of the management of sales channels.
- Enhanced discussion of the role of social media in selling.
- Further discussion of lead generation.
- Increased number of examination questions at the end of each chapter.

Target market

This text will be invaluable to those students studying for the examinations of the Chartered Institute of Marketing, the Communication, Advertising and Marketing Education Foundation, the London Chamber of Commerce and Industry higher stage selling and sales management subject, marketing specialisms on Higher National Certificate and Diploma in Business Studies, first degrees with a marketing input, and postgraduate courses like the Diploma in Management Studies and Master of Business Administration that have a marketing input. In addition, the text emphasises the practical as well as the theoretical, and it will be of invaluable assistance to salespeople in the field as well as to sales management.

Acknowledgements

We would like to thank Paul Miller and John O'Connor for providing excellent material on the applications of IT in sales. We also wish to thank all of the case contributors, especially Dr Diana Luck, for supplying excellent case studies to enhance the practical aspects of the book. We also thank the reviewers who provided feedback for this edition.

Finally, we would like to thank our editorial team at Pearson Education for helping to make this new edition possible.

Publisher's acknowledgements

We are grateful to the following for permission to reproduce copyright material:

Figures

Figure 1.1 adapted from The evolution of the seven steps of selling, *Industrial Marketing Management*, Vol.34, pp.13–22 (Moncrief, W.C. and Marshall, G.W. 2005), © (2005), with permission from Elsevier.; Figure 1.4 from Making Relationship Marketing Operational, *International Journal of Service Industry Management*, Vol.5(5), pp.5–20 (Gummeson E. 1994), © Emerald Group Publishing Limited all rights reserved.; Figure 3.1 adapted from *Consumer Behaviour*, Dryden (Blackwell, R.D., Miniard, P.W. and Engel, J.F. 2003) Reprinted with permission of South-Western, a division of Thomson Learning: www.thomson-rights.com. Fax: 800–730–2215.; Figure 5.1 from Managing DMNCS: A search for a new paradigm, *Strategic Management Journal*, Vol. 12(S1), pp.145–164 (Prahalad, C.K. and Doz, Y.L. 1991), © 2015 Strategic Management Society; Figure 7.2 adapted from *Bargaining for Results*, Macmillan (Winkler, J. 1996); Figures 9.1, 9.2 adapted from *The CIM Handbook of Selling and Sales Strategy*, Butterworth-Heinemann (Jobber, D. 1997) p.95, © 1997, reprinted with permission from Elsevier; Figure 13.2 from The use of psychological tests in the selection of salesmen: a UK survey, *Journal of Sales Management*, 1, p.1 (Jobber, D. and Millar, S. 1984), © Emerald Group Publishing Limited all rights reserved.; Figure 16.1 from Cognitive processes and the assessment of subjective probability distributions, *Journal of the American Statistical Association*, Vol. 70(350), pp. 271–289 (Hogarth, R. 1975)

Tables

Table 1.2 from Hiring for success at the buyer–seller interface, *Journal of Business Research*, Vol. 56(4), pp. 247–255. (Marshall, G.W., Goebel, D.J. and Moncrief, W.C. 2003), Copyright © 2003, with permission from Elsevier; Table 1.3 adapted from What are the characteristics of an effective sales manager? An exploratory study comparing salesperson and sales manager perspectives, *Journal of Personal Selling and Sales Management*, 28 (1), pp. 7–20 (Deeter-Schmelz, D.R., Goebel, D.J. and Kennedy, K.M. 2008); Table 1.4 from Linking market share strategies to sales force objectives, activities and compensation policies, *Journal of Personal Selling and Sales Management*, Vol.6 (2), pp.11–18 (Strakle, W. and Spiro, R.L. 1986); Table 3.1 adapted from National Readership Survey, January–December 2007; Table 5.1 from The extent and formality of sales agency evaluations of principals, *Industrial Marketing Management*, Vol. 30(1), pp.37–49 (Merritt, N.J. and Newell, S.J. 2001), © (2001), with permission from Elsevier; Table 5.2 from Selling to Japan: know the business customs, *International Trade Forum*, Vol.12 (Japanese External Trade Organisation 1976), Reproduced by permission of JETRO <http://www.jetro.go.jp/uk/>;

Acknowledgements

Table 8.2 from The counsellor selling method: concepts, constructs and effectiveness, *Journal of Personal Sales and Management*, Vol. 13(4), pp.39–60 (DeCormier, R. and Jobber, D. 1993); Table 9.6 from Customer–supplier partnerships: perceptions of a successful key account management program, *Industrial Marketing Management*, Vol. 31(5), pp.467–476 (Abratt, R. and Kelly, P.M. 2002), Copyright © 2002 with permission from Elsevier; Table 12.1 from Software Advice, Inc., <http://www.softwareadvice.com/crm/sales-force-automation-comparison>; Table 13.2 from Recruiting the wrong salespeople: are the job ad541–50s to blame?, *Industrial Marketing Management*, Vol. 30(7), pp.541–550 (Mathews, B. and Redman, T. 2001), Copyright © 2001, with permission from Elsevier; Table 14.2 adapted from Industrial: Shipley, D. and Kiely, J. (1988) ‘Motivation and dissatisfaction of industrial salespeople – how relevant is Herzberg’s theory?’, *European Journal of Marketing*, 22, 1. © Emerald Group Publishing Limited all rights reserved. Consumer: Coulaux, C. and Jobber, D. (1989) Motivation of Consumer Salespeople, University of Bradford School of Management Working Paper.; Table 14.5 adapted from Leadership that gets results, *Harvard Business Review*, March–April, pp.78–90 (Goleman, D. 2000); Tables 14.8, 14.9 from An update on the status of sales management training, *Journal of Personal Selling and Sales Management*, Vol. 30, pp.319–326 (Powers, T.L., DeCarlo, T.E. and Gupta, G. 2010)

Text

Extract on page 22 adapted from <http://businesscasestudies.co.uk/bt/meeting-customers-needs-in-growth-markets-online-gaming/development-of-broadband-markets.html#axzz3GOXSSlky>; <http://www.fgate.com/cgi-bin>; <http://www.facebook.com>; <http://www.myspace.com>; Extract on pages 23–24 adapted from <http://businesscasestudies.co.uk/bic/honour-the-past-invent-the-future/challenges.html#axzz3GOXSSlky>; <http://www.bicworld.com>; Exhibit on pages 35–36 adapted from <http://businesscasestudies.co.uk/travis-perkins/meeting-customers-needs/introduction.html#axzz3GOXSSlky>; <http://www.travisperkins.co.uk>; Extract on pages 50–51 adapted from <http://businesscasestudies.co.uk/corus/competitive-advantage-through-sustainable-product-development-in-construction/understanding-the-external-environment.html#axzz3GOXSSlky>; <http://www.corusgroup.com>; Extract on pages 55–56 from <http://www.gospaplanning.com>; Extract on page 129 adapted from <http://businesscasestudies.co.uk/mcdonalds-restaurants/franchising-and-entrepreneurship/what-is-franchising.html#axzz3GOXSSlky>; Extract on page 132 adapted from <http://businesscasestudies.co.uk/argos/re-focussing-a-companys-culture-and-marketing-mix/changing-the-culture-at-argos.html#axzz3GOXSSlky>; Extract on page 180 from Jaguar Land Rover seals Chinese joint venture, *The Telegraph*, 18/11/2012 (Angela Monaghan), © Angela Monaghan / The Daily Telegraph; Exercise on pages 189–190 adapted from Syplan, *Sunday Times*, 23/06/2002 (Sarah Gracie), © Sarah Gracie/Times Newspapers Limited 2002; Extract on page 210 adapted from What a bargain – 60 pieces of china for £1, *The Guardian Money supplement*, 04/09/2010, p.3 (Levene, T.), Copyright Guardian News & Media Ltd 2010; Exercises on pages 237–238, pages 265–266, pages 312–313, pages 434–435 from Written by Andrew Pressey, Lecturer in Marketing, University of East Anglia. Neville Hunt, Lecturer in Marketing, University of Luton; Extract 8.10 adapted from www.ChapmanHQ.com; Extract on pages 298–299 from http://www.chapmanHQ.com/our_clients/case_studies with permission; <http://investor.gtsi.com>; Extract on pages 300–301 adapted from <http://businesscasestudies.co.uk/nissan/planning-for-quality-and-productivity/total-quality-management.html#axzz3HGctDCSb>; Exercise on pages 334–335 from Crisp Growth Without Paying for the Ads, *Management Today*, May, pp.70–72 (Wynn, S. 2002), Reproduced from MT magazine by permission of the copyright owner, Haymarket Media Group Ltd.; Extract on pages 362–363 from John O’Connor, CEO of the customer retention and sales effectiveness company Deep-Insight (www.deep-insight.com). November 2008

In some instances we have been unable to trace the owners of copyright material, and we would appreciate any information that would enable us to do so.

PART ONE

Sales perspective

Part 1 of *Selling and Sales Management* consists of two introductory chapters that set the context for the remainder of the book.

Chapter 1 introduces the nature and role of selling and sales management before relating this to the marketing concept. The incontrovertibly interlinked relationship between selling and sales management is then explained and the notion of more sophisticated marketing thought is described as having its roots in sales. The main business philosophies, also called business orientations, are explained. The way in which the marketing concept is implemented in practice through the marketing mix is discussed. Key concepts including market segmentation and targeting and the 'four Ps' marketing mix variables of price, product, promotion and place are introduced. The extensions of the Ps over the years are summarised. The chapter then concludes with a more detailed explanation of the relationship between marketing strategy and personal selling.

Sales strategies and how these relate to marketing planning form the basis of Chapter 2. The traditional marketing planning process is explained, with emphasis on issues like targeting, pricing, customer retention and the allocation and control of resources to assist implementation of the plan. The place of selling in the marketing plan is examined in detail, explaining how pivotal the sales function is in achieving success, along with a related discussion of how the notion of 'inside-out' planning is being replaced by 'outside-in' thinking. Selling is traditionally referred to as an element of the 'promotional mix', but the view is taken that this should more correctly be described as the 'communications mix'. An explanation is given of the place of selling alongside traditional elements in the communications mix, namely advertising, sales promotion and public relations. More contemporary elements of the communications mix, namely direct marketing, internet marketing and customer relationship marketing, are also examined in terms of how these interface with the sales process.

Chapter 1

Development and role of selling in marketing

Objectives

After studying this chapter, you should be able to:

1. Understand the implications of production, sales and marketing orientation
2. Appreciate why selling generally has a negative image
3. Know where selling fits into the marketing mix
4. Identify the responsibilities of sales management
5. Recognise the role of selling as a career

Key concepts

- break-even analysis
- business to business (B2B)
- business to consumer (B2C)
- communications mix
- exclusive distribution
- intensive distribution
- market penetration
- market segmentation
- market skimming
- marketing concept
- marketing mix
- product life-cycle
- sales management
- selling
- target accounts
- targeting

1.1 Background

Perhaps no other area of business activity gives rise to as much discussion among and between those directly involved and those who are not involved as the activity known as selling. This is not surprising when one considers that so many people derive their livelihood, either directly or indirectly, from selling. Even those who have no direct involvement in selling come into contact with it in their roles as consumers. Perhaps, because of this familiarity, many people have strong, and often misplaced, views about selling and salespeople. Surprisingly, many of these misconceptions are held by people who have spent their working lives in selling, so it might well be a case of familiarity breeds contempt.

It is important to recognise that **selling** and sales management, although closely related, are not the same thing. In this chapter, the nature and role of selling will be examined. Sales management in the contemporary organisation will also be discussed. Some of the more common myths and misconceptions about selling and sales management will be dispelled.

Like other business functions, the role of selling has changed over the years. Perhaps one of the most important and far-reaching of these changes has been the creation and practice of marketing. This has been due to changes in the business environment. The place of marketing within the firm and the place of selling within marketing will both be discussed.

1.2 Nature and role of selling

The simplest way to think of the nature and role of selling (traditionally called salesmanship) is to make a sale. This seemingly obvious statement disguises what is often a very complex process. This involves the use of a set of principles and techniques as well as substantial personal skills. This process also includes a wide range of different types of selling tasks. Later we will establish a more precise meaning for the term *selling*, but first we will examine the reasons for the intense interest in this area of business activity.

Literature on selling abounds, ranging from the more conceptual approaches to the simplistic 'how it is done' approach. Companies spend large sums of money training their sales personnel in the art of selling. The reason for this attention to personal selling is simple: in most companies the sales personnel are the single most important link with the customer. The front-line role of the salesperson means that for many customers the salesperson is the company. However, the best-designed and planned marketing efforts may fail if the salespeople are ineffective. Allied with the often substantial costs associated with recruiting, training and maintaining the sales force there are powerful reasons for stressing the importance of the selling task and for justifying attempts to improve effectiveness in this area. Part Three of this book addresses this important area of sales techniques.

The term *selling* encompasses a variety of sales situations and activities. For example, there are those sales positions where the sales representative is required primarily to deliver the product to the customer on a regular or periodic basis. The emphasis in this type of sales activity is very different from the sales position where the sales representative is dealing with sales of capital equipment to industrial purchasers. In addition, some sales representatives deal only in export markets while others sell direct to customers in their homes. One of the most striking aspects of selling is the wide diversity of selling roles. A sales executive may only be able to

Table 1.1 Strengths and weaknesses of personal selling

<ul style="list-style-type: none"> + Interactive: questions can be answered and objections overcome + Adaptive: presentations can be changed to meet customer needs + Complex arguments can be developed + Relationships can be built because of its personal nature + Provides the opportunity to close the sale – Sales calls are expensive compared with other communications media (e.g. a visit to a business customer is far more expensive than sending an email) – The experience and expertise of salespeople are varied – It is difficult to standardise input and human behaviour as people, whether consciously or not, can be inconsistent – Training can be costly and it needs to be ongoing (e.g. new employees need training, while experienced employees may have picked up bad habits and hence need to be monitored; all employees must be updated in terms of new skills and expertise required)
--

sell standard products while others may be involved with customisation or personalisation of products and services. For example, in mobile phone shops such as EE, Vodafone and Apple, the sales executives can sell an array of different plans. However, the tariffs are set by the company. Based on the needs of the specific customer, they can, nevertheless, add on services and work out a package with all the additional costs if need be. Consequently, even though the price plans are standard, some degree of customisation is possible.

Table 1.1 lists strengths and weaknesses of personal selling.

1.3 Characteristics of modern selling

Today, a sales force must have a wide range of skills to compete successfully. Gone are the days when salespeople required simple presentational and closing skills to be successful. Today selling requires a wide array of skills, which will be identified in the next section. In this section we discuss the characteristics of modern selling. Salespeople who do not understand these characteristics will be ill-equipped to tackle their jobs.

The characteristics of modern selling are given in Figure 1.1.

1 Customer retention and deletion: according to the Pareto Principle, 80 per cent of a company's sales come from 20 per cent of its customers. This means that it is vital to devote considerable resources to retaining existing high-volume, high-potential and highly profitable customers. Key account management has become an important form of sales organisation because it means that a salesperson or sales team can focus their efforts on one client or a few major customers.

At the other end of the spectrum, companies are finding that some small customers actually cost the organisation money. This is because servicing and distribution of products to those customers may push costs beyond the revenue generated. Larger companies may have to change to telemarketing and/or the internet as a means of servicing these small customers or decide to terminate the relationships if the high costs to serve them cannot be reduced.

2 Database and knowledge management: the modern sales force needs to be trained in the use and creation of customer databases, and how to use the internet to aid the sales task (e.g.

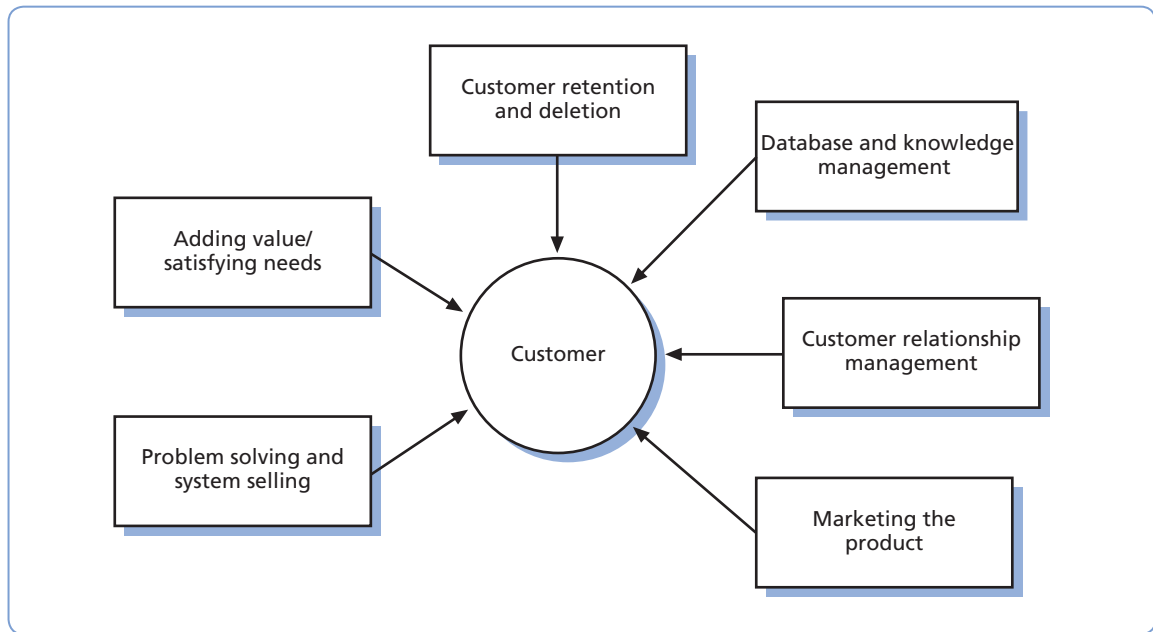


Figure 1.1 Characteristics of modern selling

Source: Adapted from Moncrief, W.C. and Marshall, G.W. (2005) The evolution of the seven steps of selling, *Industrial Marketing Management*, 34: 13-22.

finding customer and competitor information). In the past salespeople recorded customer information on cards and sent in orders through the post to head office. Today, technological advances such as email, mobile phones and video conferencing have transformed the way knowledge is transferred. Laptops mean that salespeople can store customer and competitor information, make presentations and communicate with head office electronically. Furthermore, information supplied by the company, such as catalogues and price lists, can be held electronically.

- 3 *Customer relationship management*: customer relationship management requires that the sales force focuses on the long term and not simply on closing the next sale.¹ The emphasis should be on creating win-win situations with customers so that both parties to the interaction gain and want to continue the relationship. For major customers, relationship management may involve setting up dedicated teams to service the account and maintain all aspects of the business relationship. This form of organisational structure, key account management, is discussed in Chapter 9, and Chapter 10 is devoted to relationship selling.
- 4 *Marketing the product*: the modern salesperson is involved in a much broader range of activities than simply planning and making a sales presentation. Indeed, face-to-face presentations can now sometimes be replaced by information presented on web pages and by email attachments that give the customer up-to-date information on many topics more quickly and comprehensively, and in a more time-convenient manner than many face-to-face interactions.² The role of the salesperson is expanding to participation in marketing activities such as product development, market development and the segmentation of markets, as well as other tasks that support or complement marketing activities such as database management, provision and analysis of information, and assessing market segments.³

- 5 *Problem solving and system selling*: much of modern selling, particularly in business to business situations, is based upon the salesperson acting as a consultant working with the customer to identify problems, determine needs and propose and implement effective solutions.⁴ This approach is fundamentally different from the traditional view of the salesperson being a smooth fast-talker who breezes in to see a customer, persuades the customer to buy and walks away with an order. Modern selling often involves multiple calls, the use of a team-selling approach and considerable analytical skills. Further, customers are increasingly looking for a systems solution rather than the buying of an individual product. This means, for example, that to sell door handles to a company like Ford a supplier must not only be able to sell a door system that includes door handles as well as locking and opening devices but also have a thorough knowledge of door technology, and the ability to suggest to Ford solutions to problems that may arise. Consequently, the augmented services are playing an increasingly important role.
- 6 *Satisfying needs and adding value*: the modern salesperson must have the ability to identify and satisfy customer needs. Some customers do not recognise they have a need. It is the salesperson's job in such situations to stimulate need recognition. For example, customers may not realise that a machine in the production process has low productivity compared to newer, more technologically advanced machines. The salesperson's job is to make customers aware of the improvements being created and made available to them in order to convince them about the ongoing intention of the company to help their customers and remain innovative. In so doing, the salesperson will have added value to the customer's business by reducing costs as acquiring new customers is more expensive than retaining existing customers. A win-win situation for their company and the customer is also created in this situation.

1.4 Success factors for professional salespeople

A key issue for aspiring and current salespeople and sales managers is an understanding of the key success factors in selling. A study by Marshall, Goebel and Moncrief (2003) asked sales managers to identify the skills and knowledge required to be successful in selling.⁵ Table 1.2 shows the top ten success factors.

Table 1.2 Top ten success factors in selling

1	Listening skills
2	Follow-up skills
3	Ability to adapt sales style from situation to situation
4	Tenacity – sticking to the task
5	Organisational skills
6	Verbal communication skills
7	Proficiency in interacting with people at all levels within an organisation
8	Demonstrated ability to overcome objections
9	Closing skills
10	Personal planning and time management skills

Source: Reprinted from Marshall, G.W., Goebel, D.J. and Moncrief, W.C. (2003) Hiring for success at the buyer-seller interface, *Journal of Business Research*, 56:247-55. Copyright © 2003, with permission from Elsevier.

Key success factors relate to essential considerations. It is important to recognise these success factors since such knowledge has the potential to improve the overall efficiency and effectiveness of the salesperson–customer interaction in several ways. First, sales managers can use this knowledge of widely accepted sales success factors to improve their recruitment and training practices. Second, candidates for sales jobs can use this knowledge of success factors to ensure they work towards high levels of proficiency in those key areas they can control, and do as well as possible emphasising their own capabilities during the job interview. Third, sales educators at universities and colleges have information upon which to ensure their curricula best reflect the skills and knowledge most valued by practitioners.⁶

1.5 Types of selling

The diverse nature of the buying situation means that there are many types of selling job: selling varies according to the nature of the selling task. Figure 1.2 shows that there is a fundamental distinction between order-takers, order-creators and order-getters. Order-takers respond to already committed customers; order-creators do not directly receive orders since they talk to those who specify rather than buyers; while order-getters attempt to persuade customers to place an order directly.

There are three types of order-takers: inside order-takers, delivery salespeople and outside order-takers. Order-creators are termed missionary salespeople. Order-getters are either front-line salespeople consisting of new business, organisational or consumer salespeople, or sales support salespeople who can be either technical support salespeople or merchandisers. Both types of order-getters operate in situations where a direct sale can be made. Each type of selling job will now be discussed in more detail.

Order-takers

Inside order-takers

Here the customer has full freedom to choose products without the presence of a salesperson. The sales assistant's task is purely transactional – receiving payment and passing over the goods. Another form of inside order-taker is the telemarketing sales team who support field sales by taking customers' orders over the telephone.

Delivery salespeople

The salesperson's task is primarily concerned with delivering the product. In the UK, milk, newspapers and magazines are delivered to the door. There is little attempt to persuade the household to increase the milk order or number of newspapers taken: changes in order size are customer-driven. Winning and losing orders will be dependent on reliability of delivery and the personality of the salesperson.

Outside order-takers

These salespeople visit customers, but their primary function is to respond to customer requests rather than actively seek to persuade. Outside order-takers do not deliver, and to a certain extent they are being replaced by more cost-efficient telemarketing teams.

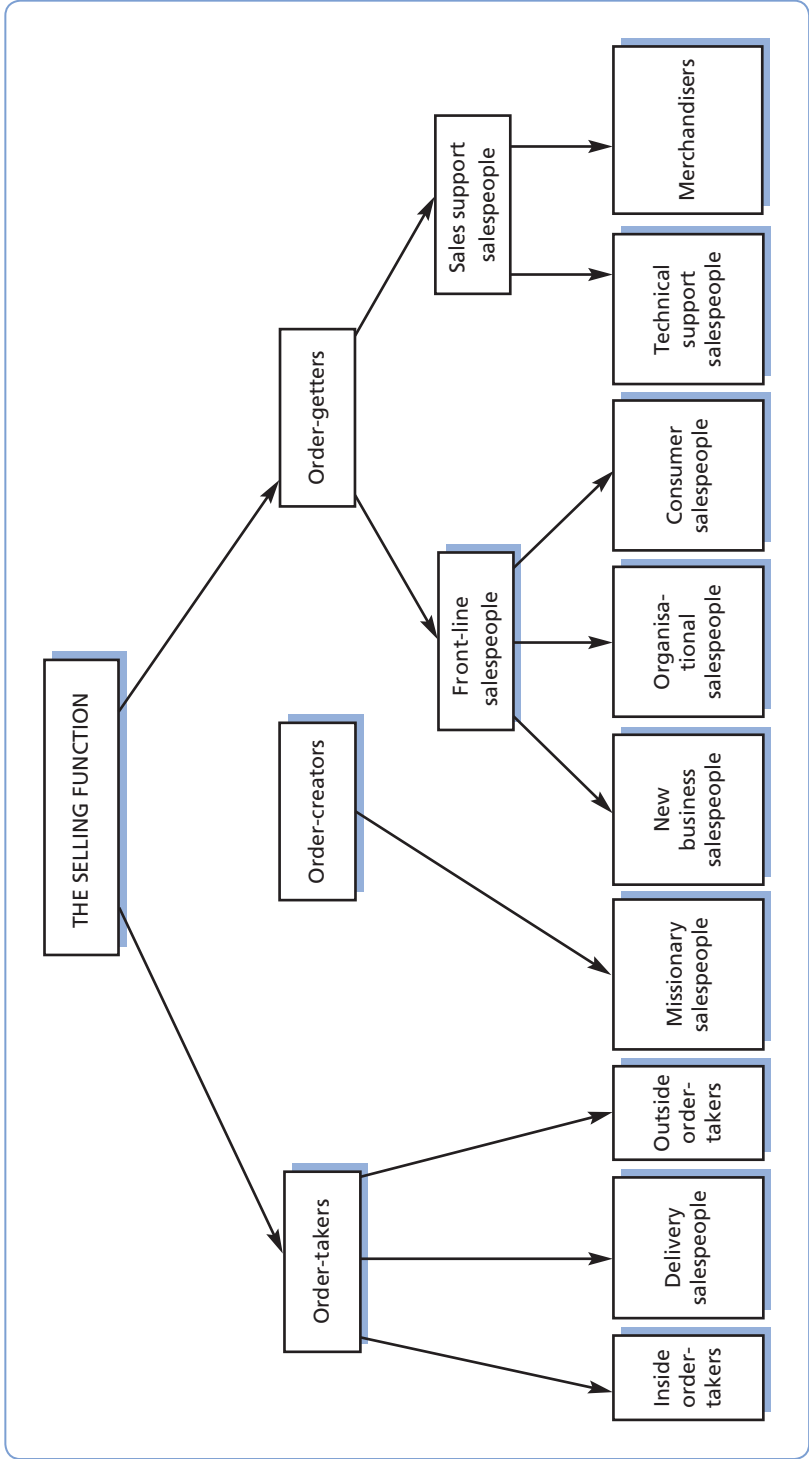


Figure 1.2 Types of selling