SELLING AND SALES MANAGEMENT

Eleventh edition

David Jobber
Geoffrey Lancaster
Kenneth Le Meunier-FitzHugh

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Selling and Sales Management

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Selling and Sales Management

David Jobber, Geoff Lancaster
and Kenneth Le Meunier-FitzHugh

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About the authors

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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.

Structure of the text

The text is split into four logical parts: **Sales perspective, Sales environment, Sales practice** and **Sales management.**

Sales perspective examines selling in its historical role and then views its place within marketing and a marketing organisation. This section also considers the importance of the marketing concept to sales, and the interaction between sales and marketing functions. The role of sales within the marketing planning process is also discussed. **Sales environment** looks at the context in which sales are made. Customer management and the different types of buyers and consumers are also analysed in order to help achieve an understanding of their thinking, and to organise the selling effort accordingly. International selling is an increasingly important area in view of the growth of the 'internationalisation' of business, and this merits a separate chapter. **Sales practice** looks at sales responsibilities and covers preparations for selling and personal selling skills. The role of key account management in today's organisations is also covered. The development of relationship selling in the personal selling process is discussed and, lastly, this section considers multi-channel selling. **Sales management** looks at the sales process and how the sales team is led, including the recruitment, selection, motivation and training of salespeople. In addition, we discuss how we must organise and compensate salespeople from a managerial standpoint. Sales forecasting and budgeting is also covered in this final section, and a guide is given to sales force evaluation. Each chapter concludes with 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.
- A revised chapter on sales management.
- Expanded coverage of the management of sales channels.

- New case studies and examples in the majority of chapters.
- Enhanced discussion of the role of social media in selling.
- Further discussion on customer management.
- New case studies in the appendix.

Target market

This text will be invaluable to those students studying sales or sales management, especially for those studying for degrees in business management or marketing, where sales is highlighted as a core topic, as well as modules in B2B marketing. The text will also be an essential for students studying for a Masters of Business Administration (MBA), as well as sales professionals who are studying for qualifications with the Association of Professional Sales and The Institute of Sales Management, or any other professional body looking at the area of sales. This 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.

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PART ONE

Sales perspective

Part One of *Selling and Sales Management* consists of three introductory chapters that set the context for the remainder of the text.

Chapter 1 introduces the nature and role of selling and sales management. The incontrovertibly interlinked relationship between selling and sales management is then explained and the notion of marketing thought is described as having its roots in sales. The main business philosophies, also called business orientations, are explained.

Chapter 2 looks at the role of marketing – how markets can be segmented and the importance of the product life cycle. Key concepts, including positioning and targeting and the 'four Ps' marketing mix variables of price, product, promotion and place, are reviewed and the extension of the Ps is summarised. The chapter then concludes with a more detailed explanation of the relationship between marketing strategy and sales strategy.

Sales strategies and how these relate to marketing planning form the basis of Chapter 3. The traditional marketing planning process is explained, with emphasis on issues such as targeting, pricing, customer acquisition and retention, and the allocation and control of resources to facilitate the 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 – not only as the voice of the customer, but also in implementation. There is also a related discussion of how the notion of 'inside-out' (product-based) planning is being replaced by 'outside-in' (customer-focused) thinking. Selling is part of the communication mix (promotions), as it is one of the tools that is used to communicate directly with the customer, in advertising, direct marketing and sales promotions. We will also consider the more contemporary elements of the communications mix, including internet marketing and customer relationship marketing.

Chapter 1

The role of selling

Objectives

After studying this chapter, you should be able to:

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

Key concepts

- business-to-business (B2B)
- business-to-consumer (B2C)
- marketing concept
- sales management
- selling
- strategy

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 around 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 text 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 (e.g. small and relatively cheap items) 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 (e.g. larger and more expensive items) to industrial purchasers or retailers. 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. Some sales executives may only be able to 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/products. However, the tariffs are set by the air-time providers. Based on the needs of the specific business customer, they can add on services and work out a package with all the additional costs to meet the customer's needs. Consequently, even though the price plans are standard, some degree of customisation is possible for business users.

One constant within selling is that it usually involves interaction between a buyer and seller. This personal selling can occur remotely or face to face, but it always involves considerable costs to the selling organisation, so why is personal selling so widely used?

Table 1.1 lists strengths and weaknesses of personal selling.

Table 1.1 **Strengths and weaknesses of personal selling**

+ 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 is 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)

1.3 Characteristics of modern selling

Today, a sales force must have a wide range of skills to compete successfully (which will be identified in the next section). Gone are the days when salespeople were required to demonstrate simple presentational and closing skills to be successful. Selling is no longer about acquiring new customers, selling-in as much as possible and moving onto the next customer. Salespeople are often required to develop relationships with their customers and to retain them, while they remain profitable. 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 activities are given in Figure 1.1.

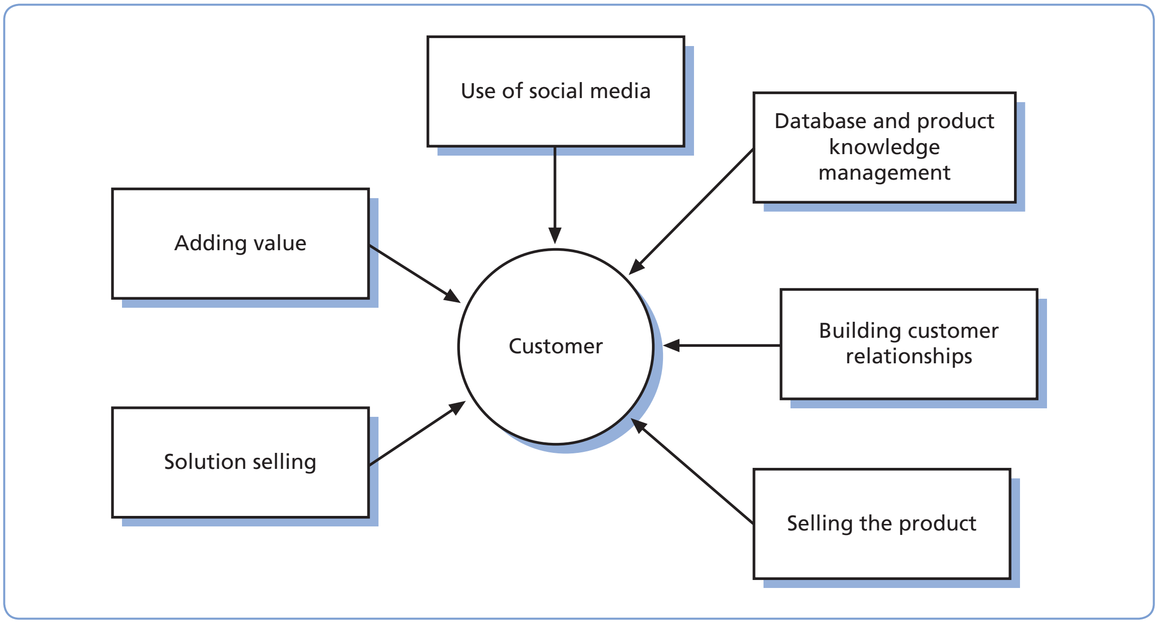

Figure 1.1 Characteristics of modern selling

1 *Customer development, 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. However, customers come in all shapes and sizes. For the professional salesperson who is responsible for a product group or a particular sales territory, the customer is non-standard and can range from the very small to the very large. Very large customers present a challenge to the selling organisation as they may require individual attention. These customers may become key accounts, and key-account management has become an important form of selling as it means that a salesperson or sales team can focus all their efforts on one customer or a few major customers.[1]

However, at the other end of the spectrum, very small customers are providing a different sort of challenge. Some companies are finding that some small customers cost the organisation money to service, because selling in small quantities to these accounts may push costs beyond the revenue generated. Selling companies may have to change to telemarketing and/or the internet as a means of servicing these small customers, or they may decide to terminate the relationships if the high costs to serve them cannot be reduced.

2 *Information 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. finding customer and competitor information). Technological advances such as smartphones and tablets have transformed the way in which knowledge is transferred. Technology enables salespeople to 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. Having access to and contributing to customer databases is an important part of the role of the salesperson.

3 *Customer relationship management:* customer relationship management requires that sales personnel focus on the long term and not simply on getting the next sale.[2] The emphasis should be on creating win–win situations with customers, so that both parties in 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 is particularly important for selling organisations servicing large retail chains. 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 sales. Indeed, a lot of the preparation for a sale can now be provided through information presented on the internet, through web pages and by email attachments, which give the customer up-to-date information on many topics more quickly and comprehensively than many face-to-face interactions.[3] The role of the salesperson in this situation is to participate in marketing activities such as product development, market intelligence and the segmentation of markets, as well as other tasks that support or complement marketing activities such as customer database management, provision and analysis of information, and assessing market segments.[4] Marketing may provide webinars and social media blasts to support the salesperson and help the customer understand their offer.

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.[5]

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 such as 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, or even to supply a door unit with the door system/locks already fitted. Alternatively, Tesco are looking for solutions in attracting consumers, presentation of products and depth of product range, to help promote their business. Consequently, augmented services are playing an increasingly important role in sales activities.

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 there are new apps for their smartphone to help make their processes more efficient, or that there are new uses for existing products, or that a machine in their production process has lower productivity compared to a newer, more technologically advanced machine. The salesperson's job is to make customers aware of these types of improvements to help their customers and remain innovative. In so doing, the salesperson will have added value to the customer's business by reducing costs, or providing new offers. This is critical, as acquiring new customers is more expensive than retaining existing customers. A win–win situation for the selling organisation and the customer is also created in this situation.

7 *Selling today:* one of the major changes in sales today is that salespeople may not enter a face-to-face relationship with their customer because of advances in technology. As a result, the modern salesperson should be comfortable in using the modern technology to interact with their customers. This may be as basic as using the telephone or sending an email, but is more likely to include a complex online presentation using smartphones, tablets and laptops, as well as computer technology. Salespeople who do not possess these skills may find that they are not as effective in winning orders.

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[6] asked sales managers to identify the skills and knowledge required to be successful in selling. Table 1.2 shows the top ten success factors.

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,

Table 1.2 Top ten success factors in selling

1	Personable
2	Interactive
3	Focused
4	Listening skills
5	Information retention
6	Verbal and written skills
7	Organised
8	Able to overcome objections
9	Adaptive
10	Determination

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.[7]

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 two types of order-takers: inside order-takers, 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.[8] 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 through an efficient and pleasant process. Another form of inside order-taker is the telemarketing sales team who support field sales by taking customers' orders over the telephone or internet.

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 are being replaced by more cost-efficient telemarketing teams.

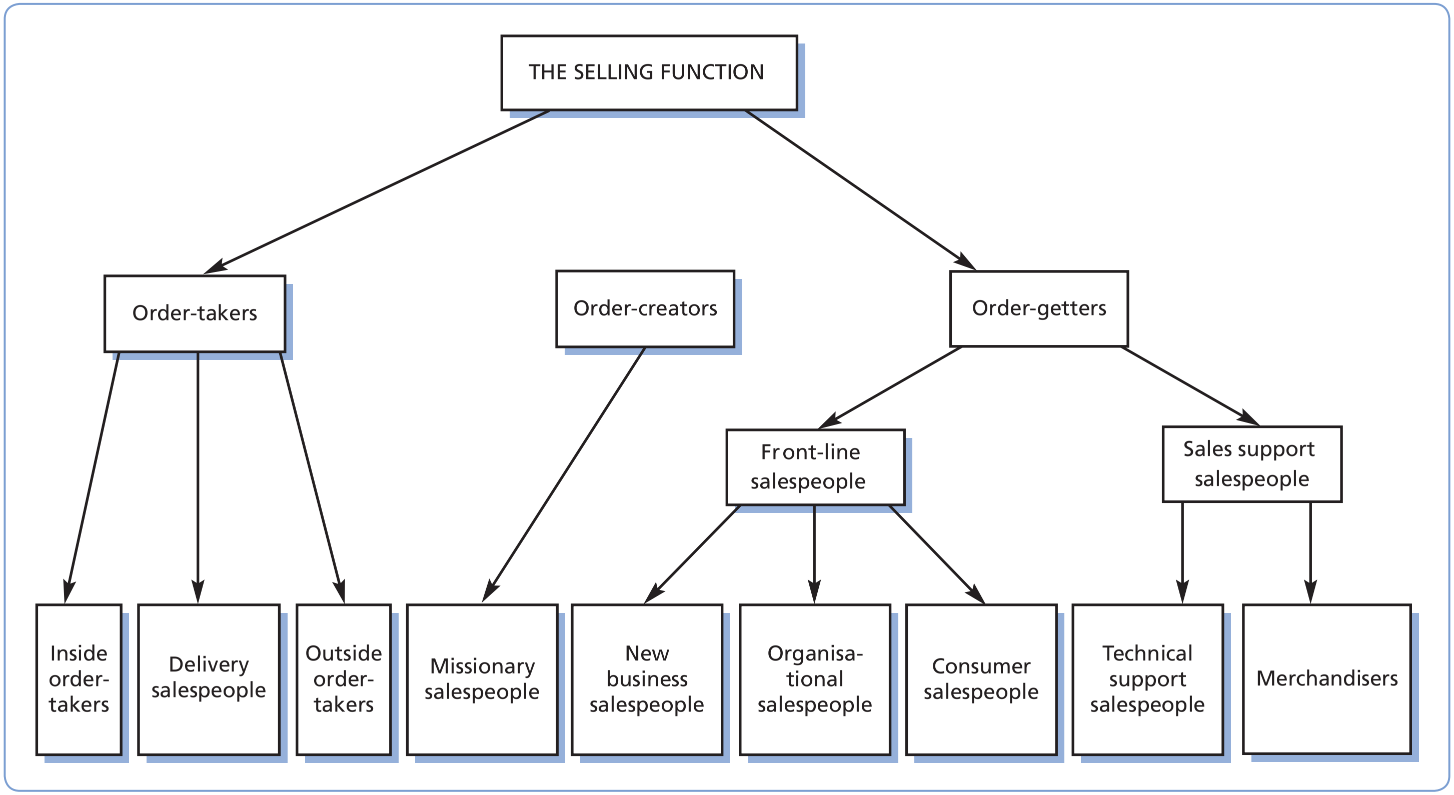
THE SELLING FUNCTION
Order-takers
Order-creators
Order-getters
Front-line salespeople
Sales support salespeople
Inside order-takers
Delivery salespeople
Outside order-takers
Missionary salespeople
New business salespeople
Organisa-tional salespeople
Consumer salespeople
Technical support salespeople
Merchandisers

Figure 1.2 Types of selling