

PROFESSIONAL SALESMANSHIP – LECTURE 1

CHAPTER 1 – Overview of Personal Selling

Objectives

After completing this module students should be able to:

1. Describe the evolution of personal selling from ancient times to the modern era.
2. Explain the contributions of personal selling to society, business firms, and customers.
3. Distinguish between transaction-focused traditional selling and trust-based relationship selling.
4. Discuss five alternative approaches to personal selling.
5. Describe the three primary roles fulfilled by consultative salespeople.
6. Understand the sales process as a series of interrelated steps.

LESSON 1

Evolution of Personal Selling

The modern and future-oriented successful sales professional is characterized by their adept listening skills over excessive talking, prioritization of long-term customer relationships over short-term sales tactics, and capability to navigate through complex sales processes with patience. Today's salesperson, much like those depicted in the introductory example, aims to tailor presentations according to individual customer needs, emphasizing collaboration between sales teams and other departments within the organization. For further insights into the importance of teamwork, refer to the article "Professional Selling in the 21st Century: The Importance of Teamwork in Sales."

Personal selling serves as a crucial component of marketing, distinct from other organizational functions responsible for creating, communicating, and delivering value to customers, as well as managing customer relationships. Within personal selling, trust-based professional selling emphasizes interpersonal communication to establish, cultivate, and reinforce customer

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connections, requiring salespeople to build trust and ensure their strategies align with customer needs.

The interpersonal communication aspect distinguishes personal selling from mass-marketing approaches like advertising and sales promotion. Unlike direct marketing and electronic marketing, personal selling facilitates direct interaction between salespeople and buyers throughout the sales process, offering immediate customer feedback—an advantage over most other marketing methods.

Despite advertising's higher visibility, personal selling holds greater significance in marketing communications for many businesses, particularly those engaged in business-to-business transactions, where personal selling often outweighs expenditures on advertising, sales promotion, publicity, or public relations. This discussion primarily focuses on personal selling within the context of business-to-business interactions, where sales teams engage with individuals from other organizations.

As personal selling evolves, the emphasis on delivering customer value and fostering relationships becomes increasingly critical. Customer value, shaped by factors such as individual circumstances, needs, and priorities, remains central to sales interactions. The perception of value, determined by customers' assessment of what they receive in exchange for what they invest, varies from one customer to another. In its essence, customers exchange money for a product, but the definition of value is nuanced and tailored to each customer's situation.

Origins of Personal Selling

Ancient Greek historical records indicate that selling was recognized as an exchange activity, with the term "salesman" mentioned in the writings of Plato. However, the concept of

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Individuals solely earning a living through selling did not become prevalent until the Industrial Revolution in England, spanning from the mid-eighteenth century to the mid-nineteenth century. Before this period, the selling function was primarily fulfilled by traders, merchants, and artisans. These predecessors of modern marketers were often looked down upon due to the prevalent use of deception in selling goods.

During the later stages of the Middle Ages, the emergence of the peddler marked the first instance of door-to-door sales. Peddlers would gather produce from local farmers, sell it to urban dwellers, and then purchase manufactured goods from towns for resale in rural areas. Similar to early salespeople, they also undertook other essential marketing tasks such as procuring, assembling, sorting, and redistributing goods.

The onset of the Industrial Revolution in the mid-eighteenth century spurred the economic rationale for the existence of salespeople. With local economies no longer self-sufficient, and the rise of intercity and international trade, economies of scale in production facilitated the growth of mass markets across various geographical regions. The expansion into these dispersed markets necessitated an increasing number of salespeople to reach new customers continually.

Post-Industrial Revolution Era

By the early 1800s, personal selling had gained firm footing in England, while its development in the United States was just starting to take shape. However, this landscape underwent significant transformation after 1850, and by the latter part of the century, salespeople had become an integral component of business operations in the United States. For instance, a wholesaler in the Detroit area reported deploying 400 traveling salespeople in the 1880s. As the twentieth century dawned—a period marked by dynamic shifts in the economic landscape of the United States—it became evident that marketing, particularly advertising and personal selling, would play pivotal roles in the swift transition of the economy from agrarian roots to mass production and efficient transportation systems.

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Insights into the lives of salespeople during the early 1900s, gleaned from literature of that era, depict them as adventurous, assertive, and invaluable members of the workforce often pioneering new markets. Nonetheless, the era also witnessed the decline of the independent, unconventional salespeople who had previously paved the way to untapped markets. A notable indication of the increasing formalization of selling practices was the introduction of a standardized sales presentation by John H. Patterson of the National Cash Register Company (NCR). This scripted presentation, aimed at guiding NCR sales staff in selling cash registers, operated on the premise that salespeople are not inherently talented but rather can be trained.

Professionalism: The Modern Era

In the mid-1940s, a shift towards greater professionalism in personal selling occurred. Buyers not only began to expect more from salespeople but also became less tolerant of high-pressure, fast-talking tactics, favoring instead well-informed, customer-centric sales approaches. A seminal moment in this transformation was the publication of "Low-Pressure Selling" in the Harvard Business Review in 1947, which initiated a series of articles advocating for salespeople to enhance their professionalism to improve sales effectiveness. The current era places a strong emphasis on sales professionalism, defined here as a customer-centric approach utilizing truthful, non-manipulative methods to fulfill the long-term needs of both the customer and the selling organization.

Today's effective salesperson is no longer simply an information presenter but must also be equipped to address a range of customer needs throughout the sales process and beyond. Furthermore, collaboration within the organization is essential to meet or exceed customer expectations. A study assessing sales as a true profession found that it meets four out of six criteria defining professions, indicating progress in some dimensions but also highlighting areas needing improvement.

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Sales fulfills criteria such as operating from a substantial knowledge base, making significant societal contributions, possessing a defined professional culture and organization, and having a unique set of professional skills. However, there are areas where sales needs further advancement to be considered on par with long-established professions like law and medicine.

Firstly, the level of autonomy granted to salespeople in decision-making and the degree of public trust bestowed upon them vary widely. While some business-to-business sales roles enjoy significant decision-making autonomy, others have limited independence. Improving public trust could involve establishing widely recognized certification programs akin to the CPA designation for accountants. However, the current prevalence of professional certification credentials among salespeople is limited, and public trust in certification programs is moderate, leading to mixed results regarding whether sales meets this professional criterion.

Secondly, sales needs to adopt a uniform ethical code universally accepted within the business community, with mechanisms to address violations. While many companies and some professional organizations have ethical codes for salespeople, there is no overarching ethical code with an enforcement mechanism. Without such a code, some sectors of society may not perceive sales as a true profession.

Regardless of whether sales achieve the status of a true profession akin to law and medicine, salespeople can greatly benefit from upholding high ethical standards, participating in professional organizations, and continuously updating their knowledge base. By doing so, they not only enhance their effectiveness but also contribute to the advancement of sales as a respected profession. Future evolution is inevitable as tomorrow's sales professionals adapt to an increasingly complex and dynamic environment, driven by sophisticated buyers and emerging technologies.

Contributions of Personal Selling

As previously mentioned in this module, personal selling commands a larger share of marketing expenditure compared to other communication methods. Salespeople typically receive substantial compensation, and the salesforces of major corporations often consist of thousands of individuals. For instance, Microsoft employs 16,000 salespeople, American Express has a salesforce of 23,000, and Pepsico boasts 36,000 sales staff. Now, let's examine how this investment is justified by evaluating the contributions of personal selling to society, the employing organization, and customers.

Salespeople and Society

Salespeople contribute to the overall economic growth of their nations in two primary ways: by stimulating economic transactions and by facilitating the spread of innovation. Acting as Economic Stimulants: Salespeople play a crucial role in driving business activity, hence the term "economic stimuli." Particularly in fluctuating economies, sales professionals make significant contributions by aiding in recovery phases and sustaining periods of relative prosperity. As the global economic landscape grapples with challenges like heightened business globalization, increased focus on customer satisfaction, and the pursuit of competitiveness through quality enhancement initiatives, it is anticipated that salespeople will be acknowledged as pivotal agents in implementing the requisite strategies and tactics for organizational survival and expansion.

Salespeople and Diffusion of Innovation

Salespeople are essential in facilitating the diffusion of innovation, the process by which new products, services, and ideas spread throughout society. Often, consumers who are early adopters of innovations rely on salespeople for information. These informed sales professionals frequently provide valuable insights to potential consumers, who then make purchases from more affordable outlets. In the realm of industrial products and services, the role of salespeople in innovation diffusion is particularly critical. Consider the challenge of procuring

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a comprehensive computer system for a company without the assistance of skilled sales staff! While promoting innovation, salespeople encounter resistance to change in later stages of the diffusion process. Despite this resistance, encouraging the adoption of innovative products and services ultimately contributes positively to society's progress and development.

Salespeople and the Employing Firm

Due to their direct interaction with customers, salespeople can offer significant benefits to their employers. They contribute by generating revenue, providing market research insights and feedback, and serving as potential candidates for managerial roles within the company.

Salespeople as Revenue Producers

Salespeople hold a distinctive position as revenue generators within their organizations, and as a result, they often experience significant pressure alongside company management. While accountants and financial staff focus on profitability in terms of the bottom line, salespeople are consistently reminded of their role in ensuring a robust "top line" on the profit and loss statement. However, this does not imply that salespeople are solely concerned with sales revenue and disregard overall profitability. On the contrary, sales professionals are increasingly tasked with enhancing profitability, not only by generating sales revenue but also by enhancing the efficiency of their actions.

Market Research and Feedback

Given the extensive direct interaction between salespeople and customers, it's logical that sales personnel would play a vital role in market research and providing feedback to their organizations. For instance, Best Buy, a retailer specializing in entertainment and home products, heavily relies on input from its sales associates as part of its customer-centricity initiative, which prioritizes customer satisfaction in its marketing strategy. Feedback from sales associates assists Best Buy in tailoring products to specific customer segments, designing appealing in-store displays, boosting sales of in-home services, and enhancing the efficiency of customer support call centers. The success of the customer-centricity program has prompted Best Buy to expand

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its implementation across more stores rapidly, aiming to compete effectively against major rivals like Wal-Mart.

While some may argue that salespeople lack formal training in market research or that their time could be better utilized, many firms counter this notion by leveraging their salesforce as a valuable source of insights and ideas. Indeed, numerous companies have come to the conclusion that they cannot afford to operate without the input and research efforts of their sales team.

Salespeople as Future Managers

In recent years, marketing and sales personnel have been in strong demand for upper management positions. Recognizing the need for a top management trained in sales, many firms use the sales job as an entry-level position that provides a foundation for future assignments. As progressive firms continue to emphasize customer orientation as a basic operating concept, it is only natural that salespeople who have learned how to meet customer needs will be good candidates for management jobs.

Salespeople and the Customer

In today's business environment, where trust and long-term relationships with customers are paramount, salespeople must prioritize honesty and transparency. They should possess in-depth knowledge about their products and services, especially in comparison to competitors. Additionally, customers expect salespeople to be well-informed about market opportunities and relevant business trends that could impact their own business. Salespeople are often seen as the primary point of contact for buyers, expected to coordinate activities within their organization to maximize value for the customer. Overall, buyers anticipate salespeople to contribute to their firm's success, valuing the information provided and expecting professionalism in every interaction.

CLASSIFICATION OF PERSONAL SELLING APPROACHES

Since then, another approach to personal selling, known as consultative selling, has become increasingly popular alongside the existing five approaches. Moreover, many sales professionals incorporate elements from multiple approaches, creating their own personalized hybrid methods. Before delving into these approaches, it's crucial to emphasize two key points. Firstly, personal selling stands apart from other marketing communications due to its personalized nature, delivered by employees or agents of the sales organization. This personal touch allows salespeople to adjust their messages and behaviors in response to unique sales situations and customer preferences, known as adaptive selling. Given the diverse personalities, communication styles, needs, and objectives of buyers, adaptive selling plays a pivotal role in effective sales interactions.

Stimulus Response Selling

Of the five perspectives on personal selling, stimulus response selling is the most straightforward. Rooted in early experiments on animal behavior, this approach posits that specific stimuli can elicit predictable responses. Salespeople employ a set of words and actions intended to elicit desired reactions from customers.

An example of stimulus response selling is continued affirmation, where salespersons use a series of questions or statements to condition the prospective buyer to respond positively, often leading to agreement with the entire sales proposition. Telemarketers often employ this method, relying on pre-written scripts or memorized sales pitches.

While stimulus response strategies, particularly when paired with a scripted sales presentation, offer advantages such as a structured message delivery and anticipation of buyer objections, they have limitations. Professional buyers, in particular, may resist this approach as it doesn't allow for active participation in the sales dialogue. Moreover, the lack of flexibility may hinder effectiveness when faced with unexpected buyer responses or interruptions.

Overall, while stimulus response methods may suit minor purchase decisions with limited time constraints and non-professional buyers, they may become less effective as consumer sophistication grows.

Mental States Selling

Mental states selling, also known as the formula approach, assumes a uniform buying process for most customers, guiding them through distinct mental states (AIDA: attention, interest, desire, and action) during the purchase journey. Sales messages are tailored to transition buyers from one state to the next, often through a structured sales presentation resembling stimulus response selling.

This method emphasizes thorough pre-planning of sales presentations and highlights the importance of timing and attentive listening to discern the buyer's stage in the process. However, it can be challenging to accurately gauge a prospect's mental state, leading to potential confusion or counterproductive interactions if the salesperson's guidance is misaligned with the buyer's actual progression.

Additionally, mental states selling may lack customer orientation as it focuses more on guiding buyers through predetermined states rather than addressing their individual needs directly. While some customization occurs based on customer mental states, it may not fully align with their specific requirements.

Need Satisfaction Selling

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Need satisfaction selling operates on the premise that customers purchase to fulfill specific needs. The salesperson's role is to identify these needs and assist the buyer in meeting them. Unlike methods such as mental states and stimulus response, this approach prioritizes the customer over the salesperson. Through questioning and probing, the salesperson uncovers crucial buyer needs, allowing customer responses to guide the initial phase of the sales interaction. Only once relevant needs are identified does the salesperson explain how their offering addresses these needs. Customers often appreciate this method and are willing to invest time in preliminary meetings to define their needs before any sales pitch. Furthermore, this approach avoids the defensiveness that can arise when a salesperson rushes into the persuasive aspect of the sales message without adequately addressing the buyer's needs.

Problem-Solving Selling

Problem-solving selling, an extension of need satisfaction selling, goes beyond identifying needs to crafting alternative solutions. It may even include competitors' offerings in the decision-making process. This approach involves educating the customer about the full impact of the existing problem and clearly articulating how the solution provides significant value. Success often hinges on persuading the buyer that addressing the problem is worthwhile. While effective, this approach can be time-consuming and may not always be feasible due to time constraints or customer reluctance. It tends to be most successful in technical industrial sales situations, where parties are inclined towards scientific reasoning and processes.

Consultative Selling

Consultative selling focuses on helping customers achieve their strategic goals using the products, services, and expertise of the sales organization. Salespeople confirm customers' strategic goals and collaborate with them to achieve them. They fulfill three primary roles:

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strategic orchestrator, business consultant, and long-term ally. As a strategic orchestrator, salespeople leverage resources within the organization to address customer needs. In the business consultant role, they become experts on the customer's business and educate them on product offerings. As long-term allies, salespeople support customers even without an immediate sale. Yellow Book USA, for instance, uses consultative selling to meet the diverse needs of small businesses by emphasizing the value of their advertising within the broader business strategy.

Sales Process

The non-sales activities that occupy much of salespeople's time are crucial for effectively carrying out the primary aspect of their role: the sales process. Traditionally, this process involves a sequence of connected steps, starting with identifying qualified potential customers. Subsequently, the salesperson prepares the sales presentation, schedules appointments with customers, finalizes the sale, and handles post-sale tasks.

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Quiz 1

True or False

1. Self-perpetuating sequences occur when a decision or action initiates a cycle of negative feedback.
2. Diminishing returns, a concept initially examined by economists, is a key driver of self-perpetuating sequences.
3. Dialectical theories revolve around the conflicting objectives of individuals involved in a situation.
4. Even if a specific goal is defined early in a process, unforeseen issues or new pressures may arise, requiring attention even if the current sequence of change is incomplete.
5. During an organization's initial life cycle phase, survival is the primary concern, with market-related areas critical for growth.
6. Teleological theories provide specific guidance on the sequence of stages.
7. A change process comprises interconnected events, decisions, and actions.
8. Psychological commitment to past decisions serves as another mechanism for self-reinforcement. Path dependence begins with a pivotal event triggering a pattern of reinforcing practices, ultimately restricting a change manager's ability to pursue alternative actions.
9. Change managers should strive to remain aware and flexible enough to explore different courses of action.
10. The third stage of the life cycle signifies the need for more formal management systems, such as planning and management development, to ensure the long-term viability of the business, progressing through the seven life cycle stages.

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Answer Key

1. F
2. F
3. T
4. T
5. T
6. F
7. T
8. T
9. T
10. T