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Lecture – 02 Sales Management, Personal Selling, and Salesmanship

[FL] Today we will be continuing with module 1 on Sales and Distribution Management. Today we shall be speaking about Sales Management, Personal Selling, and Salesmanship.

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So, the topics that would be covering in this particular lecture are: what is the relationship among sales management, personal selling and salesmanship? What is selling? What is the difference between selling and marketing? What is personal selling? What is salesmanship? And, we will also talk about relationships and sales management.

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So, let us first start with the relationship among sales management, personal selling and salesmanship. And, why we were doing this we will first try and explain each of these terms separately. In yesterday's lecture we have spoken about sales management, where we have said that sales management actually is the direction of the sales force. And it includes amongst its purview the recruitment, selection, training, motivation, compensation, performance appraisal of the salespeople. It includes issues like planning, forecasting, budgeting. It also includes setting up of sales quotas, territory management and so forth. Now, what is personal selling?

A personal selling is actually a face to face interaction between sellers and prospects ok. It is a face to face interaction that takes place between two entities: one is a seller and the other is a buyer. This buyer could be a first time buyer ok, a prospective buyer or he could be a buyer who has been buying such products from other sources or other organizations or he may also be a repeat buyer for the same organization.

So, what is the orders personal selling involved? It involves educating the prospect or the existing customer about the product or service offering, about the marketing mix, about the 4 P's, about the different products that attributes the benefits, the features, the price etcetera. And, not only educating him, but also influencing and persuading him, convincing him to enter into a sale or to enter into a transaction. So, which would mean

closing a sale. It is important to note here the selling is the tip of the iceberg, what is more broad is the marketing function.

So, sales here means the art of closing the deal. What are the characteristics of personal selling? Say personal selling involves a buyer seller interaction. It is something which is face to face of course, today with the advent of the internet and with the technological advancements presentations and dialogues also happen online through virtual platforms, through audio visual media. However, it is an interaction where it is a very interactive relationship often an immediate and interactive relationship between a buyer and a seller.

Because, of advancements in technology these interactions today are not only restrict themselves to face to face, but also take place across states, across countries, across continents, all over the world; where the buyers and sellers may be geographically spread from each other. Second characteristic of personal selling is that it is something which can be customized, it is something which is highly personalized. It is not a monologue like advertisement in fact, it is a dialogue which takes place and keeping in mind the nature of the client or the customer. Keeping in mind the customer characteristics the seller would try to customize his presentation or his dialogue.

It is or it was a personal touch where they both the buyer and the seller get in touch with each other, they interact with each other, a two way dialogue takes place. The seller educates the customers, tries to influence the customer or the prospective customer to enter into a sale. And, the buyer or the customer has his own queries, has his own concerns or issues which he needs to discuss, which he does with the buyer with the seller. And, these issues could range from with respect to product or you know the prices or delivery terms etcetera.

Often what happens is as a result of this interaction and as a result of the high level of personalization and customization, there is a cultivation of relationships between the buyer and the seller or between you know between the two entities here. So, what it constitutes is essentially a buyer seller diode something which we will be talking of in subsequent sessions. So, as the relationships got to get cultivated the seller has an immense opportunity, has a big opportunity to convert the dialogue and the you know into a sale. He has also has the opportunity to build and maintain goodwill, if you know

develop friendships and long term relationships with the buyer or which is a prospective buyer or a current buyer.

Coming to the third which is salesmanship. So, what is salesmanship? In yesterday's lecture also we have discussed, what salesmanship is. Salesmanship is the it is a skill and an art, it is the manner in which a seller is able to influence the prospective buyer or the actual buyer to enter into a sale. This skill or this art is something which really involves you know a lot of the credit for this goes to the salesman himself, who through his human skills, through his technical skills, through his conceptual skills, through his listening skills, through his interpersonal skills is able to enter a not only into a dialogue, but also cultivate relationships. And, persuade or convince a prospective buyer to close a deal. So, salesmanship is a skill as well as an art.

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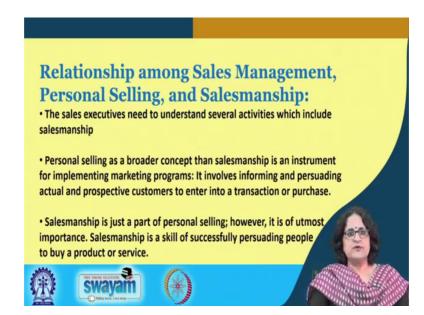


Now, going further with respect to the relationship between the buyer and the seller in terms of and to go further with respect to relationship among sales management, personnel selling in salesmanship. So, if we see we see that sales management, personal selling in salesmanship they are all related ok. They all in some way the other deal with the customer, they deal with the seller and whether it is the organization which sells. Or whether it is the market segment which the organization is catering to the customers which he is catering to; the entire strategy which organizations must formulate to market

and sell a product would depend upon the nature and characteristics of the target segment and of the kind of the customer.

So, the focus whether it is in sales management or in personal selling or in salesmanship, the focus here is always and always upon the buyer and the seller. And, the seller here trying to influence the buyer in some way or the other to enter into a sale. So, sales management administers the personal selling effort. Sales management actually administered administers the personal selling effort and personal selling effort is actually enacted through salesmanship. So, if you see salesmanship is what works in personal selling and personal selling is a integral part of sales management. So, that is how we see that salesmanship, personal selling and sales management are all related to each other ok.

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Now, let us further talk about it about the sales executive and his you know in importance of his being able to conduct several activities. You know play certain roles, use skills to be able to function effectively in the marketplace. Now, sales executive here needs to understand the different activities which he must perform. In the subsequent sessions we will be talking about the functions of sales executives and sales managers. We will talk about the roles and responsibilities of sales executives and sales managers, we would also talk about the different kinds of skills they must use.

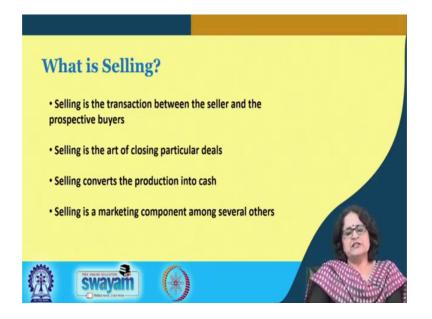
So, the sales executive here needs to understand several activities which include salesmanship. Personal selling is of course, a much broader concept than salesmanship

and it is instrument for implementing the marketing programs. It basically involves informing and persuading the actual and the prospective customers to enter into a transaction or in or to a purchase.

And salesmanship is just one part of personal selling. So, but it is of utmost importance, it is a skill of successfully persuading people to buy a product or a service to not only to buy it once, but repeatedly to patronize to re-patronize. It is also the skill of developing long term relationships with customers, it is also the skill of you know cultivating relationships, create a good image about himself and about the company so, creating goodwill. So, if you see salesmanship is just a part of personal selling, but it is really really important. Why? Because, it is an art and skill not only to educate, inform and persuade, but also to build relationships, maintain relationships, create goodwill for the for himself and for the organization.

Develop trust in the mind of the customer because if we look at the customer, the customer does not it seldom that the customer directly deals with in the organization and with the top ranks. It is only with the salespeople that customers get in touch and get in contact to it. So, the salesperson has a huge responsibility to not only earn sales for the company, profits and revenues for the company. But, also to do it on a continual basis by winning a customer trust, goodwill you know reputation for the company, reputation for the brand, develop long term relationships and continually satisfy the needs and wants of the target segment.

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So, yeah so moving further when we talk about selling. So, what is selling? Selling is actually the ad if it is the tip of the iceberg. The iceberg as we say is the marketing function, what it is actually observed is the transaction, is the transaction that takes place between the buyer and the seller. It is a physical activity.

So, a selling is the transaction or the physical activity wherein you know the buyer or the prospective buyer enters into a transaction with the seller. And, the buyer or the prospective buyer actually realizes the value proposition offered by the seller or by the organization. And, he agrees to buying a particular product at a particular price from a particular place. And, with you know inter in its often with even you know addition of terms and conditions and specially in the case of a B 2 B scenario.

So, the buyer here is convinced of the credibility or of the value proposition offered by the seller and he enters into a transaction. What takes place is an exchange process, both the parties have something valuable to offer to each other. The buyer has a need or want and the seller and of course, and he has the money or he has the resources to actually purchase a product or a service which will help him meet the need or the want.

The seller on the other hand promises a value proposition a good or a service or the various kind of entities which he in the form of ideas or properties or information or other services etcetera, which he would which he feels is going to help satisfy the needs and wants of the customer. So, it is a win-win situation for both; both parties have

something valuable to offer to each other. The buyer has a need or want and the financial resources to actually you know buy products or services, which will help him meet that need and want.

The seller has something valuable to offer in the form of the value proposition, in the form of the good or service which will provide a benefit, which will help meet the need and want. And both parties negotiate with each other. Negotiation of course, becomes more important in the case of a B 2 B scenario ok. And, or in the case of, in case of B 2 C also we see some kind of a negotiation or bargaining happening with certain kinds of products. And, once this both the parties agree on the prices, on the terms of delivery and they transact with each other and this is what is selling.

So, selling is the art of closing a particular deal. In fact, selling is what is going to convert the product that has been manufactured into a cash or into money. And, selling in that way because it will be as we said is the tip of the iceberg, it is just one of the components of the marketing function amongst others. The others being marketing research, advertising, promotion you know and customer relationships etcetera.

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So, if you go a little more and we will see how selling is just a small part of marketing while selling in the case of sells so, we will differentiate between selling and marketing. In the case of selling the priority is on the product, but in the case of marketing the priority is on consumer needs and wants. So, it is you know selling would just take into

account conversion of what is produced into cash. But, marketing would actually take into account to produce such goods and services which would help meet needs and wants.

In the case of selling company would manufacture a product and sell it to the sell the product in the market. However, in a marketing role the company would first decide to you know study the market and determine the needs and wants of the customer. And, then decide on what kind of product or service to be produced which will help meet the needs and want. So, in the case of marketing it is often a huge focus is given by companies on innovation. But, in the case of selling it would not only, it is often existing technologies which are given more priority and the focus is on reducing the cost of production, the cost of operations.

So, in selling it is the cost which determines the final price, but in the case of marketing it is the consumers who determine the price and the price determines the cost. So, it is a different absolutely a different orientation, in the case of selling it becomes more of an inside out perspective, but in the case of marketing it is an outside in perspective. So, in selling it we use business as something which is a goods producing process, but in the case of marketing it is very broad; it is more to do with the consumer satisfying process. So, that is why the selling concept in the 1950's gave way to the marketing concept. And, where the customer became the core, he became the king and we have discussed this you know yesterday also in the first lecture.

So, if we go you know if you look at this table here, we would see that in the case of a selling it is more to do with this the selling part or the transacting part. But, in the case of marketing it is more to do with the identifying the needs and wants and delivering the desired satisfaction, effectively and efficiently. Taking into account consumers needs and wants, taking into account social and ethical concerns, taking into account environmental issues. So, marketing is much broader in outlook and in today's day and age selling is just regarded as a small part of marketing. So, this is the difference between the two of them.

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Now, coming to a difference in sales persons approaches also, because if we look at the approach here between and see the difference between selling and marketing. There is also a similar you know difference which we see in the orientation on in the perspective you know with respect to sales persons roles, responsibilities and functions which they performed during the selling concept and during the marketing concept. And in today's day and era of you know customerization or even high level of individualized marketing. So, a traditional sales person who in today in today's day and age also you will find them as I said yesterday that for certain of products you do have a transactional selling.

So, in where a customer is so a product is sold to a customer once and he is not contacted again. So, in such you know approaches where there is a transactional approach to selling, traditional salespeople and they are you know their way of functioning still holds a practice. So, they are generally guided by self interests. They look for money which is a major motivator and they seek self recognition, they take a huge sense of pride in what they do. But professional salespeople they take care of the customers which is more to do with the marketing concept. They take care of the customers both prospective customers and existing customers or actual customers.

They look into you know trying to develop relationship with existing customers to keep them happy. So, that the customer continually patronizes them buy is revised etcetera. And, they also take care of you know the future needs of such customers. On the other hand with respect to prospective customers that will the professional salesperson would try and offer is such products and services as solutions which will help the meet the needs and wants of prospective customers. So, money is a motivator, but not the whole of it and it is customer interest whether it is at customers interest of the actual customers or of the potential customers which is given a huge amount of importance.

But, if you look at the in today's day in era we would refer to this the style as a golden rule sales person, where they find others interest more important. And these others interests not just fly with interests of the customer, but also of other stakeholders; be a channel members, be it facilitators like you know warehouses logistics and service providers or bankers, I mean insurers the society, the environment. And, they basically share their success and recognition with others in the sales team. The sales team here may be a pure we be a team with a diverse skill sets, diverse knowledge base, often we refer to them as cost functional teams. And, where complementarity of skills between the team members it was gives them a synergetic advantage.

So, such salespeople they share their success with others, they share the recognition with others. Service is a very important motivator in terms of providing continual support and assistance to the customers and rewards are shared between the group members or between the team members. So, the golden rule here is not only to look for your own interest, but also to look at the interests of the company, of the various stakeholders, of you know. And, and the objective here is something which is very very long term. It is not a short term objective of just profit or sale, but it is a long term objective of lifetime value, of lifetime relationships and continual business growth.

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Now, let us come to the different types of sales jobs. Now, let us first start with the retail store, where we have be there different retailers who sell a final product to the customers for personal and non-business consumption. So, these retailers are channel members, their channel partners and today we have both organized and unorganized forms of retail. Of course, the local kirana vala is also a salesperson and he has his own sales team and that the organized you know retail formats whether to store or non-store format they also have their sales team. So, this is one where the sale is made to the end consumer for his personal, non-business use

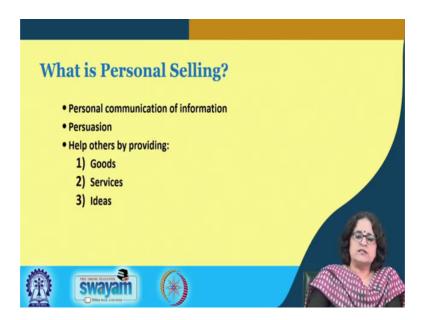
Second is direct where the company directly gets in touch with the customer or with the prospective customers. And, we also refer to it as a zero level or a direct marketing where there are no channel intermediaries or no channel partners. So, in this case the company has its own sales force which deals with the customers and you know in enters into transaction with them. We off we in today companies also have their websites where customers can you know ask for help or post queries or even seek requests make requests for a product demonstrations etcetera. And, the company sales team or the sales force gets in touch with the customers whether B 2 B or whether B 2 C whatever the scenario may be and arranges for this.

In fact, in this case a direct sales are made or between the marketer and or between the business organization and the end customer or even in you know the B 2 B customer.

Third is what we refer to as wholesalers, now wholesalers here are again another channel partner on the channel member; where you know they buy in bulk from the manufacturer. They break bulk they have a huge, they are specialized in the product assortment that they carry, they buy in bulk, they break bulk. And, they distribute smaller consignments as per requirements of the various retailers, the wholesaler would supply the consignments to the various retailers across the city or across the region.

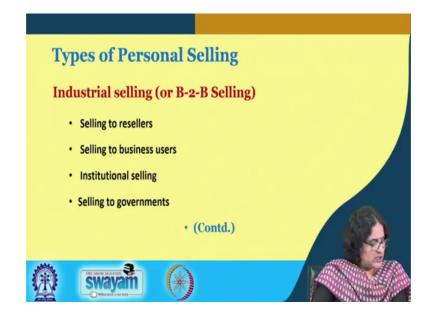
And of course, you have manufacturers as we said who again sell directly to the end customer or to the B 2 B. So, manufacturers could sell both to B 2 B as well as to B 2 C. Now, we are talking about B 2 B and B 2 C, but there is also the government and the institutional buying where the sales team of the manufacturer or the company's sales force deals with them. We shall talk about it a little later.

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So, we have already discussed personal selling, but just a little more that personal it is a personal communication of information, it is persuading act of persuasion. And, through personal selling the marketer tries to or the sales person tries to provide goods, services, information, ideas to the customer to help him meet his need or a want.

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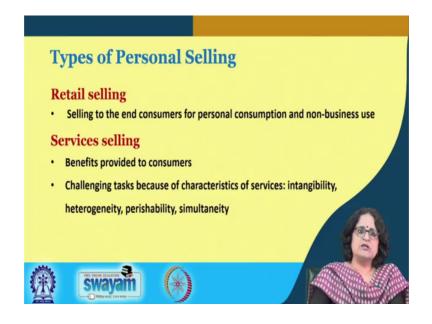
So, what are the different kinds of a personal selling? We will first talk about industrial selling or B 2 B selling, here the sales takes place to the resellers or to you know business users or even as institutional selling or to government. So, there are manufacturers who sell their products or services to resellers, resellers here being wholesalers or retailers or brokers or commission agents. And, then they could also be selling to business users which is typically one of business organizations selling a product or a service to another business organization as a B 2 B scenario.

Institutional selling is when you know hosting schools, colleges, hospitals they are the customers or they are the clients and they buy in bulk from the manufacturer. So, the kind of products which are designed could be customized as per the needs of the institutional client. The prices or the price structure, the discount, the allowances, the delivery terms the payment terms would also vary. And, the manner in which the product is delivered to the institutional buyer would also differ as compared to the you know to the to other resellers like wholesalers and retailers.

Companies also sell to governments so, there is a railways or there is the postal department or there are government hospitals or there are you know did the defense. So, there are business organizations which sell directly to such to the government and to government organizations, where again the products the manner in which the product is designed or delivered or priced or in terms of you know with respect to delivery terms or

payment terms or after sales agreements etcetera; would be very very different as with respect to the what is done with resellers. So, this is what we have as a B 2 B selling.

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We also have something called retail selling which we just a little discussed a few minutes ago, where you are selling to the end consumer for his personal consumption and non-business use. And, then you have services selling which is it is a very challenging task where come the company sells the product, but a major part of the product is a service. So, you know if you we have to see we realize often that there is a difference between you know a good and a service.

Now, not all goods may be pure goods or not all services may be pure services because, except for some goods there is an element of service associated with a transaction or with the purchase. Similarly, for it is a very few purchases where the purchases of pure service purchases and you know there is always a product which is associated with the service. So, in any case you know service selling here involves providing those additional services and very often these services being the major constituent or major part of the product. So, it is a big challenging task because of the nature or because of the characteristics of services. Service is a highly intangible, they cannot be touch and felt, the acts of acts of performance which can only be experienced after the service has been provided.

And so, there are issues with respect to you know evaluation between brands in terms of quality because consumers always very skeptical. Because, of this intent intact because of this characteristics of intangibility. Similarly, services are very heterogeneous in nature, they are not homogenous. So, service provided by two service providers from the same organization or two sales people from the same organization may be different. Similarly, one sales person providing services at two different times you know the service ultimately may be very different.

Also services cannot be stored, production and consumption takes place simultaneously. So, the issues with respect to you know matching the demand with the supply is something which is of prime concern.

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So, a personal selling here if we cooperate rate relationship marketing and personnel selling, personal selling builds relationships. And, the two main functions you know personal selling which is a revenue generation or generation of revenue and on a continual basis and also providing services to satisfy the customers again and again. So, emphasis is also on not only existing, but major emphasis on prospective customers because they are to be you know informed, educated and persuaded into buying and then continually buy.

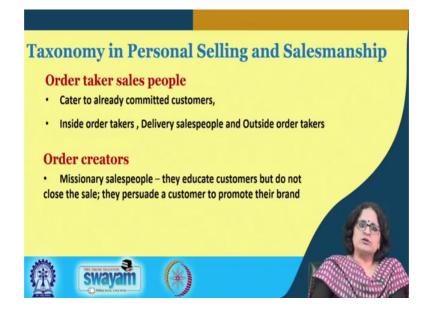
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So, salesmanship as we said is an aspect of personal selling. It is educating and influencing customers both prospective customers and actual customers to buy to re-buy, to patronize to re-patronized and goodwill. And, salesmanship basically it becomes a seller initiated effort which motivates prospective buyers to decide in favor of the sellers product or service offering.

So, a salesmanship is an art, it is a skill, it is a seller initiated effort and the objective here is to enter into a sale, build really build you know build customer trust and confidence at develop satisfaction and ultimately build long term relationships.

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A little more on the taxonomy and per in personal selling and salesmanship. So, if we talk about the say the salesman we will see as we spoke about it earlier also, when where we talked about the retail or the direct or the indirect or the reseller different kinds of salespeople; we also spoke about you know the manufacturer having a sales force. So, the retail store having a sales force or direct marketing on selling which occurs so, if even through virtual platforms. So, if we talk a little on the taxonomy we see that we could actually talk of a way, we know something we could classify them as order takers or the creators or order getter.

So, what are order takers? Order takers are those who already have a set of committed sales persons, very often they have entered into it you know arrangement before. And, the job of the sales person is to deliver the product or service to the customer as per requirements could be every day or every week and so forth. So, you know for example, the newspaper [FL] who comes to your house every day or the milkman who comes to your house every day, they are they are they already catering to you guys committed customers.

So, order takers here could be of three kinds: inside order takers, delivery salesperson and outside order takers. So, what are inside order takers? Inside order takers are those who await you and you enter the store and ask for a particular product and they give it to you. Delivery sales persons are your milkman and you are a newspaper [FL] and outside order takers are those who probably are ready to you know welcome you to a store. They are a little more forthright and their approach, they are more active and will kind of convince you to enter into the or into their store and ask for certain things. Then we have the order creators, order creators are missionary salespeople. We also refer to them as missionary salespeople; they educate the customers, but they do not close a sale.

Their objective is just to persuade a customer to promote the brand. So, you have the medical representatives who visit the doctor and you know talk about their medicine or their you know the chemical composition of a medicine and they talk about the benefits of that and they educate the doctor. So, that the doctor prescribes it to the patients or you also have the book publishers and sellers who visit the professors and they promote their group book. And, they ask the professors to recommend or to suggest their books as textbooks or reference books. So, these are order and so convince students to buy. So, these are order creators.

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And then you have the order getters, order getters could be frontline sales people who go door to door to sell products ok. There could be also new business sales people who persuade prospective customers to buy products. These we also organizational sales people the B 2 B sellers, who try to develop and nurture long term relationships with their buyers; where team selling or cross functional sales team efforts are really helpful. And, then you have consumer sales people who are door to door sales people that sell

products for personal consumption. Apart from the frontline sales people you also have the sales support sales people who provide support to the frontline.

So, as the name goes the sales support sales people they provide say help and assistance to frontline sales people. These again could be of two kinds: technical support sales people and merchandisers. Technical support salespeople support the frontline sales people with the product which is technically complex and also in cases of negotiations etcetera. And, merchandisers are those who provide sales support in the case of wholesaling and retailing.

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So, with this we come to an end of this lecture. So, the references are Still, Cundif, Govoni, Puri it is Sales and Distribution Management, Pearson Education. Havaldar and Cavale Sales and Distribution Management, Tata McGraw Hill, Panda and Sahadev Sales and Distribution Management, Oxford University Press. And, Futrell Fundamentals of Selling which is McGraw-Hill Company.

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This brings us to an end of the second lecture on introduction to sales management. We hope you found it enjoyable and useful.

Thank you.