

PART 1

Customers and organisations

PART 1 examines the relationships between organisations and their customers. We present personal selling and customer relationship management as business functions aimed at achieving organisational goals by meeting customer needs.

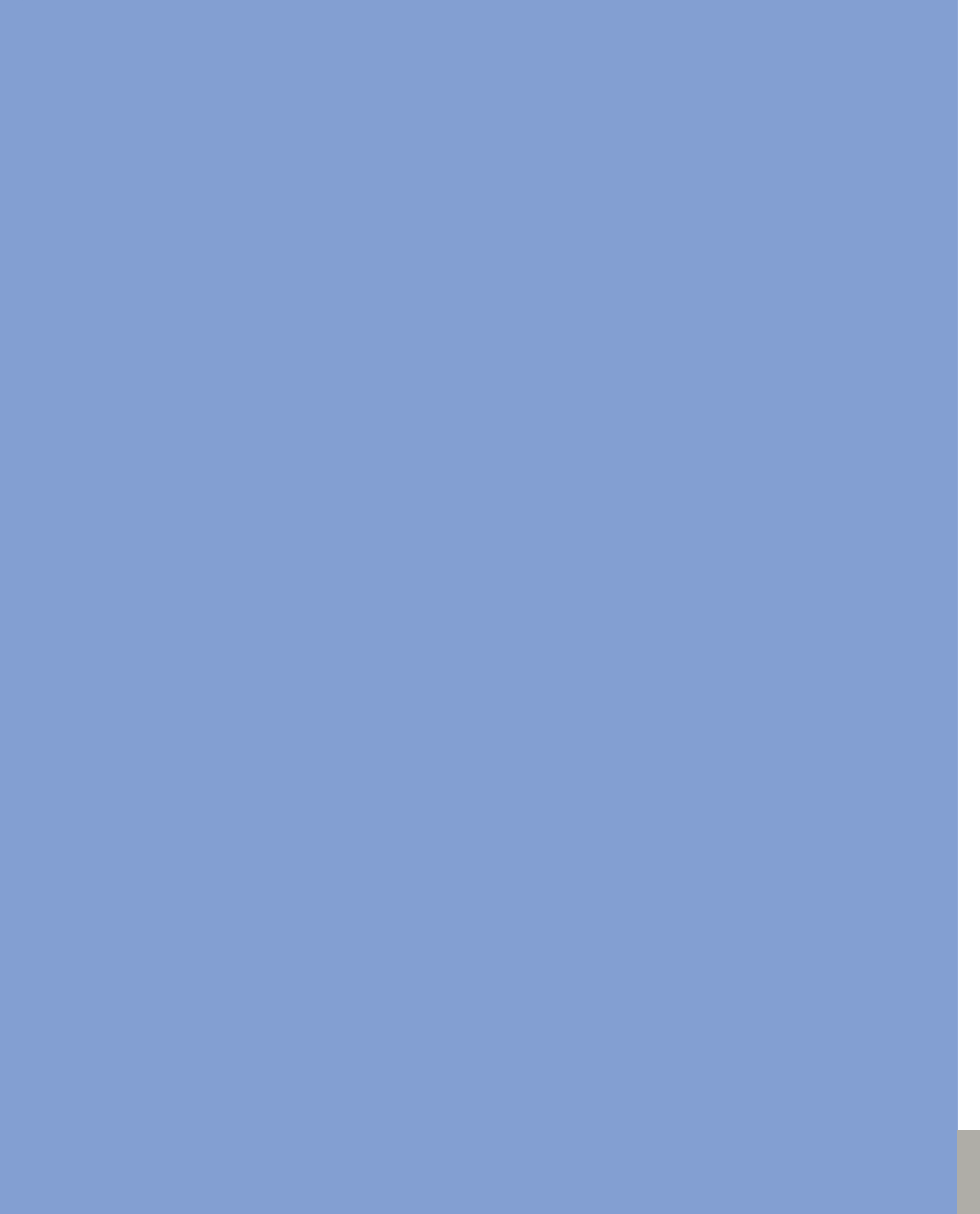
Chapter 1 introduces the concepts of personal selling and customer relationship management as parts of the marketing function and presents the sales field as a worthwhile and enjoyable job. Chapter 2 analyses consumer behaviour and suggests appropriate sales consulting responses and strategies. Chapter 3 analyses organisational markets and their buying processes, again with practical suggestions for salespeople operating in these markets. Chapter 4 details the ethical and legal issues that face salespeople in an increasingly scrutinising environment.

CHAPTER 1 Selling, marketing and customer relationship management

CHAPTER 2 Understanding consumers

CHAPTER 3 Understanding organisational buyers

CHAPTER 4 Ethical and legal issues in selling

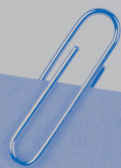


Selling, marketing and customer relationship management

learning objectives

This chapter introduces you to personal selling and customer relationship management (CRM) and places them in a marketing context. The chapter will also allow you to consider the sales field as a job option. After reading this chapter you should be able to:

- 1.** explain the concepts of consultation and influence as they relate to personal selling;
- 2.** identify the ways in which personal selling can benefit organisations;
- 3.** describe the variety of personal selling roles and jobs;
- 4.** assess the rewards and stresses of careers in selling;
- 5.** evaluate your potential as a salesperson.



PROFILE OF A PROFESSIONAL

HOT PROPERTY!

Julie Hatch, of Ray White Real Estate, Annandale, began with the company's head office in the advertising department. 'I hadn't originally thought too much about selling as a career', she says, 'but then I started in the sales office just on Saturdays and loved it so much I transferred across.'

Julie's path into sales is quite common: many people begin in another field, get a taste of selling, and are hooked! So what is the attraction? For Julie Hatch it really is the thrill of success. 'When you sign up a listing (an agreement to sell a client's property) and especially when you actually make a sale, it is just such a fantastic feeling. In other jobs, of course, you receive pleasure from knowing you have worked hard and performed well, but in selling it comes in that one moment. The buyer hands over a signed contract and a cheque and, really, you feel on top of the world.'

EACH SALE IS A CAMPAIGN

Of course, when selling high-value items like real estate those special moments might only come once or twice a week or even less frequently when the market is slow, and there is a lot of work in between. Julie readily admits that the aspect of her job she likes least is the 'behind the scenes' paperwork—the constant updating of information on clients and listings, properties and prospective buyers. She knows that this information will provide the basis for her future successes but it does take a lot of time and application.

Julie cites the introduction of technology as the biggest change to have occurred in her role over the past few years. 'We are using databases so much more now; in fact, it would be difficult to operate a successful agency such as ours without a really well integrated database to provide instant access to information. If you think about it, our job is not just to sell a particular property to any buyer, but to match the right buyer with the right property. The database allows us to do that efficiently. The Web, too, has become a major selling tool. Buyers do a lot of their searching online these days, so it is important we make properties easily accessible for them and present properties in an appealing way. And then, of course, communication technology such as SMS and e-mail allows everyone to be in touch so much faster. Good salespeople really need to know how to use today's technologies. Not that you can ever forget in our game that selling needs personal interaction.'

SO, WHAT DOES IT TAKE TO BE A SUCCESSFUL REAL ESTATE SALESPERSON?

'Motivation and a real passion for what you are doing are number one', Julie says. 'If you are just going through the motions, you won't make it, there are just too many others out there who will beat you to the listing or the sale. For the same reason, you need plenty of energy too. On a busy Saturday I might show people through three or four "open houses", manage my buyers and sellers through a couple of tense auctions, then return to the office to have detailed discussions with several other clients. By the end of all that, I know I have done a day's work!'

'Planning and integration are important also', Julie concludes. 'We have weekly meetings with our twelve staff to coordinate everything from advertising and promotion to setting targets and allocating jobs. In our type of selling you really do have to be professional these days.'



What is selling?

Let's start with you, or at least with your perceptions. What responses do you have to the words 'salesman/saleswoman' or 'salesperson' and 'selling'?

Do you think of professional people performing a useful role for their clients and the community? Or of fast-talking manipulators doing their best to make a quick dollar? Think of some of the encounters you have had with salespeople. Have they been positive or negative experiences? Are any of your friends or relatives salespeople? What type of people are they? Or, if you are a salesperson yourself, how do you find other people respond to you and your role?

I certainly hope you will have some positive impressions of selling and salespeople but I'm also fairly sure there will be at least some negative thoughts as well. The fact is that personal selling is one of the least understood and most often criticised occupations.

One of the aims of this chapter then is to allow you to develop a balanced, realistic view of selling and the sales function. Ideally, you will reach the end of this chapter with a realisation that selling is an essential function in all organisations, that it can be an enjoyable and productive occupation and that, in fact, sooner or later we all *sell*, yes, even you.

To get us under way, let's consider two underlying aspects of the nature of selling: *consultation* and *influence*. Then we'll look at how selling fits into the overall business function.

Selling as consultation

Throughout this book we will refer to the *consultative* model of selling. By this term we mean that the personal selling function should focus on the situation, problems and needs of customers, rather than on the salesperson or his or her firm. This perspective of selling is similar to the way we view doctors, architects or teachers. Each of these professionals has customers—patients, clients or students, respectively—who have particular problems or needs. It's only by solving or satisfying the customer's problems or needs that professionals are also able to achieve their own job, career and financial goals.

Our consultative view of selling, then, reflects the approach taken by these other occupations. Salespeople are professionals whose role—in fact, *whose very reason for being in the job*—is to satisfy the needs or solve the problems of their customers.

Adopting a consultative approach to selling, however, is easier said than done, for two reasons:

1. On many occasions when selling, salespeople are tempted to place their own needs, especially the need to make a sale, ahead of their customers' needs. Indeed, in some selling situations, in the short term, this may appear to be the most profitable course of action. Consultative salespeople have learned, however, that this is not the path to long-term success, or to a sense of job satisfaction. Customers who have been deceived or persuaded to buy an inappropriate product tend not to return. Further, they tell others about their unsatisfying experience. *Word of mouth*, as it is known, can work either for or against a salesperson.

2. As most doctors, architects and teachers know, establishing exactly what the customers' needs and problems are and then developing the most effective solution for them can be a very difficult and time-consuming task. Consultative selling can also be demanding, tiring and frustrating, because success depends on being able to solve customers' problems.

Selling as problem-solving

Problem-solving is the essence of selling and it requires a number of steps to be consistently effective.

Identify the problem

The exact nature of the problem must be established. This requires the gathering, sifting and interpreting of information, often from several sources. Sometimes customers are themselves unaware of the problem and this further complicates the process. For example, if you are just entering the work force, or about to enter it, it is unlikely that you will see a current need for life assurance or superannuation: providing for our retirement rarely enters our consciousness until we are much older, say in our forties. But, in fact, if you wait until then you will find it much harder to accumulate the necessary amounts you will need once you stop working. A financial products salesperson knows that the younger you start the better, and so his or her first role is to help you understand that a 'problem' does exist. Think for a moment about the relationship that the salesperson will need to develop with you for this to happen. At the very least you will need to *trust* the salesperson, to believe he or she is not simply about *making a sale*.

Develop and evaluate potential solutions

There is usually more than one solution to a problem. Salespeople need the *analytical* skill and patience to identify or create solutions. They then need the *communication* skills to work through each possible solution with the customer. In our example, there are various ways for you to begin building wealth and to provide for your long-term financial security: term deposits, direct investments in shares or real estate, mutual funds and superannuation contributions are all options that might be examined.

Select and communicate the best solution

The salesperson must be able to identify with the customer's needs—only then will the best solution for the customer be found. Often, however, the best solution will still need to be sold to the customer, requiring skills of presentation and persuasion. In our example, each of the possible financial products has characteristics of growth, risk, accessibility, taxation and so on, which the salesperson will need to match to your specific needs and circumstances, and even to your personality.

Once the salesperson has developed a solution that best meets your needs then he or she has both a right and a duty as a consultant to *sell* this solution. And this might not be so easy, because all you see from your perspective is a reduction in the amount you will have available each week to meet your current needs, including leisure and entertainment. The salesperson is suggesting you give up some of these to plan for a distant need in the future. (Note the similarity with a doctor recommending a painful or costly treatment for a patient.)

Follow through to ensure the solution is effective

The salesperson's role as problem-solver is not complete until the problem is really solved and this is often well after the sale has been made. Salespeople often must act as the link between their firm and the customer. In our example, there may be a detailed financial plan to be agreed on and contracts to be drawn up and signed, then the first stages of the plan need to be implemented and ongoing reporting services arranged. Although the salesperson may not be directly involved in each of these, he or she should be there to ensure the customer is satisfied.

Selling as influence

Let's be realistic: to be successful salespeople must influence others. It is this aspect of the sales role that often causes greatest concern to those outside the selling field. Let's look at it more closely.

We all try to influence others

Who have you influenced today? Who has influenced you? Your husband or wife, parents, friends, your boss or work mates? You see, it's not just salespeople influencing their clients or customers. How about other occupations? Don't teachers, lawyers and ministers of religion try to exert their influence just as energetically as shopkeepers and car salespeople? They try to influence our actions by what they do and by what they say—this is persuasion.

Consider this: every time we try to have someone think, feel or do what *we* want them to think, feel or do, we are using persuasive communication. Salespeople are merely another group of players in our persuasion-oriented society.



Many people try to influence others. Make a list of all those people you have tried to influence this week. Make another list of those who have tried to influence you.

Some people are better at influencing than others

Who do you allow to influence you, and why? Do you believe in their integrity? Are they credible? Do they have superior knowledge on the subject? Do you feel they have *your* best interests at heart rather than just their own? Are they prepared to listen to your situation and views rather than only tell you theirs? Do they express themselves clearly and simply?

We tend to be influenced by people we see as having these characteristics. And, believe it or not, people with these characteristics—integrity, credibility, even-handedness, ability to listen, ability to communicate clearly—make the best salespeople!

How about ethics?

If doctors genuinely believe that the treatment they are prescribing will be beneficial for their patients, they have a right (and a duty) to try to influence their patients to undergo the treatment. Politicians, plumbers and even police officers all face situations in which persuasion is a legitimate activity. If salespeople believe their products will be of genuine benefit to their customers, they too have a right to exert influence—to sell.

Personal selling is no more or less ethical than any other profession. It is the way in which it is done that determines its value to individuals and society. If influence or persuasion is not exerted so as to be deceptive or manipulative, then it is certainly ethical, whether being practised by doctors, teachers, accountants, ministers of religion . . . or salespeople. As you face situations in which you wish to influence people, as you learn the techniques of personal selling, you will decide on your own ethical standards. Remember, the choice is always yours.

If you are going to influence others, you may as well learn to do it effectively

Can you think of an occupation where there is no need for persuasion? Think of all the forms that persuasive communication can take: training, negotiating, consulting, teaching, writing, making presentations . . . and selling! The ability to persuade others is very much a skill worth having. And it is a skill that can, and should, be learned, not only by salespeople but by everyone who engages in interpersonal communication. Almost every endeavour in our society is becoming more and more competitive. Your success may well depend on your ability to communicate persuasively and to influence others people's behaviour.

Definition of personal selling

To wind up this discussion, here is a definition of personal selling: 'Personal selling is the process whereby a salesperson examines a customer's situation and needs, provides information and advice, and seeks to gain a commitment from the customer that will be of continuous benefit to both the customer and seller.' Note that this definition incorporates both the consultative and influencing aspects of selling.

Marketing, selling and customers



Perhaps the previous section might already have you reassessing some perceptions of selling. Let's now consider how personal selling fits into the day-to-day operations of organisations. After all, it is organisations, first and foremost, which need the access to customers that personal selling can often provide.

At their most basic level, organisations are simply combinations of *productive resources*—people, equipment, buildings, systems and so on—brought together to produce physical goods or services. Why? Well, simply because someone else wants or needs those goods or services. Who? They go by many names—for example, clients, patients, voters—but in essence they are customers. So, the fundamental aim of any organisation is, or should be, to satisfy the needs and wants of its *customers*. Of course, that would be relatively easy if that was all there was to it. But organisations need to satisfy their own aims too; that is, make a profit, get elected, stay in operation and so on.

So, the ultimate purpose of business activity is to bring together products (either goods or services, or even ideas) and customers. Three steps are needed to achieve this goal:

1. Identify individuals or other organisations that have a need for this type of product. In many instances this also involves modifying or developing products that more exactly meet a customer's (or group of customers') requirements.
2. Provide potential customers with information about the organisation's products: what they are, what they do, what they cost, where to find them etc.
3. Influence customers to buy. Demonstrate how the organisation's products can meet the customer's needs, and how it can do this better, more cheaply or more conveniently than competitive alternatives.

Marketing is the business function that carries out these steps. Figure 1.1 outlines the marketing process.

On the face of it, the relationship between marketing and personal selling might seem straightforward and limited to the way it is shown in Figure 1.1. Marketing analyses the current situation, selects target markets and develops a marketing mix, which is then promoted by various means, one of which is personal selling. That is, selling is purely a promotional strategy to be used in combination with, or instead of, other forms such as advertising and sales promotion. Marketing comes first, then selling; or as it is sometimes expressed, *marketing* makes the bullets, *selling* fires them. This is certainly the way organisations once saw the relationship, and many still do.

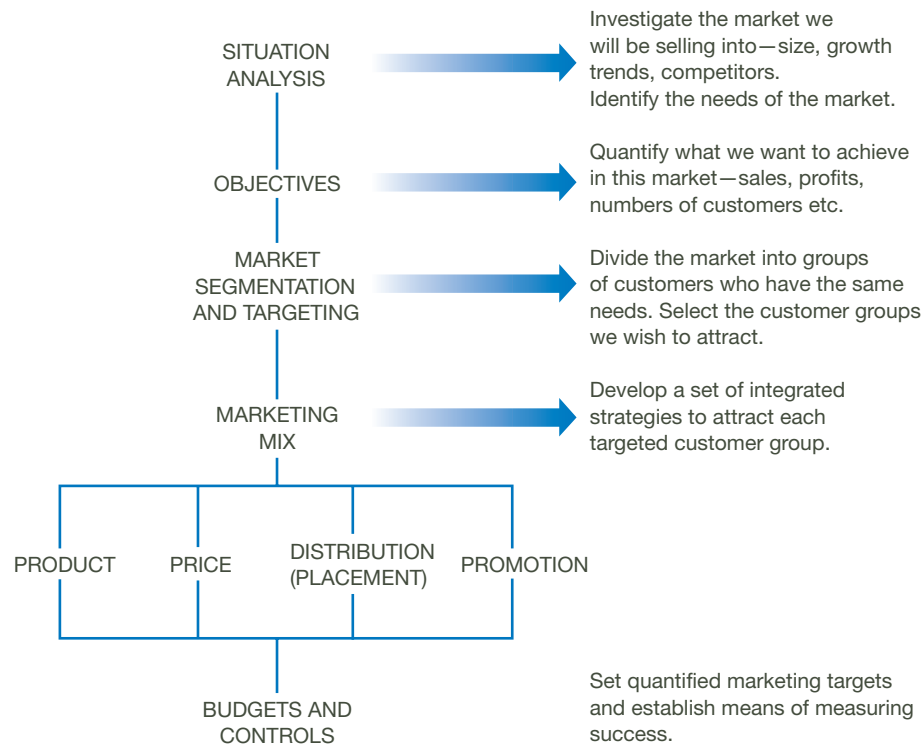
In this book, however, personal selling is given a rather more important and integrated position in the relationship. In fact, in today's complex, competitive markets, any firm that sees selling only as a single-function promotional tool is depriving itself of one of its potentially most valuable marketing resources.

While a full examination of the marketing process is outside the scope of this text, there are several points worth noting that are relevant to our discussion of the role of personal selling and its relationship with marketing.

1. The process begins with an analysis of the situation or environment that the firm's products will be entering, and this in turn includes various forms of investigation into the specific influences, needs and wants of customer groups.



FIGURE 1.1
The marketing process

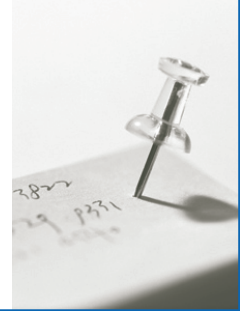


Many organisations will use formal market research techniques here (such as customer surveys, focus group discussions etc.), but salespeople often play a critical role in understanding customers' situations and determining exactly what they need or want. They are with customers every day, listening to their concerns about the environment they live or work in, the forces and influences they are affected by, their preferences and hopes. This is not to say that salespeople should be the only, or even a major, source of information in a market situation analysis; that would give too narrow a focus. But to ignore them at this stage of the marketing process seems equally as foolish.

2. Marketing analysis also includes an examination of the competitors the firm's products will face. Competitor information comes from various sources, but one of the most valuable will surely be from salespeople who are continually having customers compare their firm's products with those of their competitors'.
3. Marketing seeks to identify the most likely customers for the firm's products. This is known as targeting or target marketing. The idea is that it is a waste of time offering your products to people or organisations whose needs will not be met by them.
4. Once a firm has selected its target market(s) it develops one or more marketing mixes it believes will most closely meet the particular customers' needs. Promotion is the element of the marketing mix that communicates and persuades. One way of thinking of this is that the mix initially comprises three elements: product, price and distribution (or placement). Promotion is used to communicate the *benefits* offered by these three elements; for example, a more durable quality (product), better value for money (price) or convenient availability (distribution). Here again, salespeople can be useful in actually contributing to the development of mix strategies.

Tip for success

When I worked in the marketing section of a large Australian food company I used to regularly attend the Friday afternoon sales team meetings. I always made sure I had a case of beer under my arm, then over a quiet drink after the meeting I would chat to the reps about their observations, or comments they were hearing, out in the marketplace. It was amazing how often I would gain little pieces of information that might lead to a small but useful product modification—perhaps a new pack size, a flavour adjustment, a label change—that helped build sales.



Selling insight

It is just as important to know who you do *not* want to sell to as it is to know who you do want to sell to. Here, too, salespeople can play a useful role. Although there are various marketing techniques for dividing markets into customer groups and then selecting those most likely to respond to the firm's offers, often it is the salespeople who have direct contact with customers and who can therefore give first-hand feedback to the marketers. A marketing department that consults with its sales team before deciding on a specific target market may well save the firm a lot of wasted money and effort.

The management of an Australian fashion clothing manufacturer and retailer, for example, believed that its main customer base was comprised of women in their mid-twenties to mid-thirties. The salespeople at store level, however, knew that although the chain had many customers within this group, there were, in fact, many more who were significantly older. As you can imagine, this had a major impact on everything from styles to colour choices, store layout and ambience.

In summary, salespeople should be involved early in the marketing process, at the analysis and strategy development stages, rather than only at the strategy execution or carrying-out stage.



Personal selling as a form of promotion

Let's look at the idea of promotion and this aspect of the personal selling role.

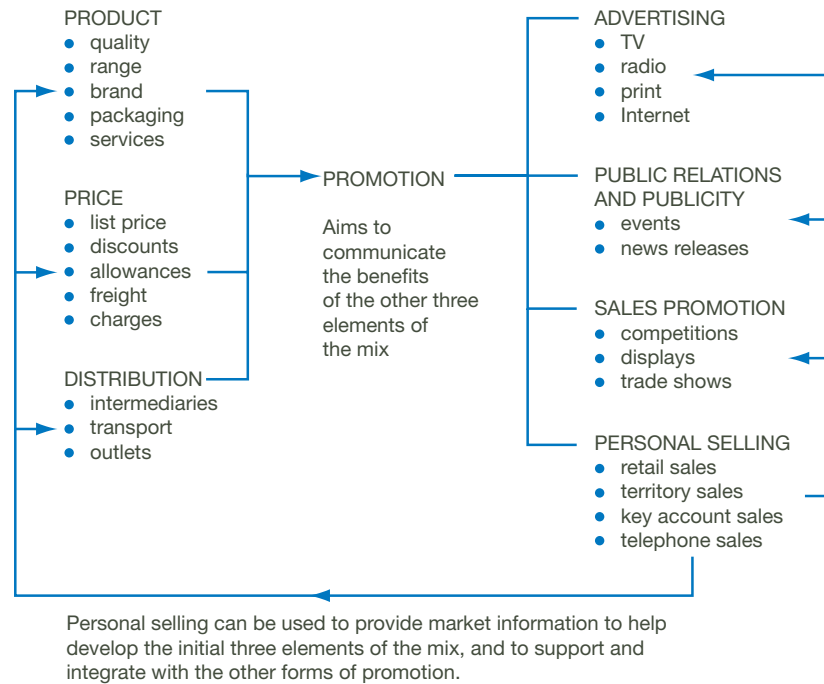
Figure 1.2 outlines the various ways in which a firm might promote its products.

The model incorporates an expanded role for personal selling. This is the essence of modern approaches to selling.

Larger organisations will often use all of these types of promotion. Coca-Cola Amatil, for example, uses mass media such as television and radio to create preference for its brand, a national team of sales reps to sell the product into supermarkets, snack bars and other outlets, sponsorships of events and teams to keep the brand in front of customers, and consumer competitions to encourage immediate or more frequent purchase.

Smaller firms will obviously develop a promotional program more suited to their financial capability and market coverage: an ad in a local paper or the *Yellow Pages*, a website, one sales rep or a telephone sales section, donations to local teams or causes to build community goodwill, and so on.

FIGURE 1.2
Promotion as an
element in the
marketing mix



All firms, whether large or small, have to allocate funds between the various forms of promotion. So, when should more be spent on personal selling, or advertising, or one of the other forms? A full examination of this issue would get us into the area of strategic marketing, outside the scope of this text, but it is worth noting that, as Table 1.1 (page 16) suggests, each of these methods has particular strengths and weaknesses.

Once the combination of promotional elements has been selected, it is important to ensure that the elements are consistent and coordinated: each must carry the same message and be timed to support the other elements. This is known as integrated promotion or communications.

Finally, note that personal selling is by far the most expensive means of communicating with customers but it is also the most effective way of achieving a sale. This is because it is an immediate two-way communication, which allows people to interact.

Figure 1.3 sets out six different forms of promotion. Guess the cost of each one and then turn to page 34 for the answers.



Selling insight

Compared to other forms of promotion, personal selling is personal service: this is its point of difference. Problems can be solved and needs and doubts aired, and new products can be introduced, explained and demonstrated for the customer.

Personal selling tends to be the focus of the firm's communication program when:

1. the price or profitability of the product is high;
2. the product is technically complex in its use or application;
3. the purchase is particularly important to the customer;
4. customers require assistance to identify and/or satisfy their specific needs.

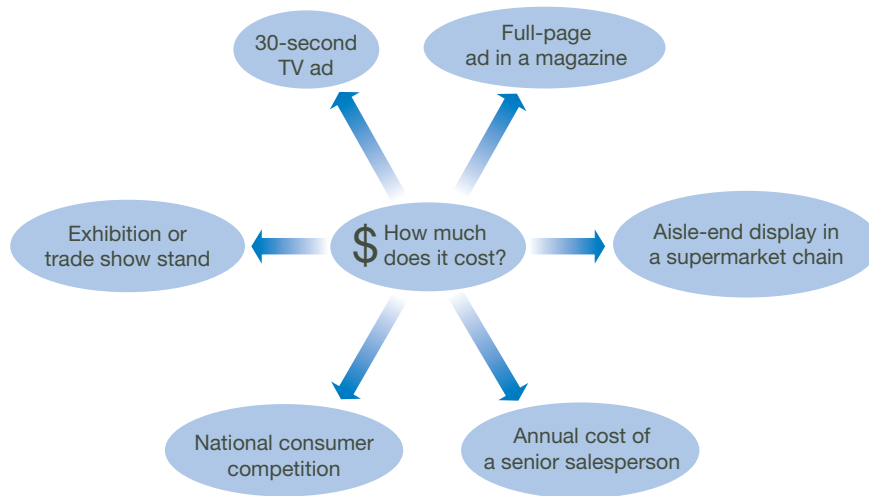
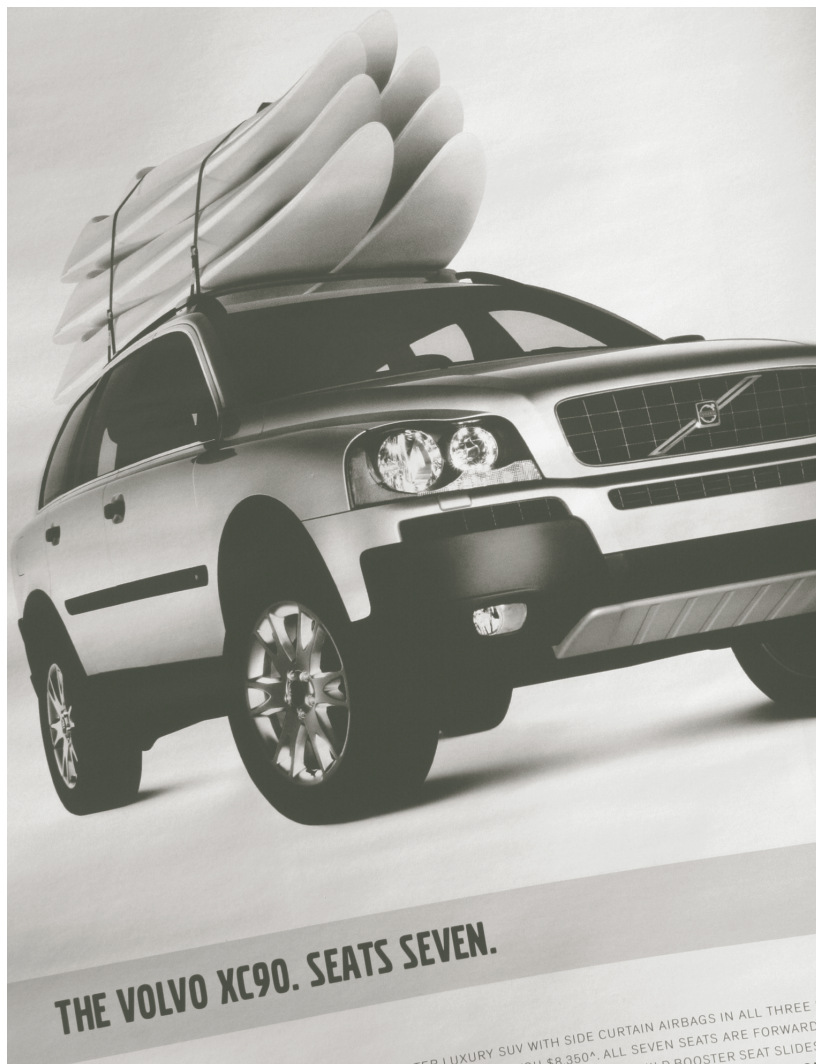


FIGURE 1.3
Promotion is expensive



Prestige car maker Volvo is communicating a particular message with this ad. What do you think it is?

TABLE 1.1 Comparison of methods of communicating with customers

Communication form	Control of message	Flexibility of message	Credibility of message	Cost of customer contact	Persuasiveness
Advertising	Total control	No flexibility once set; can usually communicate only short, simple messages	Consumers often erect 'barriers' to advertising	Low to moderate cost; although advertising is expensive it reaches a wide audience	Acts mainly in the longer term to pre-sell and influence attitudes
Sales promotion	Good control	Varies according to the type of promotion; only short messages possible	Need to be careful not to cheapen the brand or product	Varies according to the type of promotion	Can break through buyer resistance to achieve immediate purchase
Publicity	Little control because the final message is determined by the medium	Limited flexibility because the message must comply with the requirements of the medium	Good credibility because it is often seen to be coming from an independent source	Relatively low cost because the space or time is not openly paid for	Can be persuasive because of its high credibility, but often has limited impact on immediate purchases
Personal selling	Moderate control: salespeople can be trained and supervised, but then they often act alone	Excellent flexibility: complex messages are possible, questions can be answered, feedback given, and responses assessed	Many customers will erect an initial barrier to salespeople that must be overcome	Face-to-face selling usually has the highest contact cost	Very persuasive because of the salesperson's ability to respond immediately to customer concerns or issues and to develop personal rapport

Salespeople as intermediaries

We have said that organisations need to satisfy their customers and achieve their own goals. Do you see how there could be a conflict between these two objectives? A customer, for example, might want to buy a new car at the cheapest possible price, while the car dealer's aim might be to achieve a certain profit margin on the sale. Somehow that area of conflict has to be negotiated. By whom? You guessed it: the salesperson, whose role is to be the intermediary between the firm and its customers. One useful way of thinking about this is that the salesperson *represents* the customer's needs to the organisation, and the organisation's needs to the customer. As a result, salespeople need to develop high levels of understanding about both their organisation and their customers. More of this later; for now, just be aware that no one else in the organisation has quite the same role or requirement.

Salespeople as profit earners

A sale is achieved when the ownership of a product or service is transferred to a customer and the customer has paid for it. (There has been an exchange.) Only then is profit achieved. The whole process of designing, producing and selling a product or service culminates in the transfer of ownership.

It is worth repeating: *sales generate profit*.

In many organisations there is tremendous pressure on salespeople to find customers and sell the firm's products to them, for without these sales the firm fails. It is the profit from sales, therefore, that pays not only for the cost of producing and distributing the product, but also for all the other expenses incurred in running the business: rent, salaries, electricity, advertising and so on.

Of course, sales only generate profit if they are made in such a way that the revenue generated by the sale exceeds the costs incurred. Salespeople often have control over several of the variables that ensure sales are profitable: selling prices, quantities purchased, delivery arrangements, services provided and so on. Accordingly, many firms reward their salespeople for achieving not just sales, but *profitable* sales.

Customer relationship management

At this point in our discussion of personal selling and marketing we need to introduce the concept and practices of customer relationship management (CRM). Unfortunately, for those trying to understand this very popular term, it is used by different people to mean different things! This problem can be solved by thinking of CRM in two ways: firstly, as a business concept or philosophy and, secondly, as a technique (often driven by computer databases) for carrying out the concept.

The CRM concept

For many years in marketing the emphasis was on winning *new* customers. This was particularly so in the decades after the Second World War: markets were expanding, more people had money to spend and the most successful firms were those who 'won' the most customers. Marketing's main task was to make sure ever more potential



customers were made aware of the firm's products and enticed to try them. Programs were implemented to 'look after' existing customers but the focus was mainly on finding new people, families, firms and so on, to sell to.

The most profitable customer? The one you already have

Gradually, however, we realised that paying more attention to the customers we already had might be more profitable. Why? Firstly, many markets became crowded, even saturated, with firms competing for the same customers' purchases. Simply, it became very hard to find sufficient numbers of new customers. Secondly, finding new customers and persuading them to buy for the first time is expensive: advertising, personal selling and sales promotion, as we have seen, don't come cheaply. With these current customers though, we have already absorbed the cost of 'winning' them. If we can keep them happy, keep them coming back to buy, then each successive repeat sale is made without these expenses being incurred.

New products, upgrades, cross-purchases

Moreover, when we have new, improved or higher level products to sell, who better to offer them to than our existing customers? They 'know' us so there must already be some level of trust in our firm and our products.

As an example, the Commonwealth Bank has millions of customers—more than any other bank in Australia. Many of those customers might have just one account with the Commonwealth. The bank's CRM programs continuously analyse these customers' characteristics and situations and then offer them new, upgraded or different services to meet their needs. Perhaps a young woman has a savings account and is planning to buy a car or a house or to travel. The bank could offer her a more advantageous account for her savings. Then what about personal or housing loans? Perhaps she will need foreign currency arrangements for her travels. When she buys a house or car, perhaps she will be interested in insurance. This is known as cross-selling; that is, offering a current customer a different product type to those he or she has purchased from us before.

We need to collect, analyse and use information about customers to know what products to offer them, and when, and how. This is the basic concept or idea behind CRM: managing the relationships we have with our existing customers in order to maximise the purchases they will feel inclined to make from us over an extended period of time.

CRM techniques

For a small firm, CRM is not too complicated. In fact, for many small businesses what has become known as CRM has been their bread and butter for years. Looking after customers is what keeps most small operations going. But what if, instead of a few dozen customers, or even a few hundred, your organisation has several hundred thousand, or several million? You're going to need a database.

CRM programs are used in conjunction with databases. A database is a computer system that allows for the collection and storage of very large amounts of information (data) on a large number of individual records (in this instance, customers). More importantly, the database allows for the information to be added to, compared

and retrieved at will. So, for example, a wine supplier's database might show each customer's demographics (age, family stage, occupation), psychographics (indicators of lifestyle and attitudes such as club membership, travel, credit card ownership) and, most importantly, purchase history (what products, how many, how recently, at what times of year and so on).

CRM, as the term is most commonly used today, refers to the computer-based tools for managing individual relationships with customers on a scale that far exceeds the organisation's capacity for managing them on a personal basis.

Let's say your organisation has one hundred thousand customers and one hundred different products you could offer them. Now, remember we said that the marketing function includes dividing the market into different groups who may benefit from our products, and then persuasively offering the right products to the right customers. A modern customer database and CRM system is a means of doing exactly that, except that here the *market* is our current customer.

CRM and personal selling

We will look more closely at CRM systems later in the text (see Chapter 11 and its appendix), but for now we still have to answer the question: how does CRM relate to personal selling? Well, the first thought might be that CRM systems do the job that salespeople used to do. In some cases this is so. Moreover, CRM systems can *manage* far more customer relationships than even the largest sales team. Some firms have replaced parts of their sales teams with CRM systems. But possibly the largest problem faced by users of CRM systems is that there are so many of them. Customers today are bombarded with 'personalised' communications from suppliers of goods and services seeking to develop a 'relationship' with them. Is a communication personalised just because it has the customer's name at the top of the letter? It may be that in many instances *real* personal contact is necessary at some stage if a genuine relationship is to be established. Enter the salesperson! Many firms are looking to integrate their CRM and personal selling functions. Often it is the salespeople who use the CRM software to help manage their customer relationships. The task for modern organisations is to find the most effective combination of database-driven CRM programs and personal selling, and to incorporate these into their overall strategic marketing plan.

A job in sales?

Let's consider personal selling and you. What types of sales jobs are out there, what are their advantages and disadvantages as job or career options, and what do you have to be good at to do them well? Some of the answers might surprise you.

Sales jobs: a rose by any other name . . .

Almost every industry has sales jobs, although they might not always be called 'sales' jobs. In the advertising industry, for example, the account executive or account manager is the person who calls on prospective clients to 'pitch' for their advertising business and who then liaises between the ad agency and the client as the business is



developed. They are salespeople. Firms of lawyers, accountants and stockbrokers have staff whose main task is to locate and win new clients for the practice and to maintain the relationships with existing ones. *They* are salespeople. Universities and TAFEs have business development managers, sporting clubs have sponsorship managers, banks have personal business bankers and travel firms have business consultants. Yes, all of these are salespeople. Other firms, of course, simply call them sales representatives (or sales reps). So, don't rule out a job in sales just because you want to work in advertising, travel or banking.

Let's look briefly at the main industry types and their sales positions.

Consumer goods

Manufacturers of consumer goods, such as coffee, shirts or soap, usually use wholesalers and large retailers to reach consumers because the ultimate consumers buy in small quantities. It wouldn't be profitable, for example, for a salesperson to sell Vegemite individually to every Australian family. So, sales reps for manufacturers tend to call on the retailers who, in turn, sell to the ultimate consumers. Consumer goods salespeople selling to chains such as Kmart, Coles, David Jones and Woolworths are likely to deal directly with the chain's head offices, negotiating sales and making deals covering all their outlets.

To service the needs of smaller retailers, manufacturers sell in large quantities to a wholesaler, who passes on smaller quantities to retailers. Wholesalers use sales teams to distribute manufacturers' products to many small retailers, such as corner stores, chemists, florists and hardware stores, some of which use internal salespeople while others use self-service. For example, a wholesaler's sales force might use a fleet of vans to sell and deliver several manufacturers' confectionery to retail outlets.

A few manufacturers do sell directly to consumers, bypassing wholesalers and retailers and using their own full-time or part-time salespeople to make the sale. Other firms, such as Dell Computers, use a combination of advertising (to generate inquiries) and Internet, phone and face-to-face selling (to conclude the sale). While specialist retail outlets, department stores and chain stores do employ some sales staff, self-service is more the norm. To assist the sales of their products in this self-service environment, manufacturers also employ people to visit individual stores to ensure that their products are in stock and that point-of-sale materials are in place, and to initiate promotions in cooperation with the stores. These salespeople are sometimes called merchandisers.

Retailers of complex products—for example, computers, cars and specialist stereo equipment—employ salespeople who need considerable product knowledge and, often, highly developed technical skills. Purchases of these consumer goods often involve a large outlay and, therefore, a considerable perceived risk. Customers will often need accurate and extensive information, advice and assistance in making the purchase decision.

Business goods

Sales to other organisations, rather than to individuals or households, are known as business-to-business (B2B) sales. In general, manufacturers of industrial products, such as aircraft, chemicals and machine tools, choose to sell direct to their customers because their products tend to require the type of communication best delivered by personal selling given on page 16.



Sales positions are available in a wide range of products and industries. What would you like to sell—bikes, media, furniture . . . or something completely different?

In many business markets, personal selling is the main form of promotion and is critical to the supplier's success. Salespeople operating in these markets will usually have written and oral communication skills, good public relations and the ability to negotiate. For example, tyre manufacturers, such as Bridgestone, Dunlop and Firestone, employ senior negotiators to sell tyres in large quantities to original equipment manufacturers (OEMs), such as Ford, Toyota or Hino. The personal selling role is critical because each order can amount to many hundreds of thousands of dollars.

It is generally true that salespeople in B2B markets are better paid than their business-to-consumer (B2C) peers. Remuneration packages in B2B also often have less emphasis on tying financial rewards to each sale made (such as commission payments). It is also generally true that B2B salespeople enjoy higher status in their organisations and their knowledge and skills are more valued. They are often technically qualified and seen as experts in their field.

In fields where it is not economic or desirable to use their own salespeople, manufacturers may employ a local representative or agent to service their customers. The agent or representative could be an organisation with its own sales force or just a depot from which users pick up supplies.

Services markets

The market for consumer and business services, such as car repairs, finance, travel, insurance, advertising and security, also uses salespeople. Customers often want personal contact with the service providers because of the intangible nature of services; that is, customers cannot sample or try the service before making a purchase decision.

Personal selling is often said to be the key to success in selling services because the provider of the services sells, if possible, directly to the customer. Personal contact

can build the level of trust required to buy and can also reduce tension created by an inability to fully evaluate a service prior to purchase. For example, when your car is serviced or repaired you expect to deal directly with the service firm so that you can discuss what is needed.

In some cases, of course, it is not possible for service providers to deal directly with customers. These service providers appoint agents or representatives who use either internal or external salespeople. A travel agent, for example, represents hotels, railways and airlines and is able to provide the bookings necessary for a holiday or a business trip. The agent provides access to the service, not the service itself.

Levels and types of sales positions

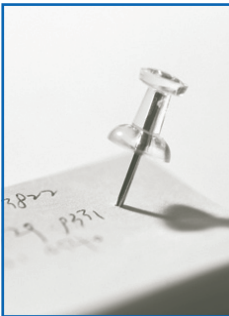
Sales jobs can exist in all levels of an organisation, from the most junior level right up to the very top executive positions. A junior salesperson in a retail store might be at the bottom of the company hierarchy and earn \$12 to \$15 per hour. A top salesperson in the IT industry might be regarded as the most important person in his or her firm and command a salary of several hundred thousand dollars per year.

Moreover, sales roles are many and varied. Table 1.2 outlines a number of the common sales jobs and their main functions.



Tip for success

Internal sales can be an excellent take-off point for a sales career. In an internal sales role you can learn all about the firm, its products, customers and competitors before taking on the responsible and sometimes lonely role of external salesperson. Of course, during this period, management will also be trying to gauge if you have what it takes to become an effective salesperson in the field. The tip is to project yourself as a disciplined and well-organised self-starter. These attributes may not be crucial in an internal sales role but they will enable management to visualise you in an external sales role.



Tip for success

A combination of technical knowledge and qualifications and sales skills can be an excellent base on which to build a successful career. To have technical expertise and the ability to communicate persuasively is very powerful in today's complex and fast-changing world.

Why is there such a large range of earnings?

There are many different types of sales positions (and even more job descriptions and titles!). As suggested in Table 1.2, there is a hierarchy, or ladder, of sales positions and, generally, the specific role, responsibility, status and financial rewards vary according to a number of factors. These include the following:

TABLE 1.2 Jobs in personal selling

Sales position	Description
External sales	
Business development managers	This is the title given to salespeople who have a broad, often strategic, role in developing the firm's sales. They may combine a missionary sales role with a managerial responsibility for analysing market potentials, designing strategies, and implementing sales and marketing programs. They will tend to focus on larger market segments and customers such as wealthy individuals, major firms and governments. They will often need to develop social networks that will open doors to the firm's products.
Key account managers	These are senior salespeople who are given responsibility for managing the firm's relationships with the most important customers. They are expected to look after all aspects of that relationship and often need to liaise closely with other departments such as marketing, finance, production and technical services to ensure the key account's needs are being met. They will also be responsible for ensuring that the firm's business with this account is profitable.
Missionary salespeople	These salespeople have the role of introducing new, improved products or services to current or new clients. They are called 'missionary' salespeople because they venture into new areas to introduce new ideas or methods and 'convert' customers across to new products. They rarely get involved in actually taking orders. This is left to territory or other salespeople.
Sales engineers	These are people with highly-developed technical knowledge and skills, and who combine these with sales ability to deal with customers on more complex products or issues. Many of these jobs are in the IT, industrial machinery and specialised equipment markets.
Area or territory salespeople	These are the traditional salespeople who call personally on new and current customers within a defined geographic area. These jobs exist across a very wide range of goods and services. Many of these salespeople operate relatively independently, perhaps returning to their firm's offices once weekly or even less. They often perform a range of functions, from making sales to dealing with customer problems or complaints, providing market feedback and forecasting future business development. The role usually also includes a degree of planning and administration.
Drivers/salespeople	Some firms' products are sold directly from vans by employed or contracted drivers/salespeople. Often there is a physical element to these jobs as well as the ability to make large numbers of fast sales calls each day.
Merchandisers	Many of these people work part-time visiting retail outlets to ensure their firms' products are correctly stocked, displayed and priced. Many women have used this sales job as a means of starting a sales career or of re-entering the work force after having children.

(continues)

Sales position	Description
Internal sales	
Sales administration assistants	These people work in sales offices preparing quotes and proposals, analysing sales reports, processing salespeople's expense claims and other administrative tasks. Again, these jobs can provide a useful foundation for a sales career.
Retail salespeople	Retail sales jobs are found in clothing, hardware, gifts and many other areas. Most positions are relatively low-status and poorly paid. But they can provide a useful introduction to dealing with customers face-to-face. Also, many firms do provide sales training for their retail staff.
Telephone salespeople	Many firms employ telemarketers to take inbound calls from customers, to make outbound calls, or both. Calls are made to take orders, make sales, to line up appointments for other salespeople, or to deal with customer issues. Some telemarketing positions are paid only on actual results achieved and so can be a tough initiation into selling. On the other hand they can be an excellent way to gain product knowledge in a firm.

- the size of individual orders or purchases—the larger the value of each order, the greater the impact on the selling firm and therefore the more responsibility carried by the salesperson;
- the complexity of the sales role—selling that requires multiple issues to be negotiated is more difficult and more highly regarded than that which is more simple and straightforward;
- the technical complexity of the product—more complex products require greater technical knowledge by the salesperson, more training or qualifications, and more experience;
- the degree of independence from head office—some salespeople operate almost as separate entities, controlling their own administration and expenditure and totally managing their own customers;
- the geographic scope of the territory—internal salespeople who remain within the firm's premises are normally considered on the first rung of the ladder, while the elite of all salespeople are probably those who operate internationally and who require additional experience and skills to do so successfully;
- the importance of the purchase decision to the customer—the more crucial a purchase to an organisation, the more it will expect a senior salesperson to be servicing its needs.

Other advantages and stresses of a selling job

Careers in selling are many and varied. Some sales positions are the most satisfying jobs available, while others are quite routine. Some salespeople number among the highest earners in Australia, while other salespeople are poorly paid. Some sales roles can be exciting, while others can be boring. So, is a career in sales for you? Let's look at some specific aspects of a job in selling.

Wide range of jobs

All organisations that want to make a profit from selling must find and satisfy customers. The same can be said for non-profit organisations that wish to solicit funds or recruit followers: they have to sell their stories if they are to survive.

Sales positions come in many types, in almost all industries and markets, and for literally millions of goods and services. The opportunities for variety are possibly greater than in any other occupation. It is, therefore, relatively easy to move between industries if you have sales skills and selling experience.

Opportunities for advancement

Career paths for salespeople vary from organisation to organisation and depend upon the way sales departments operate. However, in many modern organisations sales jobs provide an excellent means of being noticed and getting onto the promotional ladder.

Operating as a salesperson is good training for management because salespeople often have to develop the qualities required of managers, such as self-discipline, persuasiveness and the ability to get on with people. Salespeople meet and negotiate with a large number of customers, learn to operate in different work environments and are problem-solvers. In acquiring this experience they are also laying the foundations of a career in management. A successful sales track record will often be highly valued when promotion into management positions is being considered.

Some excellent salespeople, however, do not wish to become managers, preferring to sell rather than to manage people. These people can attain positions such as key account managers, in which they work with top customers and/or deal with the more complex and demanding sales situations. Some companies also use these experienced people as trainers.

Just as a successful period in selling can launch a corporate career, it can also be a path towards operating your own business. Many entrepreneurs with established businesses started in sales and used the experience to build a base of skills and experience from which to launch their own enterprise.

Financial rewards

Remuneration packages for salespeople usually include an incentive scheme related to individual or group performance. This is one of the factors that draws people to selling because they see a strong and direct link between performance and reward.

Most external salespeople are paid a salary plus a commission or bonus for meeting and exceeding their individual targets, and they are also often provided with vehicles and entertainment allowances. Some are paid a commission only, a practice common in the insurance industry. Others are paid only a salary; for example, sales engineers working for industrial goods manufacturers often work for a salary only and any commission on sales goes to the area representative.

In Australia, a typical area representative selling business products or services is likely to be paid a minimum salary of \$35 000 to \$45 000 a year, plus incentives, with a car, a phone allowance and other expenses provided where the job requires them. Area representatives selling consumer products (business-to-consumer, or B2C)

tend to be slightly less well paid than those in business-to-business (B2B) selling. As mentioned previously, however, earnings for salespeople in ‘hot’ industries such as IT, securities, insurance and motor vehicles can be well into six figures.

Some additional factors that account for the differences in salespeople’s earnings are shown in Table 1.3. If the requirements of a job can best be described by the right-hand column of this table, then remuneration will be comparatively high. For example, an external salesperson responsible for a complex product will be paid more than an internal salesperson with products of simple customer application.



TABLE 1.3 Factors influencing salespeople’s earnings

Comparative factors of influence		
Area of influence	Lower earnings	Higher earnings
Customer		
• Type of customer	Current	New
• Importance of purchase to customer	Low	High
• Market	B2C	B2B
Products/services		
• Price tag	Low	High
• Complexity of product application	Simple	Complex
• Customer benefits	Non-technical, tangible	Technical, intangible
Sales		
• Location	Internal	External
• Skills required to complete the sale	Low	High
• Role	Order taker	Order getter, business generator
• Task	Servicing, supporting	Selling, account management
Competition	Low intensity	High intensity

Opportunities for travel and meeting people

There is no doubt that a selling job can be both physically and psychologically demanding. Two aspects of the job that bring these pressures are meeting new people

and travelling—activities that are a pleasure for some and stressful for others. Linked to this is the need often to work outside of ‘normal’ working hours and places. There is often less distinction between a salesperson’s friends and business contacts than there is for other occupations.

Eight or ten customer calls a day with travel in between are tiring both physically and mentally. Add to this the fact that your end-of-the-month cheque may depend on the outcome of your calls, two of the people you are going to meet are new to you, others keep you waiting, and still others do not seem to like you, and you have a situation that is either the challenge you are looking for in life or a problem you would sooner not have!

Travelling can also affect your home life. Perhaps you would like to spend more time with your family. Then again, your family may appreciate you more if you are happy in your work, be it selling or some other occupation. Promotion to a more senior sales position may also mean relocation to another town or city. Is this something you and your family would enjoy?

Independence and responsibility

Self-management is one of the great advantages of selling as an occupation. ‘I love the autonomy’ is a statement frequently heard from salespeople. Area salespeople or representatives usually organise activities in their own territories and can determine where they will be and what they will be doing tomorrow and next week. They enjoy this responsibility, as well as the authority and prestige that go with representing a company.

Junior sales jobs, of course, may not enjoy such a high level of freedom but, as you progress upwards through a sales hierarchy, the level of freedom, self-determination and responsibility increases. Every day is different, offering new challenges and new problems to be solved. Yet managing yourself and your time in a fluid situation such as this can be, at times, a demanding task. You will need to work smart as well as hard.

One of the reasons people are attracted to selling is that it offers relative freedom of action: experienced employees are on their own for extended periods. They have agreed to sales targets with a supervisor and they are expected to get on with the task of meeting them within guidelines or policy. They are required to service existing customers, find new ones and use their time to the best advantage. They expect the supervisor to judge their performance by results and their remuneration and career progress should reflect those results. Of course, they will also be expected to perform administrative functions independently, such as submitting sales reports on time. ‘I hate the paperwork’ is another statement salespeople often make. But this is just another requirement of the position.

Internal salespeople are, of course, more closely supervised but as soon as they pick up a phone they are also on their own. Their efforts will largely determine whether inquiries or complaints are dealt with to the satisfaction of both customer and company.

Selling is different from most careers in that it offers freedom of action with less direct supervision, and to relatively young and inexperienced people. It is an environment in which people can grow and develop the skills they will need in present

and future careers. By the same token, it's also an environment in which people can become disorganised and dispirited—and consequently fail.

What makes a successful salesperson?

It is almost impossible to say categorically what characteristics will lead to success in a sales career. Many studies have been conducted to guide sales managers in their hiring and promoting of salespeople but there is still no clear picture of the ideal salesperson. This is, firstly, because no two sales jobs are identical and, secondly, because salespeople and their customers are individuals and they influence, and are influenced by, each other. Most sales managers can point to particular salespeople and say, 'They shouldn't be successful, I don't know quite why they are successful, but they are.'

On the other hand, some characteristics and personality traits do seem to be evident in a large proportion of successful salespeople. A sample of Australian sales managers nominated the factors in Table 1.4 as being very important indicators. You might like to complete this table as a self-test exercise.



TABLE 1.4 The characteristics of successful salespeople

		Always Sometimes Rarely		
Characteristic	Description			
Dependability	Do you do what you say you will do all the time?			
Honesty	Are you truthful and straightforward, even when it can hurt you?			
Willingness to work hard	Are you prepared to consistently work long and variable hours, often at night and on weekends?			
Ability to work smart	Can you organise your time, prioritise your activities and efficiently solve problems?			
A need to achieve	Do you have a burning desire to succeed?			
An optimistic nature	Do you have a positive approach to life and a belief that hard work will bring rewards?			
Persistence	Do you have the strength to receive nine rejections in a day and still be determined and optimistic about the tenth call?			
Enthusiasm	Do you enjoy people, the adrenalin rush and the variety involved in selling? Are you passionate about what you do?			
Empathy	Can you relate to people, their situations and needs?			
Communication	Can you listen well and express yourself clearly?			
Score 5 for each Always, 2 for Sometimes, 0 for Rarely. 40–50 points: you have the natural characteristics to make a successful career in selling; 30–40: you have some of what is needed, it's up to you whether you can develop the rest; below 30: you may find selling too demanding.				

Misconceptions about selling

Finally, let's look at some common misconceptions about selling.

Salespeople are born and not made

Most research suggests that the knowledge, skills and attitudes required for successful selling can be learned and that innate personality traits, appearance, height and gender have little bearing on sales performance. On the other hand, it is clear that some people seem to develop their sales abilities faster and further than others, but perhaps they just try harder to learn!

Great talkers make great salespeople

In fact, often the opposite is true. Although salespeople certainly need to be able to express themselves clearly, possibly the most important attribute of great salespeople is their skill in listening and their willingness to do it. We will examine the concept of communication in selling further in Chapter 5.

Good salespeople never take 'no' for an answer

While persistence is a virtue, successful salespeople know when what they have to offer will not satisfy a customer's needs and back off.

Salespeople have to put their own needs ahead of their customers' needs

Wrong again! This may well lead to some short-term sales success but career salespeople know that only by looking out for their customers' interests will they make it in the long run.

Good salespeople can sell anything to anyone

While many of the tools of successful selling are transferable from product to product, market to market and customer to customer, the variety of sales jobs is simply too diverse for individuals to be able to excel everywhere. It is important, therefore, that salespeople analyse the success requirements in particular sales fields so that they can head down the most rewarding sales career path.

The future of personal selling

If you start to build a sales career now, what are the long-term prospects? Will there still be a role for personal selling in five, ten or fifteen years time? In general, personal selling will be used as long as it remains the most effective, if the most costly, way of communicating with a customer.

Sales are increasingly being achieved by direct response methods such as telephone call centres, direct mail, catalogues, home-shopping television shows and channels, and online. Dell Computers, for example, sells more than \$80 million worth

of computers online every day. This form of customer contact will continue to grow, especially as new technologies allow for interactivity. It is still likely to be some time, however, if ever, before the level of interaction and trust equals that achieved by person-to-person contact.

Although technologies have restricted or eliminated some personal selling roles, they also provide excellent tools for forward-looking salespeople. There will certainly be an increasing need to use computer-based technologies to find customers, prioritise sales activities, measure results and communicate with customers and the firm. Recall our discussion on CRM.

Modern sales reps are also increasingly using e-mail, phone, fax and electronic conference facilities. These allow more selling to be done from the office or home than was previously possible. This is an important consideration in Australia, where distances are great and travel is expensive. Telemarketing call centres also help salespeople by allowing them to concentrate their personal calls on customers and situations that will be most worthwhile.

Text messaging may become a major form of customer contact for many firms. What opportunities and problems do new media such as SMS and e-mail present to salespeople?

Get information through the grapevine

Or get information quickly and easily through the SMS vine

Getting information out quickly to staff, suppliers and customers can be costly and time consuming. And some methods are just plain ineffective.

With **Link Email to Mobile Phone Messaging** you can deliver information directly to any number of mobile phones. It's done virtually the same way you send an email – from your computer.

You simply send an email message using your existing email system. The message is then sent across the Internet to Link's email gateway for transmission to the intended mobile phones.

The cost per message using Link Email to Mobile Phone Messaging is from 16 cents, making it a cost-effective way to send information to your staff and customers.

If you need to get information out quickly, call Link today on 1300 301 361.

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Communications
Corporation

A leading provider of outsourced contact centre, wireless and mobile messaging solutions

Earlier in this chapter we discussed some of the jobs available to both existing and potential salespeople. In Australia, personal selling remains the predominant form of promotion in industrial and reseller markets for both manufacturers and wholesalers. In the retail sector, the predominance of self-service outlets has reduced the number of sales jobs. However, department stores, chain stores and small businesses still rely heavily on salespeople.

The increased demand for services in Australia provides a growing market for salespeople, while the use of marketing techniques by non-commercial organisations and the direct selling of consumer goods also offer substantial opportunities for those who enjoy personal selling.

An increasing number of women are pursuing sales careers. Women have traditionally been dominant in retail selling of products for which they are the main customers, such as fashion, cosmetics and jewellery. The external sales forces of manufacturers in these areas are often exclusively female for the same reason. Part-time sales forces employed in direct selling, such as used by Herbalife and Nutrimetics, are made up largely of women and many women work as salespeople in travel agencies, real estate agencies and other service industries.

Women, however, are also joining industrial sales forces that have previously been male dominated, representing products such as paint, electronics, chemicals, computers and many others. They have proved to be as effective in promoting industrial products as they are in traditionally female areas. Some sales managers feel they have an advantage because they may be more perceptive to the feelings of those around them.

As Australian society becomes even more multicultural, opportunities arise for those who can communicate with people from a different cultural background and implement different selling styles. As Australia continues to pursue international marketing opportunities in the Pacific Rim and other parts of the world, there will be similar increased opportunities for people who can communicate with customers of different nationalities.

Key terms and concepts

Advertising (p. xx)	future of (p. xx)
Business goods and markets (p. xx)	misconceptions about (p. xx)
Career opportunities in selling (p. xx)	Persuasion (p. xx)
Consultation (p. xx)	Promotion (p. xx)
Consumer goods and markets (p. xx)	Publicity/public relations (p. xx)
Cross-selling (p. xx)	Salespeople
Customers (p. xx)	account executive (p. xx)
Customer relationship management (CRM) (p. xx)	area (p. xx)
Influence (p. xx)	engineer (p. xx)
Integrated communication (p. xx)	external (p. xx)
Marketing (p. xx)	internal (p. xx)
Original equipment manufacturers (OEM) (p. xx)	missionary (p. xx)
Personal selling	qualities (p. xx)
in business (p. xx)	remuneration (p. xx)
definition (p. xx)	Sales promotion (p. xx)
	Services markets (p. xx)





Review questions

1. Think about two recent situations involving persuasion: one in which you were the persuader, and one in which someone else has attempted to persuade you. They may be selling situations or simply a discussion with a friend, work colleague or class mate. Now, compare the two situations: think about how you felt, how the other person felt, what methods or tactics were used, how credible the tactics were, which methods were successful and why.
2. Compare personal selling with advertising in mass media as a means of actually achieving a sale. What are the strengths and limitations of each of these forms of promotion?
3. We have described selling as persuasion or influence, *and* as consultation. How can selling be both of these?
4. Compare the roles of an area sales rep, a sales engineer and a missionary salesperson. What are the similarities and differences of these sales roles?
5. Salespeople have more freedom of action than people in many other jobs. Explain how this could create problems for companies and for salespeople.
6. Do marketing, selling and CRM all have the same goals? Use a diagram to illustrate your answer.

Selling application exercise

From the employment section of a major newspaper, or an employment website, choose two or three sales jobs that sound attractive to you. Include at least one retail sales position, say in a clothing or CD store, and one field sales position. Consider the attributes these jobs require, then make a list of the skills and experience you would need to develop to be able to successfully apply for them. You may also want to have another look at Table 1.4.

Group activity

Divide your group or class into two and debate one of the following propositions:

1. 'Salespeople are born and not made.'
2. 'Salespeople do not have society's respect because they are only interested in benefiting themselves.'
3. 'Men will always make better salespeople than women.'
4. 'Marketing, selling, and customer relationship management are really just different names for the same thing: they all aim to persuade me to buy what I don't need.'

To conduct an effective debate each side should be given time to prepare its case (say 10 minutes) and each side should have the same number of speakers (usually three to four) and the same time to speak (say 2 minutes). The remainder of the group can participate by asking questions of the two teams.

Browse the Web

Tom Hopkins is one of the world's best known sales motivational speakers. You may or may not like his approach but many salespeople have attended his seminars, read his books and watched his videos. Visit his website at www.tomhopkins.com.




FROM FIGURE 1.3 ON PAGE 15.

- To screen a 30-second television advertisement in prime time in one of Australia's capital cities can cost from \$7000 to \$15 000. That is for just one advertisement, one time, on one channel!
- To take a full-page colour advertisement in a major magazine can cost from \$10 000 to \$25 000.
- A week-long aisle-end display through a large supermarket chain can cost more than \$100 000.
- To hire and staff a stand at a major trade show can cost anywhere from \$50 000 to \$500 000.
- To run a national consumer competition, with media promotion, prizes and other costs can also amount to several hundred thousand dollars.

And salespeople? They are not cheap either: salary, motor vehicle, sick and holiday payments, superannuation, payroll tax, travel expenses, mobile phone and laptop expenses, and entertainment expenses can add up to \$80 000–\$120 000 per annum.



SELLING SCENARIO 1



Michael Peters owns and operates a shop selling CDs and DVDs. His is an independent business in a suburban shopping centre, competing with the large music chains such as Virgin and HMV. The shop's success has been built on Michael's excellent knowledge of music and the personal rapport he has built with a group of loyal customers. Through his computer system he keeps a close eye on the sales and profit margins achieved on different kinds of music and products, and this helps him to buy in the items his customers are most likely to want. He offers a very high level of service too; spending time to assist customers make selections, searching for and ordering in hard-to-find items, and delivering or mailing purchases to customers' homes. Even with the arrival of music downloads and CD burners, the business' sales have continued to rise.

Recently, though, Michael has become worried that he might not be doing enough to maintain his success. He has read articles about the importance of marketing, about how every business operator these days needs to be able to use selling techniques, and even about a new computer-aided approach called customer relationship management.

'I know nothing about any of those things', Michael worries.

QUESTIONS

1. Is Michael Peters right to be concerned about his lack of formal knowledge of marketing, sales and CRM? Why or why not?
 2. Explain to Michael how he might already be using the selling principles of consultation and influence. How could he further develop his knowledge and skills in these areas?
 3. Does a business like Michael's lend itself to a CRM approach? Why or why not?
- 