
UNIT 17 PERSONAL SELLING AND SALES PROMOTION

Objectives

On completion of this Unit, you should be able to:

- explain the nature and role of personal selling and sales promotion
- list different types of sales position and the sales promotion schemes
- describe the steps involved in the selling process
- learn about the growing importance of sales promotion in India.
- understand the process involved in planning sales promotions
- appreciate the need for integration among the different methods of promotion.

Structure

- 17.1 Introduction
- 17.2 Role of Personal Selling
- 17.3 Types of Selling Jobs
- 17.4 The Selling Process
- 17.5 Sales Promotion
- 17.6 Sales Promotion Objectives
- 17.7 Sales Promotion Methods
- 17.8 Planning Sales Promotion
- 17.9 Towards Promotional Strategy
- 17.10 Summary
- 17.11 Key Words
- 17.12 Self-assessment Exercises
- 17.13 Further Readings

17.1 INTRODUCTION

In contrast to advertising and publicity, which use impersonal methods of communication, personal selling makes use of direct personal communications to influence the target customers. Personal selling is a highly distinctive method of promotion, and makes use of oral presentation in conversation with existing and potential customers, for the purpose of making a sale.

It is one of the oldest methods of business promotion. The contributions made by personal selling in making the promotion function more effective have earned the distinction of being the most reliable promotion method. Though, it is the most expensive method of promotion, yet we see an increasing number of firms making use of it, and a good number of them realise that they cannot, perhaps, live without it. Increasing competition, growing sophistication of the buyer and his buying process, are making personal selling more or less indispensable.

17.2 ROLE OF PERSONAL SELLING

Personal selling, as the name implies, is an individual to individual selling. It, therefore, carries the distinctive advantage of **flexibility** in terms of tailoring the sales presentation to the needs of the buyer. Another unique advantage comes from its **two-way communication**, and human interaction thereby providing instant feedback. These two unique advantages make personal selling the most result-oriented promotion method.

Generally speaking, the **nature of goods** marketed, as well as the **distribution system** adopted, determine the role of personal selling in a firm. Therefore, personal selling is used extensively in the case of industrial goods, where the salesperson performs functions such as assisting the customer in designing the product specifications, product installation, product commissioning, solving technical problems through providing



service after sales and helping customer to have optimal utilization of the product. In the case of consumer goods, on the other hand, the role of personal selling gets usually restricted to the dealer level. The scope of the tasks performed include obtaining periodic orders, ensuring supplies, offering tips to dealers on product display and attaining desired levels of stock movement. Similarly, the role played by personal selling is more in a firm which uses door-to-door selling method through its sales force than in the firm which sells through large stockiest, distributors or sole-selling agents.

Notwithstanding the varying role of personal selling in the strategies followed by different companies, the nature of the selling function requires that the following tasks be performed:

- sales generation
- feedback and market information collection
- Provision of customer service covering aspects such as delivery of goods, warranty administration, timely availability of repair and spares etc.
- performance of sales support activities such as monitoring distribution function, credit collection, improving manufacturer-dealer relations, implementing the promotional programmes, etc.

In practice, the complexity of the selling task actually Performed varies from company to company even under the above four categories.

Exercise 1

The importance of personal selling varies from industry to industry and company to company. Explain why this variation occurs. Give examples of industries/companies which rely primarily on personal selling and give reason for this doing so.

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17.3 TYPES OF SELLING JOBS

From the foregoing discussion we understand that while sales as a function has a common purpose, that is, to effect sales, the selling situations differs due to interplay of various factors. These factors are nature of goods sold, type of distribution system used, nature of demand and the type of sales strategy followed by the firm. These factors require the salesforce to possess different traits and abilities suitable to the selling situation with which they are associated. To underscore the differences, Robert N.McCurry in "The Mystique of Super-salesmanship" classifies individual sales position based on the degree of creativity required into seven categories. These seven categories are described below:

Merchandise Deliveries: The sales person, whose primary job is to deliver the product usually against routine orders-popularly called sales and delivery boys.

Inside Order-taker: Working inside a store the primary job of such a sales person is to service the customer's request or suggest appropriate product to meet customer wants; such type of salespersons are popularly called retail salesman.

Outside Order-taker: The salespersons engaged in the task of taking orders from the resellers. They normally do not use hard selling approach for making orders.

Missionary Salesperson: The salesperson whose primary job is to educate, give product detailing, build goodwill or create primary demand for the product. Strictly



speaking, missionary salespersons are not permitted to take orders.

Sales Engineer: The salesperson who acts as a technical consultant to the client and as per the need helps him to design products or production system for the client. This type of salesperson is popularly called Technical Salesperson.

Tangible Product Seller: The salesperson whose job is to sell tangible products such as furniture, appliances, automobiles, etc. The job involves abilities to persuade and convince the customer.

Intangible Product Seller: Here the salesperson is associated with selling intangible products or services such as advertising services, insurance, education, etc., the common factor being difficulty in immediate demonstration of the perceived benefits of the product. This selling job requires perhaps the greatest degree of a creativity in the salesperson.

Defining the Salesperson's job: The foregoing classification of the sales position into seven categories, on the basis of degree of creativity required in the performance of each job is only general in nature. Depending upon the organisational need, each company should clearly define what it expects from a salesperson in terms of the tasks to be performed by him. It should broadly specify how much of salesperson's time should be spent on developing new accounts versus servicing existing accounts, large accounts versus small accounts; bulk orders versus small orders; selling individual products versus selling the product line; selling old products versus selling new products; etc. Lack of clear definition regarding the selling tasks to be performed, often results in disproportionate spending of time between the tasks, as well as in imbalances in the goals achieved. To avoid this type of loss in productivity of the salesforce it is worth repeating that the job of the salesperson should be defined with sufficient specificity, so that he can use it as a guideline to keep himself in the right direction.

17.4 THE SELLING PROCESS

Up to this point we were discussing the role of personal selling and the degree of creativity required in a salesperson to perform his task satisfactorily.

Now we will take a look at the selling process followed for completing a sale. Though the steps in the selling process discussed below will be applicable to most of the selling situation. What will differ will be the degree of importance given to each step of the process under different selling situations. The basic steps in the selling process are given in Figure I. A salesperson must become accomplished at performing the selling steps. These steps are:

Figure I: Steps in the Selling Process

Resource customers on the correctness of their decision. Check whether the order was filled and delivered when promised. Make certain product is properly installed used and serviced.	SALE POST, FOLLOW-UP
Make conscious effort to close. Don't be afraid of being rejected.	CLOSING THE SALE
Understand reasons for objection. Have a positive attitude. Avoid arguments.	HANDLING OBJECTIONS
SALES PRESENTATION	Arouse Desire
APPROACH	Make initial contact with prospect
PREAPPROACH	Study the organisation and those involved in buying
PROSPECTING AND QUALIFYING	Develop sales leads from various sources "Separate the suspects from the prospects"
PREPARATION	Know your product, Know your customer, Know your competitor, Know your company

Source: Ralph M, Gaedeke and Dennis H., Tootelian, Marketing Principles and Applications, 1983. e. 43b (preparation step added)



Step 1

Preparation: Before starting the selling job, a salesperson should make a valuable investment of time and resources to know the products he will be selling, know the customers (i.e. customer types, buying motives and buying process) to whom he will be selling; know the competitors against whom he will be selling, and finally know the philosophy, policies and range of products of his company, In short, he should be well equipped with the fundamentals of selling.

Step 2

Prospecting: This step of the selling process deals with locating and preparing a list of prospective customers. Prospects can be located through (1) identifying the potential of buying more in the existing customers, (2) recommendations of existing customers, (3) winning back lost customers, (4) attracting competitor's customers, (5) customers' information request from advertisement, (6) newspaper announcements, (7) public records, (8) directories like telephone, trade association etc., (9) other salesmen, (10) references from friends, neighbours and business associates, and (11) cold canvassing, that is, going from door-to-door.

The located prospects should first be qualified broadly in terms of (i) whether they want the product and how intense their want is, (ii) whether they have the adequate purchasing power, and (iii) whether and who possesses the power or authorisation to purchase and spend the required money. The qualifying of prospects is the process of separating the prospects from the suspects.

It is worth-mentioning here that the ability to prospect is the most essential ability of a successful salesperson. A good salesperson keeps examining, weeding out the already tapped prospects and updating his lists of prospects, and remains in constant search of new prospects.

Step 3

Preapproach: The qualifying process of separating prospects from suspects further requires that the salesperson should possess detailed information relating to the prospects in terms of existing products consumed, their scale of operation, product range, their buying size, frequency, budget and the process, etc. In short, obtain customer orientation. The sources of information for the purpose include company annual reports, other salespersons, other suppliers to the prospects, census of manufacturers, professional journals, newspapers and market intelligence, The availability of the above information in as detailed a manner as possible will help the salesperson in ranking the prospect in terms of their priority to the company. Good salespersons use the above information in classifying the prospects in A, B and C categories in terms of the immediacy of the attention to be given to them.

Step 4

Approach: 'First impression counts'. As such, this step needs to be carefully planned. This step has two distinct parts. One, of meeting the customer with a positive set of mind, and the second, is make an impact on him. For the former, referrals of reliable persons known to prospects, canine after fixing an appointment, use of door openers, help. For the latter the salesperson should equip himself with the key benefit to be emphasised, samples or new literature to be handed over, etc.

Step 5

Sales Presentation: Through advance information relating to the prospect every effort should be made to match the product offered to the needs/problems faced by the customer. The sales presentation should generally go according to the AIDA-attention, interest, desire, and action approach. How can this be done? Use of key benefit or a problem solver, or a unique act of the salesperson results in gaining attention. When used attentively this part also provides opportunity to get the main point of the initial statements made by the prospect.

The presentation should proceed in a straightforward manner to help the prospect know that you understand his problem and that is the reason of your being there. To convince the prospect as early as possible, the salesperson should offer evidence through demonstration of the product, use of exhibits, models, sharing Of acts, citing examples of its successful applications/usage, showing testimonials, etc. The overall approach should be to build credibility and confidence in the supplying company, its



products, and also in its competence to render specialised type of service to the, complete satisfaction of its customers.

The flexibility of the sales presentations can range from the 'Canned' or previously prepared presentation, to those allowing the salesperson complete freedom in the presentation. Though both the extremes, or even the hybrid of the two, have their own situational suitability, the important point to note is that salesmanship, being a showmanship function, must arouse active participation of the prospect in the presentation process. This can be done by introducing some action which would keep the prospect captivated. One possible way would be a joint review of the problem faced by the prospect. Another is helping the prospect imagine the projected benefits of owning the product.

Step 6

Handling Objections: It is in the last phase of the sales presentation step that the prospects start expressing doubts, or raising objections whether relating to price, need for more time to think, satisfied with the existing product/supplier or product quality claims.

These doubts or objections should be welcome and they should be answered with confidence. There is certainly no doubt that the prospect has to be thoroughly convinced that the product would satisfy his need. The ability of the salesperson of mind reading of the prospects, enables him to anticipate the prospect's objections and reactions.

The golden rules for handling objections are: (1) welcome the objection and show respect to the prospect, and (2) do not argue with the prospect. Even when the objections raised are half-backed or trivial in nature, the salesperson should handle the situation tactfully. Only in extreme necessity, should a salesperson ask the prospect to adequately explain his problem faced. Even under these circumstances courtesy should not be lost sight of, and while the discussion is on, the salesperson should start recounting the benefits of the product agreed upon, and lead the prospect to make a favourable decision. It should be remembered that handling objections sharpens the selling skills of the salespersons.

Step 7

Closing the Sale: Closing is that aspect of the selling process in which the salesperson asks the prospect to buy the product. There is a critical point during each presentation when the salesperson should ask for the order. Pending the location of the critical point, as the objections are being met, the salesperson should help reduce the choice of options, summarise the benefits of buying, and the consequences of not buying, and if need be, make use of the big idea appeal of buying 'now' at that moment.

The salesperson should have the ability of catching the buying signals given by the prospect and should act on them fast. Some such signals are changing the sitting/standing position and moving closer to the product; reading the instructions on the product; perusing the testimonials; showing hesitation in being able to afford; asking for another demonstration, if applicable; checking the warranty or asking questions relating to warranty terms. These signals, show that the time is ripe to start taking the order.

Step 8

Post-sale Follow-up: The selling process does not come to an end by writing the order. A few repetitions reassuring the benefits of the product keep the customer sold. Follow-up provides an opportunity to ensure that the product is being rightly used, and if necessary to re-explain the method of using, handling, and storing of the product when not in use. This builds favourable feelings and nurtures strong buyer-seller relationships. Post-sale follow-up not only reinforces the customer's confidence in the salesperson and his company but also tends to keep competition out. This also helps generate repeat business and valuable word-of-mouth publicity. The follow-up is a good source of feed back too.

Let us conclude this section by stating that although the eight steps of the selling process are essential in spirit, these may not always be followed. This could be partly the (1) the selling situation involved (e.g., in the case of insider order-taker or retail salesperson) the first three steps of the selling process are generally not applicable as the customer



walks into the store for buying a product, (2) the expertise of the salesperson (such that he can ignore or assume some information), or (3) the seller's market of the product where customers generally queue up for the product.

Let us also look at the findings of a study by Robertson and Chase on the subject. They point out that:

1. The more closely matched the physical, social and personal characteristics of the customer and salesperson, the more likely is the sale.
2. The more believable and trustworthy the customer, perceives a salesperson to be, the more likely is the sale.
3. The more persuadable a customer is, the more likely is a sale.
4. The more a salesperson can make prospective buyers view themselves favourably, the more likely a sale is.

Exercise 2

What general procedure should be followed when qualifying prospects? How can the key prospects for photocopying machines be identified and qualified?

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17.5 SALES PROMOTION

Of all the methods of promotion that constitute the promotion mix, sales promotion is the only method that makes use of incentives to complete the 'push-pull promotional strategy of motivating the salesforce, the dealer and the consumer in transacting a sale.

There is no single universally accepted definition of sales promotion. One can, however, gather its essence by perusing a few definitions. Let us look at some of the popular definitions of sales promotion.

According to **American Marketing Association**, sales promotion refers to

those activities other than personal selling, advertising and publicity, that stimulate consumer purchasing and dealer effectiveness, such as display shows and exhibitions, demonstrations, and various other non-recurrent selling efforts not in ordinary routine.

This definition suggests that sales promotion is a catch-all for all those promotion activities which do not fall clearly into advertising, personal selling or publicity.



Roger A. Strang offers a simpler definition:

Sales promotion are short term incentives to encourage purchase or sale of a product or service.

Yet another definition that seems fairly exhaustive, and hence, will be used in this unit is the one given by Stanley M. Ulanoff in his **Handbook of Sales Promotion**. Stanley defines sales promotion as

all the marketing and promotion activities, other than advertising, personal selling, and publicity, that motivate and encourage the consumer to purchase by means of such inducements as premiums, advertising specialities, samples, cents-off coupons, sweepstakes, contests, games, trading stamps, refunds, rebates, exhibits, displays, and demonstrations. It is employed as well, to motivate retailers', wholesaler; the manufacturer's salesforces to sell through the use of such incentives as awards or prizes (merchandise, cash and travel), direct payments and allowances, cooperative advertising, and trade shows.

It offers a direct inducement to act by providing extra worth over and above what is built into the product as its normal price. These temporary inducements are offered usually at a time and place the buying decision is made.

Summing up, Sales promotion deals with promotion of sales by the offer of incentives which are essentially non-recurring in nature. It is also known by the names of Extra-Purchase-Value (EPV) and Below-the-line selling.

Like in other market economies, the use of sales promotion is catching on in India. In terms of volume, the number of sales promotion schemes offered to the consumers alone have grown by over seven times in the first three years of the eighties as against the average in the seventies. The schemes offered at the dealer level also nearly doubled during the period 1978-79 and 1982-83. In terms of the expenditure incurred, the large size companies are stated to be spending between 40 and 50 per cent of their advertising and sales promotion budget on this activity.

Product group-wise, the major users of sales promotion are: tea, coffee and beverages, soaps, toiletries, detergents and washing soaps; toothpaste; textiles; food products and baby foods; household remedies; and consumer durables like fans, refrigerators, sound systems television and household appliances.

Among the various types of sales promotion schemes used contests at the consumer, dealer and salesforce levels have made a significant headway.

Why rapid growth?

A perusal of the list of the product groups which emerged as the major users of sales promotion, and from the market feel, it seems clear that a transformation from the seller's to the buyers' market is taking place and marketing has become more competitive in these product markets. In addition to **increasing competition**, other reasons for rapid growth of sales promotion in India, as pointed out ninety five large sized cooperating companies in survey are summarised below:

- sales promotion makes an immediate effect on sales
- measurement of the effectiveness of sales promotion is easier as against the other promotional methods
- channels of distribution are emerging as powerful entities and demand greater use of incentives to get desired results
- products are becoming standardised and similar, and so need increased support of non-price factors of which sales promotion is an important one
- impulse buying is on the increase, and so is the rise in the number of marginal, customers. With virtually no brand loyalty, offer of attractive schemes help manufacturers to induce such customers to choose their product.

17.6 SALES PROMOTION OBJECTIVES

As a powerful method of sales promotion with a capability to complement and supplement the advertising function of marketing, sales promotion helps marketers



realise a variety of objectives. These objectives could relate to the promotion of sales in general, or to a specific activity at a particular level i.e. consumer, dealer or salesforce. Some of the commonly attempted objectives are to:

- increase sales (in general, and focusing on new uses, increased usage, upgrading unit of purchase, winning sales of fading brands etc.)
- make the sale of slow-moving products faster
- stabilise a fluctuating sales pattern
- identify and attract new customers
- launch a new product quickly
- educate customers regarding product improvements
- reduce the perception of risk associated with the purchase of a product
- motivate dealers to stock and sell more (including complete product line)
- attract dealers to participate in manufacturer's dealer display and sales contests
- obtain more and better shelf space and displays
- bring more customers to dealer stores
- make goods move faster through dealers
- improve manufacturer-dealer relationship
- motivate salesforce to take the achievement higher than targets
- attract salesforce to give desired emphasis on new accounts, latent accounts, new products, and difficult territories
- reward salesforce for active market surveillance and for rendering superior customer service
- put power into the sales-presentation
- counter competitors sales-promotion and, marketing efforts
- provide punch to the company's advertising efforts
- build goodwill.

Companies may use anyone or a combination of the above objectives in varying form to suit the product-market needs of their product. What is of significance is that the sales promotion objectives set to be accomplished must be integrated with the promotion and marketing objectives pursued by the company.

17.7 SALES PROMOTION METHODS

Many methods of sales promotion are used by marketers. Depending upon the creativity level of their sponsors, their variety seems very large. We refer here to some of the most commonly used methods of sales promotion.

As noted above, the accomplishments of the desired promotion and marketing objectives ultimately depend on the extent of the desired response received from consumers, dealers and members of the salesforce. Hence various sales promotion methods are built around these three target groups. Further, in terms of the impact desired, the variety of sales promotion schemes offered are grouped into two categories: One, aimed at producing immediate impact, and the other delayed impact i.e. carrying on the impact over a period of time. Immediate impact schemes are those schemes where the consumer, dealer or salesperson gets the incentive on first contact, purchase or on performing a one-time act. On the other hand, under the delayed impact schemes, the consumer, dealer or salesforce is called upon to comply with the scheme over a period of time before receiving the full benefit of the scheme. Price discounts, free samples or large quantity packs are the popular examples of immediate impact schemes, whereas coupons, trading stamps, and contests are examples of delayed impact category of sales promotion schemes. Table 1 presents the variety of sales promotion schemes directed at the consumer, dealer and salesforce levels according to their grouping under immediate impact or delayed impact categories. The meaning and objectives of these schemes are given in Table 2.



Table 1 : Sales Promotion

Impact	Directed at			
	Users	Non-users	Trade/Suppliers	Salesforce
Immediate	* Price-off	* Price-off	* Discounts	* Perquisites & Allowances
	* Qty-off	* Sampling	* Shelfspace allowance	
	* Over-the-counter	* Over-the-counter		
Delayed/ over a period of Time	* Package Premium		* Gifts	* Gifts
	* Banded Premium		* Push Money	
	* Container Premium		* Posting of Salesforce	
Delayed/ over a period of Time	* In Prdt. Coupons	* Media/Door	* Merchandise Deals	* Sales Contests
	* Personality Premiums	* Coupons	* Coupons	* Honours and Recognitions
		* Return/Refund Offers	* Display Contests	* Customer Service Awards
		* Trading Stamps	* Co-op Allowance	
		* Self-liquidators	* Sales Contest	
		* Contests/Lucky Draws	* Training Sales Force/Privileges	

The format of this table is based on Donald W. Cowell's article on Sales Promotion and the Marketing of Local Government Recreation and Leisure Services, European Journal of Marketing, 18.2.

Table 2 : Sales Promotions: Meaning and Objectives

Sales Promotions	Meaning	Objectives
1 Price-off offers	Offering product at lower than the normal price	To encourage immediate sales, attract non-users, induce new product trial, counter competition, inventory clearance at the retail level, inventory build-up at the trade level.
2 Quantity-off offers	Offering more quantity of the same product at no extra cost or with a very nominal increase in the price of the larger quantity packs	To encourage more/longer duration consumption, higher or excess quantity movement from the factory, trade up consumer for higher quantity pack size.
3 Premium	Offer of an article of merchandise as an incentive in order to sell product or service. Its forms are:	To encourage purchase, stimulate loyalty, off-season sales promotion, induce trial of new product, ensures reach of premium to the consumer
a) Packaged Premium	When the incentive article is packed (inserted) inside the package of the product.	
b) Banded Premium	Where the premium article is banded to the package of the product say with cello tape etc.	Sampling new products, adding speed to slow moving products.
c) Over-the-counter (OTC) Premium	When the premium article is neither inserted inside nor banded to the product package but is given away to the consumer over the counter along with the product package	To counter competition, improve inventory clearance at the trade level
d) Container Premium	When the product itself is placed in an attractive and reusable container which serves as a gift.	As a durable reminder at home
e) Self-liquidating Premiums	Where the consumer usually is asked to pay a specified amount to liquidate or offset a part or full cost of the premium article or the scheme administration costs	To induce consumer to appropriate premium article, reinforce brand image, encourage more consumption enables sponsor to offer better quality premium
f) Personality Premium	Where the consumer is required to redeem a specified proof-of-purchase for the premium article. Proof-of-purchase may be labels, pack tops, bottle tops, corks, etc.	To build loyalty and reward the consumer for that to counter competitive offers



Sales Promotions	Meaning	Objectives
4 Coupons	When the consumer is entitled to redeem a specific standard certificate for a product/article free or in part payment. Coupons are used by both the manufacturer and the dealers for sales promotion. Coupons may be distributed by mail, by media advertisements, door-to-door, inside product package or by dealers on purchase.	To encourage product trial, build loyalty, trade-up regular users, stimulate re-purchase rate, solicit inquiries.
5 Refund offers	Offer of a refund of money to consumer for mailing in a proof-of-purchase of a particular product(s)	To induce trial from primary users, motivate several product purchases, obtain displays at the retailers, help retailers tie-in with other products, switch competing brand users to sponsor's brand, loading dealers with increased stock.
6 Trading stamps	Organised by Trading Stamp companies or large retailers. Trading stamps are a kind of discount coupons offered to consumers linked with the quantum of their purchase. On enough accumulation these are redeemable for various kinds of merchandise.	To encourage consumer loyalty to certain retail stores.
7 Consumer contests and Lucky draws	Where individuals are invited to compete on the basis of creative skills. The latter is based on the chance or luck factor.	To create brand awareness and stimulate interest in the brand, acquaint consumers with brand usage and benefits, build traffic at the store precipitate brand purchase, obtain consumer feedback, promote advertising theme of the company.
8 Dealer stock Display contests	It is a type of point-of-purchase advertising which uses the show windows of the dealers for providing exposure to the sponsor's products. Dealers participating enthusiastically and creatively are awarded.	To provide product exposure at the point of purchase, generate traffic at the store, infuse enthusiasm among dealers.
9 Dealer Sales contests	Where participating dealers are invited to compete in terms of the sales performance	To increase sales, buy dealers' loyalty, motivate dealers' staff to sell more.
10 Discounts	Other than normal trade and cash discounts	To push more sales to trade, early cash recovery
11 Trade Allowances	These are temporary price reductions/reimbursement of expenses incurred by dealers-in full or in part, its varied types are as under:	
a) Trade or Buying allowance	Offer of price reduction on purchase of specified quantity of a product	To load the trade
b) Buy-back allowance	A secondary incentive which offers a certain sum of money to trade for each additional unit bought over and above the deal.	To encourage trade co-operation and stimulate repurchase
c) Count and recount allowance	When a specific amount of money is offered after ascertaining the number of units sold during a specified period.	To move stocks faster, reward on sale only.
d) Merchandise (display) allowance	An allowance to trade for providing desired sales promotion and product displays	To create enthusiasm in trade, improve traffic and exposure at the point-of-purchase, gain larger space/effort of the trade in the promotion of sponsor's product as against the competitors.
e) Co-operative advertising & Promotion allowance	Wherein a manufacture shares at an agreed rate the advertising and promotional cost incurred by the dealer in the promotion of manufacturer's product.	To gain product and retail identity motivate dealers to promote manufacturer's product, obtain local advertising and promotion.
12 Dealer gifts	Offer of useful articles and attractive gifts to dealers for his personal, family or office use	To improve dealer relations, make impact on consumer scheme/contest offered



Sales Promotions	Meaning	Objectives
13 Premium or Push money	When an additional compensation is offered to trade or salesforce for pushing additionally a specific product or product line	To push a specific product or product line
14 Merchandise Deals (13 for 12)	Wherein additional quantity of the same or the same manufacturer's another product is offered to trade. May be offered jointly by non-competing manufacturers.	To load dealers with inventory, expose other products of the sponsor, encouraging dealers to sell more and early to realise their incentive.
15 Point-of-Purchase (POP)	Those special displays, racks, banners, exhibits, that are placed in the retail store to support the sale of a brand.	To attract traffic at retail store, remind customers, encourage impulse buying, ensure additional visibility to the advertising campaign.

* The format of this table is based on Donald W. Cowell's article on Sales Promotion and the Marketing of Local Government Recreation and Leisure Services. European Journal of Marketing, 18,2.

Though ideal for consumer goods, sales promotions are also used for promoting industrial-goods. The difference in the use lies in the types of schemes offered, and in the frequency of their offer. Sales promotion schemes offered to industrial customers, besides the usual gifts, price-off coupons and contests, include product demonstration, training to customer staff, offer of interest-free installment payment plan, ready and regular availability of repairs and spares, and posting of trained staff to assist/supervise in the working of the equipment in the client's premises, at the manufacturer's cost. The sales promotion schemes offered at the level of industrial distributors are: provision of extended credit, and provision of specialised sales/technical staff at the manufacturer's cost, besides the usual cooperative advertising and sales promotion, gifts, and organisation of distributors contests. The sales promotion schemes popularly used to motivate industrial salesforce are: prizes and awards on special achievements, sales contests, new accounts contests and prompt service awards.

Need for Orderly Management

In spite of the growth in the Sales promotion activity, one of the survey of the company practices revealed that the managerial efforts put in to manage this function were unsatisfactory. Use of adhoc approaches, neglect of sales promotion research, and lack of formal systems and procedures were found to be more prevalent in the case of 95 companies surveyed. Consequently, larger number of companies experienced less than expected success of their schemes. When asked specifically about forty per cent of the companies surveyed, admitted that one or more of their sales promotion schemes misfired during the last three years due to causes which could be categorised as:

- faulty administration
- failure to match the scheme to the objective
- lack of proper planning
- poor dealer relations
- lack of creativity.

17.8 PLANNING SALES PROMOTION

With growing competition at the marketplace and the need to realise full benefits of this unique method of promotion it is required that the perfunctory approach used in its management is stopped forthwith and the sales promotion function' is managed professionally. Systematic planning of this function should initiate the managerial process, The following steps are suggested for effective planning and management of the sales promotion function.

The **first step** is to assess and analyse the present situation of the brand in terms of market share, major competitors, and brand performance of brands users, non-users and lapsed users. This benchmark should then be related to the market size and the potential estimated. It will now pave the way for determining the role of sales promotion in effecting the desired change in the market share of the brand. The outcome of this exercise will be the availability of desired information to set measurable and attainable goals:



After the goals for sales promotion of the brand are set, the second step deals with the identification of the alternative schemes, and the selection of the most appropriate sales promotion scheme(s), capable of accomplishing the goal set, within the available budget.

The third step relates to incorporating creativity into the scheme to be offered. This is, making the scheme novel, attractive, and challenging from the viewpoint of its target group i.e. consumer, trade or salesforce.

The **fourth** step relates to legal validity of the sales promotion scheme to be offered. For example, before a consumer contest can be offered permission from the licensing authority of a State, usually, the Collector of the District is required under the Prize Competition Act, 1955. Similarly, with the amendment of MRTP Act and the incorporation of Unfair Trade Practices therein, the sponsor must ensure that their schemes do not attract the provisions of the Act. The recent judgements of the MRTPC against the Sales Promotion Schemes offered (by a leading footwear company of India relating to children footwear; a dentifrice company relating to the toothbrush offer; and of a popular fan company relating to announcement of special off-season reduction **in price**) point to the strong determination of the commission to protect consumers from unfair trade practices.

The **fifth** step covers primary decisions relating to timing and duration of the schemes to be offered, location-wise selection of dealers, and conviction of the trade and salesforce about the appropriateness of the scheme. It will be useful to quote here the findings of a recent study of Kenneth G. Hardy on Key success factors for manufacturer's sales promotions. The major findings are given in a tabular form below:

Sales Promotion Objectives	Key success factors	
	Consumer Promotions	Trade Promotions
1 Short-term volume objective	* Dual promotions (offer of trade promotions simultaneous with consumer promotions) * Salesforce (trade) support	* Trade support * Short promotion period * Offer of high level of incentives
2 Long-term market share objectives	* Salesforce support	* Dual promotions * Trade support
3 Building trade inventory objective	* Avoid competitive promotion * Salesforce (trade) support * Offer of high level of incentives to the consumer (and to the trade in case of dual promotions).	* Absence of competitive promotions * Trade support * Shorter-promotion period
4 Increase consumer Trial	* Salesforce (trade) support * Longer promotion period * Offer of higher level of incentives	* Dual promotions
5 Load the consumer objective (Situational)	* Salesforce (trade) support * High promotion cost-special advertising, p.o.p., etc.	

Other important decisions relate to scheduling for procurement of scheme related premiums, production of the brand, advertising, P.O.P. materials and other logistics related aspects.

The **sixth** step covers the development of the evaluation criteria **in** relation to the sales promotion goals set. The decision areas include what to measure, when to measure, how to measure and for how long to measure.

Effectiveness of Sales promotions is usually measured in references to sales achieved, cost effectiveness, redemption rate of coupons and trading stamps, turnover of special packs or special liquidators, number of entries received to the contest, etc. To do a good job special focus must be laid on measuring the incremental sales arising out of sales promotions. Before proceeding to the last two steps involved in management of sales



promotions let us take note of the select findings from the literature survey relating to the effectiveness of sales promotion. These are:

- Incremental sales are harder to get for high market share brands
- A coupon with a sample can be almost twice as effective as a coupon alone.
- High redemption rates can be very costly
- The earliest redemptions are the incremental sales
- Short purchase cycles mean shorter term effects.

At the sales promotion offer commences, the **seventh** step relates to monitoring the offer and collecting the relevant data and experience for future use as well as mid-period corrections.

The **eighth** and last step relates to evaluating the effectiveness of sales promotions in the context of their goals. Efforts must also be put into perfect the measurement methodologies, and in conducting researches on aspects like deal prone consumer, incentive scheme and gift selection factors, attitudes of trade and consumers towards the use of sales promotion schemes. Documentation of corporate experiences on sales promotions, the pitfalls in the existing systems and procedures, and the mishaps that occurred, etc., ultimately help in improving the state of the art of managing the sales promotion function professionally.

Exercise 3

The sales promotion manager of an established lower priced washing powder is planning the sales promotion programme for the next year. Suggest a suitable programme for his consideration.

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17.9 TOWARDS PROMOTIONAL STRATEGY

After gaining an understanding of the concepts, issues and decision areas relating to four methods of promotion-advertising, publicity, personal selling and sales promotion, let us recall the need for determining the promotion mix (discussed in Unit 15) and make few observations concerning the formulation of promotional strategy. You would recall that promotion constitutes one of the important elements of the marketing mix of a firm. Each firm has a need to perform its promotion (marketing communication) function effectively. Further each of the four promotion methods (discussed in this unit and in Unit 16) has its own unique place in the marketing communications mix of a firm. The question facing marketers, therefore, is not which promotion method to use to meet today's complex marketing tasks. Rather the real question is which promotion method should be emphasised, how intensively it should be used, and how it can be integrated with the other promotional methods.

Decisions on determination of promotion mix take us back to the promotion objectives which must emanate out of the marketing objectives of the firm. A promotional strategy aims at accomplishing the promotion objectives in the allocated funds and within a scheduled period of time.

Promotional objectives, generally speaking, relate to sales and the marketing communication tasks required to be performed as per the needs of the product market



scenario. Expressed in specific measurable terms these can be put as: increasing sales, improving market share, creating product awareness and comprehension, developing positive attitude of the public towards the product, building favourable image of the product, or gaining competitive advantage.

In this contest Leonard M. Lodish suggests a 'vaguely right' criteria, the relevant part of which is as follows:

Promotion Decision Area	Vaguely Right Criteria for evaluation
Advertising Budget	Changes in buyer behaviour—long term or short term—and its resulting profitability.
Media Planning	Changes in buyer behaviour per dollar
Promotion Management	Changes in buyer behaviour and resulting long and short term profits
Trade Promotion Management	Changes in buyer behaviour of the ultimate consumer
Consumer Coupons	Sales and profit changes (both short and long term) caused by the coupons

The extent of emphasis to be placed on the different promotion methods is determined by several variables. First, it is dependent on the promotional objectives. Next, on the characteristics of the target public their psychology, and the allocated funds. For example, a marketer of consumer durables in a metropolitan city like Delhi may use different means like advertising to create awareness and build comprehension. It would also require publicity which could be through press release on the contest technology backing his product. Sales promotion through demonstration, P.O.P. and offer of introductory price to encourage intentions would also be used and, definitely, personal selling to overcome objections offer conviction and precipitate purchase action would complete the promotion picture. Further, as revealed by Kenneth G. Nardy, for achieving the objectives of, for example, loading the consumer with larger supplies, and some can see that it is require that all the methods of promotion be approached simultaneously in terms of objectives to be achieved. Attaining synergistic advantage arising out of the use of different promotional methods is the hall-mark of an effective promotional strategy.

17.10 SUMMARY

In this unit we discussed the nature, role, types and the planning process involved in personal selling and sales promotion methods of promotion. Personal selling is a direct person-to-person selling and promotion method. The specific role and goals of personal selling vary from firm to firm depending upon nature of goods marketed, distribution system used, and the sales strategy adopted by a firm. The changing market environment calls upon the salesforce to transform itself in order to perform a more creative role.

Based on the degree of creativity required, McCurry classifies the sales positions into seven types-merchandise deliverer, inside order-taker, outside order-take, missionary sales person, sales engineer, tangible product seller and intangible product seller. To accomplish the job of making a sale satisfactorily, a salesperson should follow the basic elements of the selling process. These are: preparation, prospecting, preapproach, approach, sales presentation, handling objections, closing the sale and post-sale follow up. An understanding of each element helps a salesperson in developing skills necessary for successful selling.

Sales promotion, of late, has emerged as one of the more popular methods of promotion in the case of consumer goods. Stated simply sales promotion deals with offering something extra as an incentive to motivate an early purchase. Sales promotions can be offered at the level of the consumer, trade and salesforce. Sales promotions aid in achieving both the push-pull elements of a promotion strategy. Sales promotion schemes used to attain consumer pull include free samples, price-offs, premium give



aways, coupons and contests. Schemes offered for gaining the push cover promotional allowances, gifts, discounts, cooperative promotions, contests and awards and rewards. To save a sales promotion programme from getting misfired, it should be planned and managed in a systematic manner.

Promotion is an important marketing function of each firm. And, rare will be a firm which makes use of only one promotional method. The commonality in the ultimate goal of all the promotional methods apart, their limited suitability in influencing only a specific part of the consumer adoption process calls for the need to use the promotional mix in an integrative manner. Given the complexities in the management of the promotion function and its vulnerability to failure, it is desired that the function be managed professionally.

17.11 KEY WORDS

Bounce Back Offer: An additional offer made with an earlier self-liquidating premium offer on a usually related product.

Canned Presentation: A structured sales presentation made of an inflexible nature.

Cold Canvassing: Door to door conviction and sale of products.

Contest: A competition based on skill in which prizes are offered. Sometime also used for referring to competition based on chance.

Dealer Loader: A premium given to a dealer in return for an order of a specified value. This could take the form of a merchandise deal, price deal, gifts to dealers, or a combination of these.

Hostees Gift: A gift given to a housewife who provides for a product demonstration to be conducted in her home.

Lead: Name of an individual or organisation who might be a prospect.

Prospect: A lead who can both benefit from the use of the product and afford to buy it.

Point-of-Purchase Promotion (POP): A sales promotion method using window display and other display materials aimed at attracting customers to store and also encouraging the retailers to push displayed products.

Price Deal: Short-run price decrease.

Proof of Purchase: A bottle cork, box top, pack flap, label, coupon, cash memo of a product which qualifies a customer to receive a premium or refund.

Prospecting: The step during which probable customers are found for the product or service.

Referral Premium: A premium offered to a satisfied customer, who refers the seller to another person who purchases the product or service. It is also called use-the-user premium plan.

Trade Promotion: Sales promotion activities directed at the wholesaler and retailer levels.

Traffic Builder: Low cost premiums offered free as an inducement to visit a store. Also includes the organisation of product demonstration or unique display of products.

Window Display: A display placed in the window of a retail store facing outside to attract the attention of the passersby.



17.12 SELF-ASSESSMENT EXERCISES

A) Check whether the following statements are True or False

Statement	True	False
1 Personal selling provides marketers with greatest opportunity to adjust a message to satisfy customers' information needs.	<input type="checkbox"/>	<input type="checkbox"/>
2 The personal selling process begins with approaching the customer.	<input type="checkbox"/>	<input type="checkbox"/>
3 An important function of the technical sales person is to provide advice to the application of the product.	<input type="checkbox"/>	<input type="checkbox"/>
4 Missionary salesperson is a position where salesperson build goodwill and educate the consumer while taking orders and selling the firm's goods and services.	<input type="checkbox"/>	<input type="checkbox"/>
5 Getting the order is called closing the sale.	<input type="checkbox"/>	<input type="checkbox"/>
6 Objections tell the salesperson how far away the sale.	<input type="checkbox"/>	<input type="checkbox"/>
7 Sales promotion tends to be used to build up brand loyalty.	<input type="checkbox"/>	<input type="checkbox"/>
8 The short-term trade promotion used frequently with the introduction of a new product is a buying allowance.	<input type="checkbox"/>	<input type="checkbox"/>
9 Consumer sales promotion schemes stimulate trade to carry a product and promote it aggressively	<input type="checkbox"/>	<input type="checkbox"/>
10 Sales promotion activities are only appropriate when directed at the salesforce level.	<input type="checkbox"/>	<input type="checkbox"/>

B) Tick the Most Appropriate Answer

- 1 Creative selling, which requires a salesperson to recognise the potential buyer's need and then to provide the prospect with the necessary information, is performed by sales position called
 - a) order-taker
 - b) missionary salesperson
 - c) technical salesperson
- 2 Learning about the potential buyer, the buyers' purchasing process and needs, and anything else that could be helpful in the selling process is the activity of:
 - a) the approach
 - b) the preapproach
 - c) qualifying
- 3 The most effective short-term sales promotion incentive results from
 - a) price-off
 - b) coupons
 - c) premiums
 - d) contests
- 4 In establishing sales promotion objectives, marketers
 - a) focus on consumers
 - b) focus on trade
 - c) concentrate on activities that will increase consumer demand
 - d) align objectives with the overall 'organisation' objectives
- 5 The most effective sales promotion scheme to use in the product information is:
 - a) demonstration,
 - b) push money,
 - c) samples,
 - d) coupon,
 - e) contest.



Key to Self-assessment Exercises

- A) 1 (True), 2 (False), 3 (True), 4 (False), 5 (True), 6 (True),
7 (False), 8 (True), 9 (False), 10 (False).
B) 1(b), 2(b), 3(a), 4(b), 5(c)

17.13 FURTHER READINGS

Philip Kotler ^o *Marketing Management, 11th edition* 2002, PHI- New Delhi

P.K.Sahu, K.C.Raut, *Salesmanship and sales Management*, 3rd edition, Vikas
Publication, New Delhi