
UNIT 17 PERSONAL SELLING AND SALES PROMOTION

Structure

- 17.0 Objectives
- 17.1 Introduction
- 17.2 Importance of Personal Selling
- 17.3 Situations Conducive for Personal Selling
- 17.4 Types of Selling Jobs
- 17.5 The Selling Process
- 17.6 Qualities of a Good Salesperson
- 17.7 Sales Promotion
- 17.8 Sales Promotion Objectives
- 17.9 Sales Promotion Methods
- 17.10 Let Us Sum Up
- 17.11 Key Words
- 17.12 Answers to Check Your Progress
- 17.13 Terminal Questions

17.0 OBJECTIVES

After studying this unit, you should be able to:

- explain the nature and role of personal selling and sales promotion;
- list different types of selling jobs and qualities of a good salesperson;
- describe the steps involved in the selling process;
- discuss the process involved in planning sales promotions; and
- explain the methods of sales promotion.

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.

You have already studied that promotion mix consists of four components, viz., personal selling, advertising, publicity and sales promotion. This unit discusses in detail two components i.e., Personal Selling and Sales Promotion.

17.2 IMPORTANCE OF PERSONAL SELLING

The increase in complexity of products has increased the importance of personal selling. Manufacturers of highly technical products such as computers, electronic typewriters, digital phones, microwave, kitchen appliances, remote control equipments, etc. depend more heavily on personal selling than do grocery or toiletry products manufacturers.

Ever growing competition from domestic and foreign sources have also increased the importance of sales persons in the marketing effort of a firm. In personal selling company's sales persons are often referred to as sales representative, salesman or sales girl. They remain on the company's payroll or work on commission basis or both, to push the product in the market by positively motivating the prospective customer through oral presentation or demonstrating the product.

Customers want all sorts of goods and services but inertia may keep them from buying. Sales efforts stimulate the consumption process by reducing people's inherent reluctance to make purchase decision. In fact sales persons act as catalyst in the market place. When the nature of the product is such that the buyer needs special information in order to use it properly, sales representative acts as a consultant to consumer, to apprise him of products technicalities and usage.

In case of industrial products, the promotion mix mostly consists of person selling rather than advertising. Being high value and complex product, personal contact with the customer is essential to convince him of the product's quality and utility. On the other hand, consumer product companies use personal selling together with advertising, to influence prospects to try their brand. But personal selling in this case cannot substitute for advertising, it can only be used tactically to intensify marketing effort, mainly because it is expensive.

Personal selling is more effective during product launching stage. For example McDowell, used personal selling tactics during launching of soft drink "SPRINT" in Delhi. Similarly Eureka Forbes, a manufacturer of appliances which includes vacuum cleaner and a number of home care appliances, adopted personal selling for its premium product vacuum cleaners. Since the vacuum cleaner is a high value product and the concept was fairly new to the Indian market at the time of its launch, demonstration was necessary to convince buyers, and personal selling successfully achieved this. Other Companies e.g. Johnson and Johnson for its product in the so called 'embarrassment' category, like sanitary napkins or contraceptive used personal selling successfully.

During the product launching stage companies selling products like Richbru Coffee, Signal Toothpaste, Surf, Dalda etc. utilised personal selling efforts.

The importance of Personal Selling in the Indian context stands out due to the following factors:

- 1). In the absence of the availability of all India media many companies find it expedient to extensively use personal selling to achieve their promotional objectives.
- 2). Companies which cannot afford a large outlay for advertising on a regular basis also find personal selling a more reliable method.
- 3). The vast network of our distribution system needs the support of the manufacturer sales force for market combing as well as development.
- 4). Low levels of literacy and lack of adequate customer education regarding

various products, make personal selling a very effective method in product adoption particularly in the rural markets.

- 5) Orientation of Indian consumers is such that they want the best value for their money, owing to high marginal value of rupee, which necessitates personal selling.

The factors discussed above individually or in combination make personal selling an integral part of the communication mix of the company.

17.3 SITUATIONS CONDUCTIVE FOR PERSONAL SELLING

In certain marketing situations, personal selling provides an effective and efficient solution to most of the selling problems. However its economic efficiency relative to other element of the marketing mix needs to be thoroughly appraised.

Now we will discuss some of the situations when personal selling in a company becomes more relevant.

1) Product Situation: Personal Selling is relatively more effective and economical in case:

- a) A product is of a high unit value like photocopying machine, computers etc.
- b) A product is in the introductory state of its life cycle and requires creation of core demand.
- c) A product requires personal attention to match specific consumer needs e.g. insurance policy.
- d) A product requires demonstration e.g. most of the industrial products.
- e) A product requires after-sales service.
- f) A product has no brand loyalty or very poor brand loyalty.

2) Market Situation: Personal selling situation can be best utilised when:

- a) A company is selling to a small number of large-size buyers.
- b) A company sells in a small-local market or in government or institutional market.
- c) Desired middlemen or agents are not available.
- d) An indirect channel of distribution is used for selling to merchant-middlemen only.

3) Company Situation: Personal selling is relatively more effective and economical when:

- a) The company is not in a position to identify and make use of suitable non-personal communication media.
- b) A company cannot afford to have a large and regular advertising outlay.

4) Consumer Behaviour Situation: Personal selling is more effective when:

- a) Purchases are valuable but infrequent.
- b) Consumer needs instant answers to his questions.
- c) Consumer requires persuasion and follow-up in the face of competitive pressures.

Check Your Progress A

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 reasons for their doing so.

17.4 TYPES OF SELLING JOBS

From the foregoing discussion you have learnt that while sales as a function has a common purpose, that is, to effect sales, the selling situations differ 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 difference, 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:

- 1) **Merchandise Deliveries:** The sales person, whose primary job is to deliver the product usually against routine orders—popularly called sales and delivery boys.
- 2) **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 salesmen.
- 3) **Outside Order-taker:** The salespersons engaged in the task of taking orders from the resellers. They normally do not use hard selling approach for taking orders.
- 4) **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.
- 5) **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. This type of salesperson is popularly called Technical Salesperson.
- 6) **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.
- 7) **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 Salesprson’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 and the goals. 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 guidline to keep himself in the right direction.

17.5 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 17.1. A salesperson must become accomplished at performing the selling steps. These steps are explained below.

Reassure customers on the correctness of their decision. Check whether the order was filled and delivered when promised. Make certain the product is properly installed, used and serviced.		POST SALE 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.	

Figure 17.1: Steps in the Selling Process

Source: Ralph M. Gaedeke and Dennis H., Tootelian, Marketing Principles and Applications, 1983. p. 436 (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 proces) 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 process 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, making an impact on him. For the former, referrals of reliable persons known to prospects, calling 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.

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, 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, satisfaction 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-baked or trivial in nature, the salesperson should handle the situation tactfully. 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 feedback 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 because of (i) 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, (ii) the expertise

of the salesperson (such that he can ignore or assume some information), or (iii) 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.

Check Your Progress B

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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17.6 QUALITIES OF A GOOD SALESPERSON

Some people say salesmen are born salesmen, while other believe that training can help in making good salesmen.

Irrespective of these opinions, good salesman has certain qualities and abilities as a result he is able to perform better than others. In this section we would discuss qualities of a good salesperson.

Philip Kotler has identified two basic qualities of a good salesperson namely, empathy and persuasion. But others have listed more. Some of the qualities of a good salesperson are as follows:

- 1) **Ability to estimate customer's needs and desires:** He is alert and quickly determines what the customer wants and the best way to sell.
- 2) **Ambition:** He likes to do a good job and is interested in getting ahead with your company.
- 3) **Appearance:** Appearances mean a lot today and the successful salesman is neat and organised. He presents himself well in person. Also, he keeps his desk, books and manuals neat and ready for use.
- 4) **Business Sense:** He understands that you are in business to make a profit and quickly learns the ins-and-outs of your organisation.
- 5) **Courtesy:** He reveals a sincere desire to help customers and treats them as guests even when he visits their places of business.

- 6) **Creativeness:** Imagination, vision and the ability to create ideas make your man dynamic.
- 7) **Curiosity:** He wants to learn all he can about his job, his products and his customers.
- 8) **Enthusiasm:** There is nothing that can drain away a prospect's buying interest more than a half-dead salesman. Dullness should be left at home. A salesman must radiate enthusiasm during and after the sales call.
- 9) **Figure Sense:** He should have the mathematical ability to figure and fill up order form correctly and to make the necessary reports.
- 10) **Flexibility:** A good salesman is able to adapt himself to a variety of customers. Each contact may require adapting the sales talk, speech habits and even appearance.
- 11) **Friendliness:** A salesman should be able to make people like him and he must like to meet people.
- 12) **Handwriting:** He must write legibly so that his paper work can be readily understood by his office people and by his customers.
- 13) **Health:** Good health generates energy and energy is needed to sell. Poor health prevents many salesmen from fulfilling their potentials.
- 14) **Integrity:** A salesman must be trusted to do his job well. He cannot help but be successful when his customers trust him.
- 15) **Interest in his job:** He likes selling and working for your company.
- 16) **Knowledge:** In some business, an applicant must also have a thorough knowledge of the highly specialised products or services his employer offers. In some cases, this knowledge can be gained only by years of experience.
- 17) **Loyalty:** He must be able to impress upon his customers the idea that his company is the best in the business.
- 18) **Mental abilities:** He has the intelligence to understand your products and those of your competitors. He must know how to use words, to understand and direct people and to remember names and faces. He should also be able to understand prospective customers and know how to act under varying conditions.
- 19) **Motivation:** He must have more than just an interest in selling. Psychologists have found certain predominant patterns in men who have become really successful salesmen. They live in the present and not in the future. They do want power over others and prefer not to work under close supervision.
- 20) **Originality:** He is constantly searching for new ideas to be used in selling your products and will suggest better ways of doing things.
- 21) **Persuasiveness:** Very few products of any type actually sell themselves. They must be sold. Your man must have the ability to get people to agree. There are situations when persuasiveness may vary keeping in view the consumer's response.
- 22) **Poise:** His maturity is reflected in his behaviour. He should be positive and confident, energetic and businesslike. He should be able to demonstrate to your customers that he knows what he is talking about.
- 23) **Self-control:** He can handle difficult people and situations calmly.
- 24) **Self-starter:** Your man works well without constant supervision and is able to make decisions on his own.
- 25) **Speech:** He can speak clearly and maturely in a natural tone. He can emphasize sales points with sincerity and friendliness.

Check Your Progress C

State whether following statements are true or false.

- i) Personal selling provides marketers with greatest opportunity to adjust a message to satisfy customers' information needs.
- ii) The personal selling process begins with approaching the customer.
- iii) An important function of the technical salesperson is to provide advice on the application of the product.
- iv) Missionary salesperson is a position where salesperson builds goodwill and educates the consumer while taking orders and selling the firm's goods and services.
- v) Getting the order is called closing the sale.

17.7 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 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 at 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.

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, music systems, televisions 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 are summarized 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.

17.8 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.

17.9 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 desired impact, 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, trade stamps, and contests are examples of delayed impact category of sales promotion schemes. Table 17.1 represents 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 17.2.

Table 17.1: Sales Promotion Methods

Impact	Directed at			
	Users	Non-users	Trade/Suppliers	Salesforce
Immediate	* Price-off	* Price-off	* Discounts	* Perquisites & allowances
	* Qty-off	* Sampling	* Shelf space allowance	
	* Packaged Premium	* OTC Premium	* Gifts	* Gifts
	* Banded Premium		* Push Money	
Delayed/ over a period of time	* Container Premium		* Posting of Salesforce	
	* OTC Premium			
	* In Product Coupons	* Merchandise Deals	* Sales Contests	
	* Personality Premiums	* Coupons	* Display Contests	* Honours and Recognitions
		* Return/ Refund Offers	* Co-op Allowance	* Customer Service Awards
		* Trading Stamps	* Sales Contest	
		* Self-liquidators	* Training Sales Force/Privileges	
		* Contests/Lucky Draws		

* 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 17.2: Sales Promotion Methods: Meaning and Objectives

<i>Sales Promotions</i>	<i>Meaning</i>	<i>Objectives</i>
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 competitively offers.
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.

<i>Sales Promotions</i>	<i>Meaning</i>	<i>Objectives</i>
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 type of point-of-purchase advertising which used 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 recover.
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 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 their personal, family or office use.	To improve dealer relations, make impact on consumer scheme/contest offered.

<i>Sales Promotions</i>	<i>Meaning</i>	<i>Objectives</i>
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 instalment 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 include: 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.

Check Your Progress D

State whether the following statements are true or false.

- i) Sales promotion tends to be used to build up brand loyalty.
- ii) The short-term trade promotion used frequently with the introduction of a new product is a buying allowance.
- iii) Consumer sales promotion schemes stimulate trade to carry a product and promote it aggressively.
- iv) Sales promotion activities are only appropriate when directed at the salesforce level.

17.10 LET US SUM UP

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-taker, missionary salesperson, 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 these elements 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 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. 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, 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.

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 passerby.

17.12 ANSWERS TO CHECK YOUR PROGRESS

- | | | | | | |
|----|-----------|------------|-------------|------------|----------|
| C. | (i) True | (ii) False | (iii) True | (iv) False | (v) True |
| D. | (i) False | (ii) True | (iii) False | (iv) False | |

17.13 TERMINAL QUESTIONS

- 1) Is personal selling equally relevant in all situations? Discuss with the help of examples.
- 2) Discuss the steps involved in the selling process.
- 3) Explain the qualities required for a good salesperson.
- 4) What do you understand by the term Sales Promotion? What are the various objectives which marketers attempt to achieve through sales promotion?
- 5) Discuss the various sales promotion schemes directed at consumers, giving suitable examples.
- 6) Explain the meaning and objective of trade allowance.