

Module- 3

Sales force Motivation and Compensation: Nature of motivation, Importance, Process and factors in the motivation, Compensation-Meaning, Types of compensation plans and evaluation of sales force by performance and appraisal process. Sales management job: Standard sales management process-international sales management -international market selection market survey approach or strategy.

- MODULE- 3**SALESFORCE MOTIVATION AND COMPENSATION**

Motivation is the word derived from the word 'motive' which means needs, desires, wants or drives within the individuals. It is the process of stimulating people to actions to accomplish the goals.

Motivation is the process that produces goal-directed behavior in an individual. It helps to initiate desired behavior in an individual and direct it toward the attainment of organizational goals.

SALES FORCE MOTIVATION:

Motivation is the effort salespeople want to make to complete various aspects of their jobs.

Motivation is the inner feeling to work better to achieve best result. It is desire to do better than the best. $\text{Performance} = \text{Ability} \times \text{Motivation}$

NATURE OF MOTIVATION

1. The meaning of the word motivation is to move or activate. Motivation is an internal feeling and an energetic force within salespeople that drives them to behave in a certain way. It produces goal-directed action harnesses human energy towards the goals of the sales organization.
2. The higher is the level of inducement, the higher is the likelihood of an individual contributing the organization.
3. Motivation has a system orientation, which means that the goal of the individual is shaped by the forces within the individual and its interaction with the surrounding environment.
4. If goal-directed action always leads to a certain rewards, the individual is likely to repeat the same action again and again. But if the goal-directed action does not lead to any expected reward the individual is less likely to pursue this action with similar intensity.
5. Motivation is complete process in which needs get satisfied and generated newer and modified needs. Motives are hypothetical constructs,, which Can be observed in some situations. Many times, one can find out the reasons why salespeople work overtime. The reasons may be either monetary benefits or observable financial rewards, and it may also be the intrinsic motivation that guides the individual for over commitment.
6. Motivation is a unending process.
7. It is concerned with each and every individual of organization .
8. Motivation leads to the Goals It works as a unifying Motivation may be positive or Negative .Motivation may be Financial or Non-financial

9. Motivation is a Goal directed behavior

10. Motivation is a Related to satisfaction

IMPORTANCE OF SALES MOTIVATION

- Sales organization is made of human beings working at different levels and every organization needs people in order to function.
- Employees in organization possess a huge amount of information based on the experience about structures and processes of the sales organization and market.
- The success of the sales organization depends on the ability and the style of functioning of the sales manager to motivate the sales people to achieve organizational goals. □ The nature of the job itself is a strong source of demotivation and the sales manager has to keep salespeople continuously motivated for achieving organizational goals.
- Efficient salespeople possess good knowledge about their job and can sell goods and services to the satisfaction of the customers.
- Unique nature of sales job
- Changes in market environment.
- Individuality of sales people
- Diversity in company goals

PROCESS OF MOTIVATION

Motivation is a process or cycle aimed at accomplishing some goals. The basic elements included in the process are motives, goals and behaviour. A brief mention of these follows:

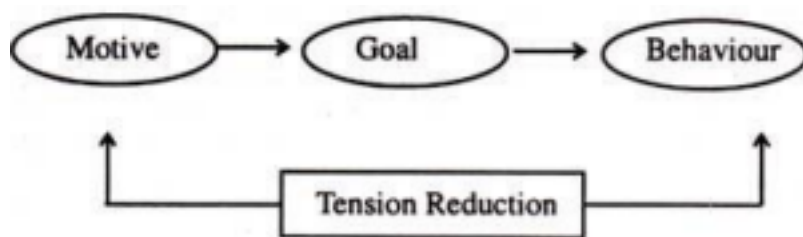


Fig. 17.1: Motivation Process

1. Motives:

Almost all human behaviour is motivated. It requires no motivation to grow hair, but getting a hair cut does. Motives prompt people to action. Hence, these are at the very heart of motivational process. Motives provide an activating thrust towards reaching a goal. The examples of the needs for food and water are translated into the hunger and thirst drives or motives. Similarly, the need for friends becomes a motive for affiliation.

2. Goal:

Motives are generally directed towards goals. Motives generally create a state of physiological or psychological imbalance. Attaining goals restores balance. For example, a goal exists when the body of the man is deprived of food or water or one's personality is

deprived of friends or companions.

3. Behaviour:

Behaviour is a series of activities to be undertaken. Behaviour is directed to achieve a goal. For example, the man goes to saloon to cut his hair. Diagrammed simply, the cycle or process of motivation

FACTORS IN THE MOTIVATION

• **Changes in marketing environment:**

The Marketing Environment includes the Internal factors (employees, customers, shareholders, retailers & distributors, etc.) and the External factors(political, legal, social, technological, economic) that surround the business and influence its marketing operations. Changes in the economic and social environment, changes in the consumer preferences, changes in the strategies of the competitor, changes in the technology, etc. are such environmental changes which affect the marketing operations of the company

• **Conflicting company objectives:**

Conflicting goals are goals that block other's implementation. Explanation: For example, A person has multiple goals set out in mind. But certain goals are intermixing and becoming a hindrance to one another. They are called conflicting goals. When a business grows in size, its objective may change from just earning profit to increasing its market size and making greater sales of its units produced. ... On the other hand, if the business faces falling profits, it may try to reduce its costs or increase its revenues to regain profit levels.

• **Unique nature of the sales job:**

selling has become more difficult in recent years due to changes in technology and general access to prospects. While the sales process refers to a systematic process of repetitive and measurable milestones, the definition of the selling is somewhat ambiguous due to the close nature of advertising, promotion, public relations, and direct marketing. Many believe that the focus of selling is on the human agents involved in the exchange between buyer and seller. Effective selling also requires a systems approach, at minimum involving roles that sell, enable selling, and develop sales capabilities. Selling also involves salespeople who possess a specific set of sales skills and the knowledge required to facilitate the exchange of value between buyers and sellers that is unique from marketing and advertising

• **Separate motivational package:**

To get the maximum performance from your staff, offer reward packages as motivation. Employee reward and recognition programs need to be ongoing to be effective. If you offer only sporadic rewards, then employees become frustrated rather than motivated. An effective rewards program can improve productivity, raise employee retention and cause a rise in

customer satisfaction. Develop a rewards program to get you the production results you need.

- **Relationship between co-workers**

Workplace is all about people working together to achieve a uniform goal, so it's important that all the co-workers respect each other and never show disrespect towards each other. If employees have good understanding of the work other perform and how their duties are adding value to the organization then it is easier to create a workplace where respect and responsibility prevails. Good relationship between employees also decreases the stress level and employees feel more relaxed at workplace.

- **Leadership role at workplace.**

Leader plays a key role in maintaining a conducive work environment. The leader should understand how to deal different employees. It is imperative on the leaders that he should respect the employees and this would make others take a leaf out of his book and this would help in prevailing a culture of mutual respect and honor.

- **Managing Conflict at Workplace**

Whenever people from different background or group of people work together then there are chances that a conflict will arise. So it's important to manage the conflict in a way that it will not affect the environment of the workplace. Management shall make such policies and guidelines that help in resolving conflicts at its earliest and in the most soothing way.

- **Workplace incentives**

Incentive where are on achieving financial results for the company are important, on the other hand they could very well be on how well on maintains him/herself at workplace and add to the serenity of the organization. Someone who promotes the notion of one organization adds calmness and shows respect, performance characteristics that are not material.

- **Workplace Culture**

The Organizational Culture dictates the norms and behaviors that people depict while at work. Work culture engulfs everything at work from way people enter the office to the way they leave, the way they dress to the way they eat, it's how one does things at work, they could be official or non-official, but it impact deeply on the organization, and motivation people show. A culture of knowledge sharing, helping each other, communication, respect, one that has the flexibility to absorb mistakes will have more motivated staff than one where mistakes are not tolerated, one where layers of structure exist that hinder communication and knowledge sharing.

COMPENSATION

- It is the financial and non-financial method of rewards to the salesperson .
- Meaning of compensating sales force Compensating sales force means giving monetary and non monetary benefits in return for the services rendered by sales force. The basic sales force compensation elements are salary , commission , bonus, fringe benefits or any combination of

these.

- The direct compensation package of salesperson thus consists of the basic pay + allowances covering all travel and entertainment expenses etc. In case, the salesman has to stay overnight, his boarding and lodging allowances are also provide for. All the above expenses needless to say, are budgeted and controlled as per the salesman's route and cycle of travelling. The Medical Representative is normally required to present necessary vouchers to get his expenses reimbursed. The basic salary and other allowances are revised from time to time. They also increase with promotion of the salesman. More important than the basic salary are the other benefits made available to the salesman

According to Phillip Kotler “ A sound sales compensation plan must have three elements:

- Attract skilled and well Motivate sales persons personnel towards organization ▪ Motivate sales persons
- Retain efficient sales persons in the organisation.”

These constitute the current spendable income, future income, profit sharing, retirement, etc.

Non-Financial benefits

There are rewards that do not directly involve money. These include promotions, recognition, programmes, personal growth and development, security, sales contest, and expense accounts.

TYPES OF COMPENSATION PLAN

A. FINANCIAL COMPENSATION

- 1.**Straight Salary plan:** In this compensation plan, close supervision of sales force is required. It does not distinguish between efficient and inefficient salesman as both get fixed salary. This method provides no incentives to sales personnel. It lacks motivational effects. Salesmen and management know about the amount of salary in advance so both can plan their financial activities for future easily. Easy to understand and it involves less calculations. Provides maximum security and stability of earnings to the salesman.
- 2.**Straight commission plan:** compensation method in which only a percentage of the sales volume, but no fixed salary, is paid. The amount received by a salesperson is a function of his or her performance (and not of actual time worked) reflected in sales volume. This method is used where the objective is to (1) generate maximum short-term sales revenue at the lowest overhead cost, or (2) to employ independent sales-representatives instead of permanent sales staff. See also straight salary plan.
- 3.**Bonus and Incentives:** bonus is non-guaranteed and usually on-the-spot (ie just after the accounting leading to its payment). An incentive is a plan which is forward-looking. Payment is tied to the achievement of specific objectives that have been pre-determined and communicated to the employees that are on the plan. Additional pay (above and beyond the base salary or wage) awarded to an employee, such as stock options or a contingent bonus plan, that is 'forward looking'. Bonus: Plans that award cash or other items of value, such as stock (or stock options), based on accomplishments achieved.
- 4.**Salary plus incentive plan** (combination plan): This plan is designed to avail the advantages

and remove the disadvantages of both salary plan and commission plan. Salary plus commission method may take any of the following two forms:-

- **Salary + commission on total sales** :In this method , the commission is paid on total sales affected by the salesmen
- **Salary +commission on sales over and above the quota** :In this , a minimum quota is fixed for each salesmen. No commission is paid until the salesmen crosses this sales quota. So the salesmen will be entitled to commission only on sales over and above sales quota fixed for him.

Commission Plan In this remuneration plan , sales force is paid according to their performance, efficiency and productivity. This plan pay fixed or floating rate of commission on the sales volume achieved by the salesman. Commission can be paid on the basis of sales volume, sales value ,profits collections , order size etc. If sales level achieved by a salesman is high , then he will paid more commission ; and if sales level achieved is low , then he will be paid less.

6.Draw against commission:A **draw** is a simply a pay advance against expected earnings or commissions. **Sales** commission structures are usually designed to give an employee some control over how much they earn during a certain time period. It adds a direct incentive to performance: The more you sell, the more money you'll make.

B. NON-FINANCIAL COMPENSATION

1. **Promotions:** Sales promotion is the process of persuading a potential customer to buy the product. Sales promotion is designed to be used as a short-term tactic to boost sales – it is rarely suitable as a method of building long-term customer loyalty. Some sales promotions are aimed at consumers

2. **Recognition programmes: Sales Recognition Awards and Programs. ...**

Money is a powerful incentive, of course, but when resources are limited, executives and **sales** managers must find other ways to reward salespeople. Tangible **recognition** awards are the answer, tailored to your organization.

3. **Fringe benefits:** Fringe benefits include retirement benefits, pension plans, paid leave, study leave, maternity leave, car facility, medical facilities, etc. Fringe benefits are given to all employees working at the same level, and these do not vary with their job performance. Fringe benefits helps to increase job satisfaction, and prevent job dissatisfaction

4. **Perks:** Companies offer **perks** short for perquisites to reinforce their workplace culture, but also to attract and retain workers. **Perks** are defined as goods, services or opportunities that aren't part of salary or wages but have value. **non-monetary perks to consider adding to your benefits package:**

- Flexible Schedules and **Working** Arrangements. ...
- Health and Wellness Programs. ...
- Career Development. ...
- Concierge Services. ...

- Affordable **Perks**, Big Dividends.

5. **Sales Contests:** A **sales contest** is a motivational program in which rewards are offered to **sales** people based upon their **sales** and/or results. There are three types: Direct competition — the **sales** people compete against each other and there is one winner. Team competition — there are teams which are rewarded collectively for winning.

PERFORMANCE EVALUATION:

- Performance evaluation :- Evaluation is to measure the performance of sales persons. A important process which enhances the way organization is managed& provides recommendation for further improvements. Take steps to further improvement.
- Setting objective Actual work done Comparing actual work with objectives set feedback Steps to improve
- It constitutes ‘comparing objectives with results. • It is a critical function. •provides recommendation for further improvements.
- Provide feedback

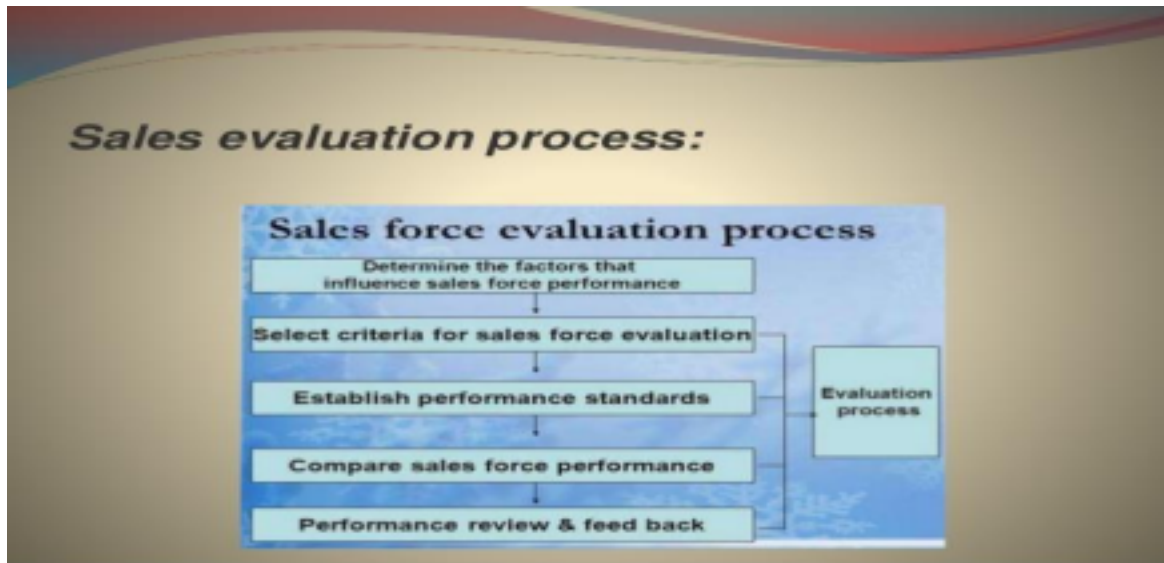
PURPOSE:

- It is vital for an organization to evaluate the performance of sales force consistently & frequently, so that it would be able to close deal quickly & move to the next one.
- To monitor the performance & ensure that it is in alignment with corporate goals & objectives.
- To provide information for effective human resource plan
- To identify criteria that that can be used to recruit & select sales people in the future. ▪

To motivate sales people

- To keep track on progress

EVALUATION OF SALES FORCE BY PERFORMANCE APPRAISAL PROCESS



1. Determinants of sales force performance:

Changing dynamics of the market have increased the pressure on sales force. Many studies were conducted to know the factor which will influence sales force performance. They are : -

internal factors: empathy • Ego drive • Personal factors • Role perception • Job satisfaction • Skill level • Motivation •

external factors: Organizational factors - communication • Environmental factors • & work flow - compensation system, Sales management function - sales force planning - forecasting - territory management - compensation - control

2. Criteria for sales force evaluation

Qualitative methods are : -Personal observation by sales executives. Merit rating -Customer opinion of salesmen

Quantitative methods are : -Analysis of sales record & reports. -Comparison of salesman's performance with quota. -Ratio analysis. -Profit & loss statement.

3. Establishing standards

- Carrying out the sales force performance evaluation process by using the outcome-based behavior-based professional development measure.
- By establishing different types of goals & objectives. for ex.- increasing sales by 5% each year over the next five year.
- By developing the sales plan. e.g. increase market share by 4%, reducing defections by 12% , increasing the new customer base by 10% each year.- source: flying colours ltd
- By setting sales force performance standards
- Allocate efforts through sales quotas.

4. Salesperson Monitoring & feedback system: (360 degree feedback system)

- 360-degree feedback requires the employer to survey co-workers, supervisors, subordinates and even customers about each employee actions. The multiple feedback channels offer objective perspectives of behavioral traits and actions. "From [360-degree] feedback, the worker is able to set goals for self-development, which will advance their career and benefit the organization,
- Salesperson is evaluated by multiple raters.
- It helps salespeople better understand their ability to add value to their organization and their customers Sales Manager Evaluation

The external variables and their influence

Deciding on the criteria for measuring performance

1. **Relative and absolute judgment:** An appraisal system based on relative judgment uses supervisors to compare an employee's performance to the performance of other employees doing the same job. One based on absolute judgment, on the other hand, uses supervisors to make judgment about an employee's performance based solely on performance
2. **Trait-based:** The trait-focused system centers on attributes such as helpfulness, dependability and punctuality. Supervisors rate employees by indicating specific traits each employee exhibits. ... This system is traditionally popular with customer service departments.
3. **Outcome based:** Outcome based metrics are a way to quantitatively tell whether you've delivered a particular outcome. They should measure something that has meaning to your organization's customers or something of relevance to your organization that gives an indication that you are meeting your customer's need
4. **Behavior based:** The behaviorally anchored rating system (BARS) judges your employees actions using a rating scale to measure specific behaviors. Four rating scales are used in behavior-focused evaluations: graphic rating scales, behaviorally anchored rating scales, forced choice scales and mixed standards scales. Graphic rating judges behaviors on a sliding scale from "excellent" to "poor;" average employees results should cluster in the middle, with poor employees near the bottom and exceptional employees near the top.
5. **Performance Rating:** Rating scales are used in performance management systems to indicate an employee's level of performance or achievement. ... For example, a scale may include ratings such as "acceptable," "effective" and "very effective." Five-level performance management scales are most commonly used, but employers may choose alternatives.
6. **Force Choice Scales:** The forced-choice scale lists rankings of performance such as "poor," "needs improvement," "average," "above average" or "excellent," with no other options; a mixed standards scale is a forced-choice scale with room for administrator comments.
7. **Behavioral Anchored Scales:** Behaviorally anchored scales rely on very specific evaluators to score the employee actions as pass or fail. For example, "Does the employee answer the telephone with the correct greeting?" or "Does s/he verify all customer information in the correct order?"

8. **Call reports:** Checking the call reports of sales executives.
9. **Silent call monitoring scores:** Call Quality Monitoring is when an individual or organisation takes the time to listen to and evaluate the phone conversations taking place between sales force and customers in order to improve call handling, customer service, loyalty and revenue.
10. **Activity Reports:** The standard activity reports list your tasks and appointments for a selected date range or events with all invitees. You can also create custom reports for activities by clicking the Reports tab, New Report, and choosing Activities as the type of data on which to report.

Deciding on the conduct of the performance appraisal

- A. Biases: Managers commit mistakes while evaluating employees and their **performance**. **Biases** and judgment errors of various kinds may spoil the **performance appraisal** process. **Bias** here refers to inaccurate distortion of a measurement.
- B. Base rate information
- C. Availability Heuristics/analysing the problem and solving it
- D. Anchoring/coordinating
- E. Hindsight bias
- F. Regression effects
- G. Fundamental attribution error
- H. Deciding on evaluation of individual and teams
- I. Comparison of actual performance with standards
- J. Deciding on the frequency of the performance appraisal
- K. The external variables and their influences

Sales Mangement job:

Achieving growth and hitting sales targets by successfully managing the sales team. Designing and implementing a strategic sales plan that expands company's customer base and ensure it's strong presence. Managing recruiting, objectives setting, coaching and performance monitoring of sales representatives.

It includes the planning, implementation, and control of sales programs, as well as recruiting, training, motivating, and evaluating members of the sales force. ... The fundamental role of the sales manager is to develop and administer a selling program that effectively contributes to the organization's goals.

Classifications:

1. Sales Development : Order getters

They are responsible for identifying and creating new qualified sales opportunities in Target Accounts for their regional Account Executives. The SDR will become a trusted resource and develop relationships with prospects, acting as the initial point of contact

Examples: Sales executives, sales officers, Business development officers

2. Sales Support : Promotional/training

The Sales Support Specialist's responsibilities include tracking sales leads, coordinating quotes with sales packs, providing customer service, and managing customer accounts. The Sales Support Specialist is also responsible for monitoring sales and the performance of the sales team as well as recording sales data.

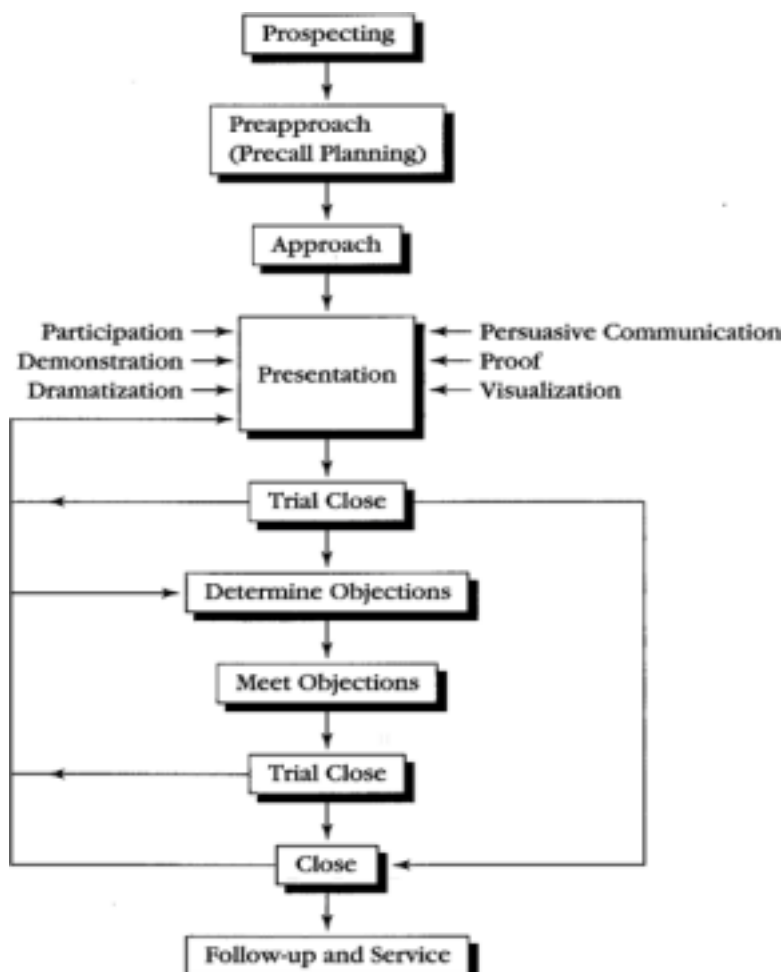
Examples: Sales support specialist ,direct salesperson

3. Sales Maintenance : Receiving or Delivering the order

They are responsible for receiving or delivering orders.

Ex: Maintenance managers, sales Technical managers

The Sales Process



Prospecting:

Prospecting is the process of identifying potential buyer who have a need of the product or

service offered by the company, and the ability to pay for it and authority to buy it.

Prospecting is the first step in the selling process. A prospect is a person or business that needs the product a salesperson is selling and has the ability to buy it. Therefore, prospecting is the act of finding people who need and can buy the product. Prospecting is the lifeblood of sales.

Popular Prospecting Methods

| | |
|---------------------------------|---------------------------|
| Cold canvassing | Direct mail |
| Endless chain-customer referral | Telephone & telemarketing |
| Orphaned customers | Observation |
| Prospect lists | Networking |
| Public exhibitions | |

- Leads*: people and organizations salespeople know nothing, or very little about.
- Referrals*: people or organizations salespeople frequently know very little about other than what they learned from the referral.
- Orphans*: customers whose salesperson has left the company. Company records provide the only information about these past customers.
- Customers*: the most important prospects for future sales.

Most salespeople required to create customers through prospecting do not like to cold call contacting strangers. They have the goal of using a prospect pool composed of customers, friends, and, when available, orphans. Process of Prospecting (Identify and define the prospect – Search for source of Potential Account – Qualifying prospects from the suspects)

Referrals from customers are the best way to increase the chances of selling to a stranger (prospect). The days of the one-shot salesperson are over. The name of the game today is relationship building." Satisfied customers will provide the salesperson with a constant supply of prospects.

Pre-approach

Once the prospect has been identified and qualified, the next step in the selling process is the pre approach. Prospecting and the preapproach are similar in that, for both, the salesperson is gathering information to use in the attempt to make a sale. During the preapproach, the salesperson investigates the prospect in greater depth and plans the sales call.

All sales trainers feel salespeople must carefully plan their sales calls. Although numerous reasons exist for planning the sales call, **four of the most frequently** mentioned is that planning:

- Helps build a salesperson's self-confidence.
- Develops an atmosphere of goodwill and trust with the buyer.

- Helps create an image of professionalism.
- Increases sales because people are prepared.

The **four facts for consideration when sales-call planning** are mentioned

below: • Determining sales call objectives;

- Developing or reviewing the customer profile;
- Developing a customer benefit plan; and
- Developing the individual sales presentation based on the sales-call objective, customer profile, and customer benefit plan.

Determining Sales Call Objectives

Salespeople should have at least one objective in mind when they meet with a prospect or customer. **Sales call objectives should be specific, measurable, and directly beneficial to the customer.**

For example, a Colgate salesperson might have the objectives of checking all merchandise, having the customer make a routine reorder on merchandise, and selling promotional quantities of Colgate toothpaste. Industrial salespeople develop similar objectives to determine if their present customers need to reorder and to sell new products.

Steps in Planning the Sales Call

| | | | |
|--|---------------------------------------|---|---|
| Determination of Call Objectives | Development of Customer Profile | Determination of Customer Benefit | Determination of Sales Presentation |
|--|---------------------------------------|---|---|

Developing A Customer Profile

Salespeople should review as much relevant information as possible regarding the firm, the buyer, and the individuals who influence the buying decisions before making a sales call in order to properly develop a customized presentation.

Developing A Customer Benefit Plan

Beginning with the sales-call objectives and what is known or has been learned about a prospect, the salesperson is then ready to develop the customer benefit plan. The customer benefit plan contains the nucleus of the information used in the sales presentation; thus, it should be developed to the best of the salesperson's ability.

Developing the Sales Presentation

Finally, the sales presentation must be planned from beginning to end. This process involves

developing seven of the steps of the sales presentation described earlier. These are approach, presentation, trial close, determine objections, meet objections, additional trial close, and close of the sales presentation.

The Approach-Opening the Sales Presentation

The sales opener, or approach, is the first major part of the sales presentation. If done correctly, it greatly improves a salesperson's chances of making the sale. A buyer's reactions to the salesperson in the early minutes of the sales presentation are critical to a successful sale. This short time period is so important it is treated as an individual step in selling, referred to as "the

The First Impression Is Critical To Success

When a salesperson first meets a prospect, the initial impression is based on appearances and attitude. If this impression is favorable, the prospect is more likely to listen to the salesperson, but if it is not favorable, the prospect may erect communication barriers that can be difficult to overcome. Like an actor, the salesperson must learn how to project and maintain a positive, confident, and enthusiastic first impression no matter what mood the prospect is in when first encountering the salesperson.

Approach Techniques Are Numerous

- The situation the salesperson faces will determine what approach technique should be used to begin the sales presentation. **The most common approaches used in sales training programs follow:**
- *Introductory approach:* The salesperson states his or her name and business. This is the most common approach and also the weakest. For example, "Hello, my name is Amy Firestone, representing the Barnhill Estate Company."
- *Product approach:* The salesperson places the product on the counter or hands it to the customer, saying nothing. The salesperson then waits for the prospect to begin the conversation. This is useful if the product is new, unique, colorful, or has been changed. If, for example, Pepsi-Cola completely changed the shape of its bottle and label, the salesperson should simply hand the product to the retail buyer and wait.
- *Customer benefit approach:* The salesperson asks a question that shows the product can benefit the prospect in some way, such as saving money. For example, "How would you like to save Rs.5000 on the purchase of your next IBM typewriter?"
- *Curiosity approach:* The salesperson asks a question to make the prospect curious about the product or service. For example, a textbook salesperson might ask, "Do you know why 200 schools are using this book in their sales management courses?"

Most salespeople vary a combination of these techniques. All but the introductory approach (the weakest) have three important characteristics in common: They capture the *attention* of the prospect; they stimulate *interest*; and they provide a smooth *transition* into the presentation.

Presentation

The presentation itself is a continuation of the approach. What, then, should be the purpose of the presentation? Basically, the purpose of the presentation is to provide knowledge about the features, advantages, and benefits of the product, marketing plan, and business proposal. This allows the buyer to develop positive personal beliefs about the product. Such beliefs result in a desire (or need) for the product. The salesperson's job is to convert the need into a want and finally into the belief that this specific product is the best product to fulfill a certain need. Furthermore, the sales rep must convince the buyer that not only is this product the best but also that this seller is the best source from which to buy it.

The Sales Presentation Mix

When developing a presentation, salespeople should consider which elements of the sales presentation mix (as in Figure) they will use for each prospect. The proper use of persuasive communication techniques, methods to encourage prospect participation, proof statements, visual aids, dramatization, and demonstrations can greatly increase a salesperson's chance of showing the prospect how the products will satisfy his or her needs. As we know, it is often not what we say but how we say it that results in making the sale.

Persuasive communication techniques such as questioning, listening, logical reasoning, suggestion, and trial closes help to uncover needs, communicate effectively, and pull the prospect into the conversation.

Proof statements substantiate the claims salespeople make. They are especially useful for showing prospects that what they are saying is true and that they can be trusted. When challenged about a product statement, salespeople should "prove it" by incorporating into their presentation facts on a customer's past sales, guarantees the product will work or sell, testimonials, or company and independent research results. To both show and tell, visuals should highlight a product's features, advantages, and benefits through the use of graphics, dramatization, and demonstration. This technique captures the prospect's attention and interest; creates two-way communication and participation; expresses the proposition in a clearer, more complete manner; and makes more sales. Careful attention to the development and rehearsal of the presentation is needed to ensure that it is carried out smoothly and naturally.

THE SALESPERSON'S PRESENTATION MIX

At any time salespeople should be prepared for the unexpected a demonstration that breaks down, interruptions, questions about the competition, or the necessity for making a presentation in a less-than-ideal place such as the aisle of a retail store or the warehouse.

The presentation part of the overall sales presentation is the heart of the sale. It is where the salesperson develops desire, conviction, and action. By giving an effective presentation, the sales rep will have fewer objections to the proposition, which makes for an easier close of the sale.

Sales Presentation Methods

The sales presentation involves a persuasive vocal and visual explanation of a business proposition. Although many ways to make a presentation exist, only three will be discussed here. They are the memorized or stimulus-response, formula, and need-satisfaction methods. The basic difference among the three is the percentage of the conversation the salesperson controls. The more-structured memorized and formula selling techniques normally give the salesperson a monopoly on the conversation, while the less-structured methods allow a much greater degree of buyer-seller interaction, in which both parties participate equally in the conversation.

Stimulus-Response Method

This method assumes that the prospect's needs can be stimulated by exposure to the product or already have been stimulated because the prospect has sought out the product. The salesperson does most of the talking. Only occasionally does the prospect get to talk. The salesperson does not know what the prospect needs, so all aspects of the product are first discussed, and then the prospect is asked to buy.

If no sale occurs, the presentation is begun again, and another attempt is made to close the sale. A "canned" presentation is an example of this approach. Everyone is told basically the same thing. If time is short, the unit price is low, or the salesperson confronts the prospect infrequently or only once, this approach might be considered. The salesperson goes directly to the presentation stage of the sales process and quickly asks for the order. This method is relatively ineffective for more-complicated selling situations. Here are some of the method's shortcomings:

- Talks about product features not important to buyer.
- Uses same "pitch" for different people.
- Assumes salesperson is in total control.
- Has little prospect participation, making it difficult to uncover needs.

Formula Method

This approach is like the stimulus-response method in that it is based on the assumption that all prospects are alike. However, here something is known about the prospect, so the presentation is slightly less structured than it is with the stimulus-response method. The salesperson may use a structured series of steps such as the AIDA approach.

AIDA stands for **a**ttention, **i**nterest, **d**esire, and **a**ction; conviction may be added to form AIDCA, indicating the point at which the prospect feels the benefits outweigh the costs associated with the product. The approach is not complex and easily can be adapted to various situations.

The salesperson plans or "cans" the sales talk to quickly get attention and interest so the prospect will listen to the presentation. For the desire step, the salesperson translates the product's features and advantages into benefits for the prospect. Action or closing techniques are then used to make the sale. The AIDA method can be used if time is short, if prospects

are the same, or if the salesperson lacks the ability to develop individualized sales presentations. The shortcomings of this approach are the same as those of the stimulus response method.

Need-Satisfaction Method

The need-satisfaction method is different from the stimulus-response and the formula approaches in that it is designed as an interactive sales presentation. It is the most challenging and creative form of selling. The salesperson will typically start the presentation with a probing question: "What are you looking for in investment property?" "What type of computer needs does your company have?" This allows the prospect to discuss the company's needs.

As the salesperson is listening to the prospect, he or she mentally notes the product's features, advantages, and benefits in relation to the prospect's needs. If the salesperson is not clear on some things the prospect says, he or she should ask questions or restate what the prospect has said to make sure the prospect's needs and desires are completely expressed and understood. Once this stage is accomplished, the salesperson is ready to show how the products will satisfy the prospect's needs. The presentation can be personalized or concentrate on the specific features the salesperson's product can offer that will fulfill the prospect's needs.

Trial Close

The trial close involves checking the prospect's attitude toward the sales presentation. It may occur anytime during the selling process. However, it is especially useful

- (1) after making a strong selling point,
- (2) after overcoming an objection, or
- (3) once the presentation is complete

It is used to check the buyer's "pulse" or mood to determine whether he or she is paying attention to the presentation and whether it is time to ask for a purchase.

"Some prospects are ready to buy early in the presentation, whereas others take longer. The reason a trial close is used centers on the psychological aspect of a prospect saying no when the salesperson attempts to close the sale. Once the prospect has said no, the salesperson may have difficulty moving from that position.

So, to avoid this, salespeople may at any time use a trial close like one of

these: • How does that sound to you?

• What color do you prefer?

• If you bought this, where would you use it in your business?

• Are these features what you are looking for?

If the prospect responds favorably, the salesperson can move on to the close. However, if a negative response is received, the close can be postponed. The salesperson may need to completely start over with the presentation.

Objections:

Theoretically, a salesperson's presentation should show the prospect that a need exists, that the product presented can best fill that need, and that further discussion should not be necessary. Very few presentations end that successfully, and very few prospects are that easily convinced. Usually, the prospect will raise some objections.

Experienced salespeople welcome objections. An objection is opposition or resistance to information or a request. It shows that the prospect is interested in the product and that if the objections can be answered to the satisfaction of the prospect, the sale will be made. If, on the other hand, the prospect simply sits quietly, making noncommittal sounds, and at the end of the presentation simply says, "That's nice. I'm not interested. Good-bye," the salesperson has no grounds for continuing, and the sale is lost.

Types Of Objections

Two types of objections occur: real or practical objections and hidden or psychological objections. Real objections are tangible, such as about a too-high price. If this is a real objection and the prospect says so, then the salesperson can show that the product is of high quality and worth the price or remove some optional features and reduce the price.

As long as the prospect clearly states the real objection to purchasing the product, the salesperson should be able to answer the objection and go into the close. However, prospects will not always be so agreeable and clearly state their objections. Rather, they will give some excuse about why they are not ready to make a purchase, thereby keeping their real objections hidden. Usually the prospect will not purchase the product until those hidden objections are somehow answered.

Techniques for Meeting Questions

Once the salesperson has uncovered all objections, he or she must answer them to the prospect's satisfaction. Naturally, different situations will require different ways to handle them.

Close

All of the effort that has gone into the prospecting, pre-approach, approach, and presentation has as its aim a successful close. Closing is the process of helping people makes a beneficial decision. It is the part of the selling process that ultimately brings the sale to a conclusion. If all goes well, the conclusion will be positive; however, it can be negative.

Difficulties with Closing

The close can be difficult for some people. For numerous reasons, some salespeople fail to

make a sale or even fail to attempt to close. First, a salesperson may not be confident in his or her ability to close. Perhaps numerous failures to make a sale have brought about this situation. Second, salespeople often determine on their own that the prospect does not need the quantity or type of merchandise or that the prospect simply should not buy. Finally, the person may be a poor salesperson. Quite often proper sales training and encouragement from management can greatly increase a person's selling ability.

Closing Techniques

A major key to making a sale is using effective closing methods. Different techniques work for different people. Here are several examples.

The Compliment For this technique, the salesperson may compliment the prospect by saying something like "It is obvious you know a great deal about the grocery business. You have 'every square foot of your store making a good profit. Our products have the profit margin you want, and they sell like hotcakes, so you'll make an above-average profit. I suggest you buy one dozen mops and one dozen brooms for each of your 210 stores."

Follow-Up

Providing service to customers is critical to successfully managing a sales territory. Follow-up and service create goodwill between a salesperson and the customer, which in the long run will increase sales faster than not providing such service. By contacting the customer after the sale to see that the maximum benefit is being derived from the purchase, a salesperson lays the foundation for a positive business relationship. Remember, it's easier to keep a customer than to find a new

INTERNATIONAL SALES MANAGEMENT:

International marketing is the process of planning and conducting transactions across national borders to create exchanges that satisfy the objectives of individuals and organizations” (Czinkota and Ronkainen)

“International marketing focuses its resources on global market opportunities and threats” (Keegan and Green)

“International marketing is the motor of the internationalization process of the firm” (Usunier)

International Marketing Decisions(7marks imp)

1. **Deciding whether to go abroad:** Several factors can draw companies into the international arena. Some international markets present better profit opportunities than the domestic market. A firm may need a larger customer base to achieve economies of scale or want to reduce its dependence on any one market.

2. **Deciding which markets to enter:** Once a company **decides** to target a particular country, it has to determine the best mode of entry. Its broad choices are indirect exporting, direct exporting, licensing, joint ventures, and direct investment. The normal way to get involved in an international **market** is through exporting.
3. **Deciding how to enter the market:** The method of entry into a market and the mode of operating overseas are dependent on the goals the company's strength and weaknesses. The modes of entering or engaging in international business can be divided into three categories: (1) exporting, (2) equity arrangement and (3) direct foreign investment.
4. **Deciding on the marketing program:** At one extreme are companies that use a globally standardized **marketing** mix worldwide. Standardization of the product, communication, and distribution channels promises the lowest costs. Deciding **standardized marketing mix**(selling the same products and using the same marketing approaches world wide)and **adapted marketing mix**(involves adjusting the marketing mix elements in each target market, bearing more costs but hoping for a large market share and roi)

International companies must **decide** how much to adapt their **marketing** strategy to local condition

5. **Deciding on the marketing organization:** Typical marketing organization includes:
 - Organisaing& exporting department with a salesmanger and staff
 - Creating international division organized by geography products or operating units
 - Becoming complete global organisation

DRIVING FORCES OF INTERNATIONAL MARKETING:

The driving forces or the push forces are described briefly below:-

1. Technology: - Perhaps the single most important innovation has been the development of the micro processors, yet enabled the explosive growth of high power, low cost computing, vastly increasing the amount of information that can be processed by individuals and firms. The cost of micro processors continues to fall, while their power continues to increase. The rapid growth of the internet and the associated World Wide Web is the latest expression of this development. In 1990 fewer than 1 million users were connected to the internet. By the year 2005 about 1.12 billion or 18% of the world's population were found to be using internet. The increasing use of better technology is resulting in better trade and business between different countries thus leading to globalization.

2. Saturated Markets: - When the companies face the problem of saturated markets in the home country they have to go to foreign markets in search of better markets. They find markets where there is demand for the products that they produce and thus help in making the world a global market.

3. Improvement of Communication/Transport: - As the technology improved the global communication have been revolutionized by the developments in satellite, optical fiber, and

wireless technologies. In economic terms the most important are probably the development of commercial jet aircrafts and super freighters and the introduction of containerization, which simplifies transshipment from one mode of transport to another. The advent of commercial jet travel, by reducing the time needed to get from one location to another, has efficiently shrunk the globe. In terms of travel time, New York is now “closer” to Tokyo than it was to Philadelphia in the colonial days. Better transport led to doing better business by reducing the distances between two countries by great margins thus leading to globalization.

4. Removal of trade Barriers: - With the establishment of World Trade Organization whose main objective was to remove the trade barriers that existed between two countries, doing trade has been much easier. WTO as it is known is one of the main factors why the average tariff rates of countries like France, Germany and United States have fallen from about 45% in 1920s to about 3.9% in 2000. Lower tariff allows the system of free trade in the global market thus helping in greater globalization.

5. Profitability: - All the business firms have one common objective which is to earn profits. When the profit margin in the home country diminishes gradually the firms start looking for other partners who are often from other countries thus leading to globalization.

6. Growth/ Expansion: - The firms also want to expand and grow with time. Therefore they spread their business to other parts of the world. They trade with different partners all over

the world which leads to globalization.

7. Cost Consideration: - The firms often to minimize the cost of production start their operations in different parts of the world. For example a country from Europe may start its production operation in a country in Asia for reducing its cost of production since the cost of labor is cheaper in Asia than in Europe. By spreading their operations the firms are eventually helping in globalization.

8. Image of the company: - The Company often to enhance its image in the eyes of the customers starts its global operations. They join foreign partners for this reason thus leading to globalization. They are also known as push factor Management Vision, Strategy and Action

Role of the sales manager in the international market:

1. Basic level functions:

- Training: Teaching sales team leaders to better conceive, plan, execute and control their sales strategy
- Evaluating: Analysis of the performance of your sales personnel
- Planning: Assessment of current sales and future prospects
- Compensation: Rewarding the sales personnel

2. Advanced level functions:

- Strategic account management: The systematic analysis of the factors associated with

customers

The **Strategic Account Manager** maintains and expands relationships with strategically important large customers. Assigned to three to five named customers, the **Strategic Account Manager** is responsible for achieving sales quota and assigned **strategic account** objectives.

- Conducting negotiations: **International negotiation** is often a process of power-based dialogue intended to achieve certain goals or ends, and which may or may not thoroughly resolve a particular dispute or disputes to the satisfaction of all parties.
- Arranging agreements with distributors
- Developing relations and network locally

International sales and marketing opportunities:

1. Diversifying market base: Strategies of marketing companies
 2. Emulating the competition: Imitating competitors
 3. Achieve economies of scale: Producing goods on large scale with less input cost
- Air bus – 1 plane – 3,40,000 man hours 87th plane – 78,000 man hours

CHALLENGES IN INTERNATIONAL SALES MANAGEMENT:

Economic environment

1. Tariff barriers: Taxes on imports of commodities in to a country region

- Specific,
- ad – valorem: An **ad valorem** tax (Latin for "according to value") is a tax whose amount is based on the value **of** a transaction or **of** property. It is typically imposed at the time **of** a transaction, as in the case **of** a sales tax or value-added tax ,

- compound

2. Non-tariff barriers: Trade barriers that restrict imports but are not in the usual form of a tariff.

- Regulatory,
- industry,
- cultural

3. Other economic factors

- Exchange rate fluctuations
- Restrictions on profit repatriation
- Credit control etc.

4. Legal environment

- Partnership laws
- Anti-Corruption laws
- Intellectual property rights

5. Cultural environment

- Language
- Religion
- Education
- Social attitudes & behavior

STRATEGIC ISSUES FOR INTERNATIONAL SALES AND MARKETING:

- 1. Marketing mix** – Developing local products depending upon country needs. Decision by individual subsidiaries. **adapts or standardize**

Ethnocentric vs. geocentric

Everything is centered on the domestic market. Home country marketing practices will succeed elsewhere without adaptation; however, international marketing is viewed as secondary to domestic operations.

- Domestic strategies, techniques, and personnel are perceived as superior
- International customers are considered as secondary
- Guided by domestic market extension concept:
- International markets are regarded primarily as outlets for surplus

domestic production

- International marketing plans are developed in-house by the international division try to market those product in other countries which have demand equal to domestic market

Geocentric is a Global Marketing Orientation where a uniform, standardized marketing strategy is used for several countries, countries in a region, or the entire world

Guided by the global marketing concept:

- The world is perceived as a total market with identifiable, homogenous segments •

Targeted marketing strategies aimed at market segments, rather than geographic locations •

Achieve position as low-cost manufacturer and marketer of product line

- Provides standardized product or service throughout the world
- analyze and manage the marketing strategies with integrated global marketing program
 - The objective of a geocentric company is to achieve a position as a lowcost manufacturer and marketer of its product line. Such firms achieve competitive advantage by developing manufacturing processes that add more value per unit cost to the final product than do their rivals.

2. Obtaining international information

- **Internal company records:** Internal Record Systems is a system under which marketing information is stored, retrieved. Marketing managers relay on internal reports on orders, sales, prices, costs, inventory levels, receivables, payables, and so on. By analyzing this information, they can spot important opportunities and problems. The heart of the internal records system is the order-to-payment cycle. Sales representatives,dealers, and customers dispatch orders to the firm.The sales department prepares invoices and transmitscopies to various departments. Out-of-stock items are back ordered..Shipped items are accompanied by shipping andbilling documents that are sent to variousdepartments
- **Published sources:** A company's internal **data**, such as sales and **marketing** records, customer account information, product purchasing and usage **data** are typical **secondary data sources**. Previously prepared **marketing** research reports may also be a great **source** of insights as you seek to solve a new or related business problem.
- **Primary sources:** A primary source is firsthand testimony or direct evidence. In business research, this could be an interview in a news article, financial statements from an annual report, images of company logos, census data collected by the government, a new law that affects businesses, and data collected like surveys, observation studies etc.

3. Entering overseas markets/Modes of entering Overseas

Exporting: A function of international trade whereby goods produced in one country are shipped to another country for future sale or trade. The sale of such goods adds to the producing nation's gross output. If used for trade, exports are exchanged for other products or services. Exports are one of the oldest forms of economic transfer, and occur on a large scale between nations that have fewer restrictions on trade, such as tariffs or subsidies.

Licensing: A business arrangement in which one company gives another company permission to manufacture its product for a specified payment.

Franchising is a long-term cooperative relationship between two entities—a franchisor and one or more franchisees—that is based on an agreement in which the franchisor provides a licensed privilege to the franchisee to do business. The franchisor grants the franchisee the right to use a developed concept, including trademarks and brand names, production, service and marketing methods and the entire business operation model, for a fee. The franchisee then provides the time, capital, and desire to utilize the brand and services provided by the franchisor to build a thriving business.

The product, method or service being marketed is usually identified by the franchisor's brand name, and the holder of the privilege (franchisee) is often given exclusive access to a defined geographical area for a defined period of time, all of which is defined in the Franchise

Agreement.

Joint ventures: A business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific task. This task can be a new project or any other business activity. In a joint venture (JV), each of the participants is responsible for profits, losses and costs associated with it. However, the venture is its own entity, separate and apart from the participants' other business interests.

Foreign direct investment (FDI) is when you directly invest in facilities in a foreign market. It requires a lot of capital to cover costs such as premises, technology and staff. FDI can be done either by establishing a new venture or acquiring an existing company.

Strategic Acquisitions

Strategic acquisition implies that your company acquires a controlling interest in an existing company in the overseas market. This acquired company can be directly or indirectly involved in offering similar products or services in the overseas market.

You can retain the existing management of the newly acquired company to benefit from their expertise, knowledge and experience while having your team members positioned in the board of the company as well.

Wholly owned subsidiaries: A company whose common stock is 100% owned by another company, called the parent company. A company can become a wholly owned subsidiary through acquisition by the parent company or spin off from the parent company. In contrast, a regular subsidiary is 51 to 99% owned by the parent company. One situation in which a parent company might find it helpful to establish a subsidiary company is if it wants to operate in a foreign market. This arrangement is common among high-tech companies who want to retain complete control and ownership of their technology.

INTERNATIONAL MARKET SELECTION

International market selection is crucial in selecting the target market.

FACTORS/CRITERIA IN INTERNATIONAL MARKET SELECTION:

1. Firm related factors

- Ethnocentric: everything is centered on the domestic market.
- Polycentric: several important foreign markets exist.
- Regiocentric: the market is composed of several large economic regions. •
- Geocentric: the world is one large global market.

2. Market related factors: marketing mix analysis

• General factors

- Economic factors: Some factors that affect the international economic environment are exchange, **inflation**, unemployment rates, global trade, and labor costs.
- Business regulations: Law: Rule based on and meant to carry out a specific piece of **legislation** (such as for the protection of environment). **Regulations** are enforced usually by a **regulatory** agency formed or mandated to carry out the purpose or provisions of a **legislation**. Also called **regulatory** requirement.
- Political factors: Changes in the government policy make up the political factors.

• Specific factors

- Trends in domestic market
- Trends in export and import
- Nature of competition
- Supply conditions of raw materials

• Other Factors

- Political restrictions
- Special requirements
- Product specification
- Distant location
- Market accessibility
- Business community

INTERNATIONAL MARKET SELECTION PROCESS:

Market selection plays a crucial role at the international level. Market selection is based on a thorough evaluation of the different markets with reference to certain well-defined criteria, given the company resources and objectives.

The following are the steps involved in the market selection process:

(a) **International Marketing Objectives:** The first step in market selection process is to determine or ascertain the export marketing objectives of the organization. The market selected to serve a particular international marketing objective need not necessarily be the best suited to achieve some other international marketing objective.

(b) **Parameters for Selection:** For proper evaluation and selection of the markets, it is essential to clearly lay down the parameters and criteria for evaluation. The different parameters for the selection of a market are firm's resources, international environment, market situation, nature of competition, government policy, etc.

(c) **Preliminary Screening:** The objective of the preliminary screening is to eliminate the

markets which are not potential. The parameters used for the preliminary screening may vary from product to product. However, parameters like the size of population, per capita income, structure of the economy, infrastructural factors and political conditions are commonly used.

(d) **Short Listing of Markets:** Preliminary screening enables to eliminate markets which obviously do not meet consideration at the very outset. There would be a large number of markets left even after the preliminary screening. They are further screened with the help of more information than was used at the preliminary screening stage

(e) **Evaluation and Selection:** The short listed markets are further evaluated with reference to the cost-benefit analysis and feasibility study. They are then, ranked on the basis of their overall attractiveness. Of the markets, the best one is chosen for the launching of product considering the company's resources and external environment

(f) **Test Marketing:** Initially, the market is tested on a smaller scale by launching the product in a part of the markets This provides a feedback to the producer about the market. At the same time, it helps the producer in assessing overall response of the consumers from a specific market, after tested success, the production can be undertaken on a mass scale.

(g) **Commercial Production:** Once the product is tested "in the selected market, the company goes ahead with mass production. Minor modifications, if any, are introduced in the product mix during this stage.

MARKET SURVEY APPROACH:

A market survey is an objective and systematic collection, recording, analysis and interpretation of data about existing or potential markets for a product/service.

FACTORS AFFECTING MARKET SURVEY APPROACH:

1. Size of the market
2. Pattern of demand
3. Market structure
4. Buying habits and motives of buyers
5. USP of product/ service
6. Past & present trends

Significance of market survey approach:

- ☐ Cost effective & Data collection
- ☐ Accuracy
- ☐ Flexibility
- ☐ Versatility
- ☐ Sample size

INTERNATIONAL SALES TECHNIQUES:

1. Personal selling process:

Preliminary selling

- Identify prospects
- Approach

2. Advanced selling

- Sales interview
- Flexible presentation
- Product demonstrations
- Handling objections
- Close
- After sales techniques

3. Time and territory management

- Proper routing & scheduling

Routing is a travel plan or pattern used by a sales person for making customers calls in a territory.

Scheduling refers to establishing a fixed time when the salesperson will be at a customer's place of business. It is planning a salesperson's specific time of visits to customers.

Strict formal route designs enable the salesperson to:

1. Improve territorial coverage.
2. Minimize wasted time.
3. Establish communication between management and the sales force in terms of the location and activities of individual salespeople.

IMPORTANT QUESTIONS:

1. Explain nature and importance of sales motivation?
2. Factors affecting Sales motivation
3. What is compensation and types of compensation?
4. Explain the steps in evaluation of sales performance?
5. Explain International Marketing Decisions?
6. Explain the different types of training methods?

7. Explain in detail about the factors related to international market selection:
8. Explain international market selection survey approach or strategy?
9. Explain the different modes of entering international market?
10. Explain the challenges in international market?
11. Explain the driving forces of international market?