CHAPTER TWO 2

Relationship Marketing: Where Personal Selling Fits

MAIN TOPICS

What Is the Purpose of Business?

What Is Marketing?

Customer Orientation's Evolution

Marketing's Importance in the Firm

Essentials of a Firm's Marketing Effort

Relationship Marketing

Relationship Marketing and the Sales Force

Levels of Relationship Marketing

Partnering with Customers

The New Consultative Selling

E-Selling: Technology and Information Build Relationships

What's a Salesperson Worth?

The Key to Success

LEARNING OBJECTIVES

The sales force is but one part of an organization's marketing effort; you should understand the role and importance of the sales force in a firm's total marketing effort. After studying this chapter, you should be able to

- Define and explain the terms *marketing* and *marketing concept.*
- Describe the evolution of customer orientation in the United States.
- Answer the question, why is marketing important to an organization?
- Illustrate how the firm's product, price, distribution, and promotion efforts are coordinated for maximum sales success.
- Explain why an organization should listen to its customers.
- Discuss the role of personal selling in the firm's marketing relationship efforts.
- Understand a salesperson's roles when practicing consultative selling.

FACING A SALES CHALLENGE

Do you know what is involved in marketing? Imagine you were Larry Cunningham, who several years ago started Aggieland Screen Printing (ASP) in College Station, Texas. ASP produces and sells such products as T-shirts, sweats, bumper stickers, caps, jackets, and signs. Larry graduated from Texas A&M University with a bachelor's degree in architecture. Because he was an excellent artist, he decided to open his own business. At the end of his first year, he employed four part-time workers to run all of the printing equipment. The Bryan–College Station area has 100,000 people, plus about 47,000 students enrolled at Texas A&M. Larry felt this was a good business area, even though he had 10 competitors.

Sales, however, have been so slow that Larry may have to quit or try to sell the business. Larry loves the creative side of the business, but admits he knows nothing about marketing. He cannot afford any advertising, including the Yellow Pages.

If you were in Larry Cunningham's position, what would you do?

Firms of all sizes face the dilemma of how to increase sales. Many organizations are good at developing goods or services, but know very little about marketing their products. This chapter introduces the purpose and components of a firm's marketing efforts, along with the role and importance of the sales force in a firm's total marketing effort. Let's begin by answering the question, "what is the purpose of business?"

WHAT IS THE PURPOSE OF BUSINESS?

The purpose of business is to increase the general well-being of mankind through the sale of goods and services. This requires making a profit in order to operate the business and provide beneficial products to the marketplace. Profit is a means to an end. Reduced to basics, businesses have two major functions: *production* of goods or creation of services and *marketing* those goods and services.[1]

The Primary Goal of Business

The primary goal of business should be to transform the marketplace and workplace into an environment where everyone is treated as they would like to be treated. Business should be fair to all parties involved in both the buying and selling of goods and services.

WHAT IS MARKETING?

To be successful in today's competitive marketplace, people in business realize that they must first determine people's needs and wants, then produce goods and services to satisfy them. A company, whether it is Ford Motor Company or a small retailer, is in business to create want-satisfying goods and services for its customers. In today's competitive business environment, the success of goods and services is determined by the consumers who buy them. Goods and services that do not satisfy consumers are forced from the market, since consumers do not buy them.

If you asked the general public what the term *marketing* means, many would say that it means *selling*. Selling, in turn, usually implies advertising and personal selling to the public. Yet the act of selling is only one part of a firm's marketing activities.

Marketing's Definition

There are numerous definitions of marketing. Your book will use the American Marketing Association's definition:

> **Marketing** is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.[2]

This definition of marketing is the most widely accepted by marketing educators and practitioners. It indicates that there is more to marketing than advertising or personal selling. Marketing involves a diverse set of activities directed at a wide range of goods, services, and ideas. These activities involve the development, pricing, promotion, and distribution of want-satisfying goods and services to consumers and industrial users. Marketing activities are therefore very important to the individual, company, and our economy as a whole.

Marketing's Not Limited to Business

Marketing is not limited to business. Whenever you try to persuade somebody to do something—donate to the Salvation Army, fasten a seat belt, lower a stereo's noise during study hours in the dorm, vote for your candidate, accept a date with you (or maybe even marry you)—you are engaging in a marketing activity. So-called nonprofit organizations that are really in business but don't think of themselves as businesspeople also engage in marketing. Their *product* may be a vacation place they want you to visit in Florida; a social cause or an idea they want you to support, such as "don't drink and drive"; or an institution they want you to attend such as a church, school, or zoo. Whatever the product is, the organization is engaging in marketing.

Exchange and Transactions

The definition of marketing indicates that people have needs and wants and can place value on products. When people decide to satisfy needs and wants through exchange, marketing is involved. Exchange is the defining concept underlying marketing. **Exchange** refers to the act of obtaining a desired product from someone by offering something in return.

The exchange takes place between two parties. When an exchange occurs, a transaction takes place, as transactions are the basic unit of exchange. A **transaction** is a trade of values between two parties; it forms a relationship between buyer and seller. Once the transaction has occurred, the exchange is complete. The sale is made whether it involves buying a stereo or voting for a political candidate.

CUSTOMER ORIENTATION'S EVOLUTION

American business has gone through many changes of philosophy and direction. These changes were largely caused by the ultimate realization that organizations must be customer oriented. However, this has not always been the viewpoint of business. Several major nonconsumer marketing phases existed prior to the emergence of today's customer-oriented attitude.

The Production Concept

Before the Great Depression of the 1930s, a common saying in industry was, "Build a better mousetrap, and the world will beat a path to your door." Companies were basically production oriented. "We know what people want—they want our product," or "I like this product and so will others" were phrases often used by corporate presidents.

In those days, few firms had marketing departments, and many did not even have a formal sales department. An engineer would develop a product, have the production department make it, and then simply put it in the catalog and wait for people to order. Production and engineering shaped the company's objectives and planning. Products were sold at a price determined by production and financial executives. Henry Ford, for example, said that customers could have any color automobile they wanted as long as it was black. The automobile was a new, exciting product that consumers needed. America bought what was produced.[3]

The Selling Concept

By the early 1940s, it became clear that the attitude and needs of the consumer had changed. The military requirements of World War II created a shortage of goods and services. This wartime deprivation resulted in a strong consumer demand when the war was over.

A few years after the war, consumers had many products to choose from and firms found they had to go to the consumer, instead of waiting for consumers to buy. Companies still produced goods with little regard for the consumers' needs. However, they recognized that personal selling and advertising were important selling methods. In the postwar era, firms placed most emphasis on advertising their product, expecting salespeople to contact customers and take their orders.

Salespeople, armed with very unsophisticated selling techniques, were asked to contact potential customers, show them their products, and take their orders. Training for salespeople consisted mainly of providing them with product knowledge. They had to rely on natural ability for developing and giving sales presentations. Few companies recognized the value of training their salespeople in selling techniques. However, as time passed, businesses found that they had to become market oriented rather than sales oriented.

The Marketing Concept

Beginning in the 1950s, marketing, rather than selling, became the focus of business sales activities. As businesspeople recognized that marketing was vitally important to the success of a firm, an entirely new way of business thinking—a new philosophy—began to evolve. The *marketing concept* has three fundamental beliefs:

- All company planning and operations should be *customer oriented.*
- The goal of the firm should be *profitable sales volume* and not just volume for the sake of volume alone.
- All marketing activities in a firm should be *organizationally coordinated.*

The **marketing concept** is a business philosophy that says the customers' want-satisfaction is the economic and social justification for a firm's existence. Consequently, all company activities should be devoted to determining customers' wants and then satisfying them, while still making a profit.

Differences between Selling and Marketing Concepts

Unfortunately, many people, including some business executives, still do not understand the difference between selling and marketing. In fact, many people think the terms are synonymous. Instead, these concepts have opposite meanings as Exhibit 2.1 illustrates.[4]

EXHIBIT 2.1

The differences between selling and marketing concepts.

Selling Concept	Marketing Concept
1. Emphasis is on the product.	1. Emphasis is on customers' wants.
2. Company first makes the product and then figures out how to sell it.	2. Company first determines customers' wants and then figures out how to make and deliver a product to satisfy those wants.
3. Management is sales–volume oriented.	3. Management is profit oriented.
4. Planning is short-run, in terms of today's products and markets.	4. Planning is long-run, in terms of new products, tomorrow's markets, and future growth.
5. Stresses needs of sellers.	5. Stresses wants of buyers.

Under the selling concept, a company makes a product and then uses various selling methods to persuade customers to buy the product. In effect, the company is bending consumer demand to fit the company's supply. But only the opposite occurs under the marketing concept. The company determines what the customer wants and then develops a product to satisfy that want and still yield a profit. Now, the company bends its supply to the will of consumer demand.

For a business enterprise to realize the full benefits of the marketing concept, this philosophy must be translated into action. This means (1) marketing activities must be fully coordinated and well managed and (2) the chief marketing executive must be accorded an important role in company planning.

MARKETING'S IMPORTANCE IN THE FIRM

Marketing considerations should be the most critical factor guiding all short-range and long-range planning in any organization. Unfortunately, American business has been oriented toward production often. Products have been designed by engineers, manufactured by production people, priced by marketers, and then given to sales managers to sell. That procedure generally won't work in today's environment of intense competition and constant change. Just building a good product will not result in a company's success. The product must be marketed to consumers before its full value is realized.

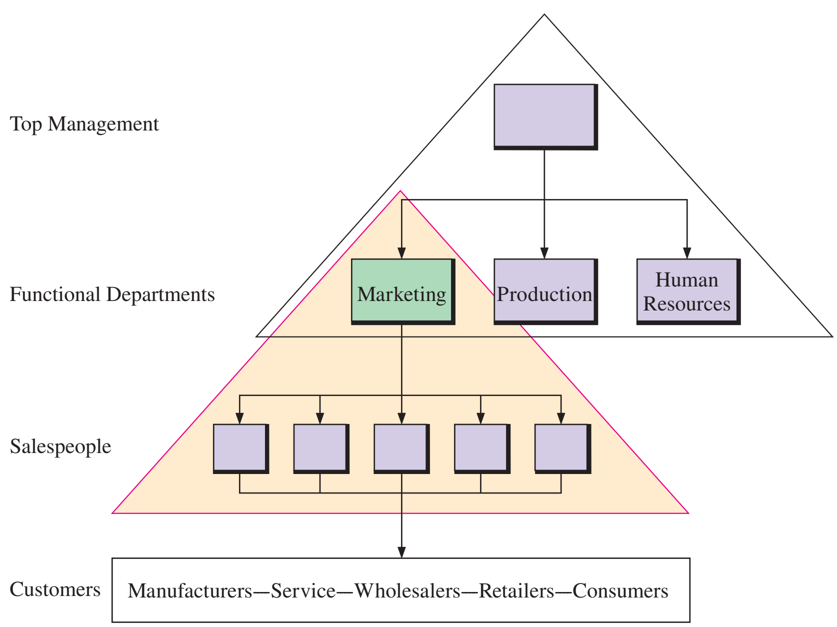
As shown in Exhibit 2.2, the marketing group is the link between customers and the organization. Salespeople are part of marketing. They are in direct contact with customers.

Marketing people typically have these four basic objectives to accomplish:

1. Maximize the sales of existing products in existing markets.
2. Develop and sell new products.
3. Develop new markets for existing or new products.
4. Provide the quality of service necessary for customers to be satisfied with the transactions and to continue doing business with the organization.

EXHIBIT 2.2

The marketing group is the link between customers and the organization.



Marketing Generates Sales

As you can see from the first three objectives, the main role of marketing in an organization is basically to generate revenues. The money marketing generates are managed by the financial people and used by the production people in creating goods and services. Marketing activities are therefore very important to the organization because it must generate sales to stay in business.

Marketing Provides Quality Customer Service

Marketing personnel also help make sure customers are satisfied with their purchases. Marketing provides more to the marketplace than a needed product. It helps generate sales by providing the quality of service that customers expect.

Excellent service pays off because it creates true customers—customers who are glad they selected a product because of the organization and its service. True customers are like annuities—they keep pumping revenue into the firm's coffers.

It is the performance of service that creates true customers: customers who buy more and who influence others to buy. Quality service thus helps the organization to maximize sales.

ESSENTIALS OF A FIRM'S MARKETING EFFORT

The essentials of a firm's marketing effort include their abilities: (1) to determine the needs of their customers and (2) to create and maintain an effective marketing mix that satisfies customer needs. As shown in Exhibit 2.3, a firm's **marketing mix** consists of four main elements—product, price, distribution or place, and promotion—that a marketing manager uses to market goods and services. It is the marketing manager's responsibility to determine how best to use each element in the firm's marketing efforts.

Product: It's More Than You Think

The 4 Ps of Marketing: Product, Price, Place, Promotion

Goods are physical objects that can be purchased. A radio, a house, and a car are examples of goods. A **service** is an action or activity done for others for a fee. Lawyers, plumbers, teachers, and taxicab drivers perform services. An **idea** is a concept, image, issue, or philosophy. For example, MADD (Mothers Against Drunk Driving) promotes safe consumption of alcohol and stricter enforcement of laws against drunk driving. Other examples of marketers of ideas include churches, political parties, and schools. The term *product* can be goods, service, idea, or a combination of these.

Salespeople have gone from selling goods, to selling goods, services, and ideas, to now selling goods, ideas, services, and value-added services. **Value-added** refers to benefits received that are not included in the purchase price of the individual goods, service, or idea. A retailer may offer customers free financing, great store locations, free gift wrapping, loaner cars, and well-trained salespeople. Exhibit 2.4 gives several examples of business-to-business value-adding practices. That is why it is often said salespeople are selling more than just goods, service, or idea. They sell products.

EXHIBIT 2.3

Four elements to the marketing mix and four promotion activities.

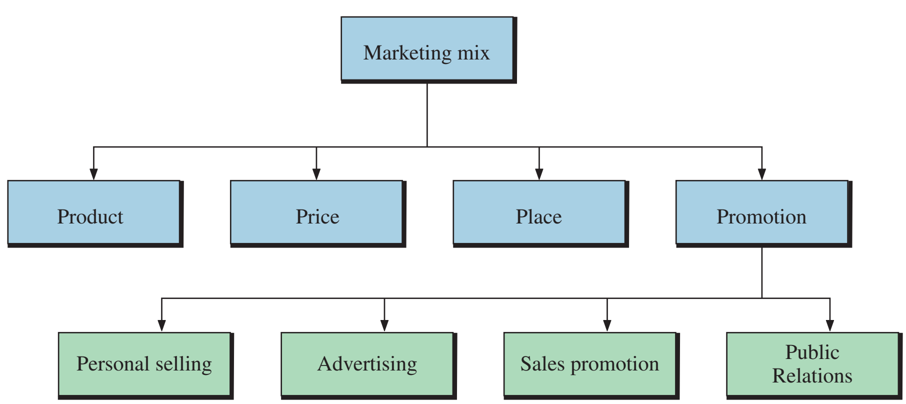


EXHIBIT 2.4

Examples of business-to-business value-adding.

Help customer reduce process costs.

- **Improve yields.**
- **Reduce waste (through recycling, etc.).**
- **Reduce rework.**
- **Reduce direct labor.**
- **Reduce indirect labor (inspection, handling).**
- **Reduce energy costs.**

Help customer reduce inventory.

- **Consignment.**
- **Just-in-time delivery.**
- **Reduced cycle time.**

Help customer reduce administrative costs.

- **Simplify billing.**
- **Improve traceability.**
- **Use electronic data interchange.**

Improve safety for customer and his employees.

- **Reduce price to the customer.**
- **Substitute certain product components.**
- **Improve company processes and supplier processes.**

So, what is a product? When you think of a product, most likely you imagine some tangible object you can touch, such as a radio or automobile. However, there is more to a product than you think.

What image does your dress and grooming reflect?

A **product** is a bundle of tangible and intangible attributes, including packaging, color, and brand, plus the services and even the reputation of the seller. People buy more than a set of physical attributes; they buy want-satisfaction, such as what the product will do, its quality, and the image of owning the product. For example, take a Polo shirt. What is the difference (besides price) in a Polo shirt and a nonbranded shirt bought at Walmart? Both shirts perform the same function of clothing someone. So why does one buy a Polo? For many people, image plays an important part in the decision to purchase the Polo shirt. So a seller of a product is selling more than what a product will do for people.

There are two general types of products. **Consumer products** are produced for, and purchased by, households or end consumers for their personal use. **Industrial products** are sold primarily for use in producing other products.

Today, firms spend enormous amounts of time and money creating the products they sell. They carefully research what customers want before developing a product. They consider the product and its package design, trademarks, warranties, and service policies.

Research and development and strategies for selling new products are major corporate marketing department activities. Often, sales personnel have little input on what products should be produced. Their involvement in selling the product begins after the product has been produced.*

Price: It's Important to Success

The corporate marketing department also determines each product's initial price. This process involves establishing each product's normal price and possible special discount prices. Since product price is often critical to customers, it is an important

*Product, price, and distribution are discussed further in Chapter 6.

part of the marketing mix. **Price** refers to the value or worth of a product that attracts the buyer to exchange money or something of value for the product.

Companies develop varied pricing techniques and methods for their salespeople to use. For example, General Motors, Chrysler, and Ford have offered consumers cash rebates to increase automobile sales. Companies such as Quaker Oats, Kraft, and Lever Brothers send out discount coupons to consumers and offer special price reductions to retailers on their products so that retailers reduce their prices. Some salespeople use offers of price reductions in their sales presentations to entice the retailer to purchase large quantities of the product. Getting large shipments to retailers and other types of customers leads to another element of the marketing mix.

Distribution: It Has to Be Available

The marketing manager also determines the best method of distributing the product. **Distribution** refers to the channel structure used to transfer products from an organization to its customers. It is important to have the product available to customers in a convenient and accessible location when they want it.

Distribution Moves Products to Customers

Customers can be individuals and/or organizations. Several examples of distribution channels for consumer and industrial products are shown in Exhibit 2.5. Customers fall into one of three groups: (1) households, (2) firms, and (3) governments.

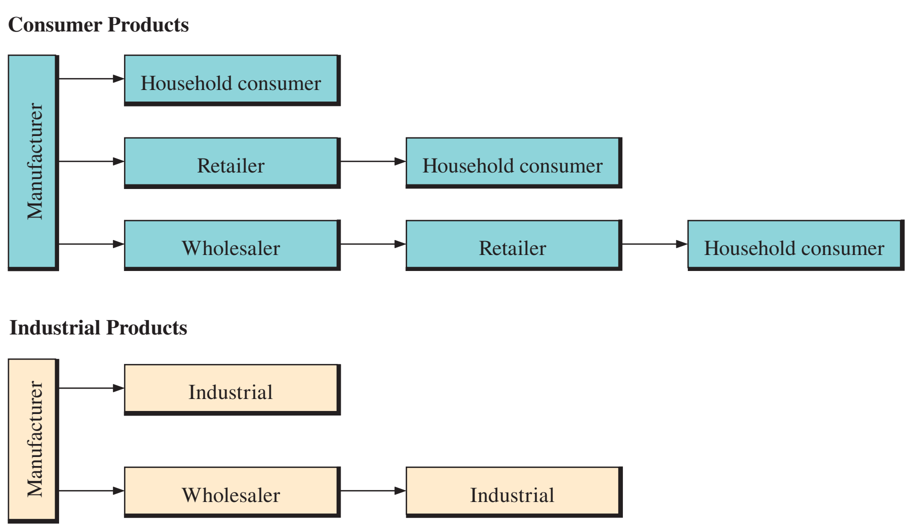
A **household** refers to a decision-making unit buying for personal use. Every individual in the economy belongs to a household. Some households consist of a single person whereas others consist of families or groups of unrelated individuals, such as two or three students sharing an apartment.

A **firm** is an organization that produces goods and services. All producers are called firms, no matter how big they are or what they produce. Car makers, farmers, banks, and insurance companies are all firms. Firms can be for profit like General Electric or nonprofit like the American Heart Association.

A **government** is an organization that has two functions: the provision of goods and services to households and firms and the redistribution of income and wealth.

EXHIBIT 2.5

Examples of distribution channels for consumer and industrial products.



Examples of the goods and services supplied by the government are national defense, law enforcement, public health, transportation, and education. Government buys billions of dollars each year for all types of products. Thus, a firm and a government are both organizations.

Distribution Uses Resellers

Many organizations sell directly to resellers. **Resellers,** such as wholesalers or retailers, purchase products and then sell them to organizations and/or individuals. The wholesaler buys goods in large quantities, reselling them, usually in smaller quantities, to retailers or to industrial or business users. The retailer buys goods from others and sell them to ultimate consumers for their personal use.

Two main distribution channels for manufacturers of industrial products are selling directly to the industrial user, such as another manufacturer, or selling to a wholesaler, who in turn sells to another manufacturer or industrial user of products.

Promotion: You Have to Tell People about It

Promotion, as part of the marketing mix, increases company sales by communicating product information to potential customers. The four basic parts of a firm's promotional effort are (1) **personal selling,** (2) **advertising,** (3) **public relations,** and (4) **sales promotion.** These are briefly explained in Exhibit 2.6. The company's sales force is one segment of the firm's promotional effort.

Nothing else ruins the truth like stretching it.

In addition to informing people about a product's existence, promotion also educates consumers about the product's features, advantages, and benefits, tells them where to buy it and makes them aware of its price versus value. The question arises as to, "what are the best promotional elements to use in selling a product?" This decision is made only after consideration of the type of product and the customers who will buy it.

The marketing manager determines what proportion of the firm's budget will be allocated to each product and how much emphasis on each of the promotional variables will be given to each product. Firms typically spend more money on their sales force than on advertising and promotion. Organizations selling in industrial markets spend a higher percentage of the promotion budget on their sales force than manufacturers of consumer goods. This is because industrial purchasing agents do not see advertisements for their products on television. Salespeople keep them informed.

EXHIBIT 2.6

Promotion activities.

- ***Personal selling.*** **Personal communication of information to unselfishly persuade a prospective customer to buy something goods, service, idea, or something else, that satisfies an individual's needs.**
- ***Advertising.*** **Nonpersonal communication of information paid for by an identified sponsor such as an individual or an organization. Modes of advertising include television, radio, direct mail, catalogs, newspapers, and outdoor advertising such as billboards.**
- ***Public relations.*** **Nonpersonal communication of information that is not paid for by an individual or organization. Information appears in media such as television, radio, and newspapers.**
- ***Sales promotion.*** **Involves activities or materials used to create sales for goods or services. The two types of sales promotion are consumer and trade sales promotion. Consumer sales promotion includes free samples, coupons, contests, and demonstrations to consumers. Trade sales promotion encourages wholesalers and retailers to purchase and to sell aggressively using devices such as sales contests, displays, special purchase prices, and free merchandise.**

EXHIBIT 2.7

Examples of each marketing mix element—the four Ps.

Product	Price	Place	Promotion
Brand name	Credit terms	Business partners	Advertising
Features	Discounts	Channels	Coupons
Image	List price	Distributors	Customer service
Packaging	Promotional allowances	Inventory	Direct mail
Quality level		Locations	Direct sales
Returns		Retailers	Internet
Services		Transportation	Public relations
Sizes		Wholesalers	Telemarketing
Warranties			Telesales
			Trade shows

The Goal of a Marketing Mix

The goal of designing a marketing mix is simple. The organization's marketing group strives to create a marketing mix containing the right product, at the right price, at the right time, with the right promotional effort.

Coordination Is Important

No matter what marketing mix activities are used, they must be coordinated with the marketing elements shown in Exhibit 2.7. The most effective marketing effort considers the needs of customers and coordinates activities from all four elements.

What are the four Ps of marketing in the Post-it example?

Manufactured by 3M, Post-it Notes is are perfect examples of a product that nearly failed under an ineffective marketing mix. When originally tested in several medium-sized markets, the results were a drab. Post-it Notes were successful only after 3M redesigned the marketing strategy to incorporate essential activities from all four marketing mix elements. Concentrating on the Boise, Idaho test market, the management decided that the flaws in the original marketing program was too little promotion and there had been no demonstration of how the notes worked or what they were designed to do. The redesigned strategy joined five activities from the original marketing mix with two more activities to increase the promotional element. The original components were, first, *product:* 3M recognized that a large market existed for note pages that could be peeled off and attached easily. Second, they capitalized on the pad's unique *feature,* a "totally imperfect" adhesive. Third, 3M made the pads available in a variety of *sizes.* Fourth, the company offered special promotional *prices.* Fifth, *place:* 3M had local dealers available through which businesses could place orders. 3M added two components to increase promotion in the campaign: sixth, *nonpersonal promotion:* 3M took out eight two-color inserts in the *Boise Statesman* newspaper illustrating the use of Post-it Notes; and seventh, 3M increased the power of personal selling through a combined use of *free samples* and *demonstration.* 3M hired Manpower Temporary Services personnel to go from office to office in the Boise business section, demonstrating the pads and leaving samples. Local dealers then dispatched salespeople to close the sales.

Following this campaign, Post-it Notes immediately caught on. Within four years they went into national production and were the most successful product in 3M's history. By overlooking the promotional element, 3M almost had a failure on hand. Adding promotional activities coordinated the marketing plan and enabled Post-it Notes to succeed. You can see that coordination of all major elements is essential.

RELATIONSHIP MARKETING

Organizations today have targeted new and present customers. The emphasis is shifting from selling customers *today* to creating customers for *tomorrow.* Thus, business is thinking more long term than short term.

Relationship marketing is the creation of customer loyalty. Organizations use combinations of products, prices, distributions, promotions, and services to achieve this goal. Relationship marketing is based on the idea that important customers need continuous attention.

An organization using relationship marketing is not seeking a simple sale or transaction. It has targeted a major customer that it would like to sell to now and in the future. The company wants to demonstrate to the customer that it has the capabilities to serve the account's needs in a superior way, particularly if a *committed relationship* can be formed. The type of selling needed to establish a long-term collaborative relationship is complex. Dell Inc., for example, prefers suppliers who can sell and deliver a coordinated set of goods and services to many locations, who can quickly solve problems that arise in their different locations and who can work closely with them to improve products and processes.

Most companies, unfortunately, are not set up to meet these requirements. Today, the level of customer relationships vary. Many organizations still sell to customers and then forget them. Other organizations develop a close relationship, even a partnership, with their customers.

RELATIONSHIP MARKETING AND THE SALES FORCE

A major issue in an organization's relationship marketing program is the role of the sales force. Firms use salespeople in many ways. However, these four basic questions are guidelines that define the role of the sales force:

1. How much selling effort is necessary to gain and hold customers?
2. Is the sales force the best marketing tool, compared to advertising and other sales promotion methods, in terms of cost and results?
3. What type of sales activities, for example, technical assistance, frequent or infrequent sales calls, will be necessary?
4. Can the firm gain strength relative to its competition with its sales force?

The answers to these questions come largely from an analysis of competition, the target markets, and the firm's product offerings. This helps determine (1) sales force objectives, (2) the level of resources—such as personnel and money—allocated to sales force activities, and (3) the importance of personal selling in the marketing mix.

When selling business to business, IBM, for example, used a variety of marketing and sales activities for the introduction of one of their new midsized computers. As shown in Exhibit 2.8, IBM used its direct sales force to develop a proposal, demonstrate the equipment, and close the sale. It used other marketing methods for the various sales tasks shown across the top of Exhibit 2.8. Other sellers may use the marketing methods in a different way, depending on the answers to the above four questions.

Personal Selling Builds Relationships

Personal selling is an essential element of any organization's marketing mix. The main functions of personal selling are to generate revenue and provide service to help make customers satisfied with their purchases. This builds relationships and is the key to success in today's competitive marketplace.

EXHIBIT 2.8 Examples of various marketing and sales methods used to sell midsized computers, business to business.

Marketing / Sales Tasks

Marketing Method / Channel

	Awareness	Inquiry generation	Lead qualification	Proposal development	Trial or demonstration	Close	Postsale activity
Public relations							
Advertising							
Direct mail							
Telemarketing							
Internet							
Trade shows							
Telesales							
Distributors / Business partners							
Direct sales							
Customer service							

Salespeople Generate Revenue

Once a product has been developed, it must be sold. To generate profitable sales, the product has to be promoted. In today's competitive marketplace, a firm has to make personal selling a main promotional method for selling the product.

Think about this! Virtually every product you see in any factory, office, school, or retail store was sold to that organization by a salesperson. The next time you are in a grocery store, stop and look around at the thousands of products you can buy. Salespeople are responsible for making those products available for you.

Because they are involved in person-to-person discussions, salespeople can customize their sales presentations to the individual needs of specific people and organizations. Salespeople can see a customer's reaction to a sales approach and make necessary needed adjustments immediately. Advertising cannot do this.

It's true that advertising attracts the consumer's attention and arouses desire; however, ads don't close any sales. Personal selling does. In many cases, personal selling ends in an actual sale.

However, the promotional method of selling is costly. The high cost is due to the expense of developing and operating a sales force. Yet this drawback is compensated for by salespeople being able to contact specific individuals.

MAKING THE SALE

Salespeople Have Made America Great!

He came on muleback, dodging outlaws as he went, with a pack full of better living and a tongue full of charms. For he was the great American salesman and no man ever had a better thing to sell.

He came by rickety wagon, one jump behind the pioneers, carrying axes for the farmer, fancy dress goods for his wife, and encyclopedias for the farmer's ambitious boy. For he was the great practical democrat, spreader of good things among more and more people.

He came by upper berth and dusty black coupe, selling tractors and radios, iceboxes and movies, health and leisure, ambition and fulfillment. For he was America's emissary of abundance, Mr. High-Standard-of-Living in person.

He rang a billion doorbells and enriched a billion lives. Without him there would be no American ships at sea, no busy factories, and fewer jobs. For the great American salesman is the great American civilizer, and everywhere he goes he leaves people better off.[5]

Organizations need a good personal selling effort to compete in today's marketplace. Salespeople help make companies successful. Many of us feel salespeople have made America great!

Salespeople Provide Service

If an organization wants a customer to return—to be satisfied—it must provide an excellent level of service quality. **Service quality** is a subjective satisfaction assessment that customers arrive at by comparing the service level they believe an organization ought to deliver to the service level that they perceive being delivered.

Some customers may get the product they want but become unhappy because of poor service. In fact many consumers feel they never really get service anymore. Take this story, for example. "Mom," the little girl said, "do all fairy tales begin with 'once upon a time'?" "no dear," her mother said. "Sometimes they begin with, 'The couch you ordered has arrived at our warehouse and should be delivered within five working days.' "

People may lie to you; be truthful and forgiving anyway.

"Where is service today?", is a question frequently asked by customers. An organization's salespeople can help ensure that the organization's service standards are higher than customers' expectations.

Salespeople Implement Relationship Marketing

Who better to help develop a relationship marketing program than the personnel constantly in contact with customers—salespeople. Relationship marketing and the marketing concept are based on the philosophy of being customer oriented. Organizations following this philosophy rely on their sales personnel to help implement customer contact programs. Salespeople sell customers products; when customers are unhappy, the salespersons take care of the problems.

Marketing links the organization with the customer. Salespeople are in direct contact with customers; those who help customers find just the right products to satisfy their particular requirements are providing good service. Salespeople who are knowledgeable, who listen well and come up with answers, and who stand by their customers after the sales are made are providing good service. Sales and service are inseparable.

LEVELS OF RELATIONSHIP MARKETING

What type of relationships should an organization have with its customers? Is the cost of keeping a relationship worth it? To answer these questions, let's define the three general levels of selling relationships with customers:

- **Transaction selling:** customers are sold to and not contacted again.
- **Relationship selling:** the seller contacts customers after the purchase to determine if they are satisfied and have future needs.
- **Partnering:** the seller works continually to improve its customers' operations, sales, and profits.

Most organizations focus solely on a single transaction with each customer. When you go to McDonald's and buy a hamburger, that's it. You never hear from them again unless you return for another purchase. The same thing happens when you go to a movie, rent a video, open a bank checking account, visit the grocery store, or have your clothes cleaned. Each of these examples involves low-priced, low-profit products. Also involved are a large number of customers who are geographically dispersed. This makes it very difficult and quite costly to contact customers. The business is forced to use transactional marketing.

Relationship marketing focuses on the transaction—making the sale—along with follow-up and service after the sale. The seller contacts the customer to ensure satisfaction with the purchase. Toyota contacts each buyer of a new vehicle to determine the customer's satisfaction with the car. If that person is not satisfied, Toyota works with the retailer selling the car to make sure the customer is happy.

Partnering is a phenomenon of the 1990s. Businesses' growing concern over the competition not only in America but also internationally revitalized their need to work closely with important customers. The familiar **80/20 principle** states that 80 percent of sales often come from 20 percent of a company's customers. Organizations now realize the need to identify their most important customers and designate them for their partnering programs. The organization's best salespeople are assigned to sell and service these customers. Let's take a closer look at partnering since it is becoming so important to organizations.

PARTNERING WITH CUSTOMERS

The ultimate outcome of relationship marketing is the building of a partnership between the seller and the buyer. The seller's company works continuously to help the customer. As the customer prospers, so does the seller. The customer is not sold and then forgotten, nor is the customer sold and much later asked, "How did you like it?" The seller continues to work with the buyer and the company after the sale to ensure the customer's satisfaction with the product's quality and value.

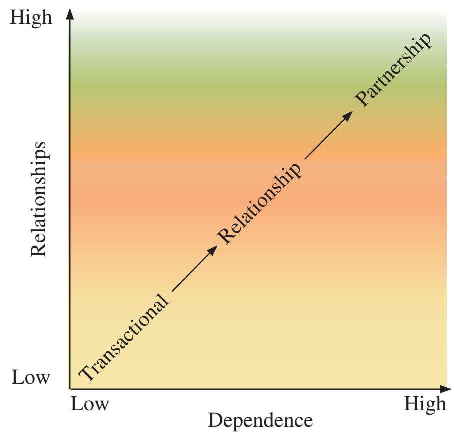
Partnering encourages both buyer and seller to share information such as marketing research findings and production cost data. Their goal is to share risks and profits together. When two businesses create partnership plans, each accepts a redefinition of its goals. Each accepts an implicit contract to stimulate the other's growth. As illustrated in Exhibit 2.9, they become relatively more dependent on one another.

When this occurs, they become distinctly different species than when they started. They're no longer a buyer and a seller—one striving for the lowest possible cost, the other aiming for the highest possible margin. They're no longer opponents, but two companies working toward an objective.

Both are now in the business of enriching the other, not getting rich at the other's expense. They're not concerned with growth simply by conquest and market

EXHIBIT 2.9

Dependence increases as relationships become more important.



penetration. They're not concerned with simply planning in private, each using its own resources. They now share objectives with a partner committed to achieving them.

Partnering gives a whole new meaning to customer focus. Companies that put partnering into practice find they reduce or eliminate conflicts of interest between themselves and their clients. Those who work at partnering find that very quickly their sensitivity and responsiveness improve significantly. They begin to anticipate trends in their customers' businesses. They begin to know their customers' requirements almost before the customers do.

Once a company defines its own business as growing the business of its partner, it can begin thinking along completely new lines. It can break loose from archaic planning and accept the idea that growth is something partners do together.

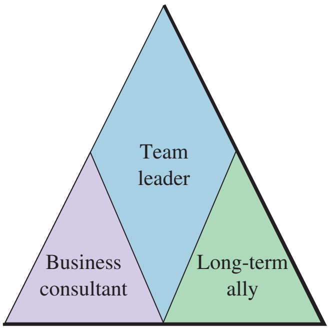
THE NEW CONSULTATIVE SELLING

Not too long ago, the typical sales presentation was a *pitch* focused on a specific product and tightly controlled by the salesperson. Today, the best sales calls are highly interactive dialogues between a salesperson and a customer working toward a common goal. The sales call is a balanced exchange of information, based on trust and focused on achieving a mutually beneficial agreement.

Salespeople have gone from selling goods, to selling goods and services, to selling goods, services, and value-added services. Customer needs have become more complex, which makes customers want to do business with sales organizations that can help them meet those needs. Sales executives feel the critical skill salespeople need is the ability to develop customer relationships over time. This is usually referred to as consultative selling. **Consultative selling** is the process of helping the customer achieve strategic short- and long-term goals through the use of the seller's good and/or service. The term *consultative selling* is not a new one, but sales managers are redefining it to reflect the values of today's more sophisticated customers and sales forces.

Three Roles of Consultative Selling

The roles of a salesperson center around what customers want from him or her. Typically customers want three things. First, they want salespeople who are committed to helping them succeed. To ensure the success of a long-term relationship, salespeople must help their customers achieve short- and long-term objectives. Next, they want salespeople who will stay involved with them over time—even if there is not an immediate sales opportunity. Finally, customers want the salesperson always to focus on their needs when developing recommendations and suggesting products to the buyer. These three needs of the customer require the salesperson to take on the roles of team leader, business consultant, and long-term ally.



The Team Leader Role

For many of today's sales organizations, salespeople do not work alone—they are not "Lone Rangers." They work on multifunctional teams just as many organizations have set up buying teams. **Buying teams** are composed of multifunctional specialists who ensure that their organizations accurately convey their complex needs to the seller and thoroughly assess the accuracy of the supplier's recommendations.

In the role of **team leader,** the salesperson coordinates all of the information, resources, and activities needed to support customers before, during, and after the sale. The team leader works to bring together all of the organization's resources for the customer. As illustrated in Exhibit 2.2, the salesperson serves as the primary contact between the buyer's and seller's organizations and makes the customer aware of the network of resources that stand behind the salesperson.

Compassion is difficult to give away because it keeps coming back.

The salesperson knows who within the company can best create a unique solution for a customer. This often requires the salesperson to form a team. **Team selling** brings together the appropriate people and resources needed to make the sales call. The sales call may take place over the phone, in person, and/or by video teleconferencing. The customer can be quickly provided with a wide range of information, advice, ideas, and even decisions.

As digital video and audio technology make video calling widely available, you will see more of **E-sales calls** (see Exhibit 2.10). The salesperson, or team, will be positioned in front of the computer interacting with the buyer or buying team. The salesperson will need the competencies of making both the face-to-face, or one-on-one sales call, plus the group and telephone presentation.

EXHIBIT 2.10

E-sales calls allow a supplier's sales team to make a presentation to any buyer group at locations around the world.

Top-to-Top. Eastman Chemical frequently uses sales teams, including top executives. Eastman's CEO, Ernie Deavenport, is assigned several of the company's top customers, as is its executive vice president, Wiley Bourne, and Worldwide Sales Division president, George Trabue. They call on accounts—in conjunction with the local sales rep—several times a year. The seller's top executive talking with the buyer's top executive, **top-to-top,** has proven to be very beneficial to both organizations. When needed, an engineer, a chemist, an accountant, or other specialist is present to work with his or her customer's counterparts. The salesperson is responsible for following up on any commitments made during the sales call.

The Business Consultant Role

As a **business consultant,** the salesperson gives advice and service. The salesperson uses internal and external resources to gain an understanding of the customer's business and marketplace.

Customers are under great pressure to grow their sales and profits. Their time is valuable. Often prospective customers do not have time to educate salespeople about their organization. Today they expect salespeople to arrive at the very first meeting prepared to discuss some of the deeper issues surrounding the customer's organization and its needs. Because customers have many suppliers wanting to sell to them, they are impatient with salespeople who are unable to quickly demonstrate that they are knowledgeable business professionals and not simply persuasive "peddlers."

This is one of the greatest challenges salespeople face today. To add value for their customers, salespeople need to know a significant amount about the customer's business at the start of every sales interaction. They have to be prepared when they first walk in the prospective customer's door.

Would you hand a stranger your wallet or purse and let him or her go through your personal items? Would you show a stranger your bank statement? Would you tell the stranger all about your personal finances? Would you let a stranger come into your home or apartment and go through everything? That is what many salespeople face when just starting to sell a customer. They often must collect confidential information and data before being able to make purchase recommendations. Several of the things that help salespeople become business consultants are

1. Demonstrating and refining their understanding of the customer's big picture.
2. Creating an atmosphere of trust, integrity, reliability, and professionalism that fosters the exchange of information and ideas.
3. Continually strengthening their business knowledge.
4. Following the Golden Rule.

Today's salespeople need to be experts on a wide range of topics in order to be considered a business consultant by their customers. This requires information.

The Long-Term Ally Role

In the role of **long-term ally,** the salesperson acts as a helper in meeting the customer's needs. The salesperson's goal is to create a win–win situation. As the customer's sales and profits grow, so do the salesperson's. Thus, the salesperson presents goods and services honestly and turns down business that is not in the customer's long-term interest. The salesperson "goes to bat" for customers with the seller's employer whenever necessary and helps customers carry out fact-finding missions within the customer's company.

The ability of a salesperson to fulfill the role of long-term ally is a pivotal factor in determining whether a sales interaction is just a *transaction* or the beginning of a relationship. This is a dramatic change from the past, when many salespeople considered their job completed after closing the sale.

It seems to be human nature for a salesperson's interest in the customer to decline after the sale. This difference between the salesperson's pre- and postsale concern for the customer is referred to as the **relationship gap.** Yet the customer's interest in using the product increases rapidly after the purchase. This is one of the reasons service after the sale is so important to the long-term relationship.

Salespeople who fulfill the role of long-term ally work to eliminate the relationship gap by ensuring that the customer is receiving the level of support and service that meets expectations now and throughout the duration of the customer relationship process.

E-SELLING: TECHNOLOGY AND INFORMATION BUILD RELATIONSHIPS

Videoconferencing is excellent for presentations and training.

In this chapter you were introduced to the importance that knowledge plays in helping the salesperson fulfill the role of business consultant and how customers expect salespeople to be more knowledgeable than ever before. This creates a tremendous challenge for the salesperson in that the information and knowledge needed to properly sell and service, perhaps several hundred customers within the sales territory, have expanded well beyond what any individual could possibly know. Salespeople need more information about goods, services, customers, and competitors than ever before.

Often the need to gather and organize information lengthens the sales process. Also, the growing emphasis on team selling and group buying makes it critical to share information quickly and accurately among a wide variety of people who influence the customer's buying decision.

The good news is that technology has exploded the boundaries of today's knowledge frontiers. Salespeople have access to almost any conceivable piece of information or data. Technology is making it possible to improve a person's sales and service performance. Desktop and laptop computers, iPads, cell phones, CD-ROM videodiscs, automatic dialers, electronic mail, fax machines, and teleconferencing are quickly becoming popular sales tools. The salesperson has truly gone high tech. Not only is sales and inventory information transferred much faster, but also specific computerized decision support systems have been created for sales managers and sales representatives.

The goal is to help salespeople do such things as increase the speed with which they can find and qualify leads, gather information prior to a customer presentation, reduce their paperwork, report new sales to the company, and service customers after the sale. Technology has provided the answer.

Technology is expensive. Hardware, software, and training take a large investment. Yet companies believe it is worth the cost because of decreased travel and paperwork, more productive sales calls, and better customer service. Chapter 5 has further discussions on the technology salespeople use to build relationships.

WHAT'S A SALESPERSON WORTH?

You have learned the importance of salespeople in selling and servicing customers for their organizations. However, are salespeople worth their cost? Why not rely on such marketing tactics as advertising, direct mail, and telephone salespeople to sell customers and create new ones? Why not have telephone service advisors take care of problems?

ETHICAL DILEMMA

Who Is Correct?

One of the great things about working for your company is the material provided for you in developing your sales presentations. This allows you to spend time selling rather than doing your own research on the economy, industry, and competitive products. However, you do not totally rely on this information. You subscribe to eight industry publications and routinely attend educational conferences to stay abreast of the current technology.

Before attending next week's sales meeting, all salespeople have been asked to develop a sales presentation on a new high-tech medical product using the information supplied by the company. Each of the five salespeople will be asked to role-play their presentation. Then the group will take the best ideas and develop a presentation everyone can use companywide. In developing your presentation, you notice that the data and the methods used to collect it appear to be unreliable according to a past article in one of your magazines. The results may mislead your customers. Your boss tells you the company information is correct and to use it.

What do you do? In selecting your action, consider the discussion of ethical behavior in Chapter 3.

1. Use the information provided by your company to do the best presentation possible—it isn't that big of a deal to mislead customers. After all, every other salesperson will be using the same information.
2. Use the information provided by your company during the "role play" presentation but substitute what you believe to be the more accurate information when you are with your customers. You don't mind what the other salespeople use with their customers—you just want to be sure that your customers have the best information possible.
3. Talk to your boss and explain how helpful the company-supplied materials are to the salespeople. Show him or her your research and offer to help update the company's information. Tell your boss that you are uncomfortable participating in the presentations until accurate data is provided.

So what is a salesperson worth? Of course, it depends. It depends on what the salesperson costs, how much she sells, and the profit margin on the products sold. Chapter 15 discusses this fully. For now, let's look at what a salesperson can do for an organization.

Get weary in your work, not weary of your work.

David Greene sells paper—cash register rolls and other total-commodity papers—for AT&T Global Information Solutions (AT&T GIS), formerly NCR Corporation. The industry profit margins are small for that type of product, perhaps 5 to 10 percent. Although the production of paper is a high fixed-cost endeavor, sales swing widely due to cyclic usage, while output is remarkably flat (except when a major plant starts up or shuts down). So it's hard to estimate a gross profit margin. Let's err on the conservative side and say that the profit on each additional dollar of sales revenue is about 7.5 cents.

Greene increased the sales in his district from $300,000 to $1.5 million. In doing so, he added an incremental $1.2 million in business to AT&T GIS's revenues. Using the conservative estimate of 7.5 percent profit margin on incremental sales, those sales are worth $90,000 per year to the firm in pure profit—that is, after accounting for the cost of David Greene himself!

Of course, this estimate completely ignores the fact that customers tend to become less price-sensitive when they become accustomed to dealing with a salesperson and receiving great service. While this doesn't mean that Greene can gouge his customers, he may be able to maintain a reasonable price when a particular competitor lowballs prices in his market in an effort to gain market share. Needless to say, that improves the margin on Greene's total basket of business and may push it above the 7.5 percent level we have estimated for the entire country. With total sales of $1.5 million, an increase of a single percentage point in profitability is worth $15,000—nothing to sneeze at.[6]

As you learn more about sales you will find salespeople make a valuable contribution to the success of their employer. Selling closes the deals. It generates the revenue to keep the organization in business.

THE KEY TO SUCCESS

Companies cannot survive today by simply doing a good job. They must do an excellent job if they are to succeed in the increasingly competitive global marketplace. Consumer and business buyers face an abundance of suppliers seeking to satisfy their every need. The key to profitable company performance is knowing and satisfying target customers with competitively superior products and service. Marketing is the company function that defines not only customer targets but also the best way to satisfy their needs and wants competitively and profitably.

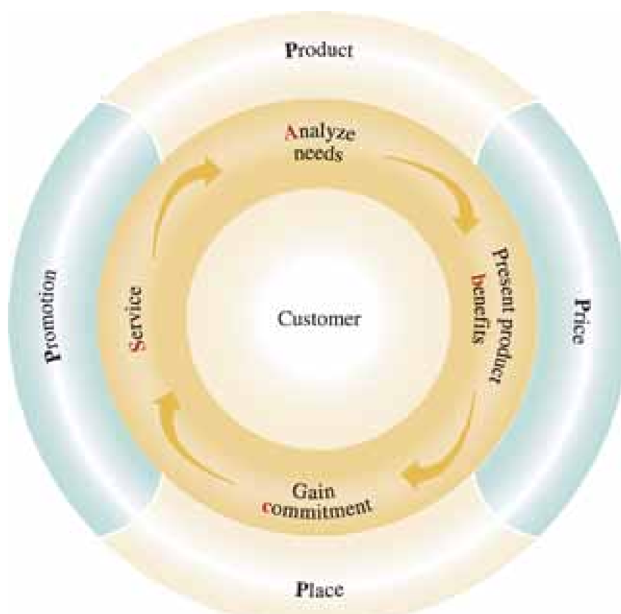
Marketing's main customer contacts are salespeople. Because salespeople know how to produce sales, profits, and customer satisfaction, they are critical to being successful in today's fierce competitive battles in the marketplace.

What are the 4 Ps of marketing?

Exhibit 2.11 helps to summarize this chapter. The **four Ps of marketing** (product, price, place, and promotion) aid the salesperson's selling efforts. The salesperson's organization provides the product to sell, at a price and place to be delivered or for pickup. Often a company's promotions inform the buyers about the product. The salesperson personally contacts the buyer to analyze needs, present product benefits, and gain commitment or close the sale, and to provide service to ensure customer satisfaction. Together marketing and personal selling provide the needed service for customers to build long-term relationships.

EXHIBIT 2.11

Marketing and personal selling provide service to customers.



SUMMARY OF MAJOR SELLING ISSUES

Most people today associate marketing with selling. Yet, the act of selling is only one part of the overall marketing activities of the firm. The task of providing products that satisfy consumers' wants forms the basis for our current marketing systems. Marketing is an exchange process between buyers and sellers, the purpose of which is to satisfy the buyer's needs and wants through the purchase of the seller's products.

This marketing concept evolved over the years, developing as American business matured. Initially, production-oriented American business assumed that people would buy whatever was efficiently produced. This concept gradually evolved into a sales-oriented approach in which firms generally depended on effective sales approaches to stimulate consumer demand for a product. Today's marketing-oriented philosophy focuses on a firm's desire to increase sales while anticipating and satisfying consumer needs. Progressive businesses today are much more consumer oriented than firms have been in the past.

The marketing mix consists of four variables—product, price, distribution (or place), and promotion. The product variable encompasses its physical attributes. Pricing involves the marketing manager, who establishes each product's price as well as overall pricing policies. Getting that product to the right place at the right time is the distribution variable. The promotion variable increases demand by communicating information to potential customers via personal selling, advertising, public relations, and sales promotion.

Firms must carefully consider the role of the sales force in their promotional program or promotional aspect of the marketing mix. A firm has to decide if a sales force is a viable direct-marketing tool; and if so, which types of selling activities optimally promote its products. The different levels of relationship marketing (transaction selling, relationship selling, and partnering) allow salespeople to create customer loyalty. In this manner, they can keep today's customers while generating new customers for tomorrow.

The new consultative selling requires the salesperson to take on the roles of a team leader, business consultant, and long-term ally. By performing these three roles the salesperson can reduce the relationship gap so the customer is satisfied with doing business with the seller.

MEETING A SALES CHALLENGE

You might suggest to Larry that he develop a prospect list of organizations that could purchase his products. By telephone and in person he could contact organizations such as churches, high schools, little league baseball teams, sororities, and fraternities.

During the day Larry could make sales calls. Nights and weekends he could design, produce, bill, and ship orders. He must make sure his prices are competitive.

As soon as possible, Larry could hire one university student to contact organizations at Texas A&M University. The student could be paid on a straight commission or a small hourly salary and commission. As sales and profits increased he could advertise in the Yellow Pages. Larry could also start to sponsor several charity events.

Larry could hire another salesperson to contact his customers and prospect for new customers. He might continue to telephone customers. With salespeople, Larry could reduce the hours he works and concentrate on the production side of the business. Can you see how the phrase "Nothing happens until someone sells something" applies to this situation?

KEY TERMS FOR SELLING

marketing 42
exchange 43
transaction 43
marketing concept 44
marketing mix 46
good 46
service 46
idea 46
value-added 46
product 47
consumer products 47
industrial products 47
price 48
distribution 48
household 48
firm 48
government 48
resellers 49
promotion 49
personal selling 49
advertising 49
public relations 49
sales promotion 49
relationship marketing 51
service quality 53
transaction selling 54
relationship selling 54
partnering 54
80/20 principle 54
consultative selling 55
buying teams 56
team leader 56
team selling 56
E-sales call 56
top-to-top 57
business consultant 57
long-term ally 57
relationship gap 58
four Ps of marketing 60

SALES APPLICATION QUESTIONS

1. Discuss the role of personal selling as it relates to a firm's marketing effort.
2. Explain the difference between the production, sales, and marketing stages in the evolution of marketing management.
3. Discuss the four elements of a firm's marketing mix. Give several examples of how companies today have developed a marketing mix to compete in their industry.
4. Assume that the XYZ company has hired you. One of the first things you are asked is what you believe in the relationship between the sales quota your manager gives you and sales objectives expected of the entire sales force. What would you say?
5. What type of coordination is needed between the firm's sales force and its advertising department to have a coordinated selling effort?

FURTHER EXPLORING THE SALES WORLD

Visit a local company and determine the marketing mix it uses in selling its products or services. Determine what the company expects of its salespeople and how the company helps them sell its goods and services.

SELLING EXPERIENTIAL EXERCISE

What Should Your Children's College Majors Be?

You are the parent of 10 children and have just used your inheritance to acquire a medium-sized pharmaceutical company. Last year's sales were down 18 percent from the previous year. In fact, the past three years have been real losers. You want to clean house of current managers over the next 10 years and bring your children into the business. Being a loving parent, you agree to send your children to college to educate each of them in one functional specialty. The 10 children are actually five sets of twins exactly one year apart. The first set begins college this fall, followed by the remaining sets during the next four years. The big decision is which specialty each child should study. You want to have the most important functions taken over by your children as soon as possible, so you will ask the older children to study the most important areas.

Your task right now is to rank the functions to which your children will be assigned in order of priority and develop reasons for your ranking. Write this list on a separate sheet of paper. These are the functions:

_____________ Distribution
_____________ Manufacturing

______________ Market research
______________ New product development
______________ Human resources
______________ Product promotion
______________ Quality assurance
______________ Sales
______________ Legal and governmental affairs
______________ Controller

Analyze your reasons for how functional priority relates to the company's environmental/strategic needs. Now rank the functions as part of a small group. Discuss the problem until group members agree on a single ranking. How does the group's reasoning and ranking differ from your original thinking?[7]

CASE 2.1

Reynolds & Reynolds TEAM SELLING

In the past, warranty work accounted for as much as 70 percent of an auto dealership's service load.[8] That number is steadily dropping to around 30 percent. Because of this large decline, dealerships must now proactively target service retention and loyalty among new car buyers. That's where the sales team of Reynolds & Reynolds comes in.

Reynolds helps dealerships become more effective at retaining new car buyers as service customers and building loyalty among the customers to keep them coming back. They help dealers to better understand their customer base, figure out who their most profitable customers are, and then target them with focused incentives to get the customers back into the dealerships when service is needed.

The Opportunity

Bob Sherman, a Minneapolis-area sales associate with Reynolds, and his regional sales manager, Tim O'Neill, along with Chuck Wiltgen, marketing specialist, met with representatives from Ben Frothingham's American Ford Dealership. American Ford was in need of a new retention plan to boost service sales and Reynolds provided them with one. The group effectively presented their marketing strategies and tied up the deal successfully.

Sherman established the contact with American Ford's service department and discussed their options. His next call was more promising and he talked with them more about a new initiative from Ford called "Quality Care Maintenance." They gave him negative feedback, so he suggested that they meet with his boss, Tim O'Neill. By the close of the third meeting, American Ford agreed to have reports run on their customer retention rate and their database system.

Precall Planning

Before the call, Sherman, O'Neill, and Wiltgen discussed details of the opportunity, roles each would play and any possible concerns that they anticipated. They decided that Sherman would discuss the reports with the customer, and Chuck would be the implementation guy. Tim would be there for backup. Because they had been working together so long that they basically already knew how to present their information.

Stage 1: Report

After two reports were run to determine just who the dealership's customer base was, the three met with Carol Bemis, the dealership's new parts and service director, and Brad Greenberg, service manager. Sherman opened the meeting by recapping the set of mutual expectations and handing out copies of the reports. Sherman had calculated that in the previous year, the dealership lost $144,000 from customers who did not return for service. Sherman calls this the "lost opportunity" for that year. He explained that if American Ford had done business with every one of its new car customers from the past five years, the service department would have brought in an additional $1.3 million. O'Neill and Wiltgen confirmed these figures, and Tim recommended that the company run these reports every 90 days to use as a diagnostic tool.

Stage 2: Analysis

Sherman then shared the database information with Bemis and Greenberg. He discussed with them the number of customers they have on the database that were considered active, meaning that they had been in for service in the previous six months. The report also divided the customers into where they come from, broken down into area codes and the top nine nearby zip codes.

They discussed problems they were having with their marketing strategies, and they all came to the conclusion that the dealership needed service reminders. In response to specific questions, the Reynolds sales team explained that (1) with more than 100 different coupons, mailers could be easily customized to suit changing needs; (2) mailings to customers could be sorted by area code, American Ford service advisor, or zip code; (3) the American Ford logo could be placed on the new mailers; and (4) copies of all the coupons available for use could be made available for Bemis and Greenberg to review.

Stage 3: Program

The Reynolds team then helped them to figure out the best way to implement a "Preferred Customer Card" program. Sherman explained that in other dealerships with the program, they generally have the service advisors ask the customers up front if they have the card. If they do, the advisor knows that the customer is already in the database and does not need to be added to the list. Reynolds calls this "data hygiene," meaning they are helping companies cleanse their databases so that their service reminder program really hits the mark.

Stage 4: Returns

The team then presented Bemis and Greenberg with Reynolds's "Direct Drive" program. This program allows the dealership to customize its mailings for the customers who are active and those who are inactive. It also sorts customers by vehicle so that each customer will receive a mailing that is specifically designed for his or her needs.

This suggestion rolled the conversation over to the topic of cost. Sherman went over the monthly fees for the Direct Drive program and the costs per mailer and phone call for service reminders. Greenberg and Bemis discovered that they were spending about the same amount on the poor results they were getting from their current vendor. Sherman then calculated that if the dealership did implement the program, they could gain $30,750 of additional business in a single month with only a 5 percent response rate.

Stage 5: Close

After Greenberg looked over the figures, he showed genuine enthusiasm for what Reynolds could do for American Ford. O'Neill added that his company's programs cover all angles of the customer base—the actives, inactives, and new customers. Bemis and Greenberg agreed to move forward with the service reminder program for the entire database of active customers. They also decided to go with the Direct Drive program to target their inactive customers. This was more progress than the Reynolds team had expected from the account. The meeting closed with Greenberg and Wiltgen hammering out the fine print of the agreement, while O'Neill, Sherman, and Bemis set up a timetable for the next step in the process.

Questions

1. How is the effectiveness of team selling demonstrated by the Reynolds team, and what are some of the disadvantages to this method in this particular case?
2. How did the Reynolds team successfully execute the following critical roles in sales: client access, client education/persuasion, and fulfillment?