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Selling LAP 117 Performance Indicator: SE:017

Sell Away

The Nature and Scope of Selling

What it takes to sell

The service of selling

12 traits of successful selling

So? What



What does selling have to do with you? “Nothing,” you might think. “I don’t sell anything, and I rarely deal with salespeople.” But if you stop to think about it, you’ll discover that selling has *a lot* to do with your life! Have you ever tried to convince your parents to let you go to a certain party? You were *selling* them on the idea. Have you ever gone through a fast-food drive-thru with your friends, and the cashier asked, “Do you want fries with that?” The cashier was trying to *sell* you something extra.

Selling is an extremely important part of our economy. Goods and services must be sold for businesses to exist and private enterprise to thrive. Millions of people work in a variety of sales careers, and selling skills are also essential in most marketing positions. Anyone going into a business-related field should have a basic knowledge of the nature and scope of the selling function. Read on to learn more!

Objectives

- 1 Explain the nature of selling.
- 2 Explain personal characteristics of successful salespeople.

What Is Selling?

In our economy, nothing can happen until a good or service is sold. Think about it—what would happen to the business you work for if it had no sales? How long would the business remain open? Probably not very long. This applies to all types of businesses—goods and services *must* be sold for the businesses to exist.

If no one needed or wanted to buy a good or service, there would be no need to produce it. For example, if no one needed or wanted to buy cars, cars would no longer be produced. If no one ever went to the movies, the theaters would go out of business. Goods and services must be sold for them to continue being produced.



Selling defined

Selling is responding to consumer needs and wants through planned, personalized communication in order to influence purchase decisions and ensure satisfaction. Because selling is planned and personalized, it goes beyond mere order-taking or customer service. Let’s look at several key words in the definition of selling:

- **Selling is *planned* communication.** This does not necessarily mean “canned” communication. Rather, it means you have spent some time learning about your product and your customers. You know the features and associated benefits of your product and are able to demonstrate them effectively to particular customers.
- **Selling is *personalized* communication.** It involves interaction with the customer, usually face-to-face or over the phone. Selling is *not* advertising, then, since advertising is impersonal communication directed toward entire market segments.





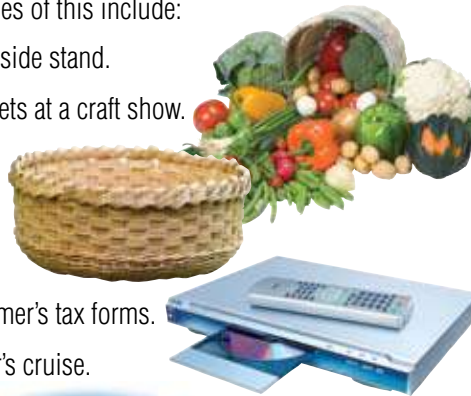
- **Selling takes place to *influence* purchase decisions.** It is a service to customers and should never be a “strong-arm” tactic or an attempt to make a quick buck.
- **Selling should ensure customer *satisfaction*.** Only by satisfying customer needs and wants will a salesperson gain repeat business. Repeat business is the backbone of selling. For most companies, over two-thirds of sales come from the repeat purchases of loyal customers.



Why do customers buy?

Because of selling, businesses and people are able to obtain the goods and services they need and want. Some goods and services are sold directly to consumers for ultimate consumption. Examples of this include:

- A farmer sells produce at a roadside stand.
- An artisan sells handmade baskets at a craft show.
- A doctor treats a patient.
- A retailer sells a DVD player.
- A hairstylist gives a haircut.
- An accountant prepares a customer's tax forms.
- A travel agent books a customer's cruise.



Some goods and services are sold to organizations for resale. The business that initially buys the product plans to sell it to other people or businesses. Examples of this include:

- A department store buys shoes to resell to its customers.
- A wholesaler buys candy to resell to grocery stores.
- A college bookstore buys books to resell to students.

Other goods and services are sold to organizations for use in business operations. These products can be used in two ways. First, some are used to produce other goods. For example, a pizza restaurant buys pepperoni to use on its pizzas, and a furniture manufacturer buys fabric to use on its chairs and sofas. Second, some are used for general operating purposes. The pizza restaurant also purchases ovens to bake its pizzas in, and the furniture manufacturer also purchases trucks for delivering its products to wholesalers and retailers.



Who sells?

Every business organization sells. Entrepreneurs sell ideas to banks to obtain financing. Manufacturers sell goods to wholesalers and retailers. Wholesalers resell goods to retailers. Retailers and service providers sell goods and services to customers. It is estimated that more than 12 million Americans work in sales, although that number is still low considering that there is an element of sales in nearly every job.

What is sold?

Both tangible and intangible products are sold. Tangible products are those items that can be touched, smelled, tasted, seen, or heard, such as clothes, houses, food, or CDs. Intangible products are productive activities that we pay someone else to perform. They are services provided to customers, such as dry cleaning, lawn care, or health care.





The line between tangible and intangible products can be blurry, however. Tangible products have intangible aspects attached to them, and intangible products have tangible aspects attached to them as well. For instance, a diamond engagement ring is a tangible product, but it signifies many intangible feelings and emotions, such as love and commitment. Dry cleaning is an intangible product, but the smell and feel of a clean shirt are tangible benefits of the service.

Where does selling occur?

Selling happens anywhere person-to-person contact is made. It could be over the phone, on the doorstep of a person's home, at a customer's place of business, or in a store or office.

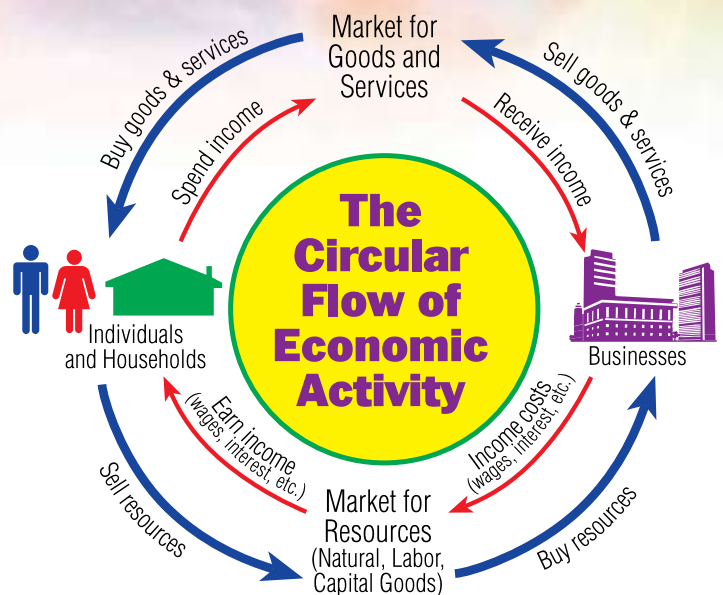
How are products sold?

Some goods and services are sold directly to the consumer or user without the use of a wholesaler or retailer. Examples of this include:

- Selling magazines door-to-door
- Selling candy to friends and relatives to raise money for a student organization
- Selling products such as cosmetics and Tupperware through home shows

Other goods and services are sold indirectly to the consumer or user through the use of intermediaries, such as wholesalers and retailers. Examples of this include:

- Video stores sell or rent DVDs to customers, after buying them from suppliers.
- A wholesaler sells steel beams to a small construction company that is building an office building.
- An athlete's agent gets him/her a five-year contract with a professional sports team.



What is the role of selling in our economy?

Our economic system depends on selling because it keeps our economy moving, promotes competition, affects employment, adds utility, helps customers determine needs, and creates desire for products. Let's take a closer look at these effects of selling.

- **Keeps our economy moving.** As shown in the diagram, businesses buy resources (natural, human, and capital goods) to be used in the production of goods and services. Then, they sell the goods and services to the market that wants them. That market could include manufacturers, wholesalers, and retailers, along with individuals and households. Individuals sell their resources to businesses to help in the production of goods and services. If individuals and businesses did not do this, there would be no economic flow. Selling keeps our economy moving by enabling us to move the products that come from our factories and farms to the people and businesses that will use them.
- **Promotes competition.** All businesses compete for scarce customer dollars. Businesses that sell the most products which satisfy customer needs at the best prices will succeed. This puts pressure on the competition to produce better products. Businesses continue to develop new or improved products to make more sales than their competitors.



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- **Affects employment.** The jobs of many people depend on making sales. As businesses grow, they hire more salespeople and other employees to keep up with the demand for their products. For example, Starbucks Coffee opened as a one-store operation in 1971. As sales increased, the company hired more salespeople, opened new stores, and hired people to manage and operate those stores. In addition, other manufacturers and wholesalers have benefited from the growth



of Starbucks. The stores must purchase sugar, cream, paper cups, napkins, straws, and more to accompany the coffee. To open a new store, building materials, tables, chairs, coffee-brewing equipment, and refrigerators must be purchased from manufacturers and wholesalers as well. Today, there are over 10,000 Starbucks stores in more than 30 countries. The company also offers many bottled versions of its coffee drinks as well as ice creams featuring its coffee flavors. As the business continues to grow, so will the number of its employees and the number of employees at associated manufacturers and wholesalers.

As you can see from the above example, the exchanges created by selling help businesses make a profit that enables the companies to expand. On the other hand, if sales decline, so will the number of people that a business employs. And if sales continue to decline for a steady period of time, it can begin to affect manufacturers and wholesalers as well.

- **Adds utility.** Selling adds utility, or usefulness, to products. Through selling, products can be “in the right place at the right time.” Skilled salespeople aid in developing utility for their products by creating customer desire. They will attempt to sell not only a suit but also



the accessories to go with it. They may have the customer try on a shirt and tie that match the suit, while pointing out the features and benefits of buying all three.

- **Helps customers determine needs.** By providing opportunities for two-way communication between customers and salespeople, selling enables customers to receive help with their buying problems. In this way, customers can determine their needs and can select products that are right for them.
- **Creates desire for products.** Skilled salespeople can create desire for new or established products. They do this by determining customers' needs, wants, and buying motives. Then, salespeople explain product features and benefits to customers and heighten their desire through the use of demonstrations. For example, by demonstrating the features and benefits of a video camera, a salesperson can sell a young couple with small children on the idea of purchasing it. The salesperson would probably talk about capturing childhood memories on video—birthdays, first steps, camping trips, holidays, family vacations, and more. The salesperson's presentation may also mention the lightness of the camera, its ease of operation, and low-light capabilities.



Summary

Selling is responding to consumer needs and wants through planned, personalized communication in order to influence purchase decisions and ensure satisfaction. Goods and services are sold for ultimate consumption, for resale, or for use in the operation of a business. Every business has something to sell—either tangible products or intangible services. Selling can occur wherever person-to-person contact is made, either directly to the consumer or indirectly through the use of intermediaries. Selling plays an important role in our society and economy. Effects of selling include keeping our economy moving, promoting competition, affecting employment, adding utility, helping customers determine needs, and creating a desire for products.



1. Define selling.
2. Identify three reasons that goods and services are sold.
3. Distinguish between tangible and intangible products.
4. Where does selling occur?
5. How are products sold?
6. How does selling keep our economy moving?
7. In what way does selling promote competition?
8. Explain how selling affects employment.
9. In what way does selling add utility to goods and services?
10. How does selling help customers determine their needs?
11. How can selling create desire for products?



What Makes a Successful Salesperson?

All salespeople represent their companies to customers. The impression that salespeople make on customers is the same impression that customers will have of the business itself. Good salespeople can help to increase the business's clientele, while poor salespeople will probably lose clients as future customers.

What characteristics are needed to become a good salesperson? There are many traits that can help. Don't worry—they can all be acquired with effort. Few salespeople are "naturals." Let's look at some characteristics that are needed to become a successful salesperson.



- **Education and training.** While a great deal of selling knowledge comes from hands-on experience and practice, education and training are important as well. A bachelor's degree in business, marketing, or a related field can help get your foot in the door. Many companies have training programs for their new employees as well.
- **Self-motivation.** A successful sales career requires a lot of hard work. Often, salespeople don't receive a lot of close supervision of their daily activities. It can be tempting to "slack off." Successful salespeople stay on task. They're excellent time managers who don't need to be prompted to get to work.
- **Self-confidence.** Customers tend to trust businesses and products when the salesperson is self-confident. They feel that the company will stand by its promises and that they have made a good buying decision. Increase your customers' confidence by being poised and confident yourself.
- **Product knowledge.** When dealing with customers, you need to know your product inside and out. You must know its features and be able to explain these features in terms of benefits for specific customers. You will need to be able to anticipate and respond to questions or objections from customers about your goods or services.



All salespeople need to know special or unique information about the goods or services they sell. You can obtain specialized product information from a variety of sources—materials on or with the product, people who have used it before, other salespeople, promotional materials, training classes, and more. Make sure that you can talk intelligently about the goods and services you sell. It's also a good idea to be familiar with your competitors' products as well. That way, you can explain to your customers why they should choose your product over theirs.

- **Customer knowledge.** Each customer is unique. The selling techniques that work with one customer will not work with another. In addition to knowing your product, you must also know your customers. If possible, take the time to do your homework before making a sales presentation to a customer.
- **Ethics.** The importance of integrity in a sales career cannot be overstated. Your customers must be able to trust you. Only by being dependable and trustworthy with your customers will you be able to succeed in a sales career. By keeping "customer satisfaction" as your goal, you will gain repeat business and advance in selling.
- **Persistence and patience.** Selling can be tough. Many times, salespeople are not greeted with a warm welcome from potential customers. You will get used to hearing the word "No." Successful salespeople don't get discouraged and give up. They continue looking for ways to make the sale. Some sales just take a little more time than others. Certain customers are slower when making up their minds. It's important to remain patient and make the sale.

The Gray Zone

Sam recently began working at an electronics store, and a good portion of his pay comes through the commission structure. That is, the more he sells, the more money he earns. Sam is saving for college, so his goal is to make as much as possible at his new job.

Today, Sam was helping a customer who was looking at a certain digital camera. One of Sam's main selling points in his presentation was that the camera was currently on sale for 15 percent off. The customer still seemed unsure.

Sam really wanted to make the sale, so he told the customer that the sale price might not be available tomorrow—if he wanted to buy it for this price, he'd better do it today. Sam wasn't sure when the sale would end. He told himself, "It *could* end tomorrow, for all I know. The sales we run here *do* tend to be for very short periods of time."

What do you think? Is it ethical for a salesperson to "push" a customer to buy based on a *possible* end to a sale?

- **Selling skills.** There are specific selling techniques that have been proven over time to be effective. As you become more skilled and advanced in selling, you will learn how to:

- ✓ Determine customers' needs, wants, and buying motives
- ✓ Open and close sales
- ✓ Question customers
- ✓ Handle customer objections
- ✓ Suggest additional or substitute items
- ✓ Demonstrate products
- ✓ Follow up on sales

- **Belief in selling as a service.** Simply put, selling is a service. By doing your job effectively, you are benefiting the customer. "Strong-arm tactics" and attempts to make a quick buck should always be avoided. Your job is to satisfy customers' needs by providing accurate product information that will enable customers to make intelligent buying decisions. Think of yourself as the go-between for your business and your customers. By meeting the needs of your customers, you will be helping your company grow and prosper.

- **Communication skills.** Good communication skills are needed in all jobs, and they are especially important in sales careers. You must be able to express yourself clearly and simply so that customers understand how your products will benefit them and meet their needs. Sometimes, you may need to use technical terms and be prepared to explain them in a way the customer can understand. Remember that good communication goes beyond talking—you must also know how to listen actively.

- **Creativity.** Be imaginative and inventive in your efforts to sell. Look for new or improved uses of your products. Listen carefully to your customers, and build your sales dialogue and presentation around what they tell you.

- **Personal appearance.** First impressions, positive or negative, are developed within the first 60 seconds after meeting someone. Keep in mind, then, that you have only one chance to make a first impression! Customers will judge you and your company by the way you dress and by the way you are groomed. Make sure that you are always dressed and groomed appropriately for your type of sales job.

Summary

There are several characteristics that are needed to become a successful salesperson. They include education and training, self-motivation, self-confidence, product knowledge, customer knowledge, ethics, persistence and patience, selling skills, belief in selling as a service, communication skills, creativity, and personal appearance.



1. Briefly explain how each of the following characteristics contributes to sales success:

- a. Education and training
- b. Self-motivation
- c. Self-confidence
- d. Product knowledge
- e. Customer knowledge
- f. Ethics
- g. Persistence and patience
- h. Selling skills
- i. Belief in selling as a service
- j. Communication skills
- k. Creativity
- l. Personal appearance

Make It Pay!

You may already be a successful salesperson without even realizing it. Every time you convince your friends to see a certain movie, persuade your teacher to give you an extra day on your homework assignment, or obtain your parents' permission to stay out an hour later, you are selling something. Try to be aware of this as you go throughout the next week. Each time you "sell" something to someone, write it down in your notebook. At the end of the week, look at your list. How does this change your perception of your "sales" ability?