Chapter Questions

- How can companies use integrated direct marketing for competitive advantage?
- How can companies use interactive marketing and word of mouth most effectively?
- How can personal selling be used to build profitable customer relationships?
- What decisions do companies face in designing and managing a sales force?

Direct Marketing

- The use of consumer-direct channels to reach and deliver goods and services to customers without marketing middlemen.
- Channels include:
  - Direct mail
  - Catalogs
  - Telemarketing
  - Interactive TV
  - Kiosks
  - Web sites
  - Mobile devices
Benefits of Direct Marketing

For consumers:
- Convenience, ease, and speed of ordering
- Can buy specialty items not available in local stores

For marketers:
- Can buy mailing lists for almost any segment
- Customize and personalize messages
- Build relationships
- Reach the most interested prospects at the right moment
- Easily test alternatives and messages
- Easily measure campaign results

Direct Mail
- Involves sending an offer, announcement, reminder, or other item to a person.
- Decisions:
  - Objectives
  - Target markets and prospects
  - Offer elements
  - Testing elements
  - Measuring success: lifetime value

Public and Ethical Issues in Direct Marketing
- Irritating consumers
- Taking advantage of impulsive, less sophisticated, or vulnerable consumers
- Misleading communications
- Invasion of privacy
Interactive Marketing

- New electronic channels offer:
  - Interaction
  - Individualization
- Advantages of the Web:
  - Contextual placement of ads
  - Rich media ads

Elements of Effective Web Design (7 Cs Specific Design Elements)

- Context
- Content
- Community
- Customization
- Communication
- Connection
- Commerce

- Google vs. Facebook

Forms of Interactive Marketing

- Web sites
- Microsites
- Search-related ads
- Display ads
- Online videos and ads
- Sponsorships
- Alliances
- Online communities
- Email
- Mobile marketing
Word of Mouth
- Buzz and Viral marketing (word of mouse)
- Opinion leaders
- Blogs

Personal Selling and the Sales Force
- The term sales representative covers six positions:
  - Deliverer
  - Order taker
  - Missionary
  - Technician
  - Demand creator
  - Solution vendor

Major Steps in Effective Selling
- Prospecting and qualifying
- Preapproach
- Presentation and demonstration
- Overcoming objections
- Closing
- Follow up and maintenance
Designing a Sales Force
- Objectives
- Strategy
- Structure
- Size
- Compensation

Sales Force Objectives and Strategy
- Tasks:
  - Prospecting
  - Targeting
  - Communicating
  - Selling
  - Servicing
  - Information gathering
  - Allocating
- Approach:
  - Direct (company sales force)—consists of full- or part-time paid employees who work exclusively for the firm.
  - Contractual sales force—consists of manufacturers’ reps, sales agents, and brokers who earn a commission based on sales.

Sales Force Structure
- Territorial structure
- Product or market structure
Sales Force Size—Workload

**Approach**

1. Group customers into size classes by annual sales volume.
2. Establish call frequencies for each customer class (number of calls per year).
3. Multiply the number of accounts in each size class by the call frequencies (determines total work load or sales calls per year).
4. Determine the average number of calls a sales rep can make per year.
5. Divide the total annual calls (step 3) by the average annual calls made by a rep (step 4) to determine how many reps are needed.

Sales Force Compensation

- Components of sales force compensation:
  - *Fixed amount*—a salary, intended to satisfy the need for income stability.
  - *Variable amount*—might be commissions, a bonus, or profit sharing and is intended to stimulate and reward greater effort.
  - *Expense allowances*—enable sales reps to meet the expenses involved in travel and entertaining.
  - *Benefits*—provide security and job satisfaction.

Managing the Sales Force

- Recruiting and selecting sales representatives
- Training sales representatives
- Supervising sales representatives
- Motivating sales representatives
- Evaluating sales representatives