


Chapter 16
Professional Sales

“Good listeners generally make more sales than good talkers”

-B.C. Holwick



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Chapter Objectives

- Explain the role and nature of personal selling and the role of the sales force
- Describe the basics of managing the sales force
- Identify the key issues in recruiting, selecting, training, and compensating salespeople
- Discuss supervising salespeople, including directing, motivation, and evaluating performance
- Apply the principles of personal selling process, and outline the steps in the selling process

Hospitality Industry Sales Positions

There are several types of “sales representatives” in the hospitality industry:

- **Deliverer positions**
 - Deliver supplies such as restaurant supplies or hotel linens
- **Order-taker or Customer Service Representative**
 - What not to be in the hospitality industry
- **Missionary (travel agents...)**
 - Not expected to make a sale, but to create goodwill and educate users on the product or service
- **Technician**
 - Positions that require technical knowledge (consultants)
- **Demand Creator**
 - Positions that demand the creative sale of products or services...
 - **Most of the hospitality industry**

Sales Representatives

Sales representatives serve as the company’s personal link to customers...

- To many customers, their rep *is* the company

Sales representatives typically engage in “Personal Selling”:

- Personal selling is the most expensive contact and communication tool used by a company
- Personal selling is often geared toward group sales
- It involves several tasks...

Nature of Hospitality Sales

Sales representatives perform one or more of the following tasks when involved in personal selling

- **Prospecting**
 - Locating and cultivating new customers
- **Targeting**
 - Allocating scarce time among prospects and customers
- **Communicating**
 - Providing information about the company’s products/services
- **Selling**
 - Approaching, presenting, answering objections, closing the sale
- **Servicing**
 - Consulting on problems and providing technical assistance
- **Information gathering**
 - Conduct market research and intelligence work
- **Allocating**
 - Deciding what customers to allocate products to if shortages

Sales Force Objectives

Sales-Force Objectives

Objectives ensure that corporate goals are met

- Sales goals include revenue, market share, and improving corporate image among others
- Objectives assist sales force members to plan and execute their personal sales programs
- Must be customized...or customer designed annually for each company
- Established to support corporate goals as well as marketing and sales objectives
- Annual objectives may change in the event of natural and other disasters

Achieving Sales-Force Objectives

There are some general sales objectives commonly used by members of the hospitality industry...

Sales Volume

- Bring in as many customers as possible
- This concept alone can lead to negatives such as price discounting, cost cutting, and employee unhappiness

Upselling and Second Chance Selling

- Selling better...or additional services (such as transportation, or valet)

Market Share or Market Penetration

- More of a concern with airlines, cruise lines, & fast food chains

Product-Specific Objectives

- Selling a specific product/service...may offer better profit margin; may need to run out...etc...
- Be careful not to ignore other products

Sales-Force Structure

Sales force structures vary within the industry...however there are some commonly used structures:

- **Territorial**...sales rep assigned a territory
 - Provide equal sale potential, or workload
- **Market-Segment**
 - Separate forces for different target markets (common in hotels)
- **Market-Channel**
 - Representatives serve specific intermediaries
- **Customer**
 - Larger accounts, known as "key" accounts, get special attention
 - Several "key" accounts, a National Account Management division may be created
- **Combination**
 - Combine any/all of the above to reach the most customers

Sales-Force Size

A sales force can be a company's most expensive assets...determining the size of your sales force includes:

- Group customers by annual sales volume into classes
- Deciding how many sales calls will be made annually for each class
- Total workload is determined
 - Number of calls multiplied by the number of accounts
- The average number of calls a sales representative can make per year is determined
- Number of sales representatives is determined
 - Total annual calls required divided by average annual calls per person

Size of Hotel Sales Force

There are several factors that contribute to the size of a hotels sales force:

- Corporate/chain sales support
- Use of sales reps
 - Globalization of the industry
- Team selling instead of a single sales rep
- Electronic and telephone sales
 - Changing the sales representative jobs
 - Must manage technology as well as people
- Travel intermediary dependency

A sales force is only one tool to accomplish objectives and goals...it is a "pulsing" position.

Organizing the Sales Department

Inside Sales Force

- Technical support provide technical information to customers
- Sales assistants provide clerical backup for field sales
- Telemarketers make initial contact with customers
 - Cold calls have found disfavor among call recipients
- Reservations department
 - May be a separate department; often at odds with sales dept.

Field Sales Force

- Commissioned reps
 - Commonly used in distant areas & may represent many different properties or chains
- Salaried reps
 - Salaried employees that may be commissioned

Team Sales

Strategic Alliances

Strategic alliances are a highly developed form of **relationship marketing** that are common between vendor and buyer or between noncompeting vendors and a common buyer

Three types in the hotel industry:

- **One Night Stands**
 - Short term opportunistic relations such as cross advertising
- **Affairs**
 - Medium-term tactical relationships such as hotels participating in airline frequent flyer programs
- **Ido's**
 - Long-term commitment which may require equity investment from both parties

What Makes a Good Sales Rep?

- Honest
- Reliable
- Knowledgeable
- Helpful
- Risk taking
- Powerful sense of mission
- Problem-solving bent
- Care for the customer
- Careful planning

Beyond these, an effective salesperson has two basic qualities...

- Empathy...the ability to feel as the customer does
- Ego...a strong personal desire to make the sale!

Recruiting & Training

There are three basic models used for recruiting sales representatives:

- Batch process
 - Recruit and train sales people in groups
- Only as needed
 - Recruit and train sales people only as needed for replacement
- Always recruit
 - Always be on the lookout for effective salespeople

There are three types of training salespeople need...

- Product/service training
- Policies, procedures, and planning training
- Sales techniques training

Managing the Sales Force Selecting Sales Strategies

There are six general strategies used in sales:

1. Prevent erosion of key accounts
 - 30% of your customers account for 80% of sales
2. Grow key accounts
3. Grow selected marginal accounts
 - Turn good accounts into great accounts
4. Eliminate selected marginal accounts
 - Trim the fat...
5. Retain selected marginal accounts, but provide lower-cost sales support
6. Obtain new business from selected prospects
 - Costly and time consuming

Principles of Personal Selling

There are eight major aspects of personal selling...

1. Prospecting and Qualifying
 - Developing new leads
2. Pre-approach...
 - Decide how to approach, what to say, and know the client!!!
3. Approach...
 - Appearance, opening lines and active listening
4. Presentation and Demonstration
 - Gain attention, hold their interest, arouse desire, and obtain action
 - Emphasize customer benefits throughout the presentation

Presentation and Demonstration

During the presentation, the salesperson can draw on five influence strategies:

- **Legitimacy**
 - Emphasize the reputation and experience of the company
- **Expertise**
 - Show deep knowledge of the buyers situation and products...without being overly "smart"
- **Referent Power**
 - Build on any shared characteristics, interests, and acquaintances
- **Ingratiation**
 - Provide personal favors to strengthen affiliation (lunch, product, etc...)
- **Impression**
 - Convey favorable personal impressions

Principles of Personal Selling

There are eight major aspects of personal selling...

- Negotiation
 - Win the order without giving up deep concessions that will hurt profitability
 - Be prepared and have a bargaining strategy
 - Threats, bluffs, last-chance offers, hard initial offers, and other tactics can occur during bargaining
- Overcoming Objections
 - Turn the objection into a reason for buying
- Closing
 - You need to actually ask for the order!!!
- Follow-up/ Maintenance
 - Complete details of delivery (times, terms, etc...)

Pay and Motivating Professional Sales Staff

There are three basic types of sales force compensation plans:

- Straight Salary
- Straight Commission
- Combination Salary and Commission

Companies also use supplementary motivators

- Sales Meetings
 - Provide a break for routine, a chance to meet with executives, and a chance to air their feelings
- Sales Contests
 - Reasonable opportunity to win

Evaluation and Control of a Professional Sales Force

- Sales Quotas
 - Compensation is often tied to the degree of quota fulfillment
- Sales Norms
 - Ensure reps are supervised to some degree
 - Track number of calls, deals, etc...
- Time Management Tools
 - Call schedules

Key Terms

- Allocating
 - Sales representatives decide on which customers to allocate scarce products to.
- Communicating
 - Sales representatives communicate information about the company's products and services
- Information gathering
 - Sales representatives conduct market research and intelligence work and fill in a call report
- Prospecting
 - The process of searching for new accounts

Key Terms

- Selling
 - Sales representatives know the art of salesmanship: approaching, presenting, answering objections, and closing sales
- Servicing
 - Sales representatives provide various services to the customers: consulting, technical assistance, financing, deliver
- Targeting
 - Sales representatives decide how to allocate their scarce time among prospects