



215en16

SALES PROMOTION AND PERSONAL SELLING

Suppose you go to the market to buy cake of soap. The shopkeeper suggests that if you buy two soap cakes, an extra soap cake will be given to you free of cost under “buy 2 get 3” scheme. You feel attracted to buy as by doing so you are saving money on soap. Moreover, soap is an item which is required on a regular basis, and so you can keep the extra two cakes to be used later. This is an approach of increasing sale of a product and it is quite different from what you have learnt in the earlier two lessons. Let us learn more about it in this lesson.



OBJECTIVES

After studying this lesson, you will be able to:

- explain the meaning of sales promotion;
- state the objectives of sales promotion;
- describe the various tools used in sales promotion;
- recognise the role of each tool in promoting sales;
- describe the importance of sales promotion in business.
- state the meaning of personal selling;
- explain the essential elements of personal selling;
- describe the importance of personal selling; and
- identify the qualities of a successful salesperson.

16.1 MEANING OF SALES PROMOTION



Means of Sales Promotion



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Every businessman wants to increase the sale of goods that he deals in. He can adopt several ways for that purpose. You might have heard about “Lakhpati Bano”, “Win a tour to Singapore”, “30% extra in a pack of one kg”, “scratch the card and win a prize” etc. You might also have seen gifts like lunch box, pencil box, pen, shampoo pouch etc. offered free with some products.

There are also exchange offers, like in exchange of existing model of television you can get a new model at a reduced price. You may have also observed in your neighbouring markets notices of “winter sale”, “summer sale”, “trade fairs”, “discount up to 50%” and many other schemes to attract customers to buy certain products. All these are incentives offered by manufacturers or dealers to increase the sale of their goods. These incentives may be in the form of free samples, gifts, discount coupons, demonstrations, shows, contests etc. All these measures normally motivate the customers to buy more and thus, it increases sales of the product. This approach of selling goods is known as “Sales Promotion”.

You have learnt about advertising in the earlier lessons. Advertising also help in increasing sales of goods. Thus, advertising can be used as means of communication to inform potential customers about the incentives offered for sales promotion. Sales promotion adopts short term, non-recurring methods to boost up sales in different ways. These offers are not available to the customers throughout the year. During festivals, end of the seasons, year ending and some other occasions these schemes are generally found in the market.

Thus, sales promotion consists of all activities other than advertising and personal selling that help to increase sales of a particular product.



INTEXT QUESTIONS 16.1

Answer the following in the space provided after each question.

- i. What is meant by ‘Sales Promotion’?

- ii. How can advertising help sales promotion?

**16.2 IMPORTANCE OF SALES PROMOTION**

The business world today is a world of competition. A business cannot survive if its products do not sell in the market. Thus, all marketing activities are undertaken to increase sales. Producers may spend a lot on advertising and personal selling. Still the product may not sell. So incentives need to be offered to attract customers to buy the product. Thus, sales promotion is important to increase the sale of any product. Let us discuss the importance of sales promotion from the point of view of manufacturers and consumers.

From The Point of View of Manufacturers

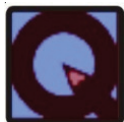
Sales promotion is important for manufacturers because of the following reasons.

- i. It helps to increase sales in a competitive market and thus, increases profits,
- ii. It helps to introduce new products in the market by drawing the attention of potential customers,
- iii. When a new product is introduced or there is a change of fashion or taste of consumers, existing stocks can be quickly disposed off,
- iv. It stabilizes sales volume by keeping its customers with them. In the age of competition it is quite possible that a customer may change his/her mind and try other brands. Various incentives under sales promotion schemes help to retain the customers.

From The Point of View of Consumers

Sales promotion is important for consumers because of the following reasons.

- i. The consumer gets the product at a cheaper rate,
- ii. It gives financial benefit to the customers by way of providing prizes and sending them to visit different places,
- iii. The consumer gets all information about the quality, features and uses of different products,
- iv. Certain schemes like money back offer creates confidence in the mind of consumers about the quality of goods,
- v. It helps to raise the standard of living of people. By exchanging their old items consumers can use latest items available in the market. Use of such goods improves their image in society.

**INTEXT QUESTIONS 16.2**

State whether the following statements are true or false :

- (a) Sales promotion does not help in increasing sale.

- (b) Sales promotion does not help in introducing a new product in the market.
- (c) Through sales promotion the consumer gets the product at a cheaper rate.
- (d) Sales promotion does not help the customer to get information about the product.
- (e) Sales promotions helps in raising the quality of life of the consumers.

16.3 TOOLS OF SALES PROMOTION

To increase the sale of any product manufactures or producers adopt different measures like sample, gift, bonus, and many more. These are known as tools or techniques or methods of sales promotion. Let us know more about some of the commonly used tools of sales promotion.

- (i) **Free samples:** You might have received free samples of shampoo, washing powder, coffee powder, etc. while purchasing various items from the market. Sometimes these free samples are also distributed by the shopkeeper even without purchasing any item from his shop. These are distributed to attract consumers to try out a new product and thereby create new customers. Some businessmen distribute samples among selected persons in order to popularize the product. For example, in the case of medicine free samples are distributed among physicians, in the case of textbooks, specimen copies are distributed among teachers.



- (ii) **Premium or Bonus offer:** A milk shaker along with Nescafe, mug with Bournvita, toothbrush with 500 grams of toothpaste, 30% extra in a pack of one kg. are the examples of premium or bonus given free with the purchase of a product. They are effective in inducing consumers to buy a particular product. This is also useful for encouraging and rewarding existing customers.



- (iii) **Exchange schemes:** It refers to offering exchange of old product for a new product at a price less than the original price of the product. This is useful for drawing attention to product improvement. 'Bring your old mixer-cum-juicer and exchange it for a new one just by paying Rs.500' or 'exchange your black and white





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television with a colour television' are various popular examples of exchange scheme.

- (iv) **Price-off offer:** Under this offer, products are sold at a price lower than the original price. 'Rs. 2 off on purchase of a lifebouy soap, Rs. 15 off on a pack of 250 grams of Taj Mahal tea, Rs. 1000 off on cooler' etc. are some of the common schemes. This type of scheme is designed to boost up sales in off-season and sometimes while introducing a new product in the market.



- (v) **Coupons:** Sometimes, coupons are issued by manufacturers either in the packet of a product or through an advertisement printed in the newspaper or magazine or through mail. These coupons can be presented to the retailer while buying the product. The holder of the coupon gets the product at a discount. For example, you might have come across coupons like, 'show this and get Rs. 15 off on purchase of 5 kg. of Annapurna Atta'. The reduced price under this scheme attracts the attention of the prospective customers towards new or improved products.



- (vi) **Fairs and Exhibitions:** Fairs and exhibitions may be organised at local, regional, national or international level to introduce new products, demonstrate the products and to explain special features and usefulness of the products. Goods are displayed and demonstrated and their sale is also conducted at a reasonable discount. 'International Trade Fair' in New Delhi at Pragati Maidan, which is held from 14th to 27th November every year, is a well known example of Fairs and Exhibitions as a tool of sales promotion.



- (vii) **Trading stamps:** In case of some specific products trading stamps are distributed among the customers according to the value of their purchase. The customers are required to collect these stamps of sufficient value within a particular period in order to avail of some benefits. This tool induces customers to buy that product more frequently to collect the stamps of required value.
- (viii) **Scratch and win offer:** To induce the customer to buy a particular product 'scratch and win' scheme is also offered. Under this scheme a

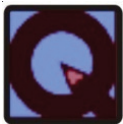


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customer scratches a specific marked area on the package of the product and gets the benefit according to the message written there. In this way customers may get some item free as mentioned on the marked area or may avail of price-off, or sometimes visit different places on special tour arranged by the manufacturers.



- (ix) **Money Back offer:** Under this scheme customers are given assurance that full value of the product will be returned to them if they are not satisfied after using the product. This creates confidence among the customers with regard to the quality of the product. This technique is particularly useful while introducing new products in the market.



INTEXT QUESTIONS 16.3

Match the tools/techniques of sales promotion with their objectives.

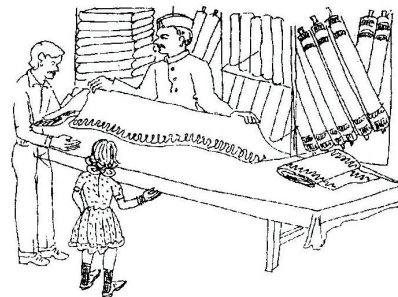
Tools / Techniques

Objectives

- | | |
|----------------------|---|
| i. Free Samples | (a) To induce customers to buy a product more frequently. |
| ii. Exchange Schemes | (b) Useful for drawing attention towards product improvement. |
| iii. Price-off offer | (c) When a new product is to be introduced |
| iv. Trading stamps | (d) To boost up sales in off-season. |

16.4 PERSONAL SELLING

When you want to buy something you usually go to the concerned shop and purchase it from there. But, sometimes you find people bring certain goods or products and make them available to you at your place. For example, you find persons selling vegetables or rice by carrying the same in a cart and moving from door to door to sell. You must have noticed persons selling sarees, carpets, electronic items, etc. in a similar fashion. While traveling in buses or local trains you must also have seen people selling pens, toys, books, combs, etc. inside the bus or train. In cities





also persons move from door to door to sell different products like water purifiers, air purifiers, detergents, mosquito repellents, etc. Don't you think these are different methods of selling goods unlike keeping them in a shop and sell? Let us learn more about these types of selling.

16.5 MEANING OF PERSONAL SELLING

Think about the persons who sell goods and commodities. What do they do? They show certain variety of goods to you, try to explain the features of the products, if required demonstrate the functioning of the items, inform you about the price and concession available, persuade you to buy the product and also in some cases promises you to bring certain items of your choice in future. So not only do they inform and explain to you about the product but also persuade you to buy those items and want you to buy from them in future also. On the other hand, you also gather more information about the product, see and handle it personally to judge it better.

The person who sells goods to you in this way is called a 'salesperson' and the technique of selling is known as 'personal selling' or 'salespersonship'. Thus, personal selling refers to the presentation of goods before the potential buyers and persuading them to purchase it. It involves face-to-face interaction and physical verification of the goods to be purchased. The objective is not only just to sell the product to a person but also to make him/her a permanent customer.

You can also find personal selling in some shops where salesmen are employed by the shopkeeper to use this technique. For example, you can find such salespersons in jewellery stores, consumer goods stores, saree houses, etc. In case of some services, we also find personal selling used in shops. For example, we find people going to the same barbershop for hair cut and get a free massage from a specific barber tastes. This shows that in case of personal selling the seller usually come to know about the tastes and preferences of the customer and thus attracts him to buy the goods or services. Personal selling refers to the presentation of goods and services before the customers and convincing or persuading them to buy the products or services. After having an idea about personal selling, let us know about some of the essential elements of personal selling.

16.6 ESSENTIAL ELEMENTS OF PERSONAL SELLING

Personal selling consists of the following elements.

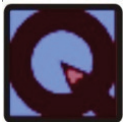
- i. **Face-to-Face interaction:** Personal selling involves a salesmen having face-to-face interaction with the prospective buyers.
- ii. **Persuasion:** Personal selling requires persuasion on the part of the seller to the prospective customers to buy the product. So a salesperson



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must have the ability to convince the customers so that an interest may be created in the minds of the customers to use that product.

- iii. **Flexibility:** The approach of personal selling is always flexible. Sometimes salesperson may explain the features and benefits of the product, sometimes give demonstration of the use of product and also answers number of queries from the customers. Looking into the situation and interest of the customers, the approach of the salesperson is decided instantly.
- iv. **Promotion of sales:** The ultimate objective of personal selling is to promote sales by convincing more and more customers to use the product.
- v. **Supply of Information:** Personal selling provides various information to the customers regarding availability of the product, special features, uses and utility of the products. So it is an educative process.
- vi. **Mutual Benefit:** It is a two-way process. Both seller and buyer derive benefit from it. While customers feel satisfied with the goods, the seller enjoys the profits.



INTEXT QUESTIONS 16.4

Fill in the blanks with appropriate words.

- i. Personal selling involves persuading _____ to buy the goods
- ii. The ultimate objective of personal selling is _____.
- iii. The most important element of personal selling is _____ interaction.
- iv. Supply of information to customers makes personal selling an _____ process

16.7 IMPORTANCE OF PERSONAL SELLING

Personal Selling is extremely important as it helps in increasing sales. But there are other features as well which make it important. Let us discuss the importance of personal selling from the point of view of manufactures as well as consumers.

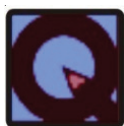
From manufacturer's point of view

- i. It creates demand for products both new as well as existing ones.
- ii. It creates new customers and, thus help in expanding the market for the product.
- iii. It leads to product improvement. While selling personally the seller gets acquainted with the choice and demands of customers and makes suggestions accordingly to the manufacturer.



From customer's point of view

- i. Personal selling provides an opportunity to the consumers to know about new products introduced in the market. Thus, it informs and educates the consumers about new products.
- ii. It is because of personal selling that customers come to know about the use of new products in the market. The sellers demonstrate the product before the prospective buyers and explain the use and utility of the products.
- iii. Personal selling also guides customers in selecting goods best suited to their requirements and tastes as it involves face-to-face communication.
- iv. Personal selling gives an opportunity to the customers to put forward their complaints and difficulties in using the product and get the solution immediately.



INTEXT QUESTIONS 16.5

Which of the following statements are true and which are false?

- i. Personal selling helps manufacturers to improve their products based on suggestions made by sellers.
- ii. Customers do not have immediate solution of their problems regarding a product from the salesperson.
- iii. Personal selling leads to creation of new customers only for the existing products.
- iv. Better use of product is not the result of personal selling.
- v. Customers can complain to the salesperson about a product.

16.8 QUALITIES OF SALESPERSON ENGAGED IN PERSONAL SELLING

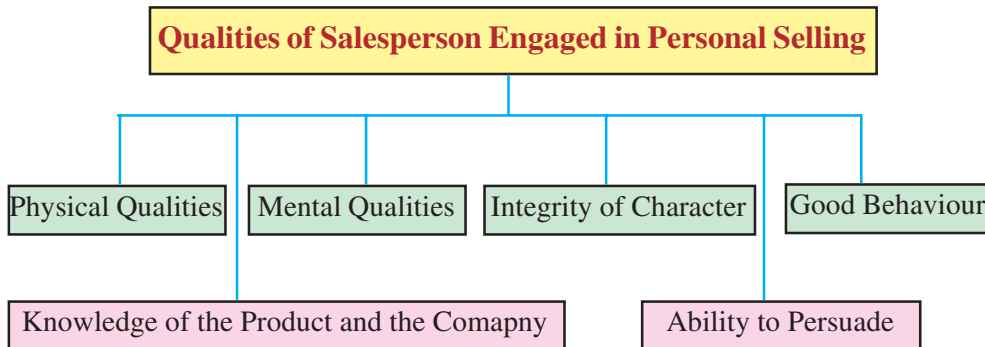
It is very difficult to enlist the qualities of people engaged in personal selling. The quality will vary from time to time and from situation to situation. It also depends upon the customers' demand and nature of the product. Again a salesperson may be effective in one situation but may fail in another situation. So in real life certain qualities may be suitable for a particular line of product and may be irrelevant in any other case. However, there are certain common qualities, which every salesperson should possess in order to become successful in their life. These qualities are listed below. Now let us discuss the above qualities in detail.

- i. **Physical qualities:** A salesperson should have a good appearance and an impressive personality. He should also have a sound health.



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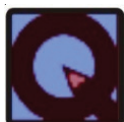
- ii. **Mental qualities:** A good salesperson should possess certain mental qualities like imagination, initiative, self-confidence, sharp memory, alertness etc. He should be able to understand the needs and preferences of customers.



- iii. **Integrity of character:** A good salesperson should possess the qualities of honesty and integrity.

He is to gain the confidence of the customers. He should be able to understand their needs and guide them how to satisfy those needs. His employer too should have faith in him. A salesperson should be loyal both to the employer and to the customers.

- iv. **Knowledge of the product and the company:** A salesperson should have full knowledge of the product and the company he is representing. He should be able to explain each and every aspect of the product i.e. its qualities, how to use it, what precautions to be taken, etc. He should be able to explain the business and service record of the company. He should also have knowledge of products of rival companies. So that he can put across the superiority of his own products.
- v. **Good behaviour :** A salesperson should be co-operative and courteous. Good behavior enables one to win the confidence of the customers. He should not feel irritated if the buyer puts up many questions even if the questions are irrelevant. It is also not necessary that the person he is trying to convince buys the product. The salesperson has to remain courteous in every case.
- vi. **Ability to persuade:** A good salesperson should be good in conversation so that he can engage the person he is attending in conversation. He should be able to convince him and create the desire in the mind of prospective customers to possess the commodity.

**INTEXT QUESTIONS 16.6**

- I. State which of the following statements are 'true' and which are 'false':
- (i) Knowledge of product is not necessary to make one a good salesperson.
 - (ii) A good salesperson should have imagination, initiative and alertness.
 - (iii) It is not necessary for a good salesperson that he must be accepted by the society.
 - (iv) A good salesperson should be loyal to the consumer but not to the employer.
 - (v) Impressive voice, good appearance and sound health have no place in the qualities of a good salesperson.
- II. Multiple Choice Questions:
- (i) Sales promotion is important from the point of view of manufactures because.
 - (a) Increases Profit
 - (b) Provides Products at Cheaper rates
 - (c) Inform about quality & features
 - (d) Raise the standard of living of people
 - (ii) Sales promotion is important from the point of view of consumers because.
 - (a) It helps to increase sales
 - (b) It stabilizes sales
 - (c) It helps to raise the standard of living
 - (d) It increases profits
 - (iii) Which are of them is a tool of sales promotion?
 - (a) Free samples (b) Advertisement
 - (c) Publicity (d) Personal Selling
 - (iv) The ultimate objective of personal selling is.
 - (a) To raise standard of living
 - (b) Provide better quality of products
 - (c) More satisfaction to customers
 - (d) Increase sale of products
 - (v) Essential element of Personal Selling is
 - (a) Cheap Product (b) Face to Face interaction
 - (c) Physical fitness of salesman (d) Good behaviour of Salesman



WHAT YOU HAVE LEARNT

- Sales promotion consists of all promotional activities other than advertising and personal selling to increase sales of a commodity.
- Objectives of Sales Promotion are to : Introduce new products, Attract new customers and retain the existing, Maintain sales of seasonal products and Challenge the competition.
- Tools / Techniques used in Sales Promotion : Free samples, Premiums or Bonus offer, Exchange schemes, Price-off offer, Coupons, Fairs and Exhibitions, Trading stamp, Scratch and win offer and Money Back offer.
- Importance of Sales promotion :
For manufacturers : increases the volume of sales, leads to product improvement, help to introduce new products, enables quick disposal of existing stock and stabilizes the volume of sales.
For consumers : creates new customers, Goods are available cheaper rate, Financial benefits to the customers in the market, Generates awareness about new products, Leads to product improvement, Helps to introduce new products, Creates confidence in the mind of customers regarding quality and Raise standard of living,
- Personal selling refers to the presentation of goods and services and convincing and persuading potential customers to buy the product or service.
- Essential elements of personal selling are : face-to-face interaction, persuasion, flexibility, promotion of sales, supply of information and mutual benefits
- Personal selling is important both from the customers and manufacturers point of view.
- Qualities that can make a sales person more effective are many. These include physical and mental qualities, integrity of character, knowledge of the product and the company, good behaviour and ability to persuade the customers.

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TERMINAL EXERCISE

1. Define Sales Promotion.
2. State the importance of Sales Promotion from the point of view of manufacturers.
3. State the importance of Sales Promotion from the point of view of consumers.

MODULE - IV

Buying, Selling and Distribution



Notes

Sale Promotion and Personal Selling

4. List any six tools used in Sales Promotion.
5. Explain the meaning of 'Sales Promotion'. Why is Sales Promotion necessary?
6. Explain any two techniques of Sales Promotion, with an example of each.
7. Explain – "Price off offer" and "Free-Samples" as techniques of Sales Promotion.
8. Explain how Sales Promotion techniques help in promoting sales.
9. A toothpaste company is giving 250 grams toothpaste free with a pack of 500 gm toothpaste. Name this technique of sales promotion. What is the specific objective of this scheme? Explain two more schemes of Sales Promotion other than this.
10. Define Sales Promotion. What are the objectives of Sales Promotion?
11. Explain the term 'Sales Promotion'. Discuss any four techniques of Sales Promotion?
12. 'Sales Promotion is important both for manufacturer and consumers'. Explain how?
13. What is meant by personal selling?
14. State the essential elements of personal selling.
15. Describe the importance of personal selling form the point of customers.
16. Explain the importance of personal selling from the point of view of manufacturers.
17. State the physical and mental qualities of sales persons engaged in personal selling.
18. State the social qualities of sales persons engaged in personal selling.
19. What are the occupational qualities of salespersons engaged in personal selling?
20. Define personal selling. Explain the importance of personal selling from the point of view of customers and manufacturers.
21. What is meant by personal selling? Explain the essential elements of personal selling.
22. Do you think that to be a successful salesperson only personal and mental qualities are sufficient? Give reasons in support of your answer.
23. Describe the different qualities of sales persons engaged in personal selling.
24. A salesperson need not possess any quality if the product is good. Do you agree with the statement? Give reason.



ANSWER TO INTEXT QUESTIONS

- 16.1** i) Sales Promotion refers to all activities other than advertising and Personal selling that help to increase sales of a particular commodity.

ii) Advertising can be used as a means of communication to inform potential customers about incentives for sales promotion.

16.2 a) False, b) False, c) True, d) False, e) True

16.3 (i) and c, (ii) and b, (iii) and a, (iv) and d.

16.4 (i) customers, (ii) to promote sale of products,
(iii) face-to-face, (iv) educative.

16.5 (i) True, (ii) False; (iii) False, (iv) False, (v) False

16.6 I. (i) False, (ii) True, (iii) False, (iv) False, (v) False

II. (i) a, (ii) c, (iii) a, (iv) d, (v) a

ACTIVITIES FOR YOU

- Make an enquiry from the neighbouring market retailers at what time they offer stock clearance sale and why.
- Collect information through advertisements in newspapers and magazines regarding various sales promotion schemes introduced by manufacturers.
- While buying any goods and services, carefully notice the behaviour of the salespersons and note down the various qualities he/she possess.



Notes

MODULE - V

Maximum Marks

16

Hours of Studies

35

Consumer Awareness

The main objective of every business should be consumer satisfaction. However, in practice consumer often exploited by the businessmen in different ways. Sometimes low quality goods are sold or higher price is charged. This happens due to the lack of awareness about their rights and responsibilities by consumer. It is in this context that this module has been designed to develop an understanding among the learners about their rights, responsibilities as consumer and their protection under different provisions of the law.

- Lesson 17** : **Rights and Responsibilities of Consumers**
Lesson 18 : **Consumer Protection**