SYLLABUS

Class – BBA V Sem.

Subject: Sales and Distribution Management

UNIT-I	Personal Selling: The Role of personal selling in marketing mix. The personal selling process, selling process, Personal selling objectives, Types of Sale Jobs, Changing Scenario of Selling Environment.
UNIT-II	Theories of Sales Management: objectives, Nature and Scope. Buyer- Seller Dyads, Theories of selling – AIDAS Theory, " Right set of circumstances" Theory, "Buying Formula" Theory, and Behavioral Equation, Theory of selling. Sales Planning: Sales Organization, Sales Forecasting, Sales Budgeting, Territory Design and Setting Quotas.
UNIT-III	Operational Sales Management: Understanding and Opportunities of Sales Promotion Trade Promotion Concepts; Selection, Training, Motivation and Compensation, Evaluation and Control of Sales Force.
UNIT-IV	Sales promotion's impact on sales; Evaluation of sales promotion experiments; Choice and purchase timing models: Manufacturer promotion planning process; Retailer promotion planning process; Strategic issues In designing promotional Strategies; Substantive findings and issues on coupons, trade dealings, and retail promotions;
UNIT-V	Distribution: Design of Distribution Channel, Management of Channels, Managing Co-operation, Conflict and Competition, Vertical and Horizontal Marketing Systems. Wholesaling and Retailing: Importance, Types, Marketing Decisions for Wholesalers, Retailing: Importance, Types, and Retailer Marketing Decisions.
UNIT-VI	Physical Distribution: Objectives, Order Processing, Warehousing Inventory, Transportation, Organizing for Physical Distribution, EDI and supply chain, Internet as a medium for order processing and Information

UNIT-I

Personal Selling

Personal selling Refers to Personal Communication with an audience through paid personnel of an organization or its agents in such a way that the audience perceives the communicator's organization as being the source of the message.
Personal selling is a promotional method in which one party (e.g. sales person) uses skills & techniques for building personal relationships with another party (e.g. those involved in a purchase decision.) that results in both parties obtaining values. In most cases the "value" for the sales person is realized through the financial rewards of the sale while the customer's value is realized from the Benefits obtained by consuming the product However getting a customer to purchase a product is not always the objective of personal selling for instance selling may be used for me purpose of simply delivering information.

Definitions

Personal selling is oral presentation in a conversation with one or a more prospective purchases for purpose of making sale, It includes in person sales presentation and telesales sales meetings, samples.

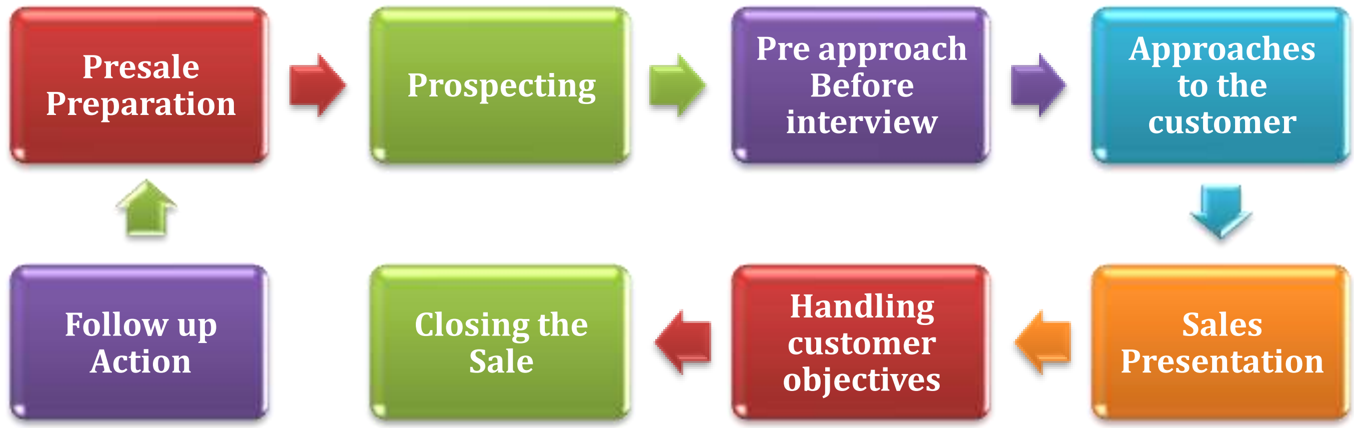
American marketing Association

Personal selling is the art of successfully persuade ng prospects or customers to Buy products or services from which they can derive suitable benefits thereby increasing their total satisfaction.

Cundiff.

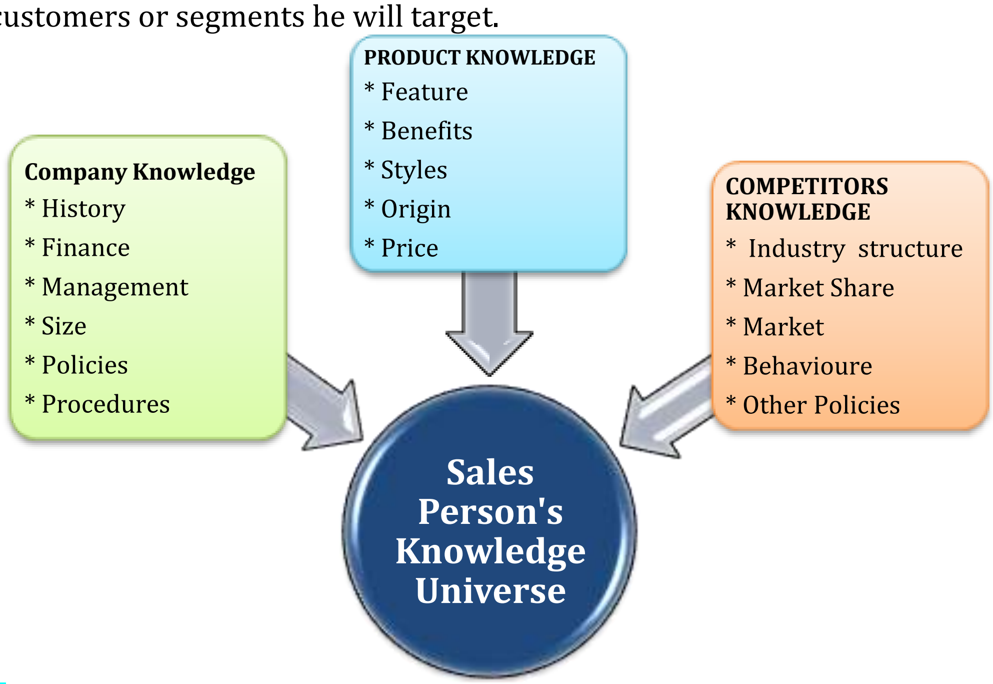
Personal selling is the personal communication of information to persuade somebody to buy something

Selling Process



Pre sale preparation

In this stage, the salesperson prepare himself with adequate knowledge about the product life will sell the company he will represent, the competitors products and prices the category of customers or segments he will target.



Prospecting

Prospecting is the process of identifying potential Buyers who have a need for the produce and service offered by the company, the ability to pay for it and the adequate authority to buy it.

Methods of Prospecting

- Cold canvassing
- Prospect Pool
- Center of influence
- Observation
- Trade shows demonstration
- Telemarketing

- Friends & Acquaintances

Pre approach
Before the sales person approaches the customers for a sale, it is necessary to develop a sales strategy by collecting customer data and combining them with the product attributes as a fit for satisfying the individual and organizational needs. A Pre approach selling strategy for each prospect requires a clear understanding of his personal characteristics need.

Approach to the customers-
The next step is the sales approach to the customer when the prospect is classified and the selling strategy is developed to satisfy the customer needs the salesperson comes in contract with the potential customer and makes efforts to influence them for a favorable decision.

Sales Presentation-
Here the salesperson present his products & services before the prospect and makes effort to create and modify their interest into sales realization for the company while giving sales presentation, the sales person should always try to think the features and attributes of the product of with customer needs.

Handling customer objections
Customers make objections after or during the presentation. These objections are many time excuses for not buying. Objections normally pause the sale process because the customer either has not fully understood the product & its benefits or is not fully in agreement with the salesperson objections may take form of doubts minor objections and major objections.

Closing the sale
Closing the sale is the goal in any setting process for a sales person. Which comes after the objections are effectively handed and the customer is satisfied with the presentation & is ready to place an order.

Advantages of Personal Selling

- In the initial stage to get settled in markets, the firm can take full advantages of qualified & professional salespersons.
- Due to goal directed activity, the proportion of wastage of efforts is minimum in personal selling. Thus success rate in personal selling is higher in comparison to advertising.
- Required demonstration is possible in the personal selling product features according to the Requirement of customer can be demonstrated in his presence.
- In personal selling, Selling through effective prospecting prospective customers can be identified which is not possible in advertising.
- Personal selling Possess sound flexibility sales person can immediately redesign his presentations keeping in view the gestures postures and reactions of prospect.
- Objections & queries of prospect can be answered immediately by the salesperson
- Effective presentation & sound personality have tremendous role in getting success in personal selling.
- Marketing operations may be made economical by Performance of non selling tasks from the sales person.

- CRM/Customer Relationship marketing is becoming popular day by day sales persons regularly visits the customers & can develop strong personal relations with them.

Features

1. **Personal form:** here, a face-to-face dialogue takes place. It involves an alive, immediate and interactive relationship. Hence, it is a two way communication process.
2. **Relationship:** Personal selling allows sales people to develop relationship with prospective customers. In fact, nowadays, a new term has been coined

Merits

1. **Flexibility:** In personal selling, no standardized message is communicated to the customer (as is done in case of advertising) Hence, the salesmen have flexibility in adjusting their presentation, to fit the specific needs of individual customers.
2. **Direct feedback:** Personal selling affords the possibility of direct interaction between the salesperson and the customer, Depending on the enthusiastic, indifferent or hostile attitude of the customer toward the message, the sale message can be altered. On the spot adjustment are possible.
3. **Scope for enduring relationship:** As said earlier, firms are now trying to practice relationship management through personal selling, for ensuring brand loyalty.
4. **Minimum wastage:** In advertising, there is a telecast, on say,, the star TV channel. However these cities have no winter season and hence, no demand for woolens. In personal selling the brand will have no outlets in these cities.

Demerits

1. **High Cost:** Even if the wastage is low, generally, it is a high cost alternative. A company needs to hire a place to set up shop, engage sale people , train them, motivate them and give them competitive salaries. This involves a lot of expenditure. In fact, for a number of years, Mc Donald incurred losses at it's Green Park outlet on account of a very high establishment cost. Ultimately, it had to be closed down.
2. **Limited coverage:** Besides, you can only reach a limited number of customers through personal selling.

UNIT-II

Objectives of Sales Management

- From the company viewpoint, there are three general objectives of sales management.
- Sales volume
- Contribution to profits and
- Continued

Sales executive do not carry full burden of the effort to reach these objectives but they make major contributions. Top management has the final responsibility because it is accountable for the success and failure of the entire enterprise. Ultimately top management is accountable for supplying an ever increasing volume of socially responsible products that final buyers want at satisfactory prices. Objectives are translated into more specified goals- they are broken down and restated as definite goals that the company has a reasonable chance of reaching. Once these goals are finalized, it is up to the sales executive to guide and lead the sales personnel and the middlemen who play critical roles in implementing the selling plans.

THEORIES OF SALES MANAGEMENT

Buyer Seller Dyads

The term dyad is used for interactions between people. Thus buyer seller interactions can also be said as buyer seller dyads. The seller can either be a personal salesman, or an advertisement, or any such combination of a pull or push strategy, however, this interaction between buyer and seller is known as buyer seller dyad.

The objective of marketers is to optimally utilize buyer seller dyads or in other words to have interactions in such a manner that the customer buys our products. That is why os much market research is put into developing an ad copy or into training a sales executive. Because they are the main interaction point.

Example – Research has shown that in the Insurance industry, people are more ready to buy insurance form a representative they know personally rather than from a company representative Thus insurance companies took a stand of making sales agents rather than hiring them because these agents through their contacts are able to sell insurance much better.

Marketing implications of buyer seller dyads

- Sales personnel should be matched with the customer so as to increase interaction. Do not hire a sales ex
- Sales personnel should be matched with the customer so as to increase interaction. Do not hire a sales executive in one demography to represent the company in another demography altogether.
- A factor majorly affecting buyer seller dyads is the impression brought on from childhood that sales and marketing involves tricking the customer into buying the product this too affects the interaction process.
- Sales people are stereotyped even before their pitch. Thus they need to be trained in such a manner that they overcome the resistance so as to have a positive interaction.

Selling is a two way process involving the consumer and the marketer, a buyer and a seller Hence the study of buyer seller dyads is extremely important.

THEORIES OF SELLING:

" Right Set of Circumstances" Theory of Selling

"Everything was right for that sale" sums up the second theory" This theory, sometimes called the "situation-response" theory, had its psychological origin in experiments with animals and hold that the particular circumstances prevailing in a given selling situation cause the prospect in a predictable way. If the salesperson succeeds in securing the attention and gaining the desired response (that is. The sale) will result.

Furthermore the more skilled the salesperson is in handling the set of circumstances, the more predictable is the response. The set of circumstances includes factors external and internal to the prospect. To use a simplified example, suppose that the salesperson says to the prospect, "let's go out for a cup of coffee." The salesperson and the remark are external factors. But are least four factors internal to the prospect affect the response. These are the presence or absence of desires

Proponents of this theory tend to stress external factors and at the expense of internal factors. They seek selling appeals that evoke desired response. Sales personnel who try to apply the theory experience difficulties traceable to internal factors in many selling situation, but the internal factors are not readily manipulated.

This is a seller-oriented theory; it stresses the importance of the sales person controlling the situation, does not handle the problem of influencing factors internal to the prospect, and fails to assign appropriate weight to the response side of the situation- response interaction.

"Buying Formula" Theory of Selling

In contrast to the two previous theories. The third emphasizes the buyer's side of the buyer- seller dyad. The buyer's needs or problems receive major attention, and the salesperson's role is to help the buyer find solutions. This theory purports to answer the question; what thinking process goes on in the prospect's mind that causes the decision to buy or not to buy? The buying formula is a schematic representation of a group of responses, arranged in psychological sequence; the buying formula theory emphasizes the prospect's responses (which, of course, are strongly influenced by internal factors) and deemphasizes the external factors on the assumption the salesperson, being naturally conscious of the external factors, will not overlook them, Since the salesperson's normal inclination is to neglect the internal factors, the formula is a convenient way to help the salesperson remember. The origin of this theory is obscure, but recognizable versions appear in a number of early books on advertising and selling by authors who had experiential knowledge of salesmanship.

Several psychologists also advanced explanations similar to the buying formula. The name "buying formulas" was given to this theory by the late E.K. Strong, Jr., and the following step by- step explanations adapted from his teaching and writings. Reduced to their simplest elements, the mental processes involved in a purchase are Need (or problem) solution Purchase.

Because the outcome of a purchase affects the chance that a continuing relationship will develop between the buyer and the seller, and because nearly all sales organizations are interested in continuing relationships, it is necessary to add a fourth element. The four elements then, are Need (or problem) Solution Purchase satisfaction whenever a need is felt or a problem recognized, the individual is conscious of a deficiency of satisfaction. In the world of selling and buying, the solution will always be a product or service or both and they will belong to a potential seller. In purchasing, those, the element "solution" involve two parts;

i. Product (and/or service) and
ii. Trade name (name of manufacturer, company, or sales person)

In buying anything, the purchaser proceeds mentally from need or problem top problem to product or service, to trade name, to purchase, and upon using the product or service, he or she experience satisfaction or dissatisfaction. Thus, when a definite buying habit has been established, the buying formula is: Need or product and /or trade name purchase satisfaction/dissatisfaction compared to competing sources.

When a buying habit is being established, the buyer must know why the product or service is adequate solution to the need or problem, and why the trade name is the best one to buy.

Behavioral Equation" Theory

Using a stimulus-response model (a sophisticated version of the " right set of circumstances") and incorporating findings from behavioral research, J.A. Howard explains buying behavior in terms of the purchasing decision process, viewed as phases of the learning process.

Four essential elements of the learning process included in the stimulus response, and reinforcement, described as follows:

Drives are strong internal stimuli that impel the buyer's response. There are two kinds

i. Innate drives stem from the physiological needs, such as hunger, thirst, pain, cold, and sex
ii. Learned drives, such as striving for status or social approval, are acquired when paired whith the satisfying of innate drives. They are elaborations of the innate

drives, serving as a façade behind which the functioning of the innate drives is hidden. Insofar as marketing is concerned, the learned drives are dominant in economically advanced societies.

Cues are weak stimuli that determine when the buyer will respond

i. Triggering cues influence the decision process for any given purchase.
ii. No triggering cues influence the decision process but do not activate it; any may operate at any time even though the buyer is not contemplating a purchase

Thre are two kinds

a. Product cues are external stimuli received from the product, for example color of the package, weight, or price.
b. Informational cues are external stimuli that provide information of a symbolic nature about the product. Such stimuli may come from advertising, conversations with other people (including sales personnel), and so on.

Specific product and information cues may also happen when price triggers the buyer's decision. Response is what the buyer does? Reinforcement is any event that strengthens the buyer's tendency to make a particular response.

Howard incorporates thes four elements into an equation.
B = P* D * K* V
B = response or the internal response tendency, that is the act of Purchasing a brand or patronizing a supplier.
P = predisposition or the inward response tendency. That is . force of habit
D= present drive level ('amount of motivation)

K= incentive potential "that is. the value of the product Or its potential Satisfaction to the buyer
V= intensity of all cues' triggering.. product. or informational

UNIT-III

Different Types of Sales Jobs
Although similar in essence. there are many different types of sales job, each requiring different skills and personality types.

Direct Sales
Selling directly to the private individual, especially the homeowner. Products such as home improvements 4 double-glazing. kitchens etc) and services such as financial services. Sales people are usually paid on a commission-Only basis i.e. they only get paid if they sell something. It is usually easy to obtain work in this way, and can starter a starter a chance to get some sales experience. The work is typified by a very success rate. but the rewards can be very high for those able to stick at it.

Business to Business
Sales Working for a company selling products or services to other businesses. Either directly to the user/user organization, or indirectly through distributors.

Direct
Consumable sales (Sales Representative)

Selling low cost items to a regular clientele, usually in a small geographic territory. In scientific terms. it might be selling laboratory chemicals to research institutions in one or two counties. You'll be dealing with the lowest level of buyer - often the user of the products. such as technicians. There's very little cold calling or do eloping new business. It's a good way to start in sales, as you do in normal! need experience to get a .4)11. Basic salary plus small bonusCommission. Personal qualities required are: reliability, good relationship bilder and stamina.

Capital equipment sales (Sales Executive)
Often the second stage in a salesperson's career. Initially perhaps, selling low to medium cost equipment. Often the emphasis is on selling the equipment, which then obliges the customer to buy the consumable items in order to be able to use the equipment. Larger sales will involve senior buyers' usch as heads of Laboratory or Administration Buyers. Personal qualities required are: some sales experience, good questioning ability, good listening ability, and persuasive qualities. Technical skills required vary according to the complexity of the product.

Capital equipment sales (medium value)
Usually involves working in a much larger territory. Only making up to four calls per day. Typically spending one day per week at home setting up appointments by telephone. The sale often takes two or more visits, and involves selling initially to the users of the equipment, and then to the higher buying authorities (Laboratory Purchasing Managers, Finance Directors etc). A lot of demonstration work is involved, sometimes conducted in conjunction with Applications Specialists who

know the equipment will. Personal qualities required: good sales experience (2 years +) persistence, good record keeping, demonstration/presentation skills negotiation skills.

Capital equipment sales (high value)

Selling expensive equipment usually working all over the country, possibley abroad. Very lengthy sales process involving numerous meetings with everyone from the users to the directorate, and often with external funding bodies as well. The sales cycle can take up to a year and more. Personal qualities required: 5 years+ sales experience including capital sales experience, freedom to travel extensively, high level negotiation skills.

OEM/Engineering sales (Technical Sales/Sales Engineer)

Selling at any level as above, but specifically selling to customers who incorporate the product into equipment which they manufacture. An example would be selling electronic components to equipment manufactures. Often you will be working with your customers at the bench in conjunction with R&D staff, designers etc. pay varies according to the level and complexity of the sale. Personal qualities required: high level of technical competence, good relationship builder at all levels.

Service sales

Selling the services that either you or your organization will provide to the customer. Either low cost services (advertising, transport services) where the service can vary from an individual sale costing to high value annual contracts worth millions, or high cost services such as management consultancy. Generally acknowledged to be more difficult to sell as there is no product for the customer to touch or try, Personal qualities rewired: you have to be believable – customers are “buying you, Integrity, reliability and honesty are paramount.

Indirect

Distributor sales

Selling either consumable products, or equipment, or both to companies which then sell on to users/user organizations. This may take the form of negotiating at head office level, or visiting a branch structure nation- wide. Often involves work abroad appointing and managing distributor organizations or individual agents, assisting them with their business plans, training them on sales and product knowledge, dual calling to customers with distributors representatives. Products are sold as a commodity and less technical involvement is involved. Although no direct management is involved. Personal qualities required: several years’ sales experience, good organization and management ability, freedom to travel extensively, and stay away as visits to customers may take several days.

6. Improves profits
7. Improves morale and motivation of employees
8. Reduces legal complications.
9. Good sales person stress more on customer satisfaction.

Training of Sales Personnel

Trainning is the act of increasing knowledge and skills of an employee for doing a particular job. Sales training is the international and sound application of ordinary sense to the problem of helping the sales personnel to make the most of their talent thus, it is a process by which an attempt is made to develop the selling skills so as increase the ability knowledge and experience of the salesmen.

National Society of Sales Training Executives USA

Objectives of Training:

1. To make the salesmen aware about the different kinds of buyers.
2. To make the salesmen aware about the principles of the firm.
3. To make the salesmen an actual view of the competition he will have to face.

Challenges of Sales & Requirement of Sales Training:-

1. **Differentiate between similar products and services:** Good salesmen should be trained in such a manner that they are able to distinguish between various products and services.
2. **Putting together product into groups to satisfy customers:** To satisfy customers, the sales people have to be trained highly to put together a package of product and service.

3. **Handling more educated customers:** Salesmen should be well trained to handle all the questions that are asked by educated customers.
4. **Era of consultative selling:** Salesmen should be well trained to understand the business issues and problems faced by the customers.
5. **Managing a team selling approach**
6. **Knowing Customer Business**
7. **Adding value through service.**

PLANNING BUILDING SALES TRAINING PROGRAMME

A formal training also helps the sales manager in planning & controlling the job of the sales force and grooming them to do the job they desire.

1. **AIM:** The main task of a manager is to determine the main aim of a training programme. The managers consider different factors like the type of training programme and the nature of the programme before deciding on the training objective. Training programmes are classified into two broad groups, initial and retraining programmes. The initial training needs of sales training programme can be identified by the analysis of three main factors:
   - **(a) Job Specification:** The qualifications needed to perform the job are detailed in job specification.
   - **(b) Trainee's Background & Experience:** The gap between the qualifications in the job specifications and those a trainee already has represents the nature and amount of training needed.
   - **(c) Sales related marketing policies:** These are analyzed to determine initial sales training needs.
2. **CONTENT OF TRAINING:** The topic f programme will vary from organization to organization. The content can be decided as per topics like socialization, selling techniques, knowledge required for the job and proficiency. Every initial sales training programme comprises mainly four areas.
   - **(a) Product Data:** If product is highly technical then more than half of their programme will go to roduct training and if the product is non-technical then minimal amount of product training is required.
   - **(b) Sales Technique:** Salesperson needs training in various areas like techniques of managing sales inventory, call planning, travel scheduling and routing etc.
   - **(c) Market:** The salespersons also need to know who the customers are, their particular location and particular products in which they are interested.
   - **(d) Company Information:** The salesmen should be well informed about the company's pricing policy, product and services, credit extension and customer relations.
3. **METHODS OF TRAINING:** There are a lot of training methods available to firm. These methods are classified into two phases i.e. Group Training Methods and Individual Training Methods. When the training is given to a single salesperson it is know as Individual Training and when the training is given to a group of salesmen together it is knows as Group Training.

4. **EXECUTION OF SALES TRAINING:**
   The step involves making decisions on four key areas which are:
   a.Who will be the trainees?
   b. Who will be the trainers?
   c. When will the training take place?
   d. Where will be the site of training?
5. **EAVLUATION OF TRAINING PROGRAMMES:**

Involves comparing of training programme's aim with the results and measuring its impaction the salesperson. In evaluation, the company must decide what outcomes will be measured, how these outcomes will be measured and when to measure these outcomes. These outcomes fall categories like reactions, learning, behavior and results.

ADVANTAGES OR IMPORTANCE OR ARGUMENTS IN FAVOUR OF SALES MAN'S TRAINING

According to B.R. cornfield, **"Good salesmen are not born but made by properly organized and directed sales training programme."**
The following are the advantages or arguments in favour of training of salesmen:

- The Sales-training betters the performance of salesmen. Better performance implies increase in sale.
- It teaches the best way of influencing people, dealing with difficult customers, handling complaints, opening new accounts, negotiating at top and obtaining sales appointments, preparing quotations, answering objections and closing orders by satisfactory execution. It matches and equips the salesmen with latest techniques that stimulate the demand and emulate the profits of the company.
- It turns down the intangible losses that are disguised in case of untrained and inexperienced salesmen.
- It briefs the new comer to acquire essential knowledge about products, people, himself so that he may come up in his line with confidence and certainty.
- It provides the salesman with perfect knowledge about the fundamentals of successful selling.
- A trained salesman is likely to cause least waste of time, efforts, products and reputation.
- Trained salesman can see opportunities in a market which were formerly over-looked.
- Training motivates the salesman to remain in the enterprise for better promotional chances and higher remuneration.
- It enables salesmen to gain a deeper understanding of the customer's problems and solve them quickly and efficiently.
- Trained salesmen need less supervision and control leading to a reduction in supervision cost.
- Training puts the salesman in a better position to face keen market competition.

- It relieves the enterprise from inefficient sales man who may prove a burden on the enterprise.
- It guarantees sound employer- employee relations.
- It helps the salesmen in building congenial relations with customers also.
  In brief, sales training brings into play the resets of paramount importance like increased turnover of products, better services to the customers, increased earnings, improved morale, reduced employee turnover, a better company image and cut in wastages,

DISADVANTAGES OR ARGUMENTS AGAINST SALESMAN'S TRAINING

1. Some of the experts opine, "Salesmen are born, they cannot be made." Hence there is no need of salesman's training.
2. The cost of training is too high, s………… is not in a position to bear such heavy cost. It becomes difficult to retain trained………….. they may be tempted by higher perks from other
3. Firms.
4. A trained salesman may not necessarily be a good salesman.
5. If the training is a long and monotonous process, the salesman may leave the job before completion of training.
6. In fact salesmanship is an inherent trait, it cannot be acquired through training.
7. Every salesman may not require training.
8. Training sometime curbs the inner faculties of the salesmen.
9. A firm selects different types of salesmen for different types of jobs of jobs. It may not be possible for a firm to provide all types of training under one roof.
10. Theoretical knowledge without practical training does not serve any purpose.

METHODS OF TRAINING SALESMEN

INDIVIDUAL TRAINING METHOD – The individual training methods include the following:

1. **ON THE JOB TRAINING -** On the Job training, which is also known as 'training within industry' or watch and pupil training is the oldest and most popular method of training. Under this method, the new employee is put on the Job under the concept, guidance and supervision of his senior officer. He learns by observation, experience and guidance from his officer. He gets the necessary instructions and directions under the guidance of a supervisor or a senior employee. The secret of its success lies in its proper planning and effective execution.
2. **TRAINING THROUGH CORRESPONDENCE –** Under this method training is provided through correspondence. The study course are supplied to the trainees through post by a recognized institution regularly at the residence of the trainees. Of course, the training material sent to the trainees should be compact, easily assimilating. To make the study material more appealing, charts, pictures, paintings,

cartoons, bulletins, booklets, sales manuals house-organs etc. are also provided. A separate training section is designed to look to the needs of the trainees and their doubts, misunderstandings and difficulties are removed. After a certain period, trainees are required to appear in formal examination after passing of which, they are awarded degrees, diplomas or certificates.

3. **INTERNSHIP TRAINING-** The object of internship training is to match the theoretical training with that of practical on For the purpose, the college, technical institutions and business houses co-operate and work in collaboration. Here in Job-oriented courses are opened. These courses are of short as well as long duration. After the completion of such training, the trainees are taken in the regular service of the concerned business house.
4. **TRAINING THROUGH STUDY COURSE-** Under this method, study courses are prepared under the direct supervision and guidance of the experts in different fields. These courses are supplied to the trainees on different intervals with the purpose of refreshing the trainee with the latest techniques and methods of salesmanship.
5. **TRAINING THROUGH INDIVIDUAL COACHING –** Under this method regular coaching is provided by the supervisor to the trainee. It is taken as a part of his Job.
6. **TRAINING THROUGH SPECIAL ASSIGHNMENTS –** Under this method, trainees are provided special assignments and they are made free to handle the affairs as they please. The method aims at creating confidence among the trainees and do the job to the best of their ability.
7. **OBSERVATION POST -** This method lays emphasis on "Learning by observation. Trainees who work as assistants learn by observing the working of their seniors on the post.

(II) GROUP TRAINING METHOD – UNDER THIS METHOD, TRAINING IS

1. **THE LECTURE METHOD –** This is the easiest, simplest and cheapest method of providing trainin g to the trainees. It is a method to teach factual information to a number of trainees at a stretch, if properly planned and diligently delivered. It is a sort of classroom method in which lectures are delivered by senior supervisors and leading experts to a group of employees.
   After lectures, questions are asked so as to have a clear conception. Good voice, attractive appearance, clarity of expression, current examples, visual aids, authentic information etc. make the lectures a success.
2. **THE CONFERENCE AND SEMINAR METHOD –** Under this method conferences and seminars are organized in which some group s of trainees participant under the leadership of experts. The participants acquire latest and up to date information. The problems are analysed and each participant contributes in one

way or the other. Such conferences have motivation effect as all the participants are given chances of creative thinking and free expression of their opinion. It develops group morale and stimulates analytical thinking.

3. **COMMITTEE METHOD –** Under this method of training, committees of trainees under the leadership of expert are formed wherein they lean about organizational relationship. Such meetings help the trainees to visualize the operations of each unit of the organization. Moreover the trainee learns how to adjust and accommodate other's views.
4. **TRAINING BY SUPERVISORS –** This is the simplest method of training. Under this method the employees are put on the job under the supervision of their supervisor who instructs them to do their work and supervisor their performance.
5. **ROLE PLAYING METHOD -** It is a newly developed method, of course interesting and effective. In this method, some talented trainees or demonstrators are selected. They present the information in a dramatic way. They make a playlet, fully stripped, rehearsed and acted on a stage. The trainees witness it as spectators and learn the art of dealing with customers in ral life as the problems, criticisms and objections are solved and replied in a very skilful, pleasing and convincing manner.
6. **JOB ROTATION METHOD –** Undre this method, the trainees work on different types of Jobs in the sales organisation. It provides broad based, balanced and enriched experience to the trainees.
7. **THE BRAIN STORMING METHOD –** Under this method, a particular problem is given to the trainees, who sit round the table along with the chairman. Each one thinks over the problem and gives his impression. No trainee is contradicted. A steno collects the information and sends it to policy makers or a panel of experts. Some good ideas are selected and the rest are thrown into the paper basket.
8. **THE EACH ONE TRAIN ONE METHOD –** Under this method, two teams of salesmen are formed: One of the experienced salesmen and the other of the new salesmen. The old and experienced salesman teaches the new ones about the sale-techniques which he had a cquired through his experience.
9. **VISUAL TRAINING METHOD –** Under this method, visual, audio visual and audo-aids are used. This method makes lectures more attractive, impressive and entertaining. Visual aids include-slides strips, black boards, charts, graphs, diagrams, Audo visual aids include sound slides, films, pictures while audo aids comprise of tape recorders and record players.

OBJECTIVES OF SALESMAN'S TRAINING.

Training is the key to success. If we expect the performance of high level from our salesmen, we should train them to do so. Radical changes take place every time. It may not be possible for the salesmen to work in these changed circumstances. Therefore, it becomes necessary that the salesmen of the enterprise should be trained in scientific and systematic manner so that they may discharge their duties easily and effectively and may adjust with the changed circumstances. The main objectives of training are as follows :

- To establish the feelings of loyalty among the salesmen and employers towards the enterprise.
- To increase the morale of salesmen.
- To enable the salesmen to do their work in the best possible manner.
- To make them efficient to do their work in the changed circumstances.
- To promote sale.
- To provide detailed knowledge of the product.
- To apprise the salesmen of the sales policy of the enterprise.
- To impart knowledge of the basic principles of selling.
- To impart knowledge about the sales-organisation and the enterprise; its history and the goodwill.
- To give them full information about the old customers.
- To inform them about the competitors and apprise them of the methods to increase sale in view of the competition.
- To train-them about the method of facing customer's problems his objectives and complaints, convince him and create new demand for the product.
- To present product information before the customer and convince him to buy the product.
- To impart knowledge about the method of improving sales, communication of orders of customers, maintenance of accounts, re-imbursement of expenses, display and demonstration of product, preparing the daily reports and servicing customers etc.
- To acquaint the salesman with the laws and regulations related to the sale of goods.
- To equip the salesman with necessary techniques and tools to carry on-his duties effectively and vigorously.
- To keep him well-informed about the prevailing market conditions.
- To achieve sale targets.
- To increase the general efficiency of the salesman.
- To prepare the salesmen's force for replacing retiring or incompetent salesmen.

A comprehensive training program aims at promoting sales, improving knowledge about the history and objectives of the enterprise, its products, its services, its policies, procedures and formalities, it should contain the following points.

(i) Knowledge of his Job.
(ii) Knowledge of the company.
(iii) Knowledge of the products.
(iv) Knowledge of the customers.
(v) Knowledge about Publicity.
(vi) Knowledge about competitors.

OBJECTIVES OF SALESMAN'S TRAINING.

Training is the key to success. If we expect the performance of high level from our salesmen, we should train them to do so. Radical changes take place every time. It may not be possible for the salesmen to work in these changed circumstances. Therefore, it becomes necessary that the salesmen of the enterprise should be trained in scientific and systematic manner so that they may discharge their duties easily and effectively and may adjust with the changed circumstances. The main objectives of training are as follows :

- To establish the feelings of loyalty among the salesmen and employers towards the enterprise.
- To increase the morale of salesmen.
- To enable the salesmen to do their work in the best possible manner.
- To make them efficient to do their work in the changed circumstances.
- To promote sale.
- To provide detailed knowledge of the product.
- To apprise the salesmen of the sales policy of the enterprise.
- To impart knowledge of the basic principles of selling.
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COMPENSATION

Sales Compensation: Retain Sales Super Stars - Keeping salespeople motivated can be a real challenge. What motivates one might not motivate another. Good sales managers know this and are always aware of where their individual salespeople are on that "motivational" scale. Sales compensation is a crucial factor in their motivation, but other factors impact motivation, too.
There is one truism among salespeople that is universal — if they feel that they cannot control the factors that contribute to their success and sales compensation, they will be frustrated, de-motivated and find a new employer. Read on to find out how you can keep your salespeople performing by keeping their eye on the top-line results through sales compensation.

The four elements of compensation are combined into hundreds of different plans, each more or less unique. But if we disregard the "fringe benefit" and "expense reimbursement" elements—as is entirely reasonable, since they are never used alone—there are only three basic types of compensation plans: straight salary, straight commission, and a combination of salary and variable elements.

Canons of a Sound Remuneration Plan

There are certain fundamentals of a sound compensation method. While formulating a remuneration plan these canons or principles should be clearly understood and implemented.

Following are the important features

1. **Simplicity:** The compensation plan should be simple so that the salesman is able to compute his own income by himself without the help of others. It should not be complicated. Otherwise it creaters confusion and suspicion in the mind o the salesmen. Therefore it must be simple to calculate and easy to understand. This type of plan wins the confidence of the salesman.

2. Flexibility: The remuneration plan should be so designed that it must be capable or adjusting itself with the changes in the territories, salesmen, product and competitive condition. In other words the plan should be adjustable to various selling conditions.

3. Economical: A sound compensation plan should be economical. The earnings of the salesman should be kept within the economical limit of the organisation. The income of the salesman should not exceed a particular limit. Some experts say that the compensation should range from 5 to 15 per cent of the total sales value.

4. Promptness: The remuneration that is to be paid should be given at the right time. In other words payments must be paid immediately when it is due. Sometimes bonus is declared but paid after a long time. In such cases the employee loses interest in such a remuneration. Prompt payment of remuneration creates enthusiasm and interest.

5. Fair and equitable: The compensation plan should not be favourable to some. It must be fair and equitable to all employees as far as possible [illegible] any kind of partial scheme of remuneration, it creates dissatisfaction and resen[illegible] employees.

6. Adequancy: While planning a good compensation plan it should be noted that the salesman is paid a salary to maintain a decent standard of living. It is necessary to maintain his family and himself. The salesman must be given an equitable income as compared to those in the same line. An adequate remuneration plan can be made by looking into the competitor's remuneration plans.

7. Easy administration: The compensation plan should be easy, simple and less time consuming. There should be minimum paper work and accounting work while calculating remuneration. Otherwise the administration cost increases and the possibility of mistakes and errors also increases.

8. Incentive oriented: The terms of remuneration must be such that industrious and energetic salesmen are able to earn more. There must be incentives or rewards for additional efforts of the salesmen. The additional earnings of the salesman may be in the form of commission or bonus.

9. Controlling capacity: The compensation or remuneration plan should be so designed that it does not lose controlling capacity over the salesmen. If commission becomes the only basis of payment, the salesmen develop an attitude of freedom. This is so because they earn if they work. Thus control is weakened. Therefor the plan should never be so designed so as to lose the controlling capacity of the employer.

Need for Sound Remuneration Plan

The importance of a sound remuneration plan has a direct impact on the efficient working of the organisation and the sales force. Better sales leads to higher profit and it leads to higher remuneration to sales force. This in turn results in greater sales effort and higher sales. Thus this is a continuous circle, one leading to another. A good plan of remuneration is a means of securing better control of salesmen's activities, greater incentive sales, more loyalty, higher morale and greater enthusiasm and interest. It should be planned in such a manner that the employer gets higher sales and the employees higher income. A sound remuneration plan has the following importance.

1. It attracts best salesmen because improved performance needs a reward. Talented salesmen are attracted when the firm is prepared to pay well for hard work.

2. It increases the volume of profit and sales of the firm.

3. Salesmen develop a sense of loyalty to the firm. Thus the loyal employees of the firm become a permanent asset of the firm assuring their best service to the firm.

4. It satisfies the salesmen because their hardworking efforts are paid well. A satisfied customer naturally puts heart and soul together to maximise work performance.

5. It establishes a healthy employer and employee relationship. Salesmen who are paid well and well-treated, have no scope for grudges or grumbling.

Factors Affecting Remuneration Plan

There are several factors which affect the remuneration plan. First, a thorough study of the sales job should be made.

A sales job study includes all aspects relating to the duties and responsibilities of salesmen.

1. Nature of the product. The remuneration plan depends on the nature of the product. If the product is a consumer product, it needs little sales effort on the part of the salesmen. Therefore they are paid less compared to those who sell speciality or technical goods.

2. Class of salesmen. Some kind of salesmen like travelling salesmen, creative salesmen are highly paid because their works is more painful and hazardous. On the other a hand counter salesmen who perform routine type of activities are paid relatively less.

3. Financial capacity of the firm. Firms which have limited financial capacity, the remuneration plan should be planned in such a manner that it does hot become a burden for the firm. They can follow a remuneration plan entirely based on commission basis.

4. Economically justified. The remuneration plan should be so designed that there must be adequate provision in periods of rising prices. The salesmen should be provided with dearness allowances (D.A) and additional dearness allowances (A.D.A.) in addition to the monthly salary.

Methods of Remuneration

There are various methods of remunerating salesmen. Following are the schemes

1. Straight salary method
2. Straight commission method
3. Salary and commission method

Straight commission method of Remuneration

Under such method the remuneration is paid on the basis of the amount of sales made.The salesman is paid commission calculated at a certain percentage of net sales or profit. The percentage of commission varies from concern to concern and case to case. This is an effort-oriented of method of remuneration. The income of a salesman fluctuates directly with the volume of sales made.

Straight-commission plans fall into one of two broad classifications:

1. Straight commission with sales personnel paying their own expenses. Advances may or may not be made against earned commission.
2. Straight commission with the company paying expenses, with or without advances against earned commissions.

Determining Commission Base - One important aspect of designing a straight-commission system is to select the base on which to pay commission.Company selling policies and problems strongly influence selection of the base. If obtaining volume is the main concern, then total sales is the base. If sales personnel make collections on sales, commissions are based upon shipments, billings, or payments. To control plrice cutting by sales personnel, some companies base commission on gross margins. Other companies use net profits as the base, seeking simultaneously to control price cutting, selling expense, and net profit.

Advantages of straight commission method :

There are some Advantages of straight commission method:

1. This method encourages those salesmen who are efficient and hardworking. The worthy ones are rewarded.
2. The sales manager need not remind the salesmen to improve sales performance. The salesmen themselves work hard for their own interest.
3. Hardworking and efficient salesmen are attracted towards the firm because they can increase their income by the sales they make.
4. As payment of commission is directly connected with sale, during slack seasons or slow-moving, firms pay less. Hence, the commission possesses no burden for them.
5. Sincere and efficient salesmen are not required to depend upon the faveur of the sales manager to earn their income in this method. The salesmen can earn higher commission by their own merit.

Drawbacks of Straight Commission Method:

There are some drawbacks of straight commission method:

1. This method is necessarily, based on the principle 'more sales more commission and no sales no commission. Hence the salesmen are uncertain of their earnings. There are some factors like depression, inferior quality of goods, high competition, physical illness which are beyond the control of the sales force. In such cases their earnings suffer without their own fault.

2. Since more sales means more commission, the salesman may try to increase sales more, on credit to unworthy customers. This leads to accumulation of move bad debts.

Straight Salary Method of Remuneration

This is one of the most common method of remuneration for salesmen. A salesman is paid a certain amount as salary like other employees. The salary is paid on the basis of time and not on the basis of sales.

The amount of remuneration payable to a salesman remains the same regardless of his sales volume.

There are usually three elements in such remunerations:

(I) Salary

(II) Increments

(III) Allowances.

The basic salary goes on increasing with annual increments. The appointment letter specifies the amount of increment and the maximum salary he is likely to draw. To the salary and increments, the dearness allowance is added. This dearness allowance (D.A.) represents the payment made as per the cost of living index. There are also allowances like travelling, house rent, etc. which are added. Sometimes hard working salesmen are granted special increments.

Advantages of straight salary method:

This plan of salesman's remuneration offers the following advantages

1. This is the simplest of all methods o remuneration and therefore easy to calculate and simple to understand

2. It ensures a stable income to salesmen. The Salesman's income does not fluctuate with the sales volume

3. It provides a sense of security and measure of confidence to the sales people. This motivates the sales force for effective selling

4. The sales manager can exercise better control over the sales force under tis plan of remuneration

Limitations of Straight salary method:

As against the above advantages the straight salary method of remuneration suffers from the following limitations

1. This method of remuneration does not provide incentive for a hardworking salesman. Such persons feel disappointed and do not put additional effort for selling products.

2. Under this method the ass and the horse are put on the same footing. Therefore it results in overpayment to idle and inefficient salesmen while it leads to under-payment to efficient and hardworking salesmen.

3. Fixing the right amount of salary poses a problem under this method. The performance and ability of persons vary fork one another and therefore management finds it difficult fixing the salary.

Salary and commission method of Remuneration

Under this method, the salesman is entitled to a fixed salary and commission is paid based on the sales volume.

This combination plan tries to eradicate the disadvantages of both straight salary and straight commission method. The salary element gives the salesman the salesman the necessary security and comfort. The commission element is meant to reward hardworking and efficient salesmen who put more effort in selling. Thus this salary plus commission method is found to be good for both the employee and employer. This method of remuneration is one of the most popular method in these days and are followed by many firms.

The advantages of this method lies in the fact that it takes the best advantages of two straight methods namely straight salary and straight commission. It also distinguishes efficient from inefficient salesmen. This method guarantees a minimum for the salesman and hence the salesman feels secured. Even during periods of depression, salesmen are assured of a regular income

Drawing Accounts

A modification of the straight-commission plan is the drawing account method, under which the company establishes separate account for each salesperson, to which commissions are credited and against which periodic withdrawals are made. Drawing accounts resemble salaries, since customarily individual sales personnel are allowed to overdraw against future earning. If sales personnel become greatly overdrawn, they may lose incincentive to produce, because earned commissions are used to reduce the indebtedness.

Fringe Benefits

Fringe benefits, which do not bear direct relationships to job performance, range from 25 to 40 percent of the total sales compensation package. Some are required by federal and state law— for example, payments for social security remiums,
unemployment compensation, and worker's compensation. Most, however, the company provides for other reasons; to be competitive with other companies in the industry or community, to furnish reasons for employees to remain in the company's
service, and to comply with what employees expect as fringe benefits.

deadning-increases in volume and frequency destroy their value. Some sales executives think nothing of spending hours planning a sales meeting but neglect to appraise the motivational impact of their correspondence. No single letter or bulletin has as strong a motivational effect as a sales meeting; yet the total impact of written communication, effectively used, can be much greater. The effective executive writing personal letters and bulletins to salespeople avoids generalities and concentrates upon specific helpful suggestions. A letter to salesperson Brown, reporting that salesperson Jones wrote a $100,000 order last week, and instructing Brown to go out and do the same is not motivation. Describing how Jones succeeded in promoting a new use for the product to certain kind of customer is motivation. Writing letters, especially those that cheer up and spur on salespeople in the field, is an art effective executives master.

Unionization of Sales Personnel - There are several reasons why unions have made little progress in organizing sales personnel. First, it is difficult to develop strong group identification in most sales departments because each person works alone and sees other members of the sales force infrequently. Little opportunity exists for mutual exchange of grievances. Second, in contrast to most employee groups, salespersons think of themselves as independent operators rather than as cogs in an industrial machine. Third, sales personnel have some control over their workday and workweek. If they work excessive hours, it is often to add to their complementation, and there are no time clocks. Fourth, the prospect of higher wages has never served as a strong organizing incentive for sales personnel, as sales personnel have been made to feel that low earnings are the result of personal ineffectiveness, not of the employer's niggardliness. Only about one in ten salespersons belong to a union. When unionization has occurred, it usually traces to a failure of sales management. Grievances stem from such failures as too many reports, competition of house accounts, inadequate expense allowances, poor territories, too many people on the sales force (which results in inadequate territories), and too many nonselling duties.

Conclusion - Motivating sales personnel is an important aspect of sales force management. Sales personnel require additional motivation because of inherent nature of the sales job, role conflicts, the natural tendency toward apathy, and difficulties in building group identity. The concepts of need gratification and interdependence assist in understanding the complexities of motivating sales personnel. Implementing motivational efforts requires that sales executives be skilled leaders, rather than drivers, of sales personnel. It demands that they be skilled in interpersonal and written communications. Satisfactory job performances develop out of deep understanding of motivational forces and processes, effective leadership, two-way communications, and effective handling of relationships.

and anything else that effects them. Sales personnel are all the more sold on their jobs when sales executives apply good sales techniques in all their relationships with them.

Motivation and Communications - It is important that good communications exist between each salesperson and his or her superior-unless it does, there is depressed morale and low productivity. The salesperson with pent-up grievances, real or imagined, displays both low morale and unsatisfactory performance. Similarly, the salesperson, like everyone else, comes up against personal problems, such as sickness in the family, inability to pay overdue bills, or marital troubles, all of which adversely affect morale and performance.

Good communications allow for free discussion of problems related to the salesperson's job and of any personal problems that, left unsolved, hurt job performance. For the salesperson, the existence of good communications means freedom of selfexpression- freedom to talk over problems, business and personal, with the superior. For the superior, it anything, is bothering him or her, but to provide assistance in solving any problems that come to light.

Interpersonal Contact - Interpersonal contact is an important way to communicate with and thereby to motivate sales personnel. Management uses contacts to make comprehensive evaluations of individual salespeople's morale. Interpersonal contacts provide opportunities for learning of financial, family, or other personal worries that have impacts upon job performance.

Sales executives at all levels have personal contacts with the sales staff. But at higher levels of sales management, contact with salespeople are confined to conventions and sales meetings. Most of the individual salesperson's contact with management is with the immediate supervisor. Although supervisors have other important functions to perform, such as training,

evaluation and control, they also use their visits with salespersons for detecting personal or business problems, and for motivational purposes. Sales executives at all levels reserve some time for observing and conferring with sales personnel. Di9strict managers visit each salesperson on the job in the assigned sales territory. While it is impractical rise or even all sales districts, there are other ways to maintain personal contact with sales personnel.. One is to arrange individual conferences between sales personnel and the top sales executive during

regional or national meeting-the opportunity to visit with the "big boss" provides strong motivation.

Interpersonal contact is the best way to keep in touch with the sales staff, but other communications media sometimes are used. Not only is close contact with all sales personnel all of the time physically immposible, but the least effective salespeople demand the lion's share of the personal attention. When this happens, executive contact with the more effective salespeople is largely through written means. Confronted with this situation, many sales executives keep in touch with their better people not through letters, but through regular telephone calls. On some occasions, sales personnel should be contacted personally, or by telephone, rather than by letter. A drop in

performance that the executive suspects traces to family discord is not only difficult but awkward to discuss in writing. When a reprimand is necessary, face-to-face meeting is better than a letter that could lead to further complications. Personal and disciplinary problems are best handled by interpersonal contact and not through the mail. In exceptional cases, a carefully phrased letter can avoid misinterpretations and misunderstanding, but the executive is still well advised to follow up with personal contacts.

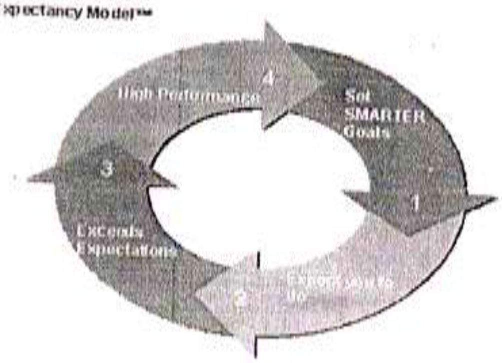
It is difficult to motivate a salesperson whom the sales executive knows only casually. A special effort should be made to know each salesperson well, and to learn what is important to each. Effective sales executives develop empathy with their subordinates.

Motivational Interviews - In progressive companies, sales executives set planned "information" goals for personal visits with sales personnel. The executive attempts to find out about salespeople's patterns of need fulfillment and the order of priority assigned to each need. Insights are gained on individuals' motivational patterns, and guidance is furnished for choosing appropriate incentives. It is

unlikely that a single interview can gather all this information, but after many interviews, the executive has the information to put together a comprehensive picture. Motivational interviews are a way to gather valuable information bit by bit.

Written Communication - Supplementing personal contacts, sales personnel are kept informed through letters, announcements, bulletins, and other mailed pieces. Written communications can become routine and

Expectancy Model



An expectancy model, based on Vroom's, is shown in Figure.The strength of an individual's motivation to behave in a certain way (in terms of efforts) depends upon how strongly that individual believes that these efforts will achieve the desired performance patterns (or level). If the individual achieves the desired performance, then how strongly does the individual believe that the organization's rewards/punishments will be appropriate for that kind of performance, and to what extent will this satisfy the individual's needs (goals). Sales management, however, must recognize that this model is concerned with expectations. Sales personnel need counseling to view their own competencies realistically. They also need sales management's support in developing the skills that lead to improved performance.

Interdependence and Motivation - In the formal organizational plan, each salesperson reports to someone higher up in the structure, a sales supervisor, a district sales manager, or, as in most small companies, to the chief sales executive. According to traditional theory, the superior has the authority to require that the salesperson take action, and the salesperson is obligated to carry out the superior's orders. This theory assumes that authority ("the formal right to require action of others") can be equated with power ("the ability to get things done"). Practical sales managers know that issuing an order to a salesperson or suggesting how he or she should act (that is, change a pattern of behavior) does not necessarily mean that henceforth the salesperson will change. On many occasions, of course, there is little problem in having orders and directions put into effect-as long as they are clearly stated and apply to simple tasks that are done quickly

Motivation and Leadership - Effective sales executives are leaders, rather than drivers, of sales personnel. They earn the voluntary cooperation of members of the sales organization, motivating them, individually and as a group, to reach the sales department's goals. They know the motivations, desires, and ambitions of those they lead, and they use this knowledge to guide their followers into the necessary activities-whether they be learning or performing.

The effective sales executive sets a good example. The "do as I say, not as I do" approach is not effective in motivating sales personnel. The sales executive works with the same diligence he or she expect of sales personnel, and leads his or her life as he or she expects them to lead theirs. It is natural for subordinates to emulate their superior-the superior is, or should be, a symbol of success.

One aspect of leadership closely related to motivation has to do with the handling of relationships with sales personnel.Attaining skill in this area is not easy, but experience, maturity, and common sense are necessary attributes. Effective sale s executives treat sales personnel fairly, particularly as to assignments, promotions, and changes in pay. They commend salespeople for jobs well done, but if performances are not up to par, they call that to the subordinates' attention privately.

When discussing a salesperson's weakness, effective sales executives make it clear that they know the individual's strong points. Before making changes affecting salespeople's jobs, they consult those affected, helping to prevent the damaging impact of rumors upon morale. The sales force should be convinced, individually and collectively, that when right is on their side, the sales executive can be depended upto, if the need arises, to carry their case to top management. An, above all else, effective sales executives do not lose sight of the fact that they are managing the sales staff. They "sell" sales personnel on plans, policy changes, dissatisfaction is not the opposite of job satisfaction-two separate groups of needs are involved, one related to job satisfaction and the other to job dissatisfaction. While most needs have potentials for influencing both the relief of job dissatisfaction and the increase of job satisfaction, each need serves predominantly either a hygiene or motivator purpose.

Deficiencies in fulfilling the hygiene needs cause job dissatisfaction. These supervision, and other factors extrinsic to the job fulfilling the hygiene needs does not lead to job satisfaction, but in the achievement of a neutral point known as a fair day's work. Performance at this point does not result from motivation. At the "fair day's work" point, the individual is ripe for influence by the motivation factors, ones intrinsic to the job itself. These factors reflect needs for personal growth, including achievement, recognition, nature of the job itself, responsibility, and opportunities for advancement. The motivation factors represent needs that, when fulfilled, lead to job satisfaction.

Figure shows the considerable similarity of the Maslow and Herzberg models. Herzberg's division of the need hierarchy into two factors-hygiene and motivational-implies that for many people, including most sales personnel, only Maslow's higher-order needs (esteem and self-actualization) are primary motivators. Yet even these people must satisfy the lower order (hygiene) needs for maintenance of their job satisfaction.

Motivation-hygiene theory has two important implications for sales management - The first is that management must see that the job provides the conditions that prevent job dissatisfaction (to get a fair day's work from the salesperson). This means that management needs to provide an acceptable working environment, fair compensation, adequate fringe benefits, fair and reasonable supervision, and job security. The second implication is that management must provide opportunities for achievement, recognition, responsibility, and advancement (to motivate performance beyond that of a fair day's work).

Achievement-motivation Theory - David McClelland, in association with other researchers, developed achievement-motivation theory. According to this theory, if a person spends considerable time thinking about doing his or her job better, accomplishing something unusual and important, or advancing his or her career, that individual has a high need for achievement (NACH). Those who have high for achievement **(1)** like problem situation in which they take personal responsibility for finding solutions (ones in which the possibilities of reaching them are reasonable),**(2)** tend to set attainable achievement goals. and (3) want feedback on how they are doing. In practical terms,NACH is a motivation to exceed some standard of quality in personal behavior-individuals who are self-motivated and who continually strive to improve their performance are in this category. Many individuals like this are attracted to personal selling jobs, especially those where compensation's largely in the form of commissions-jobs characterized by opportunities to influence outcomes through personal efforts, challenging risks, and rapid feedback of results.

Expectancy Model- The expectancy model, developed by Vroom, conceptualizes motivation as a process governing choices of behavioral activity.The reasoning is that the strength of a tendency to act in a certain way depends upon the strength of an expectation that the act will be followed by a given outcome and on that outcome's attractiveness to the individual. Put differently, an individual's desire to produce at a given time depends on that individual's specific goals and perception of the relative worth of performance alternatives as paths to attainment of those goals.

SALES MOTIVATION

Meaning of Motivation - Motivation is goal-directed behavior, underlying which are certain needs or desires. The term "needs" suggests a lack of something that reaching the goal could satisfy, while the term "desires" suggests positive ardor and strength of feeling. The complex of needs and desires stemming from within individuals leads them to act so as to satisfy these needs and desires.

Specifically, as applied to sales personnel, motivation is the amount of effort the salesperson desires to expend on the activities associated with the sales job, such as calling on potential accounts, planning sales resentations, and filling out reports. Expending effort on each activity making up the sales job leads to some level of achievement on one or more dimensions of job performance-total sales volume, profitability, sales to new accounts, quota attainment, and the like.

Motivational "Help" from Management - Most sales personnel require motivational "help" from management to reach and maintain acceptable performance levels. They require motivation as individuals and as group members. As individuals, they are targets for personalized motivational efforts by their superiors. As member of the sales force, they are targets for sales managment efforts aimed toward welding them into an effective selling team. Four aspect of the salesperson's job affect the quality of its performance.

Inherent Nature of the Sales Job - Although sales jobs vary from one company to the next, sales jobs are alike in certain respects. Every sales job is a succession of ups and downs a series of experiences resulting in alternating feelings of exhilaration and depression. In the course of day's work, salespersons interact with many pleasant and courteous people, but some are unpleasant and rude and are difficult to deal with. They are frustrated, particularly when aggressive competing sales personnel vie for the same business, and they meet numerous turndowns. Furthermore, sales personnel spend not only working time but considerable afterhours time away from home, causing them to miss many attractive parts of family life. These conditions cause salespersons to become discouraged, to achieve low performance levels,or even to seek non selling positions. The inherent nature of the sales job, then, is the first reason that additional motivation is required.

Salesperson's Boundary Position and Role Conflicts - The sales person occupies a "boundary position" in the company and must try tosatisfy the expectations of people both within the company (in the sales department and elsewhere)and in customer organizations. There is linkage withfour groups : **(1) sales management, (2) the company organization that handles order fulfillment, (3) the customers, and (4) other company sales personnel.** Each group imposes certain behavioral expectations on the salesperson, and, in playing these different role, the salesperson faces role conflicts, such as

1. **Conflict of identification** arises out of multi group membership. As the salesperson works with the customer,identification is with the customer rather than the company. On returning to the company, the salesperson drops identification with the customer and identified with the company.
2. **Advocacy conflict** arises when the salesperson identifies with the customer and advocates the customer's position to other groups in the company organization. this may be important and may be encouraged by the sale management group, but the advocator is in a difficult position.
3. **Conflict is inherent** in the salesperson's dual role as an advocate for both the customer and the company and the salesperson's pecuniary interest as an entrepreneur paid directly or indirectly on the basis of sales volume, the salesperson has an interest in selling as much as possible in the shortest time. If the salesperson tells the customer about these conditions and that, in all probability, the product will not meet the customer's needs, the salesperson risks losing the sale and the income that goes with it. Not much can be done to reduce the role conflicts of sale personnel. Some evidence exists that experienced sales personnel perceive significantly less role conflict than do those with less experience. This suggests that a salesperson's perceptions of, and ability to cope with, role conflict are influenced not only by experience but by the effectiveness of sales training. It also suggests that those who become experienced sales personnel may cope better with role conflicts (that is, psychologically) than those leaving the sales organisation earlier. So improving sales training effectiveness and revising selection criteria are two roads to reducing the impact of role conflict on sales force morale. Role conflicts traceable to the salespersons linkage with groups that have divergent interests, then, is another reason why additional motivation is required.

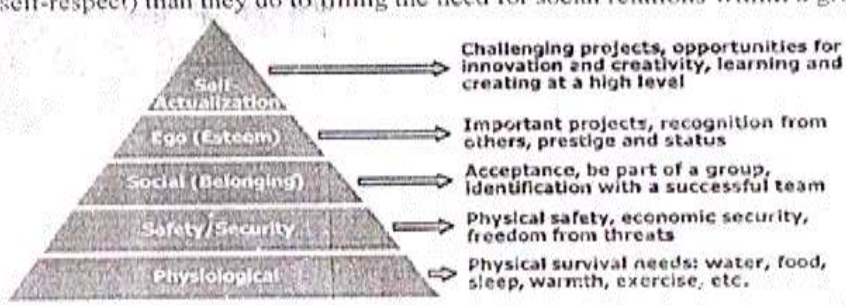
Tendency Toward Apathy - Some sales personnel naturally become apathetic, get into a rut. Those who year after year, cover the same territory and virtually the same customers, lose interest and enthusiasm

Gradually their sales calls degenerate into routine order taking. Because they know the customers so well, they believe that good salesmanship is no longer necessary. Their customer approach typically becomes: "Do you need anything today, Joe? They fail to recognize that friendship in no way obviates the necessity for creative selling and that most customers do not sell themselves on new products and applications. the customer's response, as often as not, is: nothing today, Bill". Later a competing salesperson calls on the same account, uses effective sales techniques, and gets an order. Many salespeople require additional motivation to maintain continuing enthusiasm to generate renewed interest in their work.

Maintaining A Feeling of Group Identify - The salesperson, working alone, finds it difficult to develop and maintain a feeling of group identity with other company salespeople. Team spirit, if present at all, is weak. Thus, the contagious enthusiasm-conducive to improving the entire group's performance-does not develop.If sales management, through providing added motivation, succeeds in developing and maintaining team spirit, individual sales personnel strive to meet group performance standards.Few people who consider themselves members of the sales team want to appear as poor performers in the eyes of their colleagues, providing the kind of working atmosphere in which all members of the sales force feel they are participating in a cooperative endeavor is not easy-nevertheless, effective sales management works continuously to achieve and maintain it.

Need Gratification and Motivation- Behavioral research studies show that all human activity including the salesperson's job behavior-is directed toward satisfying certain needs (that is, reaching certain goals). Patterns of individual behavior differ because individuals seek to fulfill different sets of needs in different ways. Some salespersons, in other words, are more successful than others because of the differing motivational patterns and amounts and types of efforts they exert in performing their jobs.Needs are either primary or secondary. Primary need are the inborn or physiological needs for food, water, rest, sleep, air to breathe, sex, and so on, the fulfillment of which are basic to life itself. Until primary needs are satisfied, other needs have little motivational influence. Secondary needs arise from an in individual's interaction with the environment, and are not inborn but develop with maturity. Secondary needs include those for safety and security, belongingness and social relations, and self-esteem and self-respect.

Hierarchy of Needs-A.H Maslow, a psychologist, developed a theory of motivation based on the notion that an individual seeks to fulfill personal needs according to some hierarchy importance. He suggests the general priority of need fulfillment. Maslow suggests that after an individual gratifies basic physiological needs, he or she proceeds to strive to fulfill safety and security needs, that belongingness and social relations needs, and so on-the individual's level of aspiration rising as needs on higher levels are satisfied. Not every individual and certainly not every salesperson, of course, establishes the order of priority of need fulfillment suggested by Maslow. Some sales personnel, for instance, appear to assign earlier priority to filling the esteem need (for self-respect) than they do to filling the need for social relations within a group.



Maslow's Hierarchy of Needs is shown above. The pyramid illustrates the five levels of human needs. The most basic are physiological and safety/security, shown at the base of the pyramid. As one moves to higher levels of the pyramid, the needs become more complex.

Motivation-hygiene Theory - Frederick Hertzberg and his co-researchers developed the motivation-hygiene theory. According to this theory the factors that lead to motivation and job satisfaction are not the same as those leading to apathy and job dissatisfaction. In other words, the contention is that job

PERFORMANCE EVALUATION

"Performance evaluation refers to all formal procedures used in working organizations to evaluate personalities and contributions and potential of group members."

\- **Dale Yodder**

Purposes of Performance Evaluation

1) **Promotions & Increments:** Helps management to distinguish between good and average performers on the basis of which promotions and increments are given to the employees.
2) **Determining the training objectives:** It helps to find out which employee needs training in which sales area.
3) **Compensation:** Many companies give compensation to employees on the basis of their performance.
4) **Other Personnel Decisions:** Performance evaluation helps in deciding about transfers, demotion, retention etc.
5) **Providing feedback to salesperson:** We can find the deficiencies in performance of salesmen and then via feedback they can improve.
6) **Mechanism of Control:** If management knows about the performance then they can manage workforce in a better way.

Principles Of Sales Evaluation

1) **Pragmatic:** Evaluation should be on practically possible parameter rather than predecided goals.
2) **Transparent:** The method and basis' of evaluation should be clear to those whose performance is to be evaluated.
3) **Realistic:** It should be based on actual facts and figures.
4) **Informative:** Evaluation should help management in making better policies.
5) **Participative:** Should motivate the sales force to participate in and share their inputs in improving the methods and procedures of evaluation.
6) **Objective:** Should be based on benchmarks and standards and but on prejudices. They should be measurable and realistic.
7) **Positive in Spirit:** It must be aimed at criticism but should aim at finding out the reasons of non-performance.
8) **Flexible:** It can be moulded according to changing market conditions.
9) **Specific:** Should not be vague but more focused and specific about the objectives to be achieved.
10) **Cost Effective:** Should not be time consuming and should be economical to devise and implement.

... Commerce & Management

Call Frequency Ratio = Number of sales calls made by a salesperson on a particular class of customers / Number of customers in that class

g) Calls Per Day: It is more used by consumer goods companies. Standards for calls per day should be set individually for each territory.

h) Order Call Ratio: This ratio measure the relation between the total number of calls made by the salesperson and the number of calls converted into orders.

Order Call Ratio = Total Number of calls Made / Number of Orders secured

i) Average Cost Per Call: A target for average cost per call is set to emphasize the impotance of making profitable calls.

j) Average Order Size: This standard controls the frequency of calls on different accounts usually differing standards are set for different classes of customers.

Qualitative Performance Standards:

This criteria is used for appraising performance characteristics that affect sales results especially over the long run, but whose degree of excellence can be evaluated only subjectively. The various qualitative performance criteria can be:

- Handling of customer's problems.
- Behaviour with colleagues.
- Relation with customers.
- Conformance to the superior's directives.
- Honestly in reporting.
- Ability to work in a group.

Step 2: Recording Actual Performance

The task of the management is to determine what kind of information about the salesperson's performance is needed, what can be the sources of that information, and how can that information be collected.

In case of quantitative performance standards, the kind of information required relates to sales, selling expenses and profitability. If the standards set are qualitative then the kind of information required relates to sales, selling expenses and profitability.

Field Sales Reports

It is probably the most widely used source for avaluating performance of the sales personnel. These are the formal reports submitted by the salespersons to the management from time to time.

Following can be various purposes of field sales reports:

- To provide data for evaluating performance
- To formulate sales policies.
- To help salesperson plan their work.
- To record customer's reactions.
- To record competitor's activities.
- To report changes in local market conditions.
- To record important items of territorial information.
- To provide updated mailing lists.
- To provide information requested by marketing research department.

Types of Field Sales Reports

1) **Sales Call Report:** This gives a daily record of number of retailers visited in a day, the details or orders procured from them, proportion of productive calls, and the reasons for certain retailers not placing the orders.

2) **Expense Report:** It helps the salespersons exercise self controlover expenses as it often reminds them that they are under moral obligation to keep expenses in proportion to the reported sales.

3) **Sales Work Plan:** A sales work plan seeks details from a sales person such as customers or prospects to be called upon in the given period, purpose of visit, and routes to be traveled with exact dates.

4) **New Business or Potential New-**Business Report: This report informs sales management about the prospects recently converted, and the prospects who may probably be converted.

5) **Lost Sales Report:** This report provides a basis for salesperson's capabilities to retain customers. And to sell inspite of competition. If a competitor's salesperson wins over the existing account of the company, the salesperson servicing that account is required to report the reason for the loss.

6) **Report and Complaints:** This report contains details of complaints arising from a salespersons work, complaints by a class of customers, as well as the cost of complaint adjustment. By analyzing this report, management is able to detect the required product improvements, as well as the required changes in customer policies.

7) **Market Analysis:** This report includes salesperson's viewpoint of the market, competitor analysis, problems in the market, feedback about the products from the customers, distributors and so on. This assists management in detecting needed product improvements, and changes in merchandising and service practices and policies.

Step 3: Evaluating Actual Performance Against Standards

The actual performance is measured against standards. The same standards cannot be applied to all sales personnel as there are differences in individual territories. Their sales potentials, the impact of competition and the profiles of the customers. Evaluating sales personnel requires both a comparison of performance with quantitative standards and an appraisal against qualitative performance criteria.

Step 4: Taking Action

The results of evaluating actual performance against performance standards guides the management to decide future course of action. If the actual performance is in tune with the performing standards, no action may be required. According to Cundiff, Still and Govoni, if actual performance is not matching the performance standards, management has three alternatives:

1) Adjust performance to the standards, thus increasing the degree of attainment of objectives.
2) Revise the policy and/or plan, or the strategies used for their implementation, to fit better the achievement of objectives.
3) Lower or raise the objectives or the standards and/or criteria used in measuring their degree of attainment to make them more realistic.

UNIT IV

Sales Promotion Definition

Sales promotion is a marketing strategy where the product is promoted using short-term attractive initiatives to stimulate its demand and increase its sales.

This strategy is usually brought to use in the following cases –

- to introduce new products,
- sell out existing inventories,
- attract more customers, and
- To lift sales temporarily.

American Marketing Association defines sales promotion as –

Media and non media marketing pressure applied for a predetermined, limited period of time in order to stimulate trial, increase consumer demand, or improve product availability.

Importance Of Sales Promotion

Sales promotion is a handy technique to fulfill the short term sales goals by persuading potential customers to buy the product. It is an important promotional strategy to –

- **Spread information about the brand** to new customers or new market
- **Stabilize sales volume** and fulfill short-term sales goals
- **Stimulate demand** for a short term by making the product look like a great deal.

The Impact of Sales Promotions

Promotion is the component of the marketing mix strategy that emphasizes the use of various communication tools to promote the value of your company, products or services. While much of promotion is focused on long-term communication objectives, sales promotions have a specific motive of creating immediate sales.

Attract Customers

Sales promotions are typically used as a price inducement to attract price-conscious buyers not interested in products regular prices. This is common when companies want to build a customer base, such as at a grand opening, when a competitor goes out of business, or in a highly competitive industry. In some cases, sales promotions on one product, known as a "price leader" or "loss leader," are used to get customers into the store so you can sell them other, more profitable items.

Increased Revenue

Increasing revenue is a common goal for sales promotions. Often, sales promotions restrict your profit potential, but they allow you to generate more revenue in the short run due to increased sales volume. This also means more cash flow, which is why companies struggling to meet near-term financial obligations often turn to discounts. To realize greater revenue, you need more customers to buy more products at the reduced price.

Price Orientation

One of the more risky or negative effects of sales promotions is that they can lead to a price orientation amongst customers. This is especially true if you overuse them or maintain discounts for an extended period. Customers psychologically connect the promotion price with the value of the product, and a price hike down the road may not work.

Inventory Reduction

Effective sales promotions lead to inventory reductions because customers buy more products. In fact, this is why companies hold them regularly at the end of a buying season. For example, when Halloween is over, you often see retailers discount decor and candy to make room on the shelves for other products. While this often results in a gross loss on the excess inventory, you at least get some revenue rather than throwing out expired or obsolete products.

How to Evaluate Sales Promotions

1.

Evaluate whether or not the promotion is appropriate for your company. Note the type of promotion, the language used in the marketing copy and the visual impact, and measure it against your standard materials. Look for ways it reinforces your brand image and brand promise, through design style, imagery and voice. Ensure that the promotion is in line with the direction you want the business to take in the short and long term.

2.

Determine whether or not the promotion has specific, achievable goals; a vague promotion can confuse your audience and weaken your brand. Note how the effort will support your business goals: bringing in new customers, reinvigorating old customers or increasing awareness of a new product line, for example. Read the marketing materials to ensure that they have a clear message and call to action that will give customers an easy, logical next step. Look at the way the promotion is presented to your customers in terms of design, distribution and copy to see if it will inspire them to take the desired actions. Test it on a representative audience sample before sending it for production.

3.

Conduct an internal review of the promotion to determine feasibility. Ask your sales and marketing teams to review the promotional materials and point out any weak spots; their ground-level experience with the customers can provide valuable insight that will strengthen the impact of a promotion. Check with the financial team to ensure that the cost of executing the promotion fits into the budget even if it does not produce an increase in revenue. Because promotions often include a discount, they can cause a drop in profits if the consumer response is not strong.

4.

Track your sales to measure the effectiveness of a promotion once it is launched. Make note of the numbers before, during and for several months after the launch of your promotion; keep in mind that the effects on sales might be delayed. Take into account the cost of the promotion, including the time, materials and manpower, and calculate the profit; if a promotion breaks even rather than increasing revenue, it may not be a benefit to your company. If the promotion's goals were geared toward audience response and awareness rather than profit, poll the audience, monitor changes in Web traffic and talk to individual customers to get an idea of the impact.

Promotional Planning Process

Definition: The **Promotional Planning** is a process of optimizing the utilization of marketing tools, strategies, resources to promote a product and service with the intent to generate demand and meet the set objectives.

Promotional Planning Process

The Sales Promotional Planning Process is comprised of following steps:

1. **Problem Definition:** First of all, the management must identify the need for a promotion and should take into consideration the following points:

   - Which Product/Service is to be promoted?
   - Who is the target audience?
   - How much budget is allocated for the promotional activities?
   - What message is to be conveyed to the prospective buyers?
   - What marketing strategies are to be adopted?
   - Which analytical tool is to be used?

   Establishment of detailed Objectives: The objectives are the end goals towards which all the efforts are directed. Once the target audience is identified the management must set the objectives of the promotion. The objectives could be to encourage the non-users to use the product, increase the usage of the existing customers, or enter into a new market segment with a modified product line. Similarly, the objectives for the intermediaries could be to increase the off-season sales or reduce the effect of competitor's promotional schemes.Similarly, the objectives for the intermediaries could be to increase the off-season sales or reduce the effect of competitor's promotional schemes.

Design of Promotion Mix: Once the objectives are set, these provide the basis for selecting an appropriate promotional tool (advertising, personal selling, sales promotion, etc.). The management must carefully analyze all the costs and effects associated with each marketing element before making the final choice.

The objectives and the target market should be kept in mind while designing the promotion mix. As, the promotional tools for educated, urban and institutional buyers would be different as compared to the illiterate, rural and household buyers.

Planning Sales Promotion Programme: This is the most crucial step of promotional planning that requires the management to decide the time duration of the promotion i.e. for how long the promotional tool is to be used. While deciding on the sales promotion plan the overall marketing budget along with the eligibility rules and size of incentives should be taken into the consideration.

Pre-testing: Once the Sales Promotion Plan is prepared, it is tested in few selected market segments to identify the potentials or serious problems before its full launch. Here the management scrutinizes the cost effectiveness of the promotional plan, problems of ambiguity (if any), customer response rate, etc.

Implementation: After the promotional plan is tested in the few selected areas, it is ready to be launched in the complete market. Here the management must take care of two important time factors, Viz. **Lead Time** and **Sell-in Time.**

The lead time is the time necessary to bring the plan to the point where the incentives are made available to the public while; the sell-in time is the time starting from the date of the release until the time 90-95% of the incentives are received by the potential customers.

Monitoring and Evaluation: After implementation, the performance of the promotional plan is checked against the set standards and objectives and the corrective actions are taken accordingly. In case the objectives are defined in quantitative terms then the measurement of the actual results would be quite easy.

During the evaluation, the management must take care of all the factors that are beyond control such as economic recession, seasonal variations, natural calamity, etc. that might influence the buying decision of the customers.

Thus, the promotional planning is an integral part of marketing wherein the management decides on a complete promotion plan which includes all the marketing strategies to be adopted during the life cycle of the product, i.e. from the introductory stage till its decline stage.

Develop a marketing strategy

Effective marketing starts with a considered, well-informed marketing strategy. A good marketing strategy helps you define your vision, mission and business goals, and outlines the steps you need to take to achieve these goals.

Your marketing strategy affects the way you run your entire business, so it should be planned and developed in consultation with your team. It is a wide-reaching and comprehensive strategic planning tool that:

- describes your business and its products and services
- explains the position and role of your products and services in the market
- profiles your customers and your competition
- identifies the marketing tactics you will use
- allows you to build a marketing plan and measure its effectiveness.

A marketing strategy sets the overall direction and goals for your marketing, and is therefore different from a marketing plan, which outlines the specific actions you will take to implement your marketing strategy. Your marketing strategy could be developed for the next few years, while your marketing plan usually describes tactics to be achieved in the current year.

Basics of successful marketing strategy

A good marketing strategy helps you target your products and services to the people most likely to buy them. It usually involves you creating one or two powerful ideas to raise awareness and sell your products.

Developing a marketing strategy that includes the components listed below will help you make the most of your marketing investment, keep your marketing focused, and measure and improve your sales results.

Identify your business goals

To develop your marketing strategy, identify your overarching business goals, so that you can then define a set of marketing goals to support them. Your business goals might include:

- increasing awareness of your products and services
- selling more products from a certain supplier

- reaching a new customer segment.

When setting goals it's critical to be as targeted as possible so you can effectively measure the outcomes against what you set out to achieve. A simple criteria for goal-setting is the SMART method:

- **S**pecific **-** state clearly what you want to achieve
- **M**easurable **-** set tangible measures so you can measure your results
- **A**chievable **-** set objectives that are within your capacity and budget
- **R**elevant - set objectives that will help you improve particular aspects of your business
- **T**ime-bound - set objectives you can achieve within the time you need them.

State your marketing goals

Define a set of specific marketing goals based on the business goals you listed above. These goals will motivate you and your team and help you benchmark your success.

Examples of marketing goals include increased market penetration (selling more existing products to existing customers) or market development (selling existing products to new target markets). These marketing goals could be long-term and might take a few years to successfully achieve. However, they should be clear and measurable and have time frames for achievement.

Make sure your overall strategies are also practical and measurable. A good marketing strategy will not be changed every year, but revised when your strategies have been achieved or your marketing goals have been met. Also, you may need to amend your strategy if your external market changes due to a new competitor or new technology, or if your products substantially change.

Research your market

Research is an essential part of your marketing strategy. You need to gather information about your market, such as its size, growth, social trends and demographics (population statistics such as age, gender and family type). It is important to keep an eye on your market so you are aware of any changes over time, so your strategy remains relevant and targeted.

Profile your potential customers

Use your market research to develop a profile of the customers you are targeting and identify their needs.

The profile will reveal their buying patterns, including how they buy, where they buy and what they buy. Again, regularly review trends so you don't miss out on new opportunities or become irrelevant with your marketing message.

While you try to find new customers, make sure your marketing strategy also allows you to maintain relationships with your existing customers.

Profile your competitors

Similarly, as part of your marketing strategy you should develop a profile of your competitors by identifying their products, supply chains, pricing and marketing tactics.

Use this to identify your competitive advantage - what sets your business apart from your competitors. You may also want to identify the strengths and weaknesses of your own internal processes to help improve your performance compared with your competition.

Develop strategies to support your marketing goals

List your target markets and devise a set of strategies to attract and retain them. An example goal could be to increase young people's awareness of your products. Your corresponding strategies could be to increase your online social media presence by posting regular updates about your product on Twitter and Facebook; advertising in local magazines targeted to young people; and offering discounts for students.

Use the '7 Ps of marketing'

Identify your tactical marketing mix using the 7 Ps of marketing. If you can choose the right combination of marketing across product, price, promotion, place, people, process and physical evidence, your marketing strategy is more likely to be a success.

Test your ideas

In deciding your tactics, do some online research, test some ideas and approaches on your customers and your staff, and review what works. You will need to choose a number of tactics in order to meet your customers' needs, reach the customers within your target market and improve your sales results.

Retail Sales Promotions Challenges And How To Overcome Them

Promotions are nothing new. From the beginnings of commerce, centuries ago, those with wares to sell have found ways to entice buyers and best competitors, whether through barter, bundling, or discounted pricing. In truth, the basics of retail promotion haven't changed much over the years, although our methods and strategies have certainly become more sophisticated.

With so many variables in play, not the least of which is the whim of the consumer public, it can be difficult to predict the outcome of a given promotional strategy, and this can be understandably stressful for retailers looking to move product and maximize profit.

You probably wish you had a magic ball to tell you which promotion strategy is most likely to help you reach specific goals, or how to best promote goods for optimal market saturation and maximum profitability. As it turns out, evolving technology can help you here. Let's look at some common goals, examples of promotions, and how advanced predictive analytics and AI technology can help retailers.

The Goals of Retail Promotions

Promotions are distinct from, say, permanent markdowns or end-of-season sales meant to eliminate inventory. The temporary nature of price changes or other enticements is what defines a promotion, and as such, the primary goals for promotional outcomes tend to be short-term.

Of course, it's important to understand exactly what a promotion is. Promotion could be broken down into a number of categories, but we're talking about sales, or retail promotion. This centers on stimulating sales with activities like discounts, deals, contests, giveaways, and other temporary incentives to elevate awareness and demand for specific products.

When you plan sales promotion strategies, you probably want to accomplish one or more of the following objectives:

- Increase product sales
- Expand market share
- Increase brand awareness
- Drive foot traffic
- Cross-promote (split expenses and gains with vendors or business partners)

How can you best achieve the desired results with promotions? This is the million-dollar question, and until now, it has involved a measure of speculation and more than a little dice-rolling. Simply relying on past promotions will not yield expected results as there are too many factors that will change year over year.

Retail Promotion Types

There are several types of promotions to consider, and the strategies you choose will depend on the product you're promoting and your specific goals. Some sales promotion examples you may want to consider include:

Temporary Discount

Promotional discounts involve reducing price by a percentage, say 20% off specific products, to increase interest and stimulate sales.

Temporary Price Reduction

Similar to a temporary discount, you can reduce the price of a product by a specific dollar amount, rather than a percentage.

BOGO and Multi-Buys

Consumers love to get something for free, which is why buy one, get one (BOGO) and multi-buy (buy two, get one, for example) promotions are so popular and effective.

Financing Options

Big ticket items can be a hard sell, even if they offer a lot of value. Providing financing options that require only a small down payment and space out the remainder of the cost can diminish the sting of a large expense. A buy now, pay later option is appealing to many consumers on a budget.

Rebates

Getting money back is always appealing. Products that come with rebates are like a gift that keeps on giving.

Free Samples and Contests

Coca-Cola became the company it is today by offering the very first coupons. These coupons could be exchanged for a free glass of soda, and they ultimately got the country hooked on the brand. Takeaway: free samples work.

Bundling

Saving money by purchasing multiples of things you'll use anyway? Seems like a sound purchasing strategy, and one that sways many consumers to buy more product now.

Challenges with Promotional Success

There are several challenges inherent to promotions, starting with the fact that not every product is going to garner the same results as a result of promotions. For example, certain products are associated with prestige, and offering discounts or bundles may diminish their value in the eyes of consumers, stunting sales rather than enhancing the perceived value proposition for consumers.

The more pressing concern for retailers, however, is the question mark when it comes to uplift, or the potential increase in demand for the product during the promotion period. With no real way to gauge the possible success of a promotion, it's difficult to predict ROI with any accuracy.

There's also the problem of integrating promotions with inventory management. Preparing for promotions means calculating the amount of inventory needed in stores to meet increased customer demand. If you have too little, consumers excited about the promotion could have an unsatisfactory experience with your brand. If you stock too much inventory and the promotion fails, you could be left holding the bag on inventory that now needs to be discounted even further to move it. The collaboration between marketing and inventory management is something many retailers struggle with.

Promotional cannibalization is another potential drawback. If you have two items that are similar and you drop the price on one as a promotion, it's only natural to see preferential purchasing of the discounted item. Unfortunately, this could result in loss of sales and revenue of the regularly priced item, leaving you with overstock that you somehow have to move at the end of the season.

There is good news, though. Many of the most common retail promotion challenges can be addressed with the use of retail AI & predictive analytics.

Merits—Service of experts, Specialisation, Research and Investigation, Good opportunities, clear distinction, unity of command, Responsibility, Better decision.

Demerits—Expensive, Inappropriate, Dependence on Experts, Conflicts, No responsibility of experts, Lack of Co-ordination.

4.Committee Type of Sales Organisation—It consists of a group of people specifically designated some particular assignment on the condition that they will perform it jointly.

Merits—Collective decisions, Communication of information, Mutual Co-operation, Decentralisation of power, Democracy, Indiscrimate decisions, Member's ability, co-ordination, cast' to control.

Demerits—Delay in decision, delay in action, Lack of -motivation, lack of Responsibility, Not Common, Aggress've, Lack of Secrecy, Against minority members, Useless functions, slackness.

Basis of Structure of Sales Organisation-1. Function, 2. Region, 3. Product, 4. Customer, 5. Combined.

Factors Determining the Structure-

1. Nature of the Product
2. Price of the Product.
3. Nature of the Market
4. Size of the Enterprise
5. Executive Competence
6. Sales Policies
7. Distribution System
8. Financial Requirements
9. Number of products
10. Extend of competition.

Need and Importance Organisation—

(i) Increases managerial efficiency
(ii) Increases profitability
(iii) Encourages specialization
(iv) Yields economies of large scale production
(v) Creates demand pattern for products
(vi) Better co-ordination and control
(vii) Plans the purchases
(viii) Reduces risk element of the enterprise
(ix) Handles the task of personnel management
(x) Other advantages.

Functions of Sales Organisation—(i) Personnel or staff functions, (ii) Sales control functions, (iii) Sales direction functions, (iv) Product development functions, (v) Sales promotion and advertising functions, (vi) Co-ordination functions.

Principles of Sales Organisation-

1. Principle of Objective
2. Principle of specialisation
3. Principle of Authority
4. Principle of Responsibility
5. Principle of Assignment of work
6. Principle of Exception
7. Principle of Span of Control
8. Principle of co-ordination
9. Principle of unity of command
10. Principle of Unity of Direction
11. Principle of Flexibility
12. Principle of Continuity
13. Scalar Principle
14. Principle of Leadership
15. Principle of Simplicity.

UNIT V

Role of Middlemen or Intermediaries

Besides making the products available to the customers, intermediaries perform several other roles and functions. Some of those key roles are summarized below.

Information- Middlemen have a role to provide information about the market to the manufacturer. Development like changes in customer demography, psychography, media habits, entry of a new competitor or a new brand, and changes in customer preferences are some of the information that all manufacturers want. Since these middlemen are present in the market place and close to the customer, they can provide this information at no additional cost.

Price Stability- Maintaining price stability in the market is another function a middlemen performs. Many a time, the middleman absorbs an increase in the prices of the products and continues to charge the customer the same old price. This is because of the intra middlemen competition. The middleman also maintains price stability by keeping his overheads low.

Promotion- Promoting the products in their territory is another function that middlemen perform. Many of them design their own sales incentive programmes aimed at building customer traffic at their outlets.

Financing- Middlemen finance manufacturers operation by providing the necessary working capital in the form of advance payments for goods and services. The payment is in advance even though credit may be extended by the manufacturer, because it has to be made even before the products are bought, consumed and paid for by the ultimate consumer.

Title- Most middlemen take the title to the goods, services and trade in their own name. This helps in diffusing the risks between the manufacturer and the middlemen. This also enables middlemen to be in physical possession of the goods, which in turn enables them to meet customer demand at the [illegible] arises.

Factors Determining the Length of the Channel

From the above discussion it may be concluded that following factors will determine the length of the channel of distribution.

a. **Size of the Market-** The larger the market size, the more economical it is to indirectly serve the market and hence the longer the channel. Conversely, the smaller the market, smaller the channel.

b. **Order Lot Size-** If the average order lot size is small, it is better to have a longer channel than when than average order is in bulk or if [illegible] loads is bought.

c. **Service Requirements-** If the product and the market required a high level of service and it is a major factor in the buying decision, it is advisable that the firm keeps a shorter channel like zero or one level only.

d. **Product Variety-** If customers shop for an assortment of product it is advisable that the firm ensures the availability of its product range at all outlets selling complementary and substitute products.

Hence, this pushes the demand for a wider channel of distribution. For example, a car buyer would prefer to buy from a dealer who offers him or her choice of brands as well as the full range of car accessories. Hence, for the car manufacturer and the accessories manufacturing firm, available of their brands at all dealerships is important.

Factors Influencing Distribution Decisions

Distribution patterns, channel objectives and constraints are influenced by a host of variables. These are explained in the following section.

Market characteristics

Market characteristics play an influencing role on distribution decisions. For example, if the customer wants a high level of service, manufacturers will have to ensure that its channel members are able to provide it or else the firm will have to provide it. The latter alternative may be costly but it may ensure a high level of customer confidence.

Company Characteristics

The next variable is company characteristics and objectives. The channel design is influenced by the company's long-term objectives, financial resources, manufacturing capacity, marketing mix and even its corporate philosophy.

Product Characteristics

The next important variable influencing the distribution decision is product characteristics. Here, the key issues for analysis are product value, perceived risk, and the nature of the product. If the product value and hence the perceived risk, is high, as in the case of capital equipment or precious stones and gems, a shorter channel or direct marketing is the preferred alternative. Here the firm sells the product through its own sales force. Likewise, if the product is perishable in nature, direct distribution or a shorter channel is advisable.

Middleman Characteristics

This refers to middlemen's aptitude for service, promotion and handling negotiations, storage, contract and credit. Channel design reflects the strength and weakness of different intermediaries.

Intensity of Competition

The nature and intensity of competition in the industry will determine the distribution pattern adopted by a firm. Some firms any adopt an intensive distribution strategy and be indifferent to multiple brand outlets. Here, these firms aim at getting the highest share from such outlets. Other firms may have the policy of exclusive distribution- insisting that the intermediary deals in no other brand.

Environmental Characteristics

Environmental characteristics like government policy, statuary provisions, state of the economy and technological and infrastructure developments also affect distribution decisions in the firm.

Identifying Major Distribution Alternatives

The three distribution alternatives in the preceding sections, namely intensive, selective and exclusive. We shall now discuss them in a greater detail here.

1) **Intensive Distribution**

This alternative involves all the possible outlets that can be used to distribute the product. This is particularly useful in products like soft drinks where distribution is a key success factor. Here, soft drink firms distribute their brand through multiple outlets to ensure their easy availability to the customer.

2) **Selective Distribution**

This alternative is the middle path approach to distribution. Here, the firm selects some outlets to distribute its products. This alternative helps focus the selling effort of manufacturing firms on a few outlets rather than dissipating it over countless marginal ones. It also enables the firm to establish a good working relationship with channel members. Selective distribution can help the manufacturer gain optimum market coverage and more control but a lesser cost than intensive distribution. Both existing and new firms are known to use this alternative.

3) **Exclusive Distribution**

When the firm distributes its brand through just one or two outlets in the market who exclusively deal in it and not all competing brands, we say that the firm is using an exclusive distribution strategy. This is a common form of distribution in products and brand that seek a high prestigious image. Typical examples are of designer wear.

Terms and Responsibilities of Intermediaries

The commercial policy of a manufacturer often lays down the terms and conditions and responsibilities for its intermediaries. Generally these include price policies, mode or terms of payment, returns policy, territorial rights and so on.

a. **Price policy**: This sets out the price at which middlemen will get the product from the manufacturers and the discount schedule. It also mentions the price at which middlemen may sell the product. Generally, the company is required by law to stipulate the maximum retail price. The middlemen have to ensure that everyone involved gets a fair and equitable deal.

b. **Payment terms**- the manufacturing firm stipulates the mode and terms of payment. For example, some firm ask middlemen to give them a deposit from which the former adjusts the price of the goods sent to the latter. The middleman has to then replenish the deposit by the required amount immediately after, failing which he loses the interest on the deposit. Some other firms insist on payment reaching them on the day the intermediary takes physical possession of the goods. Other may accept a letter of credit as a mode of payment. Credit policy of the manufacturer stipulate the period in which the payment should be made.

c. **Returns Policy**- This indicates the warranty that the manufacturer extends to the intermediary. Some firms offer spot replacement for any of its products returned by the customer. Other take time to settle these claims. A distribution policy should lay down the conditions related to return and refunds. Precisely outlining the responsibility of the manufacturer and intermediary. Failure to do so can lead to perpetual conflict between the two parties.

d. **Territorial Rights**- The manufacturer should spell out the territorial jurisdiction of each of the distributors to avoid any territory jumping. This will also help in the distributor's evaluation.

e. **Mutual Services and Responsibilities**- These should be spell out clearly, particularly in the case of franchised and exclusive agency channels. For example, both Pepsi and Coke have laid down the role of their franchises in quality control, distribution, promotion and selling. They give these franchises promotional inputs, training and other administrative support. Such a manual helps in avoiding conflicts.

Transportation Decisions-

Transportation can impact a firm's ability to exploit a market opportunity. Inadequate transport services, uncertain transit time and inadequate preparation for transportation, like non-availability of transport permits can lead to a mismatch in demand and supply and hence lead to firm stocking large inventories of finished products. This has been the scenario so far in a large number of Indian Firms. All this leads to increased costs, poor customer service and missed product sales opportunities. Consequently, selection of transportation modes and companies are the key to customer value enhancement. Should the product move through railways, roads, sea, river or air will be dependent on the nature of the product and market conditions? The decision maker should also consider the following in selecting a transportation mode:

a. Costs
b. Dependability of the mode
c. Transit loss and damage
d. Speed at which a firm is able to reach the market

Warehousing-

A firm can choose to either have its own dedicated network of warehouses or share space with others in third party-operated warehouses. The former offers greater flexibility in design to meet product characteristics and storage needs, greater control over warehouse operations, effective market feedback and lower cost per unit as opposed to a third party arrangement. However, third party warehouses require no fixed investment by the firm. Also, flexibility in location and space utilization make this an attractive alternative. Customer service can be improved significantly through this approach. These are also called distribution centers. Whether a firm uses own or third party warehouse, it has to take following decisions:

a. Number of warehouses and their location
b. Level of customer service required to be provided to gain a competitive edge.
c. Cost of distribution
d. Technology to be deployed- automated warehousing is now the order of the day.

Marketing Channels and values Networks

Marketing channels are sets of interdependent organizations involved in the process of making a product or service available for use or consumption. They are the set of pathways a product or service follows after production, culminating in purchase and use by the final end user. Some intermediaries- such as wholesalers and retailers- buy, take title to and resell the merchandise; they are called merchants. Others- brokers, manufacturers' representatives' sales agents- search for customers and may negotiate on the producer's behalf but do not take title to the goods; they are called agents. Still others- transportation companies, independent warehouses, banks, and advertising agencies- assist in the distribution process but neither takes title to goods nor negotiates purchase or sales; they are called facilitators.

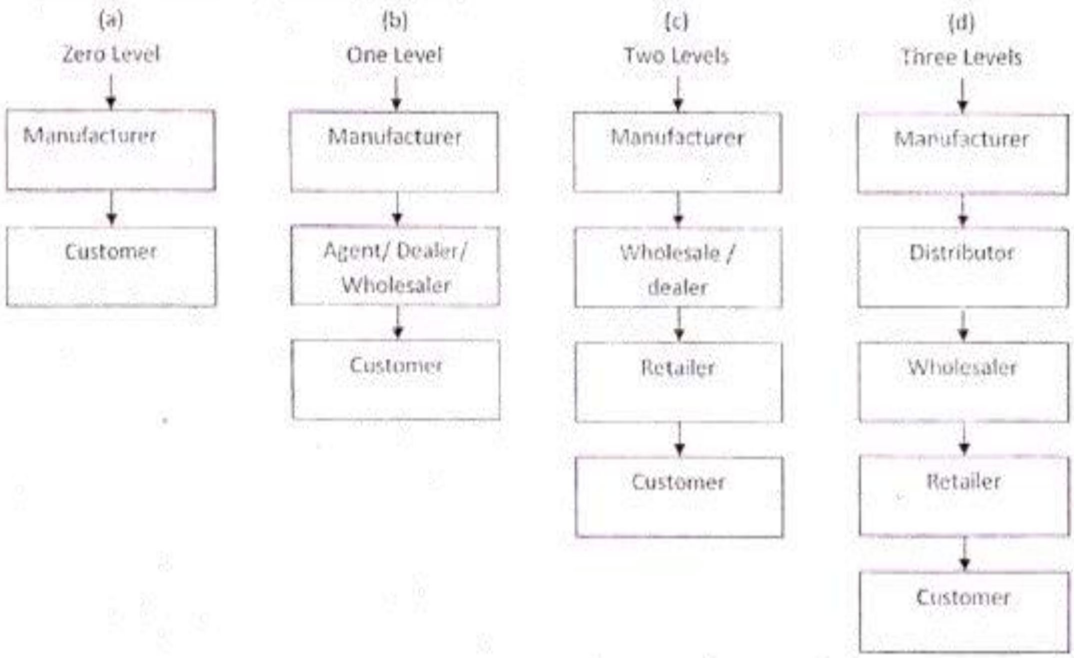
The Role of Marketing Channels

Why would a product delegate some of the selling job to intermediaries? Delegation means relinquishing some control over how and to whom the product are sold. Producers do gain several advantages by using intermediaries:

- Many producers lack the financial resources to carry out direct marketing
- Producers who do establish their own channels can often earn a greater return by increasing investment in their main business.
- In some cases direct marketing simply is not feasible.

Channel Levels

A zero-level channel (also called a direct marketing channel) consists of a manufacturer selling directly to the final customer. The major examples are door-to-door sales, home parties, mail order, telemarketing, TV selling, Internet selling and manufacturer owned stores. A one-level channel contains one selling intermediary, such as a retailer. A two-level channel contains two intermediaries. In consumer markets, these are typically a wholesaler and a retailer. A three-level channel contains three intermediaries.



Channel Management decisions

1) Selecting Channel Members
2) Training Channel Members
3) Motivating channel Members
4) Evaluating channel Members
5) Modifying Channel Arrangements

- EDI (Electronic data interchange)

In the last decade, a number of technological advances have taken place due to immense use of EDI. These advances have led to

- increased use of self service operations
- eg many marketing firms have put their efforts / services on the Net
- Electronic Banking
- Email
- Providing data Bank services eg a service provider may require information to make a mailing list to target a specific Audience

Advantages

- Convenience
- Low cost
- Wide Distribution
- customer choice
- Quality Control

Some Examples of electronic channels

- Plastic Money
- selling through online services
- Buying through " "
- video conferences
- Electronic Marketing / E-Banking
- Education through Satellite / E-MBA

Facilities offered by a warehouse :

- Temporary storage facilities
- Proper stacking of Goods
- Ease of accepting
- Easy to deliver goods after the storing period
- Informing the customer about any deterioration in the condition of the Goods and taking remedial measures
- To install proper safety measures including fire fighting equipment and to see that they are in working order
- Safety from insects & rodents
- To provide sales promotional services
- To charge reasonable fees / charges for the services rendered

Classification of warehouse

warehouses can be classified into the following categories

- General warehouse
- Bonded "
- Cold Storages
- warehouses meants for agricultural Goods
- Buffer storage warehouse
- Import - Export warehouse

Warehouses

A warehouse plays an important role in the physical distribution system, it is used to make the best possible arrangement for keeping the goods for some time till they are sent to the final destinations.

" A warehouse is a location with proper facilities where shipments are received from a factory or production centre, broken down, reassembled and shipped to the customers as per their orders"

Advantages:
- Reduces distribution costs
- Is easily accessible to the customers or is located near the market resulting in better and finer distribution

Cost of warehouse :

A warehouse cost money. It should be located near to the market, where good roads exist and there are minimum traffic movement restrictions. Some other factors affecting costs of warehouse are

- Availablity of cheap land
- Easy accessibility
- low construction costs
- Availablity of Power
- " " water
- convenient connection
- Safety / security of Goods
- No danger of floods
- No water / Dampness

Types of warehouse :

1) Public warehouse

2) Private "

Transportation :-

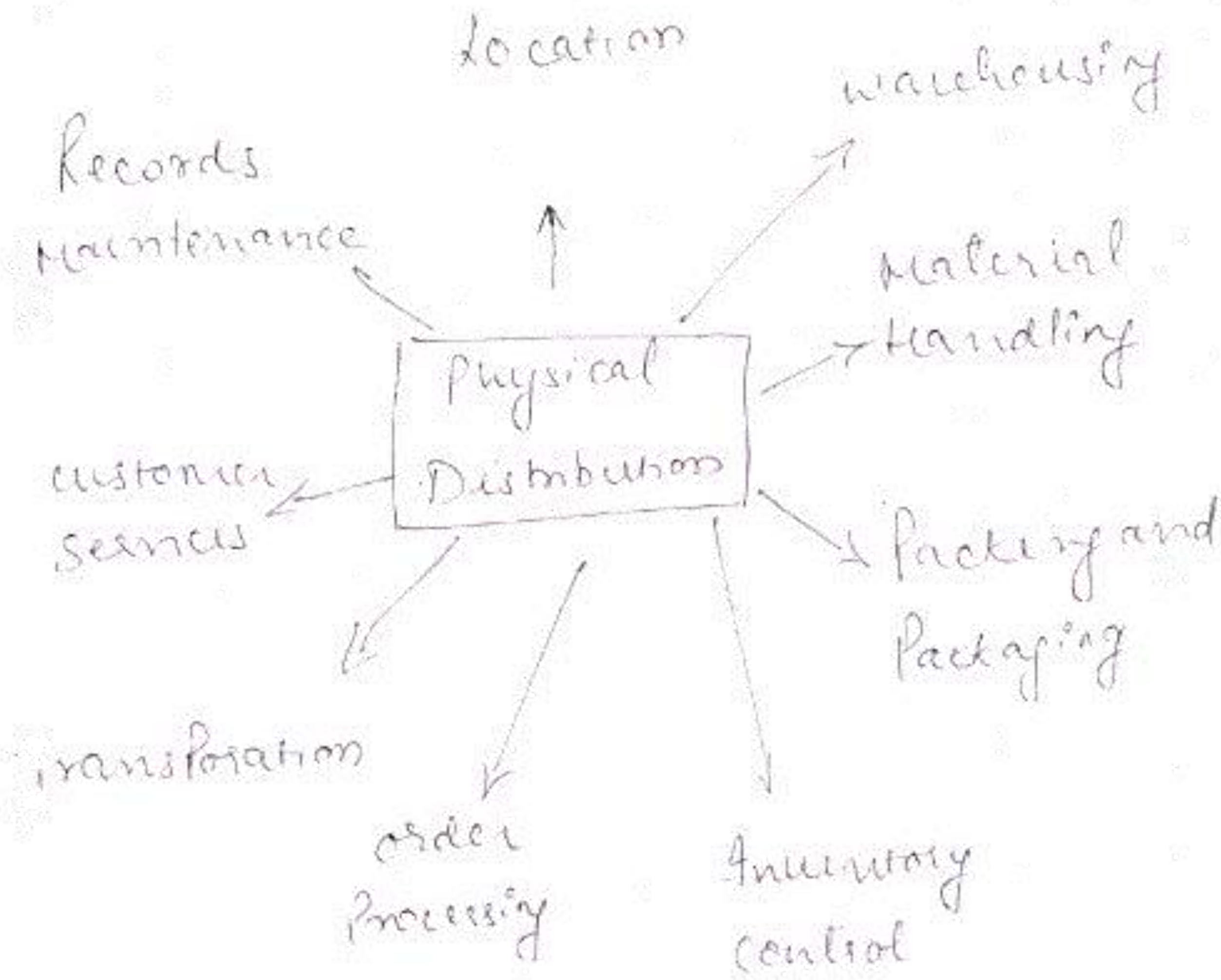
Transportation is an essential feature for any Business activity. Goods Needs to be transported from one place to another. They are Manufactured in the factory and Afterwards they are sent to various destinations and then to the actual uses or consumer.

Transportation system in an organisation should be

- Efficient
- Economic
- Reliable
- Meeting customer Needs in a timely manner
- Experienced
- capable of meeting emergencies

Modes of Transportation

- Railways
- Road transportations
- Air "
- Sea "
- Inland waterways
- Ropeways
- Postal
- Courier
- Hand carts, Thelas, Rehres, cycle Rikshaws
- Bullock carts etc


Location
warehousing
Records maintenance
Material Handling
Physical Distribution
customer services
Packing and Packaging
transportation
order Processing
Inventory control

Physical Distribution

Physical distribution management refers to "The management of all activities which facilitate movement and coordination of supply and demand in the creation of time and place utility in goods"

The term physical distribution management employed in manufacturing & commerce is used to describe the broad range of activities with the efficient movement of finished products from the end of production line to the consumer and in some cases includes the movement of raw material from the source of supply to the beginning of the production line

UNIT VI

Definition

Physical distribution is the group of activities associated with the supply of finished product from the production line to the consumers. The physical distribution considers many sales distribution channels, such as wholesale and retail, and includes critical decision areas like customer service, inventory, materials, packaging, order processing, and transportation and logistics. You often will hear these processes be referred to as **distribution**, which is used to describe the marketing and movement of products.

Accounting for nearly half of the entire marketing budget of products, the physical distribution process typically garnishes a lot of attention from business managers and owners. As a result, these activities are often the focus of process improvement and cost-saving initiatives in many companies.

Objectives of Physical Distribution:

Physical distribution has two broad objectives viz. consumer satisfaction and profit maximisation. Apart from these, there are other objectives too. A satisfied consumer is the biggest asset that a company has. A firm can provide satisfaction to consumers by making available right quantity of right goods at right place and time, at lowest costs. Prompt and dependable distribution enhances consumer satisfaction.

At the same time, by offering better service at lower price of the product, the firm can attract additional consumers and make more profits. This can be done by improving the efficiency and effectiveness of physical distribution activities, firm can bring in economy which will have an effect on profit margin i.e. by lowering the physical distribution costs, profit position can be improved.

Its importance can be judged from following points:

(A) Creating Time and Place Utility:

Physical distribution activities help in creating time and place utility. This is done through transportation and warehousing. Transportation system creates place utility as it makes available the goods at the right place where they are required. Warehousing creates time utility by storing the goods and releasing them when they are required.

(B) Helps in Reducing Distribution Cost:

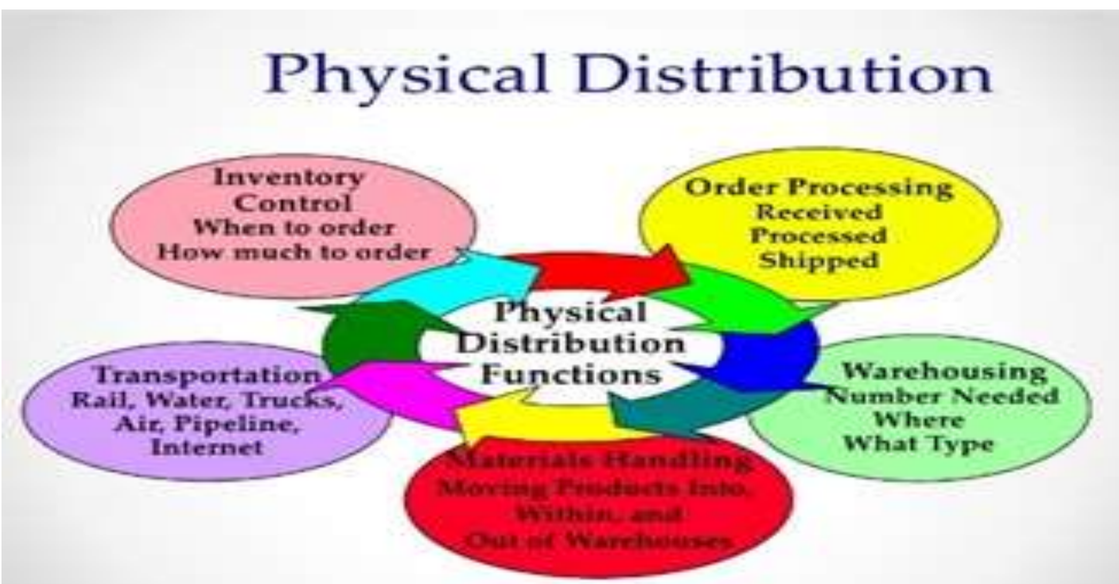
Physical distribution cost account for a major part of the price of the product. If these costs are handled systematically, decrease in costs of product can be there. Proper and systematic planning of transportation schedules and routes, warehousing location and operation, material handling, order processing, etc. can easily bring in cost economies.

(C) Helps in Stabilisation of Price:

Physical distribution helps in maintaining stable prices. Even customers expect price stability over a period of time. Proper use of transportation and warehousing facilities can help in matching demand with supply and thus ensure stabilisation of price.

(D) Improved Consumer Services:

Consumer service in physical distribution means making products in right quantity available at right time and right place i.e. place where customer needs.



The key functions which are a part of the physical distribution process are:

• **Customer Service**: The main function of Customer Service personnel is to set a standard for customer satisfaction that must be ensured while delivering a product to the consumers and then ensuring that this standard is maintained. For example, a firm manufacturing mattresses may have approach wherein it must deliver the product to the 75% of its customers within 48 hours. Moreover, it may keep an additional standard of meeting 95% customer satisfaction in 72 hours.

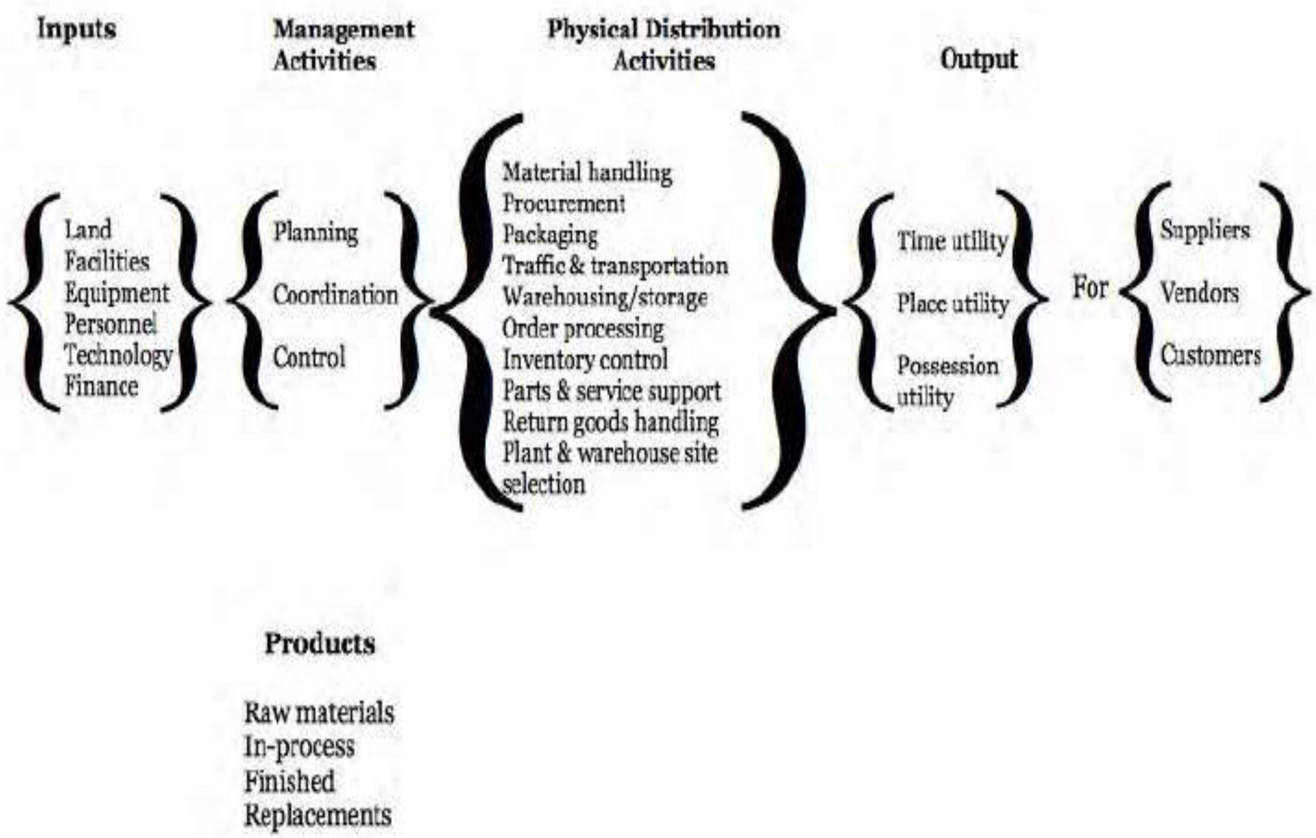
• **Order Processing**: Order processing is a very crucial function to the firm as it deals with taking orders from the customers efficiently and its efficiency is directly concerned with customer satisfaction. If order processing is done efficiently, other costs in the supply chain like transportation and logistics costs, inventory carrying costs, etc. can be minimized.

• **Inventory Control:** Inventory Control plays a major role in the distribution function of a firm. Costs include inventory carrying costs, depreciation and fall in the demand for products, etc. Different types of inventory control systems are first in first out (FIFO), flow through systems, etc.

• **Transportation and Logistics:** This function deals with the procurement of the raw materials from the suppliers and final delivery of the finished products to the end consumers. The mode of transport used may depend on the type of product (whether is it fragile or not) and also on the urgency of the order for the consumer.

• **Packaging:** Packaging function is concerned with the type of packaging used for the product depending on the type of product and degree of protection required for the product.

The Physical Distribution Management Process

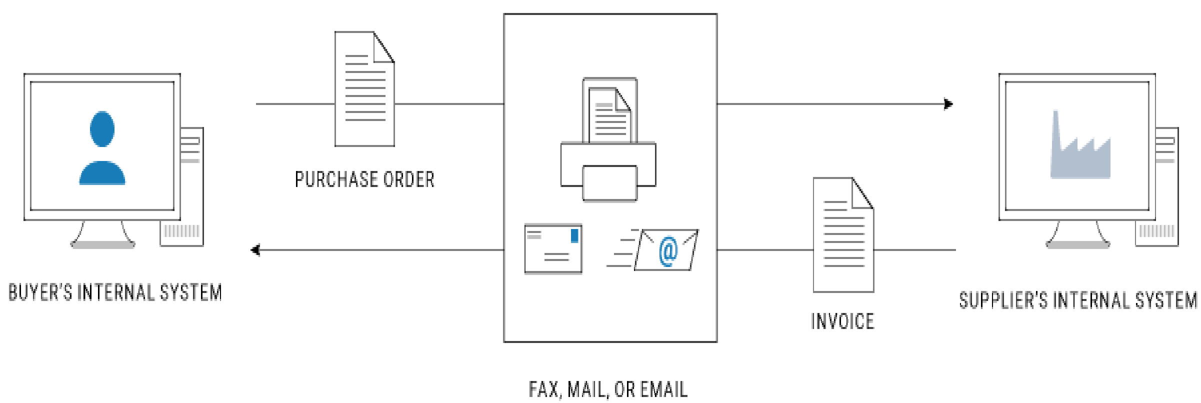


What is EDI?

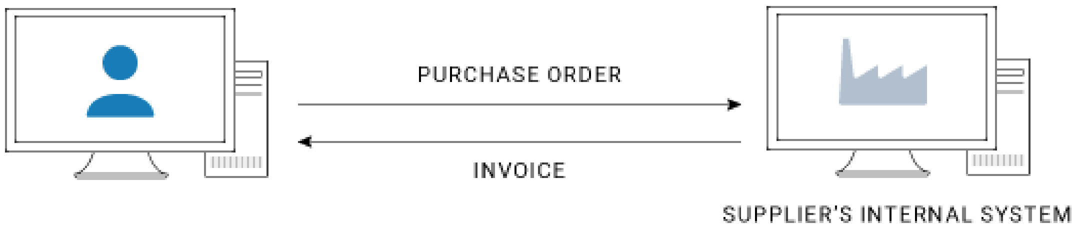
EDI, or Electronic Data Interchange, is a technology that helps trading partners and organizations get more done, speed up logistics timelines and eliminate manual errors by automating business-to-business (B2B) communications. EDI helps many organizations that produce, ship, purchase and sell goods or provide care, from retailers and manufacturers to logistics firms, airlines, healthcare providers, insurers and more.

Though it's been in use since the 1960s, EDI is finding new use today, enabling supply chain automation, digital transformation and even as a key part of workflow and business process automation

Traditional Manual Process



AUTOMATED EDI PROCESS



What is Supply Chain Management (SCM)?

Supply chain management (SCM) is the active management of supply chain activities to maximize customer value and achieve a sustainable competitive advantage. It represents a conscious effort by the supply chain firms to develop and run supply chains in the most effective & efficient ways possible. Supply chain activities cover everything from product development, sourcing, production, and logistics, as well as the information systems needed to coordinate these activities.

The concept of Supply Chain Management (SCM) is based on two core ideas:

1. The first is that practically every product that reaches an end user represents the cumulative effort of multiple organizations. These organizations are referred to collectively as the supply chain.
2. The second idea is that while supply chains have existed for a long time, most organizations have only paid attention to what was happening within their "four walls." Few businesses understood, much less managed, the entire chain of activities that ultimately delivered products to the final customer. The result was disjointed and often ineffective supply chains.

The organizations that make up the supply chain are "linked" together through physical flows and information flows.

Physical Flows

Physical flows involve the transformation, movement, and storage of goods and materials. They are the most visible piece of the supply chain. But just as important are information flows.

Information Flows

Information flows allow the various supply chain partners to coordinate their long-term plans, and to control the day-to-day flow of goods and materials up and down the supply chain.

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