NEERAJ®

M.M.P.M.-02

SALES MANAGEMENT

Chapter Wise Reference Book
Including Many Solved Sample Papers

Based on

I.G.N.O.U.

& Various Central, State & Other Open Universities

By: *Kshyama Sagar Meher*

Serving Education for Last 40 Years

NEERAJ PUBLICATIONS
(Publishers of Educational Books)

Retail Sales Office:
1507, First Floor, Nai Sarak, Delhi - 6
Mob.: 8510009872, 8510009878
E-mail : info@neerajbooks.com
Website : www.neerajbooks.com

MRP ₹ 350/-

Published by:

NEERAJ PUBLICATIONS

(Publishers of Educational Books)

Retail Sales Office : 1507, 1st Floor, Nai Sarak, Delhi-110 006
E-mail: info@neerajbooks.com | Website: www.neerajbooks.com

Typesetting by: Competent Computers, Printed at: Novelty Printing Press

Disclaimer/T&C

1. *For the best & up-to-date study & results, please prefer the recommended textbooks/study material only.*
2. *This book is just a Guide Book/Reference Book published by NEERAJ PUBLICATIONS based on the suggested syllabus by a particular Board/University.*
3. *These books are prepared by the author for the help, guidance and reference of the student to get an idea of how he/she can study easily in a short time duration. Content matter & Sample answers given in this Book may be Seen as the Guide/Reference Material only. Neither the publisher nor the author or seller will be responsible for any damage or loss due to any mistake, error or discrepancy as we do not claim the Accuracy of these Solutions/Answers. Any Omission or Error is highly regretted though every care has been taken while preparing, printing, composing and proofreading of these Books. As all the Composing, Printing, Publishing and Proof Reading, etc., are done by Human only and chances of Human Error could not be denied. Any mistake, error or discrepancy noted may be brought to the publishers notice which shall be taken care of in the next edition and thereafter as a good gesture by our company he/she would be provided the rectified Book free of cost. Please consult your Teacher/Tutor or refer to the prescribed & recommended study material of the university/board/institute/ Govt. of India Publication or notification if you have any doubts or confusions regarding any information, data, concept, results, etc. before you appear in the exam or Prepare your Assignments before submitting to the University/Board/Institute.*
4. *In case of any dispute whatsoever the maximum anybody can claim against NEERAJ PUBLICATIONS is just for the price of the Book.*
5. *The number of questions in NEERAJ study materials are indicative of general scope and design of the question paper.*
6. *Any type of ONLINE Sale/Resale of "NEERAJ BOOKS" published by "NEERAJ PUBLICATIONS" in Printed Book format (Hard Copy), Soft Copy, E-book on any Website, Web Portals, any Social Media Platforms – Youtube, Facebook, Twitter, Instagram, Telegram, LinkedIn etc. and also on any Online Shopping Sites, like – Amazon, Flipkart, eBay, Snapdeal, Meesho, Kindle, etc., is strictly not permitted without prior written permission from NEERAJ PUBLICATIONS. Any such online sale activity of any NEERAJ BOOK in Printed Book format (Hard Copy), Soft Copy, E-book format by an Individual, Company, Dealer, Bookseller, Book Trader or Distributor will be termed as ILLEGAL SALE of NEERAJ BOOKS and will invite legal action against the offenders.*
7. *The User agrees Not to reproduce, duplicate, copy, sell, resell or exploit for any commercial purposes, any portion of these Books without the written permission of the publisher. This book or part thereof cannot be translated or reproduced in any form (except for review or criticism) without the written permission of the publishers.*
8. *All material prewritten or custom written is intended for the sole purpose of research and exemplary purposes only. We encourage you to use our material as a research and study aid only. Plagiarism is a crime, and we condone such behaviour. Please use our material responsibly.*
9. *All matters, terms & disputes are subject to Delhi Jurisdiction only.*

CONTENTS

SALES MANAGEMENT

Question Bank – (Previous Year Solved Question Papers)

S.No. *Chapterwise Reference Book* *Page*

BLOCK-1: INTRODUCTION TO SALES MANAGEMENT

BLOCK-2: SELLING SKILLS

Sample Preview of the Solved Sample Question Papers

Published by:

NEERAJ PUBLICATIONS

www.neerajbooks.com

QUESTION PAPER
December – 2022

(Solved)

SALES MANAGEMENT **M.M.P.M.-02**

Time: 3 Hours] *[Maximum Marks : 100*
Weightage : 70%

Note: Answer any ***three*** *questions from Section A. Section B is* ***compulsory****. All questions carry equal marks.*

SECTION-A

Q. 1. ***(a)*** **Explain the following terms with an example:**

(i) **Personal Selling.**

Ans. Ref.: See Chapter-4, Page No. 57, Q. No. 2.

(ii) **Verbal Communication.**

Ans. Verbal communication is the exchange of information using spoken or written words. It is the primary form of communication used in everyday interactions, such as conversations, presentations, speeches, and interviews. An example of verbal communication is a conversation between two people discussing their plans for the weekend. During the conversation, they use spoken words to convey their thoughts, ideas, and emotions. They may also use nonverbal cues, such as facial expressions and body language, to enhance the meaning of their words. Effective verbal communication requires clear and concise language, active listening, and appropriate feedback to ensure that the message is understood by both parties.

(iii) **Personal Interview.**

Ans. A personal interview is a common selection tool used by employers to assess the suitability of job candidates for a particular role. It involves a face-to-face conversation between the candidate and the interviewer, in which the interviewer asks questions about the candidate's qualifications, experience, skills, and suitability for the job. The main purpose of a personal interview is to evaluate the candidate's communication skills, personality, and overall fit with the company culture. It also provides an opportunity for the candidate to learn more about the role and the organization, and to ask any questions they may have. For example, let's say a company is hiring a marketing manager. As part of the selection process, they conduct personal interviews with several candidates. During the interview, the interviewer asks questions related to the candidate's marketing experience, skills, and achievements. They also ask questions about the candidate's communication skills, leadership style, and ability to work in a team. Based on the candidate's responses, the interviewer evaluates their suitability for the role and makes a decision about whether to move forward with the selection process.

(iv) **Sales Territory.**

Ans. A sales territory is a geographical area assigned to a salesperson or a team of salespeople to manage and sell products or services to customers within that area. The purpose of dividing a larger market into smaller territories is to increase the efficiency and effectiveness of the sales process by allowing salespeople to focus on specific areas and build relationships with customers in those areas. For example, let's say a company sells industrial machinery to manufacturing companies. To manage their sales process more effectively, they divide their market into sales territories, each assigned to a different salesperson. Salesperson A may be responsible for selling machinery to customers in the Northeast region of the United States, while Salesperson B may be responsible for the Southwest region. Within their assigned territory, each salesperson would be responsible for identifying potential customers, developing relationships with them, and selling the company's machinery. They may use a variety of sales techniques, such as cold calling, networking, and attending industry conferences, to build their customer base and increase sales. By dividing the market into territories, the company can ensure that their salespeople are focused on specific areas, are not duplicating efforts, and are building strong relationships with customers in their assigned areas. This can ultimately lead to increased sales, customer satisfaction, and overall profitability for the company.

(b) **Discuss the role and nature of sales function in marketing.**

Ans. Ref.: See Chapter-1, Page No. 2, 'Role of Sales Function in Marketing'.

Q. 2. ***(a)*** **What are the objectives of sales display? How can these objectives be met when a company is launching the following?**

(i) **A new model of SUV.**

(ii) **A new range of Ayurvedic shampoo.**

Ans. Ref.: See Chapter-6, Page No. 75, 'Objectives of Sales Display'.

Add: When launching a new model of SUV, the objectives of the sales display could be to:

- Highlight the unique features and capabilities of the SUV that set it apart from competitors.
- Create a sense of excitement and adventure associated with owning an SUV.
- Showcase the SUV in a way that conveys its ruggedness and durability.
- Encourage potential customers to test drive the SUV to experience its performance and features.
- To meet these objectives, the company could use in-store displays, digital marketing campaigns, and organize SUV test drive events at dealerships or popular outdoor locations.

When launching a new range of Ayurvedic shampoo, the objectives of the sales display could be to:

- Educate customers on the benefits of Ayurvedic ingredients in hair care.
- Showcase the unique features and benefits of each shampoo variant in the range.
- Create a sense of luxury and indulgence associated with using Ayurvedic hair care products.
- Encourage potential customers to try the shampoo and experience its effectiveness.

To meet these objectives, the company could use in-store displays, social media marketing campaigns, and distribute free samples of the shampoo at beauty and wellness events. They could also collaborate with popular beauty bloggers and influencers to promote the benefits of the Ayurvedic shampoo range.

(b) **What are the attributes of a good sales quota plan?**

Ans. Ref.: See Chapter-11, Page No. 175, Q. No. 6.

Q. 3. ***(a)*** **Explain the importance of sales compensation. Discuss the reasons that can be attributed for the failures of compensation plans.**

Ans. Ref.: See Chapter-8, Page No. 126, Q. No. 5 and Page No. 127 Q. No. 6.

(b) **Explain the role and importance of sales forecasting in sales management function.**

Ans. Ref.: See Chapter-11, Page No. 166, 'Sales Forecasting: Meaning, Purpose and Scope', and Page No. 174, Q. No. 5.

Q. 4. Write short notes on any three of the following:

(a) **Classification of Consumer Goods.**

Ans. Consumer goods can be classified based on different factors such as buying habits, durability, usage, and consumer involvement. Consumer goods are products that are purchased for personal use or consumption, rather than for resale or production. Understanding the different types of consumer goods can help marketers develop effective marketing strategies and reach the right target audience. The main types of consumer goods are:

1. Convenience Goods: Convenience goods are products that consumers purchase frequently and with little effort. These goods are low-cost, readily available, and often have a wide distribution network. Examples of convenience goods include newspapers, snacks, soft drinks, and toiletries. Marketers for these products focus on wide distribution and increasing brand awareness to make their product easily accessible to the consumers.

2. Shopping Goods: Shopping goods are products that consumers purchase after comparing and evaluating various options. These goods are often more expensive than convenience goods, and consumers are more involved in the purchase decision. Examples of shopping goods include

Sample Preview of The Chapter

Published by:

NEERAJ PUBLICATIONS

www.neerajbooks.com

SALES MANAGEMENT

BLOCK-1: INTRODUCTION TO SALES MANAGEMENT

Sales Management : Role, Nature and Ethics

1

INTRODUCTION

The personal selling function of an organisation is managed by sales management. The strategic and operational facets of selling are both handled by sales managers. They implement their company's marketing tactics in their interactions with clients and generating direct money for their organisations. Sales management is the management of the personal selling component of a company's marketing strategy, according to one definition. Sales management is described as "the planning, direction and control of the personal selling activities of a business unit, including recruiting, selecting, training, equipping, assigning, routing, supervising, paying and motivating as these tasks apply to the personal sales-force" by the American Marketing Association (AMA). This concept excludes measuring and managing the effectiveness of the sales team. The definition effectively equates sales management with "the management of sales-force." It is inconsistent with the broad duties of modern sales managers, which include, in addition to the aforementioned,

- Creating sales force organisation structures and territories.
- Organizing and exchanging information both internally with different organisational functional departments and externally with clients, intermediaries, etc.

Many businesses that engage in manufacturing and wholesaling view sales management as a crucial task. Also, it plays a crucial role in businesses that offer intangibles, like those in the banking, telecom, and insurance industries. All of these organisations engage in sales activities within their individual firms and deal with particular issues with sales management.

CHAPTER AT A GLANCE

NATURE OF SALES MANAGEMENT

There are three ways to understand the nature of sales management:

1. Its interaction with the marketing function,
2. The extent of the sales management,
3. The functions and abilities of salespeople.

Sales planning must be integrated with marketing planning since sales management is seen as a component of marketing management. When compared to the latter, which is more strategic and involves the marketing team at the corporate headquarters and service and support-based tasks, the former requires personal selling. These duties include public relations, marketing communications, market logistics, customer service, and coordination, among others.

Over time, sales management has grown in scope and significance. Before, it was only used for hiring, vetting, training, inspiring, and managing sales staff. These days, it has grown to encompass things like taking part in strategic planning, forecasting, preparing budgets, defining territories, creating sales force organisation structures, etc.

Getting the desired sales volume is the major goal of sales management. Market share and sales growth-related objectives are also the responsibility of sales managers. They are involved in establishing these goals.

Organizations typically have three tiers of sales managers — first-level sales managers, middle-level managers, and operational managers. There are staff managerial jobs that support line sales managers in many medium-sized and big firms. Managers of customer service, sales coordination, and training are among them. The responsibilities of modern sales managers include channel management, ICT tool use, collaboration, and strategic planning.

EVOLUTION OF SALES MANAGEMENT

Small-scale businesses controlled the economy prior to the industrial revolution, and selling was not a problem. The biggest difficulty was producing enough items to satisfy consumer demand. In the majority of businesses, a single person oversaw all business operations, including manufacturing and sales. When the industrial revolution began in the middle of the eighteenth century, factories began generating large amounts of commodities, necessitating the identification and exploitation of new markets.

In the beginning, distinct functional departments were created to handle diverse company issues, but later came specialised sales divisions to address the issue of market expansion. Yet, interacting with clients remained a challenge. Manufacturers gradually delegated parts of the marketing role to middlemen and retailers, who later grew into big-box stores and wholesalers. It became more and more challenging for the manufacturer's sales department to stay in touch with the consumer. Consequently, the addition of middlemen made the issue of market expansion more difficult.

On the other hand, the manufacturer's sales department's marketing initiatives gained significance. The complexity of tasks like advertising and sales promotion increased. The division of the marketing role was the answer. To handle specialised responsibilities including marketing research, exports, sales promotion, merchandising, and shipping, new departments were set up. The sales department continues to hold a strategically significant position despite the dispersion. The fundamental responsibility for producing sales has not changed, underscoring the notion that the sales department is the area of the company that generates money.

ROLE OF SALES FUNCTION IN MARKETING

Managers often mix the terms "marketing" with "selling". However there is a big distinction between the two. The term "marketing" is dynamic and far broader than "selling", and it places more of an emphasis on the customer than the goods.

Selling is mostly focused on producers and has a product focus. It is the active component of marketing, and its immediate objective is to increase market share. Maximizing earnings through greater sales activity is the main goal of every sales activity.

It should be highlighted that whereas marketing focuses on the needs and wants of the customer, selling largely serves the interests and needs of the manufacturer or marketer.

Meeting and satiating consumer wants is the process of marketing. The work starts with defining customer wants and continues until feedback on customer satisfaction is received after the product has been consumed. It is a protracted process that includes the development of the product, packaging, advertising, pricing, distribution, and selling.

The distinction between selling and marketing is more than merely conceptual, claims Prof. Theodore Levitt. A business that is truly focused on marketing aims to manufacturing and services that consumers will find valuable and desire to purchase. The purchasers, not the vendor, decide what is being offered for sale. The product is the result of the effort rather than the seller taking direction from the buyer.

Selling just focuses on methods for persuading clients to trade their money for the goods offered by the business. To understand and study sales management, one must address the conflict created by the problem in marketing and selling. The two fields of study complement one another. As previously said, a sale is merely one of the aspects of marketing promotion that make up the essential components of the marketing mix. Traditional company organisations treat sales and marketing as two distinct roles, which causes role conflict and organisational discord due to unhealthy competition. Nonetheless, due to shared orientations and a long-term planning perspective, selling and marketing have recently begun to steadily converge. An organization's sales department now prioritises clients over products in their work.

SALES MANAGEMENT: FORMULATION OF SALES STRATEGY

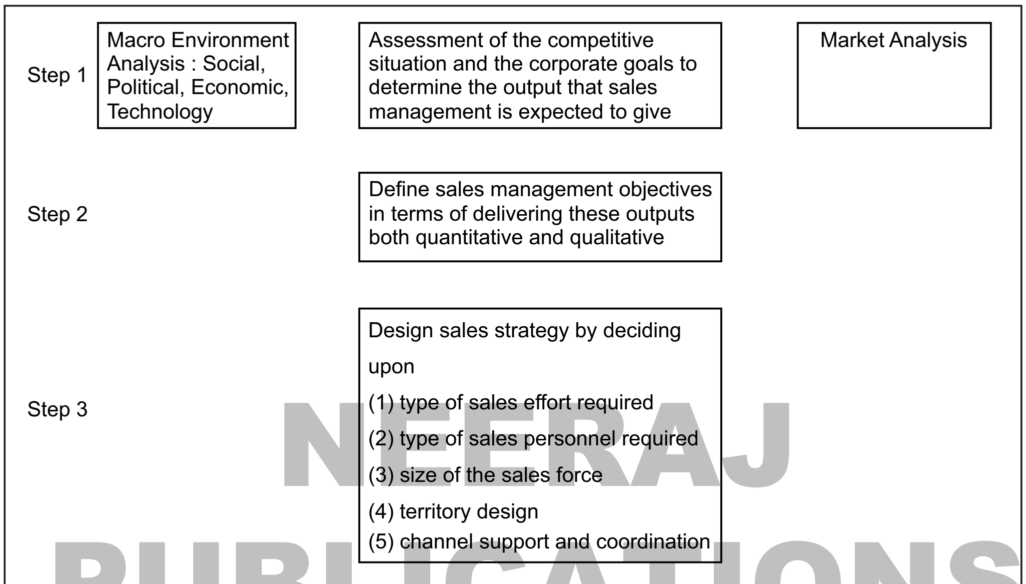
Sales management function could be defined as the management of sales personnel and activities that makes up the corporate sales effort. It is the sales managers who are being trusted with the task to organise, plan and implement the sales effort to achieve corporate goals, related to market share, sales volume and return on investment.

They have to do the task within and outside the organisation. Inside the organisation, he shares the responsibility to structure relationships within his own department and also in interacting with the organisational entities to ensure that the sales task can be coordinated with other marketing tasks.

Meanwhile, outside, he needs to develop and maintain channel relationships to ensure that the flow of goods and services and promotion and feedback is being facilitated.

The key decision areas required for strategy formulation in sales management are deciding upon type and quality of sales personnel required, determination of the size of sales force, organisation and design of sales department, territory design and recruitment and training procedures, performance appraisal and control system, feedback mechanism to be adopted and the coordination with other marketing department.

The strategy formulation in sales, meanwhile involves identification of sales goals and designing of game plan that uses the organisational resources at hand for attaining those goals. The strategy formulation process is therefore a three step process that can be summarised as:



Let's elaborate this process and go step by step to study this affect.

Assessment of Competitive Situation and Corporate Goals: The corporate mission and goals directly affect the sales objective that in turn also identifies specific set of common needs and wants the company would like to satisfy.

The macro business environment is other input in objective setting. There is a need for sound market analysis, which comes as a prerequisite to objective setting to ensure sales strategy. The company should know the current size and growth rate of the market, consumer needs, attitudes and trends in purchasing behaviour, competitor analysis covering current strategy, current performance, strengths and weaknesses and expectations to ensure the selection of right future actions. The roles and scope of sales function also depends on the competitive situations.

Meanwhile, the Indian markets remain different as they have the potential to differentiate their products by variation in product attributes, packaging and promotional efforts.

In this case, the sales efforts help in promoting and maintaining of market share. Even the distribution function complements the sales efforts to ensure regular availability of products at each purchasing point. The selling effort, therefore, becomes a strong tool of market cultivation, which helps in building dealer relationship and in maintaining them thereby providing vital information feedback on competitors and their market operations.

The selling effort in market cultivation plays a vital role in case of a new product where the marketer is faced with little or no direct competition.

The sales related marketing decisions contributing to sales strategy formulation affect both the quantitative and the qualitative sales management objectives. Certain decisions need to take at the decisions on what to sell, whom to sell, and the decision on the price.

Setting Sales Objectives: Sales objectives, intending to direct the available sales resources to their utmost productive use, serve as standards against which the actual performance is compared. They are stated in quantitative and qualitative terms. The qualitative goals relate in strengthening dealer relationships, in developing good consumer support, in nullifying product misinformation and also in attaining the desired corporate image.

As they reflect the expectations of the top management to ensure the contribution of sales function to total marketing effort, they, therefore, affect the size and quality of sales force.

Meanwhile, the quantitative objectives relate to the operating results which the company likes to achieve. They depend highly on the keen analysis of competitive situation and corportate goals and vary over operating periods. These objectives appear in the form of sales volume, market share and number of back orders per operating period. The different goals under this category could be drawn in form of sales volume in units or rupees, inventory levels, dealer support and feedback input.

When we start the process of formulating the strategy, we do evaluate alternative plans that are against the backdrop of the competitive strength and weaknesses of company at market place. Further, we try to build up the sales effort to achieve set goals.

Determination of the Type of Sales Force Needed: The quality of sales personnel depends on quality of contribution, which the top management is expecting the sales organisation to get and also on the actual work load that is expected to be generated. It also depends on the role of the salesmen who is expected to perform.

Determination of the Size of the Sales Force: The number of sales persons is yet another key decision, which is required to achieve the sales objective. If one recruits more than the optimum number, it means the company is making unnecessary costs at expense of its net profits, however, recruiting less number of people means losing opportunities on exploiting the net profits.

Organizing the Sales Effort: Territory Design: The personal selling objectives help in the process of setting the tone of selling activities to be performed in an organisation. Once you decide upon the activities and the level of performance, you can easily estimate as to how many sales personnel at various levels would be required in an organisation. Companies here can treat their market as total field of operation and can assign sales duties. The salespersons facilitate the process of performance evaluation and foster higher degree of enthusiasm. Similarly, managerially, it becomes possible to have a better degree of control by reducing expenses and in evolving coordinated promotion plans.

The sales managers, while creating territories, can choose from different types that are on geographical basis, sales potential basis, servicing requirement basis and workload basis.

Establishing and Managing Channels Support and Coordination: The channel of distribution is the point of contact, which the final buyer has with manufacturer. With the sales organisation of manufacturers, they bear the responsibility of consummating exchanges with final buyers. In terms of indirect distribution, the sales organisation initiates dealer cooperation programmes. The management of manufacturer dealer cooperation includes choice of appropriate dealer incentive programmes for stimulating distributive outlets to greater setting effort, deciding upon procedures for sharing information with dealer network and deciding upon measures to ensure and promote dealer loyalty.

MANAGING ETHICS IN SALES ENVIRONMENT

The term "ethics" refers to moral behaviour. Business ethics is the study of how businesspeople act in situations where there are moral ramifications. The specific area of business ethics concerned with managing the sales function ethically is known as sales management ethics.

Professional Sales Codes of Ethics: By defining particular behaviours that are either consistent or contradictory with those values, codes of ethics help businesses convey their ideals. The effectiveness of codes of ethics is frequently contested. An ethical workplace is not ensured by the mere existence of codes; these must be put into practice through a positive work culture. Employee behaviours that are unacceptable to the company are frequently listed in codes. Each industry must adhere to specific ethical standards when it comes to sales:

- Competing interests,
- Kickbacks, gifts, and bribes,
- Fraud and trickery,
- Moonlighting,
- Making use of insider knowledge,
- Illegal political contributions,
- Breaking confidentiality agreements,
- General lawbreaking,
- Fraudulently reporting sales figures,
- Using the intended result to justify the methods,
- Overseas illegal payments.

Some sales Related Unethical Behaviours: Offering customers who only purchase from one source better terms and prices.