

Glossary

Account analysis Estimating sales potential for each prospect and customer in a sales territory.

Account penetration ratio Number of active accounts compared to the number of potential accounts in a territory.

Account relationship strategy

Carefully conceived plan to acquire, maintain, and develop customer accounts.

Account share ratio Percentage of an account's business given to a particular salesperson.

Activity-based quota Quota based on sales-related activities to ensure salespeople do the right things.

Advocate Or champion, helps a salesperson by providing valuable information related to a particular purchase decision, and may actively support the salesperson within the buying organization.

Alternative evaluation Stage of the buying-decision process in which the customer uses information from the search to evaluate alternatives that have been previously identified.

Average order size ratio Salesperson's total sales divided by number of orders.

Bait-and-switch selling Occurs when a seller offers a low price to attract customers and then tells them that the offered article is no longer in stock but that they can buy another, more expensive product.

Bid rigging Occurs when sellers collude to set prices with respect to one or more specific requests for proposals.

Bonus Cash or some form of cash equivalent paid to salespeople who achieve a specific sales objective.

Breakdown sales approach

Approach to determining appropriate sales force size by starting with a company's total sales forecast and dividing it by the average expected sales per salesperson.

Break-even sales volume per sales call

The volume of sales that is need to exactly cover the cost a making a single sales call.

Business defamation Occurs when statements are made that are inaccurate, misleading, or slander a company's business reputation.

Business libel Occurs when an unfair and untrue statement about a competitor is made in writing.

Business slander Occurs when an unfair and untrue statement about a competitor is made orally.

Buyer remorse Doubt in the buyer's mind concerning whether in fact she made the correct purchase decision.

Buying centre Comprises all of the people involved in a particular buying decision.

Buying conditions One or more qualifications that must be fulfilled or available before the buyer will agree to make a purchase.

Buying-decision process Process a customer uses that ultimately results in a particular buying decision.

Buying power index Method of forecasting sales for a particular sales territory as a percentage of total forecast sales.

Career stage One of four stages people go through during their career: exploration, establishment, maintenance, and disengagement.

Carryover effects Sales that continue in a territory after sales resources have been reduced in the territory.

Character Your character is composed of your personal standards, including honesty, integrity, and personal strength.

Closed question Question that requires a simple Yes or No response.

Coaching An interpersonal process between the sales manager and the salesperson in which the sales manager provides constructive feedback and encouragement to the salesperson with the goal of improving sales performance.

Co-branding The practice of using two established brands on the same product.

Cognitive dissonance Doubt in the buyer's mind whether the correct purchase decision was made. See *buyer remorse*.

Cold calling Contacting, by phone or in person, each prospective customer among a group of identified prospects.

Combination compensation plan Compensation plan that includes any

combination of salary, commission, and bonus.

Commitment stage Highest stage of relationship evolution where the buyer and seller are committed to long-term working relationships.

Compensation plan Plan that determines the direct and indirect monetary payments given to a salesperson for the job she performs.

Competencies Knowledge, skills, aptitudes, and other personal characteristics needed to achieve superior performance.

Competition Act Comprehensive federal legislation designed to foster healthy competition and protect Canadian consumers.

Concentrated targeting Targeting a single market segment.

Confirmation question Question designed to verify the accuracy and assure a mutual understanding of information shared between the buyer and salesperson.

Confirmation step Confirmation by the salesperson that reassures the customer that he has made the right decision.

Consultative relationship Relationship based on two-way communication, bilateral problem solving, and considerable negotiation so that at the end of the process, both parties will gain from the relationship.

Consultative selling approach Foundation for modern selling where the salesperson assess customer needs in consultation with the customer.

Consumer Protection Act Provincial and territorial legislation designed to protect the rights of buyers and sellers with respect to direct sales contracts.

Contribution margin Total contribution dollars divided by total sales revenue.

Corruption of Foreign Public Officials Act Federal legislation that makes it illegal for Canadian businesspeople to pay bribes to foreign civil servants.

Cost per call ratio Total direct selling expenses divided by total number of sales calls.

Cross-selling Selling items that are unrelated to the items that a cus-

- tomers is currently buying from the salesperson.
- Culture** See *sales force culture*.
- Customer benefit approach** Approach where the salesperson immediately focuses on the superior benefit his company can offer to its customers.
- Customer relationship management** Business strategy to acquire and retain the most valuable customer relationships.
- Customer strategy** Carefully conceived plan that will result in maximum customer responsiveness.
- Decomposition method** Sales forecasting method used when a seasonal pattern is evident in the sales data.
- Delphi method** Qualitative sales forecasting method similar to jury of executive opinion method but less subject to group influence.
- Differentiated targeting** Targeting two or more market segments with a specific marketing program for each segment.
- Direct Sellers Act** See *Consumer Protection Act*.
- Direct selling expenses** Any expenses that are attributable to a particular salesperson and that would not be incurred if the salesperson were not employed.
- Diversity** Variance within a group with respect to gender, ethnicity, culture, race, age, disability, sexual orientation, and religious affiliation.
- Economic buyer** Person with the ultimate decision-making authority as he has financial control.
- Emotional link** Connector between what the salesperson says and the prospect's emotions.
- Employee benefits** An indirect form of compensation intended to improve the quality of the work lives and personal lives of employees.
- Ethics** The rules that direct a person's conduct and moral judgment.
- Evaluation** Comparison of sales results against established goals or objectives.
- Evaluative criteria** Objective and subjective criteria that are important to the customer and are used to make comparisons among alternatives.
- Exclusive dealing** Requires that buyers deal only or primarily in products supplied by or designated by the seller.
- Expansion selling** Any of three techniques to expand business from an existing customer: full-line selling, cross-selling, and up-selling.
- Expansion stage** A stage that follows the exploration stage and in which customers may place additional business with a supplier based on the supplier's satisfactory past performance.
- Expectancy** Belief that effort will lead to performance.
- Expense account padding** Claiming inappropriate expenses, or expenses that were not actually made.
- Exploration stage** Early stage in relationship evolution where the customer explores the capability of a supplier to meet its needs, often involving a trial purchase.
- Exponential smoothing method** Sales forecast method similar to moving averages method but where the most recent sales data play a more important role and older data get systematically discounted.
- First-line manager** Manage non-managerial sales staff and have a short-term perspective; report to more senior management and are generally focused on implementing company sales policies and procedures.
- Framing** Way of describing a particular alternative that will have an impact on a customer's evaluation of an alternative.
- Full-line selling** Attempt to sell products that are related to other products that a customer is already buying.
- Functional specialization** A way to organize the sales force whereby salespeople are responsible to perform specific selling-related activities or functions.
- Gatekeeper** Person who controls the flow of information to members of the buying centre.
- General survey question** Question that helps a salesperson discover facts.
- Geographic specialization** A way to organize the sales force whereby salespeople are usually responsible for a specific geographic area and call on all accounts and potential accounts within that area, attempting to sell the company's complete product line.
- Goals** Specific performance targets that a firm wishes to achieve.
- Halo effect** Occurs when the rating that is assigned to one criterion affects the ratings on other criteria.
- Harassment** Any of a broad range of behaviours that any reasonable person should know are likely to be unwelcome.
- Incremental approach** Approach to determining appropriate sales force size by adding additional salespeople until the cost of adding one more salesperson will not be covered by the estimated additional contribution dollars the salesperson will generate.
- Independent sales agent** Also called a manufacturer's agent, sells for several non-competing manufacturers and receives a commission from each based on the sales made for each manufacturer.
- Information search** Occurs when customers use either internal or external search to acquire information on possible alternative products or sources to solve their buying problem.
- Informative presentation** One where the primary purpose is to inform the buyer concerning factual information about the product, its superior benefits, and its technical or operating specifications.
- Input measures** Measures of the behaviours and activities that a salesperson performs in order to generate sales.
- Instrumentality** Belief that performance will lead to reward.
- Integrated marketing communications** Providing a consistent, persuasive message to customers through all forms of marketing communications: personal selling, advertising, sales promotion, publicity, and public relations.
- Integrity** You exhibit integrity when there is congruence between what you know, what you say, and what you do.
- Interpersonal bias** Occurs when ratings on subjective performance criteria are affected by how much the person being rated is liked or disliked by the person who is doing the performance evaluation.
- Job analysis** Systematic approach to define specific roles or activities that will be required to be performed in a particular job (job description), and to determine the personal characteristics that a successful applicant should possess (job qualifications).
- Job description** Formal written document that describes the requirements and responsibilities for a particular job.
- Job qualifications** Required knowledge, skills, and abilities, or KSAs.

Jury of executive opinion method

Qualitative sales forecasting method that employs the opinions of a group of people who might all add insight into likely future sales.

Leadership Manager's ability to influence the actions of salespeople to achieve the goals of the organization.

Leading indicator Measurable indicator that is closely related to sales, but that changes before sales occur.

Lost account ratio Number of lost accounts divided by total number of accounts.

MAPE Mean absolute percentage error, a method of assessing forecast accuracy.

Market forecast Industry-level forecast of the most likely sales that will be achieved, recognizing that ideal conditions do not exist.

Marketing mix Consists of four elements: product, price, distribution, and promotion.

Marketing program Set of integrated decisions that relate to the elements of the marketing mix.

Marketing strategy Set of integrated decisions that begin with market segmentation, target marketing, and positioning, and then include the marketing program.

Market orientation Focus on aligning all business activities and processes toward maximizing performance in the competitive marketplace.

Market potential Industry-level forecast of the best possible sales that can be achieved across an entire industry, under ideal conditions.

Market restriction Occurs when market intermediaries are allowed to sell only in a designated market area.

Market segmentation Either aggregating customers into groups, or dividing the total market into smaller, relatively homogeneous groups.

Market segments Groups that result from market segmentation and comprise people or businesses that share one or more common characteristics, or have similar needs and purchase behaviours.

Market specialization A way to organize the sales force whereby salespeople are responsible to sell to a limited number of industries or vertical markets, thereby becoming experts on the needs of specific types of customers.

Micromarketing Targeting customers by postal code, by occupation, or even as individuals.

Middle manager Have management positions above and below them; have a mid-term perspective and communicate policies and procedures from top management to lower management levels.

Misleading advertising Includes all representations, whether in print or oral, that create a false or misleading impression, even if the claims are literally true.

Mission statement Statement that defines a firm's goals and objectives, which, if achieved, will enable the firm to become what it wishes to be.

Modified rebuy Buying situation that generally involves limited problem-solving as the customer is considering product modifications or a new supplier.

Motivation An internal drive to initiate and expend sufficient effort over time to perform appropriate selling activities to accomplish specific sales objectives.

Moving averages method Sales forecast method based on observations from two or more previous periods where, when each newer period is added, the older period is dropped from the estimation.

Multiple regression method Sales forecasting regression model where the dependent variable is sales and there are two or more independent or predictor variables.

Multiple-sourcing Occurs when a customer buys from several suppliers to ensure supply and lowest price.

Naïve forecast method Sales forecast method that assumes sales in the next period will be equal to sales in the last period.

Need discovery Asking questions and carefully noting the responses to clearly establish the prospect's needs.

Need recognition First stage of the buying-decision process, where the customer recognizes a difference between a current situation and their desired state.

Need-satisfaction question Question designed to move the buyer to commitment and action.

Negligent hiring Occurs when an employer hires an employee and fails to do an adequate background check, and that employee later harms another employee.

Negligent retention Occurs when an employer retains an employee when the employer is aware that the employee is unfit for employment, and the employee later causes harm to another employee.

Negotiating Process of working to reach a win-win agreement between the buyer and seller.

Networking People meeting people and benefiting from the personal connections.

New account conversion ratio Number of new accounts divided by total number of accounts.

New task buy Most complicated buying situation, often requiring extensive problem-solving, as the customer has no prior experience making this purchase.

Objective measures Measures usually collected from the company's internal information system, and do not require personal evaluations.

Objectives Goals expressed in more specific, measurable terms.

Open question Question that requires the buyer to provide more thoughtful and insightful answers.

Order cancellation ratio Number of cancelled orders divided by total number of orders.

Orders per sales call ratio Number of orders received divided by total number of sales calls, also called "hit ratio" or "batting average."

Outcome bias Occurs when ratings on subjective performance criteria are affected by the sales outcomes that the salesperson has achieved.

Output measures Outcomes that the salesperson achieves as a result of the inputs he makes.

Partnering relationship Highest-level buyer-seller relationships requiring close cooperation and the investment of considerable resources by both parties.

Percentage of sales approach Approach to determining appropriate sales force size by starting with the company's total sales forecast, estimating the sales force budget, and then dividing the budgeted amount by the direct cost per salesperson.

Performance matrix Conceptual tool that helps a sales manager compare salespeople, or groups of salespeople, across several input/output measures at the same time.

Personal Information Protection and Electronic Documents Act Federal legislation that sets out ground rules for how companies may collect, use, or disclose personal information in the course of commercial activities.

Personal selling Involves person-to-person communication with a prospect or customer with the intention of discovering their needs, matching product solutions to their needs, and building satisfying relationships with them by satisfying their needs.

Personal selling philosophy Salesperson's commitment to value personal selling, adopt the marketing concept, and see themselves as consultants and problem solvers for their customers.

Personal traits A person's distinguishing characteristics.

Personality Combination of personal traits that classifies a person's behaviour.

Persuasive presentation One where the primary purpose is to influence the buyer's beliefs and attitudes, and ultimately to move the buyer to take action and make a buying decision.

Plateauing Occurs when salespeople reach the disengagement career stage too early in their career, when they stop growing professionally and are satisfied with maintaining performance standards, often well below their capability.

Portfolio model Model used for account classification where accounts are classified based on multiple factors, most commonly using four cells.

Positioning Creating and maintaining a firm's intended image with respect to its product, brand, or itself in the minds of target customers, relative to competition.

Post-purchase evaluation Evaluation of a purchase decision after the decision has been made, and that may affect future purchase decisions.

Power The ability to influence others in order to get things done.

Predatory pricing Occurs when companies set prices so low that they drive competitors from the market or deter competitors from entering the market.

Predictors Measurable or visible indicators of a selection criterion.

Presentation strategy Well-developed plan that includes preparing the sales presentation objectives,

preparing a presentation plan to meet these objectives, and renewing commitment to provide outstanding customer service.

Price discrimination Occurs when a seller charges customers that are in competition with each other different prices for a like quantity and quality of goods.

Price fixing Occurs when sellers collude to set prices higher than they would otherwise be in a free market.

Probing question Question designed to help the salesperson uncover and clarify the buyer's problem, or what has sometimes been referred to as "pain."

Product approach Approach where the salesperson focuses immediately on the product that he sells, and may include a product display, a demonstration, or even simply a picture or brochure.

Product disparagement Occurs when false or deceptive comparisons or distorted claims are made concerning a competitor's product, services, or property.

Product specialization A way to organize the sales force whereby salespeople are responsible to sell a limited number of products or product lines, thereby becoming experts on the products they do sell.

Product strategy Plan that helps salespeople make correct decisions concerning the selection and positioning of products to meet identified customer needs.

Profit-based quota Quota based on profit rather than just sales revenue.

Profit margin Total profit dollars divided by total sales revenue.

Prospecting Systematic process of identifying potential customers.

Pull strategy Promotion directed to end-users instead of channel intermediaries.

Purchase decision Stage of the buying-decision process in which the terms of sale are negotiated.

Push strategy Promotion directed to channel intermediaries instead of end-users.

Pyramid selling Illegal schemes that use tiers of salespeople, sometimes referred to as members, agents, "dealers," or distributors, where each succeeding tier receives credit for revenues or commissions from sales, regardless of whether they have contributed to the sales effort.

Qualifying the prospect Evaluating prospect opportunities by assessing need, authority to buy, financial resources, and willingness to buy.

Quota Quantitative goal assigned to an individual salesperson.

Reciprocity Occurs when there is a mutual exchange of benefits between organizations, as when a firm buys products from its own customers.

Recognition programs Formalized programs designed to recognize salespeople for superior sales performance.

Referral Prospect who has been recommended by a current customer or by someone familiar with the product or salesperson.

Referral approach Approach where the salesperson uses a third-party referral to gain the prospect's attention and interest.

Referral selling Occurs when a salesperson offers a price reduction or other inducement to a customer for names of other potential customers who may subsequently buy from the seller.

Refusal to deal Occurs when sellers refuse to sell to legitimate buyers.

Relationship selling approach Increasingly popular selling approach used when both salespeople and customers recognize the value of closer, longer-term buyer-seller relationships.

Relationship strategy Well thought out plan for establishing, building, and maintaining quality relationships.

Reminder presentation One where the primary purpose is to remind or reinforce to the buyer what is already known.

Resale price maintenance Occurs when suppliers try to influence the price at which a product is to be resold by a purchaser (usually a retailer or industrial distributor).

Reverse marketing Customer-initiated, long-term relationships in which the customer actively attempts to create the supplier it wants through formalized evaluations and supplier communications.

Sales budget Document that itemizes planned expenses and provides a basis for the sales manager to monitor and control sales activities.

Sales call response function A function that relates sales volume to the number of sales calls that a salesperson makes.

Sales contests Contests focused usually on achievement of specific short-term sales objectives.

Sales expense ratio Total direct selling expenses divided by total sales revenue.

Sales force automation A variety of information and communication technologies that address sales force efficiency.

Sales force composite method Sales forecasting method that uses sales estimates from individual salespeople.

Sales force culture Total of values, attitudes, and behaviours that are shared by members of the sales force and that are expected of and reinforced to new members.

Sales forecast Company-level forecast of the most likely sales that will be achieved by a particular company, recognizing its limitations to develop and implement a perfect marketing plan.

Sales management Management of the company's personal selling function.

Sales per account ratio Salesperson's total sales divided by number of active accounts.

Sales per sales call ratio Sales dollar volume divided by total number of sales calls.

Sales potential Company-level forecast of the best possible sales that can be achieved by a particular company, under ideal conditions.

Sales process model Model used for account classification where accounts are classified based on where they are in the sales process.

Sales territory Group of customers and prospective customers assigned to a single salesperson.

Sales volume quota Quota based on dollar sales, unit sales, or on a point system.

Satisfactions Positive benefits from a purchase.

Selection criteria Characteristics that are necessary for a person to be successful at a specific job.

Selling expenses All of the expenses that salespeople incur as a result of selling-related activities that they perform for their company.

Selling team Groups of people, often from different functional areas within a sales organization, who are responsible for managing strategic accounts when the buying process or

product solutions are complex and customized.

Servicing the sale Providing post-sale service, including all of the activities that are performed to facilitate or enhance the purchase and use of the product.

Sexual harassment See *harassment*.

Single-factor model Model used for account classification where accounts are classified based on a single factor, most commonly sales.

Single regression method Sales forecasting regression model where the dependent variable is sales and there is a single independent or predictor variable.

Situational leadership An approach to leadership based on the theory that the most effective leadership style is one that matches the particular situation that the leader faces.

Sole-sourcing Occurs when a customer buys all of a particular product from a single supplier.

Specific survey question Question designed to give buyers a chance to describe in greater detail their current buying problem, issue, or dissatisfaction that they are experiencing.

Straight commission plan Compensation plan where income is tied directly to performance.

Straight rebuy Simplest buying situation where the customer simply buys what she bought previously, from a familiar supplier.

Straight salary plan Fixed monetary income that is paid at regular intervals for the performance of specific duties or responsibilities.

Strategic account programs Also called key, major, national, or global account programs, provide increased attention and customized solutions for important accounts that require this level of support.

Strategic business unit Business unit within a larger, more diversified organization that has its own management, resources, objectives, and competitors, making it important that it manages its business strategy planning separately.

Strategies Means to achieve goals and objectives.

Subjective measures Measures that require personal evaluations, either from the sales manager or from other people with whom the salesperson interacts.

Summary confirmation question

Question that brings several buying conditions temporally close for the customer and ensures that the customer understands and remembers what his buying conditions were.

Survey of buyer intentions method

Sales forecasting method that uses estimates obtained from customers or potential customers concerning their expected purchases for a future period.

Survey question Designed to gain knowledge concerning the buyer's current situation, also called an *information-gathering question*.

Target marketing Occurs when the decision is made to allocate resources to gain a sales response from one or more of the identified market segments.

Technical buyer Person who influences and sometimes determines product specifications.

Telemarketing Practice of using telephone contact to prospect for, qualify, sell to, and service customers.

Test market method Sales forecasting method useful for predicting sales for new products as they are tested in the real marketplace under, hopefully, real market conditions.

360-degree feedback An appraisal system that combines self-evaluation with evaluation from several other sources, such as customers, supervisors or managers, sales colleagues, and internal company support staff.

Tied selling Occurs when a buyer is required to purchase another product, or refrain from purchasing a product that is not from a specific manufacturer, as a condition of being able to buy a product from the seller.

Time-series regression Sales forecasting regression model where the dependent variable is sales and the independent or predictor variable is time periods.

Total target compensation Total monetary compensation that a salesperson can earn assuming that she meets expected target results.

Training needs assessment

Assessment of what salespeople should know, what should be their attitude, and how they should sell.

Transactional relationship Low-level relationships based on being able to meet the customer's short-term needs for price and convenience.

Transactional selling approach

Traditional approach to selling that “pushes” product on customers.

Trend projection method Number of simple time-series forecasting methods that all assume that past sales and rates of change in past sales can be used to predict future sales.

Trial close Sometimes called *minor point close*—is a comment or question at any point in a sales presentation designed to help the salesperson discover how close the prospect actually is to making a purchase decision.

Turnover rate Percentage of salespeople who leave the sales force

each year, calculated by dividing the number of salespeople who leave the company each year by the average size of the sales force.

Undifferentiated targeting Targeting the entire market with a single marketing program, sometimes called mass marketing.

User buyer Person focused primarily with operating characteristics and costs when the purchase will affect their job performance or operating budget.

Up-selling Attempt to sell better quality items to a customer.

Valence Personal value for a specific reward.

Value analysis Systematic, formal process to evaluate alternatives.

Vendor analysis Systematic, formal process to evaluate potential vendors.

Whistle-blowing Occurs when an employee informs on someone else in the company whose behaviour he or she believes to be unethical or illegal.

Workload approach Approach to determining appropriate sales force size by starting with the total number of sales calls needed to cover all sales territories, and then dividing this amount by the average number of sales calls a salesperson can make.