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B.Com Honours | Semester III | Calicut University

SALES MANAGEMENT

Course Code: COM3MN207 • Module 2 Notes

Module II: Theories of Selling and Personal Selling Process

Explores psychological theories governing buyer behavior and outlines the step-by-step personal selling process from lead generation to post-sale relationship building.

Unit 6: Theories of Selling – AIDA, Buying Formula, & Behavioral Equation

1. AIDA Model: Attention → Interest → Desire → Action.
2. Right Set of Circumstances Theory: "Everything depends on the salesperson creating the right situation to trigger response."
3. Buying Formula Theory: Need (Problem) → Solution → Purchase → Satisfaction.
4. Behavioral Equation Theory:

> **B = P × D × K × V**

Where: B = Response (Buying Action), P = Drive (Internal Need), D = Cue (Product Incentive), K = Incentive Potential, V = Intensity of Reinforcement.

Unit 7: Personal Selling Process Phase 1 – Prospecting & Lead Generation

1. Prospecting: Identifying potential clients with Need, Ability to Pay, and Authority to Decide (M-A-N rule: Money, Authority, Need).
2. Lead Generation Methods: Cold canvassing, referral networks, trade exhibitions, inbound digital leads, and social selling (LinkedIn).

Unit 8: Personal Selling Process Phase 2 – Pre-Approach & Approach

Pre-Approach: Gathering background data on prospect needs (SPIN Technique: Situation, Problem, Implication, Need-payoff questions).
Approach: Making initial contact, gaining attention, and establishing rapport.

Unit 9: Personal Selling Process Phase 3 – Presentation, Demonstration, & Objection Handling

Presenting product benefits. Handling objections using techniques: Boomerang (turning objection into reason to buy), Indirect Denial ("Yes, but..."), and Direct Clarification.

Unit 10: Personal Selling Process Phase 4 – Closing the Sale & Follow-Up

Asking for the order (Assumptive Close, Summary Close, Urgency Close) followed by post-sale installation, training, and relationship nurturing.

Practical Problem 1 (Sales Funnel Conversion & Pipeline Target Calculation): A B2B enterprise software sales manager targets closing Rs. 1,00,00,000 (1 Crore) in new software sales. Average deal size = Rs. 10,00,000 per client. Historical sales pipeline conversion metrics:
Leads → Qualified Prospects = 40%; Qualified Prospects → Sales Proposals / Demos = 50%; Demos → Closed Sales Deals = 25%. Calculate (a) Number of closed deals required, (b) Number of Demos needed, (c) Number of Qualified Prospects needed, and (d) Total raw leads required to hit target.

Step-by-Step Solved Pipeline Computation:

- **1. Target Deals Required:**
  > **Deals Required = Target Revenue (1,00,00,000) / Average Deal Size (10,00,000) = 10 Closed Deals**
- **2. Sales Proposals / Demos Required:**
  Demo to Close rate = 25% (0.25).
  > **Demos Needed = 10 / 0.25 = 40 Sales Demos**
- **3. Qualified Prospects Required:**
  Prospect to Demo rate = 50% (0.50).
  > **Qualified Prospects Needed = 40 / 0.50 = 80 Qualified Prospects**
- **4. Total Raw Leads Required:**
  Lead to Prospect rate = 40% (0.40).
  > **Total Raw Leads Required = 80 / 0.40 = 200 Raw Leads**

  Pipeline Summary: 200 Leads → 80 Prospects → 40 Demos → 10 Closed Deals = Rs. 1 Crore Revenue!