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Personal-selling and Marketing Communications

PERSONAL-SELLING AND MARKETING COMMUNICATIONS

Yoshio Kajiwara

Personal-selling is the process where customers (consumers and users) are offered information on products and services, so that the sales may be promoted. Communications through salespersons are carried out in personal contact with customers and the message can be accommodated in accordance with their response; thus they are more effective than advertising. However, salespersons are not quite efficient in visiting customers and in interviews; thus the communications cost per customer is much greater than in the case of advertising. Salesperson activities, in general, are either aimed at customers who will most probably buy, or used, appropriately mixed with advertising, concerning such parts in the communications process as can effectually replace advertising.

Personal-selling is fundamentally a means of manufacturers’ direct selling meant for consumers; it has been used effectively by manufacturers unable to systematize wholesalers and retailers, or—in cases where other manufacturers have already organized powerful distribution systems—by manufacturers that try to avoid direct competitions and to reach other customer classes. Nonetheless, when considered in the aspect of salesperson communications, the information, conveyed by manufacturers that have systematized such middlemen as wholesalers and retailers through this middleman system by means of man power, is also a form of salesperson communications. Manufacturers’ salespeople who make the rounds of wholesalers and retailers, and salesclerks at retail stores, are the very persons concerned in communications.

Under the rapid price-rise caused and promoted by the “Oil Crisis” in the fall ’73, and the succeeding slump and changes in consumer behavior, manufacturers possessing middleman systems
are trying to maintain and improve their market shares by means of emphasizing salesperson activities—e.g., reinforcing such activities aimed at wholesalers and retailers, or employing the method of developing directly-managed stores and of direct visitsales for consumers, together with the usual sales through middleman systems; the role of salespersons in general in marketing communications is now being expanded. Also, reevaluation of retailers' salesperson activities is necessary, because of the need for retailers' creative marketing behavior and of manufacturers' recession in channel control. In this chapter, paying attention to those circumstances, we will discuss such matters as the communications process by salespersons, consumers and information from salespersons, changes in marketing conditions and the increasing importance of salesperson activities in middleman systems.

4. 1 Salesperson communications with consumers

Generally, salespeople may reduce consumers' troubles who make purchasing decisions in the state of uncertainty, and may affect their purchasing process—by means of their effects on consumers' concepts of purchasing-behavior objects, or through information supply concerning product- & service contribution to their consuming activities.

Salespersons may be given a function in making consumers perceive their purchasing-behavior objects, and in correcting such objects of theirs. How far salespersons may influence consumers' purchasing-behavior objects depends on conditions of consumers' beliefs and attitudes, relative to the objects. A strong tendency toward independent consumer behavior has recently come to be observed; salespersons' influence on consumers' purchasing-behavior objects should be regarded as becoming rather ineffective. On the other hand, however, consumers have become very much interested in such information as helps their independent decisions; and the role of salespersons in information supply is, conversely, growing
How far salespeople can, through information supply, affect consumers’ purchasing decisions may vary according to consumers’ extent of knowledge, of which the basic factor is their buying experience, and to their methods of solving questions corresponding to such an extent. Consumers’ extent of knowledge and methods of solving questions are, for convenience’ sake, divided into the following three cases; salespeople’s functions and effects are different in each case. 

Case 1: Consumers have had little buying experience and thus do not have enough knowledge.

In purchasing, consumers think a great deal about many choices (e.g., brands). Consumers’ selecting process is aided by various kinds of stimulation (i.e., information) such as actual contact with products, advertisements, personal contact with salespeople, and acquaintances’ advice. The greatest effects may be expected as to salesperson communications.

Case 2: Consumers have had some buying experience and thus have some knowledge.

Consumers limit their objects of selection on the basis of their knowledge obtained through the buying experience, and they think less when making decisions on purchase. There are less stimulations to aid their selecting process; a second purchase may often be made of a particular brand which was satisfactory once. Salespeople can influence to some degree consumers’ purchasing decisions, by stressing product characteristics, considering at the same time the competitive brands. Consumers, in some cases, do not change their selection of brands without new experience of using; therefore, salespeople, if not going through the process of letting consumers try a new using experience, may not be able to influence consumers’
purchasing decisions.

Case 3: Consumers have stopped learning, and their purchasing behavior has become just habitual.

Consumers, when purchasing goods, think of but one brand; and the selection is made unconsciously and mechanically. Salesperson activities may be expected to be effective only in mobilizing consumers' buying behavior as regards particular brands which consumers have in mind as selection-objects.

Consumers' purchasing habits such as above are re-examined by consumers themselves, in accordance with manufacturers' new-product introduction and alteration in price-policy; a new learning process begins; and opportunities may appear for salespersons' effective functions. The extraordinary price-rise in Japan after the "Oil Crisis" has offered consumers a chance to re-examine their former purchasing habits. Consumers, faced with price-raising with no product alteration, not only became more responsive to prices, but also—getting less reactive to product differentiation, and more reactive to substantial qualities of products—tended to stop insisting on particular brands and first-rate brands. In more and more cases, consumers have become interested in information on products, making free brand-selections. A new learning process of consumers has commenced, and opportunities have been expanded for salespeople's active services.

Salesperson activities and functions of advertising have something in common, in respect that they convey information to market on products and services; but, as regards communications, they are characteristic in their own respective ways, so that these two methods, in general, are employed in mixture, for the sake of efficiency-improvement. Communications through advertising are one-sided as against market, but, between salesperson activities and market, information is reciprocally interchanged. Salespeople can adapt their messages to customers' needs and opinions; they can also know
customers' responses and accordingly send out appropriately modified messages. Salespersons' messages are powerful; the amount may be freely accommodated; and they are quite adaptable. Messages of advertising are organized to fit some customer-class selected as a target, and in media compete with other brands' advertisement messages, so that advertising is not so powerful as salespersons' efforts in communications with customers. When advertising, however, it is easy to control messages there; there are scarce opportunities for advertisement messages to separate themselves from manufacturers' marketing policies. On the other hand, as for salesperson messages, it is only that some standard messages are given to salespeople, and it is usually impossible to control them in the process of communications with customers.

In what ratio to mix and employ salesperson activities and advertising depends on the company's scale, middleman systems the degree of acceptance of the product in market, and characteristics of the product.

Manufacturers that supply goods to national market through many retailers can, when advertising, effectively utilize costly media covering a wide range of market. However, medium- & small-scale manufacturers can, in most cases, only use media not quite effectual, or co-advertising with middlemen. Moreover, the effects cannot be expected, very much, of advertisements, unless their amount is maintained at a considerably high level; nation-wide advertising may effectively be used only by large-scale manufacturers, rich in capital. On the contrary, salesperson activities may be employed on an optional scale proper to the company, and may be efficiently utilized even by medium- and small-scale companies.

In the case of general consumer goods for instance, where customers are numerous and dispersed all over the country, most communications resort to advertising. Conversely, in the case of industrial goods for example, where customers are regionally concentrated who buy on a large scale, communications may often be conducted more effectively when dependent on salesperson activities.
When other firms have covered a major part of market through retailers, direct-selling methods by salespeople are frequently employed, for the purpose of the entry into market by means of powerful communications activities. Also, even in the case of manufacturers which have middlemen—i.e., wholesalers and retailers—as a distribution channel, and convey information through nation-wide advertising, more and more firms have come to get rid of wholesalers and switch the wholesale to the salesperson system, for the purpose of better control over retailers, reinforcement of communications, and a better efficiency in product distribution. Especially during the period of stagnation from 1973 onward, manufacturers have become more inclined to reinforce salesperson activities, modifying middleman systems, so as to maintain/improve their share in market.

When products are introduced into market, they go—as regards quantities of sales—through the process of acceptance, growth, maturity, and decline. On the stage of acceptance, the target of communications is to inform customers of the existence and utility of the product, and to promote acceptance in market. Advertising, in many cases, is used on a large scale as an investment, for the sake of future security of profit. On the stages of growth and maturity, communications efforts become chiefly persuasive, and highly-efficient salesperson activities are employed along with advertising. On the stages of maturity and decline, the scale itself of communications efforts is made smaller. Communications efforts are reduced to a level where demand-maintaining advertising alone, which reminds customers of the product when necessary, is practiced through cheap media.

When the product is singular and differentiated, but is in severe competition with other closely substitutional products, nation-wide advertising is conducted for communications. Particularly in the case where a still higher degree of product differentiation is sought after by creating psychological differences, imagination-appealing advertising is employed through nation-wide media. In respect of such kinds of products as have scarcely been differentiated among
firms, communications often rely on salesperson activities rather than on advertising. Many of the consumers, who have experienced the rapid price-rise after the "Oil Crisis," have come to respond less acutely to product differentiation; and it seems that the fact that companies have recently become more inclined to emphasize salesperson activities is backed up by the conditions that advertising is now becoming, relatively, less effective.

4.2 Information from salespersons, and consumers

Stimulations to consumers for selecting goods are composed of information about closely substitutitional products and their attributes, i.e., their substantial qualities, characteristics, prices, and supply. This information is conveyed to customers by: nonhuman sources, chiefly advertising; independent nonhuman sources, such as newspaper articles, TV/radio programs; human sources, chiefly salespersons; and independent human sources, such as the family, friends, or fellow workers. Information is selected by customers. Customers select information in their own particular ways, according to their attitudes toward the information source and to their formerly obtained information. The selected information influences the intensity of the customer's desire, the extent to which the object is expected to fulfill the desire, the customer's personality and attitudes toward the product.

To what extent, in comparison with other information, does the information from salespeople influence consumers' purchasing process? This will be examined in the data of Japan (including salesclerks at stores, as well as visiting salespeople).

First, whether or not consumers, before purchasing products, checked their substantial qualities and manufacturers: except in the case of cosmetics, more than half did examine those items beforehand.

What gave the knowledge and information, concerning the product, to those who had made an inquiry prior to purchase? The
data of Japan show that very many of them obtained such knowledge and information from salespersons, which is second only to actual contact with the product\(^4\).

The data of Japan show how far salespersons may influence consumers’ purchasing process; but it must be noted here that those data contain both visiting salespersons and store salesclerks, without distinguishing between them. In Japan, many consumer problems are found as regards direct visiting sales. Products suitable for such a sales method should be very reliable as to product qualities, and be unconditionally guaranteed; but the products sold in Japan that way do not always fulfill such conditions as above, which is the basic problem. According to the 1976 research of the National Living Center, 32.2\% of those who purchased goods by means of visiting sales were subject to some harms. The ratio of the harmed is 7.7\% against the whole number (2,609) of the subjects of research; among those who have been visited by salespeople, 12.3\% have suffered some trouble. The first place among harms is held by “Salespersons’ high-handed way”; the second by “Made to buy expensive goods.”\(^5\)

There had been a lot of harm and complaints on the consumer side about visiting sales; thus, at the 7th Conference of Consumer Protection, October 8, 1974, it was resolved that investigations should be made into necessary regulating steps, including legal measures, as to visiting sales; and in 1976 “Legislation Concerning Visiting Sales” was enforced. However, as 50.7\% of those who suffered the harm “paid in cash,” the problem still remains that, as is pointed out in the National Living Center research (cited above)\(^6\), they could not be protected by the cooling-off system, which allows them to cancel the order unconditionally if within 4 days.

As has been mentioned above, the manufacturers of famous brands too, in stagnation, tend to reinforce salesperson activities—in parallel with the modification of distribution channels—e.g. sending employees in the marketing department on loan to stores in affiliation, developing directly-managed retail stores, and conducting the visiting
sales. Famous brands very often fulfill the above-mentioned conditions as the subject products of visiting sales; it is possible to effectively employ salesperson activities, such as the use of “parties,” or “opinion leaders,” so that they are expected to get good results, a little different from in the case of the visiting sales having been conducted by companies not known all over the country. Therefore, it may be that, if such companies of famous brands succeed in organizing powerful salesperson systems, they are yet to improve their market share.

However, direct visiting sales offer no opportunity for consumers to compare goods with other competitive brands; therefore, considering that more and more consumers, under inflation and stagnation, are becoming inclined to stop insisting on first-rate brands, some chances may be lost to nation-wide-advertising manufacturers for securing good results in direct visiting sales and direct management of stores. Moreover, as will be discussed in the next section, channel control by manufacturers is becoming most difficult under changes in market conditions; thus from now onward price-competition will be born more spontaneously in the distribution process, so that some price-maintaining effects, there, are expected of manufacturers’ reinforcement of direct visiting sales.

4. 3 Changes in market conditions, and salesperson activities in the middleman system

Activities of salespersons in the middleman system—i.e., manufacturers’ salespeople who make the rounds of wholesalers and retailers, and retailers’ store-salesclerks—are now growing more important as market conditions change. It has already been mentioned that manufacturers have been reinforcing salesperson activities; here, in particular, such matters will be discussed as changes in the role of retailers in the distribution process, and salespersons at retail stores.

Marketing in the distribution process by retailers and wholesalers
is almost meaningless, when manufacturers have created the ultimate
demands by the help of product differentiation and nation-wide adver-
tising, offering comparatively secure and stable sales opportunities
to retailers and thus to wholesalers, and have organized integrated
distribution-channel systems, of which such retailers and wholesalers
are the members as are needed to cover the market. Marketing
policies are determined by manufacturers; wholesalers and retailers
are obliged to follow those policies. Wholesalers and retailers are ruled
by manufacturers concerning the matter of stocks—including restraint
on suppliers and on the deal in competitive brands; where to sell;
and prices. Their free market-behavior is not permitted. In Japan
also, from about 1960 to 1965, the distribution was systematized by
manufacturers as regards electric home appliances, cameras, synthetic
detergents, and cars. Thus room for independent behavior of
wholesalers and retailers gradually got smaller and smaller. When
the distribution is systematized by manufacturers, activities of the
salespeople who make the rounds of wholesalers and retailers are not
very important; even, in some cases, their activities are more
important as keeping watch on wholesalers' & retailers' conducts.
Neither do salesclerks at retail stores play a maior role in communi-
cations with consumers.

Nevertheless, the rapid aggravation of inflation caused and
promoted by the "Oil Crisis" led consumers to resist manufacturers' marketing behavior, and manufacturers are now forced to re-examine the whole of their marketing policies, including channel control. Also, the development of late of large-scale retailers demands manufacturers' recession in channel control. Under the aggravating inflation, fringe retailers are inclined to easy price-raising, which accelerates the concentration by large-scale retailers. The aggravation of inflation is effectual in getting consumers to realize that their real net income is now becoming reduced, to respond more acutely to prices, and to plan their purchasing activities. It must be noted, too, that among manufacturers, even under the aggravating inflation, there still is the price-competition in the form of seeking the smallest
price-raise possible. In an industry in oligopoly, inter-company pricing behavior is, under the aggravation of inflation, somewhat harmonious as to price-raise through agreement or price-leadership; such harmony, among retailers, is often lacking. As a result, fringe retailers tend to raise prices more than large-scale retailers do; and consumers, more reactive to prices, are attracted by large-scale retailers. It is basically on the stage where the price-elasticity has become somewhat small that a large-scale retailer, which has grown big aided by the price-cutting policy, chooses—having achieved some market status—to cut down its price-reduction rate and to cooperate with retailers nearby. When prices come to be responded to more acutely under the aggravating inflation, it is highly possible that a large-scale retailer, which has been in harmony with other retailers nearby, recovers its former innovatory characteristics, and adopts growth-promoting policies.

Due to the development of independent consumer behavior and the advancement of large-scale retailers, it is now becoming harder for manufacturers to maintain prices by market- & channel-control. Manufacturers are more and more being forced to leave their marketing policies to retailers and wholesalers. Retailers, unless they stock competitive brands and correct manufacturer-indicated prices, cannot attract customers now. Manufacturers have recently been becoming more and more inclined to expect retailers’ and wholesalers’ creative market-behavior. Retailers’ stock of competitive brands means, to manufacturers, that they should compete with other companies on the same floor of the retail store; manufacturers are now being obliged to communicate with consumers through wholesalers and retailers, conveying detailed product-information, which cannot be done by advertising alone.
(References)


2) Philip Kotler, Marketing Management, analysis, planning and control (1967), pp. 77—78.

3) The Prime Minister Secretariat, Public Opinion Survey of Consumer Behavior (September, 1972) pp. 5~6. (Question: “Did you check, before shopping, many aspects such as qualities of goods, manufacturers, etc.?” Electric Home Appliance, yes 69% (N=722); Apparels, yes 54% (N=519); Furniture, 66% (N=232); Cosmetics, 36% (N=106); Cars, 77% (N=105); Medicines, 52% (N=44), etc)

4) The Prime Minister Secretariat, Ibid., pp. 6~7.


6) National Living Center, Ibid., pp. 48, 52.

7) Direct selling needs to have sales-offices, but not to systematize wholesalers and retailers, neither is mass advertising absolutely necessary, so that its entry into the industry is easy. Moreover, direct-selling companies have the functions of both wholesale and retail; they can compete in prices, if the production system is efficient, and may be effective in making the industry competitive.

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