



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

**NATIONAL CERTIFICATE
NOVEMBER EXAMINATION
SALES MANAGEMENT N5**

17 NOVEMBER 2016

This marking guideline consists of 11 pages.

QUESTION 1

1.1	1.1.1	True		
	1.1.2	False		
	1.1.3	False		
	1.1.4	True		
	1.1.5	True		
	1.1.6	True		
	1.1.7	False		
	1.1.8	True		
	1.1.9	True		
	1.1.10	True		
			(10 × 2)	(20)
1.2	1.2.1	D		
	1.2.2	J		
	1.2.3	A		
	1.2.4	B		
	1.2.5	C		
	1.2.6	H		
	1.2.7	L		
	1.2.8	G		
	1.2.9	E		
	1.2.10	F		
	1.2.11	I		
	1.2.12	O		
	1.2.13	M		
	1.2.14	P		
	1.2.15	N		
			(15 × 2)	(30)
				[50]
			TOTAL SECTION A:	50

SECTION B**QUESTION 2**

2.1 Assumptive close

- The salesperson assumes that the prospect has agreed to buy the product and it's just a question of minor matters such as colour, size, etc.
- Salesperson: "Will you be paying cash or by credit card?"

Minor question technique

- The salesperson does not ask the prospect a direct question of whether they will buy or not, they ask a minor question related to the product or service being sold.
- Salesperson: "if you choose this computer, would you prefer in black or blue?"

Direct approach technique

- Often regarded as the best approach, this technique can be used in situations where the salesperson observes strong buying signals. The salesperson simply asks for the order in a firm but friendly manner.
- Salesperson: "Would you like to buy one?"

Inducement technique

- The salesperson offers the prospect an incentive or temptation to buy the product.
- Salesperson: "If you place an order now, you will not pay for delivery."

Emotional closing technique

- All humans are naturally scared of losing loved ones or belongings. This can give a prospect a strong drive to buy certain products and experienced salespeople play to the prospect's emotions to close a sale.
- Salesperson selling life insurance: "Should you die what will happen to your family, this policy will take care of them if you are not there."

Physical action technique

- Used when the salesperson is certain the time to close the sale has come. Through a physical gesture such as putting an order pad in front of the prospect, the salesperson sends a clear message to the prospect.
- A salesperson can offer a prospect a pen to sign the contract.

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Weighing advantages against disadvantages

- The salesperson verbally summarises all the advantages against all the disadvantages, especially from a cost point of view. This technique is often used when a prospect delays the final purchasing decision.
- The salesperson will outline the merits of the product or service against their demerits.

Standing room only technique

- This technique makes use of man's natural tendencies to want what others have. If the prospect hears that there is only one article left or that it has been ordered, they usually want it.
- Salesperson: "This offer expires today, so it's the last chance to buy at 40% discount."

NOTE: 2 marks per heading

1 mark for 1 fact

1 mark for an example

(Any appropriate 5 × 4) (20)

- 2.2
- Customers
 - Internet
 - Social media
 - Financial institutions
 - Other businesses
 - Other salespeople
 - Credit and trade references
 - Company's own records
 - Personal observation
 - Prospect
 - Local directories
- (Any appropriate 5 × 2) (10)
- 2.3
- Improved cash flow.
 - Comprehensive knowledge of customers and the products they buy.
 - Skills to plan for production and capacity.
 - Knowing when and how much to buy.
 - Ability to identify the pattern or movement of sales.
 - Ability to determine the expected return on investments.
- (Any appropriate 5 × 2) (10)

- 2.4 2.4.1 The oral and physical offering✓ (demonstration) of a product or service by a salesperson✓ to one or more prospective buyers✓ with the purpose of identifying a problem(s), which the product or service can solve.✓ This is to close the sales transaction at a profit for the business they represent and to give after-sales service to the customer's satisfaction.✓
- 2.4.2 Sales forecasting is an estimate of sales✓ in rand or units✓ that an individual business expects to achieve✓ during a specified time period,✓ in a stated market and under a proposed marketing plan.✓
- (2 × 5) (10)
[50]

QUESTION 3

- 3.1 Physical characteristics
- They must be able to describe their product's main features and the needs it satisfies.
 - Other aspects about the product they must know are patent rights, specifications, dimensions, capacity, design, types, model available, etc.
- Product ranges
- They must be knowledgeable about the composition of the product range.
 - Why and when the product range was extended.
 - For example, Coca-Cola's product range includes soft drinks, fruit juices, still water and energy drinks.
- Product support
- They must know all about the after-sales service the business offers.
 - These include product guarantees, warranties, terms of use, handling of complaints and problems the product may cause.
- Production methods and processes
- They must have knowledge on how the product has been produced as well as the processes it went through before becoming a finished product.
 - This knowledge will enhance customer confidence in the salesperson.
- Product uses
- They must have knowledge of other uses of the product being sold.
 - The more uses they can establish for his product, the more opportunities they have to suit the use to a specific need of a prospective buyer.

NOTE: 2 marks per heading
2 marks for 2 fact

(Any appropriate 5 × 4) (20)

- 3.2
- Number of calls to be made by the salesperson each day.
 - Frequency to each class of customer.
 - Distance to each customer.
 - Method of transportation to be used. (Any appropriate 4 × 2) (8)
- 3.3
- Plan each demonstration individually.
 - Suit the sales talk to the demonstration.
 - Be prepared (prior arrangements for demonstration).
 - Cover the most important product features.
 - Get the prospect involved.
 - Demonstrate step-by-step.
 - Maintain control.
 - Time and pace the demonstration.
 - Proper closing of and follow-up to the demonstration. (Any appropriate 6 × 2) (12)
- 3.4
- Guarantees
 - Warranties
 - Testimonials
 - Referrals
 - Documentation
 - Demonstrations
 - Quality stamps
 - Data of previous sales
 - Independent research findings
 - Endorsements (Any appropriate 10 × 1) (10)
- [50]**

QUESTION 4

4.1 Step 1: Select a geographical control unit

- Firstly, the geographic control unit must be identified such as a region within a province, i.e. Tshwane North - Gauteng, so that salespeople do not overlap.
- The control unit must be as small as possible so that management can identify the precise geographical potential of the area and so that it will be easier to make adaptations.

Step 2: Analyse salespeople's workload

- Analyse the total number of existing and potential customers in terms of size and buying power.
- Determine the call frequency, travel time required and non-selling time.

Step 3: Determine the sales potential in each control unit

- After identifying existing and potential buyers, the sales potential in each control unit is determined.
- It must be clear how many potential buyers (Category A, B & C) are there in each control unit.

Step 4: Determine basic sales territories

- The sales manager then combines the control units into sales territories, e.g. Gauteng, and decides on the number of territories required.
- The sales manager estimates the sales productivity per unit and divides it into the total estimated sales potential, thus arriving at the number of sales units and territories required.

Step 5: Assign salespeople to control units

- Once the sales territories have been established, management can assign individual salespeople to each territory.
- The sales manager should match the salespeople with the territory for example factors such as age, experience, abilities and customer's traditions, culture, political convictions should be looked at in assigning the salespeople.

NOTE: 2 marks per heading
2 marks for two facts

(Any appropriate 5 × 4) (20)

4.2 Sales volume quotas

- These quotas indicate the sales management expectations for a given period.
- It is set for geographical areas, product lines, distribution channels or any combination thereof.
- It can be expressed in terms of their rand value or unit of sales.
- Types include sales volume quotas in currency value, unit sales volume quotas and point sales volume quotas.

Budget quotas

- Used to make salespeople aware of profit implications of their selling efforts so that they can concentrate on more profitable products and customers.
- Budget quotas make personnel more conscious of the fact that the business wants to make profit.
- Types of budget quotas include expense quotas and gross margin or net profit quotas.

Activity quotas

- These quotas are used to control how sales personnel allocate their time and efforts among different activities.
- Activity quotas are set for total sales calls, calls on particular classes of customers, calls on prospects, number of new accounts, missionary calls, demonstrations, etc.
- These quotas are appropriate when sales personnel perform important non-selling activities.

Combination and point system quotas

- These quotas are used to control performance of both selling and non-selling activities.
- To achieve a specific objective the business may decide on any combination of quotas, for instance, sales volume, activities and profitability. Thus three quotas are combined to produce a single criterion by which performance can be measured.

NOTE: 2 marks per heading
2 marks for 2 facts

(Any appropriate 4 × 4) (16)

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- 4.3
- Various viewpoints and a wider range of experience is applied.
 - Decisions are made more scientifically.
 - Level of pressure in the buyer-seller relationship is lowered.
 - It lowers the risk involved.
 - It ensures that the investment meets with the expected business growth as set out by the business's strategic plan.
 - To protect the company's brand.
 - It helps with the complexity of the task.
 - It maintains competitiveness.
- (Any appropriate 5 × 2) (10)
- 4.4
- Enlarges market share.
 - Qualify sales leads.
 - Decreases sales costs.
 - Supports sales in the field.
 - Manages smaller accounts/customers more profitably.
 - Take orders by e-mail.
 - Improve customer service.
 - Segment the market.
 - Increase advertising effectiveness.
 - Increase potential.
- (Any appropriate 4 × 1) (4)
[50]

QUESTION 5

- 5.1 To provide quantitative performance standards
- Sales people enjoy competition and it is always a challenge to reach a sales target.
 - To make it possible for salespeople to reach their targets a sales manager should set realistic quotas.
 - Quotas provide a means for determining which salespeople, territories or branches are performing on average, below-average or above average.
 - For example, all salespeople at Toyota SA must sell a minimum of 5 new cars per month.

To obtain tighter sales and expense control

- Quotas can also be used to control selling expenses such as travelling, accommodation, entertainment and meals.
- Sales managers provide their salespeople with budgets so that they know how much they may spend on these items.
- For example, salespeople at Toyota SA must keep their selling expenses as low as 2% of their total sales figures.

To motivate desired performance

- Quotas are used by companies to motivate the sales personnel to work harder.
- Sales managers must set realistic quotas so as to inspire the sales personnel to become productive.
- For example, if the sales manager increases the quotas for the salespeople who meet their target, it will demotivate them but if they leave the quotas unchanged this will motivate the salespeople.

To use in connection with sales contests/competitions

- Quotas are used by sales managers as criteria for awarding top performing sales personnel.
- Sales personnel know that if they reach their targets they are in line for an award.
- For example, most companies have annual sales awards to recognise the top performers; prizes might include cash bonuses, overseas trips, shareholding opportunities, etc.

NOTE: 2 marks per heading

1 mark for 1 fact

1 mark for an example

(Any appropriate 4 × 4) (16)

- 5.2
- Ensure proper market coverage
 - Workload equalisation
 - Increases salespeople's morale
 - Better evaluation and control over sales force
 - Better analysis and planning of sales activities
 - Sales are improved
 - Reduces conflicts and disputes
 - Improves/Strengthens customer relations
 - Better coordination between selling and other marketing activities
 - Reduces selling costs (Any appropriate 5 × 2) (10)
- 5.3
- Ask more specific questions
 - Convert objection into advantages.
 - Provide proof
 - Agree and qualify
 - Provide more information
 - Overcome with agreement
 - Compare products and services
 - Show prospect what delays could cost.
 - Relate product to prospect's buying motives.
 - Limit objections (Any appropriate 5 × 2) (10)
- 5.4
- Step 1: Prospecting
 - Step 2: Pre-approach to sales presentation
 - Step 3: Approach to sales presentation
 - Step 4: Sales presentation
 - Step 5: Handling objections
 - Step 6: Closing the sale
 - Step 7: After-sales service

NOTE: 1 mark must be allocated to the correct name of the step.

Steps must be in the correct order to receive the second mark for each

(14)
[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200