12 Internet and IT applications in selling and sales management

OBJECTIVES

After studying this chapter, you should be able to:

1. Understand how a range of information technology (IT) developments have altered the selling and sales management functions
2. Appreciate that future developments in IT will continue to shape these sales functions in the coming decade
3. Appreciate how large organisations manage procurement using a variety of electronic means
4. Understand how small to medium-sized enterprises (SMEs) can use internet technology to market and sell their products
5. Know how information technology can enable customer relationship management (CRM)
6. Understand how sales force automation (SFA) software is used to support the sales function in many organisations today

KEY CONCEPTS

- customer relationship management (CRM)
- customer relationship quality (CRQ)
- e-commerce
- e-procurement
- information technology (IT)
- intranets and extranets
- sales force automation (SFA)
- salesforce effectiveness

Developments in information technology (IT) in general, and internet or web technology in particular, are having profound effects both on the way products are sold and on the nature of selling and sales management activities. The chapter begins with an examination of the changing nature of the salesforce as a result of increasing use of information and wireless technologies. Electronic commerce and the nature of electronic sales and procurement are then discussed. The chapter continues with a discussion of the use of salesforce automation software in selling, before proceeding to a more detailed examination of the use of information technology and IT applications in supporting and managing the sales function.

12.1   THE CHANGING NATURE OF THE SALESFORCE

A sales practitioner's perspective

Information technology (IT), the internet, electronic commerce (e-commerce), wireless and mobile technologies have each had a major impact on salesforce productivity and management. The extent to which such technology developments have affected salespeople's jobs can be gauged by the boxed case history of a national account manager for a major company.

A sales practioner's perspective

Over the past 15 years the role of information technology has rapidly explored nearly every possible avenue of our working and social lives from the emergence of ATMs to personal computers, domestic appliances and the wealth of information that is held about us as individuals whenever we make a transaction.

During my ten years' experience of field-based sales, many changes have occurred. I will now give a few examples of how communication methods have changed and how more efficient methods of operation have developed.

First, not so long ago most communication was by landline telephone and letter. This was followed by the fax and pagers. Then mobile phones and email arrived and communication between businesspeople became almost instantaneous.

Second, in the arena of a traditional salesperson, the raising of letters confirming arrangements, quotations, etc. passed in the post and several weeks were often needed to conclude simple transactional business deals. These have been replaced first by fax but now by email and web-based purchasing. In addition the role of the secretary in this is becoming obsolete as the majority of salespeople generate their own letters from standard templates and quotation software.

In purely transactional purchases, customers can produce their own quotations by specifying certain criteria on a web-based purchasing system. The various fields are

A sales practioner's perspective (*continued*)

entered and the system automatically produces a quotation, which is legally binding on the company.

Within industrial sales many changes have occurred through technology. Historically, knowledge was power and the salesperson or sales engineer would know nearly everything about the customer-facing side of the relationship. Customer records were often randomly completed and 'deals or agreements' could often be verbal or have an unwritten verbal amendment. This was a potential cause for conflict, particularly if the personnel changed. On average people would change every three years in a typical industrial sales role.

With the introduction of IT, laptops and PDAs, much of this information can now be accessed not only by salespeople and their line managers but anyone within the company who may have a requirement to be aware of what has been agreed previously with the customer (e.g. customer service, technical support, finance and logistics).

One of the major advantages of this is that any contact with the customer is entered into their file so everyone is fully aware of conversations, comments and offers made. These systems are becoming more commonplace, particularly in larger firms trying to manage their customer information more efficiently and with less reliance on memory or paper records.

Customer relationship management (CRM) is becoming commonplace in a wide range of sales related areas, including banks, industrial sales, catalogues and even taxi firms where a log of all previous transactions, enquiries, purchasing profiles and other communications is kept. In the most complex systems, details about a customer preference for hobbies, family anniversaries, pet likes or dislikes can be logged to assist in creating a more familiar relationship between individuals in the sales process.

The belief, where this is applied correctly, is that the customer can contact or be contacted by the company with an almost seamless approach. Questions about invoices, technical issues and quotations can be fielded by a whole range of employees within the organisation. However, all this information needs to be gathered, entered and managed and the onus of this task often falls to the field salesperson in addition to getting the order.

These CRM systems offer great advantages in managing customers and identifying micro-segments within the overall customer base for highly focused marketing campaigns and promotions. These systems are now also capable of identifying and creating actual profit and loss statements on individual accounts; and the efficiency with which the salesperson and the company as a whole deals with each individual customer.

In effect a customer can be rated not only on the traditional basis of revenue generation but on actual net profit generated. This takes into account the level of service

A sales practioner's perspective (*continued*)

that is required to maintain the business from sales calls to technical services, discounts, and all the little extras that can often be given away in order to get the initial sale but then continue to cost the company for years afterwards.

The advantage of this mechanism is that expensive resources are not exhausted purely on the pet customer or the difficult customer but available to those who are in reality the lifeblood of the company. It also allows the salesperson to compile a service offering (or scale of offering) for individual clients which is in proportion to their current and potential worth to the organisation as a whole. This requires a great deal of trust from the parent company, as the salesperson needs to know the profitability of accounts and product lines. However, the potential advantage of the salesperson running their area as their own business and seeing business as more than just the sale on offer at a particular time has proven its worth within the added value sales arena.

The increased efficiency of sales resources utilising these types of IT systems I believe is proven in the field, but with them comes an additional level of responsibility and workload in managing them.

In summary, technology in all its facets has impacted greatly on today's working environment. In some cases it has replaced people; in others it has assisted not necessarily in reducing the overall workload but in increasing the time spent on profitable activities, reducing time on mundane tasks and increasing efficiencies.

There are only so many hours in a day and it is the responsibility of each company and their employees to find and utilise methods, devices and technologies to enable them to work smarter in today's environment.

Source: A perspective given by Mr Paul Miller, National Account Manager, BP Castrol Ltd. Part of BP Amoco Plc.

Paul Miller's account is typical of the changes that have taken place in sales and sales management over the past decade or more. The growth in the adoption of IT in sales during this period has been phenomenal and has impacted on almost every aspect of the salesperson's life. For some older salespeople, the move to an IT- and information-intensive age has been a difficult journey. For younger salespeople, the changes that are likely to happen in the coming decade may be no less dramatic, as these technologies continue to mature and evolve, and as the role of the salesperson adapts in line with technological changes.

The wireless and 'mobility' revolution

One of the most significant trends in the past decade has been the move towards wireless technology, freeing the salesperson from their desk and allowing greater freedom to spend time with customers. We often think of the 'tools of the trade' for

salespeople as the car, mobile phone (or the ubiquitous Blackberry device) and laptop, but Signorini[1] helps put some structure on these 'mobility' devices by defining four areas into which the majority of these wireless data applications fall:

- *Field sales:* these include product inventory and pricing systems, access to customer account information, and real-time ordering.
- *Mobile office:* these include email, personal information management (PIM), access to corporate intranets and human resources systems.
- *Fleet management:* these solutions include despatch applications for courier companies, call scheduling systems for taxis and vans, location-tracking applications for managing the utilisation of large fleets of trucks, routing and mapping systems.
- *Field service*: these include the scheduling of work orders in the service and repair industry, access to customer records and information while on-site, financial services applications such as insurance claims handling and assessing, and access to national databases while 'on the road'.

The first two of these applications will now be discussed in more detail:

Field sales

Field sales constitute the single biggest use of wireless technology, accounting for more than a quarter of all applications in large organisations.[2] Wireless sales technology is typically used in one of three ways:

- The sales person has a laptop computer that can be synchronised with head office.
- The sales person uses a personal digital assistant (PDA) that can transmit sales information to, and receive sales reports from, head office.
- Many of the capabilities of the previous two can be combined into a single handheld device that also acts as a mobile phone.

Sales administrators often face a bewildering choice when deciding how to equip their sales executives in the field. Although handheld devices are cheaper than laptops, it may well be the case that the overall cost per salesperson continues to increase as more mobile technology applications are introduced. If sales representatives retain their laptops, rather than replacing them with PDAs or Blackberry devices (see below), then costs will certainly increase. There is also the potential for higher costs associated with the relative immaturity of some of the underlying technologies and standards.

The mobile office

The mobile office became a reality in the mid-1990s when sales people were routinely equipped with a mobile phone and laptop. In those early days, there were few robust office or sales applications and sales people were often poorly trained in their use. In 1998, the first BlackBerry was released (see box below) which made access to email on the move a reality. Today, a combination of lightweight laptops and a wide variety of PDAs and mobile phones make it possible for the salesperson to remain 'on the road' with no reason to visit the office except for routine sale management meetings.

Crackberry or Brickberry?

The ubiquitous Blackberry mobile communication device was created by Research in Motion (RIM), a Canadian company based in Waterloo, Ontario. RIM was founded in 1984 by a pair of engineering students. RIM was the first wireless data technology developer in North America and created several wireless products, including wireless point-of-sale devices, radio modems and the first two-way messaging pager.

In 1998, RIM produced a wireless handheld called the RIM 950 which handled email, contacts and calendaring with a built-in QWERTY keyboard. RIM forged partnerships with several wireless carriers and many software and hardware companies along the way.

The following year, a phone and email device called the Blackberry was launched along with a system for synchronising emails with Microsoft Exchange. This system provided the conduit between the wireless handheld and the corporate Exchange mailbox, with contacts and calendar, putting current business email in the hands of the mobile salesperson. New content updated in the mailbox was 'pushed' out to the Blackberry, keeping the salesperson up-to-date.

RIM continues to grow and improve the Blackberry brand, which has earned its many nicknames, such as Crackberry, a tribute to the apparent addiction users have to their devices, and Brickberry for the inelegant shape of the early, full-size, smartphone Blackberry devices.

Source: Based on 'A brief history of the Blackberry', Mojave Media Group, October 2008 (www.brighthub.com/office/collaboration/articles/8041.aspx).

12.2   ELECTRONIC COMMERCE AND ELECTRONIC PROCUREMENT

While the role of the salesperson has changed considerably, there have also been significant changes in the way sales and procurement are carried out, particularly between large organisations and their suppliers. In these business-to-business (B2B) environments, the nature of electric commerce, or e-commerce, has certainly undergone a revolution in recent years.

E-commerce and B2B trading

The term 'electronic commerce' or **e-commerce** refers to any sales or trading activity that is carried out over an electronic network. Today, e-commerce is synonymous with business-to-business (B2B) trading, as opposed to its business-to-consumer (B2C) counterpart. Although the first wave of growth of e-commerce was in the B2C domain, the B2B area is between five and ten times larger.[3]

E-commerce comes in many different flavours. For many years, electronic data interchange (EDI) allowed companies to place orders and facilitated suppliers' sending invoices electronically. However, the growth of internet use has seen an accompanying expansion of e-commerce through this medium. The boxed case study discusses how e-commerce has contributed to the success of Federal Express, Cisco, Dell and GE. This should not mislead anyone into believing that success on the internet is guaranteed. For every success story there are hundreds of expensive e-commerce failures. Poor website design, reluctance to conduct transactions through a new medium, problems with the adoption of common standards, difficulties with the integration of back-end computer systems and security fears are all barriers that hinder the faster adoption of e-commerce by consumers and businesses alike.

E-commerce in action

Internet-based e-commerce began in the mid-1990s when companies like Federal Express, Cisco, Dell and GE started to focus on online sales, customer service and procurement. These companies recognised the advantages of the internet as a more flexible alternative to electronic data interchange (EDI). It allowed them to expand their electronic trading to smaller organisations and transactions now started to flow on the internet. The terminology changed also – people began to use terms like 'e-business', 'e-commerce' and 'business-to-business' (B2B) as the use of the internet increased as a networking mechanism. A good example is Siemens, the German giant with an annual procurement budget of around €35 billion. The company buys all sorts of materials, from metals and plastics to pencils and desks, and spreads these over a dozen global divisions in sectors ranging from semiconductors and telecommunications to transportation and medicine. In 2002, 76 per cent of Siemens' procurement was offline and 24 per cent online. Of the online purchases, 90 per cent were conducted via EDI, the transfer of data between different companies using networks, and the remainder via the web.

Source: Based on O'Connor, J., Galvin, E. and Evans, M. (2004) *Electronic Marketing – Theory and Practice for the 21st Century*, Pearson Education, London.

E-commerce can take place at four levels (see Figure 12.1).

Level 1: Publish

This is the provision of information to the customer electronically. It is one-way communication that may involve annual reports, press releases, information on products and services, recruitment opportunities and advertising. Sometimes referred to as
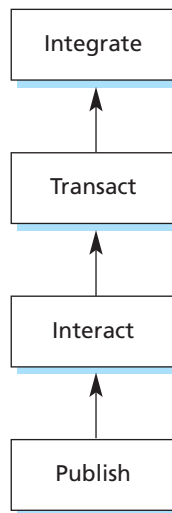
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          ┌──────────┐
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Figure 12.1   Four levels of e-commerce

'brochureware', it is little more than the establishment of an online presence and has little to do with selling.

Level 2: Interact

The next level refers to interactive engagement with the user on the internet. For example, Dell's website provides online technical support services including email links to online technical support representatives. Again, this has little to do with sales but does provide an additional layer of functionality to the 'publish' level.

Level 3: Transact

The third level of e-commerce allows goods and services to be bought and sold over the internet. Reaching this level can be costly in terms of initial investment, and although operating costs should be lower than more traditional ways of conducting business, usually costs need to be driven down in other areas of the business for cost savings overall to fall.

Level 4: Integrate

The highest level of e-commerce is where integration of the computer system and processes of traders is achieved to create a strong, formalised relationship. This may involve the establishment of a business-to-business extranet which is an electronic network linking companies to their trading partners. Extranets allow partners to

exchange information such as that relating to ordering, delivery and invoicing in a secure environment. For example, Mobil's extranet allows the oil company to accept orders from 300 distributors globally.

A practical example of Level 3 – Amazon and eBay

Operating at Levels 1 and 2 is inexpensive. Companies wishing to actually *sell* on the internet as opposed to just *market* their wares must move to Level 3, which can become significantly more expensive. However, there are ways for small to medium sized enterprises (SMEs) to limit the investment. The internet giants Amazon and eBay both offer a mechanism for SMEs to set up their own sales operations on the web. For as little as $15.99 per month, eBay can establish a 'Basic Store' for you.[4] Slightly more expensive is Amazon's WebStore offering, which allows sellers to trade online in five easy steps:[5]

1. *Setup your account:* Follow the quick and easy instructions to setup your WebStore account. In minutes you'll have access to a custom solution that will get your site up and running today!
2. *Design your webstore:* Take a few moments to customise your WebStore with one of our easy-to-use templates or use our 1-Click feature to create and launch your WebStore in minutes.
3. *Upload your product inventory:* Use our web-based tools, downloadable desktop application, or text files to upload your products and inventory to your WebStore. With many options, it's fast and easy to get your entire product catalogue into your WebStore.
4. *Change your domain to point to your WebStore:* Simply follow our step-by-step guide to point your existing domain name at your new WebStore. Don't have a domain name? No problem – your site will be available to the public at an Amazonprovided web address or you can purchase a domain name with any registrar.
5. *Start selling on your WebStore:* Once your domain is pointed to your WebStore you'll be up and selling. From here, you can use our marketing tools to help drive traffic to your site.

A practical example of Level 4 – Raytheon

While Amazon and eBay provide a somewhat cheap and cheerful solution to selling online, most large organisations have developed and manage their own web systems, and have integrated these systems into their own in-house sales, fulfilment and accounting systems.

Let us examine one specific case as an example of this highest level of e-commerce (Level 4 – Integrate) in action. Raytheon, one of the largest defence companies in the world, has also been one of the more forward-looking in terms of its adoption of e-commerce. For years, Raytheon had EDI links with its suppliers, but as the company moved into the internet age, it found that it had to put in place an

increasingly complex variety of mechanisms for dealing electronically with its trading partners. By 2008, trading partners could have an electronic commerce relationship with Raytheon in several different ways. In fact, Raytheon's website (www.raytheon.com) states that 'Suppliers and other Trading Partners are encouraged to work with Raytheon to build an electronic commerce relationship' and so that electronic commerce software allows data to be transferred between Raytheon and its trading partners with no manual input, which could slow the transaction (see www.raytheon.com/connections/supplier/commerce/index. html).

The point about e-commerce at Raytheon is not so much the technology itself, but the fact that sales people selling to Raytheon or similar large organisations will find themselves operating through a similar electronic procurement or **e-procurement** platform. Salespeople not only need to be familiar with these electronic procurement systems, they will also find themselves having to adapt to new roles as the nature of the relationship between seller and buyer/procurer changes and the entire procurement and sales processes continue to evolve.

A related application of technology that today's sales person has to contend with is the customer relationship management (CRM) system that has become ubiquitous in most businesses (both large and small) today.

Customer relationship management

Customer relationship management (CRM) is a term for methodologies, technologies and e-commerce capabilities used by firms to manage customer relationships.[6] In particular, CRM software packages aid the interaction between customer and company, enabling the firm to co-ordinate all its communications so that the customer is presented with a unified message and image. CRM vendors offer a range of IT-based services including call centres, data analysis services and website management. One basic principle behind CRM is that company personnel should have a 'single customer view' of each client.[7] As customers are now using multiple channels more frequently, they may buy one product from a salesperson and another from a website. Indeed, a website may provide product information which is used to buy the product from a distributor. Interactions between customer and company may take place through a combination of some, or even all, of the following: direct salesforce, call centres, websites, email and fax services or distributors. Therefore it is crucial that no matter how a customer contacts a company, front-line staff have instant access to the same data about the customer, such as their details as well as past purchases. This usually means consolidation of the many databases held by individual company departments into one centralised database that can be accessed by all relevant staff on a computer screen.

Although the term CRM is relatively new, the ideas and principles behind it are not. Businesses have long practised some form of customer relationship management. What sets present-day CRM apart is that companies now have an increased opportunity to use technology and manage one-to-one relationships with huge numbers of consumers. This is facilitated by companies such as Seibel (www.seibel.com),

SNT (www.snt.com) and Salesforce (www.salesforce.com), which provide specialist consultancy services.

In practice, CRM projects have not always achieved their objectives. It is therefore important to take note of the following factors, which research has shown to be related to successful implementation:[8]

- having a customer orientation and organising the CRM system around customers;
- taking a single view of customers across departments and designing an integrated system so that all customer-facing staff can draw information from a common database;
- having the ability to manage cultural change issues that arise as a result of system development and implementation;
- involving users in the CRM design process;
- designing the system in such a way that it can readily be changed to meet future requirements;
- having a board-level champion of the CRM project, and commitment within each of the affected departments to the benefits of taking a single view of the customer and the need for common strategies – for example, prioritising resources on profitable customers;
- creating 'quick wins' to provide positive feedback on the project programmes;
- ensuring face-to-face contact (rather than by paper or email) between marketing and IT staff'
- piloting the new system before full launch.

The real impact of the internet on selling and sales management

To date, most of the commentary on the impact of the internet and information technology on sales and sales management has been anecdotal, offering exaggerated speculative forecasts of its future potential. In the retailing industry, for example, 'despite one view contending that the internet will become a major new retail format, replacing the traditional dominance of fixed location stores, little academic research exists to either disprove or support the claims of internet penetration by retailers'.[9] Nonetheless, the internet continues to gain an increasing proportion of both B2C and B2B sales transactions.

With electronic commerce showing enormous potential to take over a significant share of sales, there has been an increasing need for companies to provide services that can reach individual users with different information profiles and levels of expertise.[10] Indeed, the internet has not only become a powerful tool, transforming the fundamental dynamics behind social and business interactions, but more importantly, also seems to be growing in both popularity and profitability.[11]

However, the application of the internet in selling and sales management remains a relatively new discipline with the potential to revolutionise the way companies build brands, sell products or services and develop relationships. Nonetheless, as pointed out by some authors, few companies seem to have a focused strategy, let alone a clear understanding of this phenomenon.[12]

It should also be pointed out that while the initial objective of websites was to provide information, increasing emphasis is now being placed on building lasting relationships between companies and customers.[13] As Martin suggests:

> The focus of marketing efforts are (and should be) shifting from marketing mix manipulation for the purpose of immediate exchange transactions to those that focus on longer-term exchange relationships.[14]

Accordingly, by developing a marketing strategy continuum focusing on steps to enable organisations to move from transaction cost marketing to relationship marketing, Grönroos not only complements Martin's argument, but further supports Scott's view that:

> Relationship marketing moves the dyadic exchange associated with personal selling from a short-term transaction orientation to a lifelong process where immediate closings must be postponed on the basis of more effectively meeting customer needs.[15]

Not all researchers support the merits of this process and, opposing this outlook, Shaw argues: 'Marketers must stop their obsession with loving customers since it has become a distraction from the basics of selling and tracking the origins of sales success.'[16]

Nevertheless, the internet has the potential to affect selling and sales management in many ways. Here are a few.

Building customer-centric selling arenas

The increasing use of the internet as a marketing and sales medium increases the power of the consumer by increasing the availability of comparative price information and the diversity of purchasing options. Customer focus not only compels management to realise the firm's primary responsibility of serving the customer, but also to recognise that customer knowledge is key to achieving market orientation.[17] As a result of this many organisations have successfully integrated strategies, tactics and web technologies to cement relationships with customers online.[18]

A major tool in creating customer-centric selling arenas is the emergence of extranets. These are secure sites accessible only to certain people and/or organisations. They allow transactions between buyer and seller to take place without the need for the involvement of expensive salespeople. Customers are able to log on to make routine purchases, allowing salespeople to focus on building customer relationships, developing customised solutions for customers and prospecting for new business. These business-to-business sites improve sales productivity and allow salespeople to build customer loyalty.[19]

Another internet-based selling arena is the open market catalogue site. These sites provide customers with product and price information and allow them to purchase from the site, rather like purchasing from a direct mail catalogue. The best known example is the online bookseller Amazon (www.amazon.com, www.amazon.co.uk, etc.).

Focusing on the right customer

Because the internet enables access to any online customer at anytime and anywhere in the world, companies may be tempted to try to attract as many potential customers as possible. However, several authors warn against this lack of focus and advocate the necessity for companies to adhere to the principles of sales and marketing management such as targeting. For instance, Van Niekerk, Berthon and Davies stress that 'the temptation to be everything to everyone must be vigorously guarded against' and that 'a tighter focus on the specific target audience needs to be paramount'.[20]

When using the internet it is important that the organisation's website is designed to achieve a specific set of objectives and provides a focus, rather than just being a vehicle for promoting the company in general terms. These objectives can relate to servicing current customers when making purchases, cross-selling company products, encouraging new customers or building greater loyalty among existing customers. A method of encouraging response is to make a specific product or service offering or to ask for a website evaluation.

Obviously, it is important that the website is simple to access and navigate, and has the appropriate links. If it contains icons or banners to gain attention at the beginning, these should not be used deeper in the site as they might prove distracting.

Data can be captured from those who respond to website offerings in terms of frequency of ordering, size of orders, types of purchase made, methods of payment, etc. This provides a clearer picture of customers who can be profiled, segmented and targeted more easily along the lines suggested.

Creating quality in communications

The general consensus seems to be that the internet and its related technologies allow for swifter information exchange and more consistent communications.[21] However, researchers such as Reichheld and Schefter warn that 'with the freedom to do more comes the temptation to do too much'.[22]

Given the plethora of information now available, it is becoming increasingly important that evidence presented to the customer is kept to a manageable proportion.

Understanding buyer behaviour patterns

A study on consumer behaviour by Long and Schiffman clearly concludes: 'it pays to understand customers'.[23] Nonetheless, we still do not have a complete understanding of how users actually interact with the internet. Two factors seem critical to predicting consumer behaviour on the internet. The first factor questions whether the buyer builds a relationship with a selected vendor or searches for a different electronic vendor for each transaction. While the first pattern or behaviour will undoubtedly create an opportunity for the seller to tune regular offerings and promote loyalty, the second pattern precludes stable relationships. The other critical factor lies in the scope of the goods and services linking buyer and seller. Thus, the consumer is expected either to search for the provider of the best individual goods and services or favour a search for the best provider of a collection of goods and services.[24]

Changing approaches to brand management

The internet is changing traditional approaches to brand management. While images and allusions are used to communicate branding messages in traditional marketing, on the internet, product features and the provision of information are needed as a basis for branding as some consumers scan alternative product offerings and outlets for bargains. Furthermore, as consumers gain more experience of using the internet, they are more likely to search for alternative sources of information and be less reliant on product branding.[25] Branding may become less dominant in consumer choice but still remains important.

Pricing

The internet makes the process of searching for the lowest price a simple task. Therefore, one prediction is that brands will have to become more price competitive to survive in the new electronic world. However, Reichheld and Schefter claim that 'contrary to common perception, the majority of on-line customers are not out to score the absolute lowest price . . . Price does not rule the web; trust does'.[26] A contrary view is presented by Sinha who believes that 'cost transparency may weaken customer loyalty and create perceptions of price unfairness by encouraging dispassionate comparisons of price and features'.[27] Sinha may well be right. One of the largest airlines in Europe today is Ryanair, a company whose entire philosophy is build around low prices, and which has pointedly ignored many of the tenets of CRM discussed earlier. Ryanair forces its customers to buy online, print their own boarding passes, and fly to out-of-the-way airports. (Ryanair passengers flying to Brussels will find themselves in the small regional airport of Charleroi, 46 kilometres from the Belgian capital.) Despite the company's distain for customer-centricity, its seller-centric model has been highly successful because it provides a low-cost offering that consumers want.

Creating interactive opportunities with consumers

The interactive opportunities afforded by the internet not only offer information about buyers' current tastes and preferences, but can also provide information about their potential needs and future market trends through marketing research.[28] It therefore represents a valuable source of new product ideas. The key is not only to design brands to be interactive, but also to equip customers with the ability and willingness to interact.[29]

Building customer relationships

Advances in information technology present new opportunities and challenges to establish, build and manage customer relationships. In fact, interactive communication is increasingly being hailed as the conductor to relationships, which cannot only drive brand value but more importantly provide up-to-date information on customers' needs and thoughts. For example, increasingly interactive databases have become the platform from which companies are tailoring the targeting of their messages to attract and retain customers. This is discussed in more detail in Chapter 8. Regarding

the internet, the growth of email campaigns (as a replacement for direct mail) and extranets as forms of external communications and the growing complexity of intranet systems to facilitate internal communications show how information technology can aid (if done with care) buyer–seller relationships.

Performance measurement

Developments in information technology have increased the scope to collect, analyse and exploit customer information. The internet offers companies unprecedented opportunities for understanding their customers in depth and for customising offerings to meet their preferences. However, not only does the average website achieve less than 30 per cent of its full sales potential with each customer, but 'less than 20 per cent of companies even track customer retention rigorously let alone try to systematically learn from customer defection patterns'.[30] This lack of analysis means that strengths and weaknesses in past performance are not identified and opportunities to improve future performance are missed. Supporting this outlook, Kenny and Marshal argue that companies are so fixated on building web capacity and increasing their visitor counts, click-throughs and online sales that they overlook opportunities to cross-sell and up-sell with a result that purchase value per customer is lower than it should be.[31] There is, therefore, considerable scope for improving the measurement of the effectiveness of websites and the information they provide.

12.3   USING TECHNOLOGY TO SUPPORT SALES ACTIVITIES

Automating the salesforce

While sales representatives traditionally operated with limited technology support, in recent times, technology has been used to improve productivity. IT applications, typically involving laptop computers, are often referred to under the broad heading of **sales force automation (SFA)**.

Technology can increase the overall professionalism of salespeople as they work through the sales cycle with potential customers. Some of the benefits provided by this type of laptop software applications include:

- Freeing salespeople from routine office administrative tasks enabling them to spend more time with customers.
- Providing better customer service because the salesperson has immediate access to information such as stock levels or quotations.
- Capturing information that allows management to measure and monitor sales performance.
- Helping to create and manage sales opportunities so that a greater proportion is converted into sales.

The important caveat here is that salesforce productivity issues cannot be solved completely by technology. Selecting salespeople with the right skills, training them and motivating them with properly designed incentives are as critical to salesforce productivity as the SFA applications.

Three generations of sales force automation (SFA) software

Salesforce automation software has developed through a series of different generations over the past decade:

Generation 1: Personal information and contact management

The first generation involved equipping the salesforce with laptops and other types of computing and data storage devices. At first, these machines contained the typical office productivity applications such as spreadsheets and word processors. Before long, salespeople clearly saw the value of personal digital assistants (PDAs) and over time, these applications became tied into the other personal productivity applications on the PC. Products such as ACT!, Goldmine and Maximizer were designed to help a salesperson manage contacts and time, and increase their selling effectiveness. Powerful time and contact management tools that had not existed previously were quickly developed and implemented.

Generation 2: The networked salesforce

As managers realised that this technology was helpful to their field sales representatives, they began to wonder how they might also harness this information for corporate purposes. The 'second generation' SFA tools were essentially networked versions of the first, connecting the contacts database and personal productivity tools of the salesforce to the corporate network. This was usually accomplished via data replication, by plugging the laptop into a phone-line, typically at night. While sales representatives retained their interest in time and contact management, these tools offered them little if any additional advantage over the first generation, although some were much smaller, portable and lighter than their predecessors.

Generation 3: Technology-enabled selling

Technology-enabled selling is the name give to the latest generation of SFA tools. These technology-enabled sales systems incorporate a much richer variety of functions to help salespeople acquire and close more business, including some combination of the following:

- *Lead management:* the ability for sales to receive leads from marketing and other departments.
- *Opportunity management:* this organises all information around a sales opportunity to give complete view of the sales cycle, co-ordinate schedules and resources, and bring the sales process to closure.
- *Account management:* the ability to track successfully closed opportunities. This can also track business contacts through companies, subsidiaries, branch offices, departments, etc. with multiple addresses and contacts.
- *Proposal management:* the ability of the salesforce to produce on-the-spot, customised, accurate product configurations and proposals. It is critically important for complex product and service sales opportunities.

Table 12.1   Well-known US sales force automation (SFA) software packages

SFA solutions aimed at large enterprises	SFA solutions aimed at small–medium enterprises
Amdocs/Clarify (www.amdocs.com)	Pivotal (www.pivotal.com)
E.piphany (www.epiphany.com)	Onyx Software (www.onyx.com)
Firepond (www.firepond.com)	Interact Commerce (www.saleslogix.com)
J.D. Edwards (www.jdedwards.com)	
Oracle (www.oracle.com)	
PeopleSoft (www.peoplesoft.com)	
SAP (www.sap.com)	
Siebel Systems (www.siebel.com)	

Source: Close, W. and Eisenfeld, B. (2002). 'CRM sales suites: 1H02 magic quadrant', *Gartner Research Note M-14-7938*, 1 March.

- *Win/loss reporting:* the ability to evaluate wins, losses and return on investment objectively. It allows people and companies to learn and improve their sales and customer support processes.

There are hundreds of different software solutions aimed at the salesforce automation market. Some well-known US packages are shown in Table 12.1.

The use of technology in the retail industry

Some of the greatest changes in e-commerce have taken place within the field of retailing. This has major implications for the way in which business is conducted between suppliers and retailers, as described in the box below.

The changing relationship between supplier and retailer

The area of the relationship between a supplier and a retailer in the grocery industry has for a long time been a relationship built on personal contact. The personal contact between the salesforce of the supplier and representatives for the retailers (from store managers and 'upwards') has been the foundation of business relationships in the grocery sector. In recent years, the size of the salesforces have decreased, and more and more communication is done electronically between supplier and retailer. This is especially true in countries like Britain, where different forms of extranet, propriety-nets based on internet technology, are increasingly becoming the contact point between suppliers and retailers.

Source: Johansson, U. (2000) 'Consequences of information technology on supplier–retailer relationships in the grocery industry: a comparative study of Sweden and the UK', available at www.lri.lu.se/lifs/projects/it.htm.

Johansson describes how suppliers access information on their sales and stocks, including promotions, with the retailers. He cites Safeway, the fourth largest grocery retailer in Britain, which is linked to 500 of its suppliers through the company's supplier information system (SIS). Tesco, the market leader in the United Kingdom, has its own system while Asda is argued to be even more advanced given that it is owned and operated by Wal-Mart, a retailer that has built its success on the use of state-of-the-art information technology.

Suppliers need to be fully conversant with the technology employed by their trade customers and ensure their strategy and systems are consistent with their customer's approach. Suppliers need to be sensitive to the impact their own actions can have on a customer's technology and should take advantage of opportunities to assist the customer through the sharing of information and technological resources.

The pace of change in retailing continues to accelerate. Much of this change has been as a consequence of investment in IT by retailers of all sizes and made possible by falling infrastructure costs.

We have already examined the role of electronic data interchange (EDI) applications in the retail industry. The following paragraphs offer a brief insight into other applications used in the retail industry by both suppliers and retailers.

Supply chain management

Much of the drive for investment being made by retailers is to increase the efficacy of data relating to stock to allow efficiencies to be made in supply chain management. Supply chain management is the concept of the provision of products from suppliers' production lines to their sale at the retailers' tills. Supply chain management drives profitability as it ensures retailers and suppliers are focused on ensuring the right products are available in the right quantities at the right times to meet their individual customers' requirements. Accurate and real-time data are the enablers for this.

Retailers are increasingly aware of the benefit of having collaborative relationships with their suppliers and are now making these data available to their suppliers, usually through web-based technology such as secure **intranets and extranets**. This allows the supplier to see the same data as their customers at the same time. Production and supply are harmonised to in-store demand, facilitating the concept of demand management. This can have the mutual benefits of increased sales, fewer stock-outs and lower levels of stock required across the entire supply chain.

Retailers have taken the lead in this investment and thus now hold the balance of power in dealings with suppliers as they now possess more up-to-date and relevant real-time data than their suppliers. This obviously gives retailers a commercial advantage when negotiating with suppliers.

Electronic point of sale (EPOS) and electronic funds transfer at point of sale (EFTPOS)

Data are captured at the moment a product's unique barcode is scanned at the till. Advances in technology have significantly aided the scope for data analysis. In addition to the original scanner-related data on sales rate, stock levels, stock turn, price and margin, retailers now have information about the demographics, socio-economic and

lifestyle characteristics of consumers. They can also assess the impact of a whole host of variables, e.g. price, promotions, advertising, position in store, shelf position and number of facings. This information drives their choice of product mix, allocation of shelf space and promotional tactics. Some retailers also use customer loyalty cards as a means to capture data which can be analysed, allowing the retailer to engage in one-to-one marketing initiatives, e.g. information on new products and offers of discounts to retain customers.

EPOS has certainly changed the relationship between buyer and seller. Before the availability of scanner data, the trading relationship depended on information provided by manufacturers from retail audits, information that was at least several weeks old. Access to more detailed, accurate and timely data from scanner systems gives the retailer significant bargaining power. Not surprisingly, information finds itself on the negotiating agenda. Manufacturers do buy EPOS data from their customers, but they can also trade the information and capabilities they have in exchange for it. Market knowledge is still the manufacturer's forte and this national market picture is of great use to the retailer. Additionally, armed with the retailer's EPOS data, the manufacturer could deliver well-targeted trade marketing programmes beneficial to both sides. In true trade marketing spirit, co-operation is the overall preferred approach.

EPOS depends on the inclusion of barcodes on all products to be scanned. This impacts directly on the manufacturer/supplier who should ensure that all packs carry a barcode and that the barcodes for any new line listings or promotional packs are entered into the customer's system before any goods are shipped.

Space management systems

Maximising the sales and profitability of selling space is critical. One of the reasons for retailers investing in supply chain management is to reduce the amount of storage space required in store, allowing sales areas to be increased. To ensure the right amount of product is kept in store and featured on the shelf, retailers use space management systems to construct virtual plannograms, which should maximise sales that can be achieved from each metre of selling space. To better understand the implications of these software packages on their products, suppliers have not only bought packages but also set up departments that specialise in space management. Opportunities exist for their proactive use by manufacturers, particularly in situations where the retailer is short of resources; importantly, manufacturers can put themselves forward as produce category specialists. In the soft drinks sector, Coca-Cola Schweppes Beverages (CCSB) acts as the category specialist. A key function of the trade marketing role at CCSB is to advise the retail trade on the allocation of space to the soft drinks category in totality. An example of a software package that can accomplish this is Nielsen's *Spaceman*. Recently, however, retailers have become concerned that some suppliers may use this technology to favour their products at the expense of competitors at the key point of purchase.

Direct product profitability

Maximising the profitability of every product is critical in many areas of retailing where price figures highly in the marketing mix.

The output from direct product profitability (DPP) systems can affect retailer decisions on product stocking, store position, pricing and even trading terms demanded.

It is vital, therefore, that the manufacturer understands DPP and the extent to, and manner in which, individual retailers use it.

DPP replaces gross margin as a much more accurate measure of a product's contribution to total company overhead costs and profit. It takes account of the fact that products differ with respect to the amount of resource they use; such as the amount of transport costs, warehouse and back-of-store space, staff handling time, share of shelf space, even head office costs. As a minimum, the manufacturer needs to be aware of how the retailer is using DPP and have sufficient expertise to question the results of the retailer's analysis. For example, a product with low DPP may still be essential to a retailer's success if it generates in-store customer flow, and if deleting it would lead to a loss of customers.

It can be used by manufacturers and retailers to examine the costs at their individual ends of the distribution chain, and by both to estimate the costs and profits in the other's field for use in negotiation. In some instances, manufacturers have taken the lead in introducing DPP and in doing so have capitalised on the potential gains for both sides. Procter & Gamble claims it would modify its packaging, trading terms and other variables on the basis of DPP analysis. Proactive use of DPP by manufacturers works best with actual cost data from the retailer; without this only standard retail industry data can be used. In fact, to continue a theme already begun, manufacturer–retailer co-operation in the sharing of data is the preferred strategy in order to maximise gains for both parties.

Category management

Technology also enables category management. Scanning technology delivers information at a level of detail that allows customised merchandising strategies (tailored product assortments, space allocations, pricing, promotions, etc.) to be devised for categories or types of store. Furthermore, sophisticated computer modelling programs allow such marketing programmes to be pre-tested before they are implemented.

Retailers will best respond to those manufacturers who establish themselves as experts in the category and share their data on product sales, consumer behaviour and competitor activity with them. Manufacturers can add these data to their knowledge, analyse and identify significant consumer and category trends and use this to make strategic recommendations to the retailer on ranging, merchandising, products and promotions that will increase the overall profitability of the category. This, of course, presumes the adoption by the manufacturer of the relevant technology and applications, but the gains to the proactive manufacturer are substantial.

12.4   USING TECHNOLOGY TO IMPROVE SALES MANAGEMENT

Managing the sales pipeline

Consider the daily activities of this successful but fictitious sales executive:[32]

7:00 a.m. Wake up. Check BlackBerry for customer and prospect emails/deals in progress. Review tasks and calendar.

7:15 a.m. Work out (at company-sponsored health club, ClubOne).

8:20 a.m. Arrive at work. Grab breakfast and coffee in company kitchen (healthy snacks provided) and catch up on the weekend with co-workers.

8:35 a.m. Read emails from Marc (CEO), Jim (president), and my manager (RVP) to make sure I'm up to date on what's new with the company, corporate sales and my team.

8:45 a.m. Review dashboard/pipeline, plan prospecting and closing calls for the day.

9:00 a.m. Team meeting. Discuss forecast and latest competitive information. Review deals.

9:30 a.m. Ensure customer success. Close a deal worth $22K. Convert three leads into opportunities. Make six customer and eight prospects phone calls. Leverage salesforce application to review new opportunities and update client and prospect records. Talk with customer success manager on key accounts to review customer activity and adoption goals.

Noon Book travel for President's Club trip to Hawaii in March.

12:10 p.m. Attend brown bag lunch session on new features of the Apex platform.

1:00 p.m. Present two web-based salesforce demos to VP of sales and CFO of two medium-sized (500–1,000 employees) businesses. Close another deal worth $38K.

5:00 p.m. Meet with my manager, who congratulates me on how I blew out my numbers this month. Discuss current pipeline and forecasting, customer upgrades, pricing proposals, and career development plan.

5:30 p.m. End of the month happy hour with the entire sales team.

Although fictitious, the daily activities of this (presumably male) testosterone-fuelled sales executive do explain the concept of the sales pipeline and how that pipeline is managed. The sales pipeline is a relatively simple concept that can be thought of as a funnel rather than a pipeline. Numerous leads are poured into the top of the funnel, and these leads swirl around; they either spill out over the top of the funnel or manage to proceed down the funnel where they get converted to real sales opportunities. Some will even progress all the way through the bottom of the funnel, at which point they emerge as signed contracts and purchase orders. For leads to become opportunities with a greater chance of eventually being converted into a sale, they need to be 'qualified', typically through a process of being able to answer questions such as: Is there a budget for this? Are we talking to the budget holder? Do we know what the buying criteria are? Is there a target date for the buying decision? Do we know any of the people who can influence the budget holder in making the decision?

Good sales pipeline management consists of having a clear and formal process for capturing and analysing leads, allocating them to sales people, managing the qualification process, and carefully managing the process of closing those sales so that the maximum number of sales is generated. Over the past decade, this process has been become more and more automated and several companies (such as Salesforce.com) now have technology products that not only support the sales executive in managing the activities around the sales process, but also provide the sales director with good management information that allows them to forecast better, allocate resources more effectively, and understand which sales executives are being more effective at selling than others.

These pipeline management systems are typically embedded into a customer relationship management (CRM) system so that leads and opportunities are linked to contacts and accounts that may be existing customers, or just potential customers. For most mature businesses, the majority of sales revenues will come from existing customers.

Measuring salesforce effectiveness

SFA systems help monitor salesforce activities and productivity, but do they measure **salesforce effectiveness**?

According to Dr Pierre Chenet, founder of customer retention and sales effectiveness specialists Deep-Insight, sales directors need to have three different categories of measurement if they are to monitor and maximise the effectiveness of their salesforces:

1. *Accounting-based measures* such as overall revenues achieved and profit margins, by team and by individual;
2. *Sales activity measures* such as calls per period, proposals submitted, sales pipeline coverage, sales forecast figures;
3. **Customer relationship quality (CRQ)** *measures*, which can identify how likely existing customers are to continue to buy from the same supplier, based on a measurement of the strength of the relationship that exists with that customer.

The first of these three measurement systems is almost always in place in a well-organised company. The second is sometimes in place, but often in an ad hoc fashion unless a sales force automation (SFA) system or lead management system (such as Salesforce.com mentioned above) is rigorously in use. The third is rarely in place in a structured fashion, despite the fact that sales forecasting can only be done effectively if there is a clear understanding of the strength of the relationship with major accounts (see Chapter 10 for a more in-depth discussion of relationship selling). Chenet picks up the story in the interview below.

Chenet's perspective is an example of true CRM in selling and sales management – attempting to gain a real understanding of, and insight into, the relationships that companies have with their customers. Armed with these insights, sales directors and account managers can focus on what they really need to do in order to make the next sale to these customers.

Selling through 'Trust'

Most customer surveys miss the point. They don't account for the customer's feelings and trust. Furthermore, they are designed in a way that fails to capture the changing needs of customers. Let me start by clearing up a misunderstanding. I don't wish to play with semantics, but it is important to highlight the difference between customer loyalty and customer retention. Customer loyalty is an elusive and intangible concept that cannot be measured and consequently *cannot* be *managed*. However, customer retention is a tangible concept that can be measured. If it can be measured, it *can* be *managed*! However, customer retention is a complex process.

Our research shows that the most important factor in customer retention is the measure of *customer relationship quality (CRQ).* This is an assessment of a number of factors, but the three most important are:

- *customer satisfaction;*
- *trust*; and
- *relationship commitment.*

Selling through 'Trust' (*continued*)

The funny thing is that most companies will measure satisfaction on an ongoing basis, but it's quite a transactional measure. You can be satisfied today and deeply dissatisfied tomorrow. Most sales directors that I meet know that in order to get a real understanding of whether a major account is going to stay with you for the future, they need to understand if the customer trusts the company, and if the customer is committed to a long-term relationship. But most companies only have a 'Customer Sat' measurement system in place. That's the thing I can never understand!

We help global companies measure CRQ on an ongoing basis. We are also pragmatic enough to understand that sales directors need more operational measures to monitor the performance of their sales or account managers (AMs). At Deep-Insight, we provide 'AM packs' that provide account managers with a full assessment of their accounts. Those reports also help the sales director identify under-performing (and over-performing) sales managers, and help the individual sales manager to identify the actions he or she needs to take on specific accounts to improve the quality of the relationship with (and future sales from!) that customer.

Online assessment tools like ours provide results within days, not weeks or months. More important, because the assessment takes only 10 minutes to complete, we get response rates of around 50 per cent. In other words, today's technology allows you to check the pulse of ALL your customers regularly, not just a small sample. Sales directors love that, because they can get regular and speedy feedback that allows them to take remedial action where necessary.

Source: Interview with Dr Pierre Chenet, founder of the customer retention and sales effectiveness company Deep-Insight (www.deep-insight.com). November 2008.

Optimising sales territories

Another area of opportunity is the allocation of sales territories to particular salespeople. This can be an inefficient manual process that can be automated using statistical techniques to optimise the ratio of time spent with clients to time spent on the road. Zoltners and Lorimer[33] believe that many salesforces are losing millions of dollars each year because of sales territory imbalances. They cite a study of 4,800 sales territories from 18 companies in four different industries where more than half the territories were imbalanced because they were either too large or too small. They also note that there are very real obstacles that prevent companies from optimising their sales territories:

- salesforces resist change;
- salesforce incentives and compensation plans can work against achieving the best alignment;
- realignment is a cumbersome task;
- data required for alignment are often not readily available.

These are the internal difficulties associated with any changes to existing sales territories. The realignment or optimisation of sales territories can also be problematic

and confusing for customers. Zoltners and Lorimer believe that sales territory align-ment is one of the most frequently overlooked areas of salesforce productivity and provide a methodology for overcoming the obstacles that includes obtaining buy-in from the salesforce and making territory decisions based on accurate data.

The boxed case shows an example of one implementation of territory manage-ment software.

IT applications in territory mangement

In the past, sales managers drew sales territory boundaries using a map, a thick felt pen, lots of pins and years of experience. The result was highly inefficient territories. At best this approach led to lots of unnecessary driving and at worst it meant lost sales as some areas were less well served than they should have been. Today, soft-ware packages such as CACI Fieldforce Planning's *Insite Fieldforce* provide comput-erised territory planning. The package calculates the best possible balance of workloads and drive times to create efficient territories that allow the salesforce to spend less time driving and more time face-to-face with customers.

Territories are normally built around the locations of the salespeople – their home addresses or the local offices from which they travel – and the number of territories requested will be the number of salespeople in post. If more salespeople are to be recruited, extra 'floating locations' can be added and the package will work out the optimum location for each one. Alternatively, all territories can be based around floating locations to identify the best location for all salespeople. By default, territories of equal workload are produced.

Account is taken of the greater time spent driving in more rural territories in Scotland, mid-Wales, East Anglia, Devon and Cornwall. Allowance is also taken of the distribution of calls around the sales base. For example, in one territory calls over an hour's drive time for the salesperson's home may be widely scattered while in another they may be concentrated in three towns where several calls can be made on the same day to reduce the total time spent driving. In this way efficient territories based on both drive time and workload can be designed.

A companion software package, *CallSmart*, allows sales calls to be placed in the best sequence to minimise drive time. It takes into account many factors such as call locations, call cycles, visit restrictions, fieldforce locations and driving times. It will deal with single and multiple frequency calls and plan tomorrow's visits or a set of call cycles for the next year. There are two versions of software, one allowing head office to plan calls and the other for use on the field salesperson's laptop.

The most efficient call sequence is achieved by using a matrix of drive times to and from any postcode. The package can then make the most efficient choice of when to plan each call. Call sequences can be viewed on a map to reassure users that the chosen plan is sensible, logical and efficient.

Source: Based on Shaw, M. and Williams, C. (1999) 'Putting territories on the map', *Journal of Targeting, Measurement and Analysis*, 8 (2), pp. 135–52; www.caci.co.uk/ppf-insitefieldforce.htm; www.caci.co.uk/pff-callscheduling.htm.

Other sales support applications

Recruitment and selection

Recruitment and selection decisions can also be facilitated by IT applications. Specific software packages have been developed to assess the suitability of sales personnel. Packages assess candidates on the basis of key attributes for a salesperson, for example, intellect, motivation and sales ability. Some packages provide a suite of skill areas, which can be selected according to the nature of the sales job and may include prospecting, lead qualification, handling objections, presentation skills, closing the sale, telephone technique and time management.

Such software packages can also be used in relation to the current sales team to diagnose underperformance and to identify training and motivational needs. For example, a sales manager can identify skills weaknesses and therefore focus on the area (e.g. presentation skills) in most need of attention. In relation to motivation, a manager can determine whether status is more important than money and adjust incentives accordingly.

Training

Implementation of training can also be assisted by IT. Computer-based training (CBT) packages can be used to deliver knowledge and develop skills in managing information. In particular, new product information can be delivered in this way. The software can be used to present information and challenge the salesperson to remember key points, or to monitor knowledge levels. Some companies, such as those in financial services (e.g. insurance), require their salespeople to achieve a minimum score before they are allowed to sell. A key advantage of computer-based training software is that it can be used at times and locations to suit the company and user. There has been growing interest in multimedia training packages, many of which are now hosted on the web, as well as being distributed through the more traditional medium of CD-ROM or DVD.

Sales forecasting

Computers have been used for sales forecasting purposes for many years. For example, the statistical software package SPSS can be used to forecast future sales using sophisticated techniques such as regression analysis. This takes account of variables such as advertising spend, disposable income and relative price levels to predict future sales. Without the power of the computer, the calculations would be time consuming, tiresome and prone to error.

12.5   CONCLUSIONS

This chapter has explored the new developments in information technology that have impacted on selling and sales management. Information technology is helping companies such as Wal-Mart and Raytheon to sell efficiently and effectively to their

customers. The internet is allowing customers to search for product and price information more easily than ever before, and to buy directly without the need for salespeople or distributors.

Developments in information technology such as email, fax and mobile phones are improving the communications links between salespeople, customers and head office. They are also bringing pressure on salespeople who are now expected to respond faster because of the speed at which these new technologies operate.

Customer relationship management software is allowing companies to understand the quality of their customer relationships better than they could historically. CRM software also provides company staff with access to the same data about the customer so they can respond in a unified way. This usually means the consolidation of the many databases held by individual departments into a centralised database that can be accessed by all relevant staff.

Sales management has also benefited from these developments. Sales force automation (SFA) software has helped to increase the productivity of the sales person, while IT is also employed to support territory management, journey planning, recruitment and selection, training, sales forecasting, salesforce size and evaluation systems.

The twin arts of selling and sales management have undergone significant changes over the past decade as a result of developments in IT and the internet. It is safe to assume that the next decade will see changes that are equally significant and as challenging for the sales executive.

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PRACTICAL EXERCISE

Raytheon

Assume that you are the sales director of a hi-tech manufacturing company based in the United Kingdom. Much of your manufacturing has been outsourced to China and India but the more sensitive, value-added components are still manufactured in the north of England. Your new CEO is an American with strong contacts in Raytheon in Waltham, Massachusetts. He has secured a series of meetings with some of the senior executives and with Raytheon's procurement department, which will take place next week. He has asked you to prepare a two-page briefing document on the most appropriate sales and negotiation strategy to adopt in those meetings, based on your understanding of Raytheon's procurement process.

Trawl the web and Raytheon's corporate website (www.raytheon.com) to find out how Raytheon manages its procurement process, and prepare that two-page briefing for the CEO.

Examination questions

1 Choose five technological changes that have impacted on selling and sales management. What effect do they have on selling and sales management practices?

2 What is e-commerce? E-commerce can take place at four levels. Discuss each of the four levels.

3 Discuss four ways that the internet has affected selling and sales management practices.

4 What is customer relationship management? Describe how a salesforce automation company like Salesforce.com can help you manage customer relationships more effectively.