

Chapter 2: The Roles Salespeople Play and Multichannel Sales Environments

INTRODUCING THE CHAPTER

This chapter focuses on the sales function, the various channels in which the sales function can be carried out and the aligning of a firm's strategy in a multi-channel environment.

Salespeople have to take an active role in the supply chain. Selling in the multichannel environment means that salespeople and sales managers have to integrate their activities with the other channels through which the company sells. Customers want to buy through the channel that is most convenient, and get service in the most convenient way.

This chapter also covers B2B buyers and the decision-making process. Understanding how buyers make decisions, the different relationships buyers engage in with suppliers, and how to manage the buying process, are key skills essential to sales success.

Chapter Objectives

After completing this chapter, students should be able to:

- Explain the various roles salespeople play in addition to their regular sales roles.
- Identify how sales roles are carried out through various channels.
- Describe the options for completing the sales function.
- Explain how effective sales management efforts can align a firm's sales strategy in a multi-channel environment.
- Understand how business-to-business (B2B) customers make decisions.

Chapter Outline

The sales function can be carried out in various channels. In a multichannel environment, it is important to align the firm's strategy across the functional areas of an organization.

- I. Salespeople's Roles
- II. Make or Buy? Outsourcing the Sales Function
 - A. Types of Outsourced Salespeople
 - B. Types of Company-Employed Salespeople
 - C. Team Selling
- III. Selling in a Multichannel Environment
 - A. Aligning the Functions
 - B. Achieving Alignment

- IV. Understanding B2B Purchasing Decisions
 - A. The Buyer's Decision-Making Process
 - 1. Problem recognition
 - 2. Information search
 - 3. Evaluation of alternatives
 - 4. Purchase Decision
 - 5. Postpurchase evaluation
- V. The Nature of B2B Relationships
 - A. Transactional relationship
 - B. Facilitative relationship
 - C. Integrative relationship
- VI. Managing Your Career
- VII. Chapter Summary

MANAGING YOUR CAREER

What's the best way to sell? The takeaway from this chapter is that there is no single sales career, but many types of selling. Sales is not sales is not sales. Students need to explore the differences to see what might be their best fit.

SUPPLEMENTAL VIDEOS DISCUSSION SUGGESTIONS

Understanding and Defining Sales Channels: This video is a good introduction into sales channel and discusses channel conflict. Have students map out the sales channels for various products such as HP laptops, Coca-Cola (or other beverage of choice), Apple iPhone, etc. Then have them consider these brands multi-channel strategies. Is there channel conflict? How does the company handle that conflict?

B2B Marketing: Gaining Multi-Channel ROI: One benefit of a multi-channel strategy is to be able to reach various segments and demographics of consumers where they are. Have students research different generations (e.g., boomers, gen x, millennials, etc.), what are the best ways for a product to communicate/reach each generation? What about other demographic groups?

In the second half of the video, the discussion turns to the relationship between marketing and sales. This is a good opportunity to discuss how marketing and sales can work together, the role marketing plays in lead generation, and the importance that various functions work together (i.e., marketing, sales, customer service) to provide a consistent experience for customers.

How to Accelerate Growth with an Efficient, Highly Targeted, Multichannel Sales Process: Ask students to conduct a micro-segmentation analysis of the school they attend for school-branded items sold through the bookstore. What are the major buckets (e.g., students, faculty, staff, alumni, etc.) and then what are the smaller pockets in each bucket? What are the various channels the bookstore can use to sell their items? How should the bookstore communicate with each segment?

QUESTIONS AND PROBLEMS

1. **A salesperson says to you, “I own the customer; I alone am responsible for making sales happen, so I alone should manage all of the communication with that customer. Marketing should only do what I tell them to do because most of what they do is a waste of time and inconsistent with what my customer needs to hear.” Marketing responds that doing so is inefficient, creates confusing messages, and leads to more problems. Who’s right? What effect could such a conflict have on the firm’s ability to execute its strategy and accomplish its objectives? Why isn’t it enough to just say the company needs its sales and marketing departments to get along?**

The departments in the firm are supposed to complement each other and focus on the common goal of selling the way the customer wants to buy. If the departments have a conflict with each other, then the firm’s alignment will be impacted negatively, which will in turn affect sales to the customer and the firm’s efforts to gain a competitive advantage.

2. **At Separis, field salespeople call on major accounts, and a call center handles medium-sized accounts. Small accountholders place orders through the website. Each channel is operated as a separate profit center, meaning that each channel manager is evaluated on how well each channel performs in terms of delivering a profit. What are the potential problems with this approach? What are the benefits? What needs to happen to maximize the company’s benefits and minimize its problems?**

Customers don’t really care if each channel is operated differently; they expect the company to act as one company. When each channel is measured separately for profit, then the tendency is to not handle problems that may have started in another channel; after all, that adds cost and the revenue went to the other channel. The benefits are that each channel director can manage the business as a business and be more entrepreneurial but that doesn’t outweigh the negatives from the customer’s perspective and may also add layers of cost. If the goal is to enable innovation and entrepreneurship, as well as responsibility and accountability, then build those values into compensation and evaluation processes explicitly.

3. **Separis has also separated the sales function from the after-sale service customers receive. Service issues are handled by a separate contact center established strictly for that purpose. If a major account calls its salesperson with a service question, the representative is supposed to direct the customer to Separis’s contact center. Why would a company take this approach to customer service? What possible problems could arise from such a policy?**

If the kind of service required is very specialized the salesperson may not be the best person to carry out the customer service as he or she may not be trained for it. In such a case a separate department take care of customer service. If the service needed does not require a specialist, then the salesperson can carry it out.

- 4. Microsoft, among others, has created chatbots that interact with potential buyers on the web. The goal is to move a sale far enough along so that when a human gets involved, the probability of closing the sale is very high. Some prospects, though, push back. Not realizing that they've been dealing with a bot, they don't want to get transferred to someone new. These types of situations have led some people to believe that technology will, ultimately, replace salespeople. Others believe salespeople will always have a place. What do you think? Why?**

Answers may vary but expect most students to agree that sales will have a place. People want human interaction and need human interaction to develop trust, in most instances. In addition, the role of salespeople is changing to be as much about managing the business as about persuasion. Some sales jobs may go away, but according to the U.S. Dept. of Labor, the number of salespeople in the U.S. has held constant for the past 20 years. This statistic suggests that the job is changing to still add value, in spite of technology replacing many functions that salespeople used to do, such as inventory management (say in grocery stores), billing, and others.

- 5. When you choose insurance for your automobile, you can select from any number of options. How many channels can you list in terms of the way you can buy car insurance? Identify a couple of companies for each channel. Are there some that seem to use a lot more channels, or do they seem to focus on just one channel or a few channels? Pick two very different companies and consider why their strategies might differ. Which strategy would you prefer, and why?**

Students can easily identify GEICO as an example of a web-based company but may not realize that Progressive is both web- and agent-based. State Farm is entirely agent driven. Answers will vary but web-only is typically cost-driven with little desire for a relationship, whereas agent channels are more about the relationship and trust, concern over service, a desire for relying on the agent's expertise, etc.

- 6. Would you trust someone more if you knew your salesperson was an employee of the company that made the product or an employee of a company representing many different product lines? Would it matter to you whether that salesperson was paid a commission? What types of products might change your response?**

While preferences might vary, the point here is for students to consider what will bring them the best solution. A multi-line salesperson can be likened to a retail store — most carry multiple brands. Some students may be quick to say that they want someone who is expert in one product line and can provide the service that comes with being an employee. In terms of commission, most will likely say they would not want that because they feel the rep won't have their best interest at heart. What is the value of reputation and can that help protect the consumer? Can legislation or regulation?

7. **Have you noticed that when you buy a product at a store and get home to put it together, inside the box is often a piece of paper that says “Have a problem or part missing? Don’t take this back to the store — call us!” Why do the manufacturers and retailers do this? Is this an example of seamless integration? Is that what you would want to do as a consumer? Now, think about a B2B situation and Koehler, which was discussed in the chapter. Does your plumber, having purchased a part from a distributor only to find it is missing a piece, want to receive a message such as this? What effect would that have on Koehler’s sales?**

No, this would not be an example of seamless integration because it prevents customers from communicating with the company in the ways they prefer. Companies who are not fully aligned might choose to handle customer service issues this way because they have separate customer-interfacing functions handling different parts of the customer experience.

A plumber is not going to want to have to go through various channels to take care of a product issue and might avoid purchasing Koehler products.

8. **You sell a new technology that requires customers to significantly change how they operate in order to fully reap the benefits. What functions will salespeople play in getting this technology accepted by the market? How will buying processes be affected, and how will those effects change or influence how salespeople interact with buyers?**

Salespeople will engage in selling, managing account relationships, and market sensing. Additionally, they will need to be focused on after-sale service to make sure customers who have adopted the technology are receiving the full benefits.

Salespeople will want to have a facilitative or integrative relationship with customers and will need to be involved early in the buying process to help buyers in the problem recognition and information search stages.

9. **Your aunt designed an apparatus that lengthens the life of electric motors. However, she’s an engineer and not a business person. How would you advise her to get her product to market, using what you learned in this chapter?**

Answers may vary, but students should discuss multi-channel options and the various options for outsourcing the sales function.

ROLE PLAY

Gartman Insights

Assignment: Break into pairs, with one person taking on the role of Louise and another Rusty. Louise should develop a list of objectives (using the SMART format from Chapter 1), as well as a list of concerns regarding outsourcing the selling effort. Rusty should develop a particular sales format (telephone, field, etc.) and prepare a list of advantages for that format. Once prepared, then role play the sales call Rusty makes to Louise.

Louise

Examples of objectives:

- To increase the subscriber base by 10% within the next year
- To increase the advertising sales by 10 % within the next year

Examples of concern for outsourcing:

- Fear that Rusty's company may not focus on Louise's customers or afford them the same attention that Louise's company would, leading to customer dissatisfaction and a decline in sales
- A feeling of loss of control over the selling process because Rusty's firm will be in charge of the sales and subscriber management

Rusty – Sales format

Example of a sales format: Telephone

Advantages:

- Reach a large number of people without having to physically visit them
- Good way to maintain a good relationship with existing customers, giving them a more personalized service

ANSWERS FOR CHAPTER CASELETS

Caselet 2.1: Iota Gamma Group

Case Question:

1. What alternatives for growth might Takia consider? What multichannel options might she pursue?

Takia might consider how to retain the customers she has as well as how gain new customers. Most students will focus on growth only, because of the question, but if you discuss this in class, encourage students to think about how to free-up current salespeople so they can acquire new business.

Multichannel options:

- *Internet:* She could pursue the option of having a customer portal, particularly for customer retention and re-ordering, if that can also free up salespeople to make more new account calls. Hiring an additional salesperson would be an expense she cannot afford right now. Customers can order online on a website that provides each customer with customized information. The customers could track their orders online.
- She could also set up a call center to handle customer orders and complaints, as well as possibly bring in new accounts or prospect for the salespeople. Alternatively, she could hire a call center company to perform the function for her, either on a per-call basis or perhaps on some form of performance-based compensation.

Caselet 2.2: New South Apparel

Case Questions:

1. Is Alex Del Reyes being too critical of his coworkers? Why or why not?

Answers may vary, but it does not appear that Alex is being too critical especially when the customer is reconsidering doing business with NSA.

2. How aligned do you feel New South Apparel is with regard to its customer service? Please provide an example from the caselet.

NSA does not appear to be aligned when it comes to customer service. An example would be that the production department appears to be incentivized on speed of completing shipments over completing orders correctly.

3. To whose attention should Alex bring his concerns? Or said differently, who should be fighting battles with other company functional areas?

Alex should discuss his concerns with his sales executive.

4. How important is a firm's alignment to the company's success?

It is important the entire customer experience is positive and consistent. Alex or the salesperson cannot be the only function providing good customer service. What happens after a sale is made is also really important.

5. What might happen if Alex continues to experience misaligned customer management?

Ultimately, if customers are having poor after-sale experiences, it could result in Alex losing repeat business and impact his ability to hit his sales targets.

OTHER IN-CLASS EXERCISES

Functional Approach: One possible in-class exercise is to have students list functions that salespeople could fulfill. Divide the class into product categories; depending on class size, you can do several specific products like insurance, office equipment, etc. assigning one product to each person in a group. Then have them individually list all of the functions or tasks that a salesperson for their product is likely to fulfill. When complete, they can compare within the group and across the sales positions. Did anyone add to their list based on the conversation? What were some of the tasks that were not on all lists? Why is that? Could those be outsourced or delegated to someone else in the company?