



**Yashwantrao  
Chavan  
Maharashtra  
Open University**

**BBA 2080**

# **Sales & Distribution Management**

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- UNIT 1: Introduction to Sales Management**
- UNIT 2: Sales Force Management**
- UNIT 3: Sales Administration and Control**
- UNIT 4: Introduction to Physical Distribution**
- UNIT 5: Warehousing and Transportation**
- UNIT 6: Channel Design Management**
- UNIT 7: Establishing Channel Objectives and Constraints**
- UNIT 8: Managing Channel Conflicts**
- UNIT 9: Sales Force Performance Evaluation**
- UNIT 10: Technology in Sales and Distribution**
- UNIT 11: Legal and Ethical Issues in Sales and Distribution**
- UNIT 12: Future Trends in Sales and Distribution Management**
- UNIT 13: Strategic Sales Management**
- UNIT 14: International Sales and Distribution**
- UNIT 15: Retail Management**
- UNIT 16: Customer Relationship Management (CRM)**

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## **BLOCK I: FOUNDATIONS OF SALES MANAGEMENT**

### **UNIT 1: Introduction to Sales Management**

- 1.1 Meaning of Sales Management
- 1.2 Objectives of Sales Management
- 1.3 Role of Sales Executives as Coordinators
- 1.4 Sales Management and Control
- 1.5 Personal Selling
  - 1.5.1 Different Types of Personal Selling Situations
  - 1.5.2 Personal Selling Process
- 1.6 Sales Forecasting
- 1.7 Importance of Sales Management in Modern Business

### **UNIT 2: Sales Force Management**

- 2.1 Sales Force Organisation
- 2.2 Sales Force Planning
- 2.3 Profiling and Recruiting
- 2.4 Training Sales Personnel
- 2.5 Motivation and Compensation
- 2.6 Retention Strategies for Sales Personnel

### **UNIT 3: Sales Administration and Control**

- 3.1 Sales Analysis
- 3.2 Sales Quotas
- 3.3 Sales Budget
- 3.4 Sales Territory Management
- 3.5 Sales Audit
- 3.6 Monitoring and Evaluating Sales Performance

## **BLOCK II: PHYSICAL DISTRIBUTION AND CHANNEL MANAGEMENT**

### **UNIT 4: Introduction to Physical Distribution**

- 4.1 Nature and Scope of Physical Distribution
- 4.2 Order Processing
- 4.3 Distribution Strategies
- 4.4 Importance of Physical Distribution in Supply Chain Management

### **UNIT 5: Warehousing and Transportation**

- 5.1 Types of Warehousing
- 5.2 Selection of Warehousing
- 5.3 Types of Transportation
- 5.4 Selection of Transportation Methods
- 5.5 Cost Considerations in Warehousing and Transportation

## **UNIT 6: Channel Design Management**

- 6.1 Need and Importance of Intermediaries
- 6.2 Functions of Channel Members
- 6.3 Criteria for Selecting Channel Members

## **UNIT 7: Establishing Channel Objectives and Constraints**

- 7.1 Identifying Major Channel Members
- 7.2 Evaluating Major Channel Members
- 7.3 Setting Objectives and Constraints for Channel Design
- 7.4 Aligning Channel Objectives with Organisational Goals

## **BLOCK III: CHANNEL MANAGEMENT AND PERFORMANCE EVALUATION**

## **UNIT 8: Managing Channel Conflicts**

- 8.1 Types of Channel Conflicts
- 8.2 Resolution of Channel Conflicts
- 8.3 Preventing Channel Conflicts

## **UNIT 9: Sales Force Performance Evaluation**

- 9.1 Criteria for Performance Evaluation
- 9.2 Methods of Evaluation
- 9.3 Improving Sales Force Performance
- 9.4 Using Technology for Performance Evaluation

## **UNIT 10: Technology in Sales and Distribution**

- 10.1 Role of Technology in Sales Management
- 10.2 Digital Sales Platforms
- 10.3 E-commerce and Online Distribution Channels
- 10.4 Impact of Emerging Technologies on Sales and Distribution

## **UNIT 11: Legal and Ethical Issues in Sales and Distribution**

- 11.1 Legal Considerations in Sales
- 11.2 Ethical Practices in Sales and Distribution
- 11.3 Compliance with Sales Regulations

## **UNIT 12: Future Trends in Sales and Distribution Management**

- 12.1 Emerging Trends in Sales Management
- 12.2 Challenges and Opportunities in Modern Distribution
- 12.3 Sustainable Practices in Sales and Distribution
- 12.4 Integration of AI and Machine Learning in Sales and Distribution

## **BLOCK IV: ADVANCED TOPICS IN SALES AND DISTRIBUTION**

### **UNIT 13: Strategic Sales Management**

- 13.1 Strategic Sales Planning
- 13.2 Key Account Management
- 13.3 Sales Strategies and Tactics
- 13.4 Long-Term Sales Strategy Development

### **UNIT 14: International Sales and Distribution**

- 14.1 Global Sales Strategies
- 14.2 International Distribution Channels
- 14.3 Cross-Cultural Sales Management
- 14.4 Managing International Sales Teams

### **UNIT 15: Retail Management**

- 15.1 Role of Retailing in Distribution
- 15.2 Retail Formats and Strategies
- 15.3 Retail Store Operations
- 15.4 Customer Experience Management in Retail

### **UNIT 16: Customer Relationship Management (CRM)**

- 16.1 Importance of CRM in Sales
- 16.2 CRM Tools and Techniques
- 16.3 Building and Maintaining Customer Relationships
- 16.4 Measuring CRM Effectiveness

## **Unit 1: Sales Management**

### **Learning Outcomes:**

- Students will be able to define the meaning of sales management.
- Students will be able to demonstrate the objectives of sales management.
- Students will be able to identify the role of sales executives as coordinators.
- Students will be able to evaluate sales management and control.
- Students will be able to analyse personal selling.
- Students will be able to apply sales forecasting.

### **Structure:**

- 1.1 Meaning of Sales Management
- 1.2 Objectives of Sales Management
  - Knowledge Check 1
  - Outcome-Based Activity 1
- 1.3 Role of Sales Executives as Coordinators
- 1.4 Sales Management and Control
  - Knowledge Check 2
  - Outcome-Based Activity 2
- 1.5 Personal Selling
  - 1.5.1 Different Types of Personal Selling Situations
  - 1.5.2 Personal Selling Process
- 1.6 Sales Forecasting
- 1.7 Importance of Sales Management in Modern Business
- 1.8 Summary
- 1.9 Keywords
- 1.10 Self-Assessment Questions
- 1.11 References / Reference Reading

## 1.1 Meaning of Sales Management

Sales outline an important pillar within every business organisation, which is closely linked to its primary purpose. The success of a business lies in the direction of its sales. All business persons launch dedicated sales departments to manage their sales activities. The sales team serves a crucial function in delivering products or services to consumers and managing all aspects associated with sales.

Sales management involves processing and organising all the tasks related to successfully managing sales within a company. It includes planning, coordinating, executing, monitoring, and evaluating sales activities and performance for an organisation, which is essential for most businesses.



(Source: Google image)

This involves coordinating all sales activities, from recruiting the sales team to developing sales performance strategies to managing the targets in a structured manner through management hierarchy.

For any business, managing the sales function is crucial. It works hand in hand with the marketing departments. It plays a key role in helping the organisation with the factors that define competition and developing effective ways of entering new markets at minimum costs while introducing new products. Its primary purpose is efficient and effective sales management, which helps in serving companies' sales goals.

### Sales Department

The sales department is a company's primary operational line, responsible for selling manufactured products/services and transforming them into income.

Establishing suitable strategies in the department of sales management is regarded as necessary for creating an efficient sales department. Following is a strategy distribution essential for an efficient sales team:

1. **Establishing Feasible Sales Strategies:** It is also important to set challenging but realistic goals for sales levels. Specific and achievable goals help the team be consistent and always deliver the best but don't burden the team.
2. **Building a Competent Team:** Ensure that you hire people who are most suitable for achieving realistic teamwork goals. Provide products and services for those interested and motivated to support your organisation.
3. **Continuous Sales Development:** One of the most important aspects of sales is providing regular sales training. When it comes to customer behaviour, one has to review past sales reports to interpret what the customer could have done in the last six months and some of the reasons they have been giving to disprove a sale.
4. **Rewarding Performance:** To re-energise the sales team, reward them for winning the targets you set for the team or the organisation. Tying the compensation with the results helps to achieve objectives and maintain high morale. Ensure empathy and explicate fair and morale-boosting sales incentives.
5. **Monitoring Key Metrics:** Track a range of activities, including quota, average value, conversion rate, average call length, and pipeline speed. These indicators reveal the components that require more coaching or something else to assist the team in achieving its goals successfully.

### **Types of Sales Management**

Maximum selling methods have specific goals, including reaching the highest number of customers at a given period or targeting several customers and making the highest income. Sales positions are diverse and cover the complete scope, from one-call sales to multi-month or even year sales cycles.

All these activities require certain skills & activities stressing the need to find the best specialisation. The types of sales management are:

1. **B2C Sales Management:** Business-to-consumer e-commerce, or B2C, refers to selling goods and services directly to consumers or end buyers. In B2C cases, leads often result from a firm's more aggressive marketing of its products.
2. **B2B Sales Management:** Business-to-business (B2B) sales refer to selling goods and services across the industry with no direct involvement of the end user. Complex sales of high-value products generally characterise B2B sales and involve longer sales periods.



3. **Enterprise Sales Management:** B2E selling involves selling complex products or services directly to business entities. Some of the specific functional roles at organisations that offer enterprise solutions may be sales engineers, inside sales teams, and outside sales teams, who are involved in varying degrees within the selling processes.

***Success Story***

*Daymond John, the CEO and founder of FUBU*

*If you're unfamiliar with the American hip-hop company FUBU, you've seen or heard of Daymond John, their CEO, on Shark Tank. It's less probable that you are familiar with his past or the beginnings of his multibillion-dollar business. Daymond was a struggling twenty-something with a dream back in the nineties. His work ethic, sales acumen, and flair have helped him develop into the well-known company of today.*

*Lesson on Sales Motivation: It's acceptable to ask for assistance from others in your immediate vicinity, including friends, family, and mentors. Close friends and family can help you network and offer you moral support when times are tough.*

*(Source: blog/motivational-sales-stories-inspiration)*

## **1.2 Objectives of Sales Management**

Marketing objectives are the general goals an organisation aims to achieve in their marketing strategies. They include factors such as the level of profit that advertisers expect to make, the market to be targeted, the mode of product distribution, and the promotion techniques to be adopted. Managing these objectives with other organisational goals and marketing strategies forms the basis for higher chances of success.



(Source: Google image)

The effect of exhibiting Sales Management goals over the long term is important. These are important milestones for success because they also contribute to business growth.

Following are the few essential sales management objectives:

- **Boosting revenue:** Sales representatives are important in contributing to a company's income by implementing positive sales performances. Share monthly or yearly targets for increased revenues with your team and provide them with a report format for the team to prepare timely reports.
- **Setting Sales Targets:** Encourage your team to use specific target words regarding the number of units sold. Depending on the employees, the options can be worked out on a day, week or month basis.
- **Enhancing Production and Distribution:** Customers expect efficient delivery, and by ensuring that the company's production timeline is efficient, the distribution time will also be short. This will enable the company to deliver its products to the customers in the shortest time possible.
- **Sustaining Profits Amid Expenditures:**  
There must be sales management goals to ensure that profit margins are maintained despite the various expenses.

- **Knowledge Check 1**

**Fill in the Blanks.**

1. Sales management is the overall process of managing the sales operations, including onboarding of\_\_\_\_\_. (Manager)
2. Sales \_\_\_\_\_ is hired to look after the sales and to manage them. (Supervisor)
3. Sales managers consistently engage in sales management \_\_\_\_\_, ensuring an ongoing and never-ending process. (Duties)

- **Outcome-Based Activity 1**

In a group discussion, have participants identify and discuss the meaning of sales management.

### **1.3 Role of Sales Executives as Coordinators**

Sales executives as managers are entry-level jobs that are controlled as support positions for sales and customer service staff members. They are the lifeline of the company's sales and see to the logistical side of products. While coordinating support to sales representatives, one can also ensure that the orders placed for products are handled effectively and the tasks of sales coordinators do not include selling products. Their role includes:

1. To manage the way the organisational goals of a particular company regarding sales performance are attained sufficiently.
2. A sales coordinator is usually an official who works discreetly to coordinate the sale of a company.
3. Most of them are employed in an organisational setup at a standard working environment and use computers at the workplace, mainly operating from their desks.
4. The specific roles and tasks may differ to hold a job in sales coordination.
5. Some areas of work when it comes to sales coordination, hence the duties that may be expected from the persons occupying this position to carry out the following tasks:
  - Writing sales reports
  - Verifying customer order accuracy
  - Keeping organised sales records

## 1.4 Sales Management and Control

Sales management coordinates sales, directs sales, and establishes key performance indicators for the sales plan. Employing active and key performance indicators, sales control is a part of the operational management system that tracks the achievement of the set sales targets. Sales control aims and objectives include improving sales turnover and working capacity and guaranteeing that specific organisational goals are met.

**Elements of sales controlling:** Sales controlling involves various activities used to check and improve the success and effectiveness of an organisation's sales activities. Through continuous monitoring and assessing data and KPIs, sales control contributes to refining the right pricing strategy, product portfolio, and customer relations that assist a firm in asserting and expanding its competitive advantage for long-term success.

An overview of the central sales controlling tasks:

- The truths of business transactions can be viewed in sales records, sales goals, revenue, and earnings levels.
- Controlling costs related to the selling department, including travelling and commission costs.
- Keeping track of some of the most important indicators of customer loyalty and satisfaction levels.

- **Knowledge Check 2**

**State True or False.**

1. Sales management solely involves tracking business performance and supporting sales teams. (False)
2. Sales management includes guiding product development and setting pricing strategies. (True)
3. Optimising distribution channels isn't a part of sales management. (False)
4. Sales managers are not involved in coordinating various selling efforts. (False)

- **Outcome-Based Activity 2**

Divide the students into groups of 4 and ask them to do the group discussion on Sales Management Scope.

## 1.5 Personal Selling

Personal selling is a marketing communication activity that is executed face-to-face with the intentional consumers. This approach maintains and builds relationships, improves consumer loyalty and satisfaction, encourages trust, etc. It helps introduce the brand to the market. Personal selling involves direct face-to-face communication with the clients to be sold. It emphasises interpersonal communication, where the persons involved must possess skills and expertise to convince the customers to purchase specific products and services.



(Source: Google image)

### 1.5.1 Different selling situations necessitate distinct approaches:

Following are the different selling situations which require distinct approaches:

1. **Service Selling Situation:** This involves securing sales from existing customers whose preferences and patterns are familiar to the seller, requiring comparatively less effort. Roles such as inside order takers, delivery salespeople, merchandisers, and technical salespeople are integral to service selling situations.
2. **Developmental Selling Situation:** Here, the focus is on converting prospects into customers. The salesperson must be creative to successfully persuade the customer.
3. **Retail Selling Situation:** In this case, the final stage is the distribution of goods through retailers, where the retailer is the last channel involved.
4. **Wholesale Selling Situation:** Wholesalers have close and constant communication and relationships with retailers and dealers, helping them choose appropriate products and services and providing various information.

5. **Product-Oriented Selling Situation:** The sale strategy depends on the type of product being sold to prospective customers. Seasoned foods do not always require sales efforts in the same way as considerable but not yet established foods, especially if they are technical food products.

### 1.5.2 Personal Selling Process

The personal selling process includes the following approaches:

- **Face-to-Face Interaction:** Personal selling involves face-to-face selling instead of over the phone or through print mediums. The innovation of technology has made it possible to conduct virtual meetings, and online marketing, such as Zoom and Google Meet, makes it easier for salespeople and prospects to talk without having to limit it geographically.
- **Persuasion:** Personal selling is rooted in customer persuasion, whereby the salesperson plays a crucial role through interpersonal communication skills.
- **Handling Objections:** Objections are a standard part of personal selling, often arising when customers hesitate to buy. The salesperson's role is to identify these concerns and address them effectively.
- **Clear Communication:** The sales tone should be both informative and engaging. Salespeople need to prepare and practice their presentations to ensure they are ready to communicate effectively with customers.

### 1.6 Sales Forecasting

Sales forecasting is one of the most important functions of management, and it predicts demand for products in the future for sales revenue management. This can be done by checking records of sales made in history and current market data or even by making a sample poll of some of the customers. Sales forecasting involves predicting the number of products to be sold by employing experts, machines, or software to avoid instances where businesses run out of products to supply the market. It also proves that many individuals prefer connecting in various activities through the Internet, which helps companies schedule their marketing and advertising strategies.

There are many benefits of having an accurate sales forecast, including:

- 1 **Improved decision-making:** Sales forecasting exactly allows business companies to re-evaluate the optimum level of inventory points, personnel, and monetary

provisions. It is beneficial for the company since they can avoid spending a lot of cash on items that were not in demand or stocks that went unsold for a long time.

- 2 **Reduced costs:** The aspects of sales forecast include the methods used to determine the likely sales to be made within a certain period to enable the business to avoid extra costs through overstocking or understocking of goods and services.
- 3 **Increased sales:** Accurate projections put businesses in a good position because they indicate what is coming in terms of sales. This can help companies attain more sales and, hence, expand customer relations.
- 4 **Improved customer satisfaction:** Forecasts can help businesses satisfy customer needs and demands since they provide valuable insight into future sales. Accordingly, the number of customers always appreciates and even gives their loyalty to the company.
- 5 **Better planning:** Another essential benefit is that a good sales forecast enables organisations to plan well and avoid failure. The predictions of sales can then be used by the respective businesses to set realistic goals and objectives.

### **1.7 Importance of Sales Management in Modern Business**

It is observed that sales management is always crucial in any business. The following points outline the importance of sales management in modern business:

1. **Increased Revenue:** Sales management is the process of leading individuals in a company and directing their activities to achieve the enterprise's organisational goals, especially in product sales. That is why the proper sales management structure is critical for defining customers, developing the necessary and effective sales tactics, and achieving the desired sales objectives.
2. **Customer Satisfaction:** There is a lot of emphasis on understanding the customer's needs and then trying to ensure we can sell them something. Through effective sales team management, one can ensure that customers are provided with appropriate products or services, support at the right time or adequate attention is provided.
3. **Market Expansion:** This phase is significant since sales management is critical in searching for new markets. It is crucial to research the market and its opportunities and devise ways to enter it.
4. **Sales Team Performance:** A practical and skilled sales manager is crucial in successfully managing and motivating the sales team. Some of their functions

include recruiting, training, and appraising the respective sales representatives to achieve the desired sales performance.

5. **Competitive Advantage:** Within the increasingly severe competition that defines the business world today, sales management offers a competitive advantage. It helps to adapt to the markets, customers, and changes, managing to keep ahead of the competition.
6. **Efficient Resource Allocation:** Sales management contributes to the effective use of crucial resources like time, human resources, and money. It helps identify prospects and potential customers. It enables businesses to make the necessary decisions and strategies regarding where to focus their selling efforts, where to allocate their territories, and how to manage their sales cycles.

### 1.8 Summary

- Sales management is one of the sub-operations in operations management and is set with particular goals or objectives that are in line with the organisation's overall goals or objectives.
- It is a continuing process since it involves employing activities or strategies to assess and correct issues that affect the business in the markets.
- It highlights the promotion of trust between the business entity and the clients to create a good platform for selling goods or venturing into service provision.
- Sales management includes activities directly associated with marketing activities to encourage conformity in processes.
- It involves all the roles of the organisation, especially the sales-related roles such as salespersons and sales managers, among others, in contributing towards the overall sales goals.
- It is a form of strategy management implemented in all business genres, which proves that it works well in many organisational structures.

### 1.9 Keywords

- **Sales Strategy Setting:** Similar to a sports playbook, sales organisations thrive on strategic plans.
- **Sales Operations:** An essential trait of a sales manager is assigning responsibilities based on individual skills and expertise.



- **Sales Strategy Planning:** Success in sales hinges on an exclusive strategy. A well-guided sales team achieves commendable results, but before offering guidance, specific strategies must be implemented.
- **Analysis:** Analysing the performance of sales team members stands as another vital aspect of sales management.

### **1.10 Self-Assessment Questions**

- 1 What is Sales Management?
- 2 How do you manage the scope of sales management?
- 3 What are the key aspects of sales management?
- 4 What is the importance of sales management?
- 5 What are the objectives of sales management?

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## **Unit 2: Sales Force Management**

**Learning Outcomes:**

- Students will be able to define the sales force organisation.
- Students will be able to demonstrate sales force planning.
- Students will be able to identify the profiling and recruiting.
- Students will be able to evaluate the training of sales personnel.
- Students will be able to analyse the motivation and compensation along with retention strategies for sales personnel.

**Structure:**

- 2.1 Sales Force Organisation
- 2.2 Sales Force Planning
  - Knowledge Check 1
  - Outcome-Based Activity 1
- 2.3 Profiling and Recruiting
- 2.4 Training Sales Personnel
  - Knowledge Check 2
  - Outcome-Based Activity 2
- 2.5 Motivation and Compensation
- 2.6 Retention Strategies for Sales Personnel
- 2.7 Summary
- 2.8 Keywords
- 2.9 Self-Assessment Questions
- 2.10 References / Reference Reading

**2.1 Sales Force Organisation**

The sales organisation relate to the sales force, which looks to sell the company's products or services because of different interactions with potential customers, distributors or prescribers of such products. This method suits your marketing strategy well and can help you sell your products. Sales teams consist of two types: passive and mobile. Each has different roles to help boost product and service sales:

**Sedentary Teams:** Sedentary team members work closely with mobile teams. Their main job is to find new customers and set up appointments for the mobile team. They work in both the front and back office. In addition to selling, they handle tasks like sales tracking, logistics, procurement, managing sales materials, and organising product displays.

**Mobile Teams:** Mobile teams make up the field sales force. They visit customers or contact them by phone or online to promote products. Their role is to guide prospects through to the purchase stage and follow up with them. These sales representatives can work for a single company or represent several companies.

***Success Story:***

*Girard began his career as a car salesperson in Detroit. His attention to detail and ability to complete tasks on time make him stand out. Girard understood that building strong client relationships was essential to sustained success.*

*Girard never stopped communicating with his clients. He treasured personal relationships and sent personalised birthday and anniversary cards to each recipient. This thoughtful action strengthened his relationships with his clients and kept him in their thoughts.*

*Girard also succeeded by going above and above for his clients. He consistently went above and beyond what customers expected. Girard distinguished himself from his competitors and won the trust of his clientele by providing excellent value and genuine attention.*

**(Source:** <https://successmatters4me.medium.com/15-motivational-stories-for-sales-team-the-spark-of-success-c9b1c268993f>**)**

## **2.2 Salesforce Planning**

Salesforce planning is essential for a sales organisation since it will make your operations more efficient and responsive, helping you to expand faster and increase revenue.

- **More Predictable Sales**

Building a sales organisation helps you manage your business better. It not only provides a clear view of sales forecasts but also allows you to allocate resources effectively, boosting profitability in all situations. This involves setting up processes and tools to monitor prospects as they move through the sales pipeline, giving you better visibility, identifying new opportunities, and measuring conversion rates and sales cycle duration.

- **Sales Increase Process**

Establishing processes and indicators for your sales organisation is also useful in running your strategic plan, improving your organisational control, and managing your resources.

- **Sales Forces Efficiency**

This develops future sales, meaning that your teams have ways of predicting sales that would otherwise be much less effective. It can directly implement your processes on-site, and you can assess the outcome with some factors. Every organisation wants to remain relevant and competitive in the market. This flexibility means you can implement new processes and prospecting methods while also offering different follow-up strategies to improve performance.

- **Sales Organisation by Business Sector**

Structuring your sales organisation by business sector assigns sales personnel to specific markets, enhancing their expertise in those areas. Detailed product knowledge allows them to quickly respond to customer needs, evaluate opportunities, and understand competitor practices.

- **Sales Organisation by Geographical Sector**

Organising sales by geographical sector reduces travel time, optimising productivity, working hours, and overall performance.

- **Sales Organisation by Company Size**

Different company sizes have varying needs, expectations, and sales processes. Organising sales by company size allows you to allocate salespeople based on their skills and experience, aligning with the company's defined objectives.

- **Sales Organisation by Product or Service Line**

For companies offering diverse products or services, organising sales by product or service line assigns sales personnel to specific categories. This approach helps teams develop deep expertise in their assigned ranges, adding value through informed advice and continuous follow-up until the products or services are updated.

- **Knowledge Check 1**

**Fill in the Blanks.**

1. Sedentary team members work closely with \_\_\_\_\_ teams. (Mobile)
2. Structuring your sales organisation by business sector assigns sales personnel to specific \_\_\_\_\_. (Markets)
3. Organising sales by \_\_\_\_\_ sector reduces travel time, optimising productivity, working hours, and overall performance. (Geographical)

- **Outcome-Based Activity 1**

In a group discussion, have participants identify and discuss the meaning of sales management based on the success story given above.

## **2.3 Profiling and Recruiting**

Profiling and recruiting are key aspects of any business because they help build a team of skilled and motivated sales professionals who can drive the company towards significant achievements. Effective sales recruitment begins with a clear understanding of the necessary skills and qualities for the role, followed by a thorough selection process that assesses candidates based on their abilities and experience and their fit with the company culture. Whether you are a startup or an established company, this understanding guide will provide valuable tips on sales recruitment and help you create a successful sales team.



(Source: Google image)

**Recruiting:** Recruiting is an essential process for any business aiming to build a strong, results-driven sales team. It involves finding, attracting, and hiring sales professionals who can help drive revenue for the organisation. The focus is not just on hiring any salesperson but on identifying candidates with the ideal qualities and skills necessary for success in the role.

**Profiling:** Many types of profiling in sales are known. Sales jobs can be found in almost all employment sectors; technology and healthcare, among others, are the major industries in sales. A career in sales is highly paid, has great potential for personal development, and allows working at an active and fast rate.

Recruitment is fundamental in ensuring that one gets the right people in their team who possess the right skills and attitude for the sales position. The workforce of an organisation should consist of dedicated and self-motivated staff; an organisation's sales management and increased revenue targets would be addressed.

### **Essentials of Sales Recruitment**

The building of an efficient sales team requires a suitable sales recruitment process. This involves:

- Identifying Needs: You should state specifically the requirements that you are expecting from the holder of the position.
- Creating Profiles: The personnel will examine the personality type of the candidates to determine how best to approach each of them.
- Communicating Passion: It is advisable to show your passion for sales when applying for the position so that you can have the much-needed passion pushed to make more sales when working.

- Research: Invest time in understanding industry trends, the organisation, and the job position before you start the interviews.

## 2.4 Training Sales Personnel

Training sales personnel involves the transfer of knowledge to the concerned sales personnel so that they can perform their duties better and overcome any weaknesses in their work. Market conditions begin to change every time a new product is developed in the presence of new competitors or technologies. The change implies that salespeople require training on how to do their jobs and fulfil their roles in new ways. It enables the employees to gain the skills needed to enhance their performance and also acquire the pointers required in the areas they lack. Today's selling organisations spend a lot of money to ensure their salespeople are properly trained to meet their objectives. If the training policy remains weak, then the employees will definitely not be motivated, and it will not be possible for them to close sales easily.



(Source: Google image)

Development in the context of sales organisation indicates how an organisation prepares its sales force for the abilities it will need in future. Whereas training concerns a current position in terms of content and style, development brings the salesperson closer to future responsibilities in terms of both the organisation's and the trainee's needs.

Sales personnel training is essential in sales management due to changes in selling, which has now shifted from a traditional push strategy to a more customer-oriented pull strategy. Increasing competition compels salespeople to continuously update their

knowledge of market conditions, practice effective selling methods, and stay motivated to meet or exceed their quotas.

Traditionally, sales training involved learning about the product, reading sales manuals, and receiving some field coaching from a sales manager. While this approach persists in smaller firms, larger and more progressive companies emphasise a more formal and scientific approach. This includes psychological and technical training, practice selling under simulated conditions, and ongoing evaluation of training outcomes. It helps in the following ways:

1. Sales training is done to develop the effective selling capacities of the salespersons.
2. It provides guidelines and techniques for selling.
3. Sales training could be defined as a focused activity of the sales department.
4. Orientation and development training programs are provided for the benefit of both the newly recruited and those existing salespeople.
5. Its goal is to get the maximum client satisfaction through knowledge acquired by the salespeople.
6. Training is provided in order to question and find the solutions to the different issues that concern sales.

## **2.5 Motivation and Compensation**

Compensation is one key to having an efficient workforce. It is a crucial factor that determines employees' motivation and productivity, making it another important concept in human resource management.

Compensation can control turnover rates by offering attractive remuneration to talented employees, which will assist organisations in maintaining such human capital. Promotion is also a motivation factor that makes employees perform in line with their employers' expectations.

The key structure of the economy and the flow of compensation are the roots of factors that enhance job satisfaction. Several factors can influence an employee's level of satisfaction, including promotion, work-life balance, and work engagement.

Good performance should demonstrate the highest human achievement and the best that is possible. This implies that the performance evaluation of personnel should reflect the ideal human ability and potential.

It is important to assess the performance of the employees. This will enable us to get a better picture of how the organisation is running. Each of those roles is specific, and



employers tend to consider several things about the performance – whether the work is done well, how fast such employees complete their work, how many deadlines have been met, and how effectively the work has been done.

Several factors affect employees, and job satisfaction is one of the most significant factors in motivating workers. These effects indicate that employees are generally unhappy in the workplace and disconnected.

## **2.6 Retention Strategies for Sales Personnel**

Implementing the strategies for retaining sales personnel listed below can help companies retain top talent and increase the success of the sales team.

### **1. Have weekly meetings with your sales staff**

The first tactic is to schedule weekly meetings with your sales team. Many small- and medium-sized business owners frequently overlook these meetings.

### **2. Give salespeople an incentive other than money**

Giving staff a non-monetary incentive is another tactic for keeping them on board. It's one of those odd retention tactics for salespeople, but it does the trick. Everyone believes that the only thing driving great salespeople is money.

### **3. Maintain a Database of Customers**

Making sure you have a database with all of your clients is just one more thing you can do, she advises. It's a tactic to keep customers and salespeople around. That gives you a safety net in addition to helping you understand what's happening and assisting you coach your salesman more effectively.

### **4. Focus more towards monitoring activities**

One of the fundamental reasons for the high rate of turnover among salespeople is stress. Lack of clarity on the task creates unwanted stress among employees.

### **5. Provide the Salespersons with the tools to deliver**

In the process of leadership, there is the need to address the issues affecting employees in order to retain them. It is one way of making sure that the head of sales, sales directors, and sales managers provide the employees with task instructions that encourage the employees to engage more in the sales team.

- **Knowledge Check 2**

**State True or False.**

1. Sales training helps improve the performance of sales personnel by providing them with specific skills for their tasks. (True)
2. Sales training is only important for new sales personnel and not for experienced salespeople. (False)
3. Effective sales training can correct deficiencies in a salesperson's performance. (True)
4. Sales training focuses solely on the current job and does not prepare salespeople for future roles. (False)

- **Outcome-Based Activity 2**

Divide the students into groups of 4 and ask them to do the group discussion on Training sales personnel.

## **2.7 Summary**

- A strong sales recruitment process is important, as it includes hiring skilled, motivated sales professionals and focusing on evaluating candidates' experience, personality, and communication skills.
- Sales Training uses modern training methods, including psychological and technical training, simulated selling, and ongoing performance appraisal.
- Investing in training to maintain a competitive edge and high morale among sales personnel.
- A well-structured sales force organisation, companies can enhance their sales effectiveness, respond swiftly to market changes, and achieve sustained revenue growth.
- Loyalty is one of the most important tendencies where value is experienced, as it ensures that employees remain dedicated to organisations.
- Promotion is also a motivation factor that motivates employees to perform in accordance with their employers' expectations.
- The key structure of the economy and the flow of remunerations lie at the root of factors that enhance job satisfaction.

## **2.8 Keywords**

- **Sedentary Teams:** Work closely with mobile teams, focusing on tasks such as prospecting, sales tracking, logistics, and procurement.
- **Mobile Teams:** These teams represent the field sales force, engaging in direct customer contact and guiding prospects through the sales process.
- **By Business Sector:** Assigns sales personnel to specific markets, enhancing expertise and responsiveness. Often combined with geographical organisation to manage travel and productivity.

## 2.9 Self-Assessment Questions

1. What is the salesforce organisation?
2. How to do recruiting?
3. What is profiling?
4. What is the importance of sales training?
5. What are the objectives of motivation and compensation?

## 2.10 References / Reference Reading

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## **Unit 3: Sales Administration and Control**

### **Learning Outcomes:**

- Students will be able to define Sales Administration, Analysis and Control.
- Students will be able to demonstrate Sales Quotas.
- Students will be able to identify the Sales Budget.
- Students will be able to evaluate the Sales Territory Management.
- Students will be able to analyse the Sales Audit along with Monitoring and Evaluating Sales Performance

### **Structure:**

- 3.1 Sales Administration, Analysis and Control
- 3.2 Sales Quotas
  - Knowledge Check 1
  - Outcome-Based Activity 1
- 3.3 Sales Budget
- 3.4 Sales Territory Management
  - Knowledge Check 2
  - Outcome-Based Activity 2
- 3.5 Sales Audit
- 3.6 Monitoring and Evaluating Sales Performance
- 3.7 Summary
- 3.8 Keywords
- 3.9 Self-Assessment Questions
- 3.10 References / Reference Reading

### **3.1 Sales Administration, Analysis and Control**

Sales administration involves procedures within the company to support sales activities. To assist these organisations, they recruit and employ sales administrators who can handle orders received from the Internet. It also involves performing support tasks for sales personnel and organising informational support for sales purposes.

A sales administrator is an individual responsible for managing sales clerks and sales representatives, supervising sales-related undertakings, and ensuring the proper conduct of business dealing with customers, consumers, and clients.

The tasks in the position of sales administrator may vary depending on the company or organisation where the person works and the teams they are expected to assist. Here are some typical responsibilities of sales administrators:

Here are some typical duties of sales administrators:

- Some of the specific day-to-day activities are operating online, as well as email and phone sales.
- Make sure that both the order and invoice are accurate
- Some of the standard activities may involve answering questions posed directly to customers or any form of inquiries from the customers.
- Manage order delivery timeliness.
- Summarise sales and track sales activities.
- Appreciate Invoices and process payments.
- Maintain and update the current database and records of consumers
- Communicate customer feedback

#### **Sales Analysis**

Sales analysis is the process of going over sales data to establish sales patterns. The sales data can help you successfully introduce changes in your product, decide when to introduce special offers, manage your inventory, understand your customer needs, and address other issues in your company.

#### **Sales Control**

Sales control involves the actions that managers have to undertake to monitor and forecast the sales and general performance of the firm. Managers can exercise sales control during the evaluation of past sales activities, modification of the existing policies and strategies involving sales, formulation and fine-tuning of the sales and the budget plans, and design of sales information systems. A sales information system offers employees important information about the past, present, and future of total sales,

which a manager can use for developing control of the sales system that will enable them to easily locate, change or sustain the totality of particular sales operations in the organisation. Sales control can appear to be quite different from one organisation to another because various organisational frameworks implement control differently, even those that address the sales department.

***Success Story:***

***Kimra Luna, Online Marketing Webinar Host***

*Several years ago, Kimra Luna could barely feed her family, let alone pay any of the bills that could make her life more comfortable using food stamps and other available government benefits. She might have faced financial difficulties, but she would not let go of her dream of having her own prosperous business enterprise.*

*Kimra attempted several very marginal business ventures, which were not tremendously successful but did not offer the kind of financial independence she yearned for. These experiences made her pursue a marketing program, specifically digital marketing, where she mastered every single segment, including Facebook ads, social media branding, live blogging, etc.*

*This prompted Kimra to begin conducting online training for fellows with marketing tips on doing business. By 2011, her webinars became popular, and she began to teach business owners about marketing methods. Interactive webinars for marketing became her only type of activity and main source of income.*

*Sales Motivation Lesson: It may also come as a surprise, as one does not necessarily climb the ladder as one had expected. Kimra initially wanted to start up a food service business, which she realised was not for her, but she was good at online marketing. Sey, 'The door is still open,' and you never know what interesting doors the future holds.*

*(Source: <https://www.xactlycorp.com/blog/motivational-sales-stories-inspiration>)*

### **3.2 Sales Quotas**

A quota is a specific target for sales or other actions that must be achieved within a certain timeframe. Depending on the organisational needs, quotas can be daily, weekly, monthly, quarterly, or part of all these time spans.

Quotas are one of the most established performance standards in sales force management. They focus on an organisation's objectives and keep the sales force motivated to achieve those goals.



**Source:** Google Image

There are several types of sales quotas set by employers in today's workplace. The measures of each differ and are mostly based on activity, profit, volume or cost. There are different types of quotas for a firm, and each could depend on the business situation.

1. **Revenue or Profit Quotas:** A revenue quota provides for a total revenue amount that has to be achieved or surpassed within a specified time. For example, in a furniture company, the management may set a target of Rs. 20000 per month per sales representative that they want to achieve through sales.
2. **Activity Quotas:** Activity quotas reflect the number of calls, appointments, and presentations made during a period. This could be a phone conversation, a meeting with a client, or even communication via mail.
5. **Volume Quotas:** Volume quotas are based on the number of products supplied or bought in a certain period rather than the amount of rupees.
6. **Cost-Based Quotas:** In cost-based quotas, the quotas are put on other expendables such as time, amount of money, etc., as opposed to the number of dollars.
7. **Forecast Quotas:** Sales quotas or targets employed in forecasting are based on past sales and are most often set at the team, department, or territory level.
8. **Combination Quotas:** A company employs several combination quota types depending on its requirements.

- **Knowledge Check 1**

**Fill in the Blanks.**

1. \_\_\_\_\_quotas incorporate multiple quota types based on the company's needs. (Combination)
2. Cost-based \_\_\_\_\_focuses on the resources, such as time or money, used to make a sale rather than revenue. (Quotas)
3. Volume quotas focus on the number of products sold within a period rather than the dollar \_\_\_\_\_. (Amount)

- **Outcome-Based Activity 1**

In a group discussion, have participants identify and discuss the Sales Analysis.

### **3.3 Sales Budget**

A sales budget is the calculated figures that a company estimates to have sold in a given period and the income that such a business could generate. In most cases, it is conducted monthly, quarterly, or even annually to identify key organisational goals.

A sales budget helps organisations create a planning tool that sets key guidelines for achievement. The total performance of an organisation's business can be measured when it comes to achieving its goals; the ratio used helps an organisation measure whether or not its business is successful. Employees and employers use these to determine what actions should be taken to acquire efficiency from sales managers.

Other benefits of calculating a sales budget include:

- Improving cash flow management
- Aspiring to the potential major strategies that can get the organisation to achieve its sales objectives.
- Determining overhead costs
- Streamlining business processes

A sales budget comprises several key elements:

1. **Sales Forecast:** This is the expected number of units that an organisation is likely to sell in the budget time frame, based on forecasted values obtained from the analysis of previous data.



2. **Price per Unit:** The sales budget reflects the current price for each product or service that the company desires to sell. It is scalable and concentrates on one item, a certain unit, or a certain batch.
3. **Total Revenue:** Sales revenue is determined by the number of units of a product that is expected to be sold based on the marketing strategies adopted and the actual price per unit.

### 3.4 Sales Territory Management

Assigning sales personnel to particular customer groups or "territories" to focus on with their sales efforts is known as sales territory management.

These regions may be determined by factors such as company size, industry, or business requirements for specific products.



**Source:** Google Image

The primary goal of sales territory planning is to establish a fair and effective system that maximises efficiency and profitability. Effective sales territory management ensures the following:

1. **Prospect Abundance:** Each territory has enough prospects to justify the sales representatives' efforts.
2. **Balanced Workload:** A geographical location is further divided to ensure that a specific sales representative is not overwhelmed with work or idle.
3. **Consistent Customer Profiles:** Territories also help ensure that there are similar customers whose habits the reps can learn and understand, enhancing the sales strategies developed over time.

**A few typical kinds of sales regions are as follows:**

- **Territories based on geography:** Identified by actual places, such as states, cities, regions, or nations.
- **Industry-Based Territories:** Concentrated on particular industries that the business caters to, such as retail, healthcare, or education.
- **Product-Based Territories:** These are areas where a business focuses on selling particular products, including hardware, software tiers, or speciality services.
- **Size-Based Territories:** These territories are based on revenue or firm size, and they differentiate between small, mid-market, and enterprise businesses.

- **Knowledge Check 2**

**State True or False.**

1. Territories are divided to prevent any sales rep from being overworked or underutilised. (True)
2. The primary goal of sales territory planning is to establish a fair and effective system that maximises efficiency and profitability. (True)
3. A sales territory cannot be any group of prospects sharing a common trait or characteristic, but they are most often based on geographic location. (False)

- **Outcome-Based Activity 2**

Divide the students into groups of 4 and ask them to do the group discussion on Sales Territory Management.

### **3.5 Sales Audit**

A sales audit is broadly defined as a thorough assessment of an enterprise's sales department's activities and a systematic assessment of the company's past, present, and future sales programs.

It assists an organisation in its ability to analyse its current state effectively and consider better methods to enhance its sales and business growth. It covers the sales and marketing departments to determine the organisation's opportunities and threats. External auditors can conduct these audits, or the sales or marketing managers can internally carry them out.

A sales audit covers all necessary aspects of the sales process within a business, such as strategies, instruments, events, stocks, and goals. Identifying these components could potentially help practitioners optimise their approach to sales in terms of the efficiency and effectiveness of the method being used. This will allow the sales managers to come up with better targets that ease the selling process and will complement the profit-making of the company.

### **3.6 Monitoring and Evaluating Sales Performance**

Sales are essential for any firm to assess the performance of the salespersons. Now, let us discuss the above-mentioned step-by-step sales performance assessment for the plan in complete detail to refine your sales plans to continue in the competitive environment and achieve higher market sales success.

Here are a few tips to help you monitor sales performance:

#### **1. Track Daily Sales Activities**

While it's beneficial to track sales activities over time, a deeper analysis is essential to determine if your reps are hitting their targets and your team is meeting overall goals.

#### **2. Analyse Key Metrics:** Every sales team might prioritise different key metrics based on their specific goals, but some benchmarks are essential for all. Key metrics to consider include:

- Total Revenue: The primary metric for performance, considering both company-wide and segmented revenue.
- Repeat Customer Rate: Indicates the percentage of customers making repeat purchases, reflecting efforts to build long-term relationships.
- Conversion Rate: Measures the effectiveness of converting leads into paying customers, a critical indicator of sales rep performance.
- Lead Conversion Rate: This shows how many website visitors or ad viewers become potential customers, indicating the success of digital marketing efforts.
- Win Rate: It measures the percentage of deals closed, indicating the sales team's negotiation effectiveness.
- Pipeline Coverage: The ratio of opportunities in the pipeline to the sales quota. Coverage of 3-4 times suggests likely quota attainment, while a low ratio indicates a lower chance.

#### **3. Monitor Both Short and Long-Term Goals**

Streamline both types of goal monitoring and categorise key parameters into short-term and long-term goals. For example:

- Long-Term Goals: Improving lifetime value or repeat customer rate.
- Short-Term Goals: Increasing pipeline coverage or win rate.

#### 4. **Measure Sales Performance**

Evaluate key metrics at both the team and individual levels. For instance:

- Quota Attainment: Measure how many sales reps meet their quotas. This can be assessed so that the entire team or individual reps can decide on incentives.
- Other Key Indicators: Monitoring combined or individual metrics helps build a strong sales team and improve personal performance.

#### 5. **Use a Sales Monitoring System**

A sales monitoring system collects information about products, services, reports, and customers from various sources. This system helps track and manage sales data, optimising sales processes and performance. For example, use monitoring tools to:

- Track sales representatives' activity and leads throughout the sales channel.
- Capture engagement data.

#### • **Knowledge Check 2**

**State True or False.**

1. Territories are divided to prevent any sales rep from being overworked or underutilised. (True)
2. The primary goal of sales territory planning is to establish a fair and effective system that maximises efficiency and profitability. (True)
3. A sales territory cannot be any group of prospects sharing a common trait or characteristic, but they are most often based on geographic location. (False)

#### • **Outcome-Based Activity 2**

Divide the students into groups of 4 and ask them to do the group discussion on Sales Territory Management.

### **3.7 Summary**

- A quota is a specific target for sales or other actions that must be achieved within a certain timeframe.

- Activity quotas measure the number of sales-related activities within a period. This could include phone calls, client meetings, or mailings.
- Volume quotas focus on the number of products sold within a period rather than the amount of rupees sold.
- Cost-based quotas focus on the resources, such as time or money, used to make a sale rather than revenue.
- Forecast quotas are based on historical performance and are often assigned to teams, departments, or territories.
- Sales territory management involves assigning sales representatives to specific customer segments or "territories" to target with their sales efforts.

### 3.8 Keywords

- Geographic-Based Territories refer to politics in the geographical areas of cities, states, regions, or countries.
- Industry-Based Territories: Contained to the industry or sectors it operates within, such as the health, learning, or consumption sector.
- **Product-Based Territories:** Depending on the type of Industry a company is in, Specific products such as software, where one has to pay a lower price but gets fewer features while the other with more features has to pay more.

### 3.9 Self-Assessment Questions

1. What is the Sales administration organisation?
2. How do you create a sales budget?
3. What is a Sales Quota?
4. What is the importance of sales territory management?
5. What are the objectives of a sales audit?

### 3.10 References / Reference Reading

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## **Unit 4: Introduction to Physical Distribution**

### **Learning Outcomes:**

- Students will be able to define the physical distribution.
- Students will be able to demonstrate the nature of physical distribution.
- Students will be able to identify the scope of physical distribution.
- Students will be able to evaluate the order processing.
- Students will be able to analyse the distribution strategies.

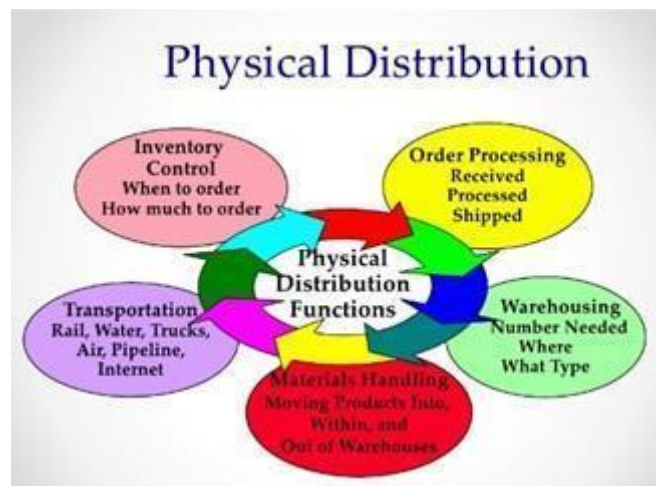
### **Structure:**

- 4.1 Introduction to Physical Distribution
- 4.2 Nature and Scope of Physical Distribution
  - Knowledge Check 1
  - Outcome-Based Activity 1
- 4.3 Order Processing
- 4.4 Distribution Strategies
  - Knowledge Check 2
  - Outcome-Based Activity 2
- 4.5 Importance of Physical Distribution in Supply Chain Management
- 4.6 Summary
- 4.7 Keywords
- 4.8 Self-Assessment Questions
- 4.9 References / Reference Reading

#### 4.1 Introduction to Physical Distribution

Physical distribution is the act of physically transporting items from the producer to the customer. It is essential to marketing because it includes operations that make it easier for raw materials to be transported from suppliers to factories for manufacturing and for finished items to be delivered to the end consumer.

The effective transfer of commodities from producers to consumers or end users involves a number of critical tasks, including transportation, inventory management, warehousing, material handling, forecasting, customer support, locating plants and warehouses, and order processing. All of these actions work together to guarantee that goods are moved smoothly across the supply chain, increasing customer happiness and efficiency.



(Source: Google Image)

The significance of physical distribution in supply chain management cannot be overstated, as it plays a fundamental role in various aspects:

1. Physical supply is used to minimise the cost of transportation and stock holding, hence helping to strengthen costs. Reducing complexity in distribution channels reduces excess costs since such expenses are not always necessary in the development of the distribution channels.
2. One of the most crucial aspects of supply chain management is delivery times, as they work towards facilitating improved customer satisfaction. Maintaining an intact physical distribution system guarantees that the products are physically delivered to customers in time as expected, hence enhancing the customers' experiences.



3. Physical distribution contributes to the overall marketing strategies of businesses in that it helps firms get to other markets with their products in various places. These are opportunities for increasing its market reach, and the company can expand its revenue streams.
4. Gaining a competitive edge in the market requires implementing successful distribution methods. Companies that succeed in physical distribution can set themselves apart from competitors and obtain additional clients.
5. When sales distribution is well done, it impacts the organisation a lot in gaining a competitive edge in the market. Physical distribution can be seen as differentiating itself from other competitors and attracting consumers.
6. Distribution is an essential link in the marketing mix that directly influences the success and sustainability of a business and customer satisfaction and ultimately leads to the optimisation of costs, which contributes to improved profitability levels. It has also been found that those companies that channel effort into focusing on distribution strategies, performance, and techniques are likely to record better financial returns on their investments.
7. Physical distribution ensures proper utilisation of resources in the supply chain. Hence, it optimises the supply chain. When an organisation is well organised, resources are utilised to achieve the intended goals, reducing wastage.
8. Physical distribution helps soften disruptions and minimise supply chain risks. By diversifying transportation routes and distribution channels, businesses can better manage uncertainties and maintain continuity in operations.
9. Efficient distribution contributes to better inventory control by ensuring optimal stock levels and reducing inventory holding costs. Accurate forecasting and streamlined order processing help prevent stockouts and overstock situations.

***Success Story:***

*A major supermarket chain on the East Coast and SRI-Ergonomics collaborated to lower the high rates of strain and sprain injuries among its warehouse order selectors. The large weights of numerous cases, the repetitive handling of supermarket goods, and the awkward postures required to remove cases from slots and arrange them on outgoing pallets caused these accidents.*

*We made an effort to train management, safety and health staff, and manufacturing workers thoroughly on ergonomics. Additionally, we evaluated production jobs for ergonomics and suggested process enhancements. We also designed an overall macro ergonomics approach for the organisation and created ergonomics teams at the corporate and facility levels.*

*(Source:<https://spine.osu.edu/spine.osu.edu/ergonomics/success-stories/warehouse-distribution-success-stories>)*

## **4.2 Nature and Scope of Physical Distribution**

The nature of Physical Distribution is described below:

1. **Efficient Transportation:** The goal is simply to reduce the expenses associated with transport while finding the most efficient ways to do this. This involves sourcing the right means in the supply chain with the least costs and identifying the most efficient distribution channels for the delivery of goods.
2. **Inventory Management:** Inventory control means that the inventory is held in optimum quantities, which maximizes the chances of satisfying the customer's demand without having to stock excess inventory. This helps to reduce the holding costs and risk of stockouts.
3. **Order Processing:** The implementation of effective and efficient order fulfilment processes has been shown to impact customer satisfaction levels positively. This involves handling orders in the shortest time possible, properly picking the right products and packing them ahead of time while making sure that they are delivered on time.
4. **Warehousing:** It involves the ability to properly manage and make the best use of the available means for storing services and products. This includes establishing an effective warehouse layout, efficient space management, and good tracking systems for stocks.
5. **Distribution Network Design:** The planning of efficient networks of distribution channels guarantees that the products provided by manufacturers reach the ultimate consumer efficiently and effectively. This involves placing storage facilities or centres for merchandise in a way that would greatly reduce large sums on transportation.
6. **Customer Service:** Consumer satisfaction involves treating customers with a high level of concern and translating their complaints into the company's benefits. On-

time delivery, coupled with other aspects that include delivery, customer satisfaction, and customer support, helps to make a buyer's experience a good one.

### **Scope of Physical Distribution**

Physical distribution involves several crucial components that collectively ensure the efficient management of goods and products throughout the supply chain.

Following is the scope of physical distribution:

#### **Transportation:**

- Choosing the right mode of transport, like land transport, by using trucks for land transport, water transport, by using boats or ships for air transport, or planes.
- Coordinating transporting goods from one place to another through accurate determination of the distance to be travelled, the cost of doing so, and the time it will take.
- It includes activities involved in obtaining and monitoring information on the location of goods during transportation, hiring and contracting transportation providers, and determining rates.

#### **Warehousing:**

- Arranging for the products to be systematically stored so that they are readily available for distribution.
- Managing inventory at the warehouse, which includes carefully selecting, packing, and transferring items.
- Optimising the usage of storage space while reducing unused space to improve warehouse productivity.

#### **Inventory Management:**

- Predicting customer demand and adjusting inventory levels to prevent shortages or overstock situations.
- Establishing reorder points to signal when it's time to replenish stock and maintain optimal product supply.
- Reducing excess inventory holding costs by managing storage, insurance, and financing expenses effectively.

#### **Order Processing:**

- Entering customer orders into the system, whether manually or electronically, to initiate the fulfilment process.

- Fulfilling orders through various steps, including inventory picking, secure packing, and shipment preparation.
- Tracked shipments to ensure timely delivery and provided customers with shipment status updates as required.

**Packaging and Materials Handling:**

- Designing packaging materials to safeguard products during transit while minimising waste.
- Efficiently moving products through the distribution process to reduce the risk of damage or spoilage.
- Implementing cost-effective packaging and handling practices to minimise expenses related to materials and labour.

• **Knowledge Check 1**

**Fill in the Blanks.**

1. \_\_\_\_\_distribution leads to cost savings by reducing transportation and storage expenses. (Physical)
2. Physical distribution refers to the process of physically moving goods from the producer to the \_\_\_\_\_. (Consumer)
3. Optimal utilisation of resources within the supply \_\_\_\_\_is facilitated by efficient physical distribution. (Chain)

• **Outcome-Based Activity 1**

In a group discussion, have participants identify and discuss Physical distribution with the example from the success story given above.

**4.3 Order Processing**

Order processing is the procedure by which a company completes a customer's order. This involves organising multiple phases on the seller's end. It includes activities from receiving payment to producing and distributing the product, making sure every component has the data it needs to function properly. Technology is commonly used to speed order processing in the modern era.

The company must collaborate with multiple departments to process an order placed over the phone or online. Despite the difficulty and volume of requests, customers

expect prompt delivery. Understanding efficient sales order processing requires looking at the purpose of the sales order and how it fits in with other order papers.

The processes involved in a typical sales order process—from receiving an order to delivering an invoice. The steps to be followed are as given below:

**Step 1: Get the sales order:**

It also involves getting the buyer's order, which indicates that a specific product has been requested. Customers can be served in three different ways: by placing an order over the phone, online, or through an application. The following should be on the sales order: The following should be on the sales order:

- The things that the buyer wants to buy are the necessary ones.
- The quantity of every item
- The address for shipping

**Step 2: Occasionally, a generated sales order may need confirmation specific to Step 1.**

Up-to-date inventory records must be kept in a central database connected to the sales order management module. If the product types are in stock, the system creates and sends a sales order to the warehouse manager, even if getting ready for a sales order depends on several product kinds. If automation is not used, a person must independently generate the sales order and verify the stock that is now available.

**Step 3: Picking and Packing**

The warehouse employees who are in charge of picking and packing orders pick them up after they have received confirmation.

- Picking: Stock is tracked on the inventory list by workers, robotic arms, or dispensing equipment that picks up the ordered things and returns them.
- Packing: To enable shipment, these goods are then packaged and placed within labelled sealed containers.

If the inventory is insufficient, you would need to place orders with the suppliers to restock it. An additional advantage of an inventory management system is that it can record inventory levels and even issue purchase orders for suppliers when stock levels drop below a predetermined point.

**Step 4: Sending the goods to the client is the best way to define transportation.**

It could take place in stages or all at once. Several businesses may be involved in this phase: a delivery service provider may deliver the items to a consumer, and a transportation company may convey the goods straight to a warehouse.

### **Step 5: Sending an invoice.**

In cases where vendors are not paid immediately, they must provide an invoice to receive payment. Invoices are another format for receipts. These can be emailed to the consumer or packaged and delivered with the product.

## **4.4 Distribution Strategies**

A distribution strategy refers to a technique employed to provide products or services to customers or final users. Companies can choose between direct and indirect distribution tactics to reach different consumer categories, and occasionally, they use a combination of both.

### **Types of Distribution Strategies**

There are two primary types of distribution strategies. They are direct and indirect. Companies can also use a variety of approaches to connect with consumers.

Here are five popular distribution strategies:

- **Direct Distribution:** Manufacturers who use a direct distribution approach sell and ship their goods directly to customers. You can do this via phone, catalogues, or e-commerce websites. After receiving an order, the maker ships the item straight to the customer's address. This tactic gives businesses more control over the customer experience and more information about their target market and customers. In addition, profit margins from direct distribution are frequently better than those from wholesale or retail approaches.
- **Indirect Distribution:** Mediators help with product positioning and logistics in an indirect distribution technique to guarantee effective customer delivery. Direct communication between the creator and the final user is rare.

Typical mediators consist of:

- Wholesalers: Purchase products in bulk from manufacturers and resale them to retailers.
- Retailers: Acquire products from manufacturers or wholesalers and resell them directly to consumers through a range of distribution methods.
- Franchise owners: You may permit people to use your name and products when they build franchise locations, but you maintain contractual control.
- Distributors: Work with manufacturers to get products to retailers or other ultimate locations.

- **Intensive Distribution:** Products are distributed intensively by being placed in as many retail establishments as possible. This is the best approach for regular, low-cost purchases.
- **Exclusive Distribution:** When a manufacturer uses only one particular retailer or its own branded stores and websites, it is said to be using exclusive distribution. This tactic works well for pricey, in-demand products like luxury automobiles, sometimes limited to the manufacturer's retail locations. Brand loyalty, profit margins, and product value can all be raised through exclusive distribution.
- **Selective Distribution:** This approach combines exclusive and intensive tactics. Businesses that exercise this strategy distribute their goods to a number of places, but they are selective about the retailers they work with.

#### **4.5 Importance of Physical Distribution in Supply Chain Management**

The supply chain requires a distributed supply network to maintain a balance between supply and demand. Your distribution plan should be ready to handle demand growth and supply disruptions. The goal of the distribution chain is to reduce the number of interactions required to move a product from supplier to customer.

- **Creation of Utilities:** The physical distribution function of a firm improves essential place and time dimensions of the marketing mix. The key components of physical distribution include transportation and warehousing. Creating or adding utility means adding value to a product.
- **Improved Consumer Services:** Consumer service comprehends all interactions with the customer, from order placement to product delivery and more. It includes pricing, sales representation, after-sale services, product range, and availability. In physical distribution, customer service involves delivering products at the right time and location to meet customer needs.
- **Reduction in Distribution Costs:** The consumer's price includes both production and delivery costs. Strategically planning inventory levels, warehouse locations, transportation schedules and modes, material handling, order processing, and communication can minimise tangible and intangible costs. This represents a significant opportunity for cost control and reduction.
- **Increased Market Share:** An innovative approach to physical distribution can enhance consumer satisfaction and dealer profit margins, leading to increased

market share. A well-designed distribution system can decentralise warehousing, optimise transportation, and plan inventory operations to avoid stockouts and surpluses.

- **Price Stabilisation:** Physical distribution plays a crucial role in achieving price stabilisation. Effective use of transportation and warehousing can balance the supply and demand of goods, preventing price fluctuations. This is especially important in underdeveloped and developing economies where sophisticated transportation and warehousing systems are not yet fully established.

- **Knowledge Check 2**

**State True or False.**

1. The greatest products for an intense distribution plan are usually those that consumers often buy. (True)
2. The demographic group most likely to purchase your goods or services is your target audience. (True)
3. Distributors partner with manufacturers to transport products to retailers or other endpoint locations. (True)
4. By working with designated distributors, manufacturers can increase logistics and transportation costs. (False)

- **Outcome-Based Activity 2**

Divide the students into groups of 4 and ask them to do the group discussion on distribution strategy.

#### **4.6 Summary**

- Physical distribution refers to the process of physically moving goods from the producer to the consumer.
- Physical distribution helps mitigate disruptions and minimise supply chain risks.
- Planning transportation routes based on factors like distance, cost, and time to optimise the movement of goods.
- Coordinating the loading, unloading, and tracking of goods during transit, as well as managing transportation providers and negotiating rates.



- Order processing includes entering customer orders into the system, whether manually or electronically, to initiate the fulfilment process.

#### 4.7 Keywords

- **Inventory Control:** Efficient distribution contributes to better inventory control by ensuring optimal stock levels and reducing inventory holding costs.
- **Environmental Sustainability:** Physical distribution supports eco-friendly practices in logistics by promoting fuel-efficient transportation methods and minimising carbon emissions.
- **Warehousing:** Organising the systematic storage of products to ensure they are easily accessible for distribution.

#### 4.8 Self-Assessment Questions

1. What is the physical distribution?
2. How to do order processing?
3. What is the nature of physical distribution?
4. What is the importance of physical distribution?
5. What are the objectives of the physical distribution strategy?

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### Unit 5: Warehousing and Transportation

**Learning Outcomes:**

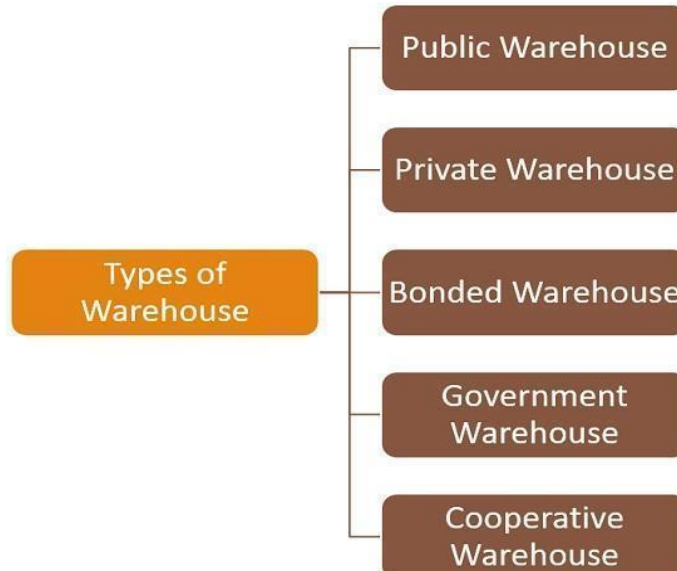
- Students will be able to define the types of warehousing.
- Students will be able to demonstrate the selection of warehousing.
- Students will be able to identify the types of transportation.
- Students will be able to evaluate the selection of transportation methods.
- Students will be able to analyse the cost considerations in warehousing and transportation.

**Structure:**

- 5.1 Types of Warehousing
- 5.2 Selection of Warehousing
  - Knowledge Check 1
  - Outcome-Based Activity 1
- 5.3 Types of Transportation
  - Knowledge Check 2
  - Outcome-Based Activity 2
- 5.4 Selection of Transportation Methods
- 5.5 Cost Considerations in Warehousing and Transportation
- 5.6 Summary
- 5.7 Keywords
- 5.8 Self-Assessment Questions
- 5.9 References / Reference Reading

**5.1 Types of Warehousing:**

A warehouse is a significant structure used to hold resources and items in transit before they are exported or sold. Access to warehouses may be necessary for a variety of enterprises, especially larger ones that need more room for their goods. When a business decides it needs a warehouse, it has to investigate several kinds and select the ideal one for its particular commodities or products.



**Source:** Google Image

There are various types of warehouses, from cold storage facilities to private warehouses. Each type is suited to different business needs, so choosing the right one is crucial for efficient product and inventory management.

### 1. **Public Warehouse**

A public warehouse is a government-owned building that can be rented by private businesses. Because public warehouses are more affordable than private warehouses, they are the best option for firms that want short-term storage. Startups and e-commerce companies are among the many new and expanding businesses that frequently use them.

- Publicly accessible
- An inexpensive choice for start-up companies
- Excellent for firms that operate seasonally
- Perfect for temporary storage

### 2. **Private Warehouse**

A corporation division is the owner of private warehouses, sometimes known as proprietary warehouses. Although they come with a hefty initial cost, they give you more flexibility over inventory control. Manufacturers, distributors, and wholesalers all like these warehouses.

- Greater authority over the facilities
- Appropriate for a prolonged stay in a location
- Offers a dedicated space for doing company operations

### 3. **Smart Warehouse**

AI and automation are used in smart warehouses to streamline fulfilment and storage procedures. Packing, weighing, and delivering items are duties that are handled by technologies like robots and drones. Large e-commerce enterprises looking to increase efficiency and accuracy prefer this option.

- Improved inventory control accuracy
- The cutting down of costs and errors made by human beings.
- Enhanced safety and security
- Understanding how firms that are considered successful function.

### 4. **Cooperative Warehouse**

It is common for many companies to have cooperative warehouses; usually, organisations in industries that are related to specific organisations, such as farming or wine production industries, will often share the warehouses. To each participant, it decreases costs and increases sales for each participant through this collaborative kind of strategy.

- It is best used for businesses involved in similar categories of stock.
- It is obvious that there are combined investments because of the percentages that are arranged.

### 5. **Consolidated Warehouse**

Small quantities received from several different suppliers are grouped and packed into larger quantities at centralised distribution centres as a means of obtaining greater volume discounts, which are then transported to a particular site. So, if there is little inventory involved, such as in a small business or startup, this is ideal.

- Cost-effective and time-efficient
- Reduced freight charges
- In order to sustain sales turnover, there is no need to stock large quantities of inventory.
- There is minimal risk and no need to invest their money to achieve the desired results.

### 6. **Bonded Warehouse**

The imported products and mass consumer goods are stored in the bonded warehouse, pending clearance from customs authorities. These are advantageous to the importers who need warehousing space either for the short term or for a long time as it offers a secured space while the duties are being paid.

- Duties are not paid until products are made available for delivery
- Flexible spaces for a range of goods
- Perfect for companies engaged in international trade

#### **7. Government Warehouse**

The government owns government warehouses, which provide more affordability and security. They do require difficult application procedures and documentation. The government has the right to dispose of goods if rent is not paid.

- Enhanced protection for delicate items
- Accessible and reasonably priced storage

#### **8. Cold Storage Warehouse**

Cold storage warehouses are designed for temperature-sensitive products. They maintain regulated environmental conditions to prevent losses, making them essential for perishable goods, artwork, plants, and pharmaceuticals.

- Ideal for perishable inventory
- Suitable for rare products requiring specific conditions
- Commonly used by pharmaceutical companies

#### **9. On-Demand Warehouse**

On-demand warehousing connects businesses with excess space to those needing temporary storage. This is beneficial for companies facing sudden inventory spikes or seasonal needs.

- Suitable for sudden inventory spikes
- Cost-effective for temporary or seasonal needs
- Attractive for businesses with similar storage requirements

#### **10. Distribution Centers**

Distribution centres focus on quickly moving large quantities of inventory to retailers and merchants. Unlike traditional warehouses, they are integral to the supply chain for distribution, order fulfilment, and shipment preparation.

- Affordable for companies selling to wholesalers
- Designed to enhance inventory management efficiency
- Reduces costs associated with long-term storage

***Success Story:***

*Ben Eliezer, the proprietor of Velocity International Group, thought of the logistics company following working at another logistics company for nearly five years. He desired more challenges and promotional probabilities; he formed his business entity relying on the learned information. Ben himself faced financial problems and had to move back with his mother. Still, he invested all his energy in Velocity, and now it is counted as a business with a growth rate that has exceeded 300 per cent within the last two years.*

*(Source: <https://www.starterstory.com/ideas/logistics-business/success-stories>)*

## **5.2 Selection of Warehousing**

There are multiple factors to consider when determining the location of a warehouse. Some of the most crucial elements to keep in mind:

1. **Transportation Infrastructure:** Transportation infrastructure is one of the most important things to think about. India is well-connected throughout the world by a vast network of roads, railroads, ports, and airports. Being close to these transportation hubs is essential because a warehouse close to a large port or airport can save transportation costs and improve supply chain effectiveness.
2. **Labour Availability:** The factor of significance that cannot be underestimated in any transport business is the availability of the workforce. India has a large and diverse talent pool available for employment. However, the strength also varies by region and the type of specialised talent required. Employment is an important prerequisite for having a sufficient number of competent labourers in the warehouse area, which will provide better performance.
3. **Proximity to Customers:** Companies or industries that produce or rely on products or services used in just-in-time inventory or rapid delivery services/ times should consider this carefully. It is also important to consider the location accessibility of the warehouse in question. Consumers could also have their products delivered to them without much difficulty if they are located in an area well connected by transport networks.
4. **Warehouse Capacity:** Activities that occur across the company's supply chain may be particularly sensitive to issues of warehouse design, including size. The location of the warehouse must be strategic in that it has the current capacity and

meets the future capacity of the warehouse. Ensure there is extra space if the occupants are to expand further.

5. **Regulatory Environment:** The regulatory aspect is important when considering the investing environment. The Indian climate is considered to be highly regulated, but there are differences in regulations and restrictions in various places.

- **Knowledge Check 1**

- Fill in the Blanks.**

1. \_\_\_\_\_centres focus on quickly moving large quantities of inventory to retailers and merchants. (Distribution)
2. Proximity to customers is essential for reducing transportation times and costs, thereby improving \_\_\_\_\_satisfaction. (Customer)
3. \_\_\_\_\_storage warehouses are designed for temperature-sensitive products. (Cold)

- **Outcome-Based Activity 1**

- In a group discussion, have participants identify the types of warehousing.

### **5.3 Types of Transportation**

Exploring the different modes of transportation shows how each is designed to meet specific industry needs. These transportation choices determine the efficiency, environmental impact, and cost of the supply chain.

1. **Road and Truck Transport:** One of the key methods of transport has been the use of road transport, especially trucks, which have been prevalent in the logistics industry for many years now. Trucks offer total flexibility with convenient routes to and from the ports or rail heads from sectors.
2. **Air Transport:** Transportation completely transformed the logistics industry in the 20<sup>th</sup> century. In the beginning, it was used for passengers only and then evolved to cargo shipments. Air cargo planes help transport products across continents in a few hours, proving useful to industries that seek quick turnaround, such as electronics, pharmaceuticals, and fashion.
3. **Rail Transport:** From its beginnings with the steam-driven trains of the nineteenth century to the modern electrified rail system, rail transport has met the

requirements of an industrialised society. Supplying critical raw materials to interior regions or industries such as coal, minerals, and agriculture, which involve bulk transportation by rail, is key since it provides transport that is slightly slower and cheaper than that offered by air transport.

4. **Maritime Transport:** For ages, maritime transportation has served as the foundation of world trade. It now manages more than 80% of foreign exchange. Bulk carriers move produced goods, whereas container ships move raw resources like coal and grains. Maritime transportation is essential to industries like manufacturing and automotive, which import raw materials or export large quantities of goods.
5. **Pipeline Transport:** Pipeline transportation, which became popular in the late 19th and early 20th centuries, is necessary for the movement of liquids and gases such as crude oil and natural gas, respectively, without usual reloading in between. Companies in sectors such as refineries and utility companies entrust their operations mostly to pipelines.
6. **Multimodal and Intermodal Transport:** Multimodal and intermodal transportation is a method of freight transport that aims to accomplish the carriage of various cargoes within the most effective and efficient means possible. The contractual arrangement where goods are transported through two or more modes, collectively known as multilinear and multi-carriage, is cheaper and faster. Intermodal transport or operating under a number of contracts means that the versatility of the routes for transport logistics exists.

- **Knowledge Check 2**

- **State True or False.**

1. Increased demand during peak seasons can lead to higher rates and surcharges imposed by carriers. (True)
2. Freight charges are typically based on these factors, as well as any additional services required. (True)
3. Transportation costs include fuel, vehicle maintenance, driver wages, tolls, carrier rates, insurance, customs fees, and other related expenses. (False)

- **Outcome-Based Activity 2**



Divide the students into groups of 4 and ask them to do a group discussion on how to do the selection for a warehouse for certain goods like food items.

## **5.4 Selection of Transportation Methods**

### **Key Factors in Selecting the Mode of Transport**

Budget is one key to choosing the best transport method for exporting products. Transportation costs vary based on the type and quantity of goods, directly affecting the overall cost of the goods.

- Rail Transport: Most cost-effective for heavy or bulky items over long inland distances.
- Land Transport (Trucks): Ideal for small quantities over short distances, saving on packing and handling.
- Water Transport is the cheapest but slowest option, best for heavy or bulky goods over long distances when time is not a priority.
- Air Transport: Most expensive, essential for perishable, fragile, and valuable items.

Importers and exporters should also consider hidden costs like insurance and finance charges.

### **Reliability and Regularity of Service**

The reliability and regularity of transport modes differ every time. Urgency and speed requirements influence the choice of transport. All modes—land, ocean, and air—can face delays due to bad weather, such as heavy rain, snow, fog, and storms.

### **Safety**

The safety and security of goods during transit are crucial.

- Land Transport: Often preferred over rail due to fewer losses.
- Sea Transport: Riskier due to sea perils and long travel durations.
- Special Packaging: Protects goods but increases costs.
- Special Facilities: Some goods need refrigeration or extra security.

### **Characteristics of Goods**

The size and weight of the products influence the choice of transport option.

- Transport by land and air: Ideal for tiny and delicate shipments.
- For large shipments, rail and sea transportation are appropriate.
- Products that are high-value, fragile, or dangerous should be shipped by air or land.

## **Budget**

Transportation costs add to a product's sale price, affecting its profitability. Factors like volume, weight, delivery urgency, and perishability determine the best value transport method.

- Water Transport: Most cost-effective for non-urgent, bulky, or heavy goods over long distances.
- Rail Transport: Affordable for bulky goods.
- Road Transport: Saves on handling and packaging costs.
- Air Transport: Expensive but fast, ideal for perishable and fragile goods.

## **Timescale**

- Air Transport: Best for long distances requiring urgent delivery, especially for perishable or fragile goods.
- Motor Transport: Faster than rail for short distances.
- Rail Transport: Faster and more economical for long distances.
- Water Transport: Often unsuitable when time is critical.

## **Flexibility**

Motor transport is the most flexible, not limited by flight times, shipping routes, or schedules. It offers day and night operations and door-to-door delivery and accommodates various time frames.

## **5.5 Cost Considerations in Warehousing and Transportation**

Businesses can more efficiently plan their storage service budgets when they are aware of how typical warehouse charges are determined. These expenses depend heavily on factors including fulfilment type, order volume, and storage time.

### **Cost Consideration in Warehousing**

While each company has its own warehousing and fulfilment expenses, common fees include account management, handling costs (which include special projects like pick and pack, kitting, and incoming processing), and storage costs. These fees may be arranged differently in each warehouse; some may combine handling and storage charges into one category, while others may classify them individually.

In general, the following categories of warehousing costs can be distinguished:

1. **Receiving Warehousing Cost:** Receiving charges are evaluated in several ways. While some fulfilment centres charge by the unit, case, or pallet, others bill by the hour. Some businesses may combine receiving fees with other services to

streamline their charge schedule. Fulfilment centres have the option to charge a single price for receiving, unloading, and putting away to storage, or they can divide receiving charges into unloading and putaway fees.

2. **Inventory Storage Warehousing Cost:** When items are left in the facility, inventory storage expenses are incurred. These costs are usually billed every month and are determined by the unit of measurement (e.g., pallet, case, or individual item). Companies want to select a cost-effective product storage strategy. Pallet storage is popular and, depending on the goods, can be kept stacked or as a single pallet.
3. **Pick and Pack Warehousing Costs:** Pick and pack expenses, also referred to as fulfilment charges, cover the costs of selecting, packaging, and shipping goods. These expenses vary based on the characteristics of the inventory and shipments and are normally assessed per item. Variables, including the number of SKUs, size of the product, units per order, and complexity of the pack-out procedure, influence pricing structures.
4. **Kitting Warehousing Cost:** Kitting expenses apply to special tasks needed to prepare goods for shipping, such as putting things together in a subscription box or re-ticketing and re-labelling merchandise. Kitting costs also include light manufacturing, such as assembling a portion of the package prior to order shipment.

### **Types of Transportation Costs**

Transportation costs can be categorised based on different aspects of the transportation process. The key types are:

- **Direct Transportation Costs:** These expenses, which include gasoline, car upkeep, driver pay, tolls, and transportation providers' fees, are directly tied to the actual transportation of products.
- **Freight Charges:** The prices that carriers or logistics companies charge for moving products are known as freight charges. Usually, these depend on the weight, volume, distance, and mode of transit of the shipment. There may also be additional or collateral services such as tracking, insurance, or specialist handling.
- **Packaging Costs:** These accrued costs include those of protective materials or containers, cartons, crates, and pallets, among others, that ensure that the consignment remains safe during transport.

- **Warehousing and Storage Costs:** The costs associated with the holding of products before shipment or after distribution, including the cost of space for storage, whether it was hired or leased, the cost associated with handling and storage, security features, as well as the additional features such as refrigeration.
- **Customs and Duties:** Other import and export expenses consist of import and export taxes, including charges for customs, import and export tariffs, and other charges made by customs.
- **Insurance Costs:** The insurance premium considers the defence of theft, loss, damage and other factors that may be encountered in the transit business. Contingent insurance like liability and freight insurance are examples of this.
- **Administrative and Documentation Costs:** Costs of sending documents and documentation to various parties, including shippers and consignees, permits, customs declarations, and other related administrative expenses, including paperwork expenses.
- **Inventory Carrying Costs:** Transportation lead times have an impact on inventory carrying costs, even though they are not directly related to transportation expenses. These include the costs associated with maintaining inventory, including finance, insurance, obsolescence, and depreciation.

## 5.6 Summary

- Transportation costs are the expenditures associated with transferring people, products, or services from one place to another.
- Transportation costs, a major factor in supply chain management and logistics, impact business profitability and the pricing of goods and services.
- The expenses related to the storage of products either before or following transit, such as warehouse space rental or leasing, labour costs for handling and inventory control, security measures, and extra services like temperature-controlled storage.
- Motor transport is the most adaptable means of transportation, as shipping routes, flying schedules, or pre-arranged timetables do not limit it.
- Pipeline transportation has gained popularity since the late 19th and early 20th centuries. It is essential for moving liquids and gases across long distances without the need to stop loading or unloading, such as natural gas and crude oil.

## 5.7 Keywords

- **Private Warehouses:** Private warehouses, or proprietary warehouses, are owned by a company division.
- **Freight Charges:** Freight charges are the costs billed by carriers or logistics providers for transporting goods.
- **Government Warehouses:** Government warehouses, owned by the government, offer increased security and affordability.

## 5.8 Self-Assessment Questions

1. What is a Warehouse?
2. How many types of warehousing are available?
3. What are the ways to transport goods?
4. What are the types of transportation modes?

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## Unit 6: Channel Design Management

### Learning Outcomes:

- Students will be able to define channel design management.

- Students will be able to demonstrate the need for intermediaries.
- Students will be able to identify the importance of intermediaries.
- Students will be able to evaluate and analyse the functions of channel members.

**Structure:**

- 6.1 Channel Design Management
- 6.2 Need for Intermediaries
  - Knowledge Check 1
  - Outcome-Based Activity 1
- 6.3 Importance of Intermediaries
- 6.4 Functions of Channel Members
  - Knowledge Check 2
  - Outcome-Based Activity 2
- 6.5 Criteria for Selecting Channel Members
- 6.6 Summary
- 6.7 Keywords
- 6.8 Self-Assessment Questions
- 6.9 References / Reference Reading

**6.1 Channel Design Management**

Channel Design Management is a direction plan that is used in the flow of products and services or distribution networks from the makers to the consumers. According to the description, a channel involves the series of connected businesses or people through

which a good or service passes from one individual to the next. Channel design can be described as the creation of new marketing channels no one has experimented with before, or it can also be referred to as the act of working on changing existing channels. The channel of distribution helps to manage the flow or movement of goods from the manufacturer to the end consumer. It can be defined as the mode used to transfer goods from the marketing manufacturer to the customer. The link between a business's marketing department and the market can be described as the channel of distribution.

### **Importance of Channel Design Decisions**

Channel design is crucial because it assists firms in identifying the marketing channels that will best enable them to reach their target audience and achieve their objectives. The idea that is sought is to have as efficient a system as possible, where it is possible to come into contact with as many clients as possible and spend as little money as possible.

The first step that must be taken while evaluating the channel is to identify how the demand of the client can best be met. Marketing communication within the context of this paper can be defined as the process of establishing a link and creating, implementing, and maintaining value for customers, where value can be defined as those exchanges between businesses and customers along the marketing channels that are available and used in reaching and serving the customers.



(Source: Google Image)

Clear and efficient channel design helps firms find the most suitable channels that appeal to the target consumers. This optimisation reduces costs, as the organisation may not invest in some potentially unprofitable media, and enhances the client's interaction with it.

In addition, support and care services are greatly influenced by channel design for improvement. Companies can also provide a better and more convenient customer experience and manage/control and service complaints faster by mapping and integrating their channels with suitable customer needs.

### **Common Elements in Channel Design**

The flow or channel of distribution is defined as the process through which goods and services pass from the producer to the customer. It is essential since it establishes the way services are brought and influences the price of services and goods. Channel Members are the businesses or individuals who serve as the distributors of products and services. They can be classified into different types, such as upstream and downstream.

The three foremost forms of distribution strategies include:

- a. Direct Marketing
- b. Selective distribution
- c. Exclusive distribution

The principle of channel strategies is that they have to be customer-oriented and deliver a better customer experience; present an integrated picture of the customer; use insights about the effectiveness of the channel in an attempt to market to the particular customer; and the concept of relationship development through loyalty programs.

***Success Story: HUBO accordingly creates a more satisfying DIY shopping experience.***

*Hubo is a Belgian company that has been operating in the hardware store segment and has over several establishments of physical stores besides having an online platform for business undertakings; the firm operates more than 150 stores and mainly targets the Yourself (DIY) market by offering a wide portfolio of reputable brands to its clients. The company also supplies items for DIYs of all kinds and intensities, from casual to professional home-based craftspeople interested in endorsing their services. Hubo's primary areas of technology improvement are*



*discussed below, with some key strategic changes: With these modifications, Hubo's new product and supplier onboard much more efficiently, 10x faster; currently, Hubo is still a relatively small firm, but the projected number of the product's SKU variation is 1,000,000 in the next five years. In the same way, by offering a greater depth to the products that can be found on the site, HUBO has the potential to tap a much wider market., and it is really an excellent example of how a Customer Experience approach based on product data can be implemented.*

*(Source: <https://www.informatica.com/blogs/12-customer-experience-success-stories>)*

### **Channel Design Mechanisms:**

For B2B marketing communication, Channel Design Decision is involved:

1. It is common to make channel decisions when the business environment changes or when a firm wishes to enter a particular market.

2. Defining the Channel Flow

One of the first plans in the channel plan that has been developed is the channel flow channel. In this case, the flow means the real path the product or service takes to get to the buyer.

7. This means that there are two main types of channel flow: 1) straight and 2) indirect.

8. Coordinate distribution objectives with the distribution strategies:

- These distribution objectives must be aligned with the total distribution plans that should be launched in the market to foster the realisation of the intended goal and objectives.

- When considering which channels to use, one must ensure that all the goals the channels will involve align with the organisation's goals.

9. Specifying the distribution tasks

The other concept under market channel design is identifying distribution tasks, which is the process that follows after identifying the distribution tasks. Implication activities are the activities that are, more specifically, the steps involved in distributing products and services to customers, consumers, and clients.

10. Alternative Channel Structures

The channel of distribution is the different ways that an organisation can convey its goods and services to the marketplace. Some of the mobility channel options include direct marketing, selective selling, and exclusive selling.

1. This study is expected to find the variable that influences channel structure.
1. Identification of the market target
2. The final stage in channel design involves establishing the final channel structure. Regarding the channel's roles, it is essential to follow the company's vision and mission statement.
8. Selecting the channel members  
These are the channel members, which in most cases refer to the business entities or even individuals who help in putting the products and services to be used by the targeted consumer.
9. Oversees the working of the channel management system  
The final aspect of the channel framework addresses issues involving channel support and integration.

## 6.2 Need for Intermediaries

Intermediaries play a crucial role in the distribution process, extending beyond merely linking different channel partners. Wholesalers, often referred to as "merchant wholesalers," facilitate the movement of goods from producers to retailers.

1. **Purchasing:** Wholesalers buy large quantities of goods directly from producers or other wholesalers. Buying in bulk allows them to get much lower prices.
2. **Warehousing and Transportation:** After purchasing goods, wholesalers store them in large warehouses and manage the transportation to retailers.
3. **Grading and Packaging:** Wholesalers take large quantities of goods and break them down into smaller lots for resale, a process called bulk breaking.
4. **Risk Bearing:** Wholesalers take ownership of the goods they buy, which means they finance the purchase and carry the cost of stock until the goods are sold.
5. **Marketing:** Wholesalers often promote the products they distribute. This can include creating product displays for retailers or advertising.
6. **Distribution:** While some large retailers like Walmart and Target manage some wholesale functions themselves, most retailers still rely on wholesalers.

### • Knowledge Check 1

#### Fill in the Blanks.

1. \_\_\_\_\_ strategy is the overall plan that a company uses to select which marketing channels to utilise. (Channel)

2. Channel alternatives are the various methods a company can use to distribute its \_\_\_\_\_ and services. (Products)
3. Channel members assume the risks associated with their role in the \_\_\_\_\_ process. (Distribution)

- **Outcome-Based Activity 1**

In a group discussion, have participants identify and discuss Channel Design Management.

### **6.3 Importance of Intermediaries**

An intermediary acts as an important link in the supply chain, connecting producers or other intermediaries to the end consumer. This intermediary can be an agent, distributor, wholesaler, or retailer. It sells, promotes, or ensures the availability of goods and services through contractual agreements with the manufacturer.

Intermediaries receive products at a specific price, add their margins, and then pass the products along the supply chain at a higher price. They are also known as middlemen or distribution intermediaries.

Here is an overview of the four types of intermediaries which is important for business delivery:

1. **Agents:** Agents represent the original manufacturer of a product, interacting directly with customers to sell products and highlight their value. They may answer customer questions or demonstrate product features.
2. **Wholesalers:** Wholesalers buy products in large quantities from businesses and then sell them to retailers. Unlike agents, wholesalers own the products they purchase.
3. **Distributors:** Distributors have a unique relationship with manufacturers, involving partial ownership of the products they sell. They typically sell these products to retailers and wholesalers, with limited contact with the final consumer.
4. **Retailers:** Retailers buy products from intermediaries like distributors and wholesalers and sell them directly to consumers. They usually purchase smaller quantities than distributors and wholesalers. Examples include department stores and grocery stores.

### **6.4 Function of channel members**

A channel member is a business that has a direct relationship with the producer and aids in the sale of the products to consumers. Indirect participants, known as channel members or middlemen, join hands and cooperate in order to complete the several activities that culminate in getting the final product to the customer. Even though a producer might choose to sell its products directly to consumers, an alternative commonly chosen is to work with the channel members. Marketing is also among the critical tasks in selling products, mainly concerning price, customer communication or even the transport of products, but channel members have more abilities and factors that the producer can provide to these roles. Each channel member gets involved in a particular sort of task, contributes to the value added to the product, and has expectations of earnings.

Here are some different types of channel members:

- **Distributors:** It is essential to note that distributors are business entities that deal closely with industrial suppliers. The latter provide the former products and tend to retail them to other businesses or wholesalers.
- **Wholesalers:** They purchase a large amount of product or product in a raw form, which may have been bought from manufacturers or suppliers at lower prices, with the intention of selling them in smaller portions to other distributors.
- **Retailers:** They acquire large quantities of goods from manufacturers or other larger stores known as wholesalers and sell small amounts to the general public or other individuals in person or through an online or e-commerce platform.
- **Agents and brokers:** Agents and brokers sell a business product via promotion, identify the buyer, and negotiate on the buyer's behalf.

### **6.5 Criteria for Selecting Channel Members**

Businesses need to select the proper channel partner in order to flourish. An affiliate markets and offers your goods or services. While the wrong partner can have the opposite effect, the right one can increase sales, broaden market reach, and improve customer satisfaction. When selecting a channel partner, keep the following important criteria in mind:

- a. **Knowledge About Your Brand:** The chosen partner must recognise your brand and its specifics. Without this knowledge, they can neither market, advertise, nor sell your products and services nor offer the necessary assistance for your business

to stabilise. Select a partner who knows your brand and who can align with your growth.

- b. **Resellers:** Look at others with whom a potential partner completes because they resell to the same customers. It is appropriate to have a ratio of numerous resellers; however, conflicts of interest may arise when such resellers deal with rival products. Undertaken targets include working with complementary resellers, meaning they can refer to good business and more opportunities. To evaluate a partner's reseller channel, ask them for a list of resellers who work and then analyse how suitable they are for your business.
- c. **Partnership Mentality:** An ideal partner must present a partnership mentality and show concern for the business, goals, and objectives you have planned. They should not be arrogant or overly greedy; rather, they should be committed to your growth, making sure they give their time and money to ensure you are successful.
- d. **Technical Abilities:** When evaluating potential partners' capabilities, it is crucial to consider their technical skills. The specifics of fitting your offerings are critical. There might be a need for specialisation in the given technical aspects, which may be different depending on the company's needs; the partner must meet these qualifications.
- e. **Alignment of Skills and Experience:** Make sure that the partner has adequate ability and experience level suitable for the company in question. This means that a partner will have the required skills and experience to help you grow into a better leader and individual. Assess their level of knowledge regarding your industry and your specific business needs.
- f. **Fit and Purpose:** Make sure the partner is on the same wavelength, ideologically and practically, and has similar objectives to your business. It was formerly stated that both companies should enable you to accomplish the preferred objectives with the appropriate tools and skills, contributing to the success of the partnership.
- g. **Accurate Market Focus:** A partner with a clear target market means that they understand your audience well and can offer the necessary assistance to reach them. This can be useful for saving time and money while presenting insights regarding the market. Pose questions regarding the market niche and offerings they have to offer.
- h. **Financial Status:** A financially stable partner is crucial for consistent support and product availability. Request and review their financial statements to ensure they

are in good financial health. Hesitation to share financial information might indicate instability.

- i. **Business Stability:** Evaluate the stability of the partner's business. A financially secure partner with a solid reputation is more likely to be reliable and trustworthy, providing consistent service and support. Ensure stability when selecting a channel partner.

- **Knowledge Check 2**

- **State True or False.**

1. Intermediaries often deal with advance payments or credit limits. (True)
2. Channel members handle all negotiations with end customers. (True)
3. Channel members must manage their inventory to match market demand. (True)
4. Channel members play a significant role in procuring the products at the local level. (False)

- **Outcome-Based Activity 2**

Divide the students into groups of 4 and ask them to conduct a group discussion on the importance of intermediaries.

## 6.6 Summary

- Channel members collect information about potential customers, competitors, and market conditions.
- Channel flow refers to the path that products and services take from the producer to the customer.
- Channel members are the businesses or individuals involved in distributing products and services.
- Channel objectives are the goals a company aims to achieve through its marketing channels, such as increasing sales, reaching new customers, and improving customer service.
- Channel alternatives are the various methods a company can use to distribute its products and services.
- Intermediaries receive products at a specific price, add their margins, and then pass the products along the supply chain at a higher price.

## 6.7 Keywords

- **Agents:** Agents represent the original manufacturer of a product, interacting directly with customers to sell products and highlight their value.
- **Wholesalers:** Wholesalers buy products in large quantities from businesses and then sell them to retailers. Unlike agents, wholesalers take ownership of the products they purchase.
- **Distributors:** Distributors have a unique relationship with manufacturers, involving partial ownership of the products they sell.

## 6.8 Self-Assessment Questions

1. What is channel design management?
2. How to do channel design?
3. What is the need of intermediaries?
4. What is the importance of the function of channel members?

## 6.9 References / Reference Reading

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## **Unit 7: Establishing Channel Objectives and Constraints**

### **Learning Outcomes:**

- Students will be able to define the establishing channel objectives.
- Students will be able to demonstrate how to establish channel constraints.
- Students will be able to identify the major channel members.
- Students will be able to evaluate and analyse the major channel members.

### **Structure:**

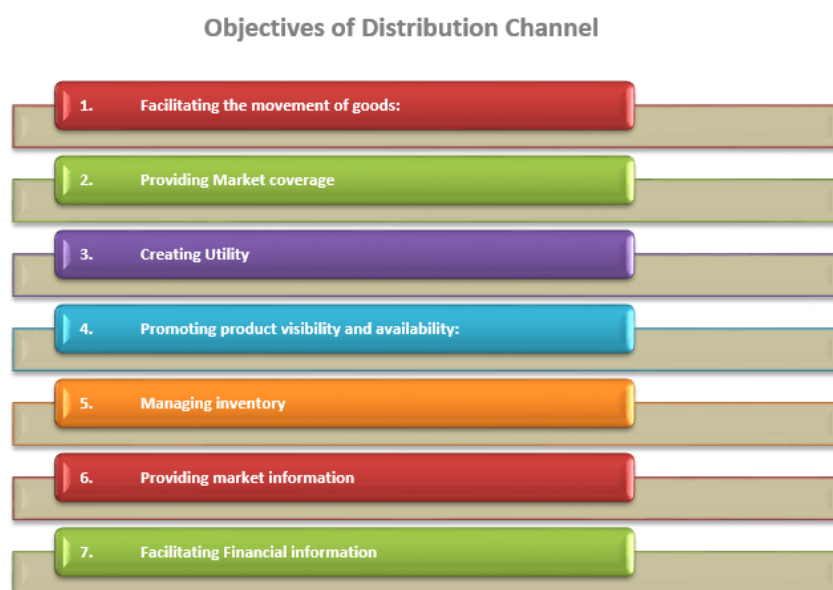
- 7.1 Establishing Channel Objectives
- 7.2 Establishing Channel Constraints
  - Knowledge Check 1
  - Outcome-Based Activity 1
- 7.3 Identifying Major Channel Members
- 7.4 Evaluating Major Channel Members
  - Knowledge Check 2
  - Outcome-Based Activity 2
- 7.5 Setting Objectives and Constraints for Channel Design



- 7.6 Aligning Channel Objectives with Organisational Goals
- 7.7 Summary
- 7.8 Keywords
- 7.9 Self-Assessment Questions
- 7.10 References / Reference Reading

### 7.1 Establishing Channel Objectives

Marketers should define their channel objectives based on the chosen service output levels, associated costs, and required support. Under competitive conditions, channel members must organise their tasks to minimise expenses while maintaining desired service levels. Usually, planners can identify various market segments based on service needs and select the best channels for each segment.

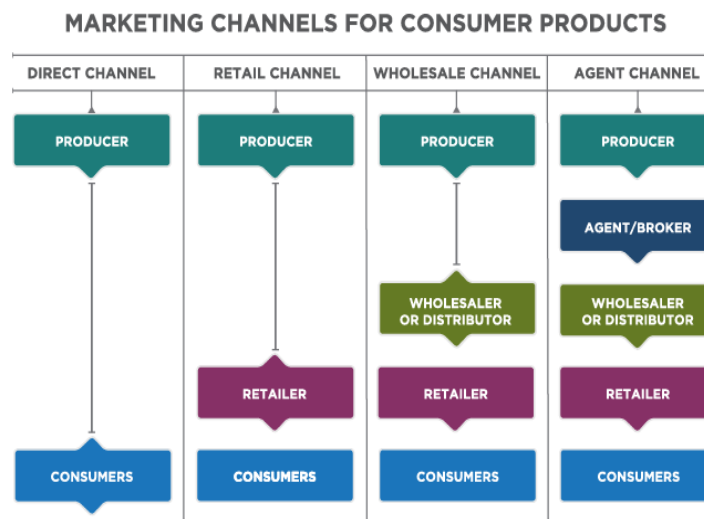


(Source: Google Image)

## 7.2 Identifying Major Channel Members

In order to identify significant channel members, first, we must understand a business organisation that works hand in hand with other similar business organisations for a producer to market its products to consumers. These channel members, also termed intermediaries or mediators, help in the various operations needed to get a particular product from the production point to the consumer channel. Even though a producer or manufacturer could directly sell his goods to consumers, he commonly relies on the channel of members. Marketing of products involves several tasks, including setting price factors, communicating with customers, and moving the products. Still, all these can be undertaken by another party in the channel since the producers may not have adequate time, skill and facilities for these tasks. Each channel member undertakes specific tasks, provides a service and has the right to earn something. Channel members, who may be purchasing the product from the producer with the aim of resale, are also faced with risk in this respect. The extent to which a producer uses channel members in marketing their products can also affect the prices of those products.

### Types of channel members



(Source: Google Image)

Here are some different types of channel members:

- **Distributors:** Distributors can be described as companies that obtain products directly from industrial suppliers, make use of them, and, in most cases, sell them to another wholesaler or even another commercial entity.

- **Wholesalers:** This is a business that purchases an enormous quantity of product or product from producers or distributors at a lower price and repackages it in small quantities for sale to other businesses. Wholesalers obtain a large amount of product to make a high profit but can lose a lot of money because it is not selling.
- **Retailers:** Retailers purchase or acquire goods and services in large quantities from wholesalers or distributors with the intention of breaking them down and selling them to users or clients directly on their own or via the web.
- **Agents and brokers:** Many times, agents and brokers assist a business by selling its products by marketing them, identifying the market for them, and bringing buyers and sellers together.

To answer the question of how marketing channels function, it is first necessary to define marketing channels.

A marketing channel, also known as a distribution channel, is the procedure by which channel members market and distribute products or services to customers. Nowadays, the marketing channel plays a crucial role in promoting a product, and that is why it is vital to select an efficient and effective one for a producer.

### **B2B vs. B2C Marketing**

Businesses need to select the proper channel partner in order to flourish. An affiliate markets and offers your goods or services. While the wrong partner can have the opposite effect, the right one can increase sales, broaden market reach, and improve customer satisfaction. When selecting a channel partner, keep the following important criteria in mind.

#### **Your Target Audience**

##### **B2B Marketing**

- Goal: Seek out fortified locations where managers and owners make those business values.
- Strategy: Sincerely target those in a firm who have some discretion over the acquisition of inputs.

##### **B2C Marketing**

- Goal: The target of initial contact with as many possible clients as you can.

- Strategy: To succeed on the Internet and sell as many copies of a given book as possible, it is necessary to target a broad segment of consumers.
- Understanding the customer is a very important part of the strategies for appealing to the customer.

### **B2B Marketing**

- Evidence-Based: This presents the value and return on investment needed for your product using records and statistics.
- Justification: Clients need solid proof that a product will generate enough revenue for the company that invested in it.

### **B2C Marketing**

- Emotional Appeal: It will be easier for you to build an attachment with them if you appeal to their senses and ethereal elements.
- Justification: Customers often base their buying decisions on the benefits that are easily visible and the perceived satisfaction that the product provides.

### **The Timeline**

#### **B2B Marketing**

- Longer Decision-Making: Organisations tend to spend more time deciding on purchases because they involve a substantial amount of capital and deserve the level of consideration.
- Consideration: He defined that there are many factors which dictate that the sales cycle is lengthy, and firms have to be sure the product will deliver adequate return on investment.

#### **B2C Marketing**

- **Quicker Decisions:** Consumers tend to make faster purchasing decisions, looking for quick and easy solutions.
- **Impulse:** Many consumer purchases are driven by immediate needs or desires, resulting in shorter sales cycles.

Understanding these differences helps you better tailor your marketing efforts to meet the needs and expectations of your target audience, whether they are businesses or individual consumers.

<i>Success Story:</i>
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*Amgen is widely recognised as one of the largest biotech firms, which focuses on discovering, developing and delivering biologics for people with chronic diseases. It has also made significant strides in the cardiovascular region's treatment, hence helping heart disease patients whose diseases are leading causes of morbidity and mortality globally. This is due to the result of applying AI and machine learning analysis to high-quality data concerning providers, products, and payers to extend outreach to patients in need of life-saving treatment options by Amgen. Such a patient-focused approach to data analysis benefits Amgen in the following ways: It alerts a care provider and offers the patient preventive treatment before a health event occurs. This new versatile data-driven approach also ensures that the company minimises the amount of time it takes to launch new products on the market.*

*(Source: <https://www.informatica.com/blogs/12-customer-experience-success-stories-worth-mimicking.html>)*

- **Knowledge Check 1**

- Fill in the Blanks.**

1. A company's overall plan for deciding which marketing channels to use is called its \_\_\_\_\_ strategy. (Channel)
2. A company's channel choices are the different ways it can deliver its \_\_\_\_\_ and services. (Items)
3. Channel participants take up the risks related to their participation in the \_\_\_\_\_ process. (Distribution)

- **Outcome-Based Activity 1**

- In a group discussion, have participants identify and discuss Channel Design Management.

### **7.3 Evaluating Major Channel Members**

When evaluating major channel Members, economic, control, and adaptive criteria must be considered. Each criterion provides insights into how well a channel option aligns with the company's goals and constraints.

## **Economic Criteria**

Economic criteria focus on the financial impact of each channel alternative. Each option generates different levels of sales and incurs varying costs.

### **1. Company Sales Representatives**

- Advantages:
  - They focus exclusively on the company's products.
  - They receive better training specific to the company's offerings.
  - Their success is directly tied to the company's success, making them more motivated and aggressive in their sales efforts.
- Disadvantages:
  - They may not achieve the sales volume that a larger sales agency could.

### **2. Sales Agencies**

- Advantages:
  - They usually have a larger number of sales representatives.
  - They possess superior knowledge of the local market and geographical area.
- Disadvantages:
  - They may not be as dedicated to the company's products as company sales representatives.

## **Control Criteria**

Control criteria assess the degree of control the company can exert over the channel. This includes how well the company can manage and influence the channel's activities.

### **1. Company Sales Representatives**

- Advantages:
  - The company has direct control over its sales force.
  - Sales representatives can be aligned closely with the company's goals and strategies.
- Disadvantages:
  - The company bears the full responsibility for training and managing these representatives.

### **2. Sales Agencies**

- Challenges:

- Agencies are independent businesses focused on maximising their profits.
- They may prioritise customers who buy the most, regardless of whether they are purchasing the manufacturer's goods.
- Agencies might lack deep knowledge of the company's products and may not handle promotional materials as effectively as company sales representatives.

- **Knowledge Check 2**

**State True or False.**

1. A channel used for brand awareness might differ from one used for direct sales.  
(True)
2. B2C marketing is done for customers only. (True)
3. B2C marketing is done by channel members, agents and brokers only. (False)
4. Channel members are able to do the B2B product marketing at the local level.  
(False)

- **Outcome-Based Activity 2**

Divide the students into groups of 4 and ask them to do a group discussion on the importance of channel members.

## **7.4 Setting Objectives and Constraints for Channel Design**

### **Setting Objectives for Channel Design**

Channel Design objectives change based on the product's attributes. Bulky products, such as building materials, require shipping channels that minimise handling and delivery distance.

- Products like air conditioning and heating systems that need to be installed or maintained are usually sold and maintained by the manufacturer or its franchised dealers.
- Turbines are one example of a high-unit-value product that is frequently marketed by the company's sales department instead of through intermediaries.
- Laws and limits also impact channel design.

### **Identifying Major Channel Alternatives**

Each channel—whether sales forces, agents, distributors, dealers, direct mail, telemarketing, or the Internet—has unique strengths and weaknesses. Channel alternatives differ in three ways: the types of intermediaries, the number needed, and the terms and responsibilities of each.

#### 1. **Types of Intermediaries**

- **Merchants:** Buyers, title holders, and resellers of goods are intermediaries such as wholesalers and retailers.
  - **Agents:** Middlemen who look for clients and sometimes bargain on behalf of producers but who do not claim ownership of the goods include brokers, manufacturers' representatives, and sales agents.
  - **Facilitators:** Facilitators are organisations that help with distribution without assuming ownership or negotiating sales, such as independent warehousing, banks, advertising agencies, and transportation businesses.
2. Businesses may choose to use novel or unusual channels because they encounter difficulties or inefficiencies with established ones. For instance, Netflix switched from mailing out DVD rentals to offering streaming video content online.

#### 3. **Number of Intermediaries**

- **Exclusive Distribution:** Reducing the number of middlemen makes sense for products that need committed and educated dealers, and agreements for exclusive dealings are frequently involved.
- **Selective Distribution:** In contrast to intensive distribution, selective distribution uses a small number of intermediaries who are prepared to carry a certain product and offer sufficient market coverage with greater control and cheaper costs.
- **Intensive Distribution:** This strategy distributes goods to as many locations as possible; it works well for things that are regularly bought, such as gum, soft beverages, newspapers, and snack foods.

#### 4. **Terms and Responsibilities of Channel Members**

- **Pricing Policies:** Manufacturers set a list of prices and discount schedules that they believe are appropriate and sufficient for middlemen.
- **Conditions of Sale:** The conditions of sale should include terms for payment and producer guarantees. Early payment incentives, warranties against defective goods, and price reductions encourage larger purchases.



- **Territorial Rights:** Define the boundaries and conditions that producers will accept from other distributors in terms of their territorial rights.
- **Exchange of Services and Accountabilities:** Clearly defined, particularly for exclusive agency and franchised channels, to guarantee good communication between producers and intermediaries.

### **Setting Constraints for Channel Design**

Understanding the constraints of a channel is crucial for focusing efforts and resources on the channels that are most likely to drive growth. Here's a detailed breakdown of the key factors to consider:

#### **Channel Fit**

Channel fit ensures that the chosen channels align with the company's strategic foundation and business context. This alignment is assessed through five key attributes:

##### **1. Use Case**

- **Description:** Determine how the channel will be used within the overall marketing strategy.
- **Example:** A channel used for brand awareness might differ from one used for direct sales.

##### **2. Context**

- **Description:** Understand the environment and circumstances in which the channel operates.
- **Example:** Social media channels may perform differently in various demographic segments.

##### **3. Intent**

- **Description:** Clarify the primary goal of using the channel.
- **Example:** Is the channel intended to generate leads, increase sales, or build customer engagement?

##### **4. Growth Model**

- **Description:** Ensure the channel supports the company's growth strategy.
- **Example:** If the company aims for rapid scaling, a channel with high scalability potential is essential.

##### **5. Metrics**

- **Description:** Define how success will be measured for each channel.

- Example: Metrics might include conversion rates, customer acquisition costs, or return on investment (ROI).

### **Channel Behaviours**

Channel behaviours focus on evaluating the performance and characteristics of the channels through six components:

#### **1. Scale**

- Description: Assess the potential reach and volume of the channel.
- Example: A large-scale channel like national television can reach millions of viewers.

#### **2. S-Curve Stage**

- Description: Identify the channel's stage in its lifecycle (introduction, growth, maturity, or decline).
- Example: Emerging social media platforms might be in the growth stage, offering rapid expansion opportunities.

#### **3. Effort**

- Description: Measure the amount of effort required to maintain and optimise the channel.
- Example: Some channels, like content marketing, may require continuous effort in content creation and engagement.

#### **4. Cost Scaling**

- Description: Understand how costs increase as the channel scales.
- Example: Pay-per-click advertising costs can rise significantly with higher competition and more clicks.

#### **5. Reliability**

- Description: Evaluate the consistency and dependability of the channel's performance.
- Example: Email marketing might offer reliable performance with consistent open and click-through rates.

#### **6. Impact Timeline**

- Description: Determine how quickly the channel can show results.

- Example: SEO might take several months to show significant impact, whereas paid advertising can produce immediate results.

### **Channel Controls**

Channel controls focus on how performance can be adjusted and evaluated through three components:

#### **1. Targetability**

- Description: Assess the ability to target the desired audience precisely.
- Example: Social media platforms allow for highly specific targeting based on user demographics and behaviours.

#### **2. Measurability**

- Description: Evaluate how easily performance can be tracked and measured.

### **7.5 Aligning Channel Objectives with Organisational Goals**

Aligning channel objectives with organisational goals can be challenging, and it is easy to lose sight of the big picture. However, it is crucial to step back and assess whether your channel partners can support your company's broader strategy.

- **Evaluating Your Channel Partners:** Consider whether your current channel partners can scale with your planned growth. For instance, if the CEO aims to increase sales without expanding the direct sales team, your channel strategy could be key—provided your partners can significantly boost their sales efforts.
- **Measuring Partner Effectiveness:** One way to measure partner effectiveness is by comparing partner revenue to direct sales revenue. If it takes many partners to match the revenue of one direct salesperson, your current partners might not be sufficient. You might need to partner with larger companies or distributors that have better market reach.
- **Aligning Channel Strategy with Corporate Goals:** Ensure your channel management strategy aligns with your company's larger goals. Channel managers need detailed information about their partners, including comprehensive partner profiles, to avoid making decisions based on assumptions.
- **Adapting to Market Needs:** If a company selling a database product to mid-size businesses finds their product works best for large corporations, they might

consider shifting to partners with enterprise customers. This could involve training current partners to target enterprise clients or switching to new partners already in that market. Either approach could slow the channel's time to market.

- **Knowledge Check 2**

**State True or False.**

1. A channel used for brand awareness might differ from one used for direct sales.  
(True)
2. B2C marketing is done for customers only. (True)
3. Channel members, agents and brokers only. (False)
4. Channel members are able to do the B2B product marketing at the local level.  
(False)

- **Outcome-Based Activity 2**

Divide the students into groups of 4 and ask them to do a group discussion on the importance of channel members.

## **7.6 Summary**

- A marketing channel, also known as a distribution channel, is the procedure by which channel members market and distribute products or services to customers.
- A distributor can purchase the product and then sell it to a wholesaler that, in turn, sells it in small quantities to a retailer.
- The use of marketing channels is also useful in tracing and communicating the availability of a certain product and the demand for that product to ensure that there is no excessive accumulation of the product in the warehouse.
- A channel used for brand awareness might differ from one used for direct sales.
- A marketing channel, also known as a distribution channel, is the procedure by which channel members market and distribute products or services to customers.

## **7.7 Keywords**

- **Agents:** Agents represent the original manufacturer of a product, interacting directly with customers to sell products and highlight their value.
- **Wholesalers:** Wholesalers buy products in large quantities from businesses and then sell them to retailers. Unlike agents, wholesalers take ownership of the products they purchase.
- **Distributors:** Distributors have a unique relationship with manufacturers, involving partial ownership of the products they sell.

### 7.8 Self-Assessment Questions

1. What are channel objectives and constraints?
2. How do you manage channel members?
3. What are the types of channel members?
4. What are the evaluation criteria for channel members?

### 7.9 References / Reference Reading

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## **Unit 8: Managing Channel Conflicts**

### **Learning Outcomes:**

- Students will be able to define the Managing Channel Conflicts.
- Students will be able to demonstrate Types of Channel Conflicts.
- Students will be able to identify the Resolution of Channel Conflicts.

### **Structure:**

8.1 Managing Channel Conflicts

8.2 Types of Channel Conflicts

- Knowledge Check 1
- Outcome-Based Activity 1

8.3 Resolution of Channel Conflicts

- Knowledge Check 2
- Outcome-Based Activity 2

8.4 Preventing Channel Conflicts

8.5 Summary

8.6 Keywords

8.7 Self-Assessment Questions

8.8 References / Reference Reading

### **8.1 Managing Channel Conflicts**

Channel conflict is the term used to describe arguments, conflicts, or other similar problems between two or more participants in a distribution channel. These alliances usually involve cooperation between one organisation that creates or produces goods, services, or technologies and another organisation that distributes and markets them.

#### **Understanding Channel Partnerships**

In a channel partnership, a company that creates products collaborates with various partners and intermediaries to distribute and market these products. The goal is to expose the products to a wide audience, ensuring sales and profitability. These channels are often complex and can include multiple layers of distributors, wholesalers, agents, and retailers.

#### **Causes of Channel Conflict**

Channel conflict can arise from several sources, including:

1. **Competing Goals:** Partners may have distinct goals, such as one focused on profit margins and the other on market penetration.
2. **Territorial Disputes:** When several partners compete with one another by operating in similar geographic areas, disputes may arise.
3. **Pricing Disagreements:** When partners have different pricing methods, it can lead to conflict, especially if one partner feels undercut by the other's policies.
4. **Resource Allocation:** Conflicts can arise from disagreements about the distribution of money for marketing, sales assistance, and other resources.
5. **Communication Problems:** Misunderstandings and mismatched tactics can arise from poor communication between partners.

### **Impact of Channel Conflict**

Channel conflict can arise from several sources, including Channel conflict can arise from several sources, including:

- **Competing Goals:** The partners may have diverging objectives. One may be interested in matters such as the average profit per unit, while the other may be more concerned with units sold.
- **Territorial Disputes:** Conflicts can arise when several partners are trying to win a greater market share, as they all open stores in comparable regions.
- **Pricing Disagreements:** Using different pricing methods may often cause disagreements between the partners, especially where one partner's policy is viewed as unfair and provides lower prices than the other.
- **Resource Allocation:** This will lead to conflicts such as discrepancies concerning the proportionate split of the money to be used in advertising, selling, and other services.
- **Communication Problems:** There are common cases of misunderstandings due to comprehension and mismatch in strategies due to communication failures between partners.

### **Managing Channel Conflict:**





Source: Google Images

Channel disputes are very important for managing relations with the distribution partners positively and, more importantly, ensuring that the supply chain is efficient. The following comprehensive procedures can help you handle channel conflict:

- **Establish a Minimum Advertised Price (MAP):** Another reason for channel commitments is that establishing a minimum advertised price (MAP) is one of the first things that are necessary as a result of channel conflicts since ambiguities concerning pricing are one of the most common issues in this area. This tactic can help distributors not worry about being undersold by the associated website, which provides items at lower prices online.
- **Cut Down the Number of Channels of Distribution:** After a certain period has passed, ensure that you control the number of channels of distribution since this results in a stabilisation of prices. Hearing Multiple distributors may be tempting because the reach may improve. However, it is harder to earn collaborations when the market is overly flooded.
- **Other ways of dealing with channel issues include** Ensuring that only authorised dealers are in your supply chain. Controlling supply is another way of coping with channel issues. Counterfeit carriers can enhance competition, and there will be problems if your supply chain is untamed, as those unauthorised distributors are

advertising your products. Reduce these problems by making sure that your products are not being handled by anyone other than the distributors.

- **Strengthen Your Brand by Offering Exclusive Products:** Developing a powerful brand can also help reduce channel conflicts. One approach to this is to put exclusive products on your e-commerce site. By releasing some products only online, you can build your brand without directly competing with your distribution partners.

***Success Story:** PUMA Increases Online Sales by Delivering Right Products at the Right Time explores how the company achieved this.*

*To be specific, I like sneakers, and I believe that it is quite common among many people to have a big passion for the shoes created by PUMA, which produces a great number of lifestyle shoes. Now, PUMA is inclined to believe that its experience of providing the best footwear and apparel for some of the brightest talents in the sporting world will help it transform its dream of turning into the preferred sports-life company. Now, with restrictions on its product searches and deploying machine learning to get extra value out of its clients, PUMA can provide its customers with more accurate product recommendations and deliver a hyper-personalised experience suited to the needs of a customer in a hyper-personalised economy. While the solution was vital to assisting PUMA in achieving and exceeding the return on investment targets in less than two years, it also provided a boost to PUMA's online sales.*

*(Source: <https://www.informatica.com/blogs/12-customer-experience-success-stories-worth-mimicking.html>)*

## **8.2 Types of Channel Conflicts**

### **Vertical Level Conflict**

When there is a disagreement between two or more channel members working at successive levels of a distribution channel, it is referred to as a vertical-level conflict. For instance, a vertical-level conflict between a wholesaler and a retailer may occur if the wholesaler often fails to provide the appropriate quantities of a manufacturer's goods to the retailer.

### **Horizontal Level Conflict**

When two channel members at the same level of a distribution channel quarrel, the whole thing becomes disrupted, which is known as a horizontal-level conflict. A horizontal conflict might occur, for example, if your company supplies goods to two wholesalers in different areas and one of them intrudes on the other's domain.

### **Inter-Type Channel Conflict**

Similar to horizontal level conflict, inter-type channel conflict happens at the same level between two channel members that are different in size or type. An inter-type channel conflict could occur, for instance, if a manufacturer supplies different products from its product line to a major retailer and a small retailer, and the large retailer begins selling products that are normally designated for the little retailer.

### **Multi-Channel Level Conflict**

When channel partners at various stages of the distribution chain compete with one another by selling to the same market, this is known as multi-channel level conflict. A multi-channel level conflict may arise, for instance, if a brick-and-mortar store offers a brand's products at a lower price than an online store.

### **Resolution for Discount Conflicts**

Affiliate partners' profits, which rely on selling at retail pricing, may be harmed if the e-commerce partner is permitted to offer products at a reduced price. Furthermore, clients can stock up on products at a discount during sales, which would lessen their future need to buy from affiliate partners.

## ● **Knowledge Check 1**

### **Fill in the Blanks.**

1. When two or more channel members operating at successive levels of a distribution channel disagree, it's called a \_\_\_\_\_level conflict. (Vertical)
2. Keeping your supply chain exclusive to licensed dealers is an additional efficient method of channel management \_\_\_\_\_. (Conflicts)
3. When two channel members at the same level of a distribution channel argue, it causes a \_\_\_\_\_level conflict that interferes with the channel's overall functioning. (Horizontal)

- **Outcome-Based Activity 1**

In a group discussion, have participants identify and discuss Channel conflicts.

### **8.3 Resolution of Channel Conflicts**

Channel Conflict is a common challenge for businesses that rely on multiple partners to distribute their products or services. It occurs when different channel members have conflicting goals, expectations, or strategies that interfere with their performance or profitability. Channel conflict can damage your brand reputation, customer satisfaction, and sales growth.

Following the below methods, a resolution for channel conflicts can be reached:

- **Align Your Objectives:** The solution to channel conflict is to avoid channel conflict by ensuring the objectives of your channel and your company are synchronised. Make sure the customer understands you are in business for what reason, whom you are serving, how much you are charging, and how you measure your success. Trust your partners and acknowledge their objectives, issues, and strengths.
- A clear definition of roles and responsibilities is an important communication medium which enables the organisation to achieve its set goals and objectives. The latter means that the relations between the company and each channel partner should be strictly defined in terms of roles and responsibilities. Identify the goals, objectives and roles of participants, how they will work together and how they will avoid and solve conflicts. Ensure that you provide channel partners with support and feedback in unlimited supply.
- **Communicate Regularly and Transparently:** Relevant to its importance, here are the key channel communications strategies that every organisation operating in a multichannel environment must follow. Update them on any matter that may concern them or their customers in the event of change, development and evolving opportunities. Respond to their complaints or ideas and consider them as professional feedback, acknowledging and answering them with respect. Communication is most advised to be routine and clear, so all your channel partners can efficiently work together for a common goal, think creatively, and find solutions to existing issues.

- **Settle Disputes Efficiently and in a Manner Which Would Be Considered Equitable:** Any conflict that may emerge must be resolved objectively without much delay. Set a code of conduct for reporting incidents, grievances, or complaints to ensure that they are addressed appropriately.
  
- **Knowledge Check 2**  
**State True or False.**
  1. Any conflict that may emerge must be acted on without much delay and be resolved objectively. (True)
  2. Set a code of conduct with regard to reporting incidents, grievances or complaints to ensure that they are addressed appropriately. (True)
  3. Communication is not mostly advised to be routine and clear so all your channel partners can efficiently work together for a common goal, think creatively, and find solutions to existing issues. (False)
  
- **Outcome-Based Activity 2**  
 Divide the students into groups of 4 and ask them to do the group discussion on resolving channel conflicts.

#### **8.4 Preventing Channel Conflicts**

To further improve your company's channel strategy, prevent channel conflicts by following the below methods:

##### **Conflict 1: Market Saturation**

If your product helps your partner sell more of their current offerings, they might concentrate on a market penetration plan. This involves focusing on a large consumer base, which may include some of your current prospects. For your partner, building a relationship with a new client to sell their whole line of products is more important than just selling your product.

##### **Solution 1: Set Clear Boundaries on Customer Targeting**

Indicate the areas and clients your partners should stay away from in the contract. By doing this, you can guarantee that your internal sales and marketing teams can work without worrying about a partner interfering with their interactions.

Provide the qualifying requirements before accepting the contract. Because of increased turnover rates, unsatisfied consumers might lead to support issues and ultimately affect you more than your partner. Consequently, it is imperative to obtain final approval before accepting a prospect for the product.

### **Conflict 2: Partners Comparing Pricing**

It is typical to have several resellers for the same product, frequently categorised by customer category (enterprise vs. mid-market) or geography. Resellers may earn different income splits according to the services they offer (installation services, tier-one support, etc.). However, what would happen if customers talk about your goods and find out that someone else is receiving a better offer?

### **Solution 1: Create Transparency About Current Partnerships**

Conflict between horizontal channels can be difficult, particularly between rival businesses. The greatest way to reduce this risk is to keep things open and honest throughout the contractual process.

Tell prospective partners about your existing alliances, the limitations they have (geographical, market niche, etc.), and the conditions of your typical channel relationships. If you grant a partner an exception, make sure it brings substantial benefits.

Think about whether you would extend the same conditions to a spouse who offered comparable value. If so, you're probably in a good position to collaborate with both businesses.

### **Solution 2: Schedule Regular Reviews**

Relationships must change as companies do it internally among themselves. Meeting with your partners regularly enables you to understand their development better and choose how to assist in their achievement. Relationships can be strengthened, and conflicts can be avoided with this proactive approach.

To maintain a positive rapport, schedule quarterly meetings and at least one in-person meeting every year. Never be afraid to ask for a revised contract if needed. An annual review procedure can make this easier.

## **8.5 Summary**

- Specify tasks, coordination methods, and issue-handling procedures.
- Set boundaries and expectations for each partner's territory, customer segment, and product range to avoid confusion and overlap.
- Monitor performance, provide constructive feedback, and recognise achievements to build trust and motivation.
- Listen to feedback and address concerns promptly to foster collaboration and problem-solving.
- Resolve Conflicts Quickly and Fairly by having a clear process for handling and escalating issues or complaints.
- Incorporate feedback from partners and customers to identify gaps and opportunities for improvement, ensuring optimal performance and profitability.

## 8.6 Keywords

- **Align Objectives:** Clearly define and communicate your value proposition, target market, pricing strategy, and performance metrics.
- **Channel Conflict:** It is a common challenge for businesses that rely on multiple partners to distribute their products or services.
- **Promotions:** Channel members play a significant role in promoting products at the local level.

## 8.7 Self-Assessment Questions

1. What are aligned objectives?
2. How do you manage channel conflicts?
3. What are the ways to resolve the channel conflicts?
4. What are the types of channel conflicts?

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### **Unit 9: Sales Force Performance Evaluation**

#### **Learning Outcomes:**

- Students will be able to define the Salesforce performance evaluation.
- Students will be able to demonstrate Criteria for Performance Evaluation.
- Students will be able to identify the Methods of Evaluation.
- Students will be able to evaluate the Improving Sales Force Performance.



- Students will be able to analyse the use of technology for performance evaluation.

**Structure:**

- 9.1 Criteria for Performance Evaluation
- 9.2 Methods of Evaluation
  - Knowledge Check 1
  - Outcome-Based Activity 1
- 9.3 Improving Sales Force Performance
  - Knowledge Check 2
  - Outcome-Based Activity 2
- 9.4 Using Technology for Performance Evaluation
- 9.5 Summary
- 9.6 Keywords
- 9.7 Self-Assessment Questions
- 9.8 References / Reference Reading

**9.1 Criteria for Performance Evaluation**

A sales performance evaluation is an annual meeting where a sales manager and their sales representative discuss their work, performance, responsibilities, challenges, advancements made, future development plans, contributions to the organisation, and sales performance analysis. Based on this review, the manager decides on opportunities for progress, appraisals, and promotions.

**Metrics for Evaluation:**

Managers utilise many metrics, such as the following, to assess the sales team:

- Sales volume achieved and targets for earnings satisfied
- Reaching objectives for sales
- The quantity and status of potential clients in the pipeline report on the performance of sales.

**Feedback Model:**

Supervisors ought to provide feedback in a "sandwich" manner:

- Recognize the salesperson's accomplishments first, then talk about areas in need of development.
- To inspire them, close on a good note.

**Areas of Improvement:**

Supervisors can assist salespeople in becoming better by:

- Pointing out areas in which they need to improve
- offering advice on how to get better, such as attending classes or picking up new talents
- monitoring progress with instruments like a sales lift calculator

**Data-Backed Feedback:**

Managers can use technologies to monitor sales success and provide data-driven feedback:

- Salespeople can use this to gauge their performance and identify areas for improvement.
- Feedback sessions held during sales meetings can enhance communication and teamwork.

**Setting Goals:**

Managers should set clear goals for salespeople: Managers should set clear goals for salespeople:

- These goals should be realistic and, at the same time, should be seen as realistic challenges by the organisation.
- Reviewed and realistic objectives provide help in contribution to salespeople and assist in focusing on what needs to be achieved.

### **Asking for Feedback:**

At the end of the evaluation, managers should ask salespeople for their thoughts. At the end of the review, managers should ask salespeople for their thoughts:

- Selling people may have recommendations as to how the company should be run, which may include changes in its practises
- These feedback caresses have the potential to help the organisation grow and expand.

#### ***Success Story:***

*In partnership with Richardson Sales Performance, Richardson evaluated the organisation's existing sales performance, identified the advantages and disadvantages of the current sales process, and identified the best sales cycle. The six steps of the sales process were covered by the Cargill Sales Framework: research, creativity, inspiration, product development, display, narrative completion, and partnership growth and intensification. The following success metrics were developed in order to pinpoint the high-impact tasks and link objectives for every phase. Cargill consented to collaborate with Richardson Sales Performance to create a special curriculum that teaches staff members how to constructively train others in addition to learning how to start and develop client conversations and sell to, serve, and retain Cargill customers.*

*(Source: <https://www.richardson.com/sales-training-case-studies/cargill/>)*

## **9.2 Methods of Evaluation**

To check how well a salesperson is doing, we look at different things. Here are some important methods of Evaluation:

- Sales Volume: This is how much a salesperson sells in a certain time. It shows how good they are at making money.
- Customer Retention Rates: These show whether a salesperson can keep customers coming back, which is important for keeping a business going.
- New Client Acquisition: This is about getting new customers. It's a big part of a sales job.
- Average Deal Size: This is about how big the deals that a salesperson makes are. It can affect how much money they bring in.

- **Qualitative Measures:** These are things like what customers say about the salesperson and how they handle problems. They add more details to the evaluation.
- **Sales Cycle Length:** This is the time it takes for a sale to happen. Shorter times can mean the salesperson is doing well.
- **Lead Conversion Rate:** This shows how good a salesperson is at turning possible sales into real ones.

By combining all these things, we can get a good idea of how well a salesperson is doing. This helps managers see where they can improve.

### **Effective Evaluation Techniques:**

To check how well salespeople are doing, managers use different methods:

- **Regular Check-Ins vs. Annual Reviews:** Instead of just examining sales once a year, managers can talk to salespeople more often. This helps them fix problems faster and stay on track.
- **360-Degree Feedback:** This means getting feedback from different people, such as coworkers and customers. It helps give a full picture of how a salesperson is doing.
- **Self-Assessment:** Salespeople can also assess their own performance. This helps them see where they can improve.
- **Role-Specific Goals and Benchmarks:** Managers can set clear goals for each salesperson. This way, everyone knows what they need to do to do well.
- **Utilising Technology:** Managers can use special software to track sales and give feedback. This helps ensure that the evaluation is fair and accurate.

By using these methods, managers can understand how well salespeople are doing and help them do better.

- **Knowledge Check 1**

#### **Fill in the Blanks.**

1. Through strategic integration of assessment outcomes into the \_\_\_\_ plan, organisations may develop a more proficient, productive, and driven sales force that is well-positioned for long-term success. (Sales)

2. An assessment alone is not enough to describe a salesperson's \_\_\_\_\_ review; it is a strategic instrument that influences the success of the individual as well as the business. (Performance)
3. Effective \_\_\_\_\_ feedback and a combination of quantitative measures and qualitative insights are necessary for effective review. (Evaluation)

- **Outcome-Based Activity 1**

In a group discussion, have participants identify the method of evaluation.

### **9.3 Improving Sales Force Performance**

The efficacy and efficiency with which a sales team meets its revenue and sales goals is known as sales performance. It displays the capacity to accomplish (or exceed) company objectives and successfully market goods and services within a given time frame, whether monthly, quarterly, or annually.

Sales performance immediately impacts a corporation's bottom line, which makes it significant. A company that performs well in sales generates more money and profit from the sale of its goods and services. It also illustrates how well the business meets client wants and how effective the sales process is.

To make things easier, here are some tips to improve personal sales performance:

1. **Have the Right Mindset:** Your mindset can greatly influence your sales outcomes. Approaching your job with a positive attitude is essential. Creating an annual vision board with pictures and phrases that reflect your goals can help you stay motivated and focused, especially during tough times.
2. **Improve Your Business Acumen:** Understanding how businesses operate gives you credibility and helps you position your product or service effectively. Learn about the typical operations of companies in your industry, read credible business publications, and study financial reports.
3. **Get Organized: Organisation is crucial for improving sales performance. Allocate time for key tasks and stick to a schedule. If organisation isn't your strong suit, seek help from an organised team member to learn effective workflows.**

4. **Review All Pertinent Data for Your Role and Position:** Salespeople are often given quotas and activity metrics to meet. Reviewing and understanding these metrics is essential for tracking and improving performance.
5. **Set Concrete Goals:** To achieve the objectives set, it is better to disregard the average and good dreams and set concrete, written measurable goals. What makes it even clearer is the definition that befits the goal, which makes it easier to know what you want to accomplish and how to do it. Get your goals across to managers and colleagues so that they can be put on the right track, especially when you find yourself straying off course.
6. **Build a Personal Development Plan:** Develop a course of action indicating target skills that you feel need to be developed and a timeline for achieving them. When using this approach, make sure you work on one or two skills monthly and record the progress. In that case, you will need to contact your manager and request a training plan, at least for your professional development within the organisation.
7. **Find a Sales Coach or Mentor:** If your manager has no time to help you with the sales efforts, You should consult with a sales coach or mentor. An external mentor can give you a fresh and unbiased perspective and notice that you had previously missed the areas of your sales strategy or behaviour that can be improved.
8. **Track Your Progress:** By quantitative, I mean you should monitor your results daily, weekly, and monthly, depending on the number of times you intend to work out. Evaluate the outcome of Gardner's style on a weekly as well as every month. This is particularly important as it records achievements that can boost morale and illustrate how harder work contributes to general objectives.
9. **Be Creative with Problem-Solving:** Suggest ways and means to effectively meet customers' needs and special concerns and how to best differentiate yourself from the competition in the sales process.
10. **Celebrate Your Wins:** Recognize and celebrate your achievements, both big and small. Sharing your successes with your team or manager can provide motivation and momentum to keep striving for improvement.

- **Knowledge Check 2**  
**State True or False.**

1. Celebrating small wins can boost overall sales performance. (True)
2. Creativity in problem-solving can help differentiate you from competitors and win clients. (True)
3. Business acumen is not important for improving sales performance. (False)

- **Outcome-Based Activity 2**

Divide the students into groups of 4 and ask them to do a group discussion on how to do the selection for a warehouse for certain goods like food items.

## **9.4 Using Technology for Performance Evaluation**

Effective performance evaluation is essential for business growth in the fast-paced sales market. This piece extensively examines a typical salesperson's performance review. We will discuss important metrics, creative evaluation methods, and the value of constructive criticism. Our goal is to give sales managers the tools they need to evaluate and develop their staff's skills to promote success and expansion.

### **1. CRM Insights**

Customer Relationship Management (CRM) systems can revolutionise how organisations measure the performance of their sales team. If you look at the upgrade of analytics from CRM, you will be able to distinguish which form of sales activity is effective and which needs work. It eliminates guesswork and presents your evaluations in the form of data, which will help you make better-informed decisions.

- **Real-Time Feedback:** Salesforce training and feedback are equally effective in real-time, especially for sales performance. Instant and accurate reporting, analytical data, and assessment information can be delivered to your sales team throughout the day to enhance performance and feedback.
- **Performance Metrics:** Performance measurement and evaluation of salespeople must follow clearly defined KPIs that can be set and monitored with the help of technology. When it comes to targets, having clear goals of call numbers to be made, conversion rate, and average deal size set provide the platform for success. It simplifies monitoring of these metrics, providing a clear form of performance tracking for a salesperson. This brings out areas of strength that should be encouraged, as well as problematic regions.

- **Training Tools:** The developments in technology have led to the increased distribution of state-of-the-art training tools in sales. There is a range of training modules available to companies with sales staff on the Internet that can be utilised to train the staff effectively. These tools contain features like jigsaw or case studies and quizzes that allow the repetition of what is learnt. These training tools are effective to be included in the evaluation to ensure that your personnel are up to date with the appropriate sales strategies and information.
- **Predictive Analysis:** Another important tool is predictive analysis, which forecasts trends in terms of sales and performance. Hence, automated predictors can give future working outcomes based on statistical data and artificial intelligence computations. This makes it easier for one to get into preventive measures or a shift in your sales strategy to suit the market forecast. It allows you and your team to be more prepared for new changes that might occur in the near future, leaving your team surprised by shifts in consumer behaviours or some turning points in the industry.
- **Gamification Tactics:** Games at work refers to the process of transporting game-like features in an organisation, such as points, badges, and leaderboards, for unconventional use, such as evaluating sales performance. These elements must be incorporated to establish competition among the team members, but at the same time, this competition must be healthy. This makes the evaluation fair and promotes self-improvement because salespeople move up to the next level on the leaderboard to gain public acceptance by their peers.

## 9.5 Summary

- It is better to embrace specific, written, and measurable goals in preference to a set of articulated and dark wishes. Having a clearly defined goal is very important since it allows you to have a clear understanding of what you aim to achieve and how to achieve it.
- Develop a course of learning in terms of the skills that you would like to address within a certain period. Set a few goals and work on them monthly or weekly, and then make records of your improvement.
- Leverage a sales trainer or mentor if your manager is too preoccupied to do thorough coaching. It can be embarrassing to acknowledge that external opinions



can be more insightful than insider opinions. However, that is the harsh reality: An outside mentor can notice weaknesses and shortcomings in your sales strategy and behaviour that you will never identify on your own.

- Sales Volume refers to how much of a particular product a salesperson is able to sell at any given time.
- Customer retention rates are defined as how a salesperson can continue to entice customers to make more purchases with the company. They primarily contribute to the process of sustaining a business organisation.

### 9.6 Keywords

- **Customising Sales Training:** Create focused training programs by using evaluation data to pinpoint common areas that could be improved. This guarantees that the training meets the demands of the sales staff and is pertinent.
- **Changing Sales Goals & Targets:** Make individual and team sales targets more reachable and realistic by adjusting them based on performance reviews. Better outcomes and motivation maintenance may arise from this.
- **Tailored Development Strategies:** Based on each salesperson's areas of strength and growth, create customised programs for them. This individualised strategy promotes ongoing career development.

### 9.7 Self-Assessment Questions

1. What are the criteria for Performance evaluation?
2. How many types of evaluation methods are there?
3. What are the ways to get feedback for sales performance?
4. What is the use of technology in sales performance?

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## **Unit 10: Technology in Sales and Distribution**

### **Learning Outcomes:**

- Students will be able to define the Role of Technology in Sales Management.
- Students will be able to demonstrate Digital Sales Platforms.
- Students will be able to identify the E-commerce and Online Distribution Channels.
- Students will be able to analyse the impact of Emerging Technologies on Sales and Distribution.

**Structure:**

10.1 Role of Technology in Sales Management

10.2 Digital Sales Platforms

- Knowledge Check 1
- Outcome-Based Activity 1

10.3 E-commerce and Online Distribution Channels

- Knowledge Check 2
- Outcome-Based Activity 2

10.4 Impact of Emerging Technologies on Sales and Distribution

10.5 Summary

10.6 Keywords

10.7 Self-Assessment Questions

10.8 References / Reference Reading

**10.1 Role of Technology in Sales Management**

Technology is a key component of the contemporary sales process, changing the way salespeople approach their business. Technology can help salespeople generate more

leads, work more efficiently, and complete more deals by saving time. As technology is rapidly approaching the sales industry, it becomes essential for today's sales professionals to incorporate the latest platforms and solutions that will be useful to them. While the business environment in the present era is characterised by a high level of competition, especially in corporate settings, it is for the salespeople to effectively exploit the opportunities as well as advance in the approaches they employ when conducting their business with clients by leveraging technological advancement.

### **Types of Technology Used in Sales:**

Considering the possibilities in the sphere of managing sales, there are a great number of various technologies available. Some firms may seek to utilise several types as a way of raising the efficiency of various activity zones, while others might be able to make do with one. Familiarising yourself with these main technologies will help you evaluate the best technologies for your organisation. Here are a few key options:

#### **1. Customer Relationship Management (CRM) Systems**

CRM systems include the following websites: [www.salesforce.com](http://www.salesforce.com) and [www.oracle.com](http://www.oracle.com). They work as a virtual database of your large customer base, where the sales team can monitor more about the customer, including their buying behaviour and history. The primary advantage of CRM systems is that a sales team can easily get the necessary information while working with the client, which boosts the quality of service and customer satisfaction.

#### **2. Analytics and Reporting Tools**

Sales analytical and report tools extensively facilitate the analysis of the entire sales data. These templates assist the sales team in analysing trends and characteristics, which would enable the management to change and adapt, hence improving sales. Some CRMs have analytic and reporting tools integrated into the software, but there is also standalone software that can be used alongside or inserted into your CRM.

#### **3. Sales Automation and Workflow Tools**

Certain benefits may result from using sales automation and workflow programs, depending on the specifics of the product the company is offering.

Automation has many functions, such as daily/weekly emails, purchase confirmation, and promotional services. Workflow tools help present sales process

workflows and cover all the necessary procedures while reducing the required manual work done by the sales team.

#### **4. Communication and Collaboration Platforms**

It is also very important to define all of the communication processes and teamwork in the sales team. Slack is one tool that allows the team to carry out immediate message exchanges, and mailing services foster group chatting and one-on-one.

#### **5. Mobile and Cloud Technologies**

The most used technologies in sales management today are mobile and cloud technologies.

Mobile technologies allow the sales team to use sales software on their smartphones and tablets, making it easier to work on the go.

Cloud technologies offer secure storage for customer and employee information, accessible from any computer with internet access. This ensures that authorised personnel can easily retrieve important data when needed.

***Success Story: Commonwealth Joe: Enhanced Sales Prediction with the use of CRM & Analytic Data.***

*Current Commonwealth Joe workers have pin-drop reliability, as the use of CRM and analytics has enhanced the flow of its sales prediction. This way, they observe which sales strategies are popular and which ones may be unpopular, and they could be doing something wrong.*

*While the new plan allowed the sales team to identify leading sales strategies, they could then pursue these further for the sale of goods or services.*

*(Source: <https://salesdrive.info/the-role-of-technology-in-modern-sales-management>)*

### **10.2 Digital Sales Platforms**

Sales made through virtual means are referred to as digital sales, and platforms used to do so are known as Digital Sales Platforms. Digital sales come in many forms, but they are all online and, for the most part, let the consumer find their way through information without the assistance of a sales representative. Digital selling takes place through various common online channels, including:

1. **Websites:** It is essential to have a landing page where customers can explore your products or services. Enabling online ordering makes purchasing quick and convenient.

2. **Email:** Send out a regular promotional newsletter to keep customers informed about your latest offerings. Special discounts and offers can encourage purchases. Ensure that all emails contain clickable links directing prospects back to your landing page or main online content.
3. **Social Media:** With over 1.5 billion social media users worldwide, maintaining a consistent and engaging social media presence is crucial. Potential customers spend hours on platforms like Facebook, Twitter, and Instagram, so it's smart to engage them where they already are.
4. **Targeted Ads:** Creating ads specifically targeted at your customer base is a wise business move. Digital marketing allows you to focus on individuals who fit your buyer personas, increasing the likelihood of interest and purchase. This strategy minimises wasted resources on a broader, less interested audience.
5. **Chat Bots:** Automating chatbots on your website can answer frequently asked questions and guide customers toward specific outcomes. This provides interactive customer experiences without taking up your sales reps' time, allowing them to focus on more complex tasks.

### **Key Digital Platforms available for selling products:**

#### **1. Sellfy**

**Overview:** Sellfy is an e-commerce platform designed to sell digital products like e-books, music, videos, software, and more. It's perfect for creators, artists, and entrepreneurs who want a quick and easy way to set up an online store and sell their digital goods globally.

#### **Key Features**

- **Easy Setup:** Create your online store in minutes without any coding knowledge.
- **Customizable Storefronts:** Personalize your store's appearance with options to change colours, fonts, and layouts.
- **Secure Hosting:** Ensure your digital products are safely delivered to customers.
- **Digital Product Management:** Easily upload and manage your digital products, including pricing and descriptions.

#### **2. Systeme.io**

**Overview** Systeme.io is an all-in-one marketing platform that simplifies online business operations by integrating email marketing, sales funnels, and course creation.

#### **Key Features**

- All-in-one Platform: Combines email marketing, funnel building, and course creation.
- Automation: Advanced automation for marketing and sales processes.
- Membership **Sites**: Easily create and manage membership sites.

### **3. Payhip**

**Overview** Payhip is an e-commerce platform for selling digital products, memberships, and courses directly to your audience.

#### **Key Features**

- Instant Delivery: Automated delivery of digital products.
- Marketing Tools: Affiliate marketing, coupons, and social media promotion tools.
- No Monthly Fees: Charges a small transaction fee instead of a subscription.

### **4. Teachable**

**Overview** Teachable is dedicated to creating and selling online courses, coaching services, and digital products.

#### **Key Features**

- Customizable Course Websites: Build personalised websites for your courses.
- Student Engagement Tools: Includes quizzes, forums, and certificates.
- Comprehensive Analytics: Track sales and student progress with detailed reports.

### **5. MailerLite's Digital Product Sales Feature**

**Overview** MailerLite allows you to sell digital products directly through email marketing campaigns, enhancing its email marketing platform.

#### **Key Features**

- Integrated Email Marketing: Sell products through targeted email campaigns.
- Landing Pages: Create custom landing pages to showcase and sell digital products.
- Payment Processing: Integrated payment processing for seamless transactions.

### **6. ClickFunnels**

**Overview** ClickFunnels is a sales funnel builder that helps businesses market, sell, and deliver their products online.

### **Key Features**

- Drag-and-Drop Editor: Easily create custom sales funnels.
- A/B Testing: Optimize your funnels with split testing.
- Membership Areas: Create members-only areas for exclusive content.

### ● **Knowledge Check 1**

#### **Fill in the Blanks.**

1. Businesses focused on optimising their \_\_\_\_\_process through funnels. (Sales)
2. \_\_\_\_\_looking for a comprehensive tool to increase conversion rates.(Marketers)
3. Businesses seeking an integrated solution for email marketing and \_\_\_\_\_product sales. (Digital)

### ● **Outcome-Based Activity 1**

In a group discussion, have participants identify and discuss how digital sales happen and what its benefits are.

## **10.3 E-commerce and Online Distribution Channels**

E-commerce distribution channels are the tracks through which products travel from producers to consumers. The goal is to get products to customers as efficiently as possible. Better distribution can lead to higher customer satisfaction and better reviews.

### **Example of Distribution in Action**

Imagine a chocolate manufacturer who doesn't sell directly to customers. Instead, they work with distributors—wholesalers and retailers—to get their chocolates to the final buyers. The process you see at a grocery store, where goods are unloaded, is part of this distribution.

### **Two Main E-commerce Distribution Methods**

1. **Direct Distribution:** Selling products directly to consumers through physical stores or online websites.

### **Advantages:**



- Keep All Profits: No need to share profits with intermediaries.
- Total Control: Manage who buys your products and where they are sold like TITAN does.
- Build Customer Relationships: Direct interaction with customers can foster loyalty.

**Disadvantages:** Higher Costs: Requires a larger investment in sales and marketing teams.

**2. Indirect Distribution:** Direct to consumers sometimes involves selling products directly to the agents, whether wholesalers or retailers.

**Advantages:**

- Cost Efficiency: Marketing and selling are intensive staff needs that can be avoided by using this service.
- Access to Established Customer Bases: Harness on the client base of retailing firms and wholesalers.
- Faster Sales: The existing flow of products is generally faster in finding its way to the target customers.

**Disadvantages:**

- Higher Costs: distribution of revenue with intermediaries raises operational costs.
- Complex Management: It may huff and huff when dealing with multiple intermediaries to coordinate.

### **Types and Examples of E-commerce Distribution Channels**

- System Integrators (SIs): Some of the firms include Deloitte, which sells whole and integrated solution packages involving products of different vendors, mainly in the health or financial sector.
- Managed Service Providers (MSPs): Other third parties like Lenovo provide IT solutions and services that include monitoring of services round the clock and backup of data.
- Value-Added Retailers (VARs): Accessory merchants, computing services firms, car franchises, or furniture store retailers offering extra services.
- Original Equipment Manufacturers (OEMs): A special type of organisation, such as Apple, that manufactures parts for use by other organisations.

- Wholesalers: Intermediaries like Walmart or Amazon that buy products in bulk and sell to retailers.
- Retailers: Stores like Best Buy that sell products directly to consumers.
- Consultants: Expert advisers like McKinsey that offer professional business advice.
- Distributors: Companies that handle storage, transportation, and marketing for products, adding value but also increasing costs.

- **Knowledge Check 2**

**State True or False.**

1. Independent creators and artists selling digital goods like ebooks, music, or digital art. (True)
2. Sales made via offline means are referred to as digital sales. (False)
3. Effective communication and collaboration are key to a successful sales team. (True)

- **Outcome-Based Activity 2**

Divide the students into groups of 4 and ask them to do a group discussion on E-commerce distribution channels.

## **10.4 Impact of Emerging Technologies on Sales and Distribution**

Technology is transforming businesses, particularly sales, and is transferring at a rapid pace. From prospecting to closing deals, mobile, social, big data, and cloud technologies are revolutionising the sales process. Many sales organisations are adopting these technologies to boost productivity, profitability, and competitive advantage.

Here are some key technological tools used to enhance the sales process:

### **1. Big Data**

- Purpose: Captures, manages, and analyses vast amounts of customer data to uncover insights into behaviours and buying habits.
- Impact: Helps in prospecting, identifying potential customers, and predicting which leads are most likely to convert into clients. It allows sales teams to focus on the most promising activities and customers.

### **2. Social Platforms**

- Purpose: Attract and engage new customers through social media.
- Impact: Social media enables companies to engage with customers and gather valuable insights. It significantly influences buyer decisions, with peer recommendations being ten times more impactful than salespeople's advice. Organisations can better target potential customers by following their digital activities.

### **3. Sales Force Automation Systems (SFA)**

- Purpose: Automates tedious, time-consuming sales tasks.
- Impact: Frees up sales employees to focus on generating more sales and revenue. SFA systems keep sales teams updated on products and services, provide real-time data on sales activities, and help managers optimise sales efforts.

### **4. Cloud-based CRM Technology**

- Purpose: Integrates marketing, sales, and customer support to provide a holistic view of customer relationships.
- Impact: Allows access to CRM data from anywhere, enhancing the agility and productivity of sales teams. Cloud-based CRM systems offer significant returns on investment, enabling better customer insights and interactions.

### **5. Mobile Technology**

- Purpose: Facilitates research, evaluation, and purchase of products through mobile devices.
- Impact: Provides sales teams with instant access to critical data, improving sales pitches and closing rates. Mobile technology enables real-time data updates and enhances the overall customer experience.

### **6. Bring Your Device (BYOD)**

- Purpose: Allows employees to use their mobile devices for work.
- Impact: Reduces costs and boosts productivity by letting sales teams use familiar devices. BYOD policies enhance collaboration and access to important resources, though companies need to ensure strong security measures.

## **The Future of Sales and Technology**

Technology is reshaping sales. Only organisations that embrace tools like big data, social media, mobile technology, and the cloud will remain competitive. Those sticking

to outdated methods may struggle to survive. As technology advances, customer purchasing behaviour evolves, with 50-60% of online browsers planning to purchase within an hour. Embracing technology helps drive sales and meets the needs of tech-savvy customers.

### 10.5 Summary

- CRM systems allow the sales team to easily access customer information, which helps them provide better service and improve customer satisfaction.
- Sales analysis and reporting tools are necessary for data analysis in businesses. It assists the sales team in gaining insight concerning certain trends so that they can change their strategies and, hence, perform better.
- Routine communications, order confirmations, and marketing promotions can be left to the ‘robot’.
- One should know that the success of having a good sales team lies in good partnership as well as being able to communicate well.
- Such channels include facilitating immediate communication via threads, channels, and direct messages, all of which are available through Slack.
- Mobility technologies enable the sales personnel to perform sales-related tasks on their smartphones and tablets because the sales software can be run on the devices.

### 10.6 Keywords

- **Risk management:** A strategic sales plan recognises possible hazards and obstacles.
- **Performance measurement:** The strategic plan's establishment of precise metrics and KPIs makes regular evaluation of sales performance possible.
- **Customer Focus:** Sales strategic planning emphasises understanding and meeting customer needs.
- **Competitive Advantage:** A well-crafted sales strategic plan can give a company a competitive edge.

### 10.7 Self-Assessment Questions

1. What are digital sales platforms?
2. How do you use a digital sales platform to sell?

3. What is an e-commerce distribution channel?
4. What is the role of emerging technology in sales and distribution?

### **10.8 References / Reference Reading**

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## **Unit 11: Legal and Ethical Issues in Sales and Distribution**

**Learning Outcomes:**

- Students will be able to define the Legal and Ethical Issues in Sales and Distribution.
- Students will be able to demonstrate Legal Considerations in Sales.
- Students will be able to identify the Ethical Practices in Sales and Distribution.
- Students will be able to analyse and evaluate compliance with sales regulations.

**Structure:**

- 11.1 Legal and Ethical Issues in Sales and Distribution
- 11.2 Legal Considerations in Sales
  - Knowledge Check 1
  - Outcome-Based Activity 1
- 11.3 Ethical Practices in Sales and Distribution
  - Knowledge Check 2
  - Outcome-Based Activity 2
- 11.4 Compliance with Sales Regulations
- 11.5 Summary
- 11.6 Keywords
- 11.7 Self-Assessment Questions
- 11.8 References / Reference Reading

**11.1 Legal and Ethical Issues in Sales and Distribution**

Ethical concerns impact everyone, even when companies have established codes of conduct. Directing these issues can be complex, as perceptions of what is moral can

vary greatly depending on circumstances and individual beliefs. What one person views as unethical might be seen as standard practice by another.

Here are five common ethical issues in sales and marketing:

1. **Selling a Product vs. Selling a Solution:** Products are solutions to people's problems, not just objects. Put more emphasis on the solution than just closing a deal. You run the danger of losing the trust of disgruntled customers if you aggressively market your products to those who don't require them or have the issue your solution solves. The customer's demands should always come first; don't try to close a deal quickly.
2. **Telling Partial Truths:** Half-truths are still misleading. Avoid manipulating your market with incomplete information to secure a sale. Consumers today are savvy and can spot when a product doesn't truly meet their needs. Ensure that your product matches the claims you make in your marketing. Honesty should always come before sales.
3. **Deceiving Your Organisation:** Sales and marketing professionals often work independently, which can lead to unsupervised unethical behaviour. The question arises whether a salesperson or marketer is wasting the company's time and resources. Even if a salesperson is paid a commission, unethical behaviour can still cost the company potential sales. Integrity is crucial in maintaining trust within the organisation.
4. **Commitment Issues:** Proactively addressing and engaging with customers regarding delivery delays, quality issues, or product changes can help you keep their trust. Throughout the entire sales process, having a solution-focused approach is crucial. Honesty and openness ought to be your first objectives at all times, regardless of the reason behind the problem.
5. **Accountability:** When a problem occurs, take responsibility promptly and truthfully. While it might be tempting to avoid blame to save face, owning up to your actions and offering a solution is a more ethical approach. If you fail to accept responsibility and your customer learns the truth from another source, it can damage your relationship and jeopardise future sales.

<i>Success Story:</i>
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*Coffee and Farmer Equity Practice refers to the major sustainable sourcing system that Starbucks uses. The company aims to source all its coffees sustainably. This is in line with the company's goals of being socially responsible. Four guiding principles form the foundation of Starbucks' C. A. F. E. sourcing policy: quality, social/ethical concern, financial viability and environmental stewardship. To ensure that coffee is grown for consumption and every cup is served responsibly, Starbucks works to ensure that the beans are grown, processed, traded, and bought responsibly and fairly. The following is a well-developed structure of the paper through the use of large coffee and the ethical procurement of the latter: It can be said that current ethical sourcing policies set by Starbucks are a new norm in the industry.*

*(Source: <https://www.tradeready.ca/2018/topics/supply-chain-management/4-companies-succeed-focusing-on-ethical-sourcing-manufacturing/>)*

## **11.2 Legal Considerations in Sales**

Legal aspects in sales are as difficult; the information states that it all depends on your ability to see and work on them. To maintain efficient compliance and risk management programs, one needs to update on trends and work alongside lawyers regularly. This will help the firm manage the staff and continue expanding the business. When it comes to such issues, awareness is essential regarding the fundamental changes that dictate the development of legal frameworks. Following are some of the legal considerations in sales:

- 1. Negotiating the legal environment of the business:** It is one of the most important things that, as a sales manager, you have to fully understand in order to lead your team towards achieving its aims and objectives. To make it easier to look at legal issues and to avoid getting so hung up on the problems that they pose that one loses sight of the forest for the trees, we need to define what development is.
- 2. Deceptive Promotion:** To avoid being associated with a perceived intent to create fake claims concerning a particular good or service, marketers should perform the following. Misleading advertising is defined as when the claims being made are not accurate in the hope of convincing the public or when the advertisements contain information that is knowingly untrue in relation to the characteristics, use, or performance of a product.



3. **Injustice Competition:** Fair competition is a major challenge in Justice Competition. False advertising and trade secret theft are two examples of unfair competition.
4. **Negative Marketing:** While every firm hopes to win the consumer's favour/loyalty rather than the competitor's, it is ethically wrong to advertise the consumer's detriment of a competitor's product. Also termed a communication assault, this advertising strategy seeks to attack a competitor's image in a bid to increase consumers' perception of the advertiser.
5. **Unethical Data Gathering:** Market research plays an important role in any organisation, whether at the initial stage of its development, growth, or established market. Customer knowledge-based marketing and promotional efforts can improve market communications strategies and effectively actualise enhanced returns on promotional investment.
6. **Pricing Techniques:** This is a business strategy in which you set your prices very high when everyone needs your service or goods. Because the demand is very high, they have no option.
7. **Contractual Disputes:** Contracts are essential in sales, but problems can arise if the terms are unclear or if one side doesn't meet their obligations.
8. **Antitrust Compliance:** Antitrust laws are designed to keep competition fair and prevent monopolies. Sales managers need to ensure their practices comply with these laws. This reminds us to review sales practices for compliance carefully.
9. **Data Privacy and Security:** Protecting customer data is crucial, and there are laws to protect it. Sales companies always need to ensure that customer data is protected and compliant with government laws.
10. **Employment Law Issues:** Sales managers also need to be aware of employment laws, including rules about wages, discrimination, and harassment. Addressing these issues proactively is important to avoid legal problems.

- **Knowledge Check 1**

- **Fill in the Blanks.**

1. Laws pertaining to employment, such as those governing pay, harassment, and discrimination, must also be understood by \_\_\_\_\_managers. (Sales)

2. \_\_\_\_\_ organisations must constantly ensure that client data is secure and compliant with legal requirements. (Sales)
3. \_\_\_\_\_ in sales and marketing frequently operate alone, which can result in unethical behaviour occurring unchecked. (Professionals)

- **Outcome-Based Activity 1**

In a group discussion, have participants identify and discuss Legal Considerations.

### **11.3 Ethical Practices in Sales and Distribution**

Maintaining ethical practices in sales and distribution is crucial for building trust, credibility, and long-term business success. Here are some key guidelines to follow:

#### **1. Foster Trust and Credibility with Customers**

- Focus on trust-building in every sales interaction to create positive experiences.
- Avoid using a “sales by any means necessary” approach, which can lead to unethical behaviour and damage customer relationships.
- Build trust by sharing truthful testimonials, providing credible data, being mindful of nonverbal communication, and asking open-ended questions to understand customer needs.

#### **2. Be Accountable**

- It is also important to accept fault immediately and without reservation whenever an issue occurs.
- It is recommended not to shift the blame where one wants to maintain their pride; instead, one should act like they have a solution to the problem at hand.
- Knowing the customer’s needs and expectations but failing them is crucial to inform the latter early in the game to salvage the trust.

#### **3. Share Clear, Truthful Information**

- Supply accurate knowledge about your offering to the buyer who wants to make a wise decision about their choice.
- It is also important not to create high expectations and set the pace of unsustainable sales expectations; these usually backfire and erode the customer’s trust.
- Even If you do not know something, do not fake a response and then go look it up; just be honest and

- The person will always know that you are reliable.

#### **4. Provide Fair Competitive Comparisons**

- Companies also acknowledge their competitive context and the position of the brand.
- They should speak well of what competitors in the industry can offer customers without entertaining slanderous or defaming provisions.
- When making comparisons, the proposed product's useful characteristics and features should be especially considered.

#### **5. Address Problems Head-On**

- Maintain the focus on the prospects while looking for overall problem-solving solutions throughout the sales process.
- Delays should be communicated appropriately and work with a backup solution to retain the customer base.
- In the event of possible issues, it becomes crucial to ensure that the customer is aware of these and can take the necessary steps to come up with relevant solutions.

#### **6. Follow Through on Commitments to Customers**

- Always deliver on words spoken to prospects and customers, including assurances given regarding information that will be offered, follow-ups, or meeting appointments.
- Demonstrating reliability and commitment is a key ethical behaviour.

#### **7. Take Objections in Stride**

- Handle customer objections professionally and ethically.
- Avoid arguing or pressuring prospects when they voice concerns.
- Acknowledge customer feedback and provide constructive responses that address their concerns.

#### **8. Lead by Example**

- Sales managers should exhibit ethical behaviours to reinforce them as the norm.
- During hiring, look for candidates who align with your organisation's values.
- Foster an open environment where employees feel comfortable voicing concerns and providing feedback.

- Encourage a culture of ethical behaviour through open dialogue and proactive solutions.

- **Knowledge Check 2**

**State True or False.**

1. Following ethics in sales will benefit your company greatly as it will build trust with clients and guarantee long-term visibility. (True)
2. Satisfied customers do not share their positive experiences with others. (False)
3. Ethical business practices build a solid basis for customer referrals and favourable word-of-mouth marketing, which promotes businesses. (True)

- **Outcome-Based Activity 2**

Divide the students into groups of four and ask them to discuss ethical Practices in Sales and Distribution.

## **11.4 Compliance with Sales Regulations**

Sales compliance refers to ensuring that all of your company's sales communications adhere to the laws established by the government. Many of these regulations are in place to prevent companies, particularly financial institutions, from misleading or deceiving customers.

### **Understanding Sales Compliance and Its Importance**

Respecting guidelines and policies is essential for maintaining the safety of your staff and clients. The specific restrictions that apply to your company will depend on its size and industry. Sales staff must be aware of the risks involved, including severe fines or even firm closures, and understand their obligations to be compliant because they handle sensitive customer information.

- a. Require Consent for Marketing and Customer Analytics:** To minimise privacy concerns, obtain the consumer's approval before collecting and processing sensitive personal data, such as names, emails, phone numbers, or birth dates. Companies must acquire consent before collecting data and must make clear how it will be used.

- b. **Implement Privacy Policies:** Businesses must create privacy policies to guarantee compliance with privacy rules. These guidelines should explain who can see client data and how employees are expected to protect it. A company's privacy rules have to specify, for instance, how staff members are to manage client information while utilising outside resources such as marketing automation software or email newsletter services.
- c. **Keep Communication Records:** One of the most popular ways for salespeople to communicate is via email. Sales teams frequently have to keep customer emails on file.
- d. **Share Information Only When Necessary:** Businesses should only share customer data when absolutely necessary. For instance, a marketing firm may receive a customer's email address from a sales team to send them promotional emails.
- e. **Require Employees to Use Data Only for Designated Purposes:** Data and sales intelligence have grown in significance, but sales teams must utilise data only for approved objectives in order to maintain compliance.

### 11.5 Summary

- Sales compliance involves adhering to rules and regulations to protect both your team and customers.
- Sales and marketing professionals often work independently, which can lead to unsupervised unethical behaviour.
- Avoid using a “sales by any means necessary” approach, which can lead to unethical behaviour and damage customer relationships.
- Build trust by sharing truthful testimonials, providing credible data, being mindful of nonverbal communication, and asking open-ended questions to understand customer needs.

### 11.6 Keywords

- **Deceptive Promotion:** In your marketing and advertising efforts, refrain from exaggerating the advantages of a good or service to avoid being accused of making false claims about it.

- **Customer Retention:** Ethical sales practices help build long-lasting relationships with customers.
- **Sales Data Gathering:** Gathering customer data for Sales and distribution.
- **Sales Compliance:** Make sure that all of your company's sales communications adhere to the laws established by the government.

### **11.7 Self-Assessment Questions**

1. What are ethical practices in sales and distribution?
2. How do we consider legal aspects in sales?
3. What are the ways to resolve the legal issues in sales and distribution?
4. What are the types of Compliance with Sales Regulations?

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## **Unit 12: Future Trends in Sales and Distribution Management**

### **Learning Outcomes:**

- Students will be able to define the Emerging Trends in Sales Management.
- Students will be able to demonstrate Challenges and Opportunities in Modern Distribution.
- Students will be able to identify sustainable practices in sales and distribution.
- Students will be able to analyse and evaluate the integration of AI and machine learning in sales and distribution.

### **Structure:**

12.1 Emerging Trends in Sales Management

12.2 Challenges and Opportunities in Modern Distribution

- Knowledge Check 1
- Outcome-Based Activity 1

12.3 Sustainable Practices in Sales and Distribution

- Knowledge Check 2
- Outcome-Based Activity 2

12.4 Integration of AI and Machine Learning in Sales and Distribution

12.5 Summary

12.6 Keywords

12.7 Self-Assessment Questions

12.8 References / Reference Reading

## **12.1 Emerging Trends in Sales Management**

Sales are set to experience significant changes in the future due to the quickly changing digital environment. To succeed in the cutthroat industry, salespeople must keep ahead of the curve with regard to evolving technologies and changing consumer behaviour.

To date, the digital revolution has greatly transformed the marketplace, especially how sales teams run their business. No more can people pick up their phones and start calling individuals and families. The same can also be seen in going from house to house selling their products. The World Wide Web and technology have opened new avenues and approaches to the selling process.

In this ever-developing world, which brings new changes in technology and market conditions, sales professionals must also learn how and when to change. Let's discuss the amazing transformation and the stimuli that underlie sales and its continuous evolution.

### **Sales In A Digital Economy**

The gross domestic product is now created by sales organisations, which indicates the critical role that sales play in today's economy. As the economy continues to shift toward a digital idea, it is becoming increasingly important for companies to understand what sales is and what it truly does.

As a result of the technological advancement that revolutionised business marketing communication, sales were mainly individual. Companies hired many sales representatives who would convince consumers, either by interacting with them physically or by phone, to purchase the products. However, the digital development facilitated by e-commerce activity and marketplaces allows sales to occur through different channels.

Think of a customer going through an online store app, selecting products for a basket, and buying everything within a few taps. This shift also offered new opportunities for businesses to market their products and services worldwide, increasing the pool of their customer base.

Suppose it even goes further. New-age technology has seen the emergence of tremendous volumes of information that can be capitalised on to improve business sales



techniques. However, one key facet is the accessibility of tracking and analysing customer data. Analysing customer behaviours and trends is useful in helping sales personnel address their clients in a manner that is most effective with regard to looks and sales. There is increased sales on one hand and customer satisfaction on the other.

## **12.2 Challenges and Opportunities in Modern Distribution**

### **Current Challenges**

1. **High Competition and Low Margins:** When evaluating the distribution industry, one should point to the key challenges, including supply chain risks and instabilities, inventory problems, and increased competition from giants such as Amazon.
2. **Supplier Disintermediation:** This is because manufacturers and retailers are now opting for direct selling, and the emergence of large markets such as the Amazon Marketplaces increases the rivalry.
3. **Global Supply Chain Disruptions:** Issues such as the COVID-19 pandemic, shutdown of international travel, and procurement problems have affected supply chains in a big way. The lead times of inputs have a lot of issues, which are still a concern for the distributors as this has stretched for a longer time.
4. **Siloed Data:** Distributors generate vast amounts of data daily, but managing this data manually or with outdated systems is inefficient. Accurate and timely information is crucial for making quick decisions in a stretched supply chain.
5. **Manual Processes:** Many distribution businesses still rely on manual processes, which are time-consuming and prone to errors. This can hinder their ability to manage rebates and other deals effectively.
6. **Lack of Collaboration:** Effective collaboration among supply chain stakeholders is essential for delivering a seamless customer experience. However, aligning goals and ensuring smooth cooperation can be challenging.

### **● Knowledge Check 1**

#### **Fill in the Blanks.**

1. \_\_\_\_\_ Trend helps companies plan better for the future. (Sales)

2. The way sales teams handle their relationships with \_\_\_\_\_ is evolving due to the growing significance of personalisation and customer-centricity. (Customers)
3. \_\_\_\_\_ is also capable of doing extensive data analysis, which yields insightful information about the tastes and actions of customers. (Artificial Intelligence)

- **Outcome-Based Activity 1**

In a group discussion, have participants identify and discuss emerging sales trends.

### 12.3 Sustainable Practices in Sales and Distribution

#### How to Adopt Sustainable Sales Practices in Realistic Steps:

- **Automate Sales Procedures:** Reduce the amount of paper used and optimise processes by utilising sales automation solutions like the Delta Sales App.
- **Optimize Travel:** Create a fleet of electric or hybrid cars for your sales force and most efficient plan routes.
- **Eco-favorable Products:** Provide items with reduced carbon footprints or that are favourable to the environment.
- **Minimize Waste:** Implement recycling programmes and educate the consumers on the disposition of the product if they do not wish to use it anymore by returning it to the company for recycling.
- **Teach Your Group:** Your sales personnel should know how to be sustainable and be oriented to attempt sustainability if possible.

#### Sustainable Practices in Distribution

- **Understanding Market Demand**

Companies of all sizes can greatly benefit from having access to sales data. The price structures and instruments in place today are inadequate to meet the needs of the modern market. If this data is made available to everyone, the industry will be able to develop more affordable and sustainable ways to meet known demand. As a result of this adjustment, all consumer categories would see a considerable decrease in waste.

- **Managing Stock More Efficiently**

Producers and retailers must have up-to-date knowledge of the inventory available on store shelves. This is necessary to guarantee prompt consumption, prevent excessive storage hoarding, and maintain appropriate inventory levels. Proper stock levels can help both sides lessen product waste and deal with understocking issues. The correctness of the first inventory reduces the frequency of journeys back and forth between shops and manufacturers. It is quite helpful to have real-time information regarding shop inventory levels, especially considering the regular swings in supply and demand.

- **Customising Plans for Regional Markets**

The market for fast-moving consumer goods must consider regional and geographic variations as it is not a homogeneous entity. To adjust to local conditions, accounts must be categorised appropriately.

- **Effective Supply Chain Transportation**

Effective transportation is a key component of the sustainable distribution of consumer goods. It includes various tactics to lower the financial and environmental expenses related to delivering goods from producers to customers. Streamlining delivery routes is one of the main practices.

- **Knowledge Check 2**

**State True or False.**

1. Distribution of consumer goods in a sustainable manner is a challenging task that calls for a diversified strategy. (True)
2. Consumers are more aware of the environment than ever before. (True)
3. Encouragement of sustainable sales methods will improve staff involvement and morale. (True)

- **Outcome-Based Activity 2**

Divide the students into groups of 4 and ask them to do a group discussion on sustainable practices in sales.

## **12.4 Integration of AI and Machine Learning in Sales and Distribution**

As new technologies emerge, sales professionals are always adding more sales tools to their toolkits. People have adopted many different platforms throughout the years to help our businesses stay competitive and make our jobs easier.

As we continue to modify our sales tactics to satisfy the expectations of a digital marketplace, platforms like sales CRM systems, door-to-door sales software, sales force automation, virtual selling, and mobile sales apps are becoming commonplace. However, technology was limited to using it for computing and physical duties until recently. Humans still did all reasoning. All that has now changed thanks to artificial intelligence, whose advantages are being seen by a wide range of businesses.

### **What is Artificial Intelligence?**

Artificial Intelligence (AI) is a technology that enables computers to perform tasks that typically require human intelligence. In simple terms, AI helps computers do things like thinking and problem-solving, often better and faster than humans. AI is used in many areas, such as environmental conservation, education, home appliances, and sales.

### **What is the role of AI in sales?**

In sales, AI helps businesses by analysing large amounts of data quickly to understand customer behaviour and buying habits. This reduces the need for human staff, which can be difficult to keep in a competitive market. While humans are still better at reading body language and making complex decisions, AI excels at quickly processing data like purchasing history, social media engagement, and market trends. By spotting patterns in this data, AI can handle tasks that would be too time-consuming or complex for people to do alone.

### **What is machine learning?**

Machine learning is a type of AI that allows computers to improve their performance over time without human intervention. It helps AI systems recognise when changes are needed and make those changes automatically.

### **Machine learning in sales: an example**

Automated sales tools adhere to rigid guidelines established by humans. For instance, a rule may ensure that each new lead receives an email welcoming them. This saves time and guarantees prompt interaction.

### **Types of AI for sales operations**

Various AI tools are needed for different sales duties.

1. **Natural Language Processing (NLP):** NLP is the process by which computers comprehend and react to spoken and written human language. Chatbots for customer support, speech-to-text software, and digital assistants all use it.
3. **AI Analytics:** This program examines unprocessed data to identify and decipher trends. Data analysts can save time and effort by using AI Analytics to identify anomalies and notify you swiftly.
4. Robotic automation and machine learning are combined in smart process automation (SPA). SPA can detect when human assistance is required and automate processes. Gradually, it becomes more efficient as it gains knowledge from human decisions to enhance subsequent procedures.

### 12.5 Summary

- CRM systems allow the sales team easier access to customer information, improving customer satisfaction and increasing the kind of service offered.
- Tools to report and Analyze are critical for perpetrating sales information. Since they key in on patterns and insights that sales teams can use to alter their approach and improve results, they help the business giant in one way or another.
- An application that benefits the management of a company's workflow, as well as the selling process, may be very useful if you are in a line of business that deals with the sale of products.
- Selling is people-oriented and implies the strategies of cooperation and communication among the team members.
- Professional communication has become much easier in this regard thanks to platforms like Slack and the possibility of using instant messengers.
- The sales and other related software applications run on the sales staff's tablets and smartphones, facilitating mobility and making working while on the road easier.

### 12.6 Keywords

- **Manual Processes:** Many distribution businesses still rely on manual processes, which are time-consuming and prone to errors.
- **Artificial Intelligence (AI):** It is a technology that enables computers to perform tasks that typically require human intelligence.

- **Natural Language Processing (NLP):** NLP is the process by which computers comprehend and react to spoken and written human language.
- **AI Analytics:** This program examines unprocessed data to identify and decipher trends.

### 12.7 Self-Assessment Questions

1. What are emerging sales trends?
2. How do sustainable practices in sales be implemented?
3. What are the challenges in sales technology?
4. What is the role of sales trends in improving the economy?

### 12.8 References / Reference Reading

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## **Unit 13: Strategic Sales Management**

### **Learning Outcomes:**

- Students will be able to define Strategic Sales Planning.
- Students will be able to demonstrate Key Account Management.
- Students will be able to identify the Sales Strategies and Tactics.
- Students will be able to analyse and evaluate Long-Term Sales Strategy Development.

### **Structure:**

- 13.1 Strategic Sales Planning
- 13.2 Key Account Management
  - Knowledge Check 1
  - Outcome-Based Activity 1
- 13.3 Sales Strategies and Tactics
  - Knowledge Check 2
  - Outcome-Based Activity 2
- 13.4 Long-Term Sales Strategy Development
- 13.5 Summary
- 13.6 Keywords
- 13.7 Self-Assessment Questions
- 13.8 References / Reference Reading

### **13.1 Strategic Sales Planning**

A strategic sales plan is a collection of concepts, procedures, and technology that directs an organisation's sales strategy and offers the necessary resources and techniques to achieve sales objectives. The document outlines your company's go-to-market plan and provides an estimate of the associated expenses and potential profits.

#### **Steps for strategic planning**

##### **Step 1: Assess Organisational Readiness**

Set your plan up for success by asking these questions:

- Are the right conditions in place for successful planning? Can we avoid common pitfalls?
- Is this the right time for our organisation to start planning? If not, what should we do next?

##### **Step 2: Build Your Team & Set a Schedule**

Decide who will be on your planning team. It would be best if you had someone to oversee the strategy implementation (like a Chief Strategy Officer or Strategy Director) and manage the plan. Include key individuals and decision-makers, forming a small group of about 12-15 people.

##### **Step 3: Gather Current Data**

Develop your strategic plan using the following information:

- The previous strategic plan, even if outdated
- Mission statement, vision statement, and values statement
- Past or current business plan
- Financial records from the past few years
- Marketing plan



- Additional information, such as last year's SWOT analysis, sales figures, and projections

#### **Step 4: Analyze the Data**

Review the collected data with your strategy director and facilitator.

- What trends do you notice?
- Are there clear areas of weakness or strength?
- Have you been following a plan or just reacting to the market?

#### **Strategic Sales Planning Importance**

Developing a well-informed, strategic approach to direct your sales activities is the essence of sales planning, which goes beyond simply producing a paper. The following are the essential elements of a successful sales planning process:

1. **Compile Sales Information and Look for Trends:** One should first review past sales figures to establish a basis for analysis. One should also study the data on sales made in the past year or even five years so that one can examine the trends of the particular sector and then prepare to make plans.
2. **Establish Your Goals:** Establish achievable targets and subtotals to the extent that your company's performance can be determined. This step sets the direction of your sales activities, and the case also provides the level against which improvement can be made.
3. **Establish Success Metrics:** Identify which of these KPIs will be employed in overseeing the specific sales activities to be implemented. While they are unlikely to be identical, some examples are conversion rate, web traffic, rate of return, and gross profit margin.
4. **Evaluate the Present Circumstance:** Evaluate your current working environment and list the strengths and weaknesses that you have experienced/observed there. This helps ascertain where you are in your development and what needs to be done to get where you desire to be.
5. **Launch your sales forecasting:** Prepare detailed sales forecasts to obtain an accurate forecast of sales performance for one or more periods. This enables one to develop realistic targets for the company and its employees or departments, prepare sound budgets for the company and its departments, and hire the right talents.

6. **Find the Gaps:** Determine the strengths and resources your company needs to achieve the organisational goals and objectives. Assess the talent in the current workforce and identify cases where the need to acquire new skills or develop current employees would be useful.
7. **Create New Initiatives:** Develop new capitalistic opportunities to provide new projects to fit the gaps left and opportunities for exploitation. This ensures that the product is constantly refined and adapted to changes in the market since this will always have constant fluctuation.
8. **Involve the Parties:** Don't target the 'general public'; rather, target those who can influence your business, including customers, employees, or shareholders. Their views can be helpful, as they can share their thoughts on your initiatives and encourage future sales promotions.
9. **Describe the Action Items:** Create a list of specific activities to implement the strategies outlined in your sales plan. This encompasses some tasks, including writing sales call scripts, identifying competitors, and establishing new motivational tools.

### 13.2 Key Account Management

Key account management (KAM) refers to the strategic process of effectively developing and overseeing a mutually advantageous partnership between a business and its most significant customers. Key accounts play a crucial role in an organisation's ability to achieve sustainable, long-term growth and necessitate a substantial allocation of both time and money.

1. **Tactical Relationship:** Think of this stage as the early days of getting to know someone. It's new and a bit transactional, and conversations mainly revolve around pricing. At this point, you're just one of many options they're considering.
2. **Cooperative Relationship:** More people from both sides start working together to fulfil orders, leading to some operational chemistry.
3. **Interdependent Relationship:** The client exclusively buys your type of product/service and involves you in their planning. Your teams collaborate openly, and you understand and meet their needs so well that they'd struggle to replace you. This effort pays off with rising revenue and profits.
4. **Strategic Relationship:** This is the highest stage of a relationship where you and the account have developed a win-win, long-term key account management

strategy. The exit barriers are very high, making a separation traumatic. Interactions are at all levels and very open.

- **Knowledge Check 1**

**Fill in the Blanks.**

1. Key \_\_\_\_Manager plays the important role of handling customers in an organisation. (Account)
2. Sales \_\_\_\_\_is created to handle future planning strategies. (Forecast)
3. \_\_\_\_\_planning plays a crucial role in overcoming the sales barrier. (Strategic)

- **Outcome-Based Activity 1**

In a group discussion, have participants identify and discuss the importance of Key Account Management.

### **13.3 Sales Strategies and Tactics**

Sales Strategies and tactics are critical ways to help sales professionals acquire more customers and drive product sales. When employing a sales tactic, the primary aim is to inform and persuade potential customers to purchase your product or service. Familiarising yourself with various sales tactics can assist you in developing an approach that aligns with your strengths.

#### **Why Sales Tactics Matter**

Sales tactics play a critical role in enhancing your performance as a salesperson and enhancing your company's revenue stream. They represent the actions undertaken to propel the sales process forward, potentially leading to higher commissions. Effective sales tactics also contribute to adopting strong customer relationships and generating word-of-mouth referrals. Some applications are effective in coming up with ways to close sales, while others are applicable in opening communication channels for customers. This means that the different behaviours that are used in any sales setting should be determined based on the learning of the various situations.

#### **Strategies and Tactics to follow:**

To make sure everyone agrees, we have provided these clear directions for our strategic planning process:

### **1. Clarify Your Vision, Mission, and Values**

- It is important to understand the mission, core values, and vision of your business or organisation. This will ensure that your plan aligns with the goals that your company has set.
- Questions to consider: What are our long-term goals?
  - What is the goal here?
  - How do we carry out our vision?
  - Which are the main things we do or offer?
  - What morality do we possess?
  - What conduct is expected of employees?

### **2. Conduct an Environmental Scan**

- Conduct a SWOT analysis of your internal and external environment to understand your strengths, weaknesses, opportunities, and threats.
- Questions to ask:
  - What are our key strengths?
  - What areas need improvement?
  - What trends or opportunities can we leverage?
  - How do changes in technology, regulations, or consumer behaviour impact us?

### **3. Define Strategic Priorities**

- Use your mission, vision, values, and environmental scan to identify top priorities. Limit priorities to ensure focused resource allocation.
- Questions to ask:
  - How do these priorities align with our mission and vision?
  - Which tasks need urgent completion?
  - What resources do we need?

### **4. Develop Goals and Metrics**

- Set long-term goals and metrics that align with your strategic priorities using frameworks like OKRs (Objectives and Key Results).
- Questions to ask:
  - What metrics track progress toward each objective?

- How do lower-level goals support higher-level ones?
- How will we ensure accountability?

## **5. Create a Strategic Plan**

- Develop a clear, practical plan detailing short- and long-term approaches to achieving your goals.
- Questions to ask:
  - How realistic and achievable is the plan?
  - How conducive is it to goal attainment?
  - Can we fund this approach?
  - Does it support our mission and values?

## **6. Write and Communicate Your Plan**

- Ensure everyone understands the strategic plan by clearly communicating its components.
- Questions to ask:
  - What context do stakeholders need?
  - How can we show the plan's connection to our purpose?
  - How will we address risks and implement strategies?

## **7. Implement, Monitor, and Revise**

- Implement the plan, monitor progress, and make necessary adjustments to stay on track with your goals.
- Questions to ask:
  - Are there any bottlenecks or inefficiencies?
  - Are we monitoring external factors?
  - Are we ready to make the necessary tweaks?
  - Are we agile enough to adapt quickly?

## **● Knowledge Check 2**

### **State True or False.**

1. Strategic planning sets a clear roadmap for growth, outlining steps to achieve short-term and long-term goals. (True)
2. Sales strategic planning emphasises understanding and meeting customer needs. (True)

3. A strategic sales plan identifies potential risks and challenges that may arise.  
(True)

- **Outcome-Based Activity 2**

Divide the students into groups of four and ask them to discuss Strategies and tactics for sales.

### **13.4 Long-Term Sales Strategy Development**

Long-term strategies are often overarching objectives that require significant time to achieve. The idea behind making these plans is to establish objectives that enhance your firm's performance. Upon executing the plan, concrete signs of progress will manifest in your business, such as a sales surge or a workforce expansion.

A long-term sales plan is like a roadmap for a business's sales goals over many years. It helps the company grow and make money by setting targets, creating strategies, and tracking progress. The plan looks at who the customers are, what the competition is doing, and what challenges might arise. It helps the business prepare for changes in the market and stay focused on its goals.

Playing high targets for sales executives is not enough as a technique for the development of a robust long-term sales plan. The company has to have a clear vision of what clients need it to deliver, be open to change, and be able to see new perspectives when needed. It has to be accurate to the strategy that it is under certain conditions flexible and must undergo reviews often. The strategy of competitive advantage can also be made better by data analysis and technology so that the company can see the pattern and give better customer service.

### **13.5 Summary**

- Strategic planning for sales makes it easier for those involved in developing the plans to ensure that the aims of the sales force are aligned with the overall organisational goals. It also helps to thread every sales effort to the achievement of the overall goals and objectives of the organisation.

- It is regarded that strategic planning helps in the proper allocation of resources. Organisations may ensure the careful use of their resources in people, capital, and time by evaluating and selecting prospects with the greatest potential returns.
- When it comes to strategic sales planning, it becomes easier for an organisation to identify consumers' needs, patterns and even rival conditions within their industries. This makes it easier to deal with market trends and improve the general decision-making processes since they are more informed.
- Strategic planning establishes how the goals are to be attained in the short run as well as in the long run, meaning that planning offers the growth blueprint. Such a well-planned strategy ensures prolonged market development and helps in effective corporate growth.

### 13.6 Keywords

- **Risk Management:** A strategic sales plan identifies potential risks and challenges that may arise.
- **Performance Measurement:** Establishing clear metrics and KPIs within the strategic plan allows for the regular assessment of sales performance.
- **Customer Focus:** Sales strategic planning emphasises understanding and meeting customer needs.
- **Competitive Advantage:** A well-crafted sales strategic plan can give a company a competitive edge.

### 13.7 Self-Assessment Questions

1. What is customer relationship management (CRM)?
2. How to use tools and techniques for CRM?
3. What is the importance of CRM in sales?
4. How to measure the effectiveness of CRM?

### 13.8 References / Reference Reading

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## **Unit 14: Strategic Sales Management**

### **Learning Outcomes:**

- Students will be able to define Global Sales Strategies.
- Students will be able to demonstrate International Distribution Channels.
- Students will be able to identify Cross-Cultural Sales Management.
- Students will be able to analyse and evaluate Managing International Sales Teams.

### **Structure:**

- 14.1 Global Sales Strategies
- 14.2 International Distribution Channels
  - Knowledge Check 1
  - Outcome-Based Activity 1
- 14.3 Cross-Cultural Sales Management
  - Knowledge Check 2
  - Outcome-Based Activity 2
- 14.4 Managing International Sales Teams
- 14.5 Summary
- 14.6 Keywords
- 14.7 Self-Assessment Questions
- 14.8 References / Reference Reading



## **14.1 Global Sales Strategies**

Global marketing strategies are an integral component of a comprehensive business plan. International market adaptation is the act of modifying a company's marketing techniques to align more effectively with the demands of potential clients in foreign nations. Expanding into a foreign market might allow a firm to tap into a previously untapped client segment, potentially boosting the company's revenue. Additionally, there are various other advantages to consider, like decreased expenses related to the workforce, availability of supplementary resources, and the opportunity to mitigate risks through diversification.

Your company must grow into the appropriate markets with the proper methods if it is to have a successful worldwide sales strategy and convert more new international sales leads.

The following are Global strategies which a company should follow to enter the global market:

### **1. Research Your Target Markets**

Before entering a new market, it's crucial to understand its size, potential, competition, regulations, customer preferences, and cultural nuances. Use various sources like market reports, industry associations, trade shows, local partners, and customer feedback to gather relevant data. Conduct a SWOT analysis to identify your strengths, weaknesses, opportunities, and threats in each market.

### **2. Adapt Your Value Proposition**

Based on your research, tailor your value proposition to meet the specific needs and expectations of your target customers in each market. Highlight how your product or service solves their problems, fulfills their desires, and delivers unique value.

Communicate your value proposition clearly, compellingly, and in a culturally appropriate way.

### **3. Set Your Pricing and Distribution**

Determine how to price and distribute your product or service in different markets. Balance profit margins, market share, and customer perception while considering factors like currency fluctuations, taxes, tariffs, logistics, and local competition. Determine whether security products should be sold through intermediaries like distributors, agents, or resellers and how the security firm will deal with them and provide support to them.

### **4. Train Your Sales Team**

Educate and prepare your sales team adequately for the work that lies ahead of them. Conduct ongoing product knowledge sessions, covering the basics of product offerings and competitive position, pricing and channel strategy, and sales techniques and aids. Point them to information relating to the cultural and linguistic environment of the target markets, including manners, customs, and behaviours expected of foreigners, as well as how to communicate with the people within the new markets.

### **5. Monitor and Evaluate Your Performance**

Analyse and compare how you're performing in each market to make sure your global sales strategy is successful and profitable in each area. Key performance indicators (KPIs) include the number of sales, income, market share, satisfaction indices, and client loyalty to evaluate performance and potential shortcomings. It is pivotal to seek feedback from customers, partners, and your sales team to reassess prospects and make appropriate changes where necessary.

#### **Success Story:**

When KFC began its operation by setting up a new branch in India, it had to discover the importance of cows in Indian tradition, which is why it stopped using images of cows. In this regard, KFC reinvented the menu, and new menu plans were added, which are vegetarian, and the beef meal was removed completely. Because of this peculiarity exclusive to the Indians, KFC was in a better place to introduce this concept of precedence and culture to society.

(Source: <https://www.linkedin.com/pulse/cross-cultural-sales-techniques-bridging-borders-success-joe-urbay/>)

## **14.2 International Distribution Channels**

The distribution channels are the organisational trade connections that allow the manufacturer of goods to sell his products to the consumer.

The global supply chain of products has specific writings and varieties that are effective and distinct risks to world commerce. Across the supply chain, distribution network, and channel partners for physically perishable products, the focus is on perfecting the location, flow and timing of channel intermediaries to achieve the broadest reach of the market and the greatest level of sales and growth globally. Here, we aim to look at some of the ways and methods that managers can employ to ensure that their overseas channels are effective and the various difficulties that may be encountered in the process.

### **Understanding International Distribution Channels:**

- **Channel Selection**

Selecting proper distribution channels is the key to penetrating target markets, satisfying customers, and realising the business objectives. When deciding which mode to apply in terms of direct sales, agents, distributors, wholesalers or e-commerce, it becomes necessary to consider matters concerning market segmentation, channel preference, and competition. It is to attain the best market access and market share with reference to global markets.

- **Channel Partner Relationships**

Channel relations represent one of the most critical factors that international distributors must consider when managing cross-border distribution. Reward your contracted partners with adequate motivation, financial support, training, and incentives to remain loyal to your business and build strong trust with it. This is especially important to prevent divergence from business objectives and improve channel operations in global business environments.

- Logistics and supply chain management are alike in that both involve organising for materials management and the achievement of organisational objectives.

### **Methods for Controlling Distribution Channels in the Global Market**

- **Market Segmentation and Targeting**

Strategically cluster customers based on demographic, geographic, and psychographic characteristics for better and more proper servicing of the channel and product/service requirements as per the segment. Relocate marketing communications to reflect situations, offerings, and prices that have the best chance of being relevant and appealing to specific markets.

- **Channel Performance Measurement**

Measure and assess channel fundamental criteria, including a channel's sale performance, market share, customer satisfaction, and channel partner feedback. Employ business intelligence and performance metrics that monitor KPIs and facilitate data-driven decision-making for channel initiatives and channel success in worldwide markets.

- **Adaptability and Flexibility**

Be prepared to be fluid when determining international distribution strategies as the environment changes over time on the basis of market conditions, customers, and competition. Predict opportunities and threats, such as changes in the current and future market and regulatory environment, new distribution channels and opportunities for market expansion, and align distribution strategies, channel management and market expansion plans when appropriate to take advantage of changes in market conditions and achieve long-term profitable growth.

- **Knowledge Check 1**

**Fill in the Blanks.**

1. The process of successfully operating international \_\_\_\_\_ channels includes identifying these channels, effective relationships with suppliers, and precise logistics/ supply chain management. (Distribution)
2. By segmenting \_\_\_\_\_, reflecting on performance indicators, and being able to flex, businesses are in a position to experience substantial growth and market coverage around the globe. (Markets)
3. The path that the goods' title takes from the manufacturer to the final customers or industrial user is known as the product's \_\_\_\_\_ of distribution. (Channel)

- **Outcome-Based Activity 1**

In a group discussion, participants will be asked to identify and discuss the importance of international distribution channels.

### **14.3 Cross-Cultural Sales Management**

In today's connected world, businesses are reaching beyond their home countries to explore global markets. International sales are a key growth driver for many companies. However, succeeding internationally requires more than just applying domestic strategies. Cultural differences significantly influence consumer behaviour, decision-making, and expectations. For one to perform well in business nowadays, it is mandatory to incorporate intercultural selling strategies. This section analyses different cases and successes that reveal that the key aspect of international sales is the ability to analyse the culture of the target market.

Cross-Cultural Sales Management is a very important factor that needs to be fully understood in business.

#### **1. Building Trust Across Borders**

The creation of a trust is important in sales and is born with culture. Suppose a sales professional is able to recognise and appreciate the cultural differences of a prospect. In that case, he must be able to impress the prospect with the understanding that he appreciates that culture.

#### **2. Tailoring the Approach**

It is clear to many, but it needs to be reiterated here that international sales do not adhere to the one-size-fits-all approach. People from different cultures have different ways of perceiving and interacting with their environment, especially through communication and the use of power and influence to reach business-related decisions. This is the reason why it is important to learn how to accommodate these preferences.

#### **3. Navigating Cultural Sensitivities**

One factor to consider in cross-selling is not to offend the cultures of other people through taboos, and one must respect others' feelings. This means that a single loophole can cost the company its reputation and the relationships it had built with the people it dealt with.

### **Marketing across cultures: How to succeed in multicultural selling**

#### **1. Extensive Cultural Research**

When targeting a new country, it is crucial to familiarise oneself with the general culture and outlook of the identified viewers. Some of the factors that require comprehension include their mode of purchasing, their way of communicating and how they make decisions.

## **2. Coming from a Cultural Training for Sales Teams**

Ensure that your sales personnel are trained on cultural differences to avoid insults and blended misunderstandings when selling to customers from other cultures.

## **3. Local Partnerships**

As such, working with local players who have market knowledge is crucial. It is informative, and consultations such as these efforts boost credibility among consumers.

## **4. Personalisation and Localisation**

Design your products and services to meet the cultural standards of the regions or countries, and also use the appropriate languages in your promotional material. The comments made in this section show that this commitment to meeting specific market needs is an example of cultural respect.

## **5. Adapt Your Selling Process**

To gain a competitive advantage, adapt your sales interactions to cultural nuances that include the negotiating culture, the ways of sales presentation, and the culture of when to interact.

Example 5: IBM Case Study Organisation Truly integrating the powerful concept of guanxi, the

## **Measuring Success**

Success in cross-cultural sales can be measured in several ways:

- Increased Market Share: This means that in order to penetrate larger markets, switching to local cultures can contribute to getting a bigger market share for a product.
- Higher Customer Satisfaction: Customers' commitment improves through a culturally respectful approach.
- Reduced Risk: Cultural sensitivity reduces the chances of having controversy or misunderstanding, and yet other people hear and retain information differently.

- Expanding Market Reach: Cultivating consumers from various cultures can expand markets.
- Positive Brand Image: Gaining an understanding of other cultures and showing them respect contributes to the creation of a favourable brand image and perception in the community.

- **Knowledge Check 2**

**State True or False.**

1. Strategic planning provides a clear guide to the desired growth milestones/targets and how they can be attained in the short run and the long run. (True)
2. Sales strategic planning emphasises understanding and meeting customer needs. (True)
3. A strategic sales plan identifies potential risks and challenges that may arise. (True)

- **Outcome-Based Activity 2**

Divide the students into groups of 4 and ask them to do a group discussion on Strategies and tactics for sales.

## **14.4 Managing International Sales Teams**

The fast-changing global market requires international sales teams to handle various challenges. The strategies you choose can help your company succeed or fall behind. It is important to create strong, scalable processes that are easy to manage but flexible enough to adjust when needed.

Whether you're a startup or an established business expanding into new markets, a structured approach to international sales management is essential. In this section, we will examine the specific work practices and techniques used by good international selling organisations.

- **Ensuring Effective Management among Team Members**

The organisation requires that international sales teams have defined structures at various levels. It may be important to specify expectations in terms of the performance of individuals, departments, organisations and even teams, including

establishing goals and evaluation criteria where applicable. Having a set sales process for your target population means that there is uniformity and little variation from one area to another, cutting down the time it takes for new people to come on board and begin to sell and minimising errors present in circulation.

- **Guideline on the use of Technology in Generating and Managing Sales Leads**  
There is significant potential for using technology to increase the efficiency of lead generation and subsequent handling of those leads. Tools such as lead generation software, social networks, and constantly updated content can add new high-quality leads to the pool. Data analytics can give you insights into the nature of the market and the kind of leads you are putting through your funnel. Ensure that your approach is tuned to the cultural environment and does not replicate cultural practices that are alien to the targeted region.
- **Cultural competence in the workplace and how to develop it**  
This is perhaps one of the most significant challenges of administering a sales team across borders, which requires an understanding of various cultural factors. Develop talent resources in the local markets with a focus on providing relevant recruitment practices while actively training the individuals to embrace the local culture. Choose a cell growth strategy that could work effectively when other methods fail and give operational flexibility. This means that one should be in a position to make quick decisions concerning staffing levels, the distribution of workforce or personnel, and the ability to either expand or pull out from certain markets or penetrate some markets.
- **Actionable Insight:** Make sure the proposed services outline a clear framework for data collection and analysis. Secondary data can be acquired from the market through various sources, such as surveys, research studies, and third-party market information services. These findings can be circulated across teams to enhance knowledge and improve decisions.

## 14.5 Summary

- Sales strategic planning ensures that the sales team's goals are in alignment with the overall business objectives. This alignment guarantees that every sales effort contributes to the company's broader vision and targets.



- Strategic planning helps in the efficient allocation of resources. By identifying high-potential opportunities and prioritising them, companies can ensure that their time, money, and personnel are used effectively.
- In sales strategic planning, businesses gain a deeper understanding of market trends, customer needs, and competitive landscapes. This insight allows for more informed decision-making and a proactive approach to market changes.
- Strategic planning sets a clear roadmap for growth, outlining steps to achieve short-term and long-term goals. This planned approach ensures sustainable development and helps in scaling the business effectively.

#### 14.6 Keywords

- **Risk Management:** A strategic sales plan identifies potential risks and challenges that may arise.
- **Performance Measurement:** Establishing clear metrics and KPIs within the strategic plan allows for the regular assessment of sales performance.
- **Customer Focus:** Sales strategic planning emphasises understanding and meeting customer needs.
- **Competitive Advantage:** A well-crafted sales strategic plan can give a company a competitive edge.

#### 14.7 Self-Assessment Questions

1. What is customer relationship management (CRM)?
2. How to use tools and techniques for CRM?
3. What is the importance of CRM in sales?
4. How to measure the effectiveness of CRM?

#### 14.8 References / Reference Reading

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## **Unit 15: Retail Management**

### **Learning Outcomes:**

- Students will be able to define the Role of Retailing in Distribution.
- Students will be able to demonstrate Retail Formats and Strategies.
- Students will be able to identify the Retail Store Operations.
- Students will be able to analyse and evaluate Customer Experience Management in Retail.

### **Structure:**

15.1 Role of Retailing in Distribution

15.2 Retail Formats and Strategies

- Knowledge Check 1
- Outcome-Based Activity 1

15.3 Retail Store Operations

- Knowledge Check 2
- Outcome-Based Activity 2

15.4 Customer Experience Management in Retail

15.5 Summary

15.6 Keywords

15.7 Self-Assessment Questions

15.8 References / Reference Reading

### **15.1 Role of Retailing in Distribution**

A retailer is a person or business that sells products directly to consumers in small quantities for personal use rather than for resale. They serve as the link between manufacturers and consumers, purchasing goods in bulk and selling them at marked-up prices.

#### **The Retail Mechanism**

- **Manufacturers:** They create products from raw materials.
- **Wholesalers:** These individuals buy in bulk from manufacturers and sell to retailers at lower prices.
- **Retailers:** They buy from wholesalers or directly from manufacturers and then sell to consumers for a profit.

Retailers' primary goals are to meet customer needs and provide excellent service. They often set up stores in malls and markets to offer a variety of products.

#### **The Role of Retailers**

Retailers are crucial in modern business. They connect producers with consumers, driving economic growth and job creation. Additionally, they strengthen brand recognition and market items.

#### **Key Responsibilities of Retailers**

1. **Buying and Stocking:** To promote repeat business, retailers carefully select and stock a wide range of goods, making sure they are in good shape and providing a pleasurable shopping experience.
2. **Influencing Customers:** By establishing trust with customers, retailers can convince them to purchase particular goods, frequently through upselling and cross-selling.
3. **Retailers assume the risk of declining inventory, shifting trends, and technological advancements.** Additionally, they might have to return defective goods, which could result in losses.
4. **Giving Credit:** Retailers occasionally give credit for goods to keep customers. For example, nearby convenience stores may offer monthly credit for necessities.
5. **Advertising and Promotion:** In order to draw customers, retailers advertise and sell their goods using billboards, hoardings, discounts, and promotions.

## **Types of Retailers**

Retailers differ in the markets they serve and the services they provide:

1. **Department stores:** These merchants offer a broad selection of products, from apparel to electronics, frequently in an upscale environment. Big Bazaar, Lifestyle, and Shoppers Stop are a few examples.
2. **Supermarkets:** Typically located in urban areas, supermarkets are centred on groceries and household products and offer a large assortment of things. Walmart, More, and D-Mart are a few examples.
3. **Speciality retailers** are shops that focus on particular product categories, such as video games, toys, or pet supplies. GameStop, Apollo Pharmacy, and Music World are a few examples.
4. **Convenience stores:** Constantly open, these establishments offer a small selection of goods, including ready-to-eat meals, snacks, and beverages. Seven-Eleven, 24-Seven, and Spencers are a few examples.

## **15.2 Retail Formats and Strategies**

### **Different Formats of Retailing**

#### **1) Department Stores**

Department shops are sizable retail spaces that have several departments and a wide range of goods under one roof. With regard to accounting, management, and location, each department functions autonomously and focuses on a specific category of goods. Effective store operations, sales marketing, and accounting management are all aided by this organisational structure.

#### **Features of Department Stores:**

- **Variety of Merchandise:** Within a single store, products are divided into several categories.
- **Independent Operations:** There is distinct management for every department.
- **Broad Range of Services:** Modern department shops frequently sell sports goods, car accessories, and services like insurance, income tax preparation, and trip counselling.
- **Integrated Store Operations:** These stores work as a single, cohesive entity even when they are separated into departments.
- **A broad range of products can be housed under one roof thanks to the horizontal design.**

#### **Classifications of Department Stores:**

Department stores can be classified based on ownership and income groups:

- **Ownership-Based Classifications:**
  - Stores in an ownership group are independently run businesses that are part of a bigger organisation.
  - **Independent Stores:** Having no other comparable stores and owned by a single financial institution.
  - **Chain Department Stores:** Stores run and owned centrally.
  - Department stores that have their operations leased to outside parties are known as leased stores.
- **Income-Based Classifications:**
  - **High- and Middle-Income Stores:** Serve customers with higher income, offering high-quality goods and first-class services.
  - **Low-Income Stores:** Cater to lower-income groups, such as dollar stores.

#### **Location Considerations:**

When choosing the location for a department store, several factors should be considered to enhance customer experience:

- **Entertainment Facilities:** The store should offer amusement options.
  - **Dining Facilities:** Availability of dine-in options.
  - **Parking:** Sufficient parking space for customers.
- **Knowledge Check 1**

**Fill in the Blanks.**

    1. Managing international \_\_\_\_\_ channels involves selecting the right channels, building strong partner relationships, and optimising logistics and supply chain management. (Distribution)
    2. By segmenting \_\_\_\_\_, measuring performance, and staying adaptable, businesses can achieve significant growth and market penetration in global markets. (Markets)
    3. The path that the goods' title takes from the manufacturer to the final customers or industrial user is known as the product's \_\_\_\_\_ of distribution. (Channel)
  - **Outcome-Based Activity 1**

In a group discussion, participants will be asked to identify and discuss the importance of international distribution channels.

### **15.3 Retail Store Operations**

Retail operations comprise the day-to-day activities carried out by employees in a retail store or chain. While retail marketing and business development focus on attracting new customers, operations concentrate on meeting the needs of customers once they step into a store or visit an online retail platform. A well-executed retail operations strategy ensures a positive shopping experience for customers, which can lead to repeat business and recommendations to others, ultimately boosting revenue and reducing overhead costs.

#### **Functions of Retail Operations**

1. Store Design:
  - Operations specialists or managers organise the layout of physical retail stores to make products easily accessible to customers, thereby minimising the need for sales assistance.

2. Inventory Management:
  - Involves maintaining stock levels, restocking shelves, and managing inventory both in-store and at warehouses or fulfilment centres for online retailers.
3. Logistics:
  - Focuses on transporting merchandise between manufacturing facilities, warehouses, and retail stores, considering factors like transportation methods and product requirements.
4. Order Fulfillment:
  - It involves handling return policies, shipping options, and product packing for clients who make online purchases.
5. Customer Service:
  - Frequently combined with retail operations, involves duties including answering questions about products for clients, managing returns, and addressing grievances.
6. Payment Processing:
  - It involves handling financial transactions and taking a variety of payment methods, both online and in real locations.
7. Returns:
  - Overseeing the exchange and refund procedures for goods returned by clients.
8. Facilities Management:
  - Ensuring physical store locations are maintained, clean, and safe in order to create a welcoming retail atmosphere.

### **Automating Retail Operations**

Several techniques can be used to automate retail operations in order to improve efficiency and simplify processes:

1. Digital tracking systems are used in inventory management to keep an eye on stock levels, reduce human inventory counts, and maximise stock replenishment.
2. Fulfilment Centers: E-commerce companies that handle large volumes of orders find it advantageous to contract with outside fulfilment centres to handle shipping and inventory management.

3. Options for Self-Checkout: Self-service kiosks can be installed in businesses to let customers scan and pay for their products on their own, cutting down on wait times and freeing up employees.

- **Knowledge Check 2**

**State True or False.**

1. Strategic planning sets a clear roadmap for growth, outlining steps to achieve short-term and long-term goals. (True)
2. Sales strategic planning emphasises understanding and meeting customer needs. (True)
3. A strategic sales plan identifies potential risks and challenges that may arise. (True)

- **Outcome-Based Activity 2**

Divide the students into groups of 4 and ask them to do a group discussion on Strategies and tactics for sales.

## **15.4 Customer Experience Management in Retail**

Customer experience in retail means all the ways a customer interacts with a store, from seeing ads to leaving after shopping. It includes how the store looks, what it sells, the service, and how the customer feels about the whole shopping trip.

Today, with lots of stores to choose from, it is super important. If a customer has a bad experience, they might go to a different store next time. So, stores are working hard to make better and boost sales.

**Good in retail include:**

1. **Good Store Layout:** The store should be spotless, well-lit, and convenient to navigate. Goods must be clearly marked and easily accessible.
2. **Excellent Goods and Services:** Goods should be of a high calibre and satisfy consumer needs. Customers should have a wide range of options to select from.
3. **Good Customer Service:** Employees should be approachable, knowledgeable, and ready to assist clients with any queries or issues they may have.
4. **Happy Mood:** After their experience, shoppers ought to have a positive attitude. They ought to think they're receiving a fair deal and feel appreciated.



### 15.5 Summary

- Strategic planning for sales ensures that the sales force's aims are in line with the overarching corporate goals. This connection ensures that each sales endeavour advances the organisation's overarching goals and objectives.
- Strategic planning facilitates the effective distribution of resources. Businesses can ensure that their resources—people, money, and time—are used efficiently by recognising and prioritising high-potential opportunities.
- Through strategic sales planning, companies can better understand consumer demands, market trends, and competitive environments. This realisation enables more proactive responses to market developments and better-informed decision-making.
- Strategic planning sets a clear roadmap for growth, outlining steps to achieve short-term and long-term goals. This planned approach ensures sustainable development and helps in scaling the business effectively.

### 15.6 Keywords

- **Risk Management:** A strategic sales plan identifies potential risks and challenges that may arise.
- **Performance Measurement:** Establishing clear metrics and KPIs within the strategic plan allows for the regular assessment of sales performance.
- **Customer Focus:** Sales strategic planning emphasises understanding and meeting customer needs.
- **Competitive Advantage:** A well-crafted sales strategic plan can give a company a competitive edge.

### 15.7 Self-Assessment Questions

1. What are the challenges in retail operations?
2. How to set up a retail store?
3. What is the importance of format in retail?
4. How do we measure the effectiveness of the retail role?

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## **Unit 16: Customer Relationship Management (CRM)**

### **Learning Outcomes:**

- Students will be able to define Customer relationship management (CRM).
- Students will be able to demonstrate the importance of CRM in Sales.
- Students will be able to identify the CRM Tools and Techniques.
- Students will be able to analyse Building and Maintaining Customer Relationships.
- Students will be able to evaluate and measure CRM effectiveness.

### **Structure:**

16.1 Importance of CRM in Sales

16.2 CRM Tools and Techniques

- Knowledge Check 1
- Outcome-Based Activity 1

16.3 Building and Maintaining Customer Relationships

- Knowledge Check 2
- Outcome-Based Activity 2

16.4 Measuring CRM Effectiveness

16.5 Summary

16.6 Keywords

16.7 Self-Assessment Questions

## 16.8 References / Reference Reading

### 16.1 Importance of CRM in Sales

CRM has emerged as an essential tool for companies. CRM systems are now a necessary part of any modern business strategy because of their capacity to manage client contacts, optimise workflows, and boost overall efficiency. However, the real-world success stories of people and companies who have fully utilised CRM's potential speak louder than any words about its power. In this post, we'll examine the significance of CRM by highlighting individual success stories that demonstrate how it has revolutionised a range of sectors.

It is critical to understand the fundamental ideas behind CRM. CRM is a thorough method for managing a business's communications with present and future clients. Processes related to sales, marketing, customer care, and technical assistance are arranged, automated, and coordinated using technology.

CRM systems allow teams a consolidated platform to track and manage customer interactions by combining customer information. This helps companies create enduring relationships with their clients and improves communication within the company.

#### **Importance of CRM in Sales:**

1. **CRM Improves Customer Service:** The provision of higher customer service is perhaps the most significant of all the strategic benefits that might be accrued from CRM systems by firms. So, one kind of scheme, allowing companies to maintain an extensive database of consumer profiles, can help to add a personal touch to the encounters. CRM systems enable the human resources staff members to embrace

the customers not as a large homogenised mass but rather as allowing them to understand each customer's needs and transaction history. Sometimes, organisations may decide to adjust the quality of service they are delivering depending on the social and economic status of the client. The attitude of employees toward the needs of their customers has improved, hence reducing organisations' concern among the customers and resulting in loyalty.

2. **Enhanced Analytical Data and Reporting:** Overall, the proximity of large data resulted in better analysis through the implementation of an organisational CRM system. Companies may find it more efficient in terms of time to use many of these tools and plugins to compile the reports automatically. By means of sales and customer reports and available performance indicators, it becomes possible, with the help of personalised dashboards, to investigate data quickly, which gives the opportunity to notice new opportunities that have not been previously considered.
3. **Greater Efficiency for Multiple Teams:** Convenience is enhanced since headlines—like phone numbers, emails, and calendar information—are retrieved from one agreed-upon central location. Increased productivity results from improved collaboration when several teams have access to the same data. Teams working in marketing, sales, and customer care can collaborate to share vital customer data, which helps to keep the sales funnel flowing smoothly and achieve goals in customer service, product development, and sales.
4. **Data Mining:** CRM software does more than merely keep track of client information. It also contains sales reports and other metrics that assist businesses in identifying their strengths. CRM solutions help companies identify areas for improvement and foster a real-time atmosphere where quick modifications may be made.
5. **Faster Conversion Rates:** CRM solutions raise conversion rates dramatically, especially for companies that offer online experiences. Up to 90% of the purchasing process is often completed independently by modern consumers, who frequently conduct in-depth research before speaking with a salesperson.
6. **Simplified Marketing and Targeting:** CRM software provides management and department heads with useful data that allows for targeted marketing. Companies can divide their clientele into groups according to the way they make purchases and then adjust their marketing plans appropriately.

## 16.2 CRM Tools and Techniques

CRM is a business practice that relies on a strategic managerial procedure for managing all relationships with clients and within the company. As per the usefulness concept of CRM, there is the possibility of an increase in profitability. These are applications that assist with different procedural activities, sales, performance, and contact, among others. It enables you to observe the interactions that your business has with certain individuals, including the clients, the suppliers, and the employees.

- **Contact Management:** One of the principal facets of CRM software is the ability to manage customer contacts. Since this is an essential aspect of marketing, it helps users sort and categorise their contacts for accurate targeting. Some benefits include organisations enhancing customisation and customer satisfaction and creating a valued customer database through the accumulation of important customer data.
- **Mobile CRM:** Nowadays, mobile phones have become increasingly popular, and the use of mobile CRM applications and systems is essential. Mobile CRM enhances the effectiveness of the employees as it offers the clients an opportunity to access and control customer relationship data, receive biased intelligence notifications, and know more about the progress of the campaign.
- **Sales Team and Customer Opportunity Management:** Opportunity management, also frequently known as lead scoring, is a fundamental CRM feature that provides the necessary tools for identifying the most promising potential customers for sales teams. This enhances team efficiency, accelerates sales, and increases effectiveness.
- **Workflow and Approvals:** When buying software, the software must improve corporate productivity by optimising the company's workflow. It eliminates routine work such as capturing information and executing marketing strategies. It also provides services to draw analysis and reports to identify problem zones.
- **Email Client Integration:** As a result, e-mail clients and other contemporary classic CRMs can be connected to avoid chaotic communication within the work environment inside the CRM shell. With this integration, customer care agents will be in a better position to respond to their customers' inquiries comprehensively by retaining all previous communication; there is no need to use different email platforms.

- **Sales Performance Management:** CRM solutions that include sales performance management offer many benefits. To achieve the highest individual and team performance, managers may evaluate sales team performance, identify areas for improvement, and manage problems using correct and effective methods.
  - **CRM Data/File Storage:** Proper data storage, which is becoming a difficult CRM factor, ensures effective data retrieval and security. CRM solutions have security measures in their systems to counter any security breach that might lead to data loss, maintaining the integrity of client information.
  - **Sales Forecasting:** Sales forecasting is vital for setting benchmarks and measuring success. It allows businesses to evaluate whether their outcomes align with their efforts, providing valuable insights for strategy adjustments.
  - **Inside Sales Console:** The inside sales console is a platform designed to enhance sales performance through an efficient user interface. CRM systems offer optimised data analytics and UI to improve the client experience and streamline operations.
- **Knowledge Check 1**  
**Fill in the Blanks.**
    1. CRM systems help \_\_\_\_\_ teams maintain detailed profiles of each customer, enabling more personalised interactions. (Sales)
    2. With a \_\_\_\_\_, sales teams can access a customer's entire history with the company. (CRM)
    3. CRM systems streamline the sales process by automating routine tasks, tracking interactions, and managing data in one \_\_\_\_\_ location. (Central)
  - **Outcome-Based Activity 1**  
 In a group discussion, have participants identify and discuss the importance of CRM in sales.

### **16.3 Building and Maintaining Customer Relationships**

Strong client relationships are typically the key to a business's success. Because of this, fostering these relationships is essential to winning over an audience's loyalty. Long-

term company objectives can be met if you maintain and strengthen relationships with clients at work.

**Key Methods to Maintain Customer Relationships:**

1. **Be Respectful and Trustworthy:** Always greet customers with enthusiasm and respect, aiming to understand their needs to meet their expectations. Establish trust by fulfilling any promises or guarantees.
2. **Communicate Consistently:** Maintain a consistent tone in all customer communications, whether with new or existing clients and across different platforms (in-person, phone, or virtual).
3. **Get to Know Your Customers:** Personalize your interactions by learning customers' names and preferences as they return.
4. **Stay Connected:** Keep connections with customers alive through various methods, such as sending holiday cards or adding them to a mailing list. Social media is a powerful tool for staying connected.
5. **Offer Incentives:** Implement rewards programs like discounts, store credit for referrals, or free products after a certain number of visits. These incentives encourage repeat business. Personalised offers and gifts for loyal customers can also enhance customer retention.
6. **Ask for Feedback:** Regularly seek feedback from both new and existing customers to understand their experiences and preferences.

● **Knowledge Check 2**

**State True or False.**

1. CRM does not allow companies to quickly resolve issues and provide better service, leading to higher customer satisfaction. (False)
2. CRM reduces administrative work and allows sales teams to focus more on selling. (True)
3. A CRM enables better communication and collaboration within the sales team and across departments. (True)

● **Outcome-Based Activity 2**

Divide the students into groups of 4 and ask them to do a group discussion Tool and techniques of CRM.

## 16.4 Measuring CRM Effectiveness

CRM has an impact on teams, objectives, and overall business success, so you need to be aware of its effectiveness. We have put together a list of eight measures that you may use to gauge the success of your CRM program.

### How to Measure CRM Effectiveness:

1. **Rate of Renewal:** This metric is essential for subscription-based businesses, as it tracks the percentage of customers who renew their relationship with your company. It indicates company success and growth, reflecting whether your business provides long-term value to customers. Measuring it is straightforward: if you start the year with 100 customers and 95 renew their contracts, the renewal rate is 95%.
2. **Close Rates:** Close rates, or closing ratios, are crucial sales metrics that indicate CRM effectiveness. This rate is the number of deals closed compared to the number of leads in the pipeline. For instance, if you have 100 leads and close 10, your close rate is 10%. While this metric is vital, it doesn't always show the complete picture, as it depends on factors like average deal size. An effective CRM should help increase your close rate.
3. **Customer Retention:** Sustaining and enhancing current customer relationships is essential, even in addition to raising close rates. If there has been an increase in orders per client, what are the customer retention strategies? While keeping consumers is crucial, it's also critical to monitor any increases in their spending over time.
4. **Net Promoter Score (NPS):** NPS calculates how likely a consumer is to promote your company and how loyal they are. Clients assign a likelihood rating between 1 and 10. "Promoters" with scores of 9–10, 0–6 are "detractors," and 7-8 are "passives." This measure aids in determining general client loyalty and satisfaction.
5. **Customer Turnover:** The reverse of retention rate, this indicator is sometimes referred to as attrition or customer churn. It shows the number of lost clients over a given time frame, such as a month, quarter, or year. Lower turnover rates are usually associated with higher retention rates. To calculate turnover, use the gross customer figure and divide it by the number of lost customers.



6. **Average Resolution Time:** The bars shown in this statistic indicate the time the customers' support staff must take to solve issues. A good CRM should be able to reduce this time by attaining the key objective of expediting the arrival of vital information and easing procedures.
7. **Average Number of Follow-Ups Per Issue:** This emphasises the number of emails or callbacks necessary to complete a complaint or assessment of how well the response met needs. A good CRM should reduce some of the areas below because it offers the ability to respond faster and better while leveraging the immense customer information stored in the system.
8. **Referrals:** One of the benefits you should expect in any good CRM implementation is the increased referral rates caused by happier customers. Another method that must be used to evaluate CRM performance is the consideration and tracking of referrals.

### 16.5 Summary

- Regarding operational controls, the implementation of CRMs allows the user to control sales performance and predict future trends. This also helps companies have better-planned and more realistic sales strategies and targets.
- CRM is quite beneficial in providing clear details on sales and customer interaction aspects.
- Using CRM data, you can sort your clientele and approach them with targeted marketing and sales pitches.
- Some of the possible benefits of CRM systems include the ability to manage follow-up and subsequent, which in turn assists the sales force in controlling the relevant prospects.
- CRM enhances a firm's chance of recognising the consumer who may likely break down the relationship and then maps out measures to prevent such occurrences through details offered by the consumer.
- Crating management systems are strategic assets of current sales departments as these tools provide the necessary functionalities and data to operate efficiently and win in the market.
- CRM systems also provide records of interactions, process automation, and data storage, which helps in overall management and speeds up the sales process.

## 16.6 Keywords

- **CRM:** CRM is a process of managing the sum of interrelated communications between you and your clients and inside your firm.
- **Case Management:** Having closed and reopened tools and options to close and reopen allows the users to address each customer situation using the tools.
- **Campaign Management:** Many CRM systems come with features that can help the companies manage all the available and upcoming sales campaigns together.
- **Sales Forecasting:** Sales forecasting remains one of the keys to defining and assessing the progress of benchmarks and targets.

## 16.7 Self-Assessment Questions

1. What is CRM?
2. How should I apply CRM tools and techniques?
3. What role does CRM play in sales?
4. How can the efficacy of CRM be measured?

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