

# The Importance of Sales Management Improving in the Current Economic Context

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## Abstract

*In a world where uncertainty is the only certainty, trying to succeed based solely on the moment's inspiration is unconsciousness. The increased dynamics of the economy and the easiness marking the markets' constant capacity to innovate are two clear reasons obliging any economic agent to develop a sales department adapted to the markets' requests, a flexible sales plan, which can be adapted to the changes occurring on the market where it is applied. If we also take the recession into account, improving the sales management becomes a key element in the success of any company.*

**Key words:** management, sales, consumer, company, trust, customize, LinkedIn

**JEL Classification:** D04, D49

## Introduction

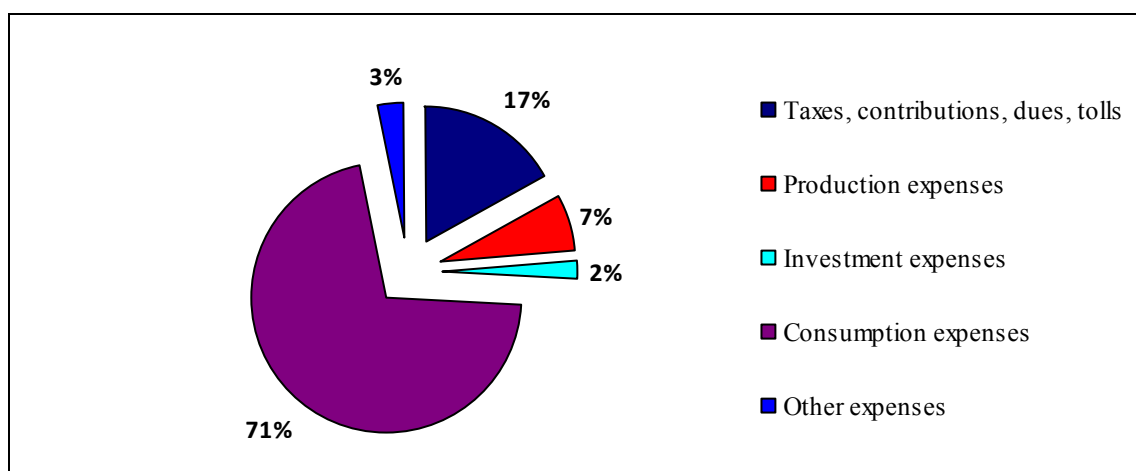
Today, anyone considering founding a company has to think of the market, first of all, the chances of coming face to face with the customer and, of course, the chances of success of the sale, after the meeting with the customer. Starting with the agricultural or industrial sectors and ending with the tertiary sector, of services of any kind, the main concern of the management has become the valorification of the production. It is impossible to make it on the market in the conditions of an ocean of competition, which has gained control over all aspects of the economic life, without an efficient sales department.

It is true that the consumption phenomenon has reached important dimensions; the current consumer, much more complex from the point of view of his needs, is capable to absorb the most useless or weird products/services, solely out of the need to prove a certain social status, or to fulfill certain personal pleasures, inaccessible until now. Whatever the reasons, the important thing is that the consumer's temptation usually does not last, a fact strongly proven by the automotive, textile, food and many other industries. (Figure nr.1.)

## The Analysis of the Consumer Behavior from the Salesmen Perspective

In the past 10-20 years, the consumer has become the focus point of many economic, social, psychological, cultural and other types of debates. In all of these studies, the consumer is presented as triumphant<sup>1</sup>. He seems to dictate production, to be the catalyst of innovation, the promoter of new services in highly developed economies, to be the main subject of modern politics, the one with the power to protect the environment and to save the planet.

The consumer's best friend – the choice, has to exist in all of the aspects of the social, economic and even political life. The right to choose, the freedom to choose, is the basic principle, at the core of the most widely spread modern phenomenon – the consumerism. The consumption, in general, and the contemporary consumerism can not be studied separately from the occupational and production sphere. The consumerism has begun to symbolize a general concern regarding the consumption standards, and happiness and success are now equivalent to the possession of material goods.



**Fig. 1. The consumption shares in Romanian households in 2009**

Source: NIS, *The incomes and expenses of households in the 2nd trimester of 2009*, press release no. 199 of Oct. 5, 2009.

The consumerism has become a lifestyle, the defining model of the society, crucial for the consumer's anchoring into the present. Often mistaken as equivalent to the Americanization, this omnipresent phenomenon has given the primary impulse to the unsustainable consumption. In the center of this current, there is the newest product of the society we live in – the consumer – a consumer completely absorbed by “unlimited material desires”.

And yet, through the eyes of the salesmen, the consumer is a weak, malleable, easy to manipulate, dependant and passive person. If we consider that he is capable of buying anything, after an advertisement that caught his eye, we can understand this point of view. The salesmen have studied thoroughly the consumer behavior and have finally discovered his “weak spots”, establishing a few landmarks in this area:

- the consumer behavior is dynamic; there are few absolute rules of the human behavior;

<sup>1</sup>Gabriel, Z., *New Faces and New Masks of Today's Consumer*, Royal Holloway University of London, UK TIM LANG City University London, *UK Journal of Consumer Culture* 2008, published by Sage.

- the consumer behavior determines interactions; it is necessary to know the consumers' opinion (perception), feelings (impression) and actions (conduit), and also the factors influencing them (environment);
- the consumer behavior determines exchanges between the participants to the sales-purchase process;
- the consumers are extremely different;
- the consumers act emotionally, rather than rationally, and can act differently, in distinct moments in time;
- the consumer behavior can be influenced; the consumer can learn and can change his attitude and behavior;
- the social and cultural factors with the highest influence on consumer behavior and the elaboration of marketing strategies are the social class and position, the family behavior and the group (reference group).

The problem is still clear, the offer has greatly exceeded the request. In these conditions, the importance of the sales management has gained extraordinary valences, becoming practically indispensable, we could say, even vital, in the structure of any company. The increasingly important role of the sales department is recognized by several General Managers of famous companies:

Mugurel Rădulescu, PR Manager of Coca-Cola HBC România, says that a third of the company's employees work in the sales department. "We dedicate important resources to these employees. Over half of the training budget and resources are invested in training for sales force", Rădulescu says. Currently, Coca-Cola HBC is in the process of creating a "digital" sales force. Besides from a phone and car, each sales agent receives a portable terminal equipped with GPRS, which can be used for storing orders, filling marketing questionnaires, remote transmission and updating of the data.

The sales department represents an essential element in the structure of the Help Net Farma pharmacy network. "Practically, the entire activity is developed around the sales force; the only departments have a supporting role", Isabelle Iacob explains, the company's General Manager.

The salesmen team also represents one of the main development motors for the medicine manufacturer Sicomed. "Considering the specific of the product portfolio, Sicomed has developed two promotion teams, one for sales (with the purpose of promoting the OTC products in pharmacies) and one of medical representatives (promoting the medical prescription products directly to the doctors)", Radu Apostol mentions, the company's Sales Manager.

Another interesting study conducted by the Romanian Association of Human Resources Professionals, HR Club, in collaboration with the market research company Daedalus Millward Brown indicates the importance offered to the sales and financial departments, both with a high impact on the cash flow. (The research was conducted between August 31 and September 18, 2009; the participants were 225 General Managers, and middle-management staff from the human resources departments of large Romanian companies, multinational companies, public institutions, SMEs and NGOs)<sup>2</sup>.

Thus, approximately 76% of the managers consider that the sales team has grown more important within the organization in 2009, compared to 2008, and 46% claim that it is essential. The importance of the sales department is crucial especially for the small enterprises. In addition, 67% of the companies agree that the financial management is the key to success during the recession, hence the increase of this department's role. The top of the most important

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<sup>2</sup> Pausan, T., In 2009, almost 50% of the employers made dismissals, *Finaciarul*, October 26, 2009.

departments in an organization is completed by the marketing, operation, human resources and IT divisions<sup>3</sup>.

The sales department has an essential role in every company's activity. Regardless of the field of activity, it is highly improbable that a company can exist without a coherent and well organized sales force, with clear and well structured objectives. Practically, the sales team manages to concretize and translate the work of the other departments into turnover.

## Solutions for Improving the Sales Management

### Improving the Efficiency of the Prospecting Process

Prospecting is a continuous action, which must be performed even by the most highly experienced salesmen (indeed, at a lower level). In this stage, gathering information regarding the company's potential customers has a very important role. 90% of the information is currently gathered by using search engines<sup>4</sup>. The search engines have yet two sides for the sales agents; used properly, they are of tremendous help, but used inefficiently, they „consume your time and mind”.

The result of internet searches can be surprisingly useful but also incredibly irrelevant. An extremely important aspect is the accuracy of the information from the internet; this is the reason why verifying this information is essential. Finding out everything about the people you are about to contact, their needs, the organizational policy of the company where they perform, the company's financial status, the decision capacity of the people you will negotiate with represent the main objectives of the prospecting activity.

Jeffrey Gitomer, in his famous book called the Sales Bible, claims that more than 50% of the sales are made upon friendship and that this is the same reason why business relationships are maintained<sup>5</sup>. This statement has to be understood in at least two ways: the prospecting process has to start within the circle of friends, acquaintances and already established relationships – the networking, and second of all, the importance of developing this information network composed of friends, partners etc.

### LinkedIn – Important Networking Source

Using the online network LinkedIn (there are several other similar networks, such as FACEBOOK, XING, PLAXO, etc) is one of the most efficient methods for developing the personal networking. In sales, in particular, and in business, in general, developing a connection network is vital. The benefit of joining such a network are unlimited accessibility – whoever has a computer and internet access can join for free, a vast personal exposure, a more easy relationing with people less accessible in the real life (it has been proved that the internet contributes to the decrease of communication barriers), the development of the personal data base and implicitly the number of contacts.

The networking represents the blood moving the sales activity and, why not, the entire business.

Source: Thew, D., *LinkedIn - a user's perspective: Using new channels for effective business networking* Business Information Review, 2008.

<sup>3</sup> The research was conducted between August 31 and September 18, 2009; the participants were 225 General Managers, and middle-management staff from the human resources departments of large Romanian companies, multinational companies, public institutions, SMEs and NGOs

<sup>4</sup> Thew, D., *The winning mindset: Effective competitive intelligence research on the internet*, Business Information Review, 2007.

<sup>5</sup> Gitomer, J., *The Sales Bible: a fundamental book in the field of sales*, Brand Builders Publishing House, pag. 59, 2006.

## **Improving the Accessibility and Customizing Possibility of the Products/Services**

In the current purchasing process, the tendency of the new generation to emphasize the accessibility and customization possibility are more and more obvious<sup>6</sup>, there being two of the most important elements in the decision of purchasing.

Both the accessibility and customization possibility are product/service attributes of the companies which can be integrated, first of all, by including the new technologies in the sales process (the internet – compressing the space and time - accessibility) and also by attracting the customer in the intense implication in the sales and creation process (especially in the sales sector) for developing the customization possibility.

Yet, the new technology has to be promoted as an alternative to traditional methods<sup>7</sup>. To read a book online or a book purchased from the book store? To be able to buy a soda from a vending machine or directly from the store? Whatever the choice, their existence is important for the customer. The existence of several options is in fact what the client wants. A good salesman has to present the product/service as an alternative, and not a unique solution.

## **Integrating the Client in the Sales Process**

Integrating the client in the sales process implies its inclusion both personally and from the point of view of resource use<sup>8</sup>. The customer has to be actively involved in the service supplying, being at the same time beneficiary, co-participant and co-creator of value. Integrating the client in the service supplying process can be the source of the competitive advantage. In the case of internet services, for instance, the customer has to use his own resources, the personal computer, utilities (electricity) and also his knowledge regarding internet services.

The companies have improved the offer for online services, requiring a deeper implication of the client. The clients attracted by this kind of services (training, online trade, online banking) can be easily turned from beginners, to usual customers, bringing interesting profits to the supplying companies<sup>9</sup>. Even if the active involvement of the customer implies high learning costs for him, the higher customization potential and the joy of learning something new are increased.

## **The Transition from “Transaction” to “Consulting” Sales**

The rapid transition from “transaction” to “consulting” sales and the latter’s adopting by both sales agents and sales managers is essential for every sales department. The new sales type has become essential in every field, the client representing the key element within a sale, or, more precisely, the importance of solving the customer’s problems by making the salesman his “business partner”.

The difference between the traditional and consulting sales is first of all based on the means of developing the relationship with the customer. If, in the case of the traditional sales, the time and energy are directed towards the solving of objections, the consulting sales is first of all based on trust, communication and empathy. Today, many sales agents are somewhere at the

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<sup>6</sup> Cullen, J., Catalyzing innovation and knowledge sharing: Librarian 2.0, *Business Information Review*, published by Sage, 2008.

<sup>7</sup> Reinders, M.J., Dabholkar, P.A., Frambach, R.T., Consequences of Forcing Consumers to Use Technology Based Self-Service, *Journal of Service Research*, 2008.

<sup>8</sup> Moeller, S., Customer Integration – A Key to an Implementation Perspective of Service Provision, *Journal of Service Research*, 2008.

<sup>9</sup> Beuningen, ., Ruyter, K., Wetzels, M., Streukens, S., Customer Self-Efficacy in Technology-Based Self-Service: Assessing Between and Within-Person Differences, *Journal of Service Research*, 2009.

border separating the transaction sales and the consulting sales – much too expensive for a transaction environment, but not well trained enough to offer the high level of consultancy expected by the customer. The traditional sales agents have to acquire new surviving skills in this rapidly changing environment.

### **The Different Approach of Organizational Consumers and Private Ones**

In order to establish the approach strategies of the two customer categories, we must have to understand first the reasons located at the bottom of choosing a service/product or, better said, a supplier or another. In the opinion of Wieringa and Verhoef<sup>10</sup>, the criteria guiding the consumer's decisions (organizational or final) are of two kinds: economic, cognitive and social/affective.

The economic ones are channeled towards the value of the relationship with the company, including aspects such as economic satisfaction and perceived price levels. In contrast, the social determinations are the ones considered to be mostly affective ones, such as trust and psychological commitment. On the other hand, there is the argument that a client does not change his main supplier mainly because of the high costs implied by finding, testing, negotiating and implementing the services of a new one. The inertia is again an important factor, acting as a barrier against the decision to change a supplier; the client continues to buy from the same supplier only in the virtue of the initial decision.

In the case of the final customers, the inertia and costs for changing the internet supplier have a significantly lower impact; they are not conditioned by economic aspects, thus being much more susceptible to change than corporate clients.

The trust and creation of extra value<sup>11</sup> (figure no.2) are still the most important factors for building a long term business-to-business relationship. Of course, the two factors are also influenced by other factors, such as the values and beliefs of the partner, which increase the trust and the costs of the client influencing the economic value created for him.

Compared to the fidelization of corporate customers, establishing long term economic relationships with the final customers depends on other factors and has completely different implications. For the final customers, the fidelization and strategy costs refer to an entire consumer segment, while for business customers, the strategy and costs have to be adapted according to each individual client.

Another important aspect, this time common for the two analyzed consumer categories, is the client satisfaction. It represents a key consequence of service quality and is essential to the success of a long term relationship between the client and organization<sup>12</sup>.

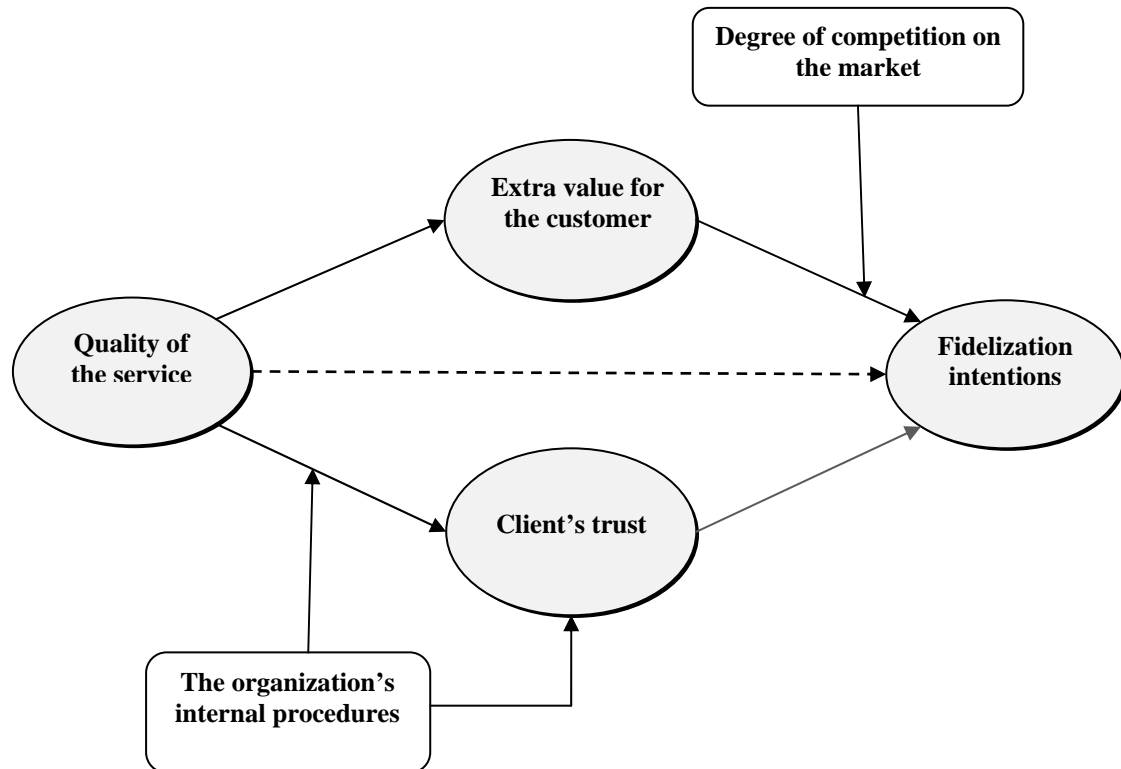
In the case of services, there has to be made a clear distinction between the quality of the services and the customer's satisfaction. Furthermore, we have to make a difference between the expected and perceived services. If the expected services represent the client's predictions regarding the way in which the service will be performed and also his desires, the perceived services can be defined as the general judgments and attitudes towards the service.

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<sup>10</sup> Wieringa, J., Verhoef, P.C., Understanding Customer Switching Behavior in a Liberalizing Service Market: An Exploratory Study, *Journal of Service Research*, 2007.

<sup>11</sup> Briggs1, E., Grisaffel, D., Service Performance–Loyalty Intentions Link in a Business-to-Business Context: The Role of Relational Exchange Outcomes and Customer Characteristics, *Journal of Service Research OnlineFirst*, published on September 15, 2009.

<sup>12</sup> Lünemann, V, Chase, U.F., Reimann, M., Uncertainty Avoidance as a Moderator of the Relationship between Perceived Service Quality and Customer Satisfaction, *Journal of Service Research*, 2008.



**Fig. 2.** Factors influencing the B2B relationship

Source: Briggs<sup>1</sup>, E., Grisaffè<sup>1</sup>, D., Service Performance-Loyalty Intentions Link in a Business-to-Business Context: The Role of Relational Exchange Outcomes and Customer Characteristics, *Journal of Service Research OnlineFirst*, published on September 15, 2009.

For instance, in a business-to-business relationship, a client expects the delivery of a certain product in a specific time span – the expected service, while the real duration of the delivery is the perceived service. Thus, a shorter term of delivery will be associated with a higher perceived quality of the service, and a longer term will be obviously associated with a lower quality of the service.

Thus, the perceived quality can be defined as the discrepancy between the client's perceptions and expectations. It is very important to understand the concept of the perceived quality, because the client's satisfaction is strongly related to it; between these two aspects there's a relationship which is very interesting, to say the least. The client's satisfaction can be obviously increased by amplifying the perceived quality, and also by decreasing the customer's expectations regarding the company's services.

Another important difference between the behaviors of the two categories refers to the higher formalization, at least in theory, of the organizational buyers, compared to the simple consumers.

The aforementioned solutions are only a few of the possibilities of improving the sales management; there is of source an entire range of ways to increase the sales. Still, I believe that these five are extremely actual and can be immediately practically applied with top positive results.

## Conclusions

On a general level, the market-consumer relationship, but also on a specific level, the salesman-client relationship, are continuously changing. If, until the year 1960, the request exceeded the offer, making the enterprises oriented towards the offer (product-out), when the offer exceeded the request, it led to a client orientation (market-in). Today, more than ever, these relationships have become extremely complex, making it very difficult for companies to sell their products/services. The tough competition has installed in almost every market, in every field of activity, and the severe recession affecting the global economy in the past three – four years (and there are signals that it will last for at least another 3 years) are at least two of the factors transforming the sales department and implicitly its management into one of the most important ones.

From my point of view, in this economic context, every company's investments should be directed especially towards the development of the sales department and, first of all, the improvement of its human resources: sales managers and sales agents.

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## Importanța perfecționării managementului vânzărilor în contextul economic actual

### Rezumat

*Într-o lume în care singura certitudine o reprezintă incertitudinea, a încerca să reușești bazându-te doar pe inspirația de moment înseamnă inconștiență. Dinamica accentuată a economicului și ușurința cu care piețele găsesc întotdeauna calea spre a inova constituie două motive clare care obligă orice agent economic să-și pună la punct un departament de vânzări adaptat cerințelor pieței, un plan de vânzări flexibil ce se poate mula pe schimbările din piața în care acționează. Dacă luăm în calcul și criza economică, perfecționarea managementului vânzărilor devine un element-cheie în succesul oricărei companii.*