



Evolution of complex sales in the service system

Evoluția vânzărilor complexe în sistemul afacerilor

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Abstract

Product sales, together with their specific services, are considered to have a complex nature. The services that can be provided are very diverse, and can be differentiated according to several criteria. In the merchandise sale domain, the sales associated to services define the merchandise distribution activity. The increase of the quality of merchandise distribution services generates the efficiency of the offer of the distribution company and increases the client satisfaction degree. The objective of this study is to present the evolution in time of the distribution activity, on one hand, and on the other, to point out the main current tendencies of merchandise distribution and sales activity accompanied by services considering the improvement of their quality.

Keywords: *sales, service system, training, market, distribution*

Rezumat

Vânzările de produse, însoțite de serviciile care le sunt specifice, sunt considerate de natură complexă. Serviciile care se pot asigura sunt foarte diverse, acestea diferențiindu-se după mai multe criterii. În domeniul vânzărilor de mărfuri, vânzările asociate cu servicii definesc activitatea de distribuție de mărfuri. Creșterea calității serviciilor în distribuția de mărfuri generează eficiența ofertei firmei de distribuție și creșterea gradului de satisfacere a clienților. Obiectivul acestui studiu este să puncteze evoluția în timp a activității de distribuție, pe de o parte, și pe de altă parte, de a sublinia principalele tendințe la momentul actual ale distribuției de mărfuri ca și activitate de vânzare însoțită de servicii pe fondul creșterii calității acestora.

Cuvinte-cheie: *vânzări, sistemul afacerilor, piață, distribuție*

JEL Classification: *M10, M13, M21*

Oldness of complex sales

The history of this occupation is very well known, it has been analyzed a lot, phased, studied by different researchers. Guilds have appeared, consumption has been intensified, the era of great geographical discoveries then followed, industrialization, modifications of the production relations, world wars, dictatorships, revolutions, globalization etc. All the known phases of the human evolution have left their mark on the functioning, organization of the distribution activity. Organizations have adapted at the same time with human kind, with the events that generate thinking reforms, modernization, evolution.

Complex sales have their origin much further back in time. We know that man during Stone Age used to travel long distances to find goods that they could not obtain in the places in which they were hunting and collecting the food they needed. There are reasons to believe that exchange in kind is older than war, that we are all descendants of peaceful-selling traders, as barter supposed the knowledge of the art of selling.

Ever since the beginning of the existence of human kind, before currency was invented, we know that barter existed as a form of trade (Hopkins 2001). Locally, individuals used to practice this form of trade. After the accumulation of the strictly necessary goods, appear the necessity of development and the traders and middlemen's organization changes as well.

The next phase of the sale was outdoor market. But before the dawn of history, open market was something obsolete. Traders started to sell their merchandise inside permanent shops. Haberdashers started carrying less merchandise on their back because animals and ships were starting to transport them more and more. Then development stagnated, except for some details, and this ancient system of distribution of goods reached the New World.

In the early 1800s took place a revolution of complex sales: the sales style we all know appeared in an incipient form. The owners of a small wool factory in Massachusetts decided that they wanted to do more business than what the merchants were offering them. Thus, they hired a man to take their samples to shops in locations even further and obtain orders for future deliveries. Today it seems strange, but it was a sensational innovation at that time. Intelligence was needed to conceive this idea, courage to try it and perseverance in order to obtain results. And the results came without delay. In a few years, the new system spread to other factories and fields, and the distribution of goods was never the same again.

In the same period, the first railways started to be built. The new means of transport suited perfectly the new way of selling. The commercial travelers with suitcases full of samples became something usual everywhere railways could reach. But they were not called sales agents. Everybody considered them at the same level as the old-time traveling merchants that were attracted the clients with the beat of drum while traveling in carts through small provincial towns.

The man that was going to become the first sales super-professional was born in 1844. John H. Patterson created the first national sales force. He was the first to organize sales classes, the first one to have organized staff, with regional and district managers all over in the United States of America (Donaldson 2001). He established the first market share and was the first to guarantee an exclusive territory to its salesmen. Before Patterson,

many companies had salesmen that were fighting against one another, in the same territory, selling the same products to the same clients. This practice disappeared after Patterson proved how wrong it was.

In 1895, a young man was hired by Patterson's company. This young man, Thomas J. Watson, was meant to become another sales super-professional. But after becoming through sustained work one of Patterson's assistants, their roads grew apart. Watson became the driving force behind one of the world's most dynamic companies. The most important contribution that Watson made to the salesman profession was the conception that nobody should ever give up training. This is a very profound idea.

The next super-professional was H.W. Dubiski. Using as a source Patterson's conception, Dubiski perfected mass training. He perfected the discussion prior to the effective sale. He perfected, in an era in which it had results for sales agents, stimulation meeting. He also developed the original philosophy according to which securities can be sold during a single telephone conversation. Dubiski mastered the setting of what we call Morale-Boosting Meeting. Every morning his sales agents used to gather and encourage one another and sing: in a commercial way, but with the fervour of religious meetings.

One could obtain a management position in that companies only if he/she could give people a motivational impulse and could lead them through songs and encouragement.

The memory of our sales ancestors can continue with examples and attitudes specific to each school, each sales thinking. In no other profession is success so closely related to performance. Some people suppose that selling is an inborn talent – you either have it or not. Wrong! Because selling, no matter how much talent there is, it is not just an art that one must possess. It also is a subject matter that must be learnt.

Current tendencies in complex sales

Sales, promotion, promotional activities, sales and representation polling are activities associated to the offering of the product and ways to persuade the client to purchase the product. It is the most beautiful, the most active side in a distribution company but it also is the one that needs most resources from all points of view.

Sales promotion represents many times the sum of the efforts made by the salesperson for the purchase of space in shop shelves. Basically, in relation with the product, the distributor's role ends when the product reaches the shelf, depending on the market-coverage share that that distributor in particular has. It is then the role of the product promoters, merchandising and many times, the manufacturer. There may be situations in which the contract stipulates discount margins or other kinds of benefits granted by the product supplier to the distributor for marketing, merchandising activities, for the promotion of the product in different moments of the product's lifecycle. In these situations the distributor assumes the role of product promoter. This role renders its activity more complex but can bring remarkable advantages from the financial point of view. There are many cases in which a distributor, in a more or less favorable situation assumes the responsibility of the 'development and growth' of a product (Lupu 2007).

The role of the salesperson is also special in the product promotional campaigns. Due to an inadequate distribution, very large amounts of money invested in product advertising may many times be wasted and the product may have exactly the same fate as if it had not benefited from promotional support.

It is very well known that an activity of promotion of a product by media means can reach its maximum of efficiency when the product has a certain market share on the shelf.

Over the past few years' specialized distribution companies have appeared, turning into good account market niches (Ridderstrale et al. 2007) for products that are not suitable for hypermarket distribution channels or that choose to supply the also recently-created specialized shops. We witness in this period the appearance and development of companies specialized in the distribution of alcoholic products and especially beer that need in exchange distinct distribution logistics. Market niches in merchandise distribution are represented by small volume and high value products, luxury products, cosmetic products, art objects, jewelry, etc. Distribution market niches can also be seen among relatively cheap products that have very high flows, including here essential products (sugar, flour), press distribution, refined alcohol distribution etc.

One step separates specialized distribution from the implementation of the new concept of 'knowledge management'. Basically, in the food product distribution field, the companies specialized in raw material distribution are the most adequate for the application of this new concept that is already established in Western countries. A not so developed logistic base, a small collective of professionals with remarkable specialized knowledge and a lot of desire to register performance in a particular field, a participative management, they can ensure the development of a new kind of companies.

The old saying "information moves merchandise" has never been more contemporary due to the fast development of information technology. The development of information technology facilitates cost reduction and increases speed in technical areas of communication. This gives to all members of the distribution company the possibility to have access to information at the same time, to exert their own influence, eliminating this way many traditional excuses for non-achievements. The efficiency and productivity of the physical distribution means depend on the way in which the company manages the information and merchandise flow and the communication between all components of the distribution channel. The processes that take place before the reception of the merchandise and after its delivery have as much influence over the productivity and efficiency of the distribution company as the management of the activities inside it. After the channels were identified and the necessary information was collected, it is possible to analyze the relations and look for the alternatives for their management in a way that is as efficient as possible for all involved parties. The components of the distribution channel must be directly interested in competitors' actions and the collection and processing of the information regarding competitors' actions is the most important for the management of the distribution company (Gattorna 1999).

Very important must also be the drawing up and processing of the reports on products, providers of information about the product's lifecycle, the volume of the necessary resources that must be allocated for that particular product, the efficiency of the sale of that product, etc. Using the product reports and the market research and analysis the manager must synthesize an image of the tendencies and performances of the branch in order to identify new opportunities and capacities attributed to the company's basic activity.

The debates and controversies of the specialized literature regarding the use of the transaction models, the maintenance of the advantages and disadvantages of modeling plead for the continuation and super-simplification of the factors entering in the range of preoccupations in this direction, of the synthesis of the constant elements of the sale activity (McKinsey 2008). Any practical activity, in a repeated development creates through analysis the possibility to identify certain constants that can be grouped by synthesis in order to constitute reference points, models of the current or future activity. The great number of commercial transactions per globe areas, at the bilateral or multilateral level, at the macroeconomic and microeconomic level, for different goods, using different

counteracting systems, gives the possibility to build guiding models by synthesizing the common elements and mentioning of a number of specific components, is extremely necessary as in many cases they are the base of the reasoning used by the parties or representatives that uphold these theories (Nicolescu et al 2003).

Importance of sales in the service system

Sales is an activity present in all fields of activity under different forms. Only in The United States of America there are nearly 12 million Americans whose occupations are related to sales. The sales force can be found both in trading companies and non-profit organizations. College recruiters and the sales force of the university institution. Churches create special committees to attract new believers. The United States Agricultural Service sends out to the country agronomists to convince the American farmers to use the new agricultural methods. Hospitals and museums use fund-raising specialists to contact donors and ask for their contributions, etc.(Donaldson 2001)

In an era in which the technological progress has dramatically increased the speed at which products and services can be produced and distributed, facilitated the communication between organizations, the most valuable factor for the efficient functioning of a company in its relation with the clients indicates the level of human performance (Pralhad et al. 2008). Sales operations represent the relation between the company and its clients, its direct contact point with them. Sales operations take place in the middle of the economic activity and represent a profit-generating function of vital importance. Nowadays, sales operations are formed not only by personal sales but also by a range of other forms of contact with the clients, including phone sales, activities of servicing or technical support placed at the clients' disposal, which join the traditional form of sales through agents. Internet and the other electronic communication means will have a substantial effect over the way in which sales operations are managed, and this aspect shall be the most important challenge of tomorrow's sales manager.

The basic purpose that sales agents are hired for is to maintain the current activity and find new clients. Nowadays, the growing tendency of creating close relations between the acquisition and sales structures within industrial companies, manufacturers of consumer products or services makes these organizations depend more and more on the knowledge, aptitudes and capacity of the sales agents to create and maintain such relations.

Considering today's world, sales are the result of a marketing process that treats the partners at the level of an individual client, not group of clients of market segments. We can see that companies no longer allow themselves to separate marketing, seen as a strategic planning activity, from the operative implications of client account management. Sales agents must have marketing knowledge and skills specific to the development of interpersonal relations and negotiations.

Traditionally, the function of the sales agents was to sell the products of a company to as many retail outlets or direct clients and users as possible. On modern markets, the offer normally exceeds the demand, which leads to the necessity of adopting the marketing philosophy “produce as much as you sell, do not sell as much as you produce”(Grant 1998). The changes suffered by the distribution methods and channels, as well as an environment that is more competitive every day have also modified the role of sales, turning them definitively into an essential component of the marketing activity. An effect of this evolution is a slight neglect of the importance of operative sales element within marketing plans, whereas others are the spectacular successes that can be registered using traditional aggressive sales techniques. Sales are not dead, their management is different, through an efficient marketing, they must follow to integrate sales performed at

the personal level and the other promotional tools, placing them at the same level as other functions within the organization and making them depend on the environmental factors affecting these functions.

Personal sales are the final chain loop in the exchange process taking place between buyer and seller. It is the personal contact with one or several buyers in order to perform a sales transaction. Partially this contact also involves a certain trade activity, which can be defined here as “what a sales person does when he/she provides to prospects information and other benefits capable of motivating them or convincing them to buy the product or service offered by that particular sales agent”(Nicolescu et al. 2003). The fundamental nature of sales in a market-oriented and competitive enterprise involves the existence of several indispensable functions, such as: information provision, persuasion, as well as the demand, development and maintenance of client relations.

The first of the aforementioned aspects, the role of information, is probably the most obvious (Gattorna 1999). After the correct identification and interpretation of the opportunities offered by the market and clients’ needs, the information regarding the offering of the package of products/services at an adequate price and location must be communicated to the existing clients and prospects through communication means. In the various phases of the purchasing process, this communication is made most efficiently by direct personal contact. Information is a bi-directional process, from sales agents towards clients, and at the same time from prospects to the already served clients, through sales agents, back to the managers taking marketing decisions based on the needs expressed by the former. This process is more and more combined to the other functions, namely the support provided to the clients or the servicing activity that ensure client satisfaction and protect future relations with them. All this is the information role played by the sales agents.

A second role that sales agents must assume is the role of persuasion (Lupu et al. 2007). In a competition economy, most trading companies address to prospects that benefit from many options. Due to this, the simple development of the activities in accordance with market principles does not guarantee by itself the maintenance of a long-lasting competitive advantage. Prospects must be convinced that their needs are correctly identified, and that product and company represent the best choice among all alternatives offered by the competition. It would be naïve of course to expect no conflict between the buyer’s needs and the purposes of the sales agent, even in the most favorable circumstances of the commercial life (Malița 1972). Any conflict of this kind must however be considered a challenge that must be solved, not an occasion to hoax somebody.

Last but not least, the most important role of sales nowadays is the creation, consolidation and maintenance of profitable relations with the clients. Despite all this, sales agents and sales managers have oriented so far towards the ‘sales performance’, being this the main driving force motivating the sales management of companies. Marketing focused on relations has displaced the attention from the performance of singular sales towards the creation of the necessary conditions for the consolidation of a long-term relation between the company and its clients, which generates the premises of successful commercial contacts.

This change of optics needs a reassessment of the practices existing in the sales field, as well as the culture and principles that have governed so far the evolutions in this field. The role of the sales agent moves now more and more from the traditional aggressive sales style, based on persuasion towards a new role, that of “relation manager”. Also, in practice, we are witnessing the start of change of the specialized vocabulary, the sales or commercial agents being now called « commercial advisors», «specialist representatives»

or «commercial consultants». The aforementioned modification of the denomination is meant to facilitate the transition of this manpower from sales towards consultancy, from “speaking” towards “listening” and from forcing the client towards assisting the client.

The new reality of the sales activity focused on relations orients its sales agents and managers towards the development of long-term relations with their clients, based on mutual trust and even affective involvement. Each sale is an occasion to consolidate the relation existing between them and their clients and increase the loyalty of the latter towards the company.

Personal sales are an essential element in marketing (Kotler 2005). They represent the most direct promotional means, involving a face-to-face contact with the buyers and that’s why it must be performed by the sales agents that are client-oriented and look for solutions to their problems, serving the long-term interests of the company and its clients.

In spite of the automation of office activities, increasing manpower costs and centralization and professionalization of buyers, the most significant component of the activity of an organization remains the sales activity. It is important that the commercial activity reflects the global and marketing strategy of that organization and the objectives established for the sales must be integrated with the marketing and global ones, due to the high costs of personal sales and the time that sales agents can allocate to their clients.

In general, in the sales promotion action, advertising must take into account all the components of complex sales. The optimally sized and structured services provided promptly and on demand, offered or imposed, favorably influence the exercise of the functions specific to the other components of sales management. They increase the quality and efficiency of the offer, have a favorable influence over marketing research and can contribute to the completion of the documentary information base. They can also be a support of advertising actions, contribute to the creation of a favorable image on manufacturing or sales companies. By their role, services are transposed in the most important component of the product sale strategy.

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