Sales networks: A little planning would go a long way

A survey of sales networks in Spain reveals that many companies do not put a lot of effort into acquiring and retaining customers.

March 6, 2014

Although most companies surveyed say they place a strong emphasis on attracting customers, 35 percent do not currently offer any incentives — pay or otherwise — to encourage their sales teams to bring in new customers.

A third of those surveyed leave this job entirely to their sales reps, who have no clear methods or protocols to guide them in this effort.

These are among the findings of a survey of the sales networks of 500 companies in Spain, led by IESE's Cosimo Chiesa and Julián Villanueva.

In the case of small and medium-sized businesses, this is an especially worrisome finding, say the authors, if these businesses are to have any chance of competing against large multinationals.

Retention, loyalty & recovery

Surprisingly, just 36 percent of the companies surveyed have an established target for customer retention, loyalty or recovery, despite three out of four claiming they make an effort to hold onto their existing customers.

What's more, 43 percent still do not gauge their level of customer loyalty, and only 33 percent have some type of loyalty program in place.

These findings are in keeping with previous years, although companies that do use loyalty

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programs and measure their effectiveness have seen a notable increase to 92 percent, up from 78 percent.

Still, with only 16 percent of respondents "very satisfied" with their loyalty programs, there clearly remains room for improvement.

A mere one company out of every five allocates time and resources to recovering lost customers. The authors wonder whether this area is neglected simply because companies do not see it as profitable.

Not making the grade

Generally speaking, 31 percent of respondents believe their sales teams are on a par with those of their competitors, and 40 percent believe they are slightly better.

However, a great many more grade themselves lower than in previous editions of this survey: 51 percent consider the performance of their sales force to be merely acceptable, 37 percent see considerable room for improvement and only 10 percent feel they are excellent.

Price pressures have led 55 percent of companies to launch differentiated products, instead of pursuing other options such as lowering prices or increasing promotional offers.

The authors believe that performance could be improved if these companies established proper action plans and methods, given that 42 percent do not even have a sales calendar indicating the days of customer visits, for example, and of the 14 percent who do, they don't maintain it.

Recruitment & pay

Given the stagnant job market due to the flat economic situation, voluntary turnover among sales teams occurs quite rarely.

When there are job openings, 82 percent of the companies handle recruitment directly, while half use agencies.

With regard to incentives, in three-quarters of companies, the variable element of pay is between 10 and 40 percent of the total remuneration.

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Smartphones & tablets on the rise

Customer relationship management (CRM) and sales force automation (SFA) systems are gradually becoming widespread: 57 percent of businesses already have customer management applications and 23 percent are considering it.

With regard to the equipment used by the sales force, although laptops are still No. 1, this survey reflects the notable traction gained by smartphones (70 percent in 2013 compared with 44 percent in 2012) and the rising number of tablets, whose use has more than doubled in the past year.

Surprisingly, despite four out of five companies already being present in social networks, the percentage of those actually using them for sales purposes has dropped to 12 percent, down from 17 percent in previous surveys.

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