

Sales 2030

Effects of mega trends on sales operations

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Abstract

For many years, everyone around the world has been interested in foreseeing the future. It started with trying to predict the following day's weather or the start of winter and continued with more comprehensive research conducted by Ancient Greek philosophers. Since then, numerous psychics, futurologists and sci-fi authors have attempted to foresee the future. Mega trends are trends that are expected to have a significant impact on social and technological changes. These trends, spreading over more than one period, are not affected by short-term changes. Mega trends affect every aspect of life and hold power to transform societies. Understanding and adopting mega trends and taking actions against their possible effects can help companies gain sustainable competitive advantages. Given this, it's surprising that there has not been comprehensive research that examines the effects of mega trends on sales, like this paper is going to do.

Mega trends in today's society


The term “Mega Trend” was coined by the futurologist John Naisbitt in 1982 with his book of the same name. Mega trends are forces of long-term, global change. They have the power to change and penetrate civilisations, technology, economy and values. This is why mega trends are thought to be disruptive, complex and sometimes contradictory. At first stage, individual researchers compared mega trends deemed the most important. Today, we can speak of five major global mega trends (PwC Inc., 2016):





Resulting challenges for sales operations

These five global mega trends are expected to have a significant effect on how we do sales in the future. The following five sections provide an insight into each of these mega trends (also see: Beutin 2013).



Demographics and Social Change

We can experience the importance of demographics and social change in mainly 2 areas that will affect sales operations:

- higher demand for differentiation
- the proportion of senior citizens

Today, a small number of women work in sales, especially in the field of sales channel. Additionally, only a handful of companies today have sales representatives over the age of 60. When we examine demographic changes closely, we can say it's alarming that there are fewer women than men in sales and few senior representatives.

Current employee numbers show that, in the future, there should be more female employees in almost all fields (including sales). In 2016, the labour force participation rate of women over 15 in Turkey was 32.5% (TÜİK 2018a). Considering the same rate in OECD countries was 51.7% in the same period, it's clear that there is room for growth regarding women's employment in Turkey (World Bank 2018). The gap widens further is even wider when it comes matters relating to female employment and female executives in sales.

Additionally, the world's population is ageing. This phenomenon, named the "Silver Revolution", is the result of demographic changes. It is estimated

that in 2018 there will be 7.1 million people in Turkey who are 65 years of age and older; this number is expected to increase to 16.3 million in 2040. Similarly, in 2040, the young population is expected to decrease by 18% from the 2018 level of 19.2 million. Another important finding is that the youth population aged 0-14 (19.3 million) and the elderly aged 65+ (16.3 million) in Turkey will start to converge by 2040 (TÜİK 2018b). Although the predominance of the senior population in Turkey is smaller than some European countries, we can say that the structure of the population and working life is expected to go through significant changes.

Demographic changes have significant effects on the labour force market, and the gap in expertise is expected to grow dramatically. There are problems related to students picking an academic major due to the difficulties of getting into a college as well as uneven distribution of labour. Less than 10% of parents steer their children towards pursuing a career in sales (see: Schmitz and Wiesecke 2016). It is anticipated that - alongside

changing demographics - it will be harder to find younger and qualified sales personnel in the future.

The solution to this problem could lie in the changes in age distribution in sales departments. In the future, there will be more need for experienced sales personnel to maintain sales while protecting productivity and effectiveness. Also, the companies (and customers) may need to get accustomed to sales personnel over the age of 70. This has nothing to do with ideology or politics; the problem is expected to arise out of the companies' need for qualified personnel. However, the companies can rest assured of the following: In many studies carried out to date, it was found out that the rise in age has no effect on the productivity of the employee. More experience makes up an older person's slower metabolism and delay understanding new concepts. The deterioration in an individual's body structure and cognitive abilities can be fully compensated by an increasing level of experience.





Shift in Economic Power

We see many trends in consumption patterns that will affect sales. The markets are expected to shift to the east, especially towards Asia, South America and Africa. The economies of developing countries such as Brazil, Russia, India and China are gaining acceleration: In 2020, at least two billion people are expected to spend 22 billion dollars on consumption.

Additionally, we see that “virtual consumption” via the internet will continue to rise. In the future, it can also be said that products and services that were paper-based or personal will be more dependent on the internet. Anyone can conduct research on the internet for training-education, information, placing an order or maintenance/repair.

These virtual services must be first priced and then sold by sales units.

Today, sales operations are more focused on physical products, but there need to be changes. Prominent universities in the United States and Europe collaborate with online education providers. Even though Turkey’s education system has undergone serious changes in recent years, there is room for growth concerning the online education system.

Another finding is that customers are more sophisticated. For example, until very recently, craftsmen used to buy the products they needed from speciality retailers. Now, a significant portion of craftsmen is able to meet their needs at do-it-yourself markets. Something similar is happening with customers who once bought items only at a discount now visiting gourmet markets with an idea of what they want to buy. Another example is that a

user who books a five-star hotel for one vacation may book a backpacking tour through a travel agency on another vacation. The sales departments of tomorrow will need to adapt to the distribution channels that are already hard to control and more sophisticated customer needs.

As a result, collaborative consumption and shared economy are becoming more important. In 2017, 61% of Turkish citizens contributed to the shared economy (PwC AG 2018). The shared economy means that products and services are sold to more than one customer at a time. For example, a vehicle manufacturer might consider selling half of a van to a baker who uses it in the morning, and the other half to a delivery service, where the vehicle is on the road in the afternoon and evening.





Rapid Urbanisation

The trend toward mega cities (places with a population of 10 million and more) present big challenges for companies and sales units. Experts foresee that 80% of the world population will be living in a mega city in 2030. We can draw at least two conclusions from this for sales departments:

- As companies and consumers move to bigger cities, restructuring sales units will continue for some time. Considering that migration continues to big cities in Turkey, several companies may have to depart from their philosophy of regional sales. So, the companies are advised to review their sales regions at least once every three years, and along with reestimating and restructuring their sales.
- Apart from changes in transportation (e.g. autonomous vehicles) or new modes of working (e.g. virtual offices), the development of completely new sales strategies for mega cities are needed to address the increasing individuality and intensity of customers. Since different distribution channels need to be completely integrated, the sales activity needs to be distinctive. The first indicators of this trend can be observed in logistics and online service providers who move their storage to city centres instead of stores.



Climate Change and Resource Scarcity

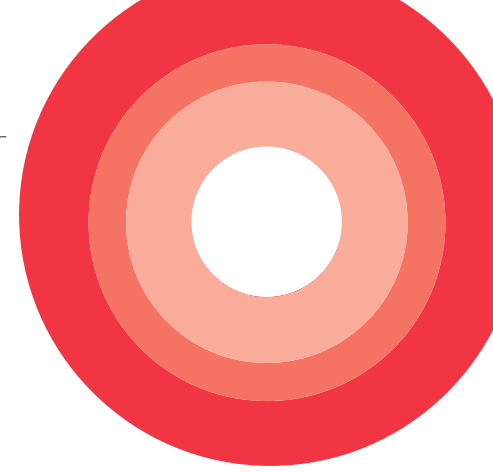
Problems that are expected to have a bearing upon the business realm are increasing political clashes, environmental calamities and barriers against mobility. An example in Europe is the floods in Germany. Following the Danube and Elbe floods, problems relating to logistics and the supply chain were encountered due to the inability to access the region in terms of traffic technology for 2-3 weeks.

Other problems that have arisen in the recent years are (amongst others): ash clouds, intense snow, floods, and drought. Experts say that these

problems are expected to get worse, and extremes in climate will increase. This implies that sales units need to be more agile and flexible in reacting to sudden changes in a short time and engage in added-value activities.

Additionally, resource scarcity affects sales operations in other fields. For example, resource- and cost-intensive sales processes (e.g. field sale visits or face-to-face meetings) are shifted to alternatives that provide resource savings (e.g. video). The use of eco-friendly transportation, savings in paper use, work cloth use and less

strict clothing rules when working are further example for saving resources. Recent studies show that for example the value of the necktie market will decrease to half of its value today within the next 10 years.





Technological Breakthroughs

Today, almost all information is accessible online through a digital network. For sales, all market and customer information needs to be available online. Of course, this requires that updates are carried out in real time. This will allow the salespeople who work in the field to inform their customers through e.g. the company website and access data with ease when a question is asked via social media. It will be possible to recognise people who have been contacted before in trade fairs, train stations or airports with facial recognition technology and to remember their name and their details, including their order history. So, it will be possible to manage all processes on smart platforms which provide more transparency and added value for both, the salespeople and the customers.

Like the customers, our future sales people will use online platforms on a daily base. The internet is not a new sales channel, but a tool integrated in sales (see: Beutin 2014). Traditional sales channels (through fax, mail and call centre) will decline in importance or disappear completely (see: Beutin / Bovensiepen 2014).

If products, services or spare parts can be ordered through an application, then it will have a huge effect on the organisation, size and integrated sales force. Additionally, miniaturisation and nanotechnology will be increasingly used and will seep into the daily functions. Apple's Siri or Amazon's Alexa are only two examples of a computer-based, voice-sensitive and adaptable support technology.

Figure 1 Exemplifies current behaviour of buyers (and of course, consumers)

Modern Consumers and Buyers

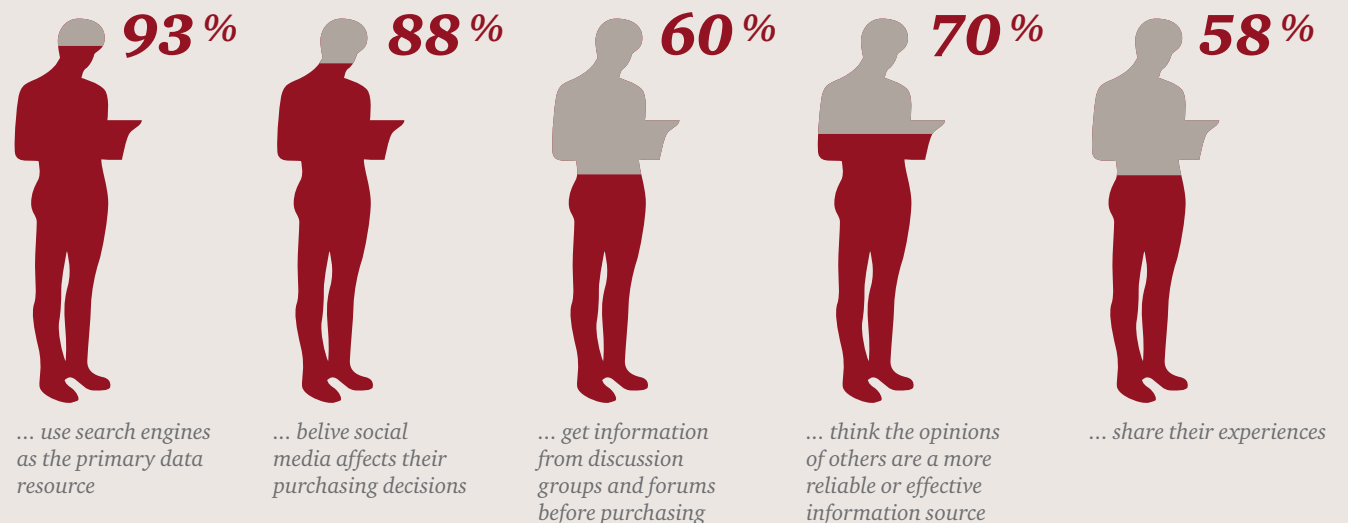
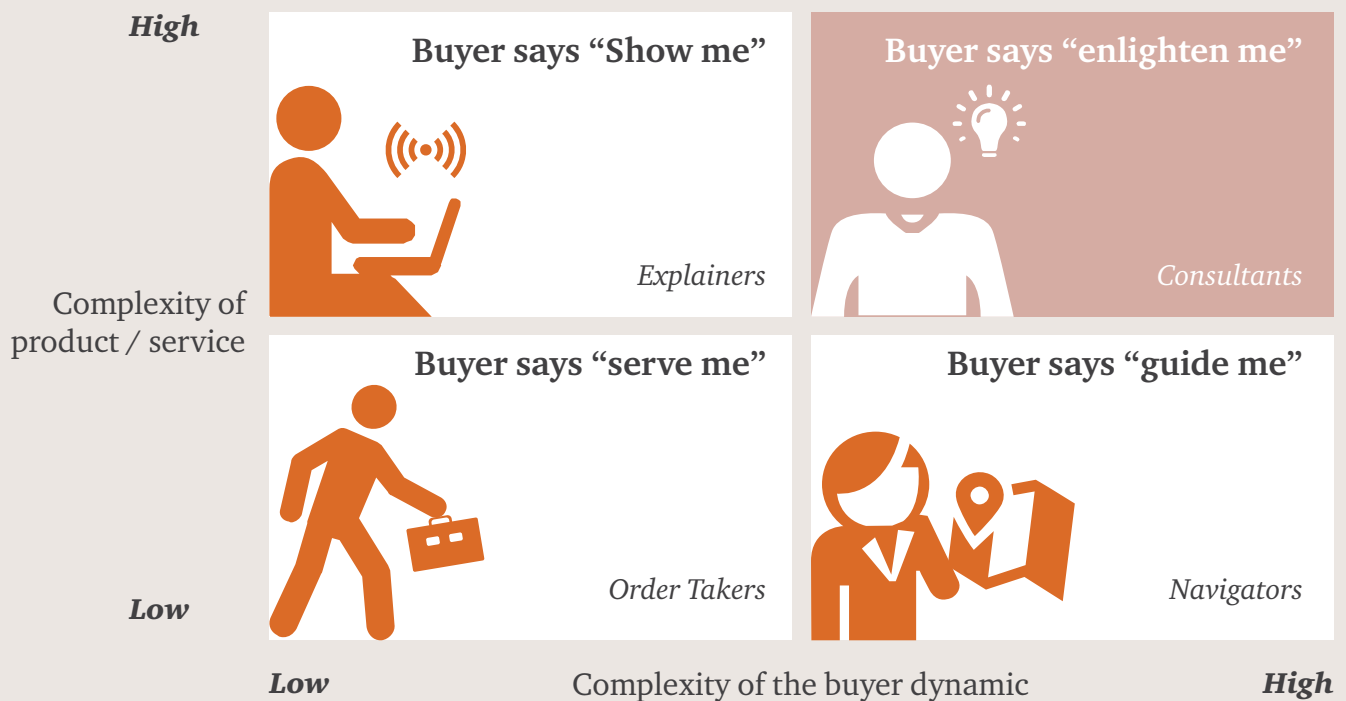


Figure 2 Salesperson of the future**Figure 2** Millennials Buyer

Digitalisation will accelerate global mobility and radically change the business world. New and diverse traffic concepts make this possible. Examples range from multi-modal transport concepts of big cities developed by large corporations to the already-developed individual air transport in the US. The traffic will have three dimensions with the aim of making it faster. Additionally, all models of transportation will be increasingly self-managed. Productivity problems caused by travel durations will decrease. The duration of a commute, which was used as a time of relaxation in the past, will be transformed into a time to work through establishing internet connection in trains and/or airplanes.

The location where one works will be largely unimportant. In the future, in-house service personnel, application engineers and technical support/customer service employees will be able to reside anywhere in the world and provide better solutions by accessing the customers' computers to solve commercial and technical problems. This poses an opportunity to establish a work-life balance for people. So, sales has the potential to evolve from customers simply ordering something toward more of a consulting role.



Companies are advised to take action before things become inevitable. One way to do so could be to have a very detailed check of specified parameters. This suggestion to act fast also applies to B2C and B2B service companies, public institutions and NGOs.

PwC developed the framework for the “New Generation Sales” approach based on thousands of projects, studies and business schools (see: Homburg / Schäfer / Beutin, 2001). This new approach classifies sales subjects into 5 fields which include four subtitles each (see: Figure 3). Readers may refer to Beutin and Ziechmann (2014) for details on applying this approach.

Strategy	Customer-oriented Sales Strategy <i>How the sales strategy adds value to the customers</i>	Solution and Value Suggestion <i>How solutions are brought together to suggest differentiated values</i>	Customer Segmentation <i>How the customers are identified, grouped and addressed</i>	Going to Market <i>How the organisation goes to the market (directly, indirectly, digitally)</i>
Structure	Inclusion Model <i>How resources are organised and adapted to the market</i>	Channel and Region Management <i>How resources and activities are coordinated in the channels</i>	Organisation Structure and Size <i>How sales are organised to increase sale productivity</i>	Sales Operations <i>How support functions (estimations, analytics, administration, etc.) support the sales functions</i>
Process	Sales Methodology <i>How the seller adapts to buyer behaviour</i>	From Possibility to Sales <i>How the stages and processes during sales process are sorted and put into practice</i>	Customer Life Cycle Management and Planning <i>How key customers and deals are managed</i>	Sales Metrics & Performance Mgmt <i>How sales succes & supporting KPI's are defined & managed</i>
Human	Roles and Responsibilities <i>How sales roles and competences are identified, organised and managed</i>	Incentives / Prizes <i>How plans and incentives support sales targets</i>	Talent and Training <i>How talent management is carried out for sales (retention, etc.)</i>	Sales Change Management and Adoption <i>How sales organisation handles and adapts to change</i>
Technology	IT Infrastructure <i>How IT infrastructure is organised to support sales</i>	Salesforce Automation and CRM <i>How the system and practices support sales model (SFA, CPQ, O2C)</i>	Data, Reporting and Analytics <i>How data and analyses are used in sales strategy</i>	Technology and e-Commerce <i>How sales benefit from digital methods and tools (mobile, social)</i>

Administration and Culture

How harmony is created between the administration and the customer-oriented sales culture which places emphasis on creating value

Outlook and Recommendations

Sales departments have much to do in order to carry out successful sales operations in the future. Only the companies and sales units who prepare themselves today will be successful in the upcoming years. The effects of many of the factors mentioned above will gradually be revealed. These changes will transpire so quickly that the sales team of an unprepared company may not be able to take the measures necessary in that situation. The key measures to take are as follows (see Beutin et al. 2013):

1. Employ more women. In sales, we recommend that the percentage of female employees exceeds 30%.
2. Check whether the distributors' needs are met with regards to Y and Z generations and employees aged 65+.
3. Analyse customer contact points, identify customer experience journeys and create personas.
4. Regardless of the distinction between channels, merge classic sales teams to direct and indirect online sales teams quickly. Today, customers prefer to choose how they want to communicate and how they want to order themselves.
5. Be prepared for a rise in the overseas sales of your company and focus on exports.
6. Start using modern cloud and digital technologies for portals and structuring and sales tools such as CRM and CMS. Use a modern product configurator and do not wait for others to migrate that force you to follow.
7. Take into consideration that sale regions will shift to centres and mega cities and change the cities.
8. Learn to live with uncertainty in sales. Keep in mind that you can get over this through quick and flexible execution of all internal processes.
9. Train and focus on retaining your employees. It will become harder in the future to recruit and retain competent salespeople.
10. Try to locate your sales logically and independent from country borders. In many industries, managing international companies on a country basis is ineffective and often obsolete.



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