CUSTOM RESEARCH

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Sales Force Effectiveness

TECHNOLOGY INVESTMENTS PLANNED TO IMPROVE PERFORMANCE

Consumer goods (CG) companies are constantly striving to grow by penetrating new markets and expanding assortments to existing retailers. To achieve this goal, many sales organizations are focused on improving store execution by transforming existing processes and leveraging new technologies to improve efficiency. This month, *CGT* partners with Mindtree Limited to take a look at current challenges and the business drivers that are causing changes, as well as tools that are being deployed. The barriers are varied but in this era of "big data", it's no surprise that many organizations are turning to analytics to help provide insights and facilitate decision making to improve overall sales performance.

Survey respondents operate with complex multi-channel multi-country distribution networks, and about half sell more than 500 products. While the majority are food manufacturers, there were not drastic differences based on company size.

Challenges

Improvements to channel effectiveness face several challenges, including communication, which has led to delays in adopting price or product changes. Consistent service was also an issue, as well as a reluctance to change, to a lesser extent. When asked specifically about expanding penetration, the barriers were more evenly split *(see Figure 1)*. Lack of smart recommendations was cited by 28 percent, followed by lack of tools (25 percent), lack of visibility (20 percent) and disjointed retail collaboration (18 percent).

The desire for actionable insights to drive recommendations was apparent, with 63 percent claiming their sales force was only partially

FIGURE 1: Barriers to Market Expansion for Sales Force
Note: Total percentage may not equal 100% due to rounding.

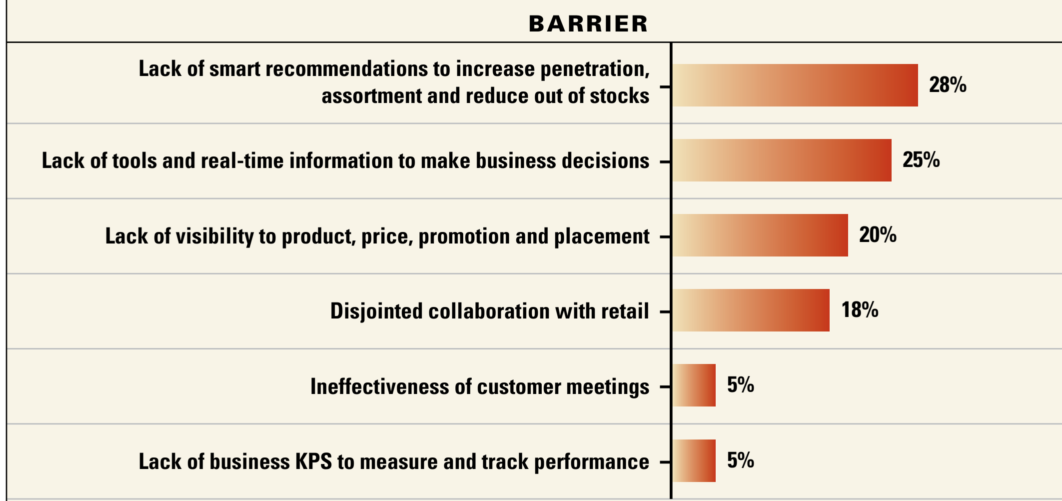
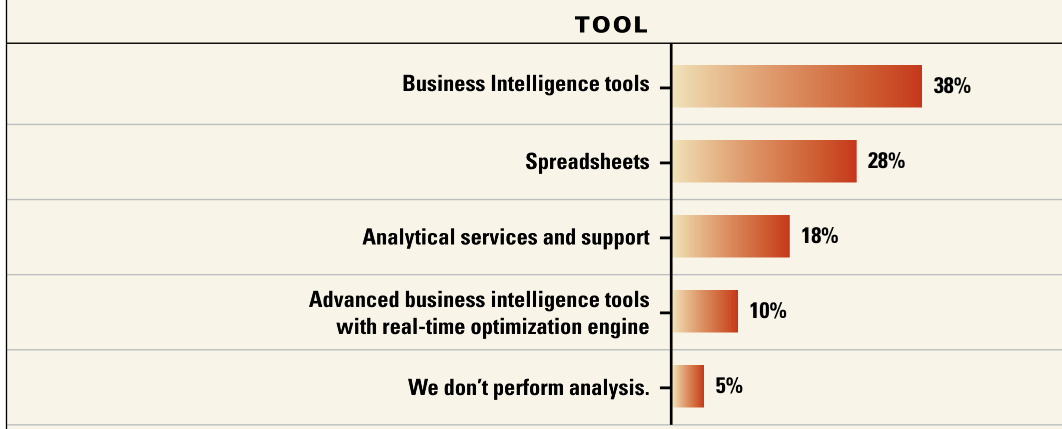


FIGURE 2: Tools Used for Sales, Promotion and Channel Performance Analysis
Note: Total percentage may not equal 100% due to rounding.



equipped to make important decisions to improve sales performance. Only 25 percent of those surveyed felt they were fully equipped; we expected to see better readiness amongst larger companies, but that was not the case throughout the survey, despite well-defined processes and available business intelligence (BI) tools.

Technology

Overall, there was a mix of processes and measurement tools, indicating a wide gap in maturity levels *(see Figure 2)*. While almost half of respondents claimed to have well-defined processes with supporting technology, almost as many (41 percent) have no standard processes or unified technology. Most companies do possess tools to perform analysis, but actionable insights seem to be lacking for many. However, almost 40 percent have implemented BI, with another 10 percent reporting advanced BI, including optimization capabilities. Unfortunately, 28 percent are only using spreadsheets, which provide limited capabilities.

When asked specifically about IT challenges for sales, lack of predictive analytics was cited by one-third of respondents, followed by an inability to get a 360-degree view of the customer due to multiple applications. In fact, half of respondents are predicting performance based on past shipments but cannot predict the cross-sell opportunities, and only 13 percent claim that they predict and recommend the right assortments at the outlet level.

To address these challenges, 62 percent are planning some sort of IT investment to improve sales force effectiveness. More than half of respondents are targeting investments on larger iconic stores to maximize returns, and analytics capabilities are at the top of the priority list to improve decision making. For many, analytical platforms are being sought to go beyond existing BI functionality. Others are building consolidated platforms to provide a single view for all activities, and some plan on adopting mobile technology to gain visibility remotely. ❖

Consumer Goods Technology

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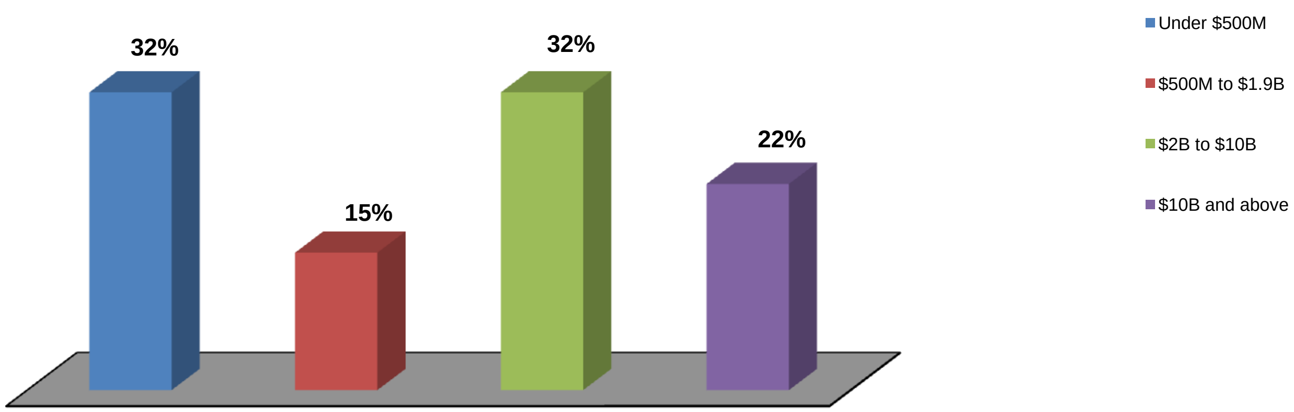
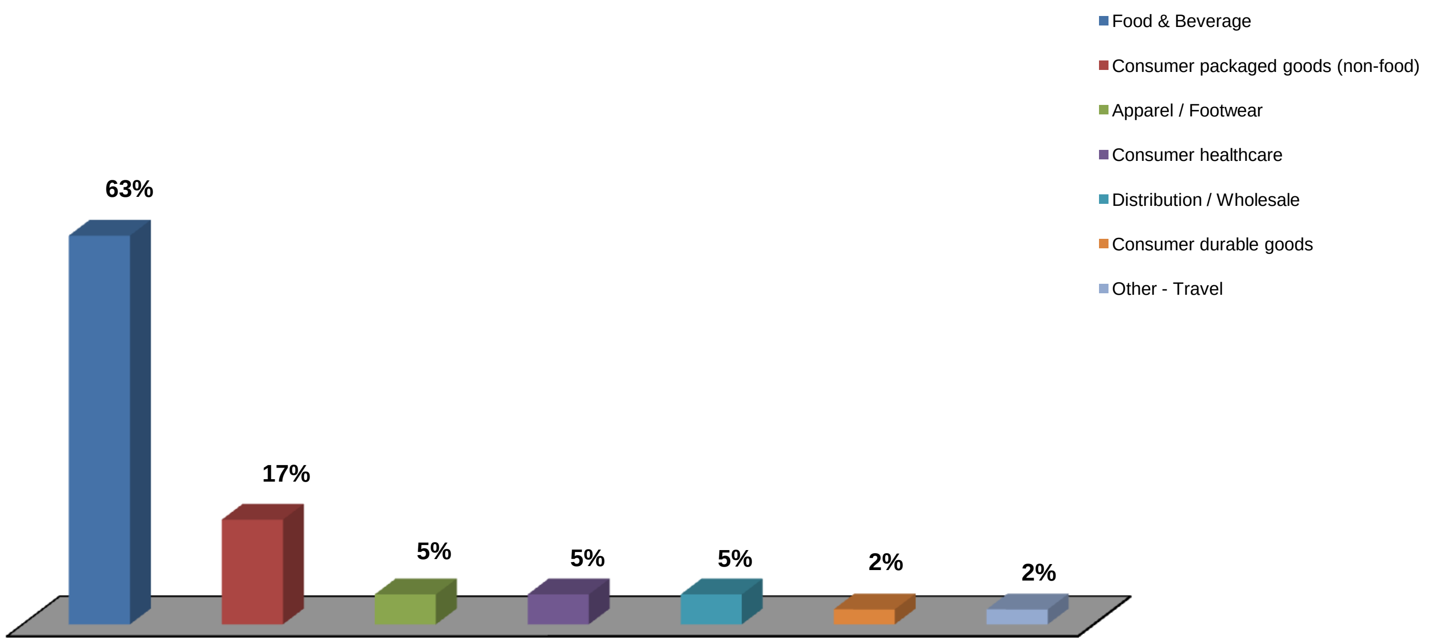
1. What is the size of your company?

Size of company	%
Under $500M	32%
$500M to $1.9B	15%
$2B to $10B	32%
$10B and above	22%



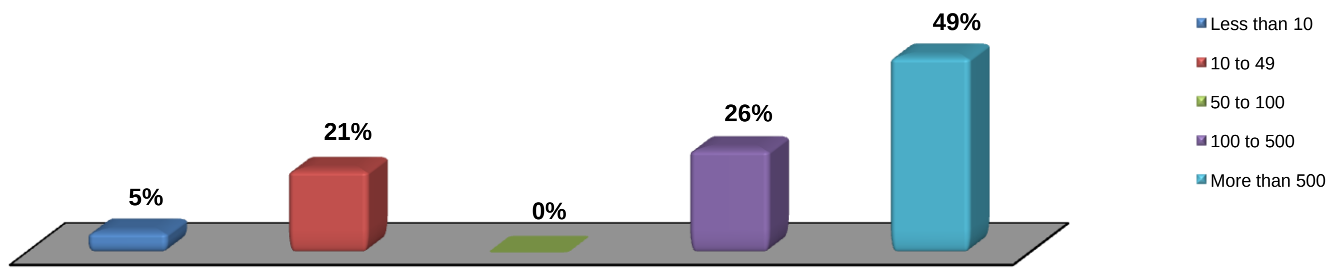
2. In which category does your company primarily compete?

Category	%
Food & Beverage	63%
Consumer packaged goods (non-food)	17%
Apparel / Footwear	5%
Consumer healthcare	5%
Distribution / Wholesale	5%
Consumer durable goods	2%
Other - Travel	2%



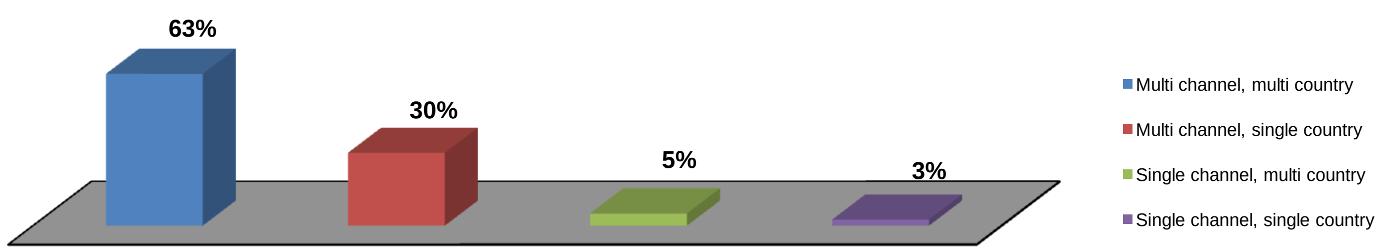
3. How many products do you sell?

Products	%
Less than 10	5%
10 to 49	21%
50 to 100	0%
100 to 500	26%
More than 500	49%



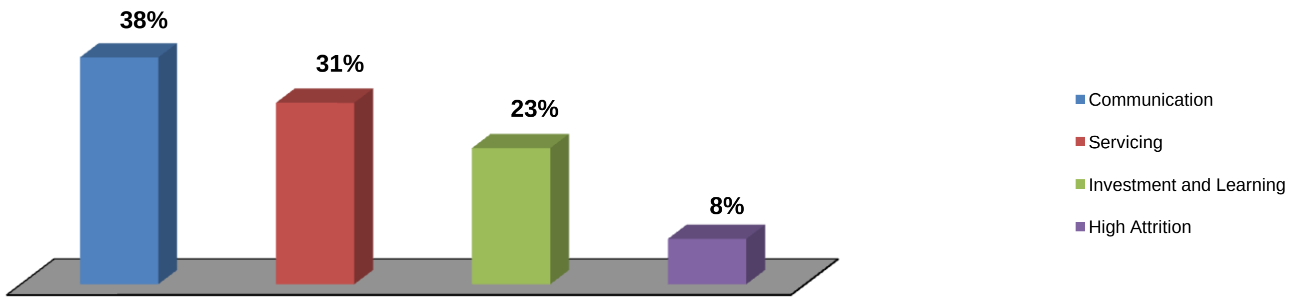
4. How complex is your distribution environment?

Complex	%
Multi channel, multi country	63%
Multi channel, single country	30%
Single channel, multi country	5%
Single channel, single country	3%



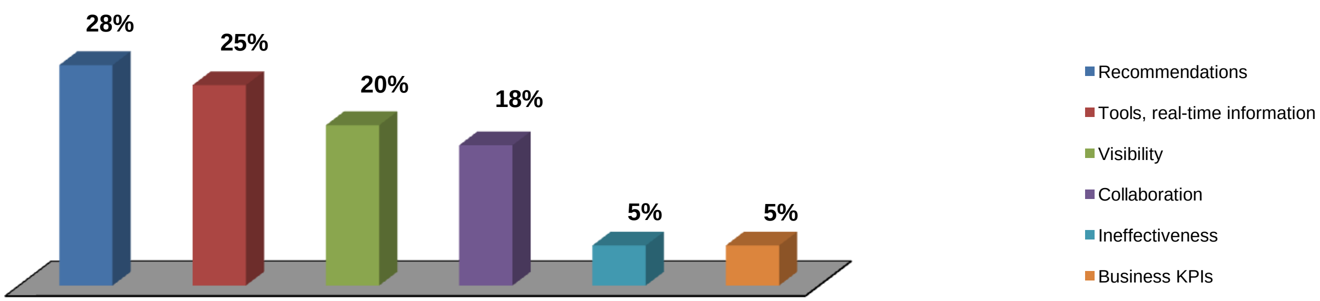
5. What is the most important challenge faced by your sales force to improve channel effectiveness?

Challenge	%
Communication: Channel takes longer lead time to react to any price change, promotion scheme or new-product introduction.	38%
Servicing: Complex channel structure, difficult to penetrate and offer regular service	31%
Investment and Learning: Reluctance to change and learn new processes and selling tactics	23%
High Attrition: Distribution channel operates on a thin margin, faces high attrition of partners	8%



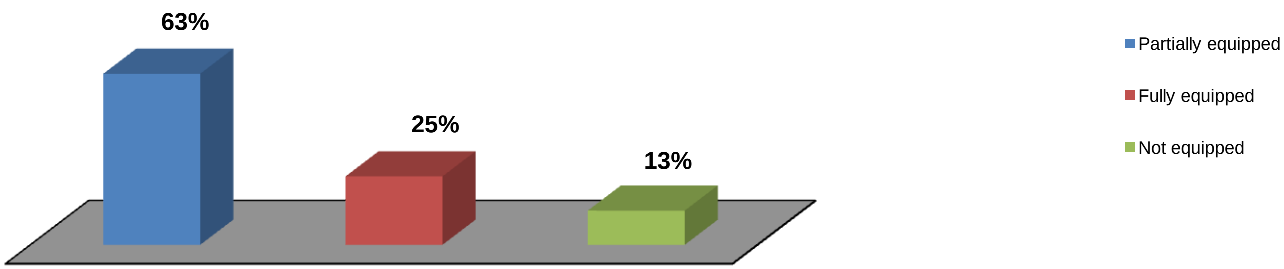
6. While expanding and penetrating markets, what is the key barrier faced by your sales force?

Key barrier	%
Lack of smart **recommendations** to increase penetration, assortment and reduce out of stocks	28%
Lack of **tools, real-time information** to make business decisions	25%
Lack of **visibility** to product, price, promotion and placement	20%
Disjointed **collaboration** with retail outlets / stores	18%
Ineffectiveness of customer meetings (schedule, task management, follow-up)	5%
Lack of **business KPIs** to measure and track the performance of the sales force	5%



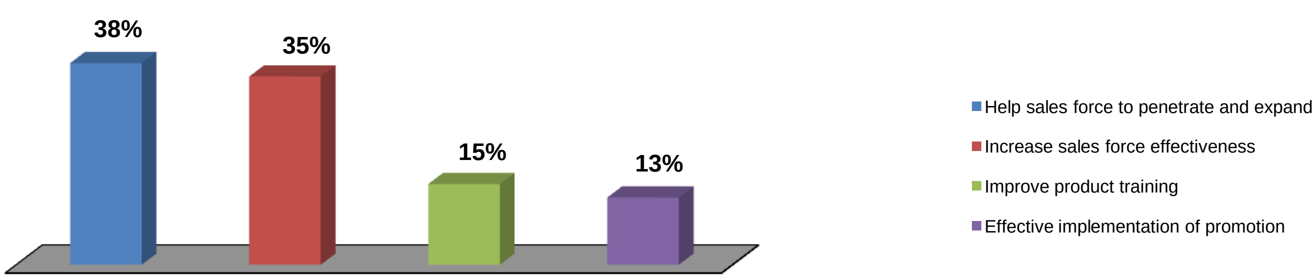
7. **Is your sales force equipped with the actionable insights needed to make important decisions on improving sales performance?**

Equipped	%
Partially equipped	63%
Fully equipped	25%
Not equipped	13%



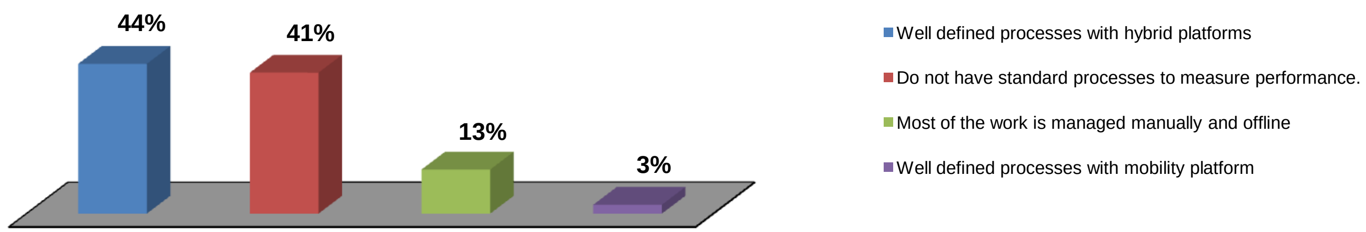
8. **What is the biggest benefit of enabling sales with relevant tools, process standardization and analytical insights?**

Biggest benefit	%
Help sales force to penetrate and expand the channel	38%
Increase sales force effectiveness to deploy basic 3Ps: product availability, price & packaging	35%
Improve product training; deploy new processes and better compliance	15%
Effective implementation of promotion at the right time to increase sales	13%



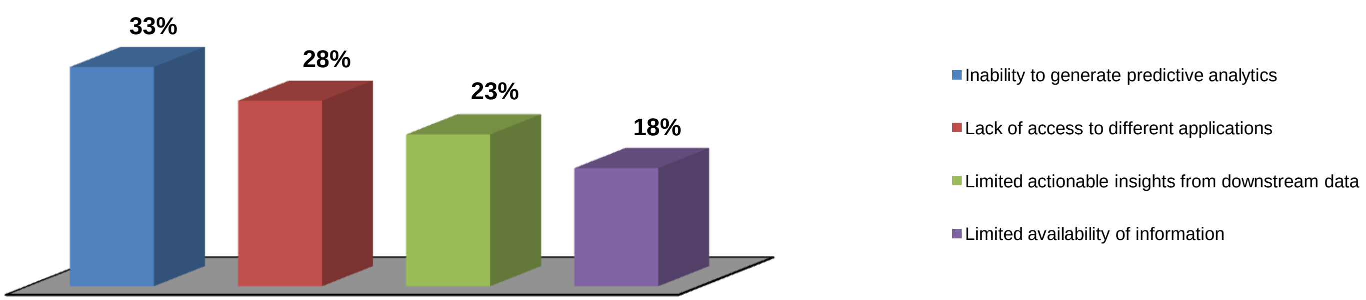
9. How mature are your processes and your ability to measure the effectiveness of sales?

Mature	%
Well defined processes with hybrid platforms including mobile, offline and web portal, providing multiple touch points for the sales force	44%
Do not have standard processes to measure performance. Possess multiple applications and data reports.	41%
Most of the work is managed manually and offline with spreadsheets	13%
Well defined processes with mobility platform in place to measure performance on a real-time basis	3%



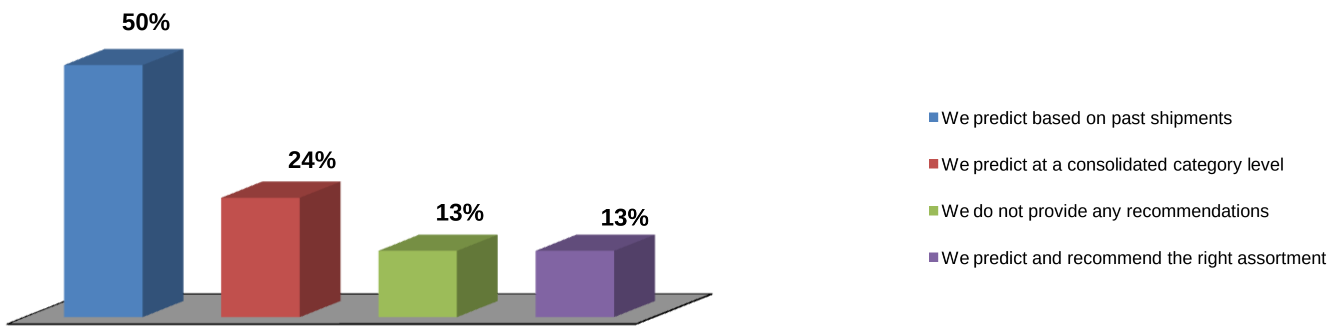
10. What is the most important IT challenge faced by your sales force?

Most important IT challenge	%
Inability to generate predictive analytics - limited only to reactive analysis	33%
Lack of access to different applications / systems to get a 360 degree view of the customer	28%
Limited actionable insights from downstream data	23%
Limited availability of information while on the move	18%



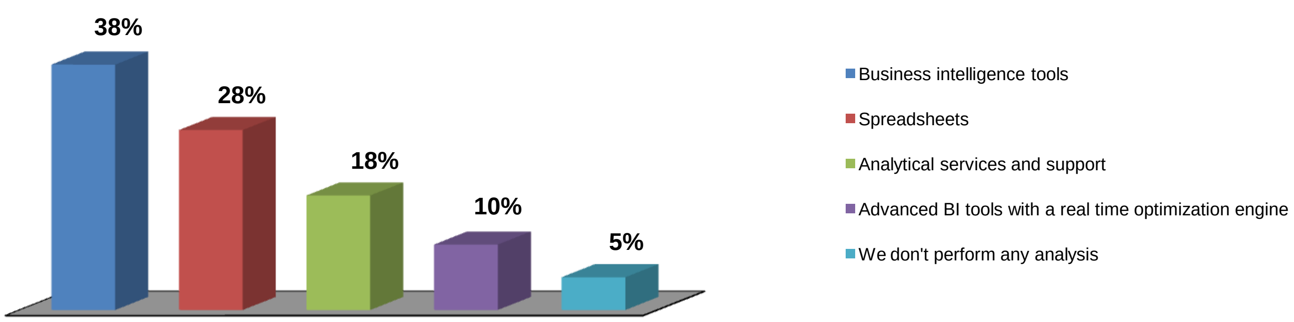
11. How are you enabling your sales force with actionable insights required for perfecting store execution?

Enabling sales force	%
We predict based on past shipments, but cannot predict the cross self opportunity	50%
We predict at a consolidated category level but cannot accurately predict at a SKU level	24%
We do not provide any recommendations to the sales force	13%
We predict and recommend the right assortment at an outlet / store level	13%



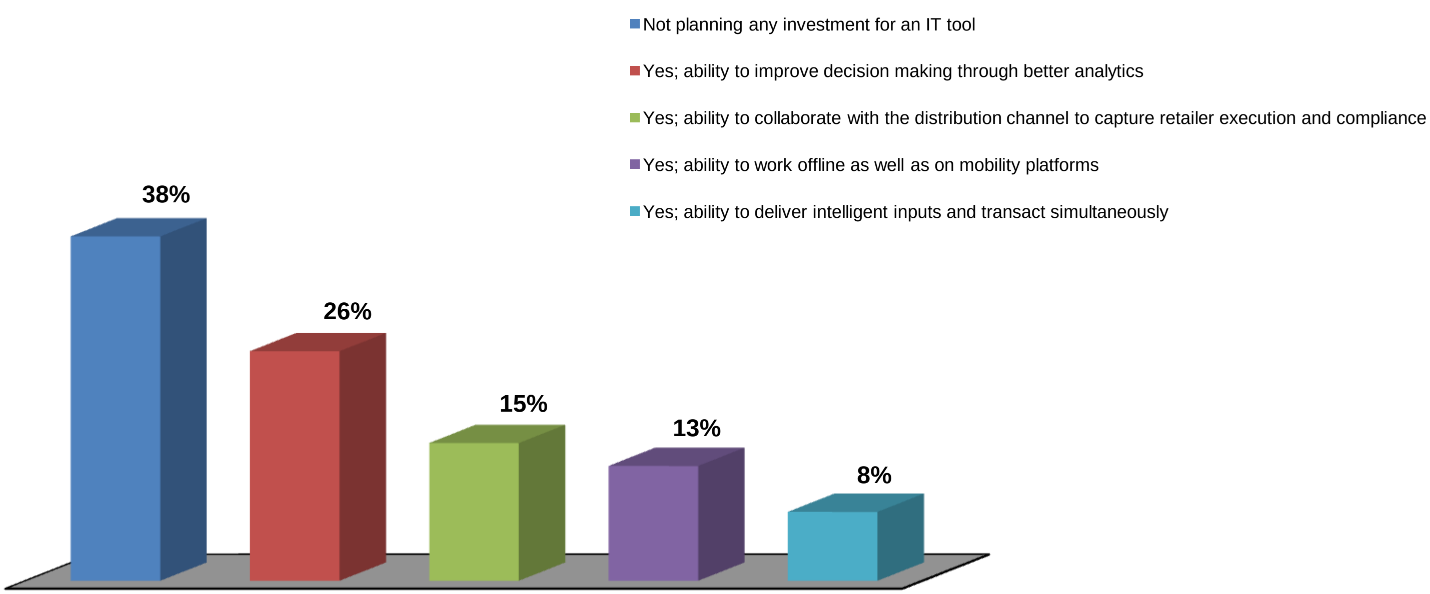
12. What tools do you use to perform sales, promotion and channel performance analysis to generate actionable insights?

Tools	%
Business intelligence tools	38%
Spreadsheets	28%
Analytical services and support	18%
Advanced BI tools with a real time optimization engine	10%
We don't perform any analysis	5%



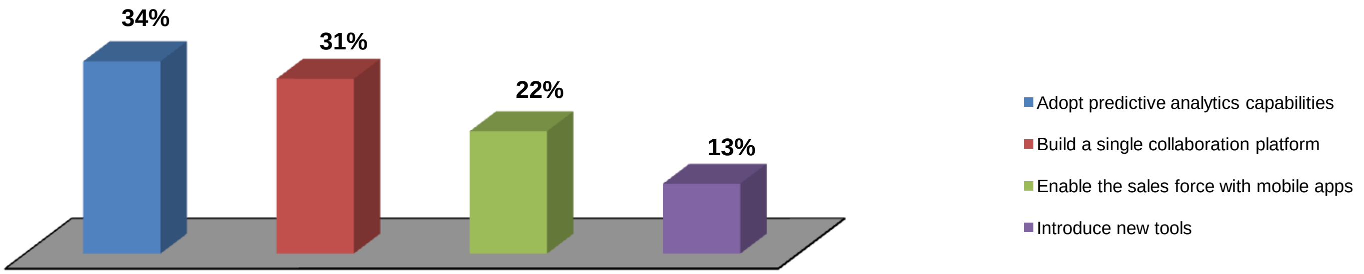
13. Are you planning to purchase an IT solution to improve sales force effectiveness? If so, what is the most important functionality you are looking at in a technology solution?

IT solution	%
Not planning any investment for an IT tool	38%
Yes; ability to improve decision making through better analytics	26%
Yes; ability to collaborate with the distribution channel to capture retailer execution and compliance	15%
Yes; ability to work offline as well as on mobility platforms	13%
Yes; ability to deliver intelligent inputs and transact simultaneously	8%



14. If you are planning to improve your current IT systems to improve sales force effectiveness and channel management, what is your top priority?

Top priority	%
Adopt predictive analytics capabilities and real time optimization engine	34%
Build a single collaboration platform to provide a single view for all activities	31%
Enable the sales force with mobile apps to view/transact while on the move	22%
Introduce new tools like remote ordering, geospatial reports, route planner on the existing technology platform	13%



15. What type of outlets and stores will you make the IT investment on, to maximize returns?

Types of outlets/stores	%
Large stores / Iconic stores	53%
Medium stores, direct and merchandised	25%
Outlet, indirect and not merchandised	22%
Small stores and outlets, direct but not merchandised	9%