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SALES ORGANIZATIONS ON THE PATH OF DIGITALIZATION – A REFLECTION FROM GERMANY, FINLAND AND AUSTRIA

MARKETING SCIENCE & INSPIRATIONS

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Companies are either proactively driving the digital transformation or are forced to digitalize by markets and ecosystems. In order to identify the status about the digital transformation of sales in practice and to get deeper knowledge about treated areas in sales and challenges on the path of digitalization, in-depth interviews of sales executives and managers of more than 50 internationally operating companies in three countries Germany, Finland and Austria were conducted in this research. The results show that one major goal for companies is to accelerate digitizing processes as digitalization helps to work more efficiently. Access to systems is necessary, hence investments in digitalization are seen as sustainable and absolutely essential for to serve B2B customers today. Digital tools lead to adaptations in the sales process as with support sales processes and sales management. Accelerated also by the COVID-19 crisis, face-to-face customer visits have been reduced even more and online meetings have increased as the speed of response has become more and more important. Finally, the necessary skill set of a sales force has to be adapted, which has to be further researched in the future, having support of higher

education institutions being the order of the day. Companies have realized that a good sales pitch does not necessarily need to be in person, due to new virtual technologies.

1 INTRODUCTION

Digital transformation is going on in most B2B companies. After a systematic literature review, Reis et al. (2018) define digital transformation „as the use of new digital technologies that enables major business improvements and influences all aspects of customers' life“. Digital technologies have the ability to make disruptive change and cause strategic reactions of companies to adapt value creation paths, thereby structural changes have to be managed and organizational barriers have to be overcome considering possible outcomes which might be positive and negative ones (Vial 2019).

While digital transformation and digitalization are used as synonyms, digitization is seen as narrow definition meaning driving the path from analogue to digital processes (Reis et al. 2018). If companies digitize their processes, Wengler et al. (2021) identify huge potential of digitization when investigating sales process steps across the three business types of product, project and relational business and suggest a market-oriented transformation of sales focusing on people, processes and data. Although further boost in the digital transformation of companies is expected by making use of the potential of artificial intelligence systems in sales, Gentsch (2019) states that the potential of AI is still unclear as it has hardly been researched.

On the one hand, sales managers are confronted with digital technologies for sales and marketing and numerous upcoming tools and on the other hand, companies try to identify and innovate digital products and services while following various motives like gaining or keeping market shares, diversifying, catching up with their vision of innovativeness or increasing the user experience. If companies are on the path of servitization, digital services are added or incorporated to build competitive advantage for the future (Lerch 2015). Brunetti et al. (2020) raise three strategic pillars, i.e. (1) infrastructures and technologies, (2) ecosystems and (3) culture and skills while clustering the challenges of digitalization for regional stakeholders, companies, education, and public authorities.

There is little evidence about the knowledge of companies concerning digitalization and how they drive the digital transformation in practice and how they identify areas for effective actions. This leads to the following research questions:

RQ1: What does digital transformation in sales mean?

RQ2: Which areas/activities are mostly affected by the digital transformation in marketing and sales?

2 METHODOLOGY

In order to answer the research questions, 50 in-depth interviews were conducted in Germany, Austria and Finland. The telephone and online (via MSTeams) interviews were chosen to understand the participants' objectives and perspectives, along with giving the opportunity to ask for clarification (Wilson 2014). The interview partners were Sales managers and CEOs from industrial companies with B2B focus. In every country, the researchers chose companies based on judgmental sampling following the criteria of 50 to 500 employees and operating in the field of manufacturing or ICT.

All interviews were audio recorded and transcriptions of the interviews were made. After the transcriptions, the qualitative content analysis was applied, which has the aim to structure and to extract meanings from the collected data in order to draw conclusions based on it (Bengtsson 2016). These conclusions are the basis for presenting the findings in the next chapter.

3 FINDINGS

Respondents agree mostly that the major driver for digitalization is usually the management board, but in some cases, the IT departments are the drivers and in certain situations, companies are also forced by customers to digitalize sales processes. Furthermore, there is common agreement among the respondents that the offered solutions to be sold will become more complex in future and this is a reason why digital tools should support sales.

3.1 WHAT DOES „DIGITAL TRANSFORMATION IN SALES“ MEAN?

As mentioned in the introduction, digital transformation will cause strategic and structural adaptation from the organization, but also adaptation of behavior and attitude of the Sales managers. In order to answer that Research question, three different sub-topics are discussed:

3.1.1 DIGITIZATION OF PROCESSES

The core sales process will still be the same as in the past, but it will be digitalized. Sales Managers require digital tools as CRM, content management tools, simulations, and analytic tools in order to succeed in sales. However, there seem to be an increased need for collaboration in this new digitized business environment.

One of the central statements of the interview partners: „All processes (Purchasing, Sales, Production, Marketing and HR) will be digitalized“. It is not just that the processes will be digitalized, also the online access to the processes and to specific data, especially from ERP (Enterprise Resource Planning)/CRM (Customer Relation Management) systems are necessary

for the sales managers, in order to increase the effectiveness and efficiency and help to convince the customers of the offered solution.

Digitalizing internal processes like product development help to reduce costs and improve quality, which also creates value for the customers. Professional companies see some new focuses: customer focus and focus on DATA (analytics). However, the importance of internal collaboration will increase especially between production and sales. One interviewed partner for example claimed that their organizations productization was automated already 20 years ago but somehow the salespeople do not use the information build by ERP systems.

Digitalization helps to work more efficiently, therefore a strong investment in digitalization is seen from the interview partners as absolutely necessary. There was a clear commitment from all interview partners to actively drive the digitization process.

3.1.2 DATA AND DATA MANAGEMENT

The relevance of data increases massively. Data management and real-time availability are the key for being successful in Sales and Marketing. Data, in order to convince the customer, but also for internal analysis (sales and marketing analysis, analyses of different market segments) are very important for strategic decisions.

3.1.3 SALES CULTURE AND CUSTOMER INTERACTION

There will be a fundamental change in contacting and dealing with the customers. Regarding the first contact, customers prefer to be contacted via different kinds of social media platforms (e.g., LinkedIn, Teams or Xing) instead of by phone. Meeting customers in person will be reduced, but we need to bear in mind that the speed of response needs to be increased, as a pre-requisite from the customer. A close contact with the customer is still important, but not necessarily in a physical form.

Digitalization will further increase the integration of marketing and sales; hence the customer interaction is not only limited to the salesforce. However, the data shows that there are still difficulties to combine sales and marketing functions to work together to the same goal.

There is still an uncertainty in the market and with the sales force because of undefined new directions. But one point is clear: sales managers need to improve their skills in data analytics (how and where to get the data, how to use the data, how to market the data and what is the role of data in marketing and sales operations).

This knowledge and new skills must be learned already at the universities.

3.2 WHICH AREAS/ACTIVITIES ARE MOSTLY AFFECTED BY THE DIGITAL TRANSFORMATION IN MARKETING & SALES?

The researchers try to find out what areas and activities are mainly affected by the digital transformation. Based on the interviews, three major areas could be identified. The changes due to the digital transformation will dramatically influence the Marketing and Sales organization, but also the role of the sales force needs to be directed toward a digital mentality. However, the sales department also needs dedicated support from other departments in order to be successful with the customers.

3.2.1 HUGE CHANGES IN THE SALES AND MARKETING DEPARTMENT AND IN THE WHOLE COMPANY

The internal and external communication will be affected by digitalization; a lot of different channels can be used in order to transmit the information. These channels are more flexible, some of them will disappear, others will remain. The lead generation will change – Google analytics and other tools will help to create new leads. The first contact, as previously mentioned, is mainly done by Social Media,- LinkedIn or Xing – this makes it easier to get in contact with potential business partners as it is possible to get some knowledge about the company and the contacted person in advance. Therefore, the success rate increases because the customer is addressed directly and get tailor-made solutions.

The entire sales process will be digitalized. The customer experience changes with AR or VR glasses – these help to explain complex products and help to impress the customer. But it is also necessary for the sales force to have online access to all data in order to convince the customer about the offered solution. Tools like value calculators, TCO concepts (total cost of ownership) and reference cases have to be available in real-time. But not only the direct customer contact will change, also the process of inquiries and quotations will be digitalized and based on AI continuously being improved.

The sales managers / CEOs mentioned that a certain „Master plan“ is necessary. This includes changes in the management, strategy, business model, organizational changes, closer cooperation between the different departments, including lower hierarchical levels.

Not only the business models but the organization and the tools will change, meaning the new role of sales needs to be discussed.

3.2.2 ROLE OF SALES

The role of sales will no longer be to sell classical products with the classical tools. The digital transformation in sales has already started and the speed of change will constantly increase. The

biggest challenges which are mentioned from Sales Managers and CEOs are the integration of various data sources and the re-organization of sales teams. A mental change of the sales force will be necessary, to create a digital mentality in order to drive the change.

It will be a challenge to transform the existing sales team, but also hiring new salesforce will not be an easy task. The selection of new candidates, the further education and the right mentality of the sales force is a key for being successful as an organization.

3.2.3 SUPPORT FOR SALES

The digital transformation is changing the role of sales. In order to be successful in this digital world, Sales needs to get some support and supporting tools.

The quote and inquiry generation needs to be digitalized and simplified for the customer. This would save some resources internally and for the customers, as well. As mentioned before the customer's experience will change – Virtual Reality creates new opportunities to illustrate and present products. The sales force needs to get the right tools and to know how to internalize them.

The company needs to develop more digital products and services – this would help to sell on a global base.

The online access to data which are in ERP or CRM systems, is necessary. New software tools e.g., PLC (Product Life Cycle) would help to improve and shorten the development process, to reduce redundancy and to improve the quality. This would lead to additional value to the customer.

4 IMPLICATION AND FURTHER RESEARCH

4.1 IMPLICATION

Companies are often forced by market and their customers to change. As mentioned from some Sales managers / CEOs all processes will be digitalized and in order to stay competitive, companies need to push this change process. Most companies have little knowledge about further developments of digital tools and AI supported tools and their impact on international sales and their sales force.

4.2 MANAGERIAL IMPLICATIONS

It would be recommendable to have a „Master Plan“ for digitalization, including updates of the management, strategy, business model, organizational adaptation, the product development and the sales process.

It is essential to build up some competence in data analytics for analyzing markets, to do internal analyses and to do specific analyses as a base for strategic decisions.

The sales department needs to get the right tools in hand to change the customer experience (AR, VR), to have real – time access to all necessary data (ERP/CRM systems).

In order to use the tool appropriate trainings, labs need to be installed in order to improve the digital sales skills of the sales team.

Not only the skills have to be improved – a culture of digital mentality should be implemented.

4.3 IMPLICATION FOR UNIVERSITIES

Digital mentality is also necessary for universities.

Lectures need to be updated towards digital solutions.

Training labs for digital sales should be implemented (students need to get the digital experience already at the university).

Students need to be educated on how to implement digital changes.

Finally, the curriculum needs to be adapted (on a regular basis).

4.4 FURTHER RESEARCH

As the research is limited to three European countries, it could be expanded to other geographical areas to check if the speed of the transformation process is different.

It would also be interesting to analyze the acceptance of digitalization of sales employees and their customers.

Some other aspects, which could be analyzed are the use of digital tools in the different industrial areas. Are there some restrictions from sales people or from customers to use these tools.

The skill set of a sales force in order to work successfully in a digital environment needs to be considered.

What are implementation hurdles in the digitalization transformation.

POZNÁMKY/NOTES

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RÉSUMÉ

Obchodné organizácie na ceste digitalizácie – pohľady z Nemecka, Fínska a Rakúska

Spoločnosti buď aktívne riadia digitálnu transformáciu, alebo sú nútené digitalizovať trhy a ekosystémy. S cieľom zistiť stav digitálnej transformácie predaja v praxi a získať hlbšie vedomosti o analyzovaných oblastiach predaja a výzvach na ceste digitalizácie boli realizované dôkladné

rozhovory s manažermi predaja a manažermi viac ako 50 medzinárodne pôsobiacich spoločností. V tomto výskume sa uskutočnili v troch krajinách: Nemecko, Fínsko a Rakúsko. Výsledky ukazujú, že jedným z hlavných cieľov spoločností je urýchliť digitalizačné procesy, pretože digitalizácia pomáha pracovať efektívnejšie. Prístup k systémom je nevyhnutný, a preto sa investície do digitalizácie považujú za udržateľné a absolútne nevyhnutné. Nevyhnutné na to, aby organizácie dnes mohli slúžiť B2B zákazníkom. Digitálne nástroje vedú k úpravám v procese predaja, ako aj pri podpore procesov predaja a riadenia predaja. Urýchlením aj krízou COVID-19, sa počet osobných kontaktov so zákazníkmi ešte viac znížil a online stretnutia sa zvýšili, pretože rýchlosť odpovedí je čoraz dôležitejšia. Nakoniec je potrebné prispôbiť potrebné zručnosti predajných síl, ktoré je v budúcnosti potrebné ďalej skúmať. V tomto kontexte je potrebné podporovať vysoké školy. Spoločnosti si uvedomili, že nárast predaja nemusí byť nevyhnutne realizovaný osobne, a to vďaka novým virtuálnym technológiám.

RECENZOVANÉ/REVIEWED

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