

STRATEGIC SALES MANAGEMENT

Emerging Trends in Sales

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Learning Objectives:

After going through this module, you should be able to:

- Understand the role of technology management in the selling process
- Elaborate on the use of automation in selling- types and benefits
- Comprehend the role of virtual reality and artificial intelligence in selling
- Learn how to manage a diversified sales-force
- **Appreciate the ethical and social issues in face-to-face and virtual selling**

Ethical & Social Issues In Face To Face & Virtual Selling

- As **corporate scandals** appear in the media, customers are expecting greater transparency in company operations and more ethical practices.
- Consequently, sales management has a responsibility to train their sales teams in ethical selling practices, and **salespeople need to be careful about the arguments they use and the inducements they offer** when attempting to secure a sale.
- **Ethics are the moral principles and values that govern the actions** and decisions of an individual or group. They involve values about right and wrong conduct.

Ethical & Social Issues In Face To Face & Virtual Selling

- Selling ethics are the moral principles and values that guide behaviour within the field of selling and sales management and cover issues such as the avoidance of bribery, deception, hard sell, reciprocal buying, the use of promotional inducements to the retail trade, and slotting allowances.
- Ethical selling is influenced by the culture of the organization. Creating an **ethical climate** also improves salespeople's commitment to providing superior customer value (such as better service quality).
- The aim is to create an ethical climate within the sales organization that, for example, **rejects sales presentations that contain deceptive statements and that perpetuate a climate of deceit.**

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- As the following points show, salespeople, face a greater number of ethical dilemmas than compared with other employee groups:
 - Salespeople are under intense pressure to close sales, and ethical issues arise in the face of this pressure.
 - Sales managers are sometimes willing to overlook ethical transgressions so long as the salesperson is successful.
 - Salespeople operate as the link between buying and selling organizations, and so ethical conflicts are bound to arise as the salesperson is faced with discrepancies between the interests of both organizations.
 - Salespeople are often involved in negotiations that can encourage dishonesty or exaggeration.
 - Finally, salespeople often work in isolation, and the separation between salesperson and supervisor lessens the impact of any ethical guidelines drawn up by the firm.

Ethical & Social Issues In Face To Face & Virtual Selling

Key Ethical Issues:

- Bribery ✓
- Deception ✓
- Hard Selling ✓
- Slotting Allowances ✓
- Promotional Inducements ✓

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Bribery:

- This is the act of giving payments, gifts, or other inducements to secure a sale. Such actions are thought to be unethical because they violate the principle of fairness in commercial negotiations.
 - A problem is that in some countries, bribes are necessary simply to compete for business. Organizations need to decide if they are to market in such countries.
 - Examples:
 - GlaxoSmithKline was accused of bribing doctors and hospital officials in China to favor its pharmaceutical products. This followed a £1.8 billion fine for mis-selling drugs in the USA.
 - Rolls-Royce was also accused of using bribes to sell aero engines. In response, it carried out a program of training to support its anti-bribery code of conduct.
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Deception:

- A problem faced by many salespeople is the ~~temptation to mislead the customer~~ in order to secure an order.
- The deception may take the form of ~~exaggeration, lying, or withholding important information~~ that would significantly lessen the appeal of the product.
- For example:
 - In Britain, it was alleged that some financial services salespeople mis-sold pensions products by exaggerating their expected returns. The scandal resulted in millions of pounds of compensation being paid by the companies to their clients. This was followed by over £12 billion paid out by UK banks because of the mis-selling of payment protection insurance. Such mis-selling could occur because financial advisers received commissions from firms for recommending their products. However, the Financial Services Authority in the UK has banned this practice.

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Deception:

- Another example:
 - Nestlé is a further example of a company that has been criticized for deception.
 - In the 1970s and 1980s, it sold its infant formula (dried milk used to bottle-feed babies) in the developing world, using saleswomen dressed to look like nurses.
 - This gave the impression, among a vulnerable target group, that the product was endorsed by the medical profession and represented a healthy and desirable alternative to breastfeeding, despite the fact that the medical profession consistently advises that 'breastfeeding is best.
 - Following a major boycott of its products, Nestlé agreed to honour a code drawn up by the World Health Organization, which controls the selling of breast milk substitutes.

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The hard sell:

- A criticism that is sometimes made of personal selling behaviour is the use of high-pressure (hard-sell) sales tactics to secure a sale.
- Some car dealerships have been accused of such tactics to pressure customers into making hasty decisions on a complicated purchases that may involve expensive credit facilities.

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Slotting allowances:

- A slotting allowance is a fee paid by a manufacturer to a retailer in exchange for an agreement to place a product on the retailer's shelves.
- The importance of gaining distribution and the growing power of retailers means that slotting allowances are commonplace in the supermarket trade.
- They may be considered unethical since they distort competition, favouring large suppliers that can afford to pay them over small suppliers who may, in reality, be producing superior products.

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Promotional inducements to the trade:

- Manufacturers like retailers to promote their products rather than those of the competition. They, therefore, sometimes offer **inducements to retailers to place special emphasis on their products**.
 - For example, when a consumer asks to see trainers, the salesperson is likely to try to sell the brand of trainers that gives them the extra bonus.
- This may be considered **unethical** since it may result in the consumer buying a brand that does not best meet their needs.
- Although salespeople concede that this practice has the potential to lead to abuse, they agree that most consumers have a good idea of their needs and the type of product they want.
- Critics counter by arguing that if the practice leads to an **overemphasis on a more expensive alternative to the neglect of a cheaper rival brand**, the consumer's interest is still not being upheld.

Ethical & Social Issues In Face To Face & Virtual Selling

Ethical Issues with Using VR:

- Virtual reality (VR) has a great deal of potential for the betterment of society – whether it be inspiring social change or training surgeons for delicate medical procedures.
 - But as with all new technologies, we should also be aware of any potential ethical concerns that could emerge as social problems further down the line.
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- Hand-drawn red lines: a long horizontal line under the second bullet point, a shorter horizontal line to its right, and a short diagonal line below the first.

Ethical & Social Issues In Face To Face & Virtual Selling

Ethical Issues with Using VR:

1) Sensory vulnerability

- When we think of virtual reality, we automatically conjure images of clunky **headsets** covering the eyes — and often the ears — of users in order to create a fully immersive experience.
- There are also VR **gloves** and a growing range of **other accessories** and attachments.
- Though the resultant feel might be hyper-realistic, we should also be concerned for people using these in the home — especially alone. Having limited access to sensitive data leaves users vulnerable to accidents, home invasions, and any other misfortunes that can come from being totally distracted.

Ethical & Social Issues In Face To Face & Virtual Selling

Ethical Issues with Using VR:

2) Social isolation

- There's much debate around whether VR is **socially isolating**. On the one hand, the whole experience takes place within a single user's field of vision, including others physically participating alongside them.
- On the other hand, developers like Facebook have been busy inventing communal meeting places like **Spaces**, which ~~help~~ VR users meet and interact in a virtual social environment.
- Though, as argued, the latter could be **helpfully utilized by the introverted and lonely** (such as seniors), there's also a danger that it could become a ~~lazy and dismissive way of dealing with these issues~~.

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Ethical Issues with Using VR:

3) Desensitization

- It is well-acknowledged that being thoroughly and regularly immersed in a virtual reality environment can lead some users to ~~become desensitized to the~~ real world.
- Indeed, VR is already employed as a tool to desensitize and emotionally harden individuals ~~against phobias and even military combat. However,~~ outside of this supervised use, ~~desensitization could become a danger, leaving~~ users ~~unaffected~~ (or less affected) by — for example — the acts of violence found in some VR gameplay.
- A ~~longitudinal study (Grizzard et al., 2016) found that~~ ~~repeatedly playing violent video games~~ led to decreased emotional sensitivity and a lessened capacity for guilt among participants.

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Ethical Issues with Using VR:

4) Overestimation of abilities

- Akin to desensitization is the **problem of users overestimating their ability to perform virtual feats just as well in the real world.**
- Indeed, a recent study from Stanford University (Bailey and Bailenson, 2017) evidenced **how children often fail to distinguish between their feats in real life and in VR** — from treating their avatars as though they are their real bodies to watching their virtual reality doppelgangers swimming with orcas and then recalling it as a real-life memory.

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Ethical Issues with Using VR:

5) Manipulation

- Attempts at **consumer manipulation via advertising trickery** are not new, but up until now, they've been 2-dimensional. As such, they've had to work hard to compete with our ~~distracted focus~~. Phones ringing, babies crying, traffic, conversations, music, noisy neighbors, interesting reads, and all the rest.
- With VR, commercial advertisers will have **access to our entire surrounding environment** (which some psychologists argue has the power to control our behavior). This will ramp up revenue opportunities for developers, who now have (literally) whole new worlds of blank space upon which they can sell advertising.

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Ethical Issues with Using VR:

6) Privacy and data

- Last but not least, the more we “merge” into a virtual world, the more of ourselves we are likely to give away.
- This might mean more and greater privacy worries.
- German researchers have raised the concern that if our online avatars mirror our real-world movements and gestures, these “motor intentions” and the “kinetic fingerprints” of our unique movement signatures can be tracked, read, and exploited by predatory entities.

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Challenges with virtual selling:

- The virtual world is here to stay...even life is getting back to normal after the pandemic.
- The virtual communications tools that we had to quickly adopt at the beginning of the pandemic are now readily available to us...forever.
- Many companies prefer having more than ~~one way to communicate and are frequently letting their customers decide how they want to interact.~~

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Challenges with virtual selling:

- The actual selling process (unless you are an online retailer) can be difficult in a virtual situation because, for some businesses, successfully closing the sale has as much to do with **intangible chemistry** as it does with the actual product or service you are selling.
- Additionally, today's **buyers** tend to be **more easily distracted** and more likely to **multi-task** in a **virtual environment**. It is more difficult for the seller to gauge the ~~amount of undivided attention on the part of the prospective buyer.~~

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Challenges with virtual selling:

- **Room to Zoom** (virtual sales meetings)
- The key to **positive engagement** is to plan ahead and arm yourself with the tools needed to make the virtual meeting collaborative, interactive, and even fun! For instance:
 - Always turn on the video. ✓
 - Share something interesting/informative on screen. Slides, stats, and videos can help augment your talking points.
 - Use virtual whiteboards to collaborate, demonstrate ideas, and take notes.
 - Use “sticky notes” to capture points you want to come back to or emphasize.
 - Practice in advance to be sure your technology enhancements work!

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Overcoming Challenges with virtual selling:

- **Remember that people pay attention to:**
 - (1) things they care about, and
 - (2) things that are visually stimulating.
- Following are some tips along these lines:
 - Incorporate some movement in both yourself and your content.
 - Watch your facial expressions – don't forget to make eye contact and smile!
 - Use body language and hand gestures to emphasize important points.
 - Be aware of timing to keep people engaged.
 - Use more visuals and less text.