

WE WILL SELL E.CUSTOMERS TO THE CUSTOMERS

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We will sell e.customers to the customers - Gianluigi Delucca - Edition I

Preface

Statements like: “...there is no need of a Sales manager because we sell on the net...” are easy to listen, especially in SMEs and Startups. How to react to that nonsense?

For me, the web marketing designs the structure and lists the words of the e-commerce site, but within that structure and the use of those words, is the sales manager who has to manage the e-commerce site. That is an idea that seems “strange” to many. Explore and explain a new sales channel to someone used to another one is difficult, because the roles and functions are similar, but each of them with its own characteristics and jargon. I have to use many analogies and examples to try to explain how I see these correlations.

As a business consultant for SMEs and Startups, often there is nothing to do. They do not have the necessary financial and human resources and/or are too proud of their high-tech knowledge about web marketing to be willing to discuss a low-tech issue as they think is Sales, and/or are too afraid that the marketing budget painstakingly won could be discussed again. After a passionate presentation of a new very nice product that has exhausted the company's finances, sometimes I just do not have the heart to say to the speaker that 90% of forecasted customers are not able to afford the cost of the product, although given to them for free. Moreover, the e-commerce site is the place where entrepreneurs, programmers, designers, marketers and sales professionals meet. They come from different backgrounds and use the same word with different meanings, an inexhaustible source of misunderstandings.

For all those situations, I looked for a book to be used as a common basis to start the discussion, and I have not found it. Most of the e-commerce books are only about web marketing. In some of them there is a small section on sales. I wrote a few pages on e-commerce from the Sales point of view, with in mind this goal of a common base of departure for a discussion on web sales among people with different

backgrounds. A work document where the discussion of the arguments is limited to the indispensable. There are no arguments of Marketing or Web Marketing within the book, only Sales.

I publish it hoping that anyone interested in selling on the Web for SMEs and Startups will find hints for his own reflections.

Gianluigi Delucca

Parma. 13/01/2015

Author

Gianluigi Delucca. 35 years of work should be able to curb unflagging enthusiasm for life. Not for me, yet.

The C.V. is available at https://www.linkedin.com/profile/view?id=17987971&trk=nav_responsive_tab_profile

Author's acknowledgements

I'm writing in English, which is not my mother tongue. Ms. and Mr. Rushton were so kind to read the first draft of the first part and suggest those corrections that make it readable also for someone living not far from London (UK). I tried to follow their suggestions and general correction of the book is to "British English". Any deficiency is obviously due to the author. Please report any corrections suggested by sending e-mail to: ggdelucca@medicoimpianti.it

Suggested readings

Usunier, Jean-Claude; Lee, Julie Anne - Marketing Across Cultures

Gareth, Morgan – Images

Mackay, Charles – Extraordinary Popular Delusions and the Madness of Crowds

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References

After writing the draft I went to my bookshelf and here the list of what I found about sales:

Handwritten:

- notes of a SPIN course. The very first course on Sales I got back in 1981;
- Sergi, Giovanni notes on MBA selling segment 1997.

Printed:

- Bettger, F. – How I raise myself from failure to success in selling – Italian translation Montalto 1954;
- Carnage, Dale - How to win friends and influence people 1936 – Italian edition Marazza 2005 ;
- Cialdini, Robert B. - Influence, the psychology of persuasion 1984-1993 Italian translation Noferi 1995 ;
- Goi, Antonello - Lavorare al call center 2005 ;
- Hopkins, Kench -Selling for Dummies – UK 2007 ;
- Iyer, Vinoo – Managing and motivating your agents and distributors 1992 - Italian edition Jackson 1995;
- Silvano, Mario - Vendite in azione 2003 .
- Silvano, Mario - Come ottenere il massimo dalle vendite 2005 ;
- Manuale di tecniche di vendita QuERRE 1992.

I'm not able to say if my writing refers to any of those or other books and courses. If so, I'll be happy to recognise references and teachers. In case, please report them by e-mail addressed to: ggdelucca@medicoimpianti.it

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Introduction

The book is divided in 3 sections. Those could be read in the proposed sequence (from Sales of one product with no salesman, to one or more e.salesmen in one channel, to more Sales channels) or independently.

The first section describes sales without a salesman, but with a sales manager.

The first chapter “E-commerce as a vending machine” would like to underscore the concept that the cost of a product from a customer point of view is always higher, often much higher, than the price that the manufacturer asks. That cost is the working space of the Sales activity. The second chapter “Sales measures I“ wishes to point out the fact that there is no management without measures, but the meaning of those numbers is defined inside each company.

The second section examines the customer from the e.salesman's point of view.

The first chapter “The e.shop in the bazaar” describes one of the possible definitions of the customer internal structure. The e.salesman's activity could be limited toward some of customer's roles, for a step by step implementation or when the company do not have enough resources. The second chapter “Sales measures II“ lists some of the measures that the Sales manager could use in that situation.

The e-commerce is becoming less an "alternative" and more and more a "complement" in the distribution structure. In Section 3, I describe a possible approach to analyse the business with multiple sales channels, always from the point of view of Sales.

The first chapter “Interactions among Sales Channels” proposes that both the products designed by Marketing and sales tools created by Sales contain value and can be transformed into one another.

The last chapter “Where is the limit?” says what I expect from the future.

Definitions

Here the definitions of the keywords that I'll use in this book.

An “e-commerce website”, is a commercial activity based on a software platform working on Internet. There are trades between businesses (B2B), between companies and private individuals (B2C or C2B), between private individuals (C2C).

My favourite definition of Customer is: “The people that carry out a product acquisition process, ending with an invoice payment”. That definition recognises Customers as people, pointing at the fact that a Customer (no matter how many people form it) could be divided in a variety of roles. For instance:

- Initiator: sees issues and looks for a solution;
- Influencer: that supports the request;
- Market expert: searches and selects products and providers;
- Decision maker: that decide if and what to buy. In his role he could be allowed or not to decide the amount of money available;
- Buyer: that implements the buying process. In his role he could be allowed or not to select among products;
- User: that uses the product.

Example: Language course.

Organisation level - A supervisor notes that the receptionist is making mistakes when speaking a foreign language. Then he (Initiator) makes a request for a language course to HR (Decision maker). He will make sure that the sales manager (Influencer) see his request. HR will ask someone to select providers (Market expert) and the administration to buy (Buyer). The receptionist (User) will follow the course.

Individual level - “I'd like to study a foreign language because I'd like to travel and I subscribe to one course.”

My favourite definition of Sales is: "The process that moves money from the customer's bank account to the salesman's bank account". It points at Sales as the (only) positive side of the cash flow, as it is in the economic

balance sheet. Sales is an income that you try to optimise upwards. I referred to money because it is easier to understand and it covers most cases. Companies and organisations may write other balance sheets (environmental, social, . . .) that need to define Sales in a similar way using a more general definition: like: "The process that moves value from customer to salesman".

That Sales definition does not refer to products or companies. That should help to clarify that there is something (knowledge, expertise,...) that is not related to the product, but pertains to the process and that Sales may bring money to a company but that is only an intermediate step of bringing money to the Salesman, as any Sales manager working with agents and distributors knows.

It is also implying that Customer and Sales may not share a product definition, and that the money the salesman is getting may be shared among companies he is working with.

Example: A car manufacturer's buyer office is buying parts for production. The salesman is selling to him lamps that are a highly competitive product. But the salesman is also selling handles that are not competitive. Then he will prepare an offer for lamps including handles for the same car model as a possible discount. The buyer will accept, using the lamps for the car production and handles for a r&d project he is not allowed to talk about. Salesman will get money from the lamp and from the handles manufacturer, optimising his own revenues.

Sales as defined here requires that customer is: knowing where his money is, knowing where his money should be delivered, knowing how much money he will need to transfer, willing to do the transfer, able to do the transfer, actually transferring the money. Different environments have internal dynamics with the times, behaviours and procedures, both for organizations and for individuals, who give to every requirement a different importance, but each of them must be evaluated.

No matter the amount of money you spend in R&D, in Manufacturing,

in Marketing, how much the customer desperately needs the product, ***if one of the above steps is not possible, the manufacturer will bankrupt.***

That process has its own costs (Selling costs) and, in theory, all those should be under the Sales Manager responsibility. He could work alone or coordinate one or more sales channels, with simple or complex organisations. In the following pages I'll use Salesman for an individual in front of the customer, while Sales manager when coordinating/supervising all functions.

Any communication channel is suitable for Marketing, only those that allow money transfer are Sales channels.

For me the word Product means both goods and services. Where Goods is a theoretical product only physical and Services a theoretical product only non-physical, on a continuum of products with different degree of physical components. Price is a product characteristic.

Example: A farmer sells (1) one apple to a wholesale that will sell it (2) to a shop, that will sell it (3) to you. There are 3 money transfers for 3 products for 3 different customer bases. The "one apple" description is a simplified code that refers to one of the physical contents. The full explanation of the product both physical and non physical would be too long for accounting.

I will not give a definition of Marketing, there are too many available: "...the management process responsible for identifying, anticipating and satisfying customer requirements profitability..." or "...the process that plans and execute design, pricing, promote and distribute ideas, goods and services in order to create exchanges that satisfy the goals of individuals and organisations..." and nearly 100 more. However, I expect it not only to create sales leads looking for the product, but also to let them be able to recognise where they can buy the product, or product range, they are looking for.

Using the above definitions:

- everything needed to create and deliver products is not Sales;
- the information collection that the sales force is bringing back for the use of R&D, Marketing, production,.. is not a Selling cost;
- administration costs to manage and move money from the customer bank account are Selling costs (e.g. from customer bank account to credit card, to manufacturer, to area agent, to salesman bank account);
- the cost necessary to enable customers to meet the salesman is not part of the sales costs, but of the marketing costs. The traditional checklist of a salesman begins with geography and prospecting. The coverage area is well defined by the company and the salesman has to find address, phone number and get an appointment with sales lead. Finding sales leads to meet, according to the definitions used in these pages, is still on the marketing side.

E-commerce as a vending machine

The vending machine is a technology at least 2.000 years old. It is a nice analogy to start with. It consists of two functions: Recognition and Sale's procedure.

Recognition, from Sales leads to Customers.

One sales lead stops in front of the vending machine and asks himself:

a) "Is it here that I could get the product I'm looking for?"

For Marketing it translates as: "Is the machine fitting in (size, shape, colour, position, graphics,...) with the product? For a coffee or cigarette vending machine Marketing may decide that the product is one of the list:

- one of my ways to death (life is bad);
- part of my personal brand (I'm one of those who do it);
- one of my pleasures (I like it);
- one of my sins (I should not, but...);
- one of my energiser methods (I feel down);
- a gift or a courtesy to someone else (He/she will enjoy);
- a way to refresh memory of my past (once I used to);
- a change in my life (let's start something new);
- others (to be defined).

b) "Is the machine clean? "

If the machine is, or looks, dirty, maybe I will not touch it. If no one is caring maybe it is not working, maybe there is nothing in it, let's search another one.

If the answer is "NO", he is still a sales lead on the Marketing side.

If the answer is "YES", then he becomes a Customer and the sales process starts.

The shop window of a street shop performs the same task when a passer-by stops in front of it. The shop window's function is to make sense of what is inside the store and motivate the customer to enter. It filters customers from the passers-by (sales lead).

In e-commerce, this function is delegated to the Landing pages, i.e. pages that put the sales lead in front of the product. You can find websites where the home page shows only the company's name and an "Enter" button, sometime with a long "artistic" flash animation. How may Customers know if inside there is the product? Contents of landing pages could age and provide the same feelings of a "dirty" machine, especially if something is not working properly.

Of course a landing page could not be perfect to all type of customers, but is it coherent with most? Is it "not bad", neutral, for the others? The arrival in the landing page is not enough, it's like stopping in front of a shop window of the street. You must enter the door to become a customer.

Let's say a new lead just landed on the Home page and that we are selling an unbranded product in one wide segment like food.

We know that the time spent on a site is always an issue, a couple of wrong clicks and the lead is out. In that situation we are forced to offer few options that maximize the probability of the first positive click (in the door).

For instance, options could be:

- best sellers by type, e.g. best seller cheese and wine;
- list of categories by type, e.g. selection list among cheeses, pasta, canned food;
- best offer of the day.

If we succeed the sales lead "click", we got a customer and we have to develop the relationship as needed.

Sales procedures

Customer standing in front of the vending machine is ready to buy. Marketing job is completed, but the customer will have to learn and execute sales process procedures. We could think at it as a part of the product that the customer pay with his time and performance. That is a part of “costs” from a customer point of view.

On the vending machine there are instructions of use:

- how much money will be needed;
- which sizes of the money will be accepted;
- where to put the money;
- if product is available;
- where and how take it out;
- Who to contact when the machine steals your money.

If it is taking too long to understand them, maybe for the customer it is better to search for another one. Then, we have to check how the customer perceives them:

a) Communication

- Are steps well defined with words, graphics, colours?
- What if the customer is poorly or not able to read instructions in words?
- What if he has other limitations (it is raining and one hand is for the umbrella)?

b) Procedures

- What if the requested amount is not available in cash?
- What if the requested money size is not available?
- What if the machine is not working?

In e-commerce part of that cost is often self evident: the customer will have to go to the right page of the website, fill the correct form, await confirmations, check or uncheck a number of options and declarations, type in data and/or passwords, or preferences, etc. And do it again and again until he will succeed. The same for payments, some e-commerce

sites with several payment options still sell 50% cash with payment on delivery while you find others that at the end of the sales process offer only one method of payment: in advance on their own preferred electronic channel.

The given example looks very simple, but that task could be quite an issue in international sales and when the customer is a company or an organisation.

If we have a monopoly we don't care, the Customer will pay any cost. But if the Customer has options? There are smart customers and more simple minded ones, we have to smooth the process for those we wish to work with, as well as optimising selling costs.

With more products it is needed to do more.

The software for electronic commerce requires that the information arrives on the screen of the customer (a computer, a smartphone, a tablet) in a quick and reliable way, 24/7. The place where data are located and its channels of communication should be adapted to the amount of products that you want to offer and traffic (customer visits) expected. Those are Hosting and server features. In a supermarket the Customer should learn the process, e.g. the coin for the cart, find out where the product is positioned. Also in the e-commerce the customer should be driven in his browsing among shelves to a location where he can find what he was searching for his "programmed" shopping and to see all other products available for unplanned purchases. This function is called Navigation. Navigation could show several issues, for instance one happens when product descriptions are optimised for one device/communication that does not match what the customer is using (too fast, too slow, too small,...). During peak hours customers may have to wait in queues also on the net.

The function of shelves is to show the product, in e-commerce it is delegated to Product Description (Text, images, ..) software. Sometimes, it is possible to touch and/or try products. There have been

experiments of street spaces where you can browse shelves or try products but you have to buy on the net with home delivery. Lately a big e-commerce retailer is offering a no cost return to any number of products purchased to allow customers to try them.

You can allow people to enter inside the vending machine. One option is to create a street corner where there are only vending machines, as it is possible to see in some cities. Just the same when you enter, or send someone, in a (mini, middle, mega, super) market with a detailed list of goods to buy and precise instructions to follow. There will be other humans already there (shop assistants) as part of the vending machine or of the product. They are caring about maintenance (shelf filling, cleaning,...), providing custom production/packaging (“55 grams of smoked fish, one slice please”), acting as sales tools (“where is the milk, please?”), managing complaint on site (“I found it, but expiry date was yesterday”), managing payment. If suitable, you may use people as sales tool for a vending machine, as you can see in airports when you see assistants beside a check-in automated system.

The e-commerce shop assistant functions, or part of them, may be performed by humans through chat, e-mail, telephone, video connection or them could just look like a person with the use of an avatar. The salesman's role of the shop assistant will be discussed in the e.shop chapter.

When the customer decides what he wants to buy, take it off the shelf and put it in the cart. This action must be very simple, because it is located between "desire" and "purchase". In e-commerce, this function called Shopping Cart is tied to the Cart button and managed by the Shopping Cart software. The customer comes to the counter and have to pay. He is handed a receipt or invoice. In e-commerce it is the Checkout phase and it could be included in the Shopping Cart software.

In e-commerce, several functions are performed by the web Store manager using the so-called CMS (Content Management System). It is a software that is customized in order to make all those activities available

in the most appropriate way for the store manager.

Marketing note.

Marketing will also take care of SEO (Search Engine Optimization) that must constantly adapt the site to the parameters of the search engines and SEM (Search Engine Marketing) that are activities needed to make your site visible to potential customers.

Positioning is perhaps the most peculiar characteristic of e-commerce.

The number of people who pass in front of the window of a street shop corresponds to the number of times a page is presented on a sales lead screen. This can be done by direct search (I want to go to the store www.myshop.it), or as a result of a search engine (I would like some something), or social word of mouth (I would like what my friend got).

There are also functionality issues of the sales process that need to be evaluated and managed. The most common are Downtime and Slowdown. The first is when the Sales process does not work, e.g. banking services are not available, the second when Navigation slowdown, e.g. peak hours queueing. Increasing CMS flexibility brings increasing demand for web store management as third-party service.

After money transfer

After money transfer is done, the customer is still in front of the vending machine and a second sales process starts.

For instance, the “smart” vending machine could ask itself:

- Maybe he was willing to buy another piece and forgot it?
- That one is good, why he does not buy another one right away, doubling the benefit?
- That was one product, maybe he needs also another product (e.g. one because I was down, a second as a gift). Should he review again my product list, so he does not need to be back in few minutes?

- Shall he double check if someone wishes him to buy something, while he is still here?
- Maybe the Customer is in a group and needs to buy more than one unit, should he repeat the full process? There is a quantity option?

Sooner or later the Customer gets the product and is ready to walk away. Is he going back to the Marketing “jungle”? Maybe. Sales is still active as long as a communication line is at work. How to keep the sales process alive when the customer is not there any more?

The “smart” vending machine asks itself: “There are other vending machines in town. Will the customer wait and maybe walk a bit more to buy from me? Even if the product costs a bit more than in the shop he will cross on his way to reach me? “

Two main reasons are possible:

- Pleasure of the process (Customer experience of sales). When he gets the product and walks away he is smiling, he did enjoy spending time with me, he will remember that joy even if the product itself is not that much or it is just the same he can get everywhere;
- Sales tools. Customer could get something not included in the product he is looking for.

For instance:

a) Pleasure

- Did I said “Hello “ with a smile when he arrived? Did I congratulate him for the nice choice when he ended the money transfer? He thanked me? Was he smiling when walking away?
- Is it a “nice” stop for him? Is there enough light, space while looking for coins or reading SMS? Is it “cool” to stop and consume with a friend in front of me? For e-commerce it could translate: is it “cool” to show I’m using the vending machine on my social network?

b) Sales tools

- If he is buying for someone else, maybe he will appreciate a printed receipt to show the expense. Maybe he is not consuming it immediately or it is a gift. Would he appreciate a bag to carry it?
- He got the receipt (/bag/coupon/..). How will he use it when he will be back? Why should he collect them? Maybe he will play the number in a lottery that I (the vending machine, the website) will organise? Maybe if he inserts the code of the receipt I could allow him to change paper for coins even if he is not buying something (entering the reserved forum/chat/...).
- If he will get a meaningful number of receipts, I will write him a best friend greeting card (a message/a gift/..), but I'd need his mail address or his telephone number for an SMS. Where could he write it down for me?
- Is there an easy way for him to contact me? Not the product, but me the vending machine (the salesman, the website), so the customer may tell me how much he enjoyed to buy from me, to refer friends when he will tell them how nice I am, tell me if he was unsatisfied (yes, it is possible). Did he noticed that on the receipt there is all the needed information to come back? How will he remember or find out my address to meet me again if he forgets the receipt? Shall I mail him the address and the nearest bus/metro station here and there?
- How I will remember him to tell him how nice it was to meet him and to recognise him when he will be back? I could be able to offer him an even better sales experience!

You may also see Sales procedures and After Money transfer steps as an update of the classic difference between salesman for “search and sell” and salesman for “stay in touch and grow”.

A nice example of up to date vending machine has been implemented by a general merchandise retailer in Seoul underground. It was pumped in

the media as an innovative Marketing example, but those customers have 24 hour access to the on line shop, why should they stop on their way back home checking out a wall? It makes sense to me if browsing the virtual shelves is still too much time-consuming on a computer screen and even more on a mobile phone. Then, to use a large wall as a sales tool to lower the customer “cost of sales” makes sense.

Keeping in touch with the customer will require a CRM (Customer Relationship Management) software based on a database. The same raw data could be used by Marketing and Sales, but Sales will target the relationship of the customer with the vending machine. *Example:*

- *Marketing will provide a product's sample, planning as result that the customer will call a friend and will say “I got a sample of a wonderful product, you must too get one!”.*
- *Sales will provide a product's sample, expecting as a result that the customer will call a friend and will say “I got a sample of a wonderful product, you must call the salesman!”.*

It is a lot of work to carefully develop an e-commerce site as a technological advanced vending machine boosting the sales experience and managing several communication channels for sales tools and CRM. Does it make sense for a manufacturer to invest in such an effort on the vending machine? For me it is the e-commerce version of the classic management question: “Should we hire and manage a direct sales force or hire and manage an external network of agents/distributors?”.

An e-commerce should be at least a well working vending machine. However, no matter the number of options, the fine grain of micro marketing, the vending machine can only instruct on how to follow his own procedures. One or a full line of vending machines are not making a shop. So, what makes an e.shop? The e.salesman.

Sales measures I

There is only one way to measure sales: the paid invoice!

One of the “new” characteristics that is often underlined by Web Marketing is the possibility to measure actions and performances. The meaning of what is measured is not always easy to understand. Let's say we have a website with one product and one landing page and we collect some data:

<i>Total first clicks</i>	200
<i>Number of invoices</i>	100
<i>Efficacy =</i>	50,00%
<i>Number of pieces</i>	300
<i>Mean quantity =</i>	3

The efficacy level, or its fluctuations, could be due to marketing or sales efforts directed toward the wrong customer role.

Example:

	<i>Weight roles 1</i>	<i>Weight roles 2</i>	<i>Total</i>
<i>Initiator</i>	10,00%	40,00%	30,00%
<i>Influencer</i>	10,00%	20,00%	17,00%
<i>Decision maker</i>	40,00%	10,00%	20,00%
<i>Buyer</i>	10,00%	25,00%	20,00%
<i>User</i>	30,00%	5,00%	13,00%
<i>Value of the invoice</i>	1.000	2.000	3000

A marketing action based only on Case 1 data will target Decision maker and User roles and will believe that 70% of customers roles is covered, while the true total would be 33%. If based only on Case 2 it will target Initiator, Buyer and Influencer and will believe that 85 % of

customers roles is covered, while the true total would be 67%. Then, a good sales performance will bring lower results than expected.

There is a better situation when there are more landing pages. We could then compute the efficacy on customers entering from different landing pages guessing that each page is taking in a different customer role. Of course there are other characteristics of customers that would require careful evaluation of numbers. For instance, there could be a distribution of customers vs pieces that makes the mean quantity not a good indicator.

In our example it could be that 70% of buyers buys 1 piece (70) , 25% buy 3 (75), 5% buy 31 (155). If there is no way to know if the 50% of first clicks that did not buy was in one or in another group, efficacy measured as in the above example could be of little use.

It is also possible to compute a value of the ratio (number of visits/invoice) for each customer, more or less similar to the number of visits needed for a salesman to get an order. We have to remember that a customer not always uses the same IP and the number of visitors could be lower and the ratio (number of visits/invoice) will be higher than what is computed. Again, since only the Buyer role will write the order, the value may be misleading.

But measures should be useful for the future, the management. How could we improve?

A classical way is splitting Total sales.

$$\text{Total sales} = \text{number of customers} * \text{mean sales volume}$$
$$100 \text{ €} = 10 * 10 \text{ €}$$

Therefore, there are only two ways to grow: sell

- to more customers
- higher quantities to existing customers

We can write the formula with more details.

$$\text{Total sales} = \text{number of (new+old) customers} * \text{number of invoices} * \text{mean invoice value}$$
$$100 \text{ €} = (8+2) * 20 * 5 \text{ €}$$

and more

$$\text{Total sales} = \text{number of (new+old) customers} * \text{number of invoices} * \\ (\text{mean number of items} * \text{mean item price})$$
$$100 \text{ €} = (8+2) * 20 * (5 * 1 \text{ €})$$

Therefore, in order to increase revenues you may increase:

- number of customers - Working more and/or decreasing the average time dedicated to each customer to be able to manage more (add new) and/or change the mix (swap old customers with others of higher value);
- number of invoices - Sell more often (increase consumption and/or your market share);
- the invoice amount - Increase mean value purchased in a single order, i.e. Sell more items and/or change the mix (swap articles with others of higher value) and/or increase the price of items sold.

Several other measures could be used to evaluate customers and decide areas of possible improvements. For instance:

- Retention rate = (final customer - new customers) number / number of initial customers over a time frame;
- Turnover = 1 - CRR ;
- Mean seniority = 1/Turn-over ;
- Lifetime value, LTV = expected value of the customer = Mean seniority * mean invoice value.

Example :

$(10-3) / 8 = 0.87$ CRR= 87% i.e. There is an increase of total customers from 8 to 10, but 7 out of 8 customers were already there

$1 - 0.87 = 0.13$ Turn over = 13% i.e. 1 out of 8 customers are new (2 were added to the new total), meaning that one customer that did buy something in the previous time frame is not there this time.

$1 / 0.13 = 7.6$ Mean seniority = If the time frame is one day, 7,6 days are needed to replace all old customers with new ones.

$100 * 7,6 = 760$ If mean sales is 100 €/day, then LTV is 760 €

In a physical sales channel, the time of the salesman is an expensive resource. Therefore, the longest time usually needed from him to acquire the first order of a new customer is heavily impacting costs, giving value to customer retention.

In one e-commerce website you may find:

	<i>old customer</i>	<i>new customer</i>
<i>Total sales</i>	100	100
<i>Total margin %</i>	30	30
<i>Website costs %</i>	10	10
<i>CRM cost %</i>	10	0
<i>Net margin %</i>	10	20
<i>Selling costs/sales %</i>	20	10

The above and similar measures are able to monitor the performance, but will need internal and external references to be meaningful. The internal reference is the history of sales in a given time frame and may show if there is an improvement in efficacy. The external reference is market data that may suggest external influences.

Numbers may show or hide issues.

Sales cannot fix a wrong business model. Please, take care with numbers!

Example:

Let's say that two nearly identical companies are selling exactly the same product with the following results at the end of the year:

	Company 1	Company 2
Potential. Anyone could be a sales lead = units		100
Only a fraction of them will know that we are selling = Sales lead reached = units	50	50
Market covered = reached/potential	50%	50%
Some of them will enter our shop = units	20	20
Marketing efficiency = entering the shop/reached	40%	40%
Some of them will buy = units	10	10
Sales efficacy = buyers/entering	50%	50%
Company performance = buyers/potential	10%	10%
Market share = our buyers/total buyers	50%	50%

Both companies are happy and boast to be “second to none”. There is a large market to serve and therefore both are willing to invest money. The company business model was a success and expansion of that model is the only way to follow. Large investments will be made, many more shops will be available and richer bonus for everybody reaching new goals.

The Sales manager of Company 1 quietly starts to search a position in another company and will accept one with a lower salary. After one year marketing numbers were great and identical for both companies. More leads reached and even a bigger share entering the shop, nearly doubling the number of customers.

	Company 1	Company 2
Potential		100
Sales lead reached	70	70
Market covered	70,0%	70,0%
Some of them will enter our shop	37	37
Marketing efficiency	52,9%	52,9%
Some of them will buy	14	23
Sales efficacy	37,8%	62,2%
Company performance	14,0%	23,0%
Market share	37,8%	62,2%

Company 1 was not happy at all of his 40% sales increase due to “Sales force poor performance”.

During the first year, the Sales manager of Company 1 was monitoring how many customers were aware of competition and noticed that some of them were aware of both companies and visited both shops. He made his own computation over the first year results. (In Bold computed percentages.)

<i>Potential</i>	100		<i>visiting one both</i>		<i>Co1 Co2</i>	
	<i>Co 1</i>	<i>Co 2</i>				
<i>Sales lead reached</i>	50	50	40	10		
<i>Some of them will enter our shop</i>	20	20	14	6	14	6
<i>Marketing efficiency</i>	40%	40,0%	35,0%	60,0%		
<i>Some of them will buy</i>	<u>10</u>	<u>10</u>			8	2
<i>Sales efficacy</i>	50,0%	50,0%	57,1%	33,3%	42,9%	66,7%
<i>Company performance</i>	10,0%	10,0%				
<i>Market share</i>	50,0%	50,0%				

It was not difficult then to forecast that using the same Business Model (same Marketing and Sales models) the results expected by the management of Company 1 were not there and there were no Bonus for him at the end of the year.

<i>Potential</i>	100		visiting		Co1	Co2
	Co 1	Co 2	one	both		
<i>Sales lead reached</i>	70	70	20	50		
<i>Some of them will enter our shop</i>	37	37	7	30	7	30
<i>Marketing efficiency</i>	52,9%	52,9%	35,0%	60,0%		
<i>Some of them will buy</i>	14	23			4	10
<i>Sales efficacy</i>	37,8%	62,2%	57,1%	33,3%	42,9%	66,7%
<i>Company performance</i>	14,0%	23,0%				
<i>Market share</i>	37,8%	62,2%				

The performances of Marketing and Sales of both companies have not changed, the ratio between the types of customers changed. The product of Company 1 was weaker in front of the product of Company 2 and then more customers were able to compare, more have decided to buy from the Company 2.

Why the Sales manager of Company 1 left instead of improving his sales channel performance?

He was already doing a good job (57,1 against 42,9), so difficult to improve. "Product comparison" is the weak point, while we stated that Product is the same. For instance, it could be that one of the marketing targets was to be as near as possible to the customer base and that Company 1 was very good at it, taking the "best" shop positions. Unfortunately that means that they were the first visited by most Customers, still on the Decision maker role. Therefore more customers were going to visit the competitor shop and there it was possible to verify that the products were actually the same and there was no reason not to buy right away. Additional money spent by the Marketing of Company 1 was creating customers for Company 2 against his own Sales and with the only marketing goal they were proudly measuring as better than competition.

The e.shop in the bazaar

The traditional market is a very old activity and always a template for any sales model: side by side, stalls show the same materials, one street for textiles, another for vegetables... For me, the shop is created when Customer goes in one place with some kind of intention, or when he calls a company and asks for information, or when he enters a website, and he starts a relationship with a salesman that actively will guide him to money transfer for a product that will be defined by the relationship itself.

The salesman is expected to be the interface between the customer buying process and Sales and to make sure that the customer does not leave the shop without stopping at the cashier desk.

For a website, marketing will bring sales leads in front of the landing page. That page will confirm to the lead that it is the place where he will find the product he is looking for and it will receive from him the first positive click. E.salesman main functions then are:

- welcoming the customer. It is the easiest way to start a relationship. Therefore, it is a must for him;
- take leadership and help with the buying decision: “.. that is the right choice, buy now!”.

Welcoming

Sooner the salesman is able to start the relationship, more opportunities to take leadership will be available. Therefore, welcoming is important.

- The e.salesman from the customer point of view.

When the customer enters the shop, he will best relate with a shop assistant that meets his expectations. The list of characteristics expected (consciously or unconsciously) is tied to his culture and knowledge.

The e.salesman should give the impression to meet those expectations.

Street	e.shop
Look, age, sex, type of customers met, cultural level, wealth, status,..	Graphic and wording coherent with the shop and the product.
Sales experience.	Welcoming and general “easy to use” of the website.
Sales experience in the field.	Info/knowledge on products characteristics, jargon, technical terms and uses.
Experience of sales in the area.	Talks the local language and understand dialects.
Enthusiasm.	Graphic and wording of passion and creativity.
Maximum effort - “That is possible” attitude.	Graphic and wording Showing wish and will to cooperate.
Maximum interest - he is selling what is extremely important in his personal life.	Graphic and wording showing focus and commitment toward product performance and use.
References to third - knowledge of the environment the customer wish to be part of.	References to third
Influence - able to get in touch with other people involved in the sales process.	Influence.
Serious - in the sense to respect commitments and correctness of info provided.	Serious.
Polite: not criticize, praise.	Appreciation of clicks made.

Closing Techniques.	Easy and suggested pathway to money transfer.
Follow up.	After sales greetings and confirmation of the positive effects of money transfer.

It is evident that at least some characteristics of the e.salesman will not be available at each landing page, as they are not from the salesman in the shop.

- The customer from the e.salesman point of view.
Also the salesman got expectations about customers.

Street	e.shop
I'm in a position where the customer expects me to be and to welcome him (inside the shop or at the door or outside in the street).	Landing pages.
I expect him to be like marketing and/or my experience are telling me he will be, to behave politely, to be able to communicate with me.	Understanding the site navigation procedures.

BUT! I know that some customer will not be like that and I'm trained to deal with unpleasant and difficult customers. In case of need I expect to receive support.

from the cashier, colleagues, the store manager.	Contacts forms, expanded windows, help windows, alternative communication channels.
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Relationship

The salesman in the shop got his own talent and learning about the way it is more appropriate to relate with a customer. Maybe he is a “natural” not fully aware of what he is doing adapting himself to the relationship or maybe he is using learned techniques (to act, talk, to dress). But for a salesman there is no choice, he has to take customers as each of them is. The way they should be, could be, will be, is the marketing department job.

The effort that the salesman has to do in order to find the best channel of communication possible with different customers has led to the idea that the salesman is "acting". An opinion that brings as a consequence that you should never trust a salesman because he is saying what (he believes) you wish to hear from him, without relationship with “truth”, both about him and about products.

In e-commerce this issue is solved by putting at work as many e.salesmen as possible and then putting each customer in contact with the most suitable one. For instance: a landing page for a science site will provide one pathway for professors and one for students, and then for freshmen and final year students, etc. with at each end one well defined e.salesman for the selected customer.

Relationship is mainly information exchange. Information provided by the website are a measure of the salesman reliability and also the customer must provide information. It is therefore important that information management is structured.

Steps involved in information management could be:

- Acquisition - Identification of sources and selection criteria like relevance, reliability and accuracy. We need to be able to trace back the source and verify it for updates;
- Creation - The acquired info should be rearranged in a way suitable for the website visitor and for the e.salesman;
- Retention - Will information be available only on the website or could it be downloaded/shared in some way?
- Circulation - How much easy will it be for the user to find that

information inside the website? Should he register/qualify? Do we wish to diffuse it as much as possible?

- Use - Knowledge transfer takes place only if it causes a change in operating;

The objective of information management is the change in behaviour.

As an information provider, e-commerce is very good compared with the physical world. The Customer will do the learning phase when he likes (weekends, evenings,...), as long as he wish (few minutes, few hours,...), with as many interactions as needed, at will. We want those information to be part of the sales process, to be Sales tools.

Often Marketing provides sales tools, but sometime it provides only marketing material. It is common experience that Sales receives the material out of kindness and company's etiquette, and then discretely dispose of it. Most of the times, the first reason is that Sales is not paid to distribute marketing material, the second is that the material provided does not fit in the sales process or in the salesman's working routine. The same happens in a website, marketing material and sales tools maybe are similar in content, but they are used toward different goals.

Sales tools should be able to:

- show each and all available products with indications where it is possible to see them in the real world;
- answer any technical and performance question from the customer offering: Personal contact, Documents, In house and at home courses, Application Notes, Educational files, Users manuals, How products are made, Technical Data Sheet, Product demonstration, Technical Hotline, Telephone support on applications, Short and long term economic value evaluation, Updates and upgrades, Warranty and after sales support, Errors and bugs lists ;
- provide aids, suitable for the customer ability and expectations, needed for the “see, touch, feel” sequence on the use of the product and his performance;
- define configurations and prepare offers, manage discounts,

payments, loan of material and to provide compare function by characteristics.

All the above sales tools should be distributed inside the website. Where, when and how those information are managed and positioned should be defined by Sales because those are interaction sources to be used to develop the relationship.

When you enter the traditional shop inside the bazaar you are invited for a cup of tea. The shop owner and the customer start to know each other. In order to develop a relationship, the e.salesman must create two identities. The first is who we think the customer is, the second is who (we think) the customer thinks the salesman is.

1) Who we think the customer is? Who entered the shop?

In the shop, the salesman will try to “read” the sales lead non verbal communication: age, sex, lifestyle, purchasing power, mood,... and will adapt his own.

Then he will start exploring how to take leadership with a first guess on the customer main role. After confirmation, he will try to adapt accordingly.

In a website, it is possible to guess something from the way the customer enters the site. For instance: if he asked the name of the site in a web search engine, most probably he already knows something about the store. How? Is he coming from a fan social network and just needs positive feedback to buy? Or is he coming to check if his decision to buy in another shop is well based and we need to show our products top features to him? Software packages that are able to track the pathway followed to arrive to the landing page would help. That is often not possible and therefore we have to dialogue.

We may ask the customer any number of questions:

- Is he already someone else customers?
- How much money he could manage?
- Does he know existing customers?
- Does he wish to split the dialogue in several meetings?

- Is he in need to share info with others, in order to complete the sales process?
- Is he lacking basic info, in order to complete the sales process?
- Are there special needs we should know?

Questions and answers expertise and several techniques (like words mirroring, questions open and closed) can be adapted to be expressed inside the website. On the web, like in the movies, you need always to think in pictures and develop interaction accordingly. The “dialogue” will develop as much as possible without texts and adapted to the communication media (pc, mobile, ..) used. But it is a work that makes sense only if in some way the dialogue is confirming/changing the pathway to money transfer.

What change in our behaviour (which click actions become available) after we get the info?

2) Who (we think), the customer thinks we are?

For instance, we would like him to think that we are:

- partners sharing his goals;
- a valuable sought after support;
- always the first call in case of need;
- a pleasant company always bringing an improvement in his life quality.

Therefore:

- we structure continuous interaction and feedback. He should know that we are there and we like him to stay with us. Let's define with him the optimal frequency (daily, weekly,..) for each contact mode (e-mail / fax / phone), adapt to his preferred contact/communication channels and let him know we care. Does he needs/prefers a form? We care!
- we offer as many "personal" contact with the website (technicians, specialists,..., always people trained in the sales side of their job) as possible, in order to deepen the dialogue;
- we always react "commercially" (gifts and/or special offer) to a

- contact request: We like him and we offer him our best;
- we show to him where to find and meet us in the real world. We would appreciate a visit;
 - we like to share important data, we wish that the customer appreciates how much he is getting from us and to tell him how much we appreciate what he does for us;
 - we are open for suggestion from his side about expanding our relationship. We like offers of collaboration, we ask suggestions/feedback. We would appreciate his opinion, for instance as a tester/user;
 - we show to him the value of the company and of the sales team, so he can be proud of the cooperation. For instance, we show salesman awards and certification received and list of reference sites: others are saying that he is cooperating with valuable people;
 - we offer revenues sharing wherever it is possible: we get something, he gets something too. We are partners.

What change in the behaviour (which click) of the customer we expect after he gets the info ?

Leadership

The main concern for the e.salesman is how to keep the lead of the relationship along the sales process. If you sit for a cup of tea, then the starting roles are set. You are a guest, a very welcome and honoured guest, but a guest in someone's else house. It is like getting the white in a chess game or the first move in a GO game.

In order to lead, the salesman should know the answer of basic questions: “Why the customer should give his money to us? We are strong at least on one important point for him. Which one? “
We do not know in advance what could it be the most important point for that specific customer role and we have to prepare the best

“Arguments list” we can for each situation. At least the classic: “This is the best product because we are the best shop in town and we offer the best quality” -:).

Start a discussion without an argument list is not the best path to success. Create, support and develop the database of the argument list for different types of customers and customer roles, research and the sharing of experiences of salesmen, is part of the sales manager job.

Each company will have to decide his own definition of customer's roles and how to deal with them. Bring any message costs time and money and it means to compete in order to occupy the maximum space in the ways of communication that reach customers. Take always care to carry only positive messages, at least in tone: leaders are expected to positively know what to do.

Customer's roles are always mixed and it is the e.salesman that must understand and take leadership. During interaction, we wish to double-check and define roles, manage communications, be positive and active. For clarity of presentation purposes, I will present theoretical interactions one role at a time, starting from the end of sales (the Buyer role) and proceeding backward toward the sales lead.

Customer as Buyer

He got the duty to buy one solution i.e. a product with a budget.

Numbers are important: how many customers are buying more than one product in your e-commerce? If the answer is “less than 10%”, you know that after product choice speed to money transfer is critical. The buyer is on his way and nothing should interfere during the process. But. Now customer got some level of trust in the e.salesman because he is ready to transfer money in advance. Therefore, the e.salesman could leverage and try to take leadership acting as Influencer and/or Market expert.

Example: The customer is at Checkout ready for money transfer to buy a soap of Brand A. That would be fine but the e.salesman is asked to sell

more Brand B instead and therefore starts interaction with one question: "Nice selection, did you try it already?"

If the answer is NO than the Checkout proceed, if the answer is YES then the e.salesman would say: "...some of our customers that used your selection, afterwards were looking for a more intense perfume (the most probable important characteristic in that situation, from the Argument list) and liked Brand B. One piece costs € xxx and there is also a special offer of Brand A+Brand B at € yyy"

At this point options are open:

- *Customer was ready to buy Brand A and will buy it;*
- *Customer was not fully satisfied, for some reason, of Brand A and is willing to swap or test;*
- *Customer is in the mood of "try and see" and is willing to move to Brand B;*
- *Customer is confused, will exit Checkout and goes back to other roles.*

No one knows the result in advance, neither the e.salesman nor the customer. It is the relationship that opens unexpected exit doors, each one with his own probability.

Company policy may leave to Sales some flexibility on product characteristics (custom colours, custom sizes, custom prices,...) giving more options for actions. That brings in the bargaining issue. Where, inside the e-commerce site, is the customer allowed to ask for a special (custom) characteristic? What should be the e.salesman reaction? Vending machines may also provide special offers, but always fixed in advance. As long as the manufacturer/sales manager is willing or able to manage it, if and when it is suitable or needed (both on short and long term) to change the selling price or other characteristics for a single sale is an option tied to the e.salesman/customer relationship.

Customer as Decision maker

Both motivation and budget are needed for the Decision maker. Desires can be met with varying degrees of intensity. The purchase motivation

and purchasing power could bring the "decision" of the customer and choice of which product to buy.

Purchasing power

Budget limit could be sometime fixed, but in many situations the motivation could change the budget. However, we have to remember that Marketing did his work creating a product and therefore positioning it inside a price range. Salesman's work is to double check that all purchasing power available at the moment is used.

Motivation

For the customer, money transfer is a step on his way to get the product, in order to achieve something.

Example:

- *I like to do it (money transfer) because it is the right way to achieve the goal, i.e. beauty.*
- *I like the goal, it is of high value, i.e. beauty is important*
- *I like the reason I wish to reach that goal, .i.e. With beauty, love will come.*
- *I am convinced that doing it I will achieve the goal = expectation of success, i.e. I'm sure that afterwards I'll be beautiful.*

Decision maker got some motivation from other customer roles.

E.salesman will act as Initiator and Influencer in order to double check that he noticed all interesting (from the argument list) features. *Example: the product will provide beauty, as well as low calories intake or trendiness or some people buy it for the beauty and then discover the pleasure of using it...*

As a Decision maker, customer will ask himself: "Am I taking the right decision?". The sentiment that e.salesman is expecting him to reach is: "If I do it (money transfer), I'm doing right". The confirmation sentiment could be internal (it is the right thing to do it) and external (I see others doing it, others say it is right I do it) and for instance will be based on:

- Self-Esteem = "I am able to do it because: I did it already, others

- say that I can do ..”;
- Adequacy = “I have the means to ..”;
- Support = in case of need I can always ask to..”;
- Need= “ if I do not do it I'll not achieve ..”.

The solution he will select and the way he reaches the goal will impact on his reputation. Reputation is part of the self-esteem and therefore influences motivation. The Decision maker will wonder (consciously or unconsciously) if the one that will provide him the product is a suitable Partner (= significant other), if that partnership will impact positively the relationship (my reputation) with the rest of stakeholders (Customers, Manufacturers, Colleagues, Supervisors, other salesmen,...) and he will be interested in: Validity of other customers, Parity with other customers, Compliance with agreements of the manufacturer, Validity of the producer, Validity of the product, Customer satisfaction, Customer loyalty, Reference for others.

Sales tools should address all those topics positioning them along the expected pathway inside the e.shop.

Time is now

We need the Decision maker to believe not only that our solution is the best, but also that it is time to buy that solution now. And then make sure that he transfers his decision to the Buyer.

One summing up page and a click that will activate the Buyer is what Decision maker needs.

The e.salesman may be able to let him feel peer pressure: “We did it, what are you waiting for?”. *Example: the customer is in one page and let's say he is checking the reference list. He could be offered to meet KOL (users, salesman's best customers, Market experts,..) in private or in small groups: “While you are here, why don't you talk to Mr.AA...? or hear what Mr BB is saying about that topic...?”.*

Customer as Market expert

Market experts searches and selects products and providers. He could be another customer or user, a competitor, a blogger, or any other that could

get some credit on the subject. He is expected to understand differences among solutions and to search for details. He may acquire information from sales network of providers, marketing, other customers, references, KOL's and match them with the request.

We want the Market expert to tell Decision maker that we are the preferred solution because we (the e.salesman) are a more “interesting” partner, especially if the product is not the best available. In some cases the Market expert is also Decision maker and when his click is selecting one product then “add to cart” and a direct way to the cashier should be there.

But maybe he must only report his results to someone else. In that case we can try to make his work easier and get him to like us, no matter the product.

Example: we know that from a technical point of view we are very similar to others. We show it in comparison charts because WE are Market experts. It happens :-) that we compare also other characteristics (colour, warranty) where we are better.

As a Market expert most probably he will cross our company again and will provide his advice to others. We want him to feel that our e.shop is one of the places important for him to check regularly because there are interesting and updated information from reliable people.

We may ask: “Did we provide him with the info he was looking for? Should we forward them for him to other people ? Shall he be interested in a newsletter with technical details? Does he need data/info structured by us for him (e.g. comparison charts)? “.

We want to be a major source of info for the Market expert. Sometime a salesman could be authoritative enough on some topics that his word will not need further checking. But we do not need only the confirmation that we are offering the best partnership. A doubt that we want the Market expert to eliminate for the Decision maker is: “may I find a better option later on?” The Decision maker should receive the message that nothing better will come in the useful time frame and there are no

reasons to delay the money transfer.

Example: There is no need to wait for the announced new release of a software package because it will be updated for free for one year after installation.

Customer as Initiator and Influencer

Customers have desires. Those are rationalized descriptions of situations (needs, pleasures, comforts of life) perceived as unsatisfactory. Where, inside the website, is the customer able to tell his story to us? Those are the places where the e.salesman should arouse passionate desires from low intensity desires, tie customer wishes to the desired behaviours inside the website, arouse the will of money transfer in the customer mind exploring the source of his desires and expanding the benefit that could come from a product, i.e. something that will lower the unsatisfactory level of one or more situations. Those are also the places where to handle objections and negative comments. The e.salesman must elaborate on those and address customer concerns hopefully getting customers to like and trust him.

When those places are public, like a forum, also the way the interaction is managed is a Sales tool that shows that the relationship with the e.salesman is entertaining and instructive. When you are invited for the cup of tea in the shop, you will sit in the middle of it where passer-by will see you are enjoying the relationship, the nice tea-ware,

The Marketing work was performed and the customer did enter the e.shop, but the reason he is there that day, at that time and if and what he will buy, is unknown.

Maybe he entered the shop only with a feeling (as a Complainer, the source of the request: "I'm so unhappy!") or maybe he arrived with a possible solution, brand and value, in mind (as an Initiator, he understands the issue and looks for a solution: "The issue is not enough xxx and we need yyy that will cost zzz") or he is just an accompanying person (as an Influencer: that supports the request "He is really unhappy! And that makes me feeling bad. WE need a solution"). Classic example:

husband and wife shopping together).

Depending on the type of customer, it could be needed to move :

from feelings	“I'm so unhappy!”
to rational comprehension of an issue	“I got that issue”
to describe implications of the issue in order to fully understand the need of a solution	“That is a big issue”
to evaluate benefits of a solution	“I will move to a better position for the following reasons:...”
maybe with impacts also on other performances as a secondary result	“...and I'll improve also that...”.
up to define a solution for the Decision maker:	“Then I need a,b,c,...”
And his urgency	“..and I need it now.”

But sometime a simple:“ I know you are not happy. Try that now and you will improve”, would work as well.

Example: Let's say that the customer is just landed in the page of a product in red size M and production is telling to Sales that in that colour the size M is not available today. Marketing's money to bring the customer is already spent and made his work. Suddenly the “add to cart” option will disappear. The chance that the customer leaves the shop searching other websites for a similar red product is high. If you leave it to the “vending machine”, there will be a message like: “..sorry this item is not available today...” and redirection to a page of the product selection area. In the e.shop the e.salesman will act trying to secure the sales of another item before, or without, saying that the first item is not available. The customer selected the product and that means he was positive, or not negative, to all other characteristics and there is

a chance leveraging those. E.salesman could say “...The item selected is wonderful, What a material! What a design! (from the Argument list of important features), but in that size Blue colour is the most attractive and more fashionable and more young-looking and... . (Argument list of why blue is better than red). Just see how it is nice (use of Sales tools like bigger or better defined pictures) and elegant (more pictures). In size M, the option here (a product in red, in a smaller picture than the blue one) could do a better job...”. Of course “add to cart” buttons for the blue item and for the red option are now active in the page, waiting for the click.

Again it is not possible to say what will happen. Customer and Marketing arrived together to buy a red item size M and now there is a new “Influencer” at work, opening unexpected doors.

Question. Is that easy to change the result of Marketing work that explained to the customer that the red item was the very best for his needs? Is the customer a puppet we are playing with?

Answer: Not at all. What we do is to explore possibilities. There is the possibility, at that time, that that individual customer:

- was taking a wrong decision and we are helping him to take the right decision;
- is feeling that one characteristic (like red/blue) is not as important for him as Marketing is planning;
- non rational side is somehow sensible to an alternative.

No one knows in advance.

Customer as User

He will use the product and sometime he will impact on the efficiency/efficacy of it. If he is not satisfied, then the product was not the right one and someone will be the culpable. For the salesman it could be important that neither the salesman nor the product will be identified as the cause of the mistake. High priority to complaints, especially at delivery time, is to be shared between Marketing and Sales.

User and After sales service

The name “after sales” is a bit misleading since it covers a range of activities. Some confusion is added when people taking care of installation and customer training is also the same that take care of technical service and maintenance or quality assurance.

1. If that is something that happens after money transfer, After sales service is part of the product sold and Sales is interested as long as it contributes to create positive/negative feedbacks to be used as references (of the salesman performance, not the product itself, that is part of the Marketing work) for sales to new customers, especially in the Market expert role, and to maintain contact for possible new sales to the same customer. There is at least part of that work that is valuable for Sales and, when it is performed according to requests, that part should be under Selling costs.

Example: after one year there is a maintenance check. It is possible to report user feedbacks, to present to him possible upgrades on his most interesting functions and/or explain him new features that could impact his work and connect the e.salesman from him to the Initiator role.

2. If that is something that is required before money transfer is approved, then it is still part of the sales process and should be under full Sales manager responsibility.
3. It could also be a product to sell, like extended warranty time frame or maintenance contracts.

User as a Contact source

Sales is interested in expanding/repeating the sales process. Most of the times User is in contact with the Initiator. It is therefore e.salesman interest that the use of the product is pushing towards a contact. For instance, it is a standard feature of a product that will require a repeated fee over time or to buy disposables or frequent updates.

Sales measures II

There are software packages that analyse the website traffic and, as you may expect, measures easily available from them may be not the ones you are interested in. Therefore, it is always right to follow the golden rule: design the website with in mind what you wish to measure.

Customer's roles

Customer's roles are important in the management of the e-commerce because for each of them the target of the salesman is to proceed to money transfer, but with different modalities. He will not discuss discounts with “the Initiator” or technical details with “the Buyer”, he will not go into details with “the Buyer” if the “Decision maker” is still pondering, etc.

The ratio (Number of customer/ number of invoices) is the efficacy evaluation of the website as long as customer expected role is the Buyer. For the e.salesman are possible more specific targets: sell again the same product, sell other products, sell consumable, sell after-sales services (e.g. Upgrades and Updates).

For Non-buyers other measures of efficacy are needed. Those could be planned, for instance, creating areas for each customer role or monitor the most used pathways by buyers compared with pathways used by Non-buyers and measure the crossings of borders.

When the website is large, it is not easy to obtain both easy access of the information and an easy to understand navigation for each customer role. The flexibility requirements to implement and manage an e.salesman could be technically too difficult or expensive in one single website. Sometime more versions of the same shop are an option, crafting them on smaller groups of customers or for different customer roles.

Example: Customer searched a hotel in Rome. Question from the salesman “...Would you like the listing ordered for Price, Destination, ...??”. If Price is selected, maybe the customer would accept to change destination inside that price range or to be redirected toward your “best buy” site. A possible measure is then the ratio (price

listing requests/destination's changes) where the Decision maker customer role is still active. While the ratio (price listing requests/best buy redirections), would be Buyer and/or Market expert roles.

Each customer's role could be played with several “personalities” or subgroups. For instance, there will be customers eager to find a helping hand, others that will refuse any attempt from your side to offer a suggestion. Each of them would need a different pathway.

Clickstream

When the customer's main way of communication is the click on the e-commerce website, the analysis of clickstream is a necessary measure of the dialogue.

Example: we design a website with 3 pages to obtain C as Exit page from an optimal pathway with the sequence: page A-page B-page C.

Then we got some traffic:

- * *Page A > Page C > Page B*
- * *Page B > Page A > Page C*
- * *Page B > out*
- * *Page B > Page C > Page A*
- * *Page C > out*

Total visits 5, but no one has followed our optimal pathway. Three visits explored the full pathway but in a different order and only one with C as Exit page

How to improve?

First there is the target to get more people exploring all pages. Therefore, we will monitor:

Bounce rate 1 = Ratio (number of times a page is the first one/number of times the page is the only one), in our example = Page A: 0%, Page B: 33%, Page C: 100%

Bounce rate 2 = Ratio (number of times a page is the first one/number of times there are 2 visited pages), in our example = Page A: 0%, Page B: 0%, Page C: 0%

Then we wish that page A is the Entry page, in our example $1/5 = 20\%$
Then that page C is the Exit page, in our example $2/5 = 40\%$

Time

In theory, each single page can be viewed by an indefinite number of visitors, 24/7. The time the customer spends inside the website is Sales time, therefore it is an important number. It is possible to measure the time spent by each customer in each page, but that will not provide information about what the customer was doing while the page was in front of his screen, e.g. chatting.

We will have to evaluate the time between clicks, checking the dynamics of the page's visit and measure how many customers proceed to the next step of the expected pathway.

Timing of the visit during the day, time spent in each page and between events and the total time spent along the pathway may be used to label and weight customer's roles and help to provide suitable alternative or improved pathways.

Example: the area of the website focused on the Decision maker role is visited in two peak hours: 10 a.m. and 10 pm. Customers in the morning visit fewer pages for a shorter time, but are following the pathway toward money transfer with a higher percentage than night customers, even if the latter are visiting more pages and for more time. The non-buyers of the night are the buyers of the following days or always non-buyers? How to monitor it? How to define their role?

Value of the e.salesman

“Work” for Sales it is not just staying in touch with the customer, it is push/pull him along the sales process and supervise/create pathways to money transfer for each customer role.

Example: We have a bag in 3 versions, each with his own price level: cheap, standard and expensive. Marketing will provide a landing page for each of them.

The vending machine would take them as they come, but selling is risk taking. E.salesman will take some risk trying to swap from lower price items to more expensive ones and/or sell more units. That means that the website should allow, by design, not only to monitor what is going on (traffic), but also to insert positions where customer interactions (events) could be created as needed and measured. We may then track how many upsales were obtained and with which pathway.

In order to measure e.salesman's overall performance, it will be needed to be able to “shut down” the e.salesman's activity for some time and compare results between the “vending machine” and the e.shop. The difference, over a defined time interval, will provide an estimation of the e.salesman's generated value.

You may keep the “vending machine” website's version in a separate area and activate it as needed or you may keep it always at work in a parallel website for a continuous monitoring.

Interface with marketing

Cooperation and competition are always present between Marketing and Sales. While both are interested in the company success, Sales is focused on money transfer. Landing pages are the arrival of some Marketing activities and starting points of Sales. Both functions need to understand the full process in order to assure the possible company's best performance.

Example: Let's say that Marketing is preparing a landing page for men and one for women and Sales will act on that basis. From visitor data collection, Marketing may discover that there are more women entering both pages than men, or that old men and old women enter the same landing page, etc. While Sales could find out, for instance, that it was able to get money transfer more from men than from women, no matter the landing page.

Both Marketing and Sales will try to improve their performance. Both Marketing and Sales therefore need to get access to navigation's raw data

for their own evaluation and measures. The company's management needs to double check that those measures are coherent, shared and to take responsibility assigning targets and resources to each function.

Comparing expected values from Marketing and results from Sales, we could spot where we are weak and we may improve, as long as we are able to modify our behaviour.

Redirect Marketing action and see a change of landing pages results could take longer in some cases than adapting Sales activity and vice-versa for others. There is a need to coordinate timing of actions and measurements.

In the above example it could happen that Marketing was planning different landing pages for men and for women, but the result is that both sex are visiting both pages. While Marketing will try to solve the issue, Sales may adapt with a question that will define the sex as soon as the customer enters the site. Or, it could happen that landing pages are working well, but Sales is much more successful with men than with women. While Sales is trying to understand the reason, Marketing will push the men's landing page.

Interactions among sales channels

Some American company have moved successfully from full physical to full Internet structure more than 15 years ago. Nowadays we see more and more a mix that looks for the company's total return.

An evaluation of each sales channel is needed:

- How much we want to get? From which customer? How much, who, where, with which competition, when, with what, what conditions and constraints. Strategy implemented by type of customer, territory, segment, basic criteria of the organization, number of customers to reach, territories to develop, segments of consumers/uses to reach, characteristics of customers to reach.
- Number of customers, importance, location, coverage, type of usage of the product, mix, frequency, prices, customer acquisition, loss of customers, Absolute margin, margin%, mix of products in the portfolio, concentration of sales, market quotas, where (both macro and micro), number of active customers and frequency of purchase, increase in sales, increase of customer number, number and dimension of customers for areas, the average acquisition time of the order.

After that, it is needed to evaluate how those sales channels could cooperate and reinforce each other.

Paths analysis

Let's take for instance an existing distribution that uses dealers. There were good reasons why the company decided in the past to use a distribution network instead of a direct selling. The technology offered by Internet is changing the situation and it is a must to reevaluate that decision. Most often, however, the swap from one system to another is impossible and the best option for the company is to add a parallel channel.

The first reaction from the existing sales channels will be negative. The

dealer will fear the unknown possible competition and a possible company strategy to cancel or limit the dealer's structure. The salesman will fear a limitation of his volume of sales and/or a possible reduction of sales force.

The adding of a new sales channel should target to improve not only the company's selling performance overall, but each sales channel's performance. We have to create and optimise paths that will allow a customer to enter from any Marketing channel and to arrive to any Sales channels. Then, the main question for the sales manager is: "How may I create positive feedback among sales channels?". Each money transfer will have a dedicated salesman. Each of them should feel the benefit he is getting from the activity of his colleagues.

Let's say that our company sells to local dealers that offer products of different manufacturers to service providers (a television technician, a plumber, ..), who sell them and install for the end user. So, there are 3 money transfers in line: two indirect, from end user to the service provider and from the service provider to the local dealer, and one direct from the local dealer to the company. Now we want to add in parallel one direct channel, from the end user to the company. Actually we get two segments:

- End users that are able to install or to service the product themselves;
- End users that want that product, no matter the service provider opinion or before deciding which service provider to work with.

We are also opening other theoretical options:

- The service provider that buys from the e-commerce;
- The end user that buys from a local shop (taking the case when the local dealer can also sell to private individuals).

for a total of 3 direct money transfer from 3 different customers: local dealers, service providers, end users and 3 indirect: from the end user to the service provider, from the service provider to the local dealer, from the end user to the local dealer.

In order to defend our today customer base, the local dealer, we need to find more reasons:

- a) for the service provider to keep the relationship with the local dealer.
- b) for the end user to keep the relationship with the service provider.

The above should be obtained leveraging the investments we need to do to serve and develop the end users customer base of the e-commerce.

Example:

- *For the e-commerce we will have to manage a larger number of shipments and invoices, as well as a higher stock of products.*
 - *Most likely, this will allow a lower order minimum value for the local dealer, keeping for him the terms of monthly payment.*
 - *The local dealer could lower his stock with more frequent purchases and a lower requirement of space which would enable a broader product portfolio.*
 - *The local dealer may ask to send goods directly to the service provider for items not on stock.*
 - *The service provider may ask the dealer to deliver directly to an end user, thus reducing his transportation costs. In this case, the end user may be charged a prepayment, reducing the service provider financial risk.*
 - *The direct delivery will also be extremely convenient for the service provider unplanned needs when the travel cost, from the end user site where he is working to the warehouse of the local dealer, is superior to the shipping costs.*
- *E-commerce will require an on-line catalogue that will also be available for the local dealer and the service provider. Everybody will know immediately about new models, special offers, compatibility with older models, etc.*
- *E-commerce will require an order management on-line that perhaps could be used as well by local dealers.*
 - *The service provider will order on-line expecting to find at least our products available when he goes to the local dealer shop. He will have to go there anyway for other products, but*

- knowing that our product will be ready for him to withdraw.*
- *End users will find on the e-commerce site the nearest service provider. A kind of advertising that the service provider could not be willing or able to manage and now free for him.*
 - *E-commerce will require technical service support 24/7 that also the service providers will like.*
 - *E-commerce will require educational videos that also new employees, both of local dealers and of service providers, will appreciate. Not to mention of the saving of the learning time required to evaluate and understand new products.*
 - *E-commerce requires a CRM that, at least, allow you to know how many products and which models are installed in the area, which will create for the service provider a free database.*

We may perform most of those actions also without the e-commerce, but the investment will have a lower ROI.

Products out of sales tools.

Such an expansion of sales activity needed to manage additional sales channels takes a lot of resources. One of the ways to finance it is to create products out of sales tools.

Example: a medical device is part of clinical diagnostic/therapeutic procedures. When a doctor examines a patient, he applies a procedure (diagnostic or therapeutic) and at one point it can be indicated as necessary, or possible, an instrumental examination with the system we are selling.

Since those methods are taught, the performer expects to be able to do with our device at least what he has learned, possibly the way he learned it. It becomes important for the seller of the medical device in the clinical setting the knowledge and contacts available in teaching centres. These centres are usually also the ones who develop and validate new procedures before those are taught. For Sales those are the

people who the customer will feel as most reliable Market experts. Both Marketing and R&D will also be interested in them.

What the company could offer to stay in touch? For instance research tools, i.e. tools that provide the opportunity to go beyond the specifications of the instruments produced for the clinic.

Then, an effective way to cover sales activity (costs), is to develop and market research instrumentations, that will be managed as a version of the clinical device with added features. In that way the “research” unit will become a teaching tool and for the customer that will buy the clinical version there will be no learning curve.

But with the same approach you can analyse any sales tool and try to develop it as a product. For instance:

- the User manual could develop to basic and advanced courses with certifications;
- the Technical service could become a provider of maintenance contracts or leasing with planned exchange with new models;
- Advertising could become customer meetings organisations or user groups management or events management;
- Accounting could provide software packages or apps.

Paths analysis and Products out of sales tools is a powerful mix.

For instance, for a corner shop of fresh vegetables that decides to open an e-commerce it would mean:

- development of existing services
 - booking options for bags ready to pick up at defined time at the corner shop
 - booking of home/office delivery
 - custom preparations of vegetables, single or mixed, washed and pre-cutted
- sales tools
 - list of season vegetables expected in the next few weeks and related recipes, diets,...(market expert, user roles)
 - comments and greeting from loyal customers (all roles)

- pictures of best or famous customers stopping at the corner with ad campaign “take a picture with...”.. (decision maker, user roles)
- new products from sales tools.
 - Advertising on the e-commerce website.
 - Advertising – In order to develop the advertising segment, for home/office delivery there will be a bike with a suitable brand in front (e.g., The biking gourmet) with ads on the back. The advertising customer could be, for instance, the butcher's shop nearby. Maybe there will be trendy bags and containers to carry on the street or in the office, with a choice of reusable, disposables, eco friendly, with rubbish collector,...
 - “The biking gourmet” brand may open a new market segment (food delivery) for the corner shop. The butcher will not only advertise, but use the service for his own customers.

Was the above development of new products, “The biking gourmet” brand, possible without e-commerce? Yes. But let's see it from the customer point of view.

The customer will eat at the office with/near other people. They will see the product, maybe will taste it, get information and decide that they too want it. What will they have to do? Go to the corner shop and buy. But if they didn't do it before there are reasons: the corner is not on their way home, it is not open at that time, there is a queue because it is rush time,...and the last step of marketing, the contact with the salesman, is not happening and they remain only leads. With e-commerce, the added sales channel, they can meet the salesman even without knowing where the corner shop is.

Where is the limit?

IPv6

I believe that e-commerce will grow far beyond what we can imagine today. With the spread of the new numbering system IP (v6) everything will be numbered.

If one person lives 100 years, he will total 36,500 days. If each day he will buy 1,000 new things it will end up with about 36,500,000 things. Let's say that 10 billion living humans will do the same. The total number of things will be roughly $1,000,000,000.000.000,000 = 10 \exp 18$. One car contains about 10,000 parts, if each of the 1,000 things every human will buy each day of his life will have a similar number of parts, the total will be up to $10 \exp 22$. It is still a small fraction of the IPv6 numbering potential of $10 \exp 38$.

That means, for instance, that the refrigerator and/or the store room of your flat will know each of the goods inside with relative expiring date and nutritional facts and will know what was in and out every single day in the past few years. The refrigerator will prepare the daily (weekly, monthly,..) shopping list accordingly, strolling the web for the best offer available for single items and for the complete list, optimising the use of space and temperature for the season. As well as providing recipes options for the evening's cooking that use the food that is expiring first, with relative instructions and cooking time in agreement with the cookware available and desired calories intake.

The home theatre will do the same with TV channels, movies and music. The closet will have a great time. It will prepare you clothes for the day, mixing sizes, colours, fabrics with the weather, the type of people you plan to meet, the latest fashion in the city where you are going. After your quarterly 3d full body scan, it will check needed size changes and search the web for the new garments.

And that is something we are able to imagine because it is already possible. Science is young, electronics in his infancy and Internet just born.

How will the customer manage them?

From etiquette to e.robbery

You were running your business as usual when a sales consultant explained to you that to be polite would improve the businesses. And then that keeping the shop clean would improve the businesses, that your handshake could be improved, that using some words instead of other will work and the way you ask questions is important,...

What is wrong in being polite? Those are social rules and we adapt to them.

Since few years, the salesman may learn what to double check about the way the customer moves eyes, uses verbs, sit, walk,...And how to connect all of this and use it to change its own behaviour.

What is wrong in optimising communications? The customer may wrongly believe he is communicating only at one level and the salesman is using consciously multiple channels to make the interaction easier.

Nowadays we have PC's with cameras looking at you while you surf the web and software for face expression recognition and eye gaze monitoring. Those will be part of the e.salesman information when trying to find the best way communication channel with you.

Is it still just “etiquette” and “politeness”?

Sales Psychology is a well developed field and there is Psychology of Advertising, Psychology of Marketing, Consumer Psychology,...

The salesman well trained might quasi-hypnotize the customer, "Hypnosis and the sale" is also a field of science.

TV advertising explores all possible ways of sending messages in interactions of 30 seconds. Messages that stay inside you even if you did not notice them. With tests that evaluate your “free” decisions after the interaction.

On-line monitoring of individual physiological parameters (EEG, EKC, EMG,..), maybe mostly used for games, will tell the e.salesman a lot about your mind: emotions, weakness, unconscious issues. Probably more than you or your physician know.

Is it still just “advertising”?

When the e.salesman will manage on-line and interactively all those information of customer's environment, way of life and mind, will the customer still be able to negotiate or will he be just e.robbed?

I see a need to develop e.customers to allow customers to manage the e-commerce activity of the home appliances and to bargain on an equal footing with the e.salesmen.

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