

Press release

Current sales management trends and practices

GfK study on sales territory optimization

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Bruchsal, Germany, March 2017 – GfK recently researched planning practices among German companies with outside sales forces. The resulting study demonstrates that the complexity, speed of change and diversity of tasks in sales have further increased in recent years. Heads of sales use professional planning tactics, but usually only when forced to respond to an immediate need. GfK's analysis highlights improvement opportunities, which include viewing sales optimization as a strategic task, using objective and potential-oriented optimization criteria and embracing a professional approach to change management.

GfK asked 152 heads of sales from Germany companies how they optimize their sales territories and outside sales, what they believe to be the greatest challenges and which criteria most impact the success of these measures. GfK's Geomarketing solution area presents the results of this inquiry as part of its third such study on sales territory optimization.

"For companies with outside sales force or service regions, success depends on implementing resources strategically and efficiently," explains Patrick de la Chaux, study lead and GfK sales optimization expert. "Sales territory optimization plays an important strategic role in this regard. On the one hand, long-term and successful employee-client relationships must be fostered and maintained. On the other hand, regional potential must be identified and fully exploited in the most efficient way possible. This makes sales territory optimization quite complex."

The study reveals the planning and optimization challenges currently faced by heads of sales in German companies from numerous industries. It also details some approaches to optimizing typical planning practices and methodologies:

Proactive rather than reactive

In most cases, heads of sales begin optimization processes only in response to an immediate need rather than as a proactive approach to streamlining the business: Seventy-five percent of those surveyed consider optimization only when confronted by an acute issue. Just under 64 percent cited the desire for more efficient market management as the primary reason for an optimization. Reacting to growing inefficiency due to historically evolved sales territories remains more common as an impetus for change than proactive initiatives in response to current market developments or

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internal innovation endeavors. De la Chaux underscores this point: “Proactive, strategic planning is crucial in today’s rapidly changing global markets. This can be achieved by evaluating the soundness of existing sales or service structures every one to two years. Regular minor adjustments to territory structures are also less disruptive than large-scale, comprehensive restructurings.”

Planning based on potential rather than past results

In years past, previous turnover figures were often used as the sole basis for territory optimizations. But performances are not comparable if it’s unclear how much the potential in a given area has been exploited by a given sales representative. In GfK’s study, almost 74 percent of those polled indicated that data on regional potential is an important optimization criterion. GfK territory optimization expert de la Chaux hopes that this trend continues: “Almost half of those polled still use past turnover figures as a basis for planning. But it’s not a good idea to use such figures as the sole optimization criterion.”

De la Chaux is also critical of estimating potential based on employees’ subjective impressions, which is something practiced by 43.4 percent of the study participants: “It’s essential to take into account employees’ knowledge of their assigned regions. But let’s remember that subjective impressions can easily be incorrect, whether due to not having taken into account neighboring regions or for tactical reasons such as attempts to present one’s performance more favorably.” To ensure balance and reliability, a combination of data on market potential should be used to inform optimizations. This includes detailed, regional market data, total market values from industry associations and validated estimates of potential from employees. De la Chaux also recommends taking into account a company-specific mix of planning criteria, including local potential, turnover results, workload, number of customers, driving times and the experience of outside sales force personnel.

Transparency key to successful optimizations

When implementing optimization measures, the greatest challenge is actually winning over the support of the outside sales force members. When asked which involved party posed the greatest challenge in a territory optimization, 65 percent responded that the outside sales force puts up the most resistance. Issues with management (19.7 percent) or workers’ councils (5.9 percent) were much less commonly cited as hindrances to optimizations. This accords with the experience of de la Chaux, who has overseen hundreds of territory optimizations: “Internal communication and skillful change management are crucial to success,” he explains. “Restructurings also require the involvement of many individuals, from company personnel to customers. Essential to a good optimization are transparent communication, professional moderation of the process and sound planning.”

About the study

The 152 survey participants are representative of the hundreds of companies that GfK's Geomarketing solution area has successfully guided through sales territory optimizations. The participants' answers reflect the needs and challenges faced by all industries in Germany, from consumer goods to health and automotive. To avoid skewing the results, atypical sales formats such as door-to-door sales were excluded. The period evaluated by the study extended from September 2015 to August 2016.

About Patrick de la Chaux

Patrick de la Chaux is a territory optimization consultant for GfK's Geomarketing solution area and has been with the company since 2006. He was previously in sales in the tourist industry.

Obtaining the study

The complete GfK study can be downloaded at www.gfk-geomarketing.com/salesoptimization_2017.

Information on GfK's sales management and optimization services can be found at www.gfk.com/salesterritories.

Print-quality illustrations can be found [here](#).

About GfK

GfK is the trusted source of relevant market and consumer information that enables its clients to make smarter decisions. More than 13,000 market research experts combine their passion with GfK's long-standing data science experience. This allows GfK to deliver vital global insights matched with local market intelligence from more than 100 countries. By using innovative technologies and data sciences, GfK turns big data into smart data, enabling its clients to improve their competitive edge and enrich consumers' experiences and choices.

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