

CHANGING CHANNELS

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Getting customers to accept new ways of buying your products

When Jacques Werth decided to transition his sales training business from phone to Internet, he expected a reasonably smooth switch. After all, this was not his first attempt at moving his clients to a new channel. Three years earlier, he shifted most of his business from face-to-face training to telephone conference calls.

But the move to the Web proved trickier. Despite innovative offerings, such as virtual sales dialogue coaches and PowerPoint-like lecture programs, some clients balked. "We had people who watched our demonstration and said 'Well, I can't do that,'" he says. "The bottom line is that most salespeople learn what they have to. Getting them to learn more is not easy."

But it's part of the art of channel migration. More and more, companies are seeking to reduce costs by moving day-to-day business transactions to a more efficient channel. Often that means shifting from old technology to new technology. Unfortunately, a switch is rarely welcomed by customers. "A new channel can bring a lot of benefits, but you need to do it well and with the right homework, because the risk of getting it wrong is disastrous," says Mark Dancer, vice president of Pembroke Consulting, a Philadelphia-based strategy consulting firm.

How can you migrate without damaging customer relations? Here are three ways:

CHANGE SLOWLY Werth's solution was not to abandon Internet training. There are far too many cost benefits for him to do that. So he and his staff opted for a slow approach to migration. All clients are introduced to the new technology. Those who like it, may use it. Those who prefer the old way may take that option. So far, about 40 percent of his client base has resisted the newer channel, but Werth expects that will change, as more computer-literate salespeople come online. "We're seeing more people with broadband or with a second phone line. It will change with time."

OFFER TRAINING When Dow Chemical, based in Midland, Michigan, sought to consolidate service efforts, it required migrating customers to its Customer Information Group. Instead of multiple contact points, customers were being funneled through a consolidated network. To make this work, Dow undertook a training program. Each agent received 400 hours of training on the new system before interacting with any clients. The result: Dow was able to cut costs by consolidating its customer service efforts, and customers successfully transitioned to the new process.

MOTIVATE FOR CHANGE In 1997, PR Newswire wanted to move its clients to an extranet method of sending press releases to new media. The process was designed to reduce errors and free up PR Newswire staff for other projects. About 50 percent of the client base went willingly. The rest required more incentives. So in subsequent years, PR Newswire has offered a series of value-added items to its extranet to lure clients to the techno-channel. Add-ons that allow a client to maintain security, measure results, and even produce a video news release, have been introduced. Today, extranet use is at 75 percent. "We use a carrot, rather than a stick," says David Armon, president of PR Newswire Americas.

CRM WATCH

Does It Work?

A study by BearingPoint Inc. suggests far too many companies have no idea if CRM is working. The study reveals that 70 percent say they have no specific goals for their CRM investments. Many firms are revamping their programs today, but few cite the slow economy as a reason. More

likely, say researchers, they're drafting guidelines and goals that should have been part of the process from the start.

(TRY THIS)

SHIFTING HABITS

The key to changing sales channels is to look at your sales process through your customers' eyes, says Mark Dancer, vice president of Pembroke Consulting. "Don't assume you know what your customers' buying preferences are. Companies make assumptions but they don't dig deep to find out why," he says. That can lead to unintended stress on the customer relationship.

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