Take time to make time:
What to consider when managing multi-channel sales systems with the objective to increase sales efficiency

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Master of Science Thesis
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Ta tid att göra tid:
Vad bör beaktas vid hantering av multi-kanal säljsystem med målsättningen att öka säljefektivitet

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Abstract

Traditional sales systems have been disrupted by technological developments. In order to adapt, companies are changing the way they interact with their customers in business-to-business markets. In the last three decades, multi-channel strategies have spurred the proliferation of different sales channels and new ways of managing sales systems. The purpose of this research was to investigate what should be considered when managing multi-channel sales systems with the objective of increasing sales efficiency. The study has investigated current utilisation of multi-channel sales systems in the context of a business-to-business setting in industrial companies that are involved in the Swedish automotive industry. Multi-channel sales systems can be utilised to achieve many different objectives. However, this research pays specific attention on how to improve sales efficiency by utilising multi-channel sales systems in the context of a business-to-business setting. The research employed an explorative case study, where semi-structured and structured interviews were conducted at a case company and at companies that are first or second tier suppliers in the Swedish automotive industry. The qualitative data were analysed using thematic analysis. The empirical findings indicate that the most prevalent measure for increasing sales efficiency is to prioritise and allocate customers based on economic attractiveness. Furthermore, the key issues that impede sales efficiency in multi-channels sales system are misaligned sales activities, deficient prioritisation procedures, insufficient promotion of customer value and inadequate focus on customers. The findings highlight key areas to address and may provide guidelines for the design and management of multi-channel sales systems with the specific purpose of obtaining sales efficiency. The implications of this research are mainly practical and are aimed at supporting sales managers, or individuals in similar positions engaged in multi-channel sales system design and management, in obtaining sales efficiency. Managers should focus on aligning sales activities across the whole sales system, allocate customers according to prioritisation and stay in line with market developments by understanding customer behaviours and perceptions.

Key words: multi-channel sales system, multi-channel management, multi-channel customer management, customer allocation, multi-channel issues
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1 Introduction

The objective of this chapter is to explain the relevance of this dissertation. Subsequently, the concrete research objectives as well as the research approach and process will be defined. At the end of this chapter, an overview of the overall structure of this thesis is illustrated to provide the reader guidance regarding the content of each chapter and how they are linked.

1.1 Background

Technological developments, with the Internet as the pinnacle, have intensified the capturing, interpretation and dissemination of information (Payne and Frow, 2004). As a consequence, many markets have become more competitive, requiring companies maximize their competitive advantage in every way possible (Geng and Mallik, 2007; Liu and Zhang, 2007; Hybris, 2013). Traditional sales systems have been disrupted by such developments (Sharma and Mehrotra, 2007), and in order to adapt to these technological developments, a major shift is changing how companies interact with their customers in business-to-business markets (Forbes, 2014). One trend is the proliferation of different channels through which companies interact with their customers (Neslin et al., 2006; Liu and Zhang, 2007;). In the last three decades, multi-channel strategies have emerged in business-to-business markets, creating more ways for customers to interact with companies (Raubenheimer and Stammen-Hegener, 2013; Sharma & Mehrotra, 2007; Payne and Frow, 2005). Since it has become possible and above all economically feasible to offer customers more channel options (Rosenbloom, 2006), establishing multi-channel sales systems has become the norm in business-to-business markets (Wilson and Daniel, 2010; Rosenbloom, 2006; Geng and Mallik, 2007; IMU, 2012). Furthermore, channel strategy can be critical for the success of many companies (Maklan and Wilson, 2006).

Employing a multi-channel sales system can provide the possibility of providing better customer service by creating synergies and serving separate customer segments (Liu and Zhang, 2007; Agathz et al., 2008; Sharma and Mehrotra, 2007; Rosenbloom, 2007), increased reach (Sharma and Mehrotra, 2007), and exploiting economies of scale (Agathz et al., 2008;). However, utilising multi-channel sales systems also presents challenges and issues that must be managed (Webb, 2002; Homburg et al., 2012; Liu and Zhang, 2007). Issues and challenges related to multi-channel management are pricing policies (Alptekinoğlu and Tang, 2005), channel conflict (Tsay and Agrawal, 2004; Liu and Zhang, 2007; Sharma and Mehrotra, 2007), formulating and evaluating channel strategy (Webb, 2002; Rosenbloom, 2007). The utilisation of multi-channel sales systems could be improved by understanding what drives customer channel choice (Schoenbachler and Gordon, 2002).
Cost pressures, generated by increasing competition, forces companies to identify ways to rationalise operations and reduce expenditures (Hybris, 2013). Digital technologies have for instance facilitated the development and management of more complex sales systems (Payne and Frow, 2004). Sales system design and management may have substantial impact on cost structures (IMU, 2012), and especially so in regions with high labour costs. However, direct sales forces are still predominantly utilised in business-to-business markets (IMU, 2012). A study about salary conducted by Eurostat (2012) places the Nordic region among the regions with the highest labour costs per hour. According to Statistiska Centralbyråns (SCB), approximately 60 percent of industrial companies in the Nordic region regard reduction of labour costs as one of the most significant actions towards increased profitability (SCB, 2008). Due to the potential impact on cost structure and the relatively high labour costs in the Nordic region may present companies with considerable incentives to obtain an appropriate setup and efficient utilisation of their sales channel system. The case study that constitutes the main part of this research is conducted at the Swedish branch of a multinational manufacturing company. This company, henceforth referred to as the case company, is currently experiencing pressures for cost-savings in combination with the challenges related to multi-channel sales system management and design. The situation of the case company that constitutes the empirical setting for this research will be described in further detail in chapter 3.2 Empirical setting. The following section describes specific problems that this study seeks to investigate.

1.2 Problem formulation

Multi-channel sales systems can be utilised for many different purposes. Prevailing cost pressures and limited sales resources incentivise companies to improve sales system efficiency. Multi-channel sales systems consist of several sales channels and provide companies with nearly endless ways to combine these in attempts to maximise sales outcomes. The problem in designing and managing multi-channel sales systems lies in the difficulty of balancing trade-offs that are likely to appear. Furthermore, it can be a great challenge for management to harness the desired benefits while at the same time avoiding issues related to the inherent complexities of multi-channel management. For most managers the aim is to align the sales activities with a specific multi-channel set up. Regardless of the anticipations of revenue generation often aimed at sales functions, various companies fear experimenting with their sales organisation since this part of the company is seen as the engine that drives revenue (Agarval, A. et al., 2009).

1.3 Purpose

The purpose of this research is to investigate what should be considered when managing multi-channel sales systems with the objective of increasing sales efficiency. The purpose is considered relevant as an outset for this study for several reasons. These reasons include rising pressures for cost-savings, the anticipations of revenue generation often aimed at sales functions and the inherent complexities of multi-channel management. This research is generally practice oriented and is meant to provide insights and recommendations for managers and personnel in sales organisations that employ multi-channel sales systems. The conclusions of this research may increase the understanding of the concept of multi-channel management and facilitate the utilisation of multi-channel sales systems within the research context.
1.4 Research question

To distinguish the directions of this research, the three following research questions have been formulated:

- *Which elements of multi-channel management can affect sales efficiency?*
- *How should customers be allocated to specific sales channels in order to increase multi-channel sales efficiency?*
- *What are the key issues that prevent sales efficiency in multi-channel sales systems?*

The above stated research questions are formulated in such a way that the purpose of this research is meant to be fulfilled when answering these.

1.5 Delimitations

The delimitations presented in this section are meant place this research in a relevant context and highlight the boundaries of the conducted study. The outset of this research was the above stated purpose of investigating what should be considered when managing multi-channel sales systems with the objective of increasing sales efficiency. The case company supervisor, a sales manager at the case company, has expressed a desire to increase the efficiency of the current multi-channel sales system utilisation. Ingram et al. (2002) define sales efficiency as the ratio of selling inputs to selling outputs. In this research, increasing sales efficiency is thus defined as reducing the time spent on a sales effort versus the revenues that are generated. Since, according to (Zallocco et al., 2009), efficiency can have a direct and short-term impact on margins and profits, the time frame for achieving sales efficiency improvements is delimited to a one year period.

The research focuses on identifying and discussing challenges and opportunities related to increasing multi-channel sales system efficiency. The research does not comprise investigating aspects related to change management that are likely to appear when seeking to realise desired sales efficiency improvements. Although overcoming such issues presumably can be considered a central part of attaining increased efficiency, the limited time during which this research is to be conducted places such issue out of scope. The research is mainly focused on a company level analysis, rather than to an operational level. The findings of the study are meant to provide general input to managers and sales personnel working within multi-channel sales systems.

The conducted research mainly consists of a case study performed at the Swedish branch of a multinational manufacturing company. The company setting provides a favorable opportunity to study a relatively newly established multi-channel sales system in an industry with traditionally high levels of direct sales. Furthermore, the Nordic region is relevant to study due to relatively high labour costs. These aspects may incentivise the utilisation of multi-channel sales systems to reduce labour costs within sales functions. In order to maintain alignment with the orientation of the researchers’ education, the research was meant to incorporate the automotive industry. Therefore, the empirical investigation was targeted at individuals engaged in sales and purchasing at companies that are either active within the Swedish automotive industry or that are suppliers to such companies.
1.6 Disposition

This disposition is meant to provide the reader with an overview of the structure and content of this thesis. How the research process was designed and performed is described in section 3.1 Research design.

Chapter 2 introduces the reader to the research area by presenting relevant information and the existing literature that constitutes a foundation of knowledge for comprehending the design and outcomes of this research. It should provide the reader with a starting point for familiarising with the subject and a better understanding of the research process and position this research in the overall academic and practice context.

Chapter 3 presents the case study methodology that was employed in this research and the empirical setting that the research was conducted within. It also explains how the initial pre-study has aided in shaping the research design and the research methods intended to facilitate access to adequate empirical data. The chapter is concluded with a review of the employed methodology regarding aspects of generalisability and validity.

Chapter 4 the main findings of this thesis are presented according to the themes that were derived during data analysis. The sections describe how the multi-channel sales systems are currently utilised, current customer behaviours and perceptions related to different sales channels, and issues related to multi-channel management.

Chapter 5 presents the analysis of the above presented findings regarding how multi-channel sales systems can be utilised to obtain multi-channels sales system efficiency. The analysis is both industry and case specific.

Chapter 6 presents a discussion and analysis of the findings in the previous chapter. A discussion on the outcomes of the research and ethical consideration is also presented. Finally, the last subsection presents a discussion on measures that could increase sales efficiency.

Chapter 7 aims to summarise and conclude the conducted research. An argumentation for how the purpose has been answered by addressing the three research questions is presented. Furthermore, managerial implications and contributions of this research are presented. The chapter is rounded off with an account for research limitations and directions for future research.
This chapter introduces the reader to the research area by presenting relevant information and the existing literature that constitutes a foundation of knowledge for comprehending the design and outcome of this research. The information compiled in this chapter should serve as a foundation for the reader to understand the fundamentals of multi-channel management and position this research in the overall academic and practice context. It should provide the reader with a starting point for familiarising with the subject and a better understanding of the research process. It should also highlight the connections between this study and the ambient academic research context. In this study, theories and concepts from several domains of marketing are considered relevant. These include literature and theory on multi-channel sales systems, sales channel management and customer management theory. Webb and Lambe (2007) justify such a broad spectrum of theories due to the complex nature of multi-channel sales systems.

2.1 Review of relevant literature

Sales practices in general are developing very fast (Homburg, 2012). Many companies feel compelled to venture into multi-channel sales due to the competitive pressure. The subject of multi-channel has experienced an increasing attention in literature over the past three decades (Dahmen, 2012). Despite the increased use of multi-channel sales systems, current literature has not yet developed broad theory of channel synergies (Avery et al. 2012). Previous studies regarding multi-channel management mainly focus on either the design or management perspective regarding multi-channel sales systems. For instance Dahmen (2012), LaPlaca (2007), Maklan and Wilson (2006), Rangan et al. (1992), Rosenbloom (2007), Sharma and Mehrotra (2007), Simons and Bouwman (2004) focus on designing and establishing an optimal channel structure while Berman and Thelen (2004), Wilson and Daniel (2007), and Homburg (2012) highlight the managerial and functional implications that have to be dealt with. Current literature is also heavily focused on the opportunities of multi-channel and little on both the technological and practical obstacles for implementing multi-channel sales systems. (Lewis et al, 2014). Furthermore most of the literature is presented in a business to customer setting. It is important to highlight the vast differences in marketing and sales theory between business-to-business and business to customer settings. This research however, pays attention to what companies that utilise multi-channel sales systems should consider in improving sales efficiency within contexts similar to the research context. Except from Neslin et al. (2006), the reviewed literature has presented little investigation of multi-channel management with the specific purpose of achieving sales efficiency. Therefore, this research seeks to identify aspects that are related to multi-channel management with this particular purpose.
2.2 Sales channels

A sales channel is way of which goods or services could be purchased by consumers. There are two types of sales channels, direct or indirect sales channels. The main difference between these channel types is that direct sales refers to sales without outside support i.e. the sales functions are fulfilled by the company itself, whereas indirect sales refers to sales through a third party. Within each channel type there are several channels to choose from. (Friedman and Furey 1999; Homburg et al 2012; Business dictionary 2016; Investopedia 2016; Neslin et al, 2006). Following sections are aimed at describing the characteristics of each channel type, the advantages and disadvantages of them and provide examples of direct and indirect sales channels in order to build a necessary foundation for the reader.

2.2.1 Direct sales channels

A direct sales channel is, as seen in Figure 1, a sales channel where the actual purchase from a customer is made directly with the manufacturing company. Direct sales channels include sales through company sales force, company owned stores and company web shop or similar. The main advantages with direct sales channels are higher gross margins, access to market information and the possibility to nurture relationship with customer. Furthermore, a direct sales channel enable increased control in terms of adaption and flexibility and may be considered a necessity for selling complex products. However, due to labour costs and corporate legislation, a direct sales channels usually have higher fixed costs and is less flexible regarding the scaling of sales capacity. (Craven et al, 1991; Friedman and Furey 1999; Homburg et al 2012).

2.2.2 Indirect sales channel

When a purchase from a consumer is made through a third party, the sale is made indirectly and therefore considered as a sale through an indirect sales channel. Examples of indirect sales channels are corporate resellers, integrators, repair and maintenance firms and other non-company owned distributors. There are several benefits as well as risks with the use indirect sales channels. On the one hand, by involving a third party, a company could take advantage of their existing customer relationships and local support which in turn could result in an increased demand generation. The use of third parties can also enable the possibility to scale up faster. Moreover, by using a third party player a company could offload some of the financing risk. On the other hand since the third party need to profit from the companionship, a indirect sales channel usually requires a margin sacrifice. Furthermore, establishing indirect sales channels also requires continuous investments in training and recruitment. Other potential risks are loss of control and customer relationship. Indirect channels are commonly utilised when managing simple standardised products (Rangan et al 1992; Friedman and Furey 1999; Homburg et al 2012).
2.2.3 Online sales channels

As mentioned, online sales channels can be classified either as direct or indirect. If the owner of the channels sells their own product it is considered as a direct channel, and if the channel is owned by a company that sells other companies products it can be classified as indirect. It can also be classified as indirect since there is no physical person involved in the transaction through an online sales platform. Either way, this slightly ambiguous channel is a channel that should not be neglected in the context of multi-channel strategies. The reason is that the advent of internet has actually emphasised the importance of multi-channel strategies in business to business marketing (Sharma, A., & Mehrotra, A. 2007). In other words, online channels are vital components and should always be considered when developing multi-channel sales systems.

The potential benefits and advantages with an online sales channel are many. First, an online sales channel is relatively inexpensive compared to other sales channels. Once developed and updated, this channel seldom requires any significant resources. Second, constraints such as time and place does not have any considerable effect on internet based sales channel. Customers can access these channels wherever they are and whenever they want. Third, online sales channels enable automatisation of various sales functions and processes due to the possibilities of digitalisation. However, one of the main challenges with online sales channels is to provide flexibility to customers in terms of out unusual preferences and requirements (Wakolbinger and Stummer 2013; Dahmen, 2012).

2.2.4 Sales channel setups

In general there are three main sales channel setups. These are illustrated in Figure 1. The most simple sales channel setup consists of only one single sales channel. A multi-channel sales system is a system consisting of more than one sales channel to sell products or services. A cross channel sales system is also a sales system consisting of multiple sales channels. The difference between a multi-channel setup and a cross-channel setup is that a cross-channel setup allows integration of buying behaviour between different channels. The sales channels included in such setup can exchange information (Wilson Perumal and Company, 2015). A product can for instance be purchased in an online channel and be picked up at a distributor.

![Figure 1 - Different sales channel setups](image-url)

*Figure 1 - Different sales channel setups*
2.3 Multi-channel sales system

Such systems may offer numerous advantages. However, if an inadequate multi-channel sales system is implemented or if such a system is poorly managed, various kinds of problems could arise. On the one hand, utilising a multi-channel sales system could provide an increased customer reach, a better customer service, and create an efficient market development while on the other the use of multiple sales channels could cause various management issues, channel conflict and result in decreased returns (Agathz et al 2008; Homburg et al 2012; Sharma and Mehrotra 2007; Wakolbinger and Stummer 2013). Since there is a wide range of channel choice and nearly endless ways to combine these, companies that strive to establish a multi-channel sales system face the great challenge of formulating strategies to achieve an optimal setup while avoiding the problems (Rosenbloom. B, 2007).

According to Homburg (2012), multi-channel sales systems that include sales channels from both direct and indirect channel types are systems with the greatest complexity. Moreover, offering many channel choices to most of the customers is not only a highly complex task, it also requires heavy investments and resources to maintain such system (Maklan. S and Wilson. H, 2006). Therefore, channel strategy has become a critical aspect for success and a core subject in business-to-business marketing (Sharma, A., & Mehrotra, A. 2007; Maklan. S and Wilson. H, 2006). Channel strategy and how to design multi-channel sales systems is discussed in section 2.3.1 Employing a multi-channel sales system, while key issues with multi-channel sales systems are highlighted in section 2.3.2 Multi-channel management issues. In other words, understanding how to design a multi-channel sales system och have knowledge of common issues will most likely facilitate the task of developing a multi-channel strategy to improve sales efficiency.

2.3.1 Employing a multi-channel sales system

Regarding the design of multi-channel sales systems, there is no optimal design that fits all companies at all times (Homburg 2012; Dahmen 2012). Designing or redesigning a multi-channel sales system is highly dependent on the initial purpose of establishing such a system, the market characteristics and the capabilities of the firm (Maklan. S and Wilson. H, 2006; Homburg 2012; Mehta and Dubinsky 2002; Sharma, A., & Mehrotra, A. 2007; Neslin, S. A., & Shankar, V. 2009; Wakolbinger and Stummer 2013). Various ways to design and implement multi-channel sales systems are presented in the literature. All of these ways undertake a systematic approach and are carried out in several steps. What the steps include and in which order they should be taken differs depending on the author.

However, there are some commonalities among the theories. Based on the following authors (Maklan and Wilson, 2006; Homburg 2012; Sharma, A., & Mehrotra, A. 2007; Neslin, S. A., & Shankar, V. (2009), Dahmen 2012) the researchers of this study has highlighted the main phases related to Employing a multi-channel sales system. The phases are presented and briefly described below and illustrated in Figure 2.
The design and implementation of a multi-channel sales system should not be considered as a one-off linear process. Instead each step of the design and implementation should be refined and repeated to improve the performance of the system. Nonetheless, introducing and managing a multi-channel environment is a challenge and give birth to several issues that have to be dealt with (Wakolbinger and Stummer, 2013). Some of the most common issues are presented in next subsection.

2.3.2 Multi-channel management issues

According Homburg (2012) the complexity of a multi-channel sales system increases with the number of sales channels. Even more so if the system includes both direct and indirect sales channels. Increased complexity may give rise to various problems, especially in the case of a poorly designed sales channel strategy (Homburg, 2012). Reviewing the literature, four key issues were identified as highly significant when utilising a multi-channel sales system. These issues are presented and described below.

- System integration: Once the design of a multi-channel sales system is determined the next step is to integrate the system with existing sales functions and activities. System integration is a risky and difficult task (Herhausen et al, 2015; Tsay and Agrawal, 2004), and is a matter of deciding how the organisation and the sales system are to be integrated (Neslin et al., 2009). To integrate a multi-channel system often requires major changes within the sales organisation (Wakolbinger and Stummer, 2013). A comprehensive and well developed strategy is necessary to successfully integrate a multi-channel sales system. It is also essential that the strategy has the support of both staff and management (Agathz et al 2008; Tsay and Agrawal, 2004).
• **Coordinating channels:** Coordinating the objectives, design and implementation of multiple sales channels is probably one of the most difficult tasks managers have to deal with (Grewal et al. 2006; Homburg 2012; Rosenbloom 2007; LaPlaca 2007; Dahmen 2012; Tsay and Agrawal, 2004). Furthermore, coordinating sales efforts between several channels that are aligned with the overall objectives and purpose and that successfully create synergies can be even more difficult, especially when customer purchasing behaviours and demands cross several channel options (Neslin et al., 2009). Channels coordination covers what products to offer in what channels, if channels should be used to target specific customer groups.

• **Avoiding channel conflict:** In multi-channel environments, channel conflict is more or less unavoidable and can have significant implications for sales strategy (Tsay and Agrawal, 2004). Channel conflict can for instance arise when a manufacturer is also a competitor to the distributors it employs (Tsay and Agrawal, 2004). Depending on the design of the multi-channel system the level of interference between different sales channels will vary (Sharma and Mehrotra 2007; Homburg 2012; Rosenbloom 2007; LaPlaca 2007; Dahmen, 2012; Tsay and Agrawal, 2004).

• **Providing customer value:** A common mistake among companies trying to address these challenges is that they usually focus too much on the channels and how to drive customers to the different channels while avoiding conflict and discontent among customers. What companies should do instead is to adopt a customer-centric focus. The shift in focus will most likely have a positive effect on the key issues in multi-channel sales systems since customer needs and preferences in that case are integrated in the design and strategy of sales channels (Schoenbachler and Gordon 2002; Homburg 2012). Therefore it is important that managers have insight in the buying behaviour of their customers and understand what creates customer value (Grewal et al, 2006; Neslin et al 2009; Payne and Frow 2004; Tsay and Agrawal, 2004)

To sum up, dealing with issues may be considered a significant part of multi-channel sales system management. Furthermore, awareness and knowledge of the most issues should contribute in obtaining efficient sales system management.

### 2.4 Channel selection

This section describes the determinants for selecting to use a certain sales channel that has been identified during the literature review. These are compiled in two categories highlighting a company and a customer perspective respectively. There is a clear distinction between the determinants in the two categories. Determinants from a company perspective represent essential factors to consider when designing channel structure while determinants from a customer perspective refers to what attracts and drives customers to choose a specific channel. However, it is important to point out that the determinants for channel selection in both categories are not entirely independent of each other. Ultimately it all depends on how a company chooses to approach and establish the multi-channel system. For instance, understanding what drives customers to chose a specific channel could affect a company’s strategic objective of establishing a multi-channel sales system and have a significant impact on the design of a company’s channel structure. Another possibility is that a company could first determine the channel structure and then design and set up each specific channel in accordance
to the preferences and requirements of the customers i.e adapt the channels the determinants that drives the customers to a specific channel. Since multi-channel systems is about serving customers with multiple sales channels, the allocation process is vital. By understanding what drives both customers and company in terms of selecting channels, it will be easier to align the their preferences and create synergies.

2.4.1 Determinants for channel selection from a company perspective

Table 1 below provides a list of determinants that affect the choice of channel structure from a company perspective. All of the determinants are not equally important, it depends on the strategic objectives a company has determined.

Table 1. List of determinants from a company perspective

<table>
<thead>
<tr>
<th>Determinant</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>Considers the size of the investment and the cost of maintaining the sales channel system</td>
</tr>
<tr>
<td>Profit</td>
<td>Level of profitability of channel structure</td>
</tr>
<tr>
<td>Degree of control</td>
<td>Level of direct influence on sales</td>
</tr>
<tr>
<td>Access to market information</td>
<td>Importance of having close contact to market</td>
</tr>
<tr>
<td>Customer value</td>
<td>Ability to create or provide additional customer value</td>
</tr>
<tr>
<td>Risk</td>
<td>Risks related to specific sales systems and how it could affect the company</td>
</tr>
<tr>
<td>Flexibility</td>
<td>Refers to the ability to scale sales capacity</td>
</tr>
<tr>
<td>Market coverage</td>
<td>The possibility to develop new markets or reach new customers</td>
</tr>
<tr>
<td>Core business of company</td>
<td>Suitability of channel structure with regards to what products the company offers</td>
</tr>
</tbody>
</table>

What determinants are the most important to consider is basically a question of prioritisation depending on the strategic objectives, the current sales situation and the market conditions (Simons, L. P., & Bouwman, H. 2004;). The determinants in table 1 are aimed to provide a starting point to investigate key criteria for customer allocation within the context of this research
2.4.2 Determinants for channel selection from a customer perspective

Table 2 is a list of determinants for channel selection from a customer perspective. Most of the determinants from the table are based on research conducted by Rangan et al (1992) which is an extensive study investigating determinants for channel choice from 1962-1992.

Table 2. List of determinants from a customer perspective

<table>
<thead>
<tr>
<th>Determinant</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product information</td>
<td>The information required by the customer</td>
</tr>
<tr>
<td>Product customisation</td>
<td>Any adjustments or changes needed on the original product</td>
</tr>
<tr>
<td>Product quality assurance</td>
<td>Importance of quality is high to the customer</td>
</tr>
<tr>
<td>Lot size</td>
<td>The value of individual purchases</td>
</tr>
<tr>
<td>Assortment</td>
<td>Customers may need broad range of products</td>
</tr>
<tr>
<td>Availability</td>
<td>Customer need for product availability</td>
</tr>
<tr>
<td>Aftersales service</td>
<td>Customer need for additional services such as, maintenance, repair and</td>
</tr>
<tr>
<td></td>
<td>installation</td>
</tr>
<tr>
<td>Logistics</td>
<td>Customer needs for the transportation, storing and supply of products</td>
</tr>
</tbody>
</table>

These determinants can be viewed as different customer needs. According to Homburg (2012) customer needs is an opportunity for companies to create customer benefits since the benefits are a consequence of satisfied needs. In principle, there are two types of benefits; core benefits and additional benefits whereas core benefits could be equivalent with satisfying basic need of the customer. Understanding which of these determinants are most important will provide information about what companies should consider when allocating customers. In other words, identifying essential determinants in this setting may indicate how customers could be allocated in a way that is aligned with their own choice of sales channel.

2.5 Customer prioritisation

The diversity of customers is a vital aspect of a company’s sales strategy. Lack of understanding the importance of this aspect could prevent or directly harm a company’s path to achieve desirable sales. In principle, the diversity of customers could be addressed in two different ways i.e. by customer segmentation or by customer prioritisation (Homburg, 2012). The idea with customer segmentation is to align market development with different customer segments. It is important that the segmentation is based on the buying behaviour of the customers. Customer prioritisation however, is particularly appealing when company resources are limited.
The idea with customer prioritisation is to provide preferential treatment to customers in accordance to their economic attractiveness. The aim is to focus the limited resources on the customers that are worth the investment. Customer prioritisation is considered to be more relevant to the principles of efficiency and in many cases is the best way to improve a company’s profitability. This is something most companies understand. However, they usually fail when trying to integrate the concept of customer prioritisation to their sales activities. An ABC analysis is a relatively simple tool that is suitable to use for analysing customer structure. Information about customer structure could support companies in the challenge to manage their resources and determine how customers should be allocated in a multi-channel sales environment. The following subsection briefly describes ABC analysis.

2.5.1 ABC analysis

The ABC analysis is used to classify customers according to A, B and C customers (Homburg, 2012). The classification could be based on sales revenue, contribution margin, contribution margin or support costs. The customer base can be mapped according to what share of the customers contribute to what share of sales revenue. It is not uncommon that 20 percent of the customers contribute with 80 percent of the sales revenue (B2B International, 2015c), also known as the Pareto principle. In a business-to-business market, supposing that the Pareto principle is prevalent and given that these markets are usually dominated by direct sales, this may add further incentive to allocate customers to appropriate sales channels and thus utilise sales resources efficiently. Figure 3 illustrates a chart with A, B and C customer classes and the cumulative of total sales they represent. The ABC analysis can provide an initial benchmark for customer-related resource allocation. However, the analysis has one particular weakness, it ignores the potential of customer.

![Figure 3 - Diagram of ABC analysis showing cumulative share of sales versus cumulative share of customer base. Adapted from (Homburg et al, 2012).](image-url)
3 Methodology

This chapter presents the case study methodology that was employed in this research and the empirical setting that the research was conducted within. It also explains how the initial pre-study has aided in formulating the research questions and shape the research design. The research methods intended to facilitate access to adequate empirical data are explained in detail and the choice of method is justified. The chapter is concluded with a revision of the employed methodology regarding aspects of generalisability and validity, how it supports the fulfilment of the purpose of the research and the limitations it implies for the findings of the research.

3.1 Case study methodology

Concerns regarding scientific rigour and basis for scientific generalisability traditionally aimed at case studies are recognised in this research and the findings and conclusions of this thesis should be interpreted within such limitations. Complex and broad phenomena that are difficult to study outside their natural context, are preferably approached by case studies (Bonoma, 1985). Qualitative methods are used when the research problem is complex or the context is of particular importance (Dahmen, 2012), and commonly associated with interpretivist studies. Given the inherent complexity of multi-channel management, employing an explorative case study with qualitative rather than quantitative methods is considered favorable and motivated by the following three conditions presented by Yin (1994). The research questions include ‘how’, the research focuses on a contemporary context and the researchers lack control over behavioural events. The choice of methodology is further motivated by the ambition of the researchers to identify and understand the root cause of the perceived problems, combined with limited previous knowledge of the research area. The aim of the research is to gather empirical data that incorporates as many aspects as possible, in order to develop an understanding of multi-channel sales systems can be utilised to obtain sales efficiency. Typically for case studies, data is collected from a case and used to describe a phenomenon, not necessarily claiming to present the definitive truth of the matter (Blomkvist and Hallin, 2015). As suggested by Eisenhardt (1989), the case company was chosen since it granted transparent observability and the opportunity to get access to in-depth information in a relevant setting.

3.2 Empirical setting

In this section, the current developments and situation at the case company are described. The information provides the reader with a more specific account for the case company context that encircles this research. Furthermore, the following sections motivates why the case company presents an opportunity to study the phenomenon of multi-channel sales system management when the purpose of utilising the system is to obtain sales efficiency.
3.2.1 Case company strategic objectives

As mentioned in section 2.3.1 Employing a multi-channel sales system, the phases that can constitute such a process should continuously be iterated and refined. The case company is considered to currently be in an iterative loop where the system already has been implemented and the utilisation is meant to be refined. Based on an extensive market analysis, top management at the company has set an objective to increase the share of indirect sales in the Nordic region. The market analysis focused on identifying sales structures in different regions worldwide. In the Nordic region, the analysis showed significant differences in the sales structure between the case company and its target market. More specifically, in the Nordic region the case company’s target market generally exhibits a larger share of indirect sales compared to the case company. In other words, top management strive to align the case company’s sales efforts with the structure of the market in order to harness financial potential. In aligning sales efforts, sales management at the case company has expressed the need for an agile capable strategy incorporating short-term objectives.

3.2.2 Current multi-channel sales system

The case company already has already designed and implemented a multi-channel sales system, but strives to utilise this system more efficiently. The case company currently sells their products through a direct sales channel, via distributors and through their own online channel in the form of a web shop. An overview of the sales channel setup and how the channels serve different customers is presented in Figure 4 below.

![Figure 4 - Current multi-channel setup at the case company, illustrating how purchases are made](image)

Generally, the customers of the case company comprise end users, distributors and original equipment manufacturers (OEM). Direct sales channels are utilised to serve end users and OEM customers. Indirect sales channels serve distributors such as system integrators, sales partners, service partners and resellers. Online channels are available for all customer types. The case company mainly employs a direct sales force. A professional sales force that has different areas and levels of technical expertise staffs the direct channel. The sales force consists of approximately 10 administrative sales personnel and 30 field sales representatives. Field sales representatives are to
build relationships with customers, negotiate contracts and acquire prospects. Administrative sales person should focus on handling orders and offerings, provide sales support and manage order enquiries and deliveries. The responsibility of field sales representatives is based on geographic area and customer like distributors or key clients.

3.2.3 Connection to automotive industry

The product range offered by the case company provides solutions to several industries, among them the automotive industry. Some of the largest product groups consist of industrial and mobile hydraulics, electric drives and controls, gear technology and automation equipment. The products are mostly technologically advanced can constitute core components in cars. This research has investigated companies that are car manufacturers in the Swedish automotive industry, and first or second tier suppliers to car manufacturers. The findings that specifically relate to the connection to the automotive industry customers are presented in section 6.1 Outcomes of the research.

3.3 Research process design

This section is meant to provide, in general terms, an explanation of the main research areas that have been investigated and a justification for why these are relevant to study. The purpose of the research is to investigate how multi-channel sales systems can be utilised to obtain sales efficiency. The initial research problem as perceived and expressed by the case company has been refined, structured and addressed by the means of a broad literature review and an empirical study. Since the focus and design of the study was developed successively, the research approach can be described as inductive. An inductive research approach is where an empirical study is conducted on the basis of an identified problem and successively employing theory to develop sharper insights and better understanding of the findings (Collis and Hussey, 2014). The research is also of an iterative nature, where literature is reviewed throughout the entire research to ensure relevant literature is covered during the progressing research, and also to some extent steering the direction of the research. The research design is meant to make the problematisation researchable, ensuring that supportive empirical data is collected in an appropriate way, and facilitate structured analysis of the gathered data. Since the aim is to obtain in-depth understanding of the context of multi-channel management with both direct and indirect sales channels is considered complex, the use of qualitative methods is considered relevant for this research. The findings of this research should be interpreted under the limitations presented by the use of qualitative methods and the relatively short time span for the completion of the study. In the following subsection, the case study methodology employed during the research is explained in further detail.

3.3.1 Pre study

This subsection describes in further detail how the pre study was conducted and how it shaped the subsequent research. Conducting the pre study had several purposes in this research. Firstly, it was used to establish contact with the supervisor at the case company, to obtain a problem formulation from the supervisor’s perspective and determine the purpose of investigating the expressed problem. Secondly, it served to get the researchers familiarised with theory related to the research
area where the problem was originally formulated to such a level that initial conclusions could be drawn regarding what specific focus the subsequent research was to have. Furthermore, the pre study also aided in determining the purpose and desired outcome of the research. The pre study contributed to structuring the subsequent research process into two main areas that are also expressed as research questions. As stated in the first research question, the research has focused on elements that can affect sales efficiency in multi-channel management. With this in mind, the second research question was formulated aimed at investigating how customers how customer should be allocated to which channel and on what criteria. This also comprises understanding the different types of sales channels, knowing the customer, identifying eventual hinders for customers to utilise specific channels and what is required to achieve efficient usage of specific sales channels. Seeking depth and richness of data suggests limiting the scope of the study. The pre study was therefore aimed at establishing an appropriate focus for the research and thus reduces the amount of qualitative data that is collected.

The pre study consisted of several meetings with the supervisor at the case company with open discussions about the present situation at the case company, what was currently perceived as challenges and issues and why these have emerged. For a better understanding of the present situation at the case company several internal documents describing strategic initiatives and the recent developments of the case company were studied. The initial meetings were alternated with a broad literature review to identify theoretical areas relevant for the research. Interviews at the start of the degree project can help refine the problem that the thesis will study (Blomkvist and Hallin, 2015). Therefore, the pre study was initiated by several interviews with management at different levels of the case company. Interviews were conducted targeting both management and sales personnel in order to obtain a comprehensive picture of how problems and challenges are perceived at different organisational levels at the case company. Thereafter a divergent research approach was adopted in order to identify possible root causes of the perceived problem of the case company and to gain insights from relevant research on the subject area.

3.3.2 Structure of subsequent research

This subsection is meant to explain how the subsequent research was conducted. Naturally, when striving towards a desired state, in this case obtaining sales efficiency, it is important to identify the current state and potential pitfalls that could prevent or hinder the organisation to reach their goal. In addressing this first focus area, the current sales system utilisation and what is perceived as challenges and opportunities at the case company were studied. The same was also studied at several other companies, both customers and competitors of the case company. These were then also compared to those presented in relevant literature. The second focus area investigates the vital aspects that could or should determine the allocation of customers to specific sales channels. In order to obtain efficient utilisation of the multi-channel sales system, it is crucial to define what is meant by efficient and to understand what is hindering the former. The current processes and determinants for customer allocation at the case company were scrutinised. Since the literature emphasises the importance to adopt a customer centric focus when managing a multi-channel sales system, the investigation of key allocation criteria was extended to also include the customer perspective. Reviewing the literature provided a list of determinants for channel selection presented
in section 2.2.3 Determinants for channel selection. When investigating allocation criteria related to the company perspective interviews were conducted targeting high level management within the sales division since these people most likely are the ones responsible or at least significantly involved in managing multi-channel sales systems. The aim was to obtain an understanding of how companies in the industrial applications industry view their customer allocation and on what basis it is conducted. Since it was desired to capture the general view of the industry, employees at different companies were interviewed. The third focus area investigates what can prevent obtaining sales efficiency. The literature has presented issues such as channel conflict and internal conflicts related to multi-channel management. Therefore, the research focused on identifying issues that may prevent obtaining sales efficiency and how these are currently handled at the case company. The conducted research is described in further detail under section 3.5 Methods for empirical data collection. The following section presents how the literature review was conducted.

3.4 Literature review

This subsection describes the purpose of conducting the literature review and how it was conducted in this research. Firstly, the literature review is a means of ensuring that relevant literature has been covered and to build a knowledge foundation for the researchers to base the subsequent research on. Secondly, it contributes to obtaining external validity for this research by providing research findings that the findings of this research can be compared with. Literature was reviewed continuously during the entire research process to facilitate understanding of the research problem and to place the empirical data in a relevant context. Lastly, the findings from the literature review acted as a foundation for the analysis of the empirical data. Initially, literature broadly related to multi-channel management was reviewed to map the essential aspects of the studied phenomenon. The search included areas such as business-to-business marketing and buying behaviours, multi-channel sales system design and sales strategy. The search was successively narrowed down to customer allocation, multi-channel customer management and determinants for channel selection within multi-channel systems. Relevant literature and theory is compiled and presented in Chapter 2, Literature and Theory.

The literature review mainly covers published journal articles and books related to the research area. The databases that have been used are Primo and Google Scholar. Primo is a search tool for scientific academic material provided by the library at KTH and Google Scholar is an online search engine for academic material. In order to structure the review and compile concluding findings, the reviewed literature was collected in a spreadsheet. Information on the keyword that was used to find the material, the source and the authors of the material was systematically documented. For journal articles, the methodology of the study, and a short compilation of the findings of the study were also documented. This information was collected in order to assess the contribution and impact on the findings of this study. The next section describes the methods that were utilised for the collection of empirical data.
3.5 Method for empirical data collection

In this section the methods for empirical data collection employed during this research are described in further detail. Both semi-structured and structured interviews have been employed for empirical data collection. In addition, several internal documents and reports have been studied to obtain understanding of the current situation and strategic objectives of the case company as a basis for formulating a research problem. Individuals at several companies with affiliation to the automotive industry have been interviewed. The following subsections describe how the semi-structured and structured interviews were conducted, who the target group was and why these were chosen.

3.5.1 Semi-structured interviews

During the pre study, four semi-structured interviews were performed at the case company in order to gain in-depth about the current situation at the case company and the objectives and challenges perceived by the case company. Using semi-structured interviews is considered motivated since the aim is to gain insights underlying reasons for these challenges in order to understand how they possibly could be addressed. Mainly due to aspects of access to information and time consumption, semi-structured face-to-face interviews were only conducted at the case company. Furthermore, the nature of the sought information makes semi-structured interviews more suitable. Access to interviewees was arranged according to the researcher’s preferences with the help of the supervisor. During the subsequent part of the research, six semi-structured interviews were conducted at the case company. The interviews were conducted with sales personnel and sales management at different levels at the case company. The interviewees also covered several sales functions with slightly different duties that nevertheless are to cooperate within the multi-channel sales system. Targeting several levels of the case company should present a more nuanced account of current challenges and possible solutions to these. In total, 9 semi-structured interviews were conducted at the case company.

The interviews were designed to allow the interviewees to speak freely and share their thoughts and opinions about the subject of matter. In that way it is possible to identify new dimensions of the phenomenon, which can pose new questions and guide the research. The interview guide consisted of open-ended questions relating to a number of relevant themes. The themes of the interview guide were compiled based on the initial meetings with the supervisor and a simultaneous literature review. The themes were developed iteratively during the pre study according to the developing focus of the research. Both researchers were present at the interviews. One researcher asked the questions while the other took notes. The advantage of being two researchers is that it is easier to pose follow-up questions to ensure that identified issues are thoroughly covered while simultaneously documenting the information. Although face-to-face interviews are relatively time consuming, it was considered motivated in the initial phase in order to provide more exhaustive data on the individual point of views present at the case company. All interviews were summarised shortly after being conducted and also recorded, with the consent of the interviewees, to enhance the quality of the subsequent analysis.
3.5.2 Structured interviews

Given the defined focus areas of customer allocation and challenges with multi-channel management, structured interviews were conducted by telephone and email. Those interviewees that refused doing the interview on the phone were offered the opportunity to answer the questions via email. To ensure affiliation with the automotive industry, contact information to most of the contacted companies were received from the case company after being filtered out according to industry. Conducting interviews over telephone, and or email has several advantages and disadvantages. It is far less time consuming than face-to-face interviews, and can overcome geographical distances facilitating interviews with geographically dispersed interviewees. It is less likely for interviewees to answer sensitive information, and the nature of the questions must therefore be more general. Before conducting the interviews the interview guides were tested with a pilot on two interviewees before being refined and finalised. The interviewees were contacted initially by phone or email and asked to participate. The interviews were targeted at three distinct groups, with slightly different objectives and interview guides. The questions were designed to avoid asking about sensitive information and therefore mainly focused on general behaviours and opinions regarding the use of different sales channels. In doing so, there is a risk that the information is biased or skewed. However, it was estimated that interviewees would become reluctant to answering the questions if they would perceive them as intrusive and company specific. In total, 70 customers and competitors were contacted. The response-rate was however relatively low, resulting in 12 full structured interview answers.

Firstly, they were aimed at individuals external to the case company working with sales and purchasing at the targeted companies on the demand side. The objective was to map current customer buying behaviours, the willingness of adopting multi-channel buying behaviour and obstacles that hinder the use of certain sales channels. The questions aim to clarify whether the interviewee is in a position to affect the choice of which products that are to be bought, from which supplier and which channel should be utilised. They were also aimed at obtaining the interviewees opinion on the advantages and disadvantages of utilising different sales channels, and potential restraints for the utilisation of individual sales channels. They were also meant to clarify whether the company currently utilises multiple channels in their purchasing processes and the individual willingness to employ multiple sales channels from a single supplier. Secondly, a relatively small portion of the structured interviews were aimed at sales and purchasing management individuals acting as both customers and competitors to the case company on the supply side. The questions aimed to clarify if the company utilises several sales channels, the motive for doing so, and how their customer allocation processes are designed and implemented. The purpose was to clarify any apparent differences in the customer management processes or in the criteria for customer allocation. Thirdly, structured interviews were also used during a second round of interviews among sales personnel at the case company. At this point the aim was to compare how the perceptions of the case company sales organisation with the preliminary findings from interviewing customers and competitors in the industry. The purpose of this was to assess the alignment between the perceptions of the case company sales organisation and the perceptions of their customers in order to provide more accurate recommendations for how the case company is to incorporate the findings of this research in their future multi-channel management processes.
3.6 Methods for data analysis

For all data analysis it is important to determine the type of analysis that is to be performed depending on the claims you want to make in relation to a specific data set. According to Collis and Hussey (2014), collection of qualitative data can provide the basis for analysis, making it difficult to separate the methods according to their respective purpose. In addition, there are no clear and accepted conventions for analysis, as with quantitative data. Generally, issues related to the analysis of qualitative data are linked to reducing and structuring vast amount of qualitative data (Collis and Hussey, 2014). It can also be difficult to comprehend how the vast amounts of qualitative data have been structured and summarised and translated into findings. To meet such concerns regarding such issues, this section presents the methods for data analysis that are used in this research to obtain a desirable level of quality on the findings. The general analytical procedure of qualitative data in this research is structured according to the three somewhat overlapping and simultaneous processes described by Collis and Hussey (2014). These are data reduction, data displays and drawing and verifying conclusions. Data reduction was performed by coding the interviews and compiling the codes into relevant themes. Doing so partly resulted in compiling findings and partly in guiding the progress of the research. Data displays were used in the form of spreadsheets to facilitate easier analysis of interview answers and extraction of findings. Furthermore, the five-step process for thematic analysis suggested by Braun and Clarke (2006) is also incorporated and combined with the three more general processes. This five-step process focuses on coding data and creating themes and should aid the research from raw data to well-defined themes that represent a basis for drawing conclusions. The steps for thematic analysis presented by Braun and Clarke (2006) include:

- **Familiarising with the data**: Notes were taken during both semi-structured and structured interviews and the recordings from the semi-structured interviews were replayed and transcribed following each interview.
- **Generating initial codes**: Features from the entire data set that seemed relevant for the initial research problem formulation were coded in a systematic fashion.
- **Searching for themes**: The initial codes were compiled into themes that present a clear picture of the initial findings.
- **Reviewing themes**: The themes were reviewed to ensure that they conform with the coded extracts as well as the entire data set.
- **Define and name themes**: As the research progressed the themes were clearly defined and named to represent the overall story of the analysis and findings.

Since the themes were developed successively and are strongly linked to the data, the approach can be considered as an inductive approach (Braun and Clarke, 2006). Partly because coding was performed without using a pre-existing coding frame and that the themes bear little resemblance to the specific questions asked during the interviews. Furthermore, since the themes that relate to consistencies in the empirical data were gradually developed and these were linked to a formalised body of knowledge, this also suggests that the approach can be considered as inductive (Braun and Clarke, 2006). Following section discusses the validity, reliability and generalisability of the research and how the chosen methodology contributes to fulfilling the purpose of the research.
3.7 Methodology criticism

In this section the quality of the research is discussed in terms of reliability, validity and generalisability, which are all closely related to the choice of methodology. In obtaining these three it is important that to determine the type of analysis you want to do, and the claims you want to make, in relation to your data set. Yin (1994), a prominent researcher and advocate for case studies, presents concerns of reliability and validity in case study research.

3.7.1 Validity

In this subsection the validity of this study will be discussed in terms of internal and external validity. In general, the validity of interviews is relatively high and refers to how well the results of a study correspond to what is to be measured (Merriam, 1994). Internal validity may increase by employing different research methods (Dahmen, 2012). Therefore, the interviews have been iteratively alternated with literature review. Internal validity should further be increased by employing the methods for empirical data analysis described in section 3.4 Methodology criticism. Using interview questions that can be misinterpreted can decrease internal validity. In order to avoid this, the interview guidelines were tested and revised before conducting the interviews. Measures for increasing internal validity include preparing interviewees with a short introduction to the research subject and comparing the results from the interviews at the case company with the results from the interviews at the customers and competitors. External validity refers to the extent to which the findings of a case study are generalisable to other cases (Yin, 1994), and can be improved by comparing the research findings to those obtained by other studies (Dahmen, 2012). External validity is not a major concern in this research since this study comprises an in-depth, explorative case study. However, in order to increase external validity, individuals employed at several customers and competitors to the case company have been interviewed using structured interviews.

3.7.2 Reliability

Reliability refers to the extent to which the result of a study can be reproduced if it were to be repeated (Merriam, 1994), increase by carefully managing accuracy and repeatability of the research (Collis & Hussey, 2014). Given the purpose and claims of this study, the reliability is considered relatively high. Repeating the study would presumably produce the same or at least similar findings may be grouped differently or under different names. The reliability of semi-structured interviews is generally considered to be low. Furthermore, the reliability of the research may be negatively affected due to the fact that the interviews have been translated from Swedish to English. However, following the suggested methods for data analysis would most likely produce similar findings from the literature review and from preliminary interviews. Since the questions for the structured interview were formulated based on preliminary findings the overall findings of a repeated study would presumably be similar, representing an adequate level of reliability for an explorative case study. In terms of the literature review, the reliability of the study may be decreased since many of the articles and books that have been reviewed require access that is provided by KTH. Lacking such access requires payment for for the articles to be reviewed, which may obstruct an attempt to review the same material. Also, the anonymity of the interviewees hinders the study to be repeated.
3.7.3 Generalisability

According to Dahmen (2012), there are always limits to the generalisability of case studies, since certain specifics of the studied case cannot be disregarded. In this research, being an explorative case study, there is no general outspoken ambition to generalise the findings to other settings. Conducting an explorative case study only focusing on one single company to obtain in-depth understanding of the specific situation of the case company further contravenes any notable generalisation. In understanding and capturing the customer behaviours and perceptions of the relevant industry, could have been done using quantitative methods with a more comprehensive survey and statistical analysis and thus providing a basis for generalisation of those aspects. However, referring to the explorative outset and relatively limited time set aside for completing this research, such substantial methodology is left for future research on the subject. The interviews are conducted at a small number of different companies within one main industry. This reduces the generalisability significantly, however a relatively large number of employees at the case company and people working actively with collaboration solutions have been interviewed, which increases generalisability. One way to increase the generalisability of the method would have been to target a wider range of companies and industries, however within the given timeframe that was not possible.
4 Empirical findings

In this chapter, the main empirical findings of the conducted research are presented. The findings are presented according to the themes that were identified during data analysis and structured in a way that conforms to answering the three stated research questions. The first section describes how the multi-channel sales systems are currently utilised and the prominent aspects of managing the systems. The utilisation has been investigated in order to understand what elements of multi-channel management that may contribute to sales efficiency and to identify misalignments between the current utilisation and the purpose of obtaining sales efficiency. Subsequently, customer behaviours and perceptions in relation to multi-channel utilisation are presented in the second section. Lastly, issues linked to sales channel coordination and internal organisational coordination that can be associated with preventing sales efficiency are presented.

4.1 Multi-channel sales system utilisation

This section presents the empirical findings related to the current utilisation of multi-channel sales systems that has been identified both at the case company and the companies in the industry that have been interviewed.

4.1.1 Purpose of utilising a multi-channel sales system

The purpose of utilising multi-channel sales systems has been investigated at the case company and the companies that were interviewed. When asked about why multi-channel systems are used, the answers were mainly related to efforts of interacting with different groups of customers:

“We use it [multi-channel sales system] for reaching different customer groups.”
- Purchasing manager.

Furthermore, the answer to the follow-up question regarding the characteristics of these customer groups highlights differences in service provision to these different groups in terms of the amount of time that they can occupy:

“They [the customers] are allowed to take up different amounts of time, but they are all equally important.” - Purchasing manager.

The above answers indicate that, although all customer groups should be reached, the system is used to regulate the interaction with these groups since they require different amounts of a companies selling efforts. As an extension, the following answer suggests that multi-channel sales systems are used for concentrating sales efforts to certain customer groups based on economic feasibility:

“One wants to actively choose which customers to serve in order to gain the most.”
- Sales manager

This is also in line with another answer to the same question, relating to how much money customers are expected to generate:
“We can put our efforts on the bigger customers that actually generate more money.”
- Operative sales associate

Furthermore, multi-channel systems are aimed at allocating resources within the sales system in order to focus on specific sales objectives:

“It is a question of creating more time for field sales representative to focus on attaining new customers” - Sales Manager

In summary, the answers related to the purpose of using multi-channel sales systems indicate that they are used to allocate sales resources, reach different customer groups, and additionally that the division of these customer groups is at least partly based on economic aspects.

4.1.2 Customer allocation

This section presents findings related to customer allocation activities that were identified in seeking to understand how different customer groups are managed. Asking how different customer groups are managed generated the following answers:

“If it is a customer with great potential or a customer that will work on projects with higher revenues, we [direct sales] certainly help them.” - Technical sales representative

“We [direct sales] want to spend our time on our priority customers and use the help of our distributors to cultivate the rest.” - Field sales representative

“We check if it is a priority customer, if not we hand them to the right distributor.” - Sales manager

The above answers may imply that priority customers are meant to be served in direct channels and non-priority customers are meant to be served by indirect channels. Furthermore, the answers also indicate alignment between different organisational levels regarding allocation criteria. However, when asking how a non-priority customer that places an order is managed, the answer shows that non priority customers are still handled in direct channels:

“Most of it is still handled in our direct channel.” - Sales representative

This may indicate that the intended allocation procedures are not be fully enforced. The answers above indicate that the basis on which customers are allocated to different channels is linked to how they are prioritised. The findings that are more closely related to customer prioritisation procedures are presented in a later subsection. The differences between different channels were also investigated and the answer suggests that the utilisation of different channels is also linked to technical competence:

“The resources required for serving different channels are strongly connected to technical competence.” - Sales manager

Presumably, such resource requirements guides customer allocation. For instance, regarding how priority customers are handled when purchasing something less significant, in terms of product complexity and value, the answer indicates that customer allocation is linked to:
“We have started introducing customer to our webshop so that they can place their orders themselves” - Sales representative

In conclusion, the answers indicate that the basis on which customers are allocated to specific channels is linked to customer prioritisation and sales resource requirements. The following subsection presents the findings related to customer prioritisation procedures

4.1.3 Customer prioritisation

As indicated by the answers in the two subsections above, the multi-channel sales systems are used to control interactions with different customer groups. When asking if customers are prioritised, a purchasing manager answered that the prioritisation is linked to the level of revenues generated by the customer:

“Yes, to some extent we do [prioritise customers]. An OEM customer with substantial revenues gets a lot of attention. If the customer instead is a private individual, they will receive less time.” - Purchasing manager

This is also supported by the following answer to how customers are classified and prioritised:

“Customers are classified according to revenue and potential, which they notice through price and presence.” - Sales manager

The following answer suggests that non-priority customers claim a lot of time:

“Our non-priority customers take up a lot of our time.” - Sales associate

It can therefore be argued that the latter answer emphasises the necessity of prioritising customers. When asking how customer prioritisation is performed, the answer suggests that the expected revenue affects the level of discount a certain customer will receive:

“We insert indicators of potential, such as the expected revenue of the customer so we can determine the level of discount that they should receive.” - Sales associate

This is in line with the former answer suggesting that customers get better prices when becoming a priority customer. Regarding how to determine what constitutes a priority customer and how the process is conducted, some answers were that:

“There is an old rule that customers have to buy for more than a hundred thousand kronor.” - Sales managers

“It is somewhat of a black hole. We have it coded in our CRM system, but do not know how it is conducted.” - Sales associate

These answers suggest that there is a certain level of revenue that has to be fulfilled, but other answers also indicate that the process may be somewhat unclear. The following answer suggests that even non-priority customer should be considered in prioritisation if they demonstrate potential:
“A non-priority customer can still be an important customer, there can be potential for them to grow bigger. They can be part of a bigger company of which we have little knowledge about.” - Sales associate

The above answer suggests that companies aim to direct their sales efforts to priority customers and non-priority customer that demonstrate potential. In conclusion, the answers in this subsection indicate that sales revenue and customer potential are two of the most important factors included in customer prioritisation and that prioritisation also to some extent determine customer allocation. To summarise this section, the findings indicate that multi-channel systems are employed to reach different customer groups, that customers are allocated to specific channels partly based on prioritisation and resource requirements, and that sales revenue are the most influential factors in prioritising customers. The following section presents findings that are related to customer behaviors and perceptions among the interviewed companies.

4.2 Customer purchasing behaviour and perceptions

This section presents findings related to customer behaviours and requirements in utilising different sales channels, as well as customer perceptions on current and future utilisation of multi-channel sales systems. The findings are sorted in subsections according to identified customer buying behaviours, purchasing requirements, and the utilisation of different sales channels. Every subsection is summarised in a concluding paragraph.

4.2.1 Customer purchasing behaviour

This subsection present general aspects of customer purchasing behavior that have been identified among the interviewed customers are presented. The findings portray how customers act and what requirements they have in making purchases. When asking about differences between customers, suggest that smaller customers seemingly act more personally when engaging with companies:

“Smaller customers are much more sensitive and emotionally committed.”
- Sales associate

“The bigger customers are usually more autonomous, for the smaller customers every single occasion is more important.” - Technical sales associate

The answers indicate that engagement varies between different customers. The answers indicate that customers can and presumably should be approached differently, catering to their specific needs. When asking about what customers usually request when contacting the interviewed companies, further differences in customer needs are also evident in terms of the varying level of sales complexity:

“It is very different. Some have article numbers and some just know that they want a valve” - Operational sales associate

“Some are logistical purchasers, they have no clue what product they are buying and just purchase article numbers. Then there are those that are technically involved, like technical constructors that make purchases too.” - Technical sale associate
The answers above highlight vast differences in the level of technical support that individual customers may need. The following answer explains that the varying level of support between customer groups is be related to technical specifications:

“An end user may want to exchange a certain component and therefore does not care as much about technical specifications. I have not reflected on that, and divided them in between themselves, but I think there is a difference in the support they want to have.” - Technical sales associate

Notable is that the answer suggests that this varying level of support may be somewhat disregarded. The following answer also indicates that the type of purchase behavior of individual customer also differs:

“All the big customers can buy smaller things.” - Sales associate

Another aspect of customer behavior that has been highlighted is the search for technical information that customers conduct before and during the purchasing process. When asking about where customers turn to find technical information and suitable suppliers for their purchases, the most prominent channels are technical support, search engines and company websites:

“Technical support, telephone and websites, but not a web shop.” - Purchase manager

“Internet is a good source, or suppliers that we have bought from before.”
- Operational purchaser

These answers indicate that the search for technical information cannot really be related to a specific channel. Linked to the search for technical information, interviewees at the case company highlight that the working processes may be somewhat outdated and connected to age but that the development is rapid:

“Many [customers] probably still use catalogues and complement with the internet, but the development is incredibly fast and our way of working will probably not look the same in five years from now.” - Technical sales associate

“Yes, it [development of behaviours] has a lot to do with age. The level of data usage is much higher than it was three or four years ago.” - Sales representative

These answers indicate increased utilisation of digital resources. Some customers express that their business systems puts constraints on their adoption of new purchasing processes, for instance regarding utilising online channels:

“That [utilising a web shop] would have been nice, however, our business system makes it difficult as of now.” - Production technician

In line with the above answer, similar constraints can also affect the utilisation of other channels:

“We have a purchasing system where it is difficult to add suppliers. Depending on the cost and the value of what we purchase we can use a distributor that purchases the goods for us.” - Mechanical systems engineer
Furthermore, some companies make their purchases according to frame agreements and are thereby extremely limited in affecting the purchasing process. In conclusion, the search for technical information cannot be tied to a specific channel, and customer purchase behaviors vary largely and are developing rapidly. However, many customers are prevented to utilise certain channels by their business systems. The following subsection presents findings related to customer purchase requirements linked to utilisation of different sales channels.

4.2.2 Customer purchasing requirements

This subsection presents findings that describe customer purchasing requirements for choosing suppliers and specific channels. When asking about requirements that must be fulfilled in choosing to engage with a certain supplier price, quality, logistics and communication are emphasised:

“Price, quality and delivery capability, other the supplier is not actual.”
- Purchasing manager

“[The supplier must] Fulfil quality requirements, logistical demands, right price and delivery precision that you can trust. There also has to be good communication.”
- Operational purchaser

The above answers demonstrate coherence and are recurring requirements that customers emphasise. However, when asking about the most important requirement that must be fulfilled instead emphasises technical support:

“That they [the supplier] know their product and can provide support for your application. That is probably much more important than the price.”
- Production technician

The above answer highlights that technical support may sometimes be more important than price. From the supplier perspective, some of the requirements are reinforced by the following answers that emphasise price and receiving the right product:

“For the customer it is usually most important to get the cheapest price possible.”
- Sales representative

“The customers want to have the right product, for the right price and at the right time. They also have a superior that thinks everything is too expensive, or that they do not have enough supplies in stock.” - Sales associate

Furthermore, quality of technical support is also emphasised and considered as an important requirement to fulfil in order to retain customers:

“If the customer does not get the technical support they need, they might call one of our competitors.” - Technical sales associate

The above answer suggests that customers may consider employing other suppliers if technical support cannot be sufficiently provided. In conclusion, price and logistics are stated as requirements for supplier selection. Furthermore, technical support is often mentioned by both purchasers and
suppliers as the most important purchase requirement. The following sections present the findings related to the utilisation of the three types of channels that have been studied respectively.

4.2.3 Utilisation of direct channels

This subsection presents the findings related to the utilisation of direct sales channels, both from a customer and a company perspective. When asking customers about the benefits of purchasing products in direct channels from the direct sales force of a supplier, customer emphasise benefits such as price, logistics and communication:

“In direct you mostly get a better price, better service and better logistics.”
- Sales manager

“The biggest reasons [for utilising direct channels] are price, contact routes, reclams, and logistics. It all runs more smoothly. You get a whispering game with an intermediary in between.” - Purchasing manager

In line with the above answers, the following answers provide further explanations as to why customers choose to utilise direct channels better communication of technical information, quality assurance and economies of scale:

“Heavier technological components in larger volume and more technical contents, complex technological structures in mainly purchased directly from manufacturers.”
- Purchasing manager

“Because we have constructed and designed the product ourselves or received a design from a customer without a specified supplier. We then naturally turn directly to a manufacturer because the products are customised. Also, some components we buy in such quantities that we receive economies of scale by ordering directly from a manufacturer.” - Operative purchaser

“It is easier to have a dialogue with a manufacturer. You can have direct communication with technical competence and without intermediaries. From a larger perspective you can follow up on ethical aspects and have quality assurance all the way back [in the supply chain].” - Purchaser

The answers above indicate that customers prefer to utilise direct sales channels based on the degree of technological complexity, the value of an order and the ease of communicating. A technical sales representative at the case company mentions that they mostly do not have to argue about the price with customers:

“We do not have to argue that much with customers about the price.” - Technical sales associate

The answer above may indicate that either the case company offers preferable prices or that price is in fact considered an additional need and not a basic requirement in utilising direct channels. In conclusion, customers choose direct channels for price, product complexity and communication. The following subsection presents findings related to the utilisation of indirect sales channels.
4.2.4 Utilisation of indirect channel

This subsection presents the findings related to the utilisation of indirect sales channels in the form of distributors. Customers mention benefits such as broader product portfolios, rapid support, and shorter geographical distance when asked about the benefits of purchasing products from distributors:

“They have bigger inventory, more products in their inventory, availability and short delivery time, rapidity and the price.” - Technical sales associate

“There are benefits if it is a geographical difference, especially if they have technical competence. I can also be rapid support. They do market availability.” - Mechanical systems engineer

“If we use a local distributor, we make them look for the things we need instead of doing it ourselves. You just describe what you need and they find what you need...” - Production technician

The interviewee providing the latter answer nevertheless points out that utilising distributors is a question of adequate technical competence:

“...It’s basically just a question of their level of expertise, otherwise it does not matter where you buy from.” - Production technician

The following answer also mentions a broader product portfolio as a benefit:

“When it comes to distributors, it [why you want to utilise them] is because the product portfolio is broader...” - Purchasing manager

This is in line with the previously mentioned benefits. However, the same interviewee also adds that a common reason for utilising distributors is due to being forced by suppliers due to limited purchase volumes:

“...or that our purchase volume is so small that we are not interesting for the supplier.” - Purchasing manager

Regarding the perceived drawbacks of utilising distributors, some customers actually consider it more costly than purchasing from a manufacturer and mention trouble with communication:

“It should some more expensive because the distributor has to have their markup.” - Technician

“The drawback is that they are an intermediary, so if you want to mediate anything to the manufacturer, you have a whispering game.” - Production technician

“There is a risk that things get filtered, and it is cost driving in that channel. I do not see any problems for going over to purchasing from distributors, except the mentioned drawbacks.” - Mechanical systems engineer

The answers above indicate that customers generally have a positive attitude towards utilising distributors. However, some answers also suggest that besides such benefits as price and logistics, technical competence and support may be considered a basic customer requirement. When instead
asking companies on the supplier side why they utilise distributors the answers suggest that distributors are mainly used to achieve rapidness and product portfolio:

“Distributors can have the competence to dimension and suggest solutions for customers.” - Field sales representative

“You want to have distributors to become fast enough, because we have a broad product portfolio and a lot of companies in the segment.” - Sales manager

Answering the question about how distributors are chosen, the answer pinpoints that distributors are chosen on criterias of technical competence and geography:

“Distributors are chosen based on technical competence and geography, with the least possible overlap.” - Sales manager

Minimising the overlap that is mentioned is presumably a measure to avoid conflict between individual distributors. When asking the case company whether they remit priority customers to distributors, the answer suggests that it is done seldomly and if so mostly due to delivery capabilities:

“It happens. Sometimes we have had to remit a priority customer to a distributor because they have the material in their inventory and can make a faster delivery. But it is not very often.” - Sales manager

In summary, customers utilise distributors for their broad product portfolios, rapidness and geographical distance. Furthermore, customers seem to be willing to use, or be remitted to, distributors if the required level of technical competence is considered to be fulfilled. The case company does not seem to utilise distributors to serve their priority customers to any significant extent. The following subsection presents findings related to the utilisation of online channels.

4.2.5 Utilisation of online channels

This subsection presents the findings related to the utilisation of online channels. When customers are asked about using online channels such as web shops, most answered that they do not utilise such in their purchasing. However, benefits related to the utilisation of online channels included less risk of error in ordering, better searchability, and swiftness in support:

“I see almost only benefits with ordering from a web shop. The benefits are much greater than the drawbacks, especially for standardised products. One benefit is that the risk of human error in entering orders is minimal in a web shop. Through a web shop you reduce the risk that the purchase order ends up in an inbox somewhere and lies there unanswered for a few days before it is handled. If there is a inventory balance it is a great advantage for planning and choice of supplier before placing orders.” - Purchaser

“They are often more easily searchable, better than in business systems and with quick answers. If you send a purchase order the traditional way it may take some time.” - Technical sales associate

These answers highlight several benefits and the latter answer suggests that online channels in fact potentially can outperform traditional direct sales channels in terms of usage time and serviceability.
When asking the case company to describe the benefits of their online channel, the answer describes both administrative and technical aspects:

“We have and administrative part of our web shop and also a technical part where one can configure products, which is a great resource for customers. Customers can easily find data sheets, technical solutions and answers to questions on our web site.”
- Technical sales associate

The former answers indicate the benefits that online channels can provide and the suitability of utilising such channels is related to product complexity. As demonstrated by the following answers, some customers were unsure whether suppliers actually had online channels and some expressed concerns of quality assurance in purchasing from online channels:

“I am unsure whether our suppliers have web shops at all” - Operative purchaser

“Then I want to know that the product I am buying is gonna be what I am expecting.”
- Technician

The former answer indicates that the suppliers either does not offer an online channel or have failed to communicate that they do. The latter points to issues with reassuring customers that they will receive the right product when purchasing from a web shop. In terms of drawbacks of utilising indirect channels, some customers mention limitations of utilising online channels that are related to online product configuration:

“Specifically online configuration does not fit our industry. I can be easier to express things with words.” - Mechanical systems engineer

The interviewee presumably means that configuration is better performed in person-to-person contact. However, the same interviewee also adds that an online channel could in fact be employed by the company to purchase simpler products:

“We do however have simpler products that could be purchased through a web shop.”
- Mechanical systems engineer

An obstacle that is preventing customers from utilising online channels is related to limitations posed by the customers business systems:

“Since we work in our own business system we have to register the order in that. If we are to use a web shop, we will do the secretary work for the supplier.”
- Purchasing manager

“If you place an order in a web shop, you have to do double the work. You have to create the order in your own system, then you have to go in [into the web shop]. If you get around that problem then it is better.” - Purchaser

The answers indicate that customers are hindered to utilise online channels by their business systems and furthermore consider themselves performing the administrative work of the supplier when using web shops. Nevertheless, customers generally do not see any actual obstacles for utilising online channels and present a positive view on the future utilisation of online channels:
“Basically we could [utilise online channels], however almost all of our suppliers are located in China, and they do not have the same view on keeping down personnel intensity.” - Operative purchaser

“No I don’t see any obstacles for that [utilising an online channel].” - Strategic purchaser

The same interviewee that provided the latter answer also added that it probably will become more common to utilise online channels in purchasing:

“Using web shops is a part of the development of the industry and will become more common.” - Strategic purchaser

In conclusion, the utilisation of online channels is still moderate among the interviewed customers, although perceptions indicate opportunities for intensifying the utilisation of online channels. Except from issues related to communication of technical information there are obstacles in the business system of customers that prevent the use of online channels. The following section presents the identified multi-channel management issues related to channel and organisational coordination respectively.

4.3 Sales system management issues

This last section presents findings that are related to multi-channels sales system management. The findings are mainly related to the case company but are complemented with issues described by other interviewed companies. The findings are sorted in subsections relating to sales channel coordination issues and organisational coordination issues respectively. The subsections are summarised in a concluding paragraph.

4.3.1 Sales channel issues

This subsection presents findings related to sales channel coordination issues. When asking how management at the case company seek to manage issues in the sales system, an answer describes that the company seeks to set clear rules and view the system from an internal and an external perspective:

“Try to establish and maintain clear game rules to minimise conflicts, both internally and externally.” - Sales manager

External conflict is exemplified by the following answer describing collisions between a manufacturer and a distributors when giving an offer to the same customer:

“There can arise collisions with our distributors when we make an offer to the same customer” - Field sales representative

In trying to utilise distributors to serve low value customers in channels that require less resources in order to prioritise high value customers, several answers describe that the intended outcomes are not always obtained:
“We have them [distributors] so we don’t have to handle a lot of questions, however it instead generates questions from the distributors that we could have taken with the customer directly. At the same time we have to support the distributor.” - Sales manager

“It would presumably be more efficient to help the customer directly instead of helping a distributor that in turn helps the customer.” - Sales associate

“A non-priority customer can enter as a priority customer via a distributor and in that way claim valuable resources.” - Sales manager

The above answers highlight resource allocation issues with utilising distributors and that the utilisation of distributors should be managed carefully to obtain the sought efficiency in terms of saving time. The consequences of the unsuccessful resource allocation of customers between indirect and direct channels are lower margins with an unaltered workload:

“The company loses margins but ends up doing the work in the end anyway.” - Sales manager

Furthermore, there are other issues regarding the utilisation of distributors, such as poor communication of the benefits of utilising indirect channels to the customers:

“Sometimes, the possibility of making purchases from a distributor is not presented as a proposition and the benefits are not sufficiently explained.” - Sales manager

When asking if priority customers are ever remitted to distributors, the answers highlight obstacles related to both the mechanisms for giving discounts within the system and organisational mentality:

“Partly because there are other margins. The distributor may not get large enough margins. An end user that buys as much as a distributor can get the same discount, then there is no margin left for profits.” - Technical sales associate

“There are distributors that just have products in stock. In that case we may be somewhat new to the fact that we could consider that they can do it for us. So far we probably experience that we get more questions from distributors.” - Sales manager

These obstacles seem to hinder the allocation of priority customers to distributors. Other issues that are mentioned are related to sales employees performing redundant services for the distributors:

“Our technical sales associates provide technical documentation that distributors can already access through our web shop, but do not find their way or don’t know how to to it” - Sales manager

When asking further about obstacles of multi-channel utilisation, the conservatism among customers is mentioned:

“We are living with heavy backpacks, we have a good deal of customers that are extremely conservative.” - Sales manager

The above answer is supported by efforts from management to manage incentives over the entire set of channels:

“We try to achieve that sales associates get credit regardless of the channel that a product is sold through.” - Sales manager
From a supplier perspective, the case company experiences issues with their utilisation of online channels since customers consider them too complicated:

*The website does not work really, they [the customers] think it is too complicated and they do not know where to look. The web shop is important because you integrate all the technical documents.*” - Technical sales associate

The answer suggests that the potential of the case company’s inline capabilities is not fully exploited. In conclusion, even though management at the case company seek to manage the sales system several channel coordination issues create inefficiencies and prevent the sought time savings. Mechanisms within the sales system seem to prevent priority customers from being served by distributors and may thus further impede the desired outcomes. The following subsection presents findings that are related to organisational issues at the case company and how these relate to multi-channel sales system management.

### 4.3.2 Internal organisational issues

This section presents the findings of case company specific coordination issues that are related to multi-channel sales system management. Due to the fact that the study did not comprise collecting in-depth data from other companies, the findings are based mainly on case company specific data and complemented with data from other interviewed companies. One challenges of employing a multi-channel sales system describes that it requires a larger organisation:

“*It [managing a multi-channel sales system] requires a larger organisation to handle.*” - Purchasing manager

In regards to having a larger organisation, it is presumably more important to provide guidelines for how to work. When asking employees at the case company how the company’s sales process looks, the answers were:

*”The sales process originates a lot from your own sense and experience”*  
- Sales associate

*”From what is known to me, there is none expressed anywhere.”* - Sales manager

The answers indicate that there does not seem to be a clearly outspoken sales process that is actively employed. Several answers about how the case company sales process could be improved converge on better communication between the sales functions:

*”They [case company management] have not succeeded especially well over the last few years in weaving together field sales and administrative sales. It has become more like two camps.”* - Technical sales associate

*”Lack in trust impedes cooperation between field sales and administrative sales.”* - Technical sales associate

*”We want better cooperation, which means that you trust each other, that they [field sales] can leave things to us.”* - Sales associate

*”More transparency and communication between field sales and administrative sales. If we were included from the beginning we could be much more prepared when a larger order arrives and in that way be more efficient. If we also got to know why we
[the case company] have chosen a specific solution we could provide the customers with better information.” - Technical sales associate

All the above answers suggest that the sales process could be improved by increased communication between internal sales functions. However, there are also answers such as the following:

“Now it is starting to be so that field sales representatives bring an administrative sales associate when they go out. Would like to have more of that.” - Sales manager

The answer indicates that the case company is making progress in terms of internal communication and working processes. In asking how the administrative sales function prepares for orders that are received, several issues with handling offerings and orders were highlighted:

“We have so far not had the time to check the system if there is already an offering made, instead focus has been on bringing it in” - Sales manager

The answer highlights that the system is not checked for existing offerings. Asking further about underlying reasons highlights that offerings can be hard to find in the business system because price inquiries are stored as open offerings:

“Yes. The difficulty however lies in the fact that we have a hard time checking if there is an offering since we post offerings that actually just was a price inquiry but it is the fastest way.” - Sales manager

The two answers above may indicate that there inefficiencies in the working processes of the administrative sales function. Offerings are created to provide price information to customers which in turn seemingly creates inefficiencies in serving customers that have sent in orders. This is further reinforced by the following answer. Sometimes, orders placed by customers that have corresponding offerings are mistaken for being completely new orders which in turn creates unnecessary labour:

“It creates a lot of internal manual labour. We do what we are supposed to and send out an order recognition to the customer, then the ping pong game starts. We spend a lot of time on these kind of things.” - Sales manager

Asking about the job assignments of a field sales representative generated the following answer:

“Field sales should be out on the field and build relationships.” - Field sales representative

However, when the same interviewee later was asked about the cooperation between field sales and the administrative sales function at the sales company, the same person added that field sales still do a lot of administrative work:

“Everything that has to do with a request or a delivery confirmation is to be sent through an automated ordering system. Nevertheless, field sales representatives still do a lot of the administrative work ourselves. Especially if you get in on a new customer, then you don’t want to transfer it to administrative sales because they do not have all the updated information on the customer. When you then get a request you do not want it to end up at administrative sales” - Field sales representative

This answer indicates that the field representatives do not have sufficient time to do the tasks they should be doing, because they feel that they have to administer their customers instead of commissioning it to administrative sales. The answer pinpoints elements in the working processes of
the case company that create inefficiencies. When investigating what specific activities the case company undertakes within their multi-channel system in order to increase the level of indirect sales. The answers highlight that non-priority customers are remitted to indirect channels:

“**We remit our non-priority customers to distributors, that’s it.**” - Sales manager

“**We move orders and even technical calculations to distributors. You look at the technical needs of the customer so that they get the help they need.**” - Technical sales associate

Furthermore, issues related to allocating priority customers to distributors link to the organisational mindset of the case company:

“**No, basically not, I think it mostly is an internal problem and that we have to change our way of thinking**” - Sales manager

“**They buy from us and don’t think about it any further because no one tells them that there is a distributor.**” - Technical sales associate

“I perceive that not everyone’s attitude is positive towards letting priority customers utilise indirect channels.” - Sales manager

When probing further in the latter answer, the underlying reason is suggested to be related to sales incentives:

“I can only guess, but presumably because they want they want the numbers on their side. There are expectations that you should send a certain number of offerings that are to generate a certain number of orders.” - Sales manager

The answers may indicate misalignments between working processes, mindsets and the overall objectives of utilising the multi-channel sales system. But it may also indicate that sales incentives are not favouring the utilisation of indirect channels. When asking about how customer needs are analysed the answers we related to lacking resources and communication:

“Yes, one wishes to have that time. If a customer asks for a valve then there is a unit in the other end. We have not had such resources, so unfortunately i have to say that we don’t do that. However, it does happen now and then.” - Technical sales associate

“You could figure out what the customer has bought the last two years and if there has been any problems, which is pretty simple stuff but you have to talk to one another and maybe we don’t do that sufficiently.” - Sales manager

The answers above indicate that the customer needs analysis may be insufficient. However, the following answer demonstrates that customer needs analysis is in fact performed:

“I can make a quick assessment and check the revenue and number of employees and send the customer to a distributor in a way that is the most positive. I check what they want and ask a distributor to call them back.” - Technical sales associate

In conclusion, several issues related to inefficiencies in working processes and indications of misaligned organisational mindsets have been identified. There is also insufficient communication between internal sales functions that may impede sales efficiency and hinder the case company in utilising their multi-channel sales system for its intended use. The following chapter presents the analysis of the above presented findings.
5 Analysis

This chapter presents the analysis of the above presented findings. The analysis is both case and industry specific. The following sections will present for what purpose multi-channel sales systems are currently utilised among the interviewed companies, the most important factors to consider in multi-channel customer management. Furthermore, the main issues that hinder the desired outcomes of the identified purposes are presented along with suggestions for how sales efficiency could be improved.

5.1 Prioritised allocation

According to the empirical findings of this research, multi-channel sales systems are commonly utilised in order to target different customer groups in order to reduce sales costs and create time for field sales representatives to attain new customers. It is also described that managing a multi-channel sales system is basically about placing right customers to right channels. In particular, findings show that due to limited resources companies tend to allocate low value customers to inexpensive sales channels and high value customers to channels that can provide preferential treatment. How companies utilise their sales systems indicate two things. Firstly, dividing customers by their economical attractiveness implies that companies focus on customer prioritisation. Secondly, since efficiency is defined in the literature as the ratio between sales resource input and revenue output gained, it is assumed that a main purpose of utilising multi-channel sales systems is to obtain sales efficiency. In other words, in their attempts to achieve efficient sales by utilising multi-channel sales systems, most companies strive to allocate specific customers to specific sales channels based on prioritisation. According to the literature, customer prioritisation is closely bound to obtaining sales efficiency and can be a key lever for improving the profitability of a company. Furthermore, it is also mentioned that the Nordic region has a high level of labour costs. Therefore, it is assumed that prioritised customer allocation is a way to achieve sales efficiency given that the allocation process does in fact reduce the amount of required sales resources. However, whether or not prioritising specific customers to a certain channel is an optimal strategy to achieve efficiency is difficult to say.

5.2 Key allocation criteria

According to literature, channel choice is associated with determinants for channel selection. Furthermore, channel choice can be viewed both from a company or a customer perspective. Determinants within the company perspective represent what companies can consider in designing their sales system and channel structure. Determinants within the customer perspective instead represent what motivates customers to choose specific channels. The following two subsections argue for how such determinants can be linked to customer allocation criteria that have been identified and how these may contribute to increasing sales efficiency.
5.2.1 Company perspective allocation criteria

The empirical findings have highlighted three main aspects that influence customer allocation procedures. These are sales revenue, customer potential and sales complexity and are in a sense criteria from a company perspective. These can be seen as allocation criteria from a company perspective that influence a company’s decision to allocate customers to a certain sales channels without particular consideration to the wants and needs of the customer. Sales revenue refers to the annual revenue obtained from a single customer. Customer potential considers the growth, economic potential and future development of customers, which is relatively similar to what the literature defines as sales revenue potential. Both sales revenue and customer potential are criteria closely linked to economic attractiveness. This in turn is a core component within the concept of customer prioritisation, which in the empirical findings is highlighted as a vital aspect in striving to increase sales efficiency. Therefore it is assumed that sales revenue and customer potential are key allocation criteria if the purpose of utilising a multi-channel sales system is to obtain sales efficiency.

Furthermore, sales complexity is a criteria often mentioned during the interviews. The criteria refer to the level of complexity regarding both the product and sale process. Large projects, customisation requirements and extensive negotiations are examples where the level of complexity is considered to be high. With increased complexity companies tend to prefer utilising a direct sales channel which most likely is a consequence of the suitability of direct channels in handling sales complexity but also their attitude towards other sales channels. Nonetheless, the complexity criteria may influence customer allocation and is a matter of channel suitability rather than economic attractiveness. In conclusion, sales revenue, customer potential and sales complexity are criteria considered to be highly significant during the allocation process. However, the findings also indicate that companies rarely emphasise the importance of incorporating customer value in the allocation process which according to the literature is essential. This can imply that companies need to focus more on the customers and their needs. The next subsection presents the analysis of how customer purchasing behaviours and perceptions can be linked to company perspective allocation criteria and how these currently relate to sales efficiency.

5.2.2 Customer perspective allocation criteria

The empirical findings have highlighted customer purchasing behaviours and purchasing requirements as aspects that must be fulfilled when making purchases from suppliers and therefore influence customer channel choice. Within the identified behaviours and requirements several customer perspective determinants for channel selection that that are presented in the literature are reinforced. These behaviours and requirements can instead be viewed from a company perspective. Given that a company seeks to meet them in order to improve customer service they can be used as customer allocation criteria. An important aspect that differentiates customer buying behaviours is the level of technical support they require and it is also mentioned that customers characterised by smaller revenues tend to be more emotionally committed. Purchase requirements that are highlighted as important by the interviewed companies are price, quality, logistics and adequate technical support. Furthermore, assurance of quality and receiving the right product is a requirement that is most prominent in online and indirect and online channels.
Which of the requirements that is more important to fulfil than others varies between companies and channels. In some cases, for instance when a product is needed quickly, price is considered less important than logistics. However, technical support is often mentioned as the most important purchase requirement. In fact, customers may consider employing another supplier if technical support cannot be sufficiently provided and is often mentioned as an obstacle for utilising certain types of channels. For instance, customers experience that distributors, due to inadequate technical competence, generally lack in providing the needed technical support. Knowing which of the requirements are considered most important in which channels and for which channels should provide companies with leverage. A company can for instance charge a higher price if it knows that it has no competitors that can offer the same level of technical support. However, given a high level of sales complexity it may be difficult to assess what is considered most important and to which degree customer requirements can be met. It should be feasible for companies, at least to some extent, to disregard one of the less important requirements in order to obtain certain benefits as long as the most important requirement is fulfilled. Understanding customer behaviours and purchasing requirements and the underlying reasons for particular behaviours may present opportunities serve these in a better way. Companies can utilise appropriate channels to deliver a higher level of customer value, and thus increase sales efficiency. The following section presents analyses of how the identified key issues may hinder sales efficiency.

5.3 Key issues of multi-channel sales systems
This section presents how the identified sales management issues may hinder or prevent companies to obtain sales efficiency through utilising their multi-channel sales systems. The identified issues are categorised into the four following subsections based on the themes that were derived during data analysis. The analyses is based on the empirical findings and literature.

5.3.1 Misaligned sales activities
The empirical findings highlight several internal issues within the sales organisation. Employees seem to have different work processes even though their duties are similar. This may spring from not having an outspoken sales process and thereby creating ambiguity and room for inefficiencies. Findings also indicate that the view on different sales channels in terms of attributes and suitability differs or is at least not clear among the employees. Managers seem to believe that some employees have a rather old-fashioned way of thinking. The view on sales channels these employees have is comparable with what Rangan et al. (1992) presents as determinants for channel selection. A lack in established work processes in combination with different perceptions of how to use sales channels imply that the company work differently and towards several objectives, which indicate that sales activities and objectives are misaligned. Viewing these problems as system integration and channel coordination issues suggests that it is of great importance to unify the sales force and obtain the support of both staff and management in order to improve the use of the multi-channel sales system.
5.3.2 Deficient prioritisation procedures

In the empirical findings customer potential is identified as an important factor in customer prioritisation. An ABC analysis, described in section 2.5.1 ABC analysis, was conducted at the case company for two reasons. Firstly, although the analysis has several uncertainties, it is meant to illustrate the importance of prioritising customers and the potential impact it may have in this setting. Secondly, it is also meant to highlight how customer potential can be linked to customer prioritisation procedures. The results of the analysis may be somewhat misleading since the analysis was based on a sample of 1144 case company customers active within a single industry segment defined by the case company. Furthermore, the analysis was performed using sales revenue from only a single year. However, considering the magnitude of the result it is assumed that these uncertainties should not make the claims that are made with the results of this analysis invalid. The result of this analysis is also meant to provide an illustrative example of a foundation for resource allocation.

Figure 5 presents a Pareto chart of the annual sales per customer in the automotive industry segment of case company. The annual sales per customer are represented in descending order by the blue bars and the yellow line represents the cumulative share of total sales for all customers.

![Pareto chart of annual sales per customer versus cumulative share of total sales](image)

The two red lines in the chart highlight two interesting findings. Firstly, the red line to the left indicate that 10 percent of all customers in the automotive industry segment account for just about 80 percent of the total sales. Secondly, the red lines to the right indicate that approximately 70 percent of all customers only contribute to 5 percent of the total sales. What is also interesting is that the red line to the right also represents a guideline identified at the case company that indicates when customers should be treated as priority customers. From a sales efficiency perspective, this limit may seem inappropriate. However, such statement would be vaguely supported since the Pareto chart is based on number of customers and not how much time is invested in each customer.
A chart that would represent sales efficiency more accurately should be based on a variable that reflects the desired efficiency, for instance annual sales per sales cost or annual sales per invested hour.

The empirical findings have indicated that non-priority customers also require notable sales resources although they provide relatively little sales revenue. Furthermore, it should be assumable that such low-revenue customers more or less require the same amount of time. Therefore, the priority limit may be considered as relatively low. To what extent the limit should be increased cannot be suggested in this case since determining an appropriate limit depends on several factors such as prevailing market conditions, market development, capabilities and resources of the company. However, since the purpose is to achieve sales efficiency, it can be argued that determining an appropriate limit is a matter of balancing the trade-off between time invested in existing customer base and time that should be invested to acquire new customers. In Figure 6 below, the customer base has been classified and divided into A, B and C customers and may suggest the following. The customers that are classified as A customers represent only 10 percent of the customer base but in fact generate 80 percent of total sales. These could be considered as priority customers. The customers that are classified as B customers represent approximately 10 percent of both the customer base and the share of total sales. These could be considered customers with the potential to become priority customers. The customers classified as C customers represent 80 percent of the customer base but only about 10 percent of sales. They could therefore be considered as non-priority customers.

Figure 6 - Customer classification based on sales revenue

The ABC analysis is critiqued for ignoring customer potential. Although customer potential is not included in the annual sales, the result could be utilised to identify customers that demonstrate potential and therefore receive prioritised sales efforts. This logic only holds if the customers typically make smaller adjustments in their expenditures towards the company. However, the result of the ABC analysis even transcends the 80:20-rule, thus stressing the importance of customer prioritisation within the industry segment.
5.3.3 Insufficient promotion of customer value

Beneficial prices and increased support are, according to the case company, some of the advantages customers can take part of if they use indirect sales channels. These benefits are also identified as some of the customer needs discussed in section 5.2.2 Customer perspective allocation criteria. However, findings also indicate that the experience of the customers regarding indirect channels does not reflect the alleged benefits. Customers generally perceive indirect channels in the form of distributors as more expensive and often lack in technical competence compared to direct channels. On the one hand, the alleged benefits and the different perception of the customers imply that companies inadequately promote the additional value customer can gain in other sales channels. On the other, it is difficult to say if the customers that experience distributors as more expensive are in fact customers that are entitled to significant discounts in the direct channels, which indicates a sales channel coordination issue and is further discussed in section 5.3.5 Resolving issues incompletely.

Furthermore, it is also mentioned in the findings that allocating customers is sometimes based on what is considered to be convenient at the moment. This makes it even more evident that the case company does not promote other sales channels to any significant extent. It is assumed that there are two main reasons for why some of the employees are not advocating the use of other sales channels. Firstly, it may be due to lack of knowledge among employees in terms of sales channel benefits and understanding the purpose of a certain multi-channel setup. Secondly, promoting other channels seems to be a matter of willingness. This may be caused by a combination of insufficient incentives to promote customer value and employees not sharing the same view on how to utilise the sales channels as the managers at the case company. This implies that management need to focuses on creating a unified view regarding the concept of multi-channel sales within the sales organisation. According to the literature it is important to clarify the objectives and communicate them to the entire sales organisation. Nonetheless, promoting customer value in accordance to the purpose of utilising a multi-channel sales system should be emphasised.

5.3.4 Inadequate focus on customer

The case company describes their customers as relatively conservative, which implies that they prefer using direct sales channels and are reluctant towards other sales channels. However, findings also indicate that customers seem to be open-minded regarding the use of different sales channels. Customers seem to understand the benefits that can be obtained from different sales channels and their perceptions are rather consistent with literature. Nonetheless, direct sales channels are the most commonly utilised channels. Some customers state that they rarely purchase products through online channels. Two reasons have been identified as to why online channels are not utilised to any significant extent. Firstly, the incentives to use online channels are vaguely communicated. Therefore, the additional value that online channels provide is not significant enough relative to the lost value from utilising other channels. Secondly, some customers say that they are not able to purchase from online channels due to limitations within their own business systems. Either way this may indicates that the case company has some deficiencies in understanding their customers and therefore have problems in providing customer value. These issues probably stem from the strict focus on the company’s profitability rather than identifying and serving customer needs, which in fact is a common problem among companies according to the literature.
5.3.5 Resolving issues incompletely

Problems identified under this theme should neither be taken seriously nor should they be neglected without further investigation, mainly due to inadequate support from multiple sources. The problems presented in this section are merely unannounced issues or concerns encountered during the interviews and should therefore be viewed as signs of potential issues. According to the findings, a common way to allocate customers to indirect channels is to reject their attempt to use direct channels and remit them to distributors. A main reason to do this is that companies do not want to invest their limited resources in low value customers. It is also mentioned that low value customers seeking advice regarding a certain problem in a direct channel are remitted to a suitable distributor. However, in some cases presumably due to a lack in technical competence, these distributors then contact the case company and seek the same advice. In other words, the company have to invest resources to solve a problem that actually belongs to a low value customer. This implies that remitting low value customers to distributors does not always generate the desired time savings.

Furthermore there are some findings that indicate inefficient usage of financial motivators. Customer discounts and sales incentives are identified as motivators that potentially could affect the efficiency of a multi-channel sales system negatively. For instance, priority customers may get significant discounts. Some customers state that they perceive indirect channels as more expensive than direct channels. Since price is considered a significant customer need, providing discounts in a direct channel decreases customer value in other sales channels. This may not be a problem since it is desired that high value customers are allocated to direct channels. Nonetheless, discounts prevents customers from utilising other sales channels. Whether or not high value customers should be allocated to other channels than direct sales channels is further discussed in section 6.3 Refining prioritised allocation.

Sales incentives, such as bonuses and budget targets, are assumed to exist in most of the interviewed companies. Since sales incentives augments performance and are often linked to underlying objectives, it is important that these incentives reflect the sales strategy objectives of the company in order to drive performance towards fulfilling the objectives. In section 3.2 Empirical setting it is described that the sales force is divided both geographically and by sales channel type. Applying strong individual sales incentives to such setting could hinder efficient utilisation of a multi-channel sales system since individual incentives in that case promotes increasing sales within each channel type rather than allocating customers to appropriate sales channels. In conclusion, several issues are actually created by trying solve other problems. It is important to evaluate potential solutions and ensure that they aid the company in their pursuit to improve sales efficiency.
6 Discussion

This chapter presents a discussion and of the findings and the analysis in the previous chapter. A discussion on the outcomes of the research and ethical consideration are also presented. Finally, the last subsection presents a discussion on how the multi-channel management processes that have been identified can be altered in order to increase sales efficiency.

6.1 Outcomes of research

This study started by identifying the root cause of a problem perceived by the case company. The initial problem was expressed as a specific customer allocation problem. More precisely, the case company wanted to investigate how to improve the process of reallocating customers from a direct sale channel to an indirect sales channel. Designing the research based on this initial problem may missed actual root cause, being a matter of improving sales efficiency. Adopting a divergent research approach and addressing the root cause of the problem has provided findings that may be valuable for companies in similar settings. There are three main reasons that indicate this. First, addressing the perceived problem would most likely contribute to company specific solutions since the actual allocation process is highly dependent on capabilities and characteristics of the company. Second, the specific case of allocating customers from direct to indirect sales channel only represents a fraction of possible solutions to improve sales efficiency within the context of multi-channel sales systems. Third, several of the key issues presented by this study would probably not have been identified if the perceived problem was the starting point if the research. Therefore it is assumed that the implications of this study would probably improve sales efficiency to a greater extent compared to potential solutions of the perceived problem. However, it is nearly impossible to estimate what level of efficiency could be reached by considering the implication provided by this study. Several areas need to be further investigated to draw any final conclusions. Above all, the implications of this study must be put to practical use in order to evaluate the level of performance and applicability. Moreover, this study is primarily aimed to provide sales management with insights and recommendations that are meant to facilitate increased sales efficiency. Deeper knowledge and increased understanding of the multi-channel concept within the company will most likely boost sales performance. The findings may also be applicable in manufacturing industries similar to the automotive industry. However, the applicability of the findings of this study has limitations, which are discussed in section 7.4 Limitations and future research. Regarding the focus on customers in the Swedish automotive industry, two distinct segments of customers have been identified. The first segment represents companies that manufacture cars and purchase products that they integrate in the products that they manufacture and assemble. The second segment represents companies that sell production and automation equipment to the manufacturers. The former usually sign extensive contracts that span several years and purchase products very predictably. According to the findings, such business transactions are rarely handled in other sales channels than direct. The latter segment utilise other sales channels than direct to purchase products mostly due to the lower level of sales complexity that surround these purchases. To understand whether or not other sales channels can be employed to greater extent to serve these customer segments may require further research, which specifically focuses on this matter.
6.2 Ethical considerations

The ethical considerations are discussed related to the guidelines provided by Svenska Ingenjörer (2016) and the Swedish Research Council, as cited by Blomqvist and Hallin (2015). One particular ethical dilemma was encountered when conducting the research. The dilemma occurred during the interviews with employees considered as customers in this study. The researchers decided to exclude information about the involvement of the case company since it was assumed the information could influence the answers. Not providing information of the involvement of the case company could be considered as a direct violation of the information requirement according to the Swedish Research Council’s four principal requirements. However, before every interview, an email was sent with a brief description of the purpose of the research, the aim with conducting the interviews and background information about the researcher. Furthermore, all interviewees were given the possibility be anonymous and contact the researchers if anything was unclear regarding the interview or the research. In other words, the interviewees could obtain information about the involvement of the case company and therefore it is considered that no violation regarding the information requirement has been made. On the other hand, to omit information that could be considered as sensitive has its risks. For instance, the interviewees could experience that they have been deceived. In conclusion, the research has been conducted with consultation from supervisors both at the case company and KTH.

6.3 Refining prioritised allocation

This section provides some suggestions for how sales efficiency could be improved are presented and discussed. During the research an interesting idea about how to further increase sales efficiency by utilising multi-channel sales systems emerged. The idea is basically about viewing the whole sales channel system as an instrument to sort and allocate specific objects to channels that are considered to best handle them from an efficiency perspective. Currently, for most companies in the industry these objects represent specific customers. However, according to the findings and the literature, purchases with high complexity are better suited in direct channels while indirect channels are appropriate when managing less complex purchases. Since high value customers also seem to purchase products with considerable low complexity, these particular purchases could be allocated to indirect channels. In other words, instead of viewing the allocation objects as customers, companies could view the objects as purchases or transactions. The prevailing prioritised allocation process is mainly based on economic attractiveness in terms of sales revenue and customer potential. The refined prioritised allocation process aims to improve efficiency by breaking down the allocation objects to smaller units, which in this case are purchases. The idea is to amplify the significance of the complexity criteria in order to better align the objects with the characteristics of the sales channels. Succeeding to allocate the purchases accordingly will most likely decrease the resources required in direct sales channels. However, since including the complexity criteria results in substantially increasing the complexity of the whole sales system, the refined allocation process need to be further analysed, in particular to what extent the it could contribute to improved efficiency. In conclusion, striving for the refined allocation process will most likely trigger other issues and give birth to new challenges to deal with. To what extent the refined allocation process could improve sales efficiency is a matter of evaluating the trade-offs between timesaving and effect of new issues.
7 Conclusion

This chapter aims to summarise and conclude the conducted research. An argumentation for how the purpose has been answered by addressing the three research questions is presented. Furthermore, managerial implications and the contributions of the research are presented. The chapter is rounded off with an account for research limitations and directions for future research.

7.1 Fulfilling the purpose of the research

The purpose of this research is to investigate what should be considered when managing multi-channel sales systems with the objective of increasing sales efficiency. To fulfill the purpose of the study, the research was based on three research questions. The following section presents a summary of how the findings of the research have contributed to answering the research questions and thereby fulfilling the purpose of the research. The first research question:

*RQ1: Which elements of multi-channel management can affect sales efficiency?*

focuses on understanding how multi-channel sales systems can be employed. The aim was to map elements of multi-channel sales system design and implementation in order to identify which parts influence sales efficiency. Findings suggest that the customer allocation process is a vital part in obtaining efficient sales. The key is to prioritise customers and allocate them based on their economic attractiveness in terms of sales revenue and customer potential. The second research question:

*RQ2: How should customers be allocated to specific sales channels in order to increase multi-channel sales efficiency?*

was aimed at identifying determinants for channel selection, both from a company and customer perspective. By evaluating these determinants from an efficiency point of view, key allocation criteria could be identified. Findings suggest that allocating customers based on prioritisation should mainly be determined by sales revenue and customer potential. However, it is also important to include criteria related to sales and product complexity. These dimensions of complexity are closely linked to the attributes of the sales channels in terms of suitability. Furthermore, when allocating customers, companies should pay close attention to customer needs in order to improve customer satisfaction. Providing technical support, in terms of technical competence and product information, is assumed to be a basic requirement in the automotive industry and should be considered as a necessity regardless of sales channel. This research also indicates that price and delivery capabilities influence customer satisfaction, which in turn affects the choice of sales channel. Unless the customer expresses a significant need for low prices or special delivery requests, these needs should be considered as additional needs and viewed as opportunities to create customer value.
It has been found that issues commonly associated with multi-channel management may affect sales efficiency, which gave rise to the third research question:

\[ \text{RQ3: What are the key issues that prevent sales efficiency in multi-channel sales systems?} \]

The third research question aims to highlight common issues that could undermine the utilisation of multi-channel sales systems. Investigating and evaluating sales activities and customer behaviours identified five issues that companies should pay particular attention to regarding sales channel management. These are misaligned sales activities, deficient prioritisation procedures, insufficient promotion of customer value, inadequate focus on customers and resolving issues incompletely are issues that could have a considerable influence on sales efficiency. Given that the objective of utilising a multi-channel sales system is to increase sales efficiency, the findings of this research presents what companies active in the automotive industry should consider when designing a multi-channel sales system while also highlighting and discussing possible solutions to common issues that significantly could affect the performance of the multi-channel sales system. The purpose of this study is therefore considered as fulfilled. However, to what extent the findings of this research are valid is discussed in section 7.4 Limitations and suggested future research.

7.2 Managerial implications

The implications that have been derived from the findings of this study may aid companies that utilise multi-channel sales systems designed for the objective of increasing sales efficiency. The recommendations are aimed to support sales managers, or individuals in similar positions engaged in multi-channel sales system design and management. Due to the delimitations of the conducted research, the implications are primarily intended for sales system practitioners employed by large companies in technology intensive industries. The following four bullets present implications in areas of multi-channel management that should be addressed:

- **Clearly define the strategic objectives and goals of the multi-channel sales system and communicate it throughout the entire sales organisation.** Focus on aligning the sales activities and functions with the stated purpose in order to minimise internal coordination problems and increase sales efficiency.
- **Allocate customers by prioritising based on economic attractiveness.** Develop an approach that facilitates the evaluation of customer potential. Customer prioritisation is a key lever in achieving efficiency and improving profitability.
- **Focus on understanding the customers, in particular what their needs are and how the company can create customer value.** Identifying customer needs will give rise to opportunities to increase customer satisfaction, which in turn could create customer value. Embracing a customer centric focus is essential and will most likely facilitate the obtaining an efficient multi-channel sales system.
- **Stay in line with market development.** Identify potential changes in customer behaviour and significant technological advancements relevant to sales management. Understanding how the market evolves can enable agile adaption of sales efforts to maintain efficiency.

These implications should be considered as recommendations rather than absolute truths. The ambition is to link theory with practical use. Therefore, it is necessary to revise and evaluate the implications together with management and staff before applying them.
7.3 Contributions to knowledge

As mentioned in section 2.1 Review of existing literature, the reviewed multi-channel sales system literature recurrently is engaged in investigating multi-channel sales systems in business-to-customer settings. The reviewed literature mostly embraces a general view on how to establish a multi-channel sales system, multi-channel strategy, and the design of an optimal channel structure or seeks to highlight general managerial challenges related to multi-channel sales systems. This research, however, pays specific attention on how to achieve efficient utilisation of a multi-channel sales system in the context of a business-to-business setting, which is considered as lacking to date. The findings provided by this study highlight key areas to address and provide guidelines for managing a multi-channel sales system with the specific purpose of obtaining sales efficiency. Due to concerns regarding scientific rigour and the relatively limited extension of this study, the theoretical contribution should be interpreted with regards to the limitations discussed in the following section 8.4 Limitations and future research.

7.4 Limitations and future research

The strength of the contributions of this research are limited by both the methodological and the empirical foundation that the research is based upon. The following two points are meant to describe the limitations that these foundations pose on the usefulness of the outcomes of this research. Firstly, the study was conducted as an explorative case study based on qualitative research methods for data collection and analysis where data was analysed and the conclusions represent interpretations of the researchers. Secondly, the study only observes one company in detail and the sample of interviewees mainly consists of larger companies in the industry and was provided by the case company. Additionally, the sample is relatively limited in relation to the entire population of companies in the automotive industry. In summary, the conclusions and implications related to multi-channel management provided by this study should be considered relevant under the above mentioned conditions. They can further not be considered as fully representative of neither the industry nor the general population of B2B companies as a whole. Nevertheless, the recommendations may exhibit applicability in similar settings.

Future studies can succeed this research by conducting a more extensive study within the same context incorporating more companies and interviewees appropriated from an improved sample. Studies could also be conducted in a cross-contextual setting to draw relevant parallels and further refine the recommendations for managerial practice. Other outcomes that could be sought in future research are more detailed accounts of how characteristics such as product complexity affect the utilisation of multi-channel sales systems in relation to current developments. One of the most interesting questions that this research leaves unaddressed is the outcomes in terms of efficiencies that can be obtained and attributed the adoption of recommendations similar to those presented in this research.
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