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Retail sales operations: Challenges in the current COVID environment

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Companies who sell through retailers depend on salespeople for order collection. Usually, a sales officer is assigned a limited area and he has to visit all retailers in that area to collect orders. It is also his responsibility to collect payments. For these tasks, some companies have their own salespeople, while others use DSRs (Distributor Sales Representatives).

In the current COVID environment, this way of organizing sales will have to be rethought. For a year or so even after the total lockdown is lifted, there will very likely be several restrictions put in place. Travel to/ through certain areas may be restricted or there may be limits placed on the number of people that can travel together in a vehicle. Intermittently, many areas could also be completely locked down depending on number of emergent Covid cases in those areas. Moreover, the behavior of the retailers will also not be same as before.

In this scenario, following are the potential obstacles to physical order taking by salespeople from retailers:



Risk of losing sales in an area:

When sales person either cannot visit / or refuses to visit his assigned area

1. The Salesperson may not be able to visit the market due to the particular zone becoming downgraded from a green zone to an orange zone. In orange zones, shops are allowed to remain open but movement of civilians will be restricted.
2. For most sales people, the area allocated to them may include a few taluks. He may not be allowed to visit some of these taluks- i.e, Zero sales in that area until lockdown is lifted.
3. He may be a resident in a taluk that is under lockdown. So, he will not be able to visits the taluks that are not under lockdown i.e. Zero sales in his assigned area until lockdown is lifted in his taluk.
4. Sales person may also decline to visit the market due to fear of getting infected. Company cannot force him to visit, either. It would affect the good name of the company negatively, if the salesperson decides to make such a 'compulsion', public.
5. A salesperson may have to be quarantined if somebody in his family or in his residential building, tests positive for the infection. It will be very difficult for companies to get a replacement immediately.
6. If public transport has been stopped in the area assigned to a salesperson, then he may not able be visit retailers, if he does not have a bike or some other mode of transport.



Sales productivity:

Order taking from retailers likely to drop to less than 25%

1. Any limitation placed by governing bodies on the amount of time markets are allowed to stay open or on travel in an area will have a major impact on sales productivity. It is possible that only three or four hours are available for visits. In such a circumstance, after adjusting for travel time, the salesmen will only be able to visit 1/3rd to 1/4th the normal quota of retailers. The number of visits possible will go down further if there is only infrequent availability of public transport.
2. If restrictions are placed on the time stores can stay open, customers will necessarily have to visit during this time. With social distancing norms in place, these customers are likely to take more than their usual time to complete purchases. Moreover, retailers will want to use all the available time to maximize sales. Hence the time salespeople will spend waiting for the retailer to be free, will increase. This will further reduce the number of retailers with whom a salesperson can meet in a day.
3. Due to news/ rumors spread, a salesperson may cancel a planned visit to the market. If he is on a weekly beat, then the gap of time between two visits (to take orders) will increase to 2 weeks.
4. Due to pressure of achieving sale numbers and paucity of time the salesperson will try to visit the largest counters in his area and skip meeting nearby retailers with smaller counters. This increases the time spent on travelling out of the total available time; thus, reducing productivity further.
5. Since cashflow is a major concern in the current scenario, collection would take priority. Company & distributors would prioritize salesmen's physical visits to retailers where collection is due. This will deteriorate the sales productivity.
6. Usually there are targets on sales value. This could again make salesmen avoid smaller counters on their beat in lieu of covering more large counters or cherry pick counters where there is a 'higher' probability of getting payment/orders. Consequently, the company may lose all those smaller retailers it had painstaking brought into its fold over the years.



Quality of order taking:

Range selling likely to be compromised

Lack of time with each retailer could force the salesmen to cut discussions short. They may not have an opportunity to fully discuss adding to the range of products in a store or how much quantities to stock of each SKU. The interaction is very likely to be extremely transactional i.e. discuss collections & take any immediate order that the retailer wants to place. Chances of selling anything other than fast movers will be a challenge.



Additional problems with a weekly beat

(or Permanent Journey Plan):

The rhythm of order taking, collection & dispatch will be broken

- 1.** Due to a limited open window for visiting his market, a salesman will not be able to complete the planned beat within the day. His one-day beat will have to be spread over three to four days. This means that the time between visits to each retailer will triple/quadruple, compared to the current duration; i.e. a weekly visit will become a visit once a month! (If the company wants to continue to touch base with retailers every week, it will have to increase headcount by four-folds or adopt the Vector solution which will not increase manpower).
- 2.** When the frequency of visits to retailers reduce to once a month, dispatch frequency will also become once in four weeks instead of once every week.
- 3.** Many retailers would be unwilling to wait for more than two weeks for a visit and will probably call the salesmen to place orders. Attending to such calls will again reduce the time salesmen have to complete their physical beats.
- 4.** The beats will now have to be aligned dynamically (unlike the old times when they were fixed).
- 5.** Cost of completing the beat would increase as the salesmen will have to repeatedly – over three / four days - visit the same market, which was earlier completed in a single week.
- 6.** Since not all counters will be open depending on the uncertainty in an area, this will further reduce productivity of a beat.
- 7.** Essentially the rhythm set with the weekly beat plan- i.e. of order taking, collection and dispatch will be broken. This will lead to change in the behavior of both retailers and salesman. The advantages of having a beat plan will vanish. Month end spike, high receivables and pressure on sales numbers will reign.



Impact on order intake due to irregular visits:

Drop in number of regular retailers placing orders

In an environment where frequency of visits of a company's salesmen is unknown / not defined, retailers will tend to buy from whoever visits when the demand exists. So, when the company salesmen eventually visit, they would perceive these retailers as 'not interested' and may avoid visiting them in future.



Market structure related obstacles:

Indirect distribution will be crippled

1. Indirect distribution -using a handful of wholesalers to reach all retailers or expecting retailers to buy from wholesalers/ distributors in other cities- will be ineffective. Social distancing norms could leave retailers with a very small window to conduct sales at their own outlet. They will not have time to visit wholesalers.
2. Wholesale markets may fewer retailer visits due to paperwork related harassment by the local administration.

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