

## A Sales Disruption: Is Digital Sales Replacing Traditional Field Sales?

By Bob Perkins and Robert M. Peterson

Sales is becoming more digitally and technologically-based. Several drivers of this movement include convenience, efficiency, and ease of use. In order to maintain growth, many companies are bringing their field representatives inside and are adopting inside sales tactics. This has helped companies and their sales representatives contact a greater number of potential buyers in a shorter span of time, improving the inside sales range immensely. This article explores some of the cutting edge technology advances, data analytics movements, the new role for representatives, and the challenges of changing the salesforce.

There is no doubt about it...today's buyers require immediately accessible information and sales interactions on their own terms. Often customers want the option of a comprehensive and valuable sales engagement without the need for face-to-face interaction. A recent survey by the Consumer Executive Board (CEB) found that of 1,900 corporate decision makers, buyers are, at a minimum, 57 percent of the way through the buying process before they contact a potential supplier (Spenner 2015.) Some respondents reported being as much as 70 percent complete with the decision-making process before reaching out to a vendor. The buying cycle, in part, is being completed digitally by decision-makers before they contact a sales representative, remotely or in-person. Research also indicates more complex big ticket sales are completed through a virtual sales exchange (Hedges 2014.) One germane comment on this digital migration suggests this movement:

*"The digital revolution is changing the way buying decisions are made and commerce is transacted. What individuals are experiencing as consumers is changing what they expect from IBM as an enterprise client. They want us to know them and understand their preferences, and get value from our expertise in new ways and on their own terms...In other words, digital is central – not*

*secondary."* Bruno Di Leo, Senior Vice President, IBM Sales & Distribution

Simply put, in many cases, decision-makers prefer engaging digitally when making purchasing decisions. Whether it be research on the web, a demonstration through screen sharing and/or video, live chat, or the use of social media, busy buyers want information quick and easy...in the comfort of their office or via their smart phone as they commute. We are not suggesting that face-to-face dialogue is obsolete, it certainly has its place, but there's a shift away from this structure. A discussion between The AA-ISP (American Association of Inside Sales Professionals) in 2014 with the owner of a commercial business in Minnesota offers a glimpse of the new decision maker:

*"Our top suppliers have regional salespeople based near our headquarters who are constantly trying to meet me for lunch, or just to stop by for a quick chat on some of their new products. I honestly don't have the time to break away from a hectic and demanding schedule. It's much easier to find out what I need from their website or by making a quick call to my phone-based account manager."* Rick Petersen, President/Owner

### The Digital Sales Channel is Growing Rapidly

In the 1980s, 1990s, and through the early 2000s, inside sales was deployed predominately in a team model supporting the field sales force. Today, senior sales leaders know what inside sales knew many years ago. While the team selling model is still widely deployed today, there is a noticeable shift toward inside sales as a discrete sales channel with full responsibility over revenue ownership, assigned accounts, and a hefty

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quota. This noticeable shift from face-to-face to a digital engagement is in response to how decision makers want to interact. The digital way of conducting sales has arrived and is here to stay. In fact, traditional field sales people have adopted some of the very same strategies and tactics that inside sales people have been using for years. This is because buyers are demanding it, either outright or by the marketplace pressures for total cost of sales to be reduced internally at the selling organization. Research in 2013 and 2014 by the American Association of Inside Sales Professionals (AA-ISP 2013; 2014) has shown that 95% of companies above \$20M in annual revenue have adopted the expertise of inside sales as a critical sales channel. Further, AA-ISP research indicates a significant shift from inside sales simply supporting field reps, to carrying a discrete quota and responsibility over a set of accounts. From 2010 to 2014, companies moving inside sales from a team support role into a “discrete” quota-carrying model rose from 32% to 39% in a non-published AA-ISP report. In 2016, the discrete model, where representative own their own quota, was essentially at parity with the Team model, where an inside representative works with a field salesperson (AA-ISP Top Challenges Report, 2016). ZS Associates

and Reality Works found that 40% of large companies (greater than \$1B in annual revenue) in the technology space are specifically shifting headcount from the field to inside sales (Albrecht, Seley, and Heller 2014). Finally, US Department of Labor statistics, combined with research by Insidesales.com, indicates that 750,000 net new inside sales jobs will be added from 2011 to 2020 - nearly 3 times the job creation rate compared to that of traditional field sales. Inside sales has arrived as a true profession and it is now an often preferred “go to market” strategy for start-ups or early stage companies. A May 2015 article by HubSpot, “Field Sales is Dead”, explains how inside sales can outperform the field in digital engagement with prospects and customers (Roff-Marsh 2015). In fact, to keep pace with the new digital sales world, field reps are now spending up to 80% of their time at their desks performing the same activities as inside sales according to internal reports at AA-ISP. The traditional face-to-face selling model, while still needed for certain larger and more complex sales, sales and in certain industries such as investment banking, finance, etc., is becoming cost prohibitive. Insidesales.com (2013) found that savings from using inside sales can reduce cost-of-sales by 40-90% relative to field.

Table 1 – Job Growth in Digital Selling

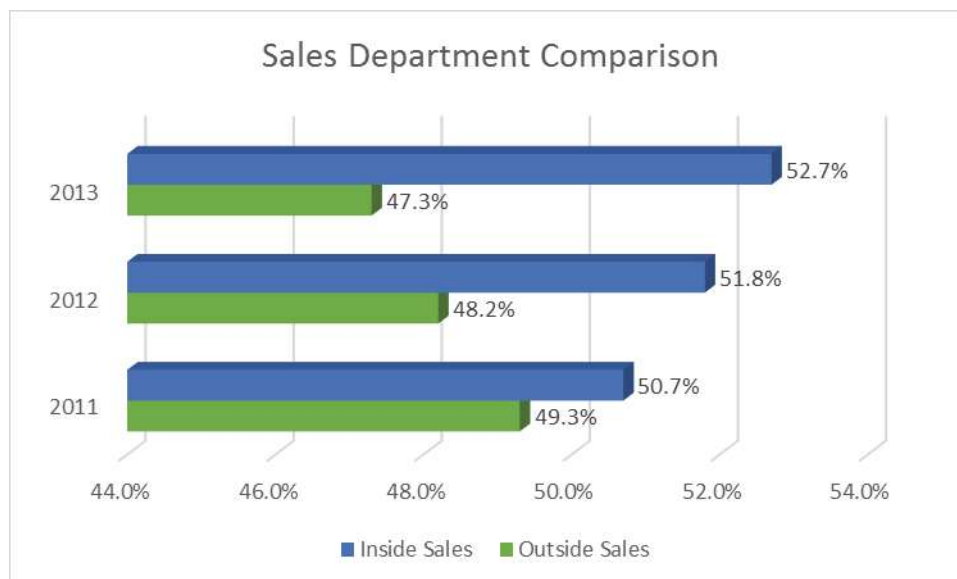
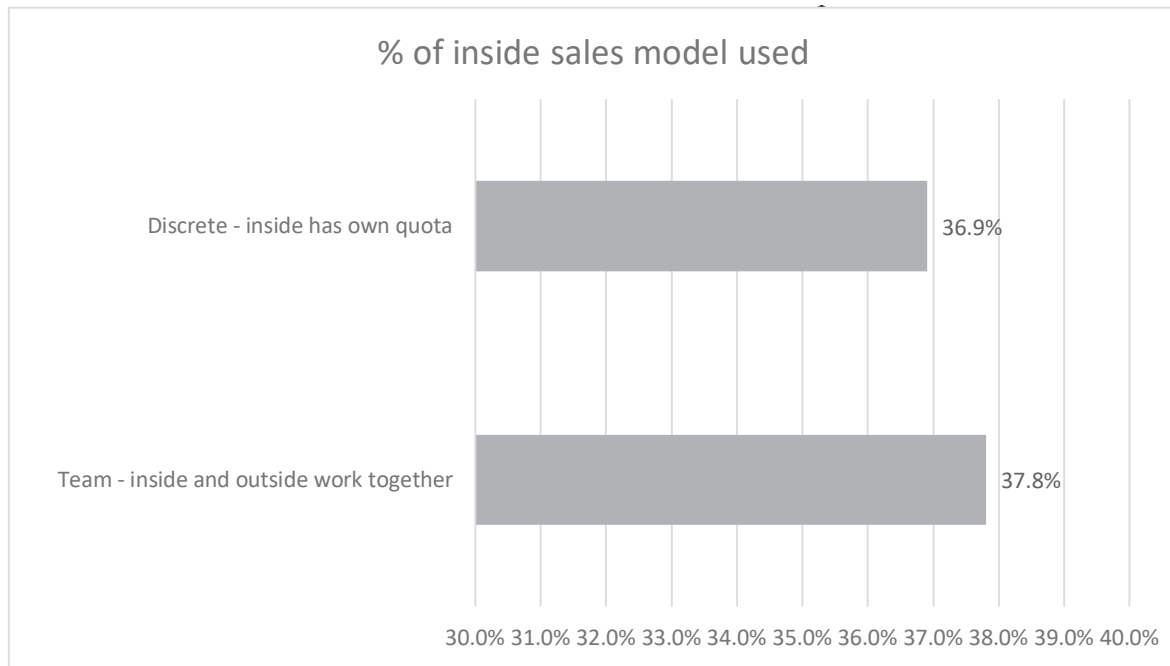


Table 2 – Inside Sales Model Compared



### Technology-Enabled Selling

Those who earn a living selling digitally know only too well how technology has improved their sales results. Hundreds of Software as a Service (SaaS) companies have been launched in recent years to cater specifically to this digital sales revolution. These cloud-based service providers and their software applications help put an already efficient process on “selling steroids”. The potential for inside sales to produce revenue continues to grow, due in part to the advent of these tools and technologies. Recent findings indicate that the average inside sales quota responsibility is \$2.1M for large enterprise companies and just over \$1M for SMB...up from only a few years ago (Albrecht and Seley 2014). Take ConnectAndSell as an example of what the tech boom has done for selling. This company asserts it can help inside-based lead generation specialists connect live to as many as 10-12 decision-makers each hour, as compared to the normal industry standard of 1-2. As a comparison, connections for inside sales range anywhere from 20 a week to 100 a week, whereas field sales may average ranges from 3-15 connections a week. Another SaaS and sales acceleration provider, InsideSales.com, help digital representatives make 3-5

times the number of dials, connections, and e-mails as compared to traditional methods. A different firm helping to improve efficiency and speed up the selling process, Velocify, transforms the traditional CRM into a lead management and sales development engine which improves lead conversion rates. Numerous screen sharing companies such as ClearSlide and Glance are on the rise, enabling representatives to connect with prospects instantly with the option of pushing out live video, enhancing their digital engagement. Firms such as Tout App give salespeople real-time feedback on who read their e-mails and when they were opened. Noble Systems provides inbound and outbound enterprises with a comprehensive list of services to help improve the overall digital customer experience. Their voice analytics tool automatically recognizes words and speech patterns, helping uncover ripe sales opportunities.

### Data Analytics

Data analytics has also found its home in this digital selling world. Companies such as InsightSquared, Valgen, OppSource and others provide tools to help organizations harness their data and sell more. For example, all the interactions captured by inside sales

reps on their CRM can be automatically analyzed to help them know which prospects are the most likely to be a good fit for their product or service offerings. To keep these two-screen, wireless-headset-on, always-in-their-cube digital reps motivated, firms such as Hoopla, Bunchball and others provide real-time gamification as a way to keep money- and status-motivated players always on the hunt and always engaged. Inside sales organizations place large-screen TVs around their floor to highlight sales leader boards. Compensation firm Xactly also has many solutions for keeping today's inside sales professionals challenged and motivated.

With all these great technologies come a new set of skill requirements and a new way of selling. Traditional sales training, although valuable in many ways, is also changing. Many firms such as VorsightBP, Frontline Selling, and Factor8 are providing once unavailable deep tactical training on the how-to's around the new set of digital selling standards, such as enhanced pre-call research, e-mail, social, remote presentations, and more.

### **Seller Profile Evolution**

Part of this evolution to digital selling includes new required skills for sellers. Only a few years ago, the key skill was to be a great communicator over the phone with general sales skills. Today's inside sales reps have to be adept at numerous tools and selling skills. For example, as research bore out increases in quotas and the discrete selling model, reps are now required to be excellent closers. AA-ISP's Top Challenges research sites that use of video, chat, and texting has risen in the last year (AA-ISP 2015). As such, reps have to be skilled at live videos, texting, and the use of social media such as LinkedIn pre-call research proposals. Finally, as buyers are further along the sales cycle having done their own research, reps today need to position themselves as subject matter experts in their field. This requires additional training on both product and the industry in which they work.

### **Change is Challenging**

As inside sales continues to evolve, some organizations struggle with changing from the traditional field-based model to a more digital one. Even though buyers are becoming more comfortable with a digital

sales engagement, and may even demand it, larger companies can be slow to adapt. As noted earlier, 40% of large companies are actually shifting headcount from the field to inside. This type of change comes with its own set of challenges and pain points. Some leaders at large organizations may be reluctant to change when it means moving higher paid field resources, who have the ability to set their own schedules, to a lower compensated inside role which needs to be in an office and behind a desk and phone 40 hours a week. While a small percentage of field reps are welcoming the change to regular hours and less physical travel, many more are simply resisting it by looking for other field-based sales opportunities in their particular line of work.

Challenges to this model shift can come in other flavors as well. Take the example of a large heavy-equipment wholesaler who decided to replace their entire field sales force with an inside based one. Although they gained the ability to contact and prospect to a greater number of potential buyers at a lower cost of sales, they lacked a local field-based resource which was needed to appraise heavy equipment they would re-sell. The company had to spend additional money and training resources to outsource to a 3rd party appraisal service.

Another challenge to this change has to do with training and development. As the technology and skills evolve from a traditional face-to-face or phone-to-phone model to a fully digital one, organizations struggle with how to best train individuals. Companies of all sizes are finding it hard to develop internal training programs fast enough to keep up with the headcount growth and also new technologies and skills that change every year. Some are forced to hire 3rd party training firms to help supplement their own offerings. The challenge here is that some of these firms are offering the same type of traditional sales training they have employed for decades.

### **American Association of Inside Sales Professionals**

This evolution of digital selling gave birth to an association to support the inside sales profession's explosive growth. Much like other trade associations, the AA-ISP (American Association of Inside Sales Professionals), formed in 2009 to help provide support and resources to its members. In just seven years, the association has grown from 200 members to over

12,000 currently. The 60 association chapters located in major cities in the US and around the world are staffed by volunteers who want to help each other stay abreast of the latest trends and digital selling best practices. The association's stated mission is to help advance the profession of inside sales. They accomplish this through research studies, benchmarking, and various leadership round-tables to better understand and analyze trends, challenges, and key components of the growth and development of the inside sales profession. These findings and other resources are made available to its members through published content, videos, local community chapters, national conferences, and career development. To meet the specific need for development in this new set of selling skills, the AA-ISP created two inside sales professional certifications (CISP and AISM) for sales reps and sales managers.

## CONCLUSIONS

There are numerous places where face-to-face selling are needed, wanted, effective, and truly the only way deals are going to be closed, but there is shift taking place. Sales force changes from outside to inside and the role of digital technology is only at the beginning stages. The evolution of marketplace realities is modifying the role of the phone. Coupled with additional technological innovations that improve productivity of salespeople and data analytics offering more informed prospecting, it appears a sales disruption is taking place. While the profession will evolve, the salesperson skillsets will continue to progress, and certain firms will embrace the change all to better serve the buyer in the marketplace.

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