

Is there a war between direct and online selling?

 By [Dr Marius Wait](#)

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Sales managers in South Africa currently have to deal with two very important factors that have a significant impact on the sales environment: a shortage of sales skills and advances in sales technology.

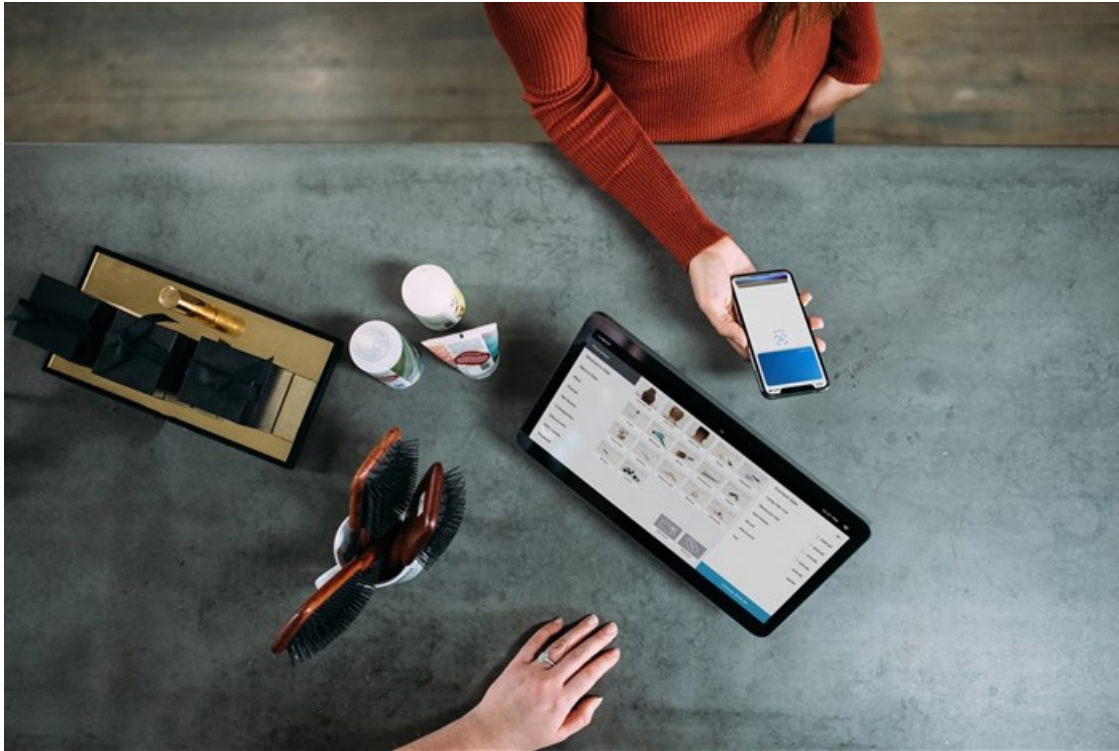


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The Services Sector Skill Plan of 2018/2019 lists 'sales' among the top 10 professions with scarce skills. This means that there are not enough skilled sales people in South Africa. Yet data from Stats SA indicates that the sales sectors is one of the biggest employers in South Africa!

This leaves us with a paradox: the sales sector employs many people, but, at the same time, there is a shortage of skilled sales people.



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The technological effect

The same report also highlighted that technological innovation drives economic growth and development. The influence of technology cuts across all sectors.

Technology has had an impact on the design, form and nature of the interaction between sellers and buyers, as more people turn to information technology such as websites and mobile apps to access, compare and use information.

Sales technology – also referred to as ‘sales force automation’ – is defined as “information technology that can facilitate or enable the performance of sales tasks”.

These technologies are varied and include mobile phones, computers and email, various databases, computer software such as customer relationship management packages, social networks, online sales and a company’s own website.

These technologies are constantly changing and improving. Sales people working in companies that use sales technology are more effective than sales people who don’t use them.



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Online vs offline

Let’s look at a case in point: that of direct selling and online selling. They are at opposite ends of the sales spectrum. With the advances in technology, as well as an intensely competitive environment, many direct selling companies have had to complement their traditional direct selling channel with an online selling channel.



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Direct selling has existed for decades and is a type of non-store retailing in which all direct sellers are independent, and the traditional notion of direct selling is of an industry that is face-to-face and people-orientated – one where relationships are formed.

On the other hand, the online channel is considered impersonal, but has become very dominant, and is considered a disruptive development.

Although the inclusion of a new online channel may present several opportunities, the threats are also manifold. In the current business environment, online shopping has become a part of individuals’ lives because of its high efficiency and convenience. This is especially true of the younger generations.



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The number of online shoppers is also increasing year-on-year. Online selling has unique features, such as substantially reducing search costs; giving easy access to product and price information; facilitating product comparisons; offering greater accessibility, convenience, and time-saving; and it involves no travel, product carrying or restrictions on shopping hours.

However, there are also many drawbacks: it does not permit physical examination (feel, touch, smell, sample and trial); it does not offer the interpersonal communication that a direct seller provides or instant gratification, and it often involves extra shipping and handling costs.

Changing shopping behaviours

Consumers exhibit different behaviours when shopping online than when purchasing products through a direct seller. In a survey by the University of Johannesburg's marketing department in partnership with the Direct Selling Association (DSA) of South Africa, interesting results were obtained.

There is no agreed-upon golden formula that dictates the proportion of sales done via different channels.

It is agreed, however, that the choice of channel ultimately lies with the customer, and channel choices vary considerably across product choices. The retailing sector and traditional marketing channel structures are in perpetual mutation, as many retailers have to embrace this change.

Adding another channel to an existing channel one may be a zero-sum game, in which the advantages of one channel are offset by the disadvantages of another channel – or it may even cause harm to companies.

Thus the addition of a new channel can present both opportunities and threats: it can enhance or destroy performance.



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Technological threat

Concerning the potential threats that DSA companies face from advances in technology, traditional methods are the most at risk. Tradition must be seen as twofold: generally, older or traditional salespeople being left behind by technological developments, and the traditional role of the direct seller as being a relationship-builder. Both are now being eroded.

The advances in technology have directly resulted in a new concept called 'e-relationships'. It's a whole new field that needs to be explored.



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On investigating the impact on the companies of growth in online selling, the results were ambiguous overall. The vast majority of companies felt no negative impact on their business.

A few companies said that they had felt a positive impact, as this new development empowers their representatives or

consultants by enabling them to run their businesses more efficiently. Online selling can, therefore, be seen as the change agent that reinvents the role of the direct seller.



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Online sales technology challenges the tradition in this industry. When companies were asked to give their opinions on the future of online selling in a direct selling environment, the results were very positive: nearly all of them said they believed that online selling was here to stay, and it was something that needed to be embraced.

Regarding global trends for online selling in a direct selling company, the majority of the participants felt that global online growth would change how direct sellers do their business. The pressure is on all direct selling companies to take a close look at their processes and how to simplify them.

In summary, all of the participants felt that online selling and the related technological advances were an 'exciting new must' for direct selling companies. The feedback reflects a generally positive attitude towards the development of technology, and companies are eager to try this out.



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Some of the findings were ambiguous and even contradictory – but this is the new sales world. It seems that this perpetual mutation could be the correct formula.

ABOUT DR MARIUS WAIT

Marius Wait lectures in Personal Selling, Sales Management and International Marketing. Dr Wait is the recipient of a service excellence award from the Direct Selling Association of SA for his work on Sales education. He has published articles on Work Integrated Learning, especially on the practical component of direct selling. He has been a lecturer at UJ for over 15 years.

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