

# Factors Influencing Sales Productivity in Automotive Dealerships

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**Abstract:** Sales will be the major revenue earning department across the industries and organizations. Even a small shortfall in revenue earned by individual sales personnel can have a profound impact on the organization as a whole. Today's competition is forcing companies to strike down all unwanted costs incurred so as to reduce the expenses especially, the cost of sales as the cost of selling has significantly increased over decades. As a result in the contemporary world of sales, per head productivity is the name of the game. Research shows that the Pareto's principle also known as the 80-20 rule applies more aptly in the field of automotive sales. In other words, 20 % of the sales staff brings in the 80% of the revenue and the other 80% of the staff bring in 20% of the sales revenue. That's a disturbing statistics for any Sales manager. It's nothing less than a universal challenge in sales and that companies spend more and more year after year to improve productivity of representatives. Hence the present study attempts to identify the reasons for the low productivity of the sales people, with reference to passenger car sales in Kerala.

**Keywords:** Sales Productivity, Passenger Car Sales, Front line Sales managers, Dealership Profitability

## 1. Introduction

New auto dealers are principally occupied with retailing new autos and furthermore in giving different exercises, for example, fix administrations, utilized auto retailing and offering save parts and embellishments. An offer of new traveller auto relies upon changing purchaser tastes, the prevalence of the producer's vehicle models and the force of rivalry with different merchants. To withstand the opposition, car merchants are probably going to offer liberal impetuses, rebates and other financing bargains amid lean occasions to keep up high deals volume and to decrease inventories. What's more, these costs are justified by the market powers of the business thus the merchant principals pay special mind to different approaches to strike down undesirable expenses acquired amid the activities of the organization. As the deals and showcasing divisions spend more on notices and advancements which are unavoidable, there is enormous weight on the Sales administrators to build the profitability of every individual salesman, in light of the fact that upgraded efficiency brings down the expense per offers of a unit, which thusly improves the merchant's aggressiveness in the market. Year on year benefit of merchants report demonstrates that even the market pioneer Maruti's merchants productivity diminishing a

seemingly endless amount of time amid the day and age of 2010 to 2012. Around 49 percent of the dealerships in India hope to produce a benefit in monetary year 2016 as indicated by J.D. Power think about. Auto makers are attempting their best to decrease the postponements and inconsistencies which results in loss of a significant client to another merchant, alongside stretching out budgetary help to their merchants to guarantee their reasonability. Deliberate endeavors are likewise being made to enhance the frameworks. Be that as it may, little consideration is being given to enhance the efficiency of the business constrain which is the essence of the merchant and the producer itself. Henceforth, this examination goes for finding the variables which influence the profitability of the business compel.

## 2. Problem statement

The slowdown in the automotive industry in recent years, coupled with the increased competitive pressure has resulted in reducing profitability of auto dealerships. This brings into focus the need for dealerships to improve their operational efficiencies on a priority basis. This highlights the importance, as to why dealerships need to focus on improving the operational effectiveness and especially the productivity of the sales personnel as sales brings in more revenue than any other departments for an automotive dealer.

## 3. Objectives

The main objective of this research paper is to identify the significant factors which influence the productivity of sales executive working in the passenger car dealer.

## 4. Methodology

The present study is explorative in nature as the outcome of this study may not be supported by any existing management theories. The study is mainly based on the primary data collected from 100 sales executives of passenger car dealerships of all OEM's in Thiruvananthapuram district. A simple random sampling method has been employed for the respondent selection. A structured questionnaire was used for this purpose. The secondary data required for the study has been obtained from various texts and articles relating to the

topic. Participants were requested to mark their response under any of the following category viz., Agree, Undecided and Disagree which has been abbreviated in the following table as A, U and D respectively. Participants were selected from the dealers of all mass market manufacturers namely Suzuki, Hyundai, Mahindra, Ford, Tata and so on.

**5. Data analysis**

business culture of the associations likewise has an immediate say on the efficiency of every individual deals faculty. Association which offer significance to deals and put the business first need is helpful for the business number to shoot up. Post-deals bolster, which implies the after deals support to clients regularly eats into the season of the business people which results in diminished beneficial time use in offering exercises. Deals neighboring undertakings incorporate the

Table 1  
Factors influencing the productivity of the sales people and their ranks

S. No.	Factors	Response			Rank
		A	U	D	
1.	Generating Reports	40	10	50	X
2.	Company Management	45	30	25	VII
3.	Sales Specific Management	78	5	17	I
4.	Meetings	44	20	36	VIII
5.	Sales Process	50	15	35	VI
6.	Low Quality Leads	42	15	43	IX
7.	After Sales Service	19	23	58	XV
8.	Sales Adjacent Tasks	52	9	39	V
9.	Post-sales Support	64	12	24	IV
10.	Inter-departmental Relations	67	16	17	II
11.	Compensation	24	27	49	XIII
12.	Career Path	23	23	54	XIV
13.	Selling Skills	34	12	54	XII
14.	Market Information	38	6	56	XI
15.	Sales Culture	66	7	27	III

Table 2  
Factors affecting the productivity of the sales force presented rank wise

S. No	Factors	Rank
1.	Sales Specific Management	I
2.	Inter-departmental Conflicts	II
3.	Sales Culture	III
4.	Post-sales Support	IV
5.	Sales Adjacent Tasks	V
6.	Sales Process	VI
7.	Company Management	VII
8.	Meetings	VIII
9.	Low Quality Leads	IX
10.	Generating Reports	X
11.	Market Information	XI
12.	Selling Skills	XII
13.	Compensation	XIII
14.	Career Path	XIV
15.	After Sales Service	XV

The diagnostic consequence of the accumulated information is given in the Table 1. From the table it very well may be deduced that a large portion of the business officials opine that Sales Specific Administration, particularly the nature of the forefront deals supervisor affects their profitability. Very nearly 78 individuals among the 100 individuals reviewed conceded to this announcement. This implies a forefront chief is the strongest impact which influences the profitability of a salesman either decidedly or adversely. Second, the grindings between the different divisions are incurring significant damage on the profitability of the business administrators. Frequently the departmental clash adversely influences the efficiency. Divisions occupied with non-offering exercises dependably look downward on the administrators and these outcomes in postponed and confused works and unsatisfied clients. The

report accumulation, money gathering and different deals related errands which should be finished by the clients however which sales representatives are constrained to do by the clients. The Sales procedure of the association in which the individual works inside, directly affect the yield of every individual businessperson. Deals process and methodology frequently underpins the business endeavors of the salesmen by making things less demanding for them. Organization administration or the best administration strategies and standards have an immediate impact upon the efficiency of the business compel. Gatherings especially, superfluously drawn out deals gatherings go away the gainful time of the sales representatives. In a few dealerships morning getting alone will take together to two hours which will decrease the offering time of the administrators. A Low Quality lead is dependably a key issue

zone in any industry and is so in new auto deals. This unquestionably, goes to demonstrate that promoting of autos needs to develop to meet the standard of the prospects. Sales representatives are relied upon to submit different reports. Frequently, submitting reports turn into a custom and it is only crude filthy devised information. It won't encourage the organization or the individual deals official at any rate yet to achieve the foreordained enquiry creating target. Provoke Market Information empowers an official to confront the clients with more certainty and it will positively expand the likelihood of bringing a deal to a close. Absence of incite showcase data is additionally a factor which contrarily influences the efficiency of the officials. Offering Skills are those conduct and strategies in offering an item. Absence of proper offering abilities additionally, despite the fact that to a constrained expand, influences the profitability of the salesmen. Deals Compensation especially when seen as one-sided, adversely influences the profitability of the business drive. Vocation way which sets out the standards and profession advancement roads is an incredible inspiration for business people. Absences of profession way additionally result in expanded representative turnover which adversely influences the profitability of the organization. The factor which influences the efficiency of the business drive minimum, is the after deals administrations and fix. It is critical to take note of that despite the fact that after deals administration of a merchant influences the deals in general, officials don't feel that after deals benefit influences their business profitability.

## 6. Findings

- Nearly 78 per cent of the respondents are of the view that the front line sales managers, play a key role in influencing the productivity of the sales people they manage, and these front line supervisors or team leaders play important role in bringing out the best out of a sales person, than anyone else in the organization.
- Friction between various departments in the dealerships affect the productivity of the sales people, as it hinders the smooth flow of work.
- Attitudes, and beliefs of the sales team, which is otherwise called as Sales Culture plays a paramount role in improving or hindering the productivity of a sales person.
- Post-sales support to the customer consumes much of the time of a sales person and thus it affects the productivity of a sales person.
- Ever demanding and time constrained customers require the executives to do all the sales adjacent tasks including documents collection, documents attestation etc., which consumes much of the time of an executive which in turn affects the productivity of the sales person.
- Almost 50 percent of the respondents believe that the sales system in which they work, is not favorable in

promoting the efficiency and productivity of the sales force.

- Dealership management sets some norms and priorities and they often come into conflict between the sales force and management.
- 44 percent of the respondents opined that frequent meetings, both formal and informal ones, takes much of their productive time, which in turn reflects in their sales productivity.
- Quality of Leads passed over to the sales force are not good. Most often tele-in enquiries to a dealer are fake enquiries.
- Generating various reports also eats up more time of the executives.
- Lack of prompt market information disables the executive when facing a tough customer.
- Lack of proper customized training more often fails to build up the Selling Skills of the sales force and this too is a cause of non-productivity.
- Biased Compensation is always a hurdle in the management of productivity. Different salary for same category of executives always results in passive work by the aggrieved executives.
- Lack of a career path results in high employee turnover especially more educated people, and this definitely is a challenge in managing productivity.
- After sales service seldom affects the productivity of the sales force in a new car dealership.

## 7. Recommendations

The findings throws light upon some major issues, which include the leadership encountered by the sales people, the time spent on non-selling activities including sales adjacent tasks, generating reports, indulging in interdepartmental conflicts, gathering market information, and so on. Specific recommendations based on the findings are as follows.

- Dealerships have to take utmost care while appointing front line managers who are responsible for managing a single team of five or six executives as they can make or break an executive. People who are team players with a propensity to develop others must be considered for such posts.
- Measures should be taken to minimize the inter-departmental conflicts which always result in wasteful expenditure of the companies' invaluable resources.
- Sales oriented sales culture has to be given importance and nurtured because a sales oriented organizational culture puts sales first and other related tasks second to sales.
- Post-sales support cannot be avoided because customers tends to be eager to know about their new car and they usually will contact the executive for clearing product related doubts.

- To gain customer satisfaction and by fear of losing sales, executives accept to collect documents, money etc., from customer's place. This can be partially avoided.
- Sales system of the company must be designed in a way as to motivating the staff and which promotes sales by putting sales as the most important function in the system.
- HR and Company policies and norms must be flexible enough to accommodate real needs of the employees who are real resources for the company.
- Regular meetings are a must but care has to be taken not to prolong the meeting with unnecessary arguments and which is irksome for the participants. Moreover, only the concerned people must be participated and others should be left for their work.
- Good marketing campaigns and programmed will bring in quality leads and importance have to be given to new innovative marketing campaigns.
- Care should be taken not to make the executives job more of a kind of reporter, still necessary reports have to be collected.
- Prompt market information must be passed to the executives so that they can face the customers with more confidence, which will increase the probability of closing the sales.
- Lack of training indeed negatively affects the selling skills of the sales people and to overcome this customized or individual need based training programs should be developed.
- Many times executives with same experience and same work load are given different compensation and this must be avoided at any cost.
- Career path or the promotional avenues must be clearly defined and must be educated to all the executives.
- Even though service parts has not been mentioned as hindering the productivity of sales executive, care must be taken to give satisfactory service as it gives an edge to the company over the competitors.

### 8. Conclusion

Expanding deals efficiency is the most prominent approach to enhance the best line of business. Efficiency depends on the capacity of the individual deals experts to accomplish their goals. So the primary focal point of this examination is tied in with uncovering key elements which represent the moment of truth a business delegates profitability, including what enhances their proficiency (expanding offering time) and adequacy (offering more from the accessible offering time). The car merchants worried about enhancing the efficiency of their business compel, need to focus their endeavours more on creating and holding fit bleeding edge deals supervisors, and through better individuals administration at the grass root level

all the issue territories can be secured and those current issues can be survived or possibly kept at a negligible level.

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