

## Sales Leadership in China

### Managing the Dynamic Relationship Between Channels

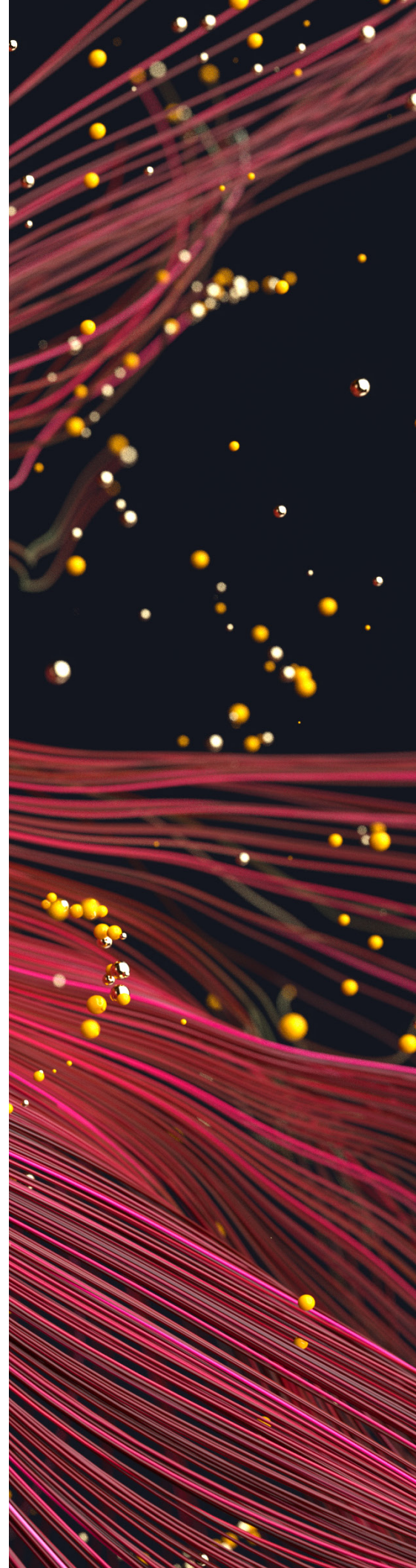
In China, as everywhere, the digital revolution continues to disrupt traditional offline commerce. A middle class that is growing fast across age groups is driving sped-up cycles of consumption. Meanwhile, key opinion leaders are creating trends faster than ever, with companies consequently designing new offerings ever more rapidly.

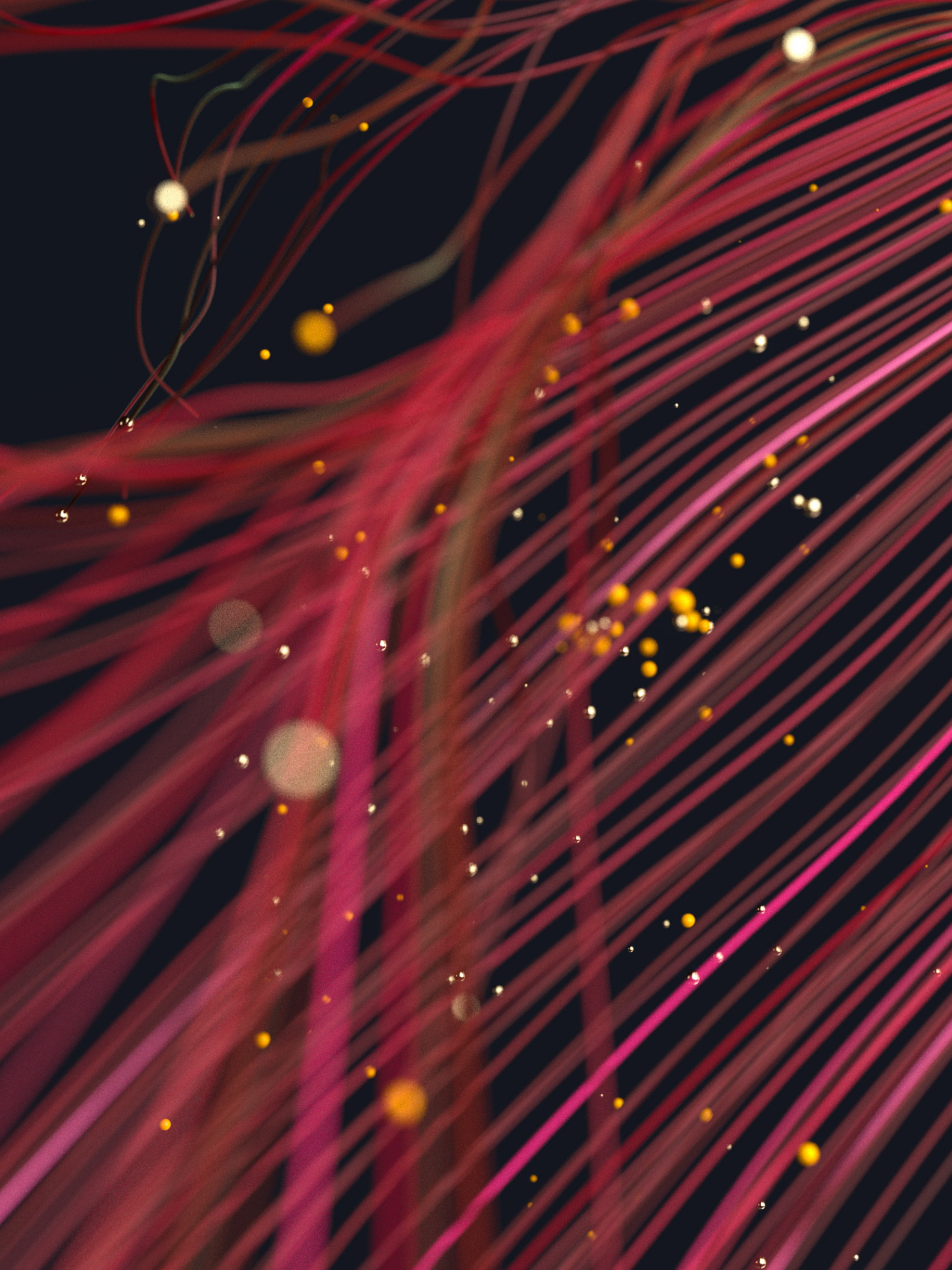
China is a unique market with its own dynamics — largely insulated from Western players like Amazon and Facebook, and instead driven by e-commerce platforms such as Alibaba and JD.com and social networks like WeChat and Douyin (TikTok). Every consumer-centric company in China strives for sales leadership while coordinating across all routes to market. Companies are continually adapting their sales forces to this ever-changing environment.

“More than ever, sales leaders need to be black belts on route to market, including e-commerce.”

**DIEGO PALMIERI**  
FORMER GENERAL MANAGER  
SC JOHNSON, GREATER CHINA

There is no single success formula, but there are some best practices. To learn more, we talked to the leaders of six consumer companies about the organizational changes mandated by digital transformation, the leadership traits needed for executives managing across channels, and the future of sales leadership in China.





## Grappling with the inherent tensions of an omnichannel approach

Consumer companies have evolved toward channel integration in different ways. At the spirits company Bacardi-Martini, e-commerce began as a standalone effort, but according to Irving Holmes Wong, the firm's managing director of Greater China, the company eventually decided that e-commerce had to be "mainstreamed" into the sales and marketing structure. Today, almost a quarter of Bacardi-Martini's business comes from digital. This trend is not uncommon.

Businesses that came of age before the digital era have had to adapt to a revenue pie with three pieces: traditional offline commerce, third-party e-commerce platforms and in-house online channels. Managing online and offline channels has meant differentiating product portfolios to avoid cannibalization and coordinating activities to minimize pricing conflicts.

Online channels facilitate data, speed, convenience and the potential to scale efficiently while creating certain connections with consumers. Offline channels give consumers an embodied experience interacting with a brand and hands-on experience with service and product.

"Organizations in the past cannibalized each other. Digital sales and traditional sales had their own KPIs, and were competing against each other."

**JIM NO**  
GENERAL MANAGER,  
HEAD OF NORTH ASIA MATTEL

As a result, channel management has become more critical than ever. Even as major online festivals like Singles Day give a big boost to e-commerce, "it's important not to ignore the offline channels," Palmieri said. Competitive offline promotions can keep those channels from becoming hobbled. And as JD.com automatically price-matches and sends the supplier a bill for the difference, compliant pricing is key. Some companies even enlist agencies to monitor pricing hourly.

Palmieri pointed to his experience creating an omnichannel pricing committee, comprising leaders from e-commerce, sales, marketing, customer marketing and finance, to provide oversight of pricing guardrails and quickly activate corrective actions. And with cross-border e-commerce, pricing sometimes also needs to be coordinated globally.

These examples illustrate the journey of discovery where companies determine how channels align and complement each other in terms of consumer reach and experience.

## Calibrating the consumer experience with “channel thinking”

Both online and offline are important channels that require distinct approaches. For example, at Levi Strauss & Co., said Amy Yang, the company’s managing director of Greater China, the in-store experience is high-touch and service-centered, with a tailor shop and a customization shop. “We want offline to be entertainment,” Yang said. “We want people to be having a lot of fun — we want people coming back.” The online channel, on the other hand, provides Levi Strauss with a large database that can power tremendous insight on what’s trending, which can help to design new products. Retail leaders review data every week to assess how this information can also help with merchandising and buying decisions, particularly in flagship or “Beacon” stores.

Prior to the current era of e-commerce, new product learning tended to be fragmented throughout offline distribution networks, which made it hard to adjust quickly. But companies today can launch deep product lines exclusively online. It’s easier to bypass traditional consumer testing and derive

quick learning in real time, testing price points, pack sizes and communication strategies before entering offline channels. As Palmieri says, “Price-pack architecture is fundamental to derive maximum revenue and avoid value destruction resulting from channel competition.”

This ability to embed “channel thinking” into new product design is essential. The team managing product innovation

should be cognizant of channel conflicts from the very beginning. Inherent in sales leadership is an ability to discern what consumers want and how to work within each channel to provide it. Channel management remains important, but not nearly as important as consumer insight.

“Sales leaders need a deep understanding of the consumer experience, not just the product and brand as in the past. They need to think ahead, more strategically and holistically and have outside-in thinking.”

**LUKE KANG**  
EVP AND MANAGING DIRECTOR  
DISNEY, NORTH ASIA

## Beyond channel thinking, partnership and general management thinking

Most of the executives we interviewed spoke to the need for sales leaders to be effective general managers who can put consumers at the core of decision-making while also supporting partnership strategies.

“Sales leaders need to understand project management,” Palmieri said. “They also need to be visionaries to drive companies through the unavoidable turbulence that expansion into e-commerce creates.”

Kang said that Disney approached platforms such as Alibaba and JD.com to collaborate on training sessions to help Disney’s partners learn how to set up and optimize their e-commerce businesses. This multi-year engagement helped increase partners’ capabilities. “A great sales leader in channels won’t become a GM in today’s world,” Kang says. “It’s not about selling but about helping the channel partner stimulate more consumer engagement and demand by understanding the consumer experience.”

When it comes to third-party e-commerce partners, sales leaders must think about creating strategic partnerships — not just selling through those partners, but working *with* them to create products and consumer experiences. At Mattel, No encourages sales leaders to get more involved with joint business planning at a conglomerate level, covering all touch points and potential areas of partnership, including not just physical products but also intellectual property and content, for example. He also touts the importance of early hands-on experience for traditional sales managers with digital partners.

Building up sales leadership in this multichannel paradigm might also mean staffing your sales team with people from different backgrounds. To groom sales managers, you have to teach your people to think like general managers, able to project-manage across the organization in terms of strategies, budgets, and feedback loops. “Sales leaders often fail here, whereas marketers are good because they’ve always managed projects,” Palmieri said. “Sales leaders have to be given more experience earlier in their careers managing projects and coordinating functions.”

Kelly Zhang, iRobot’s general manager for China, said that sales leaders, as always, have to collaborate well with marketing, but today they also need to work with data analytics, business intelligence, and others. They need to have an entrepreneurial, visionary spirit — yet at the same time be humble and collaborative. “A good sales leader can motivate marketing to send effective messages and more interesting content to consumers in the right channels,” Zhang said.

“You can only develop these leaders by doing and by understanding what other channels and functions are doing. So I am not against rotating digital, franchise and retail business heads. In an ideal world, talent moves should be fluid. This is good for both the business and talent development.”

**AMY YANG**  
GREATER CHINA MANAGING DIRECTOR  
LEVI STRAUSS & CO.

## The continuing evolution of omnichannel sales leadership

So, can brick-and-mortar-bred sales executives be successful in a new omnichannel environment? Humility and learning agility are key. “The management of today’s key digital accounts are a lot younger,” Wong said. “They may be wearing jeans and T-shirts, but they have the knowledge and authority. An attitude of ‘I was a sales manager before you were born’ just doesn’t work.”

“You need to give young people opportunities to voice out their opinions, to increase their loyalty,” Zhang said. “If their ideas keep being rejected, they will leave the company.” And if that happens, the learning of all executives — not just sales leaders — will suffer.

And whenever you have an opportunity in the hiring process, look for digital fluency right off the bat. As No noted, “When recruiting sales leaders, seek out people who show some excitement when they talk about digital. If they seem overwhelmed, that’s a big red flag.”

The role of salesperson in China and elsewhere will continue to shift and evolve, becoming increasingly consultative and less transactional. Sales leaders will need to be more consumer, data and tech savvy, adopting more strategic long-term views to adapt to — and perhaps even lead — future innovation.

“There’s no way to read a book or take a class. You have to get involved and get into the details, be on the ground and look to younger team members.”

**IRVING HOLMES WONG**  
MANAGING DIRECTOR  
BACARDI-MARTINI, GREATER CHINA

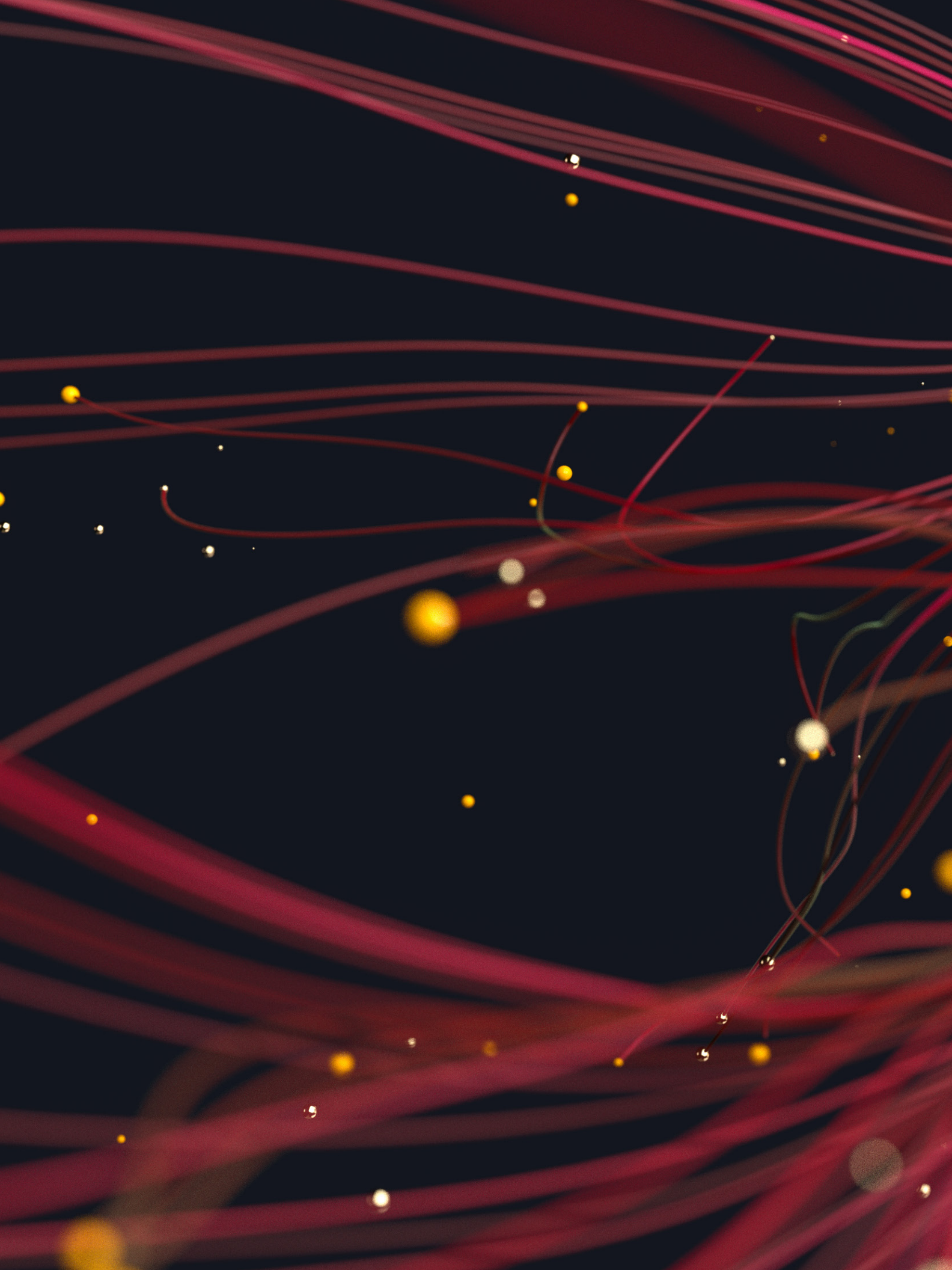
## FIVE KEY TRAITS FOR CONSUMER SALES LEADERS

1. Rich consumer experience with a consumer insight-driven mindset
2. Capable of seeing the big picture with holistic thinking
3. Comfortable “connecting the dots,” operating like a general manager
4. Capable of being collaborative across more and different new functions
5. Humility and a willingness to learn from anyone

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- » **Kelly Zhang**, general manager, China, iRobot



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