Impact of Customer Orientation and Sales Orientation on Sales' Performance in International Market of Bilehsavar County

Dr. Javad Mehrabi
Department of Public Management, Qazvin Branch
Islamic Azad University
Qazvin, Iran

Dr Kamran Noorbakhash
Department of Busines Management, Tehranmarkaz Branch
Islamic Azad University, Tehran, Iran

Monir Shoja
Deparament of Business management, Quazvin Branch
Islamic Azad university,Quazvin, Iran

Mohammad Karim
Postgraduate of Industrial Management

Abstract

Objective: *This paper aimed at studying the impact of customer orientation and sales orientation on personal sales performance in international market of Bilehsavar County.*

Research methodology: *Statistical population of this survey included all sellers of Bilehsavar market. Sample volume was equal to two-hundred persons through census and correlation method and SPSS software were used to estimate the impact of customer orientation, sales orientation and selling skills on sales performance. Questionnaire was measurement tool and experts' views were used to measure its validity. Cronbach alpha coefficient was equal to 0.83 which illustrated high reliability of the questionnaire.*

Findings: *Findings revealed that dimensions of customer orientation, sales orientation and selling skills have a significant relationship with performance. Also there is a significant relationship among customer orientation, sales orientation and selling skills as the intervening variable with sales performance.*

Conclusion: *Obtained results of data analysis demonstrate customer orientation, sales orientation and selling skills could have a direct impact on sales performance. Also selling skills as the intermediate variable affects sales performance in dealing with customer orientation and sales orientation. Selling skills have the highest impact among effective factors on performance.*

Key words: sales, customer orientation and sales orientation, selling skills, sales performance

1- Introduction

Many organizations have made a helpful and long relationship with target customers since far past. Sellers' success is the basis of customer orientation that is obtained in customer service and perceiving customers' needs. However, sellers don't practically up to date customer orientation philosophy in their sales. Given to the conducted researches about customer orientation, it is predicted that there must be a sales performance and special skills of sales. Moreover, experience has shown sellers should use sales orientation approach that is against customer orientation if they don't have selling skills. Most studies have demonstrated that the junction in long-term plan of sales orientation and customer orientation is that selling skills could have a direct impact on sales performance.

The present survey helps researchers in studying the impact of customer orientation and sales orientation on sales performance. Research results may be helpful practically at work environment which help change and develop sales performance and decision-making so that perceiving customer orientation behavior would be improved. This survey helps sellers consider controllable variables such as age, gender, experience and etc that are effective on sales performance (Wachner, 2009). Thus customer-oriented organizations convert

temporary customers into permanent customers who are called loyal customers too and so they guarantee their profit more, because loyal customers have higher profitability, higher re-purchasing, have a major portion of the market and introduce the organization to others more. This survey would suggest strategies to sellers regarding communication skills and also it would represent useful tools through which impact of customer orientation and sales orientation on sales performance would be perceived (David , 2000). It helps sellers towards work progress and improvement of customers' relation (Wachner, 2009). Sales force is at the front line of contact with customers and the applied techniques by them are especially important (Nasehifard, 2007). Special skills are necessary for success in selling that its impact on performance improvement has been approved (David, 2000). Sellers of an organization are at a better status in terms of knowledge about customers and challenge of sales managers is that how they could motivate sellers to collect more effective data. Results of the present survey could be regarded as a reference for managers who want to improve the skill of data collection in sellers regarding high performance for sales.

2- Theoretical literature

Philip Katler believes that marketing is the process of satisfying customers' needs and demands through the exchange process. As it is clear in the definition customer is considered as the major axis of decision-making with regard to marketing activities. Personal sales: representing information to others (potential buyers) for selling products or services (Rusta, 2005).

Customer orientation: it means those organizations have perceived their buyers sufficiently which help them create superior value. This is obtained through increased benefits for buyers with regard to expenses or decreasing of buyers' expenses with regard to their benefits (Narver, 1990). Sellers' ability to help customers depends on evaluating what they need and offering products which satisfy their needs (Jaramillo, 2007). Customer orientation is actions and attempts for customer satisfaction and interactions used by sellers for their customers; it is trying to satisfy customer's needs (Thomas, 2001).

Sales orientation: it tries to utilize sales trends instead of satisfying customer's needs (Thomas, 2001).

Sales force performance: Oliver (1981) believes that comparing product performance with customer expectations causes performance to be "higher than expectation" or "lower than expectation" (non-confirmation) and this determines customer satisfaction (Parasuraman, 1994). Issue of performance assessment has become so important in the organization that clear-sighted of management knowledge believe what could not be measured could not be managed. Therefore, several methods and techniques have been represented for performance assessment but what is more important is to have a systematic view towards the issue of performance in the organization (Armstrong, 2007).

Performance is a multi-dimensional component. In some researches performance of the sales force has been divided and in some other it has been proposed generally. Performance is a way through which employees conduct their tasks and assessment is judging employees' performance. Sales performance is selling products with high margin and the ability to sell more than the determined purposes (Scott, 2009).

Sales skill: impact of seller's proficiency level in sales performance is a point considered extensively in researches. Seller's proficiency includes a number of effective elements such as his measurable technical knowledge, his ability to explain and represent this knowledge, confirming proficiency in the related field and the ability of service capacity to customers. In this regard reliability, trust, accountability and the ability to respond are important elements for competition among sales employees. Aggressiveness and improvisation are cases which decrease confidence and trust in them (David , 2000).

Seller's skills are for gaining success in sales and include customer's market knowledge, market and product and perceiving informal relations of others.

It is "the ability to perceive customers' needs" which has three types: communicative skills (for example: verbal and nonverbal communicative skills); nonverbal skills (for example sales capability) and technical skill (for example sales expert knowledge) (Rentz, 2002).

Sales variables: they are variables which affect sales, behaviors and performance and include age, gender and sales experience (Churchill, 1985). These variables are always affective on customer orientation, sales orientation, selling skills and performance.
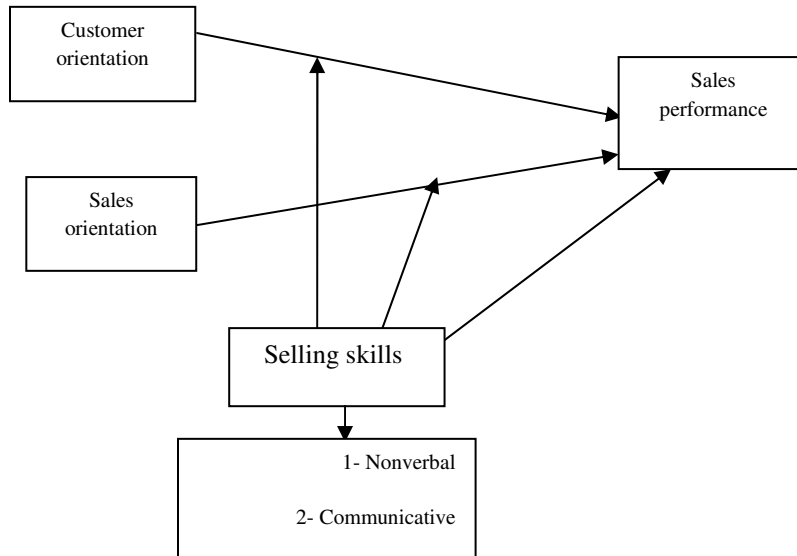
3- Conceptual model

Figure 1- conceptual model of the survey

Model of this survey was compiled according to accomplished studies (figure 1). variables of customer orientation, sales orientation, selling skills and sales performance are inserted in this model in order to be studied. As it is shown in the model sales performance is affected by customer orientation, sales orientation and selling skills. Therefore, great changes would be created in selling skills by affecting performance below their factors (nonverbal, communicative, technical (sales knowledge)). Thus we can propose five hypotheses based on the model. Impact of variables on each other is studied separately by hypotheses.

4- Research hypotheses

Hypothesis one: there is a positive relationship between customer orientation and sales performance.
Hypothesis two: there is a positive relationship between sales orientation and sales performance.
Hypothesis three: there is a positive relationship between selling skills and sales performance.
Hypothesis four: there is a positive relationship between selling skills and customer orientation to increase sales performance.
Hypothesis five: there is a positive relationship between selling skills and sales orientation to decrease sales performance.

5- Research methodology

The present survey was conducted using descriptive-field method and is of correlation type given to the intention to study relations among research variables that was conducted in frontier markets of Bilehsavar County. Parametric statistics method was used for data analysis and parametric test of pearson correlation coefficient was applied to examine the relationship among independent variables of customer orientation, sales orientation and selling skills and dependent variable of sales performance due to normality of independent and dependent variables. Primary data was obtained through questionnaire which included 29 questions. Respondents' views were measured using Likert five-option scale.

Two-hundred sellers were considered who were selected through census method, so two hundred questionnaires were distributed among the statistical population and one-hundred eighty questionnaires were collected. Validity of the questionnaire was confirmed through views of experts and university professors. Its reliability was measured using cronbach alpha coefficient that was equal to 0.8361 and illustrated high reliability of questionnaire. The collected data was analyzed by SPSS software and studied in two descriptive and inferential statistics sections.
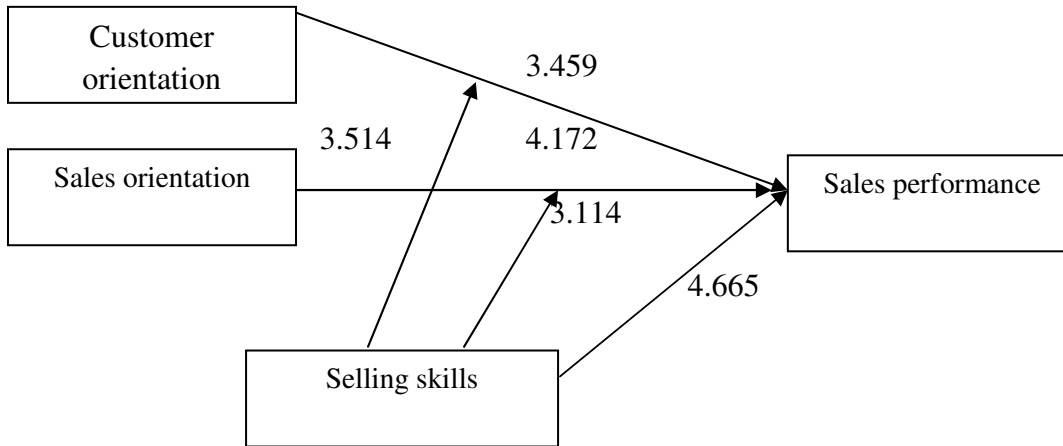

Figure 2

Test hypotheses are as below:

H₀: $\beta_0 = 0$

H₁: $\beta_0 \neq 0$

Significance level	t-statistic	Standard coefficient	Non-standard coefficient
0.105	1.632	-	0.536

Because amount of significance level is equal to 0.105 and larger than the error amount 0.05 (modulus of t-statistic is less than 1.96) null hypothesis is concluded with 95% confidence, so constant is omitted from the model.

Hypothesis (1)

Customer orientation has no significant impact on sales performance.   H₀: $\beta_0 = 0$

Customer orientation has a significant impact on sales performance. H₁: $\beta_0 \neq 0$

Significance level	t-statistic	Standard coefficient	Non-standard coefficient
0.001	0.234	3.459	0.213

Because amount of significance level is equal to 0.001 and smaller than the error amount 0.05 (modulus of t-statistic is larger than 1.96) H1 is concluded with 95% confidence, so customer orientation variable is remained in the model and its coefficient is equal to 0.213. Also it is concluded that customer orientation has a significant impact on sales performance and its impact is equal to 23.4 which is positive (direct). This survey is consistent with findings of Fernando (2007), Brown (1991) and Vachner et al (2009).

Hypothesis (2)

Sales orientation has no significant impact on sales performance.   H₀: $\beta_0 = 0$

Sales orientation has a significant impact on sales performance. H₁: $\beta_0 \neq 0$

Significance level	t-statistic	Standard coefficient	Non-standard coefficient
0.000	4.172	0.270	0.213

Because amount of significance level is equal to 0.000 and smaller than the error amount 0.05 (modulus of t-statistic is larger than 1.96) H1 is concluded with 95% confidence, so sales orientation variable is remained in the model and its coefficient is equal to 0.213. Also it is concluded that sales orientation has a significant impact on sales performance and its impact is equal to 27.0 which is positive (direct). This survey is consistent with findings of Fernando (2007), Michael (1985) and Vachner et al (2009).

Hypothesis (3)

Selling skills have no significant impact on sales performance. $H_0: \beta_0 = 0$

Selling skills have a significant impact on sales performance. $H_1: \beta_0 \neq 0$

Significance level	t-statistic	Standard coefficient	Non-standard coefficient
0.000	4.655	0.308	0.395

Because amount of significance level is equal to 0.000 and smaller than the error amount 0.05 (modulus of t-statistic is larger than 1.96) H1 is concluded with 95% confidence, so selling skills variable is remained in the model and its coefficient is equal to 0.395. Also it is concluded that selling skills have a significant impact on sales performance and its impact is equal to 30.8 which is positive (direct).

Thus the equation based on non-standard coefficient would be as below:

$$Y = 0.213X1 + 0.213X2 + 0.395X3$$

Readiness of the organization for successful implementation of business processes management = (customer orientation * 0.213) + (sales orientation * 0.213) + (selling skills * 0.395)

This survey is consistent with findings of Wachner et al (2009), Michael Stewart (2009), Huy Chang (2009) and David Darby et al (1998).

Hypothesis (4)

Studying the impact of customer orientation on sales performance by considering selling skills as the intervening variable

Selling skills have no intervening role in customer orientation impact on sales performance. $H_0: \beta_0 = 0$

Selling skills have an intervening role in customer orientation impact on sales performance. $H_1: \beta_0 \neq 0$

Models	t-statistic	Amount of the table	Conclusion	Impact degree
(1) model without considering the intervening variable	3.459	1.96	It is effective	0.234
(2) model by considering the intervening variable	3.514	1.96	It is effective	0.291
Difference of impact in the above two models				+0.057

Because the impact degree in the model without intervening variable is equal to 0.234 and in the model with intervening variable is equal to 0.291 impact of customer orientation on sales performance has been increased by considering the intervening variable of selling skills. Therefore, H1 is concluded, i.e. selling skills have an intervening role in customer orientation impact on sales performance. It is in a way that higher levels of selling skills increase impact of customer orientation on sales performance.

Given that the impact degree was lower than that with the intervening variable in a relation where selling skills had no intervening impact it could be concluded that sellers having selling skills increase it beside customer orientation and would have a better sales performance. This survey is consistent with findings of Wachner et al (2009) and Ramendra Sing (2011).

Hypothesis (5)

Studying the impact of sales orientation on sales performance by considering selling skills as the intervening variable

Selling skills have no intervening role in sales orientation impact on sales performance. $H_0: \beta_0 = 0$

Selling skills have an intervening role in sales orientation impact on sales performance. H_1: $\beta_0 \neq 0$

Models	t-statistic	Amount of the table	Conclusion	Impact degree
(1) model without considering the intervening variable	4.172	1.96	It is effective	0.270
(2) model by considering the intervening variable	3.114	1.96	It is effective	0.247
Difference of impact in the above two models				-0.023

Because the impact degree in the model without the intervening variable is equal to 0.270 and in the model with intervening variable is equal to 0.247 impact of sales orientation on sales performance has been decreased by considering the intervening variable of selling skills. Therefore, H1 is concluded, i.e. selling skills have an intervening role in sales orientation impact on sales performance. It is in a way that higher levels of selling skills decrease impact of sales orientation on sales performance. This survey is not consistent with Ramendra Sing's findings (2011) but it is consistent with Vachner et al's findings (2009).
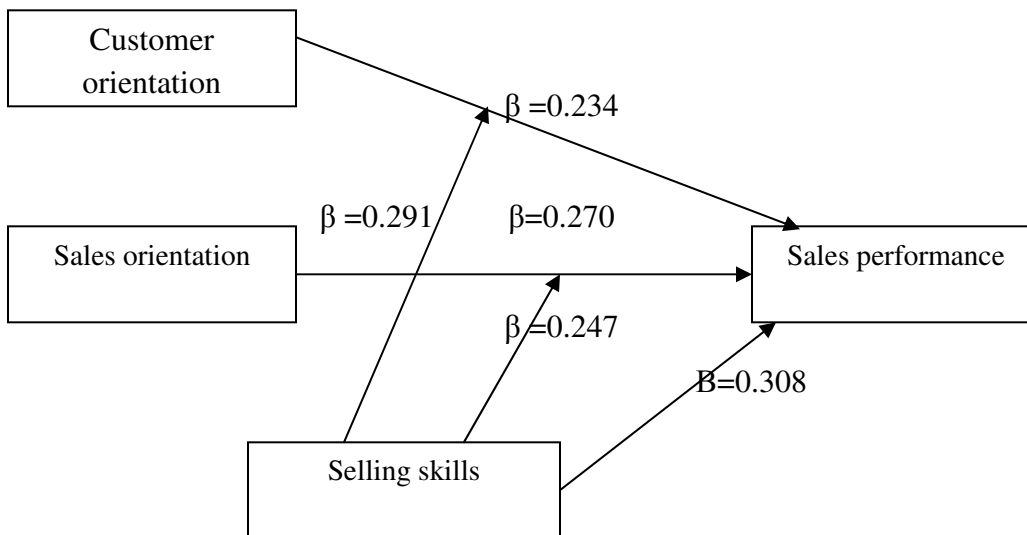

Figure 3.

Discussion and Conclusion

All research hypotheses have been confirmed. First, correlation among variables as well as their components was tested and then major paths were recognized through path analysis. Results indicate existence of the necessary correlation among variables and their components and that all paths are basic and accurate. The present survey is focused on sellers' customer orientation and sales orientation and examines factors of customer-orientation, sales-orientation and selling skills that include interpersonal skills, technical skills (sales expert knowledge) and written skills of the seller with regard to sales performance. All factors of customer orientation, sales orientation and selling skills have a positive impact on sales performance. Also selling skills as the intervening variable increases the impact of customer orientation on sales performance and decreases the impact of sales orientation on sales performance.

What could be concluded in this survey is major role of sellers in relation with customers that enhances sales performance. Sellers with sufficient skill and knowledge to deal with customers display high sales performance and are satisfied with their selling job. Besides, they have implemented customer orientation and sales orientation philosophy. However customer orientation philosophy of sellers doesn't up to date their sales practically. According to findings of Richheld and Sasser (1990) 5% increase in customers' retaining rate could averagely increase customer life cycle value to 35-95%.

Davis (2000) shows that customer orientation and each one of its dimensions have a direct relationship with performance. There is a positive relationship between customer orientation and developing buyer-seller relations given to studies of some marketing researchers about the nature and results of customer orientation. These findings indicate a company could have a considerable impact on sales force in a customer-oriented model.

The second effective factor on sales performance is the seller's sales orientation. Success in sales causes more peacefulness, hopefulness, self-confidence and dynamism in addition to physical benefits and provides necessary motivations for more attempt and stability in the competition environment.

The third effective factor on performance is selling skills. A real seller is the one who has sufficient knowledge and art in order to be successful in the complicated and modern competitive markets. Making a strong relation with customer is one of the important indexes to evaluate successful sellers in sales industry that retains and increases customers and finally is led to long-term profitability of the company (Gwinner et al, 1998). Given to the conducted survey for customer orientation there must be a predictor for sales performance and special selling skills. Moreover, experience has shown that sellers must use sales-oriented approach that is versus the customer-oriented approach if they don't have selling skills. Perceiving personality style of the buyer is called personality knowledge. Individual skills mean that the seller utilizes influence and effectiveness in the buyer.

We intended to study behaviors, skills and characteristics of the seller which might be effective on customer orientation and sales orientation efficiency in the above variables at the seller's individual performance level. Findings reveal that when people and buyers believe sellers don't just think about their personal interests and don't intend to sell their own services or products whether the customer needs them or not, buyers will have more confidence in sellers and productivity is enhanced. Given that seller's job performance is affected by customer orientation and sales orientation the seller should be aware of selling skills so that he could control his relation with the buyer.

References

Armstrong, M, 2007, Performance management, translated by Safari, S & Vahabian, A, ………Tehran: Jahad Daneshgahi

Churchill, G. A., Ford, N. M., Hartley, S. W., & Walker, O. C. (1985). The determinants ………of salesperson performance: A meta-analysis. Journal of Marketing Research, ………22(2), 103.

David J. L. (2000). Determination of Interpersonal Interaction Expectations in ………International Buyer-Seller Relationships. Ph.D. Dissertation, Blacksburg, ………Virginia.

Jaramillo. F, Ladik. D. M, Marshall. G. W, Mulki. J. P. (2007). A meta-analysis of the ………relationship between sales orientation-customer orientation (SOCO) and ………salesperson job performance. Journal of Business & Industrial Marketing, 22/5, ………302–310

Narver, J. C., Slater, S. F. (1990). Effect of market orientation on business profitability. ………Journal of marketing, 54, 20-35

Nasehifard, V, 2007, Different variables of customer orientation, Marketing Monthly ………Magazine (ISSN 1735-2738), 53, 14

Parasuraman, Valarie A. Zeithaml, & Leonard L. Berry. (1994). Reassessment of ………Expectations as a Comparison Standards In Measuring Service Quality. ………Implications For Further Research, 58, 111-124.

Rentz, J. O., Shepherd, C. D., Tashchian, A., Dabholkar, P. A., & Ladd, R. T. (2002). A ………measure of selling skill: Scale development and validation. Journal of Personal ………Selling & Sales Management, 22(1), 13.

Rusta, V & Ebrahimi, 2005, Organizational behavior management, SAMT Publishing ………Co

Scott, J. (2009). Performance appraisals that actually improve performance. Career and ………Technical Education, 5, 22-25.

Thomas, R. W., Soutar, G. N., & Ryan, M. M. (2001). The selling orientation– customer ………orientation (S.O.C.O.) scale: A proposed short form. Journal of Personal Selling ………& Sales Management, 21(1), 63.   …

Wachner T, Plouffe C. R, Grégoire Y. (2009). SOCO's impact on individual sales   ………performance: The integration of selling skills as a missing link. Journal of the ………Industrial Marketing Management, 38, 32–44