

RELATIONSHIP SELLING, BRIDGING THE GAP BETWEEN PARADIGM AND PRACTICE IN THE B2B ARENA. AN INTERNATIONAL LOGISTICS EXPRESS LEADER COMPANY CASE WITHIN EMERGING MARKETING CONTEXT (Romania)

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ABSTRACT: The norm nowadays in the business arena for sales organizations is long-term profitable and positive relationship with their key accounts. Sales professionals begin and end their sales and related activities with the customer in mind, aiming to maximize their relationship over a long period of time. Relationship selling constitutes an effective and contemporary approach, bridging gap between transactional to relational, partnering sales approach. The surveyed international courier leader company case on Romanian emerging market further pinpoints superior satisfaction and retention of the key accounts via relational selling method. Romanian express logistics market values availability as highly important, while overall customer expectations from sales is linked to relationship quality.

INTRODUCTION

Effective sales processes and techniques are a prerequisite for success in business markets. Viable and vibrant companies are permanently keen in improving the performance of their sales function, processes and techniques especially on an economical downturn conjecture within emerging market context. Research supports argument that relational way of conducting sales is first option to the business actors involved. Another emphasis is placed on future expansion potential and development of relationship and collaboration with existing customers, via advanced consultative, relational selling techniques at all organization level in the buying and selling organizations.

One of the purposes for the current research was to find key interdependencies of the long-term partnering business relationships with sources of large customer satisfaction, retention and long term relationship development. Secondly, current paper aims to validate thesis that a relational B2B selling approach vis-à-vis key accounts is closely related to a series of key factors that are both part of day to day sales professionals interactions with their main customers, and posing a direct influence of the overall customer sales perception. A succinct set of managerial implications are also underlined in the concluding section of the paper.

LITERATURE DEVELOPMENTS. RELATIONSHIP SELLING CONSTRUCTS

In the last stage academics and practitioners have devoted increasing attention to the adoption of a relational approach in managing customer relationships (Morgan and Hunt, 1994). This trend has been particularly relevant in industrial markets, where buyer-seller relationships are typically characterized by complexity, interdependence and long-term orientation (Guenzi, et al., 2007).

Main purpose of relationship paradigm is establishing and nurturing mutual, long term relationships with key customers founded on trust. Customer is viewed not as a mere source of short term transaction potential, but rather over its entire life cycle. Relationship selling involves initiation, development and maintenance of long term relationship with profitable customers (Jolson, 1997). Relationship selling has been defined also as a “strategic approach developed by a supplier willing to establish long-term and mutually profitable relationships with some of its clients” (Guenzi, et al., 2007).

Current changes in the buyer-seller relationship pose a significant influence on the way sales activities and processes are conducted, as a result of the emergence of relationship orientation of sales and marketing and more prominently of partnership era (Weitz and Bradford, 1999). Various scholars (Wotruba, 1991) suggest that the nature of personal selling and its processes have evolved through four different stages in a similar manner with marketing evolution process: production, sales, marketing, and partnering. Sales function has evolved over last half of century through different stages (Manning 2010), as follows: marketing era beginning (early 1950s) where organizations limited themselves to determine needs and wants to targeted markets; consultative sales era (1960-1970s) where sales professionals become diagnosticians and consultants for their customers; strategic selling era during early 1980s where emphasis was placed on market niches, account management and team selling; and current relationship selling era since 1990s when long-term partnership, open communication are prevailing. Each of these eras of sales has different objectives, orientation, and functions for their sales force. These can range from short term focus on closing transactions and reaching volumes corresponding to the production stage, towards relationships and long-term orientation in the partnership era.

When it comes to sales forces in the relationship orientation, although it is an emerging topic without vast empirical research being conducted two main directions can be underlined: (1) an increased prevalence of key account and ad hoc selling teams versus “lone wolf” salespeople and (2) focus on building and maintaining profitable long term relationships with key customers relative to short-term revenue goals (Jones et al., 2005). In the present stage relationship sales forces are going through a major shift from “hard selling” to “soft selling” (Sujan et al., 1994). Their focus has shifted, as such from attempting to influence short term buyer behavior, to managing day to day exchanges and conflicts inherent in buyer-seller relationships in a favorable way towards a positive outcome (Weitz & Bradford, 1999). Another distinct characteristic of the relationship selling era is a new *taxonomy of the sales roles* (Moncrief et al., 2006) within organization placing significant importance on two relational roles: consultative seller accounting to 34,2% of the total sales force, and key account seller accounting to 8,3% of the overall sales forces. First, has responsibilities towards existing customers in promotional activities, customer care and support, whilst later one has an advanced role for providing support services to major customer, attending meetings together, ensuring every phase of the business is effectively executed. Another particularity of the relationship selling construct is the emergence of *relationship manager*, (Davies, et al., 2010) who is taking ownership of main processes aimed at supporting key customers on long term, including communication process, sales, post-sale activities and is acting as a principal/single point of contact for the buying organization. The overall success of relational approach resides in organization’s ability to create such interpersonal bonds, realized through its sales reps who are to possess relational competencies, empathy, creativity (Pop and Vlădoi, 2009), alongside with IT skills.

Literature provides different models (Johnston & Marshall, 2010) for relationship selling, one of the most recent is a four dimensional one taking into account: customer, information, customer value, and ethics.

EVOLVED SALES PROCESS

Throughout modern selling one of the commonly accepted paradigm is that of a seven steps of selling process (Moncrief & Marshall, 2005), which are the following: (1) prospecting, (2) preapproach, (3) approach, (4) presentation, (5) overcoming objections, (6) close, and (7) follow-up. This has been traditionally the common framework to be referred for the sales process. Other models may reveal similar processes, and sequences for the sales activities differently framed, or termed, all referring to similar content.

More recent works show a more complex 8 layered process (Tanner, et al., 2009), each consisting distinct sub-stages, illustrated in the below figure:

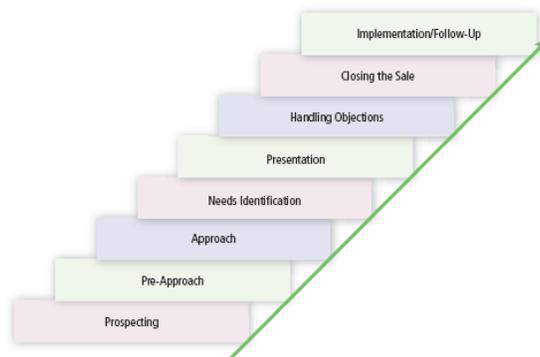


Figure 1. The Selling Approach: 8 Steps

Source: after Tanner, J., F., Honeycutt, E., D., Erffmeyer, R.C., *Sales Management*, International Edition, Pearson Education, 2009, Upper Saddle River, New Jersey, ISBN-10: 0-13-602611-7, pp. 13.

When it comes to selling processes, especially in the last two decades there are a series of transformative factors that acted as catalysts in the evolution of the traditional 7 steps process (Moncrief & Marshall, 2005) to name several main ones: technology advancements, increased role of the selling function within organization, team-based selling versus individual sales professional, an increased knowledge and sophistication from buyers' organization side. Evolved selling process and its transformative undergoing under catalytically influences over the traditional sales steps is shown in Table 1. It does not represent a mere sequential flow, where sales force is taking a step by step approach through all the stages, but rather a shift to a complex, largely non-sequential process of the organization that are interesting in developing long-term relationship with their partners.

A series of main considerations regarding emergence from traditional steps to evolved model is worth underlying at this stage. *Prospecting* step has been replaced in the new stage by *customer retention and deletion* phase in accordance with modern sales organizations focus on evaluating customer over entire life cycle and prospecting, new customer acquisition is adopted only if potential revenue is superior to associated costs (Jobber & Lancaster, 2006). Research reveals that for strategically important accounts it is effective that entire sales organization to allocate significant resources

(Sengupta et al., 2000) as opposed to regular customers, as such a superior retention rate and performance is achieved.

Table 1. The Evolution of the seven steps of selling

| The evolution of the seven steps of selling | | |
|---|---|---|
| Traditional seven steps of selling | Transformative Factors | Evolved selling process |
| (1) prospecting | - telemarketing - internet selling - organizational prospecting | (1) customer retention and deletion |
| (2) preapproach | - laptop account data - support staff | (2) database and knowledge management |
| (3) approach | build a foundation | (3) nurturing the relationship (relationship selling) |
| (4) presentation | - powerpoint/multimedia - listening - team selling - multiple calls - value-added - buying centers | (4) marketing the product |
| (5) overcoming Objections | predetermining needs | (5) problem solving |
| (6) close | identifying mutual goals | (6) adding value/satisfying Needs |
| (7) follow-up | increased effectiveness of communication through technology | (7) customer relationship maintenance |

Source: adapted from Moncrief, William C., Greg W. Marshall, *The evolution of the seven steps of selling*, Industrial Marketing Management 34 (2005), ISSN 0019-8501, p. 16.

Additionally there are scholars who suggest that time spent with existing successful and/or promising account has a positive influence on morale, productivity of the sales team as opposed to time spent in attempting to bring new customers on board (Weeks & Kahle, 1990)

Secondly, *database and knowledge management* is the evolved correspondent stage of the more traditional *pre-approach* step. Today a significant part of sales activities have to do with creation, management and valuing of the databases (Swift, 2001) given the fact companies possess vast customer data, regarding their needs, purchasing patterns, and can foresee their buying behavior. Technological advancements (email, mobile phone, i-net, videoconferencing systems) have shaped to a great extent the way sales processes are being executed, thus sales teams are enabled to conduct customer presentations, archive past information on their market while be in constant touch with their head offices. *Customer relationship management* (CRM) has taken over from initial *approach* step. Relationship selling brought a long term orientation of the companies towards strategic customers, and this optic dramatically affects the way companies organize and implement their sales related phases. Instrument or vehicle at the disposal of companies to implement this new paradigm is CRM or often referred in sales forces literature (Moncrief & Marshall, 2005) as sales force

automation (SFA) which enables once more both sides to tailor win-win solutions aiming to develop and continue collaboration. These endowments adds further responsibility to sales professional who personifies entire organization towards customer base and reflects organization optic towards its partners, as such overall organization success is linked to its sales people success (Williams & Attaway, 1996). Traditionally, this stage has been covered by approach, when sales professional was seeking new ways and methods to initiate dialogue with customer or prospect. Whilst complex sales environment does not demand most adequate approach method, but rather a long term superior service and solutions offering. Moreover approach step is inconsistent with current relational demands as relationships between two parties was initiated and is growing at this moment of business exchanges.

Marketing the product of the evolved model emerged from *presentation* step in the traditional process, as currently sales are not closed anymore for the B2B segment in a traditional one to one interaction. Nowadays sales are taking place in a more complex setting, with a high number of peoples, different departments involved and delivered through different options close to customer and real-time oriented. Nonetheless today's sales professionals are increasingly involved in specific marketing or marketing support activities (product development, market selection, data gathering and analysis, database management, etc); which further signals one of the main current themes of the sales and marketing integration and interface to be used (Homburg, et al., 2008). *Problem solving and system selling* is the evolved stage for the initial *objections handling*, due to the fact that modern selling activities require from sales professional to act as consultant that identifies problems, tailors and suggests effective solutions and manages their implementation together with the customer (Rackham & DeVincentis, 1999). This new focus is dramatically different from previous stages where sales reps were to be excellent in addressing customers and gaining rapid orders, while in handling objections their primary objective was to identify potential obstacles for the prospect to close a deal. Whereas the evolved paradigm asserts that professional selling is a complex step by step process that identifies and evaluates customer needs, developing effective solutions so as to pursue a targeted proposal in which all potential issues and solutions are identified and approached one by one. Moreover current selling context requires from sales organization to develop systematical solutions for their customers which are not interested in singular acquisitions, oftentimes initial product/service offering is not adequate over time, thus seller will renew proposal and develop new solutions. Pivotal philosophy of the systematic consultative selling is opposed to mere handling objections, by aiming to enhance long term partnership through superior solutions, rather than focus on short term transactions. *Closing* the sale phase emerged into *adding value/satisfying needs* sequence corresponding to new stage, where primary objective is to provide a superior needs satisfaction either via repeated contacts or via enhanced new solution to existing customer problems. Seldom customers are even aware of their real and total needs, thus seller has to have the ability to identify these needs, develop partner's awareness and propose win-win solution that will generate added value. Major distinction between two approaches is that evolved one aimed at seeking common interests of the two sides in order to ensure superior satisfaction, thus sales process will consists of repeated consultative meetings without requiring sales closing techniques on the moment. Also, satisfaction sources are learned via direct and open communication with key accounts and on this basis enhanced services offering can be tailored ensuring increased satisfaction and retention rate (Hnatiuc and Mihoc, 2010).

For the last step in the previous stage *follow-up and implementation* has shifted to *customer relationship maintenance*, whereas first supposed after-sales contacts with the buying organization to confirm all aspects are satisfactory, the later addresses each phase of buyer's business through a dedicated relationship manager or customer support, not only acquisition or post-acquisition related needs. However, this last step is very similar in both phases and was determined by the proliferation of effectiveness and efficiency brought by technologies, IT & C advancements and automation of the sales force (Moncrief & Marshall, 2005). Both stages are addressing more or less to identical aspects, although the span and duration differs in a significant manner from preliminary to advanced era. The main shift within the current model is the fact that customer is being at the center of each phase during entire sales process as can be considered in the below figure:

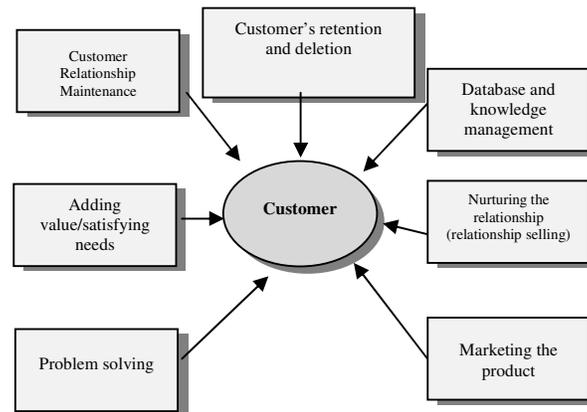


Figure 2 Characteristics of Modern Selling

Source: adapted from Moncrief, W.C. and Marshall, G.W. (2005), *The evolution of the seven steps of selling*, *Industrial Marketing Management*, 34, pp. 13–22.

RESEARCH METHODOLOGY

Current research started from measuring satisfaction of large corporate clients (the ones that acquire express logistics services in excess of 100.000 EUR on a yearly basis) for multinational express parcel carrier company on the Romanian market. The research was undertaken at national level and carried online, during January – March 2010, followed by call interview for the surveyed corporate clients.

The questionnaire consists of three main sections: first one aiming to collect firm related information; a second one that addresses 37 question seeking to reveal customer satisfaction, using a 5 point Likert scale (Malhotra, 2010), and a third section designed to measure the importance of several factors that influence the overall satisfaction of the client. Apart from final three questions which were opened ones asking customers' input on client-provider enhancement, all the other questions were closed ones.

Building on an international research model (Li et al., 2006), a set of 5 elements were considered to impact key customer satisfaction on express delivery market as follows: *availability* (the degree to which the company can be accessed), *responsiveness* (the degree to which company staff reacts promptly and appropriately), *reliability* (the degree to which parcels are delivered without damage and on time), *completeness* (the degree to which all components of the service are finished) and *professionalism* (the

degree to which carrier company uses suitable, professional behaviors, while working with me such as politeness, respect, consideration, truthfulness and friendliness).

Response rate of 88% (a number of 53 companies of the total population taken into account) was a significant one, furthermore a factual evidence of positive relationships built over long haul. Findings show that relative distribution across industries of respondents is following: 30% of the companies are operating in the automotive industry; 21 % activate in the electronic manufacturing services; while almost 15% of them are logistics companies and rest of them belong to such industries as operations, chemical, furniture, life sciences, pharma and services.

In developing our multi-item scale analysis we are to consider that single items are less reliable to drawing conclusions than summated multi-item scales (Gliem & Gliem, 2003). Therefore, in examining the information obtained from the empirical study, an important stage was finding the composite scores for the underlined factors in order to study any possible correlations between them. There are three main aggregate factors that this paper focuses on: relational factor, customer sales perception and satisfaction.

The items composing the relational and the satisfaction factors as well as the overall perception of the clients were identified from the 37 variables analyzed within the questionnaire.

| Composite factors | Final components of items |
|---------------------------|--|
| Relational | <ul style="list-style-type: none"> √ Company staff ensures that every shipment is completed √ Customer service department feedback is always prompt √ Company team attitude and conduct is professional √ Company staff always listens carefully to my requests. √ Interactions with Company staff are positive √ When we tried to get an appointment with Company staff they were available |
| Customer sales perception | <ul style="list-style-type: none"> √ Our expectations from Company in Romania services were met √ Company services are superior compared to those of competition √ Company service performance level for 2009 was high √ We perceive Company service value as high √ Overall experience in dealing with Company is first class |
| Satisfaction | <ul style="list-style-type: none"> √ Availability √ Responsiveness √ Reliability √ Completeness √ Professionalism |

Source: own research

In order to confirm the reliability of the constructs, a Cronbach's alpha reliability coefficient was calculated for the components.

The valid Cronbach's alpha coefficient for each factor is:

| Composite factors | Cronbach's alpha corrected |
|---------------------------|-----------------------------------|
| Relational | 0.924 |
| Customer sales perception | 0.916 |
| Satisfaction | 0.778 |

As the reliability condition was satisfied for all groups of items, composite scores for each group were calculated, as the mean of aggregate items. Three scores were obtained measuring relational involvement, client perception and level of satisfaction. The level of correlation for those three factors was tested using a Pearson Chi-Square

test. The results show only one significant correlation at 0.01, for the factors Relational and Perception. It can therefore be concluded that there is a significant correlation between the relational component and overall perception regardless of the level of satisfaction.

Summing up research further validates that both adaptive and consultative selling specific to the partnering era are in direct relationship with the image projections that buying organization are developing vis-à-vis selling organization. As shown, specific techniques and factors related to sales force's professionalism, availability and their interactions with buying partner pose a direct influence towards perception these build in time.

MANAGERIAL IMPLICATIONS. CONCLUSIONS

Present case research underlines the main challenge that courier company has to face in line with B2B environment, its competitors and actors of the industry at this stage. These challenges are related to relationships development, maintenance and expansion for the profitable ones. Findings take into account the premise that classic seven sales steps is going through significant changes under highly influence of complex factors identified herewith and resulting into an evolved model with the customer at the very core of each phase and with a long term orientation.

As a consequence the organizational sales approach is to be more in-depth implemented for surveyed company at national level. Entire sales function at every phase, has to adapt in order to select and recruit, train, evaluate and compensate sales people and teams in order to be capable to act as relational managers. This later emphasizes related sales function management may constitute one of the future research avenues. As data shows 3 out of 5 satisfaction factors are related to sales teams' interactions with the customers. For the express carrier company operating in a B2B context there will be a significant reliance on its sales teams' relational competences, consultative manner in order to prosper and impact long term results. The day to day sales process and interactions are crucial for the customer perception forming phase regarding selling organization in general and sales force in particular. Furthermore, sales organization process is to be executed by the sales team covering the respective key account and their respective areas. Existing sales team organization is a positive aspect confirmed once more as a strength and forward orientation, requiring further development and support from management level.

As research shows in the last section where customers were asked to make improvements comments, one of the top three customers emphasizes the opportunity of implementing a key account representative system, consisting of a highly professional and dedicated sales force member for the handling permanent needs, unforeseen occurrences and enhanced solutions development.

Evolved sales model further leads entire sales organization to a focus shift on initiating, nurturing and expanding key customer profitable relationship. This paradigm change reflects a new philosophy towards sales processes, its functions and superior long-term outcomes.

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