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The role of sales persons in the positioning strategy of small retail shops

Synopsis

Salespersons constitute one of the key resources of a retail shop creating its competitive advantage. In small retail shops with the dominant traditional customer service methods and pre-selection, the role of employees in creating a unique image of the place is highly significant. It is the sellers who, in case of universally accessible assortment offer, provide customers with a unique added value in the form of outstanding service. Not all small retail shops, however, realise the potential the employees offer. The article aims at assessing the role of salespersons in shaping the image and, as a consequence, the turnover of small retail shops. It uses the results of a questionnaire survey conducted among shops from the micro-enterprise sector.

Key words: sellers, shop image, micro enterprises

Introduction

The growth of large formats of retail trade and the development of modern channels of distribution, e.g. sales via the Internet, television or mobile phones, are linked to a reduction of the role of the seller in a direct customer service. Still, there is a big part of retail sales market for which direct contact with the customer through the traditional method of customer service and pre-selection remains one of the key elements of their strategy. To a large extent this part of the retail sales market is represented by small, usually family-based, retail enterprises whose chances of building a competitive advantage due to their limited

potential and reach are not as high as those of enterprises operating on a national or international level. Small enterprises should look for the most effective strategies of activity and tools that will ensure their survival (D. B. Bradley, A. Spice, M.J. Rubach, 2006). Among potential resources for competitive positioning are employees – and they are the subject of the discussion in this article whose aim is to identify and evaluate the role of employees in shaping the image of a retail shop.

The reasons for conducting a study on shop employees were both of theoretical and practical nature. The theoretical reason was related to an analysis conducted by R.C Runyan and C. Droge (2008) of 134 articles on small independent retail enterprises, published in scientific journals out of which merely 11 brought up issues connected with shop employees. Their focus was on the staff turnover, satisfaction, quality of service and efficiency. There was no direct mention of the employees' influence on the shop's image. For comparison, the most often discussed subjects so far were strategies (49) and structures (35). The practical reason was linked to the changes occurring in the structure of the retail trade market. The existence of small, independent, often family-based retail shops is endangered, which is confirmed by data from European countries where over the last few decades the number of shops has been significantly reduced as a result of concentration and globalisation processes (P. Dobson, M. Waterson 1999).

Theoretical foundation

Service constitutes an integral element of the overall offer of a retail shop. When making a purchase from the available assortment, the customer simultaneously uses the service provided by shop employees participating in the transaction. It corresponds with the concept of T. Levitt who claimed that people do not buy products but benefits (M. Christopher, 2000). According to G. Śmigielska (2004) the service of providing buyers with

the desired assortment of goods together with a set of inclusive or additional services that are offered should be regarded as the product of the retail enterprise. In the opinion of B. Borusiak (2008) customer service is the fundamental and unique value-creating factor in trade (...). What makes it unique is the particular combination of factors determining the process of customer service, which is the result of using a lot of resources (B. Borusiak, 2008). According to research conducted by H. Oppewal and H. Timmermans (1997), service constitutes the most significant shop positioning factor. On the other hand, research by J.E. McGee and M. Peterson (2000) conducted on a small sample of retail shops revealed that quality of service is positively co-related with the shop's performance.

The value for the customer is comprised not only of the physical product, but also of the accompanying service provided by the seller. This stage of the sales process reveals an area which could at the same time be the shop's weakness as well as a source of its competitive advantage. The way the talk with the customer develops, the employee's appearance, service efficiency, knowledge of the customer's needs determine the image of the shop, and consequently, customer's loyalty behaviours towards the place. As M. Sullivan and D. Adcock point out, the importance of service as a source of lasting competitive advantage becomes more apparent when the given shop offers basically the same product as their competitors. (...) Retail trade industry thus offers a great opportunity for the so-called mass individualisation, i.e. imparting a personal character to a standard product by complementing it with individual additions. On the other hand, T. Clotey, D. Collier and M. Stodnick (2008) established that the quality of service, assortment as well as the brand image are among the key factors that build customer's loyalty to the retail shop. The effect of sellers on the retail shop's success stems from the fact that they perform the role of the employer's representative, shape the enterprise's image, serve as a source of information for customers, often act as experts disseminating their technical knowledge, and through their optimism, personality and

a positive image they extend the product qualities (Sławińska (Ed.), 2005). A study conducted in the clothing industry by G. Birtwistle, I. Clarke and P. Freathy confirmed the importance of employees for the shop's success and revealed at the same time that without a greater involvement manifesting itself e.g. by knowledge of the offer, work results will not be satisfactory.

Answers to the following detailed questions have been resolved to be found:

- how is the role of retail shop sales people perceived?
- is there a relationship between the form of connection of the person to the given shop, in other words, does the fact of being employed or being the employer have an effect on the assessment of the seller's role in creating the shop's image?
- do shops representing various segments perceive employees as a resource on the basis of which one can build a unique image, or do they rather consider the role of employees significant but still marginal, emphasising the assortment, its features or price level?
- does the industry have an impact on determining the role and importance of shop sales people?
- how does appraisal of the role of sellers affect sales results of the retail shop?

Research methodology and characteristics of the sample

In 2009 a questionnaire survey was conducted on a randomly selected sample of 503 shops from the region of Wielkopolska¹. Among these shops 355 met the criteria of a micro enterprise. According to the definition of the European Commission micro enterprises are entities employing up to 9 people and whose annual turnover does not exceed EUR 2 million. Moreover, shops with overall space not exceeding 120 square metres were singled out. This subject range was dictated by two reasons – because of a limited number of publications

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about this group of trade enterprises and particular features distinguishing micro entities. The strength of micro enterprises lies above all in close contact with customers and great flexibility in the choice of market segments provided for. They also exercise tight control over implemented strategies (J. S. Sonant, D.T. Smart, R. Solano-Mendez, 1993). At the same time, these enterprises are susceptible to bankruptcy on account of a lack of financial support in case of even short-term difficulties, as well as insufficient competence in running an own business in crisis situations and in a tempestuous environment (E. Więcek-Janka, 2010). Another distinguishing feature of small shops is the fact that such shops are the bond integrating local communities (P. Megicks, G. Warnaby, 2008). Out of the surveyed enterprises 35% employ one person, 34% have two employees, 17% have three employees and the remaining shops employ more than 3 but not more than 9 people. This means that there is no detailed division of responsibilities, as in the case of bigger organisations. The employee is responsible for products, their display, customer service and operating the till. Additionally, 15% of the shops employ a part-time worker. Among the surveyed shops 57% use the traditional method of sales, 26% - pre-selection, 15% self-service and other respondents – mixed forms. The domination of the traditional method of service and a large share of pre-selection result from physical limitations of the shops, where there is insufficient space to introduce self-service. The respondents in the case of 60% of shops were their owner, and in 40% of the shops – the shop manager or their deputy.

Research results

Appraisal of sellers' capabilities to work in trade

Respondents nearly fully agree with the opinion that sellers should have certain capabilities in order to work in customer service (Table 1). They do not deny nor confirm the opinion that “a good product sells itself thus the role of the seller is reduced to accepting the

payment”. This would suggest that they cannot explicitly decide if attractive assortment is a sufficient reason for the customer's buying decision. To a large degree they share the view that sellers do influence the shop's image. The obtained answers indicate that respondents are aware of the importance of employees for building the enterprise's image and strength, on the other hand, one may notice a different approach to evaluating training to enhance the employees' professional qualifications. A statistical analysis of the obtained results depending on whether the respondent was the shop manager or owner shows this variable is not significant as far as the first three opinions from Table 1 are concerned, therefore one cannot assume that it is a criterion diversifying respondents' attitude to the presented opinions.

Table 1. Assessment of importance of employees for the shop's performance

	Average	Standard deviation
1. Shop employees should have particular capabilities to provide customer service	4,50	0,74
2. A good product sells itself – the role of the seller is reduced to accepting the payment	3,10	1,35
3. The shop's image is determined primarily by sellers	3,95	0,99
4. Thanks to training in the field of customer service employees contribute to an increase in the turnover	3,37	1,05

5-point scale with 1 – I strongly disagree, 5 – I strongly agree

Source: own work based on own questionnaire survey

Only in the case of the fourth opinion one must reject the hypothesis that there is no relationship between the attitude towards training and whether the respondent is the shop owner or manager ($p < 0,05$). Those who are employees rather than employers are more convinced of significance of training to raise the quality of service. This may stem from the fact that owners are certain that their long-standing experience in the industry is a good enough asset (M. Stefańska 2007).

Perception of the seller's role depending on the retail shop's strategy

The conducted in the subject group factor analysis and post hoc segmentation revealed that there are four segments of retail shops significantly diversifying them in the undertaken strategies (M. Stefańska, 2010). They were distinguished on the basis of the following factors: “relations”, “low price”, “unique assortment”, “location”, “development”, “information”, “ordinariness” and “brand/good quality”. K-means clustering led to distinguishing: segment 1 - “price-oriented shops”, segment 2 - “shops oriented to the quality of offer”, segment 3 - “originality-oriented shops” and segment 4 - “shops oriented towards tradition”. The segment's name includes the key factor most strongly exposed in the positioning strategy.

Generally, all shops agree that employees should have special skills enabling them to work in trade (Table 2.). This view is shared particularly by shops from the first three segments (highest average evaluations). The lowest average, yet still suggesting agreement with the presented opinion, was received in the fourth segment. The belief that employees co-create the image (opinion 3) is largely shared by representatives from the first, second and third segment.

Table 2. Evaluation of the role of employees depending on the segment

	Segment No.1 “Price-oriented”		Segment No.2 “Quality-oriented”		Segment No.3 “Original”		Segment No.4 “Conservative”	
	Average	Standard deviation	Average	Standard deviation	Average	Standard deviation	Average	Standard deviation
1. Shop employees should have particular capabilities to provide customer service	4,62	0,65	4,73	0,64	4,83	0,42	3,98	0,75
2. A good product sells itself – the role of the seller is reduced to accepting the payment	2,63	1,38	3,68	1,22	2,78	1,45	3,38	1,02
3. The shop's image is determined primarily by sellers	4,13	0,91	4,14	1,08	4,15	0,91	3,42	0,84
4. Thanks to training in the field of customer service employees contribute to an increase in the turnover	3,42	1,07	3,06	1,16	3,46	0,99	3,33	0,85

5-point scale with 1 – I strongly disagree, 5 – I strongly agree

Source: own work based on own questionnaire survey

This view is not shared by respondents from the fourth segment. As far as the second opinion about the relationship between a good assortment and the role of the seller is concerned, respondents from segments one and three obtained evaluations below the median

equalling 3. The statistical analysis shows that not all evaluations are to be treated as significant differences.

Table 3 includes only the results which are statistically significant. All segments but the fourth much higher evaluate the need to have special capabilities to work in trade. The second opinion, about the alternative role of assortment and sellers, is not shared by segments one and three, that is by shops oriented to price and originality. This would indicate that retailers realise that a low price is not a sufficient argument to attract the customer.

Table 3. Paired comparison of average evaluation differences for particular segments - LSD test

	Segment	Segment	Mean difference
1. Shop employees should have particular capabilities to provide customer service	“Price-oriented”	“Original”	-0,21
	“Price-oriented”	“Conservative”	0,65
	“Quality-oriented”	“Conservative”	0,75
	“Original”	“Conservative”	0,85
2. A good product sells itself – the role of the seller is reduced to accepting the payment	“Price-oriented”	“Quality-oriented”	-1,04
	“Price-oriented”	“Conservative”	-0,74
	“Quality-oriented”	“Original”	0,90
	“Original”	“Conservative”	-0,60
3. The shop's image is determined primarily by sellers	“Price-oriented”	“Conservative”	0,71
	“Quality-oriented”	“Conservative”	0,72
	“Original”	“Conservative”	0,73
4. Thanks to training in the field of customer service employees contribute to an increase in the turnover	“Price-oriented”	“Quality-oriented”	0,35
	“Quality-oriented”	“Original”	-0,39

p<0,05

Source: own work based on own questionnaire survey

The presented results show that shops have a rather similar view of the role of training but otherwise hold different opinions particularly with reference to the role of sellers and their preparedness to work in customer service. It seems that the “traditional” segment perceives employees as one of many and not the key resource on the basis of which one can build competitive advantage. The polar opposite are “original” and “price-oriented” segments for whom employees are particularly valuable in creating the image. The “quality-oriented” segment shops in turn focus in their strategy of positioning both on the quality of the assortment and the sellers.

The question arises therefore whether the kind of assortment determines the evaluation of the role of shop employees.

The shop's industry and evaluation of employees' role

Table 4 contains an appraisal of the analysed opinions from the perspective of the industry the shop operates in. The study reveals that regardless of the industry, shops are largely convinced that employees should have certain capabilities to serve customers. There is quite a significant similarity of opinions related to the importance of training. In the case of the second opinion, the clothing industry representatives tend to disagree with the statement that a good product is enough to encourage customers to make a purchase. On the other hand, in the evaluation of the impact of sellers on the image the highest averages were revealed in cosmetic industry, followed by clothing industry, and the lowest – in the household appliances industry.

Table 4. Evaluation of the role of employees depending on the shop's industry

	Industry							
	Food		Clothing		White & brown goods		Cosmetics	
	Average	Standard deviation	Average	Standard deviation	Average	Standard deviation	Average	Standard deviation
1. Shop employees should have particular capabilities to provide customer service	4,42	0,77	4,61	0,69	4,35	0,67	4,52	0,78
2. A good product sells itself – the role of the seller is reduced to accepting the payment	3,34	1,20	2,78	1,47	3,05	1,19	3,31	1,47
3. The shop's image is determined primarily by sellers	3,85	1,03	4,02	0,95	3,75	0,79	4,24	0,99
4. Thanks to training in the field of customer service employees contribute to an increase in the turnover	3,33	1,00	3,19	1,08	3,40	0,75	3,79	1,15

5-point scale with 1 – I strongly disagree, 5 – I strongly agree

Source: own work based on own questionnaire survey

The conducted LSD test in order to determine significance of differences between the obtained averages indicates that in the appraisal of the tested opinions in some cases the difference in perceiving significance of employees in the retail shop's activities is blurred. Table 5 contains exclusively the results that indicate a statistically significant difference in the employee perception.

Table 5. Paired comparison of average evaluation differences for industries – LSD test

	Industry	Industry	Mean difference
1. Shop employees should have particular capabilities to provide customer service	Food	Clothing	-0,19
2. A good product sells itself – the role of the seller is reduced to accepting the payment	Food	Clothing	0,55
	Clothing	Cosmetics	-0,53
3. The shop's image is determined primarily by sellers	Food	Cosmetics	-0,39
	AGD/RTV	Cosmetics	-0,49
4. Thanks to training in the field of customer service employees contribute to an increase in the turnover	Food	Cosmetics	-0,47
	Clothing	Cosmetics	-0,60

p<0,05

Source: own work based on own questionnaire survey

The above-conducted analyses have shown that depending on the positioning strategy and the industry the shop operates in there are differences in perceiving the role of employees in the shop, however, the difference is not always significant.

Factors affecting the shop's turnover

Another issue that has been sought to verify is establishing whether the way of perceiving the role of employees determines the shop's turnover. For this purpose, the four opinions contained in the above-presented tables have been used to develop an index called “sellers”. The index was taken into consideration in the regression model as one of the factors affecting the level of sales. In the equation were considered such factors as: the shop's size, number of employees, number of customers, duration of the stay in the shop, number of retail shops in the immediate neighbourhood, number of competitor shops, the industry, length of work experience in trade, property relations with the shop (employee/owner) and the method of customer service. Prior to creating the model, an analysis was performed with the aim of eliminating co-related variables.

The model produced a value of the regression coefficient at 53%. It is assumed that a minimal value should equal 50%. This means that it is moderately good. The equation parameters are included in Table 6.

Table 6. Factors affecting the shop's turnover – regression analysis

	Beta factor	Standard error	Standardised Beta factor	t value	Level of significance
Constant term	-3431,49	896,58	-	-3,83	0,00
Number of shop employees per square metre	8994,96	3572,63	0,11	2,52	0,01
“Sellers” index	496,65	226,64	0,08	2,19	0,03
Daily number of customers	11,38	0,82	0,61	13,86	0,00
Sales space	33,91	6,07	0,25	5,59	0,00
Average duration of stay in the shop	110,88	17,16	0,26	6,46	0,00

Source: own work based on own questionnaire survey

The conducted analysis has shown that statistically significant factors affecting the shop's sales are as follows: number of employees per square metre, “sellers” index, shop's size, number of customers making a purchase per day and duration of their stay in the shop (Table 6). Raising the daily number of customers has the greatest impact on the increase in the turnover. The “sellers” index has the lowest value of standardised Beta factor (0,08). It is worth pointing out, however, that in case of such variables as employment or the shop's size, their increase entails changes in costs. On the other hand, the “sellers” index reflects the perception of the role of employees and to a great extent it is a variable which does not generate costs or it creates costs that are lower than the variables related to the number of employees or the shop's size. In other words, the more appreciated the employees, the better sales results will be. Their satisfaction will translate into a positive image, which consequently will be reflected in the increased turnover.

Conclusions

The subject retail shops comprise a rather homogeneous group. However, similarity in terms of the shop's size and the number of employees does not mean that also perception of the resources and conditions of activity, and as a result, positioning strategies adopted by the shops will be the same.

The article focused on the evaluation of only one of the retail shop resources, specifically, appraisal of employees' role in the creation of the image of the small shop in the context of relations to the shop (employee – owner), implemented positioning strategy and the represented industry. Research results indicate that the form of connection to the shop is not a significant factor in the assessment of the role of an employee in the shop's development. It becomes significant only in the evaluation of significance of training, which proved more important for employees than the shop owner. In relation to positioning strategies and the employees' appraisal, it occurs that “conservative” shops perceive employees as one of many and not the key resources on the basis of which one can build the competitive advantage. “Original” and “price-oriented” segments, in turn, especially appreciate the role of employees in creating the image. The segment of “quality-oriented” shops in their strategy focus on two variables – the quality of assortment offer and the sellers.

The final part of analysis was concerned with evaluation of perception of employees based on the industry. It turns out that the difference in average evaluations of shops of particular industries is much lower than in the case of deviations obtained for shop segments. In consequence, the null hypothesis that the industry is not a factor significantly differing perception of employees in the creation of the shop's image had to be adopted more often.

The performed regression analysis revealed that the shop's turnover is affected by such factors as: the number of employees per square metre, “sellers' index, the shop's size, number of customers making a purchase per day and duration of their stay in the shop. The more valued the sellers, the higher turnover can be expected in the shop .

Summary

The conducted research integrates into the current of studies on human resources in retail trade. The obtained results in relation to small shops show that this component of the shop's potential is not fully appreciated. Yet, once one recognises the role of sellers in the process of shop positioning, one can expect an increased turnover. Thus it is a vital signal for small format entrepreneurs – one of the ways to create a competitive edge is to devote more attention to the employees.

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