

## RELATIONSHIP BETWEEN SALES STYLES AND CUSTOMER VALUE CREATED BY “EIGYO”

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### ABSTRACT

Japanese sales (Eigyo) people engage in not only sales but also in marketing and to create customer value. Shimaguchi et al. (1997) defined four sales styles commonly used by the “Eigyo” sales people. These are action esteem selling style, customer dedication selling style, proposal selling style, and work shop selling style. Each selling styles provides different value to the customer. However, little research has been done to understand the relationship between these sales styles and customer value. In this paper, we explored selling styles, customer values by sales people and clarified the relationship between each of sales styles and the customer value created by sales people.

### INTRODUCTION

Personal selling is important marketing activity, because it provides a contact point with a customer and an opportunity to deliver the marketing message. Previous research demonstrates that the important roles of personal selling include delivering the marketing message, building a long-term relationship with a customer, and delivering value to a customer. Some questions citations from the literatures that demonstrated these include; “Personal selling is the only communication vehicle in which the marketing message can be adapted to specific customer’s needs and beliefs” (Weitz et al. 1986), and “Creativity related to identifying customer needs and innovating the ways they approach customers” (Weilbaker 1990), both of which cover the value of personal selling; “Problem-solving approach increases likelihood of sales encounters and long-term relationship. (Eliashberg et al 1995, which looks at the long-term relationship between the company and customer; “value-added and consultative selling are critical to sales function-based competitive advantage in an increasingly commoditized business world” (Terho et al, 2012), which looks at how sales activities can increase customer value.

Generally speaking, it is not separate sales and marketing department in Japanese company. The marketing function is just focused on providing support to the sales department in the organization. The role of the “Eigyo” sales person in Japan is different from that of sales people in Europe and the United States of America. The “Eigyo” sales person does not only focus on selling and building the relationship with the customer, but also on creating customer value by contributing to make competitive advantages like developing innovative products/services.

We had the question why Japanese sales person does those board jobs? It is necessary to clarify the relationship between sales styles and the creation of value for the customer. Therefore, we tackled this research theme in order to clarify the relationship between each of the Japanese sales styles and the creation of value for the customer.

### THEORETICAL BACKGROUND

In Japan, sales activity is not only activity that delivers a final tangible value to a customer, but also a potential value. Shimaguchi and his colleagues found that the role of sales people is to complement a marketing function and accelerate selling process, provide solutions to customer problems, meet customer needs and get customer trust through the product or service. They defined four selling styles as an sales marketing paradigm, which includes action esteem selling style in the stimulation-reaction paradigm, customer dedication selling style and proposal selling style in the exchange paradigm, and workshops selling style in the relationship paradigm. In particular, they focused on workshop selling, because they found that the relationship between a seller and a purchaser is the key factor to go forward business for both sides. It is possible to create the best solution for both the seller and the purchaser, when both of them participate in open, interactive communication and share ideas freely based on a relationship of mutual trust (Shimaguchi et al.1995).

Shimaguchi (1997) classified the following four selling styles, according to whether the company (the seller) and the customer (the purchaser) know the solution for the needs of the purchaser. They proposed four selling styles from a

relationship with a customer. They classified four selling styles whether a company understands by customer's problem/issues and solutions or not. (Chart 1).

### **Action Esteem Selling**

In this style the sales people focuses on responding the purchaser's requests quickly and effectively, and on avoiding wasting the purchaser's time and energy. By doing this, the sales person adds value to the customer through his own efforts. This style is suitable for situations in which both the seller and the purchaser know the solution to the purchaser's needs.

### **Proposal Selling**

In this style, the purchaser is unaware of their needs. The seller, however, knows the needs of the purchaser and can provide the solution. The sales person therefore needs to educate the purchaser on his/her own need and offer a solution simultaneously. He or she creates value for the customer by providing the information and advice on the need and the solution.

### **Customer Dedication Selling**

In this style, the purchaser is aware of their needs, and is even aware of the solution potentially. The seller knows customer needs, but doesn't know the solution of it. The sales people work to uncover those needs through market research or other means, and then approach the purchaser with a solution. The sales people add value by working to uncover the purchaser's needs and then bringing the solution to them.

### **Workshop Selling**

In this style, neither the seller nor the purchaser knows the solution for the purchaser's problem or need. There is often an environment of uncertainty, and often there are a complex variety of problems to be solved and needs. As a result, these problems require a team of specialists from both the seller doesn't provide working together to tackle them. The customer respects the company as a partner that they can work with together over time to solve the purchaser's problems.

### **The Customer Value Created by Sales People**

Sales people are engaged in various activities (improving distribution, product development, etc.) that go beyond the strict definition of the sales role, and provide value to the customer through those activities. The role of the sales person in Japan is different from the one in the Europe and U.S.A. According to Tamura (1999), sales activities are not only the activities which communicate about the original value a product has, but also activities such as "dialog with the R&D person in charge about new product development, following-up with both distribution and the customer, facilitating communication between the customer and the person in charge of customer complaints, and so on." However, there is no previous research which has reviewed in detail what value the business operation was providing for the customer. Furthermore because each selling style creates different customer values, in reality no one selling styles can create all kinds of customer values (Nakanishi 2010, P6-15)

## **RESEARCH OBJECTIVES**

The author thought whether a company used four selling styles in a market, because it faced different situation. Then we need to find out and all companies don't need to use all of them. Now, a sales people face difficult variety of problems /issues to solve for a customer. Sales people have to use four selling styles to solve a single problem for a customer and sometimes use them repeatedly for same customer. In case, that requires to work as a team, not only sales person and need to do workshop selling like a project with different departments such as R & D, distribution, production. We mainly discussed workshop selling, because it will be an ideal selling style for a customer. A workshop selling requires investing much cost during process of solving problem and issue than generating profit. That requires a long term transaction to get profits more than invested costs. Then, a company has to consider a financial balance of cost and benefit whether workshop selling is adapted or not.

Otherwise, building relationship between a company and a customer is important for a business and to strengthen a long term relationship is also important for it. Trust and well-communication between a company and a customer is necessary of building a long-term relationship. What is a driver of that?

We had a question whether creating customer value could make trust from a customer and better communication in a way of transaction. Sales people are interface for a customer. Then, a sales people could create values directly /indirectly for a customer.

Q1: sales people could create several customer values

We had another question whether four selling style generate same value for customer. In particular, workshop selling requires the higher level of experiences and skills than action esteem selling, because workshop selling faces a difficult and broad range of problems/issues. Then, four selling styles make different customer values.

Q2: Four selling styles create different customer values

Then, we have researched on a relationship between selling styles and customer values.

## **Research Method**

We had an awareness of the issues we mentioned above. We did a hearing about the sales operation of the following company. That is "the raw material chemistry manufacturer and the electron-mechanical parts manufacturer", "the pharmaceutical company", "the advertising agency", "the printing company", "the sales in the university", "the sales of the local government which sells an area", "the sales at the shopping district about the community building", We had discussed about several cases included sales styles, sales organizations, sales activities and tried to find from consistent factors relationship with a customer, product life cycle and so on in our members industries.

After discussion and the result of the hearing among our working group, we had the new issues. We did another issues and hearing focus on them repeatedly.

## **DISCUSSION AND CONCLUSION**

We found that it is important to define customer value sales people create. Eventually, we come to the following five values. These are described briefly below.

Five values generated by the selling operation

- The information value: Appropriate information provided by sales person reduces the risk of decision-making
- The advice value: The sales people help the customer to have a right purchase plan by his/her appropriate advice, when the customer doesn't have a definite intention about the purchase.
- The operation cost reduction value: Dealings are a cooperation of the seller and the purchaser. In this case, sales people reduce his/her work load and they increase the customer value.
- The labor offer value: Sales person often do labor not related his/her own product. (For instance, an arrangement of the sport/concert ticket, communication to the other departments in the customer, and so on).
- The development support value: When a sales person knows that his/her product cannot fill a customer needs, he/her negotiates to generate solution of the customer needs with the development group in his/her company from the view point of the customer. That invents a customer value by proceeding with the development process.

As for us, made five customer values above correspond to four sales styles (Shimaguchi; 1997) which were classified below (Chart 2). In Japan, sales people have a role of compliment of marketing activities. That means not only a part of promotional activities like delivering marketing massages .They use different selling styles and generate customer value to go forward a business to strengthen relationship with a customer These values include a financial and not financial ones. Those make a customer reliable on sales people. Then sales people can lead a transaction/project to create values.

## **Theoretical and Practiced Contributions**

We focused on customer values and defined each value by sales people into four selling styles from our result of analysis. We confirmed following things through concrete case discussion. Firstly, most Japanese accepted to use four selling styles. Secondly, we present to add customer values for each selling styles; however, Shimaguchi showed just selling styles from relationship paradigm. Thirdly, sales people can create unique customer values.

In addition, customer value we presented is to contribute relationship marketing. Building relationship between a seller and a customer is important for a long term relationship for both sides. Sales people is a driver to make relationship stronger and deeper, and a interface to maintain it.

**Limitations and Future Directions**

We think the four selling styles defined here are peculiar just in Japan. We have to do quantitative research to testify that globally. We temporarily hypothesized ‘customer value’ presents in Figure 2 only as a temporary hypothesis. We need to accumulate more cases to be analyzed to verify our hypothesis in subsequent research.

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The chart of four selling styles (Chart 1)

		Solution	
		Known	Unknown
NEEDS	Known	(I) The action esteem selling	(III) The customer dedication selling
	Unknow	(II) The proposal selling	(IV) The workshop selling

(Source: Shimaguchi et.al, 1997, p.300)

The chart of four selling styles and the customer values (Chart 2)

The solution of the needs of the purchaser.	The seller knows.	The seller doesn't know.
The purchaser knows.	(I) The action esteem selling The labor offer value (Operation cost reduction value)	(II)The customer dedication selling The operation cost reduction value
The purchaser doesn't know.	(II) The proposal selling The information value The advice value The operation cost reduction value (Development support value)	(IV) The workshop selling The development support value

(Source: M Nakanish and K Noborisaka etc.2010)