

RELATIONSHIP SELLING: A SUPERIOR WAY OF CONDUCTING BUSINESS ON B2B MARKET. AN EMPIRICAL ANALYSIS OF AN INTERNATIONAL FAST TRANSPORTATION SERVICES PROVIDER ON THE ROMANIAN MARKET

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Positive relationships with customers are the expectation in today's business world, therefore the initiation and development of relationship metrics is not an exception within successful sales organizations. Relationship selling norms and practices are effectively implemented across industries generating superior outcomes, at a B2B level within emerging markets. This article conveys an effective relationship selling approach on an emerging market for an US express international carrier, entailing its aims, constructs and superior outcomes.

INTRODUCTION

Various scholars (Wotruba 1991) assert that the nature of personal selling, alike the one of marketing has evolved through the four different stages, namely: production, sales, marketing, and partnering. 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. Corresponding to each of these stages, sales forces fulfill different roles and pursue different aims and activities, requiring different skills, knowledge and abilities. The focus of this paper is the analysis of the relationship selling approach, practices and ways of implementation within a shipping services multinational provider in its incipient development phase on emerging context such as Romania, where total projected volume for the international shipped volumes amounts to 160 million Euro for 2010 (INSEE 2010).

Engagement in partnerships with key customers via relationship selling lays the foundation for profitable businesses and competitive advantage attaining. Such advantages are advocating for effective adoption and enhancement of relationship selling within the corporate industrial market.

THEORETICAL UNDERPINNINGS

In today's highly competitive market, personal selling is a critical element in the effort of companies to achieve organizational success based on customer satisfaction, loyalty and profitable sales volume (Guenzi and Paparoidamis 2009).

Present changes in the buyer-seller relationship pose a significant influence on the way personal selling and sales management is conducted, as a result of the emergence of partnership era (Weitz and Bradford 1999). These major changes result in the new relationship sales paradigm in which sales professionals become partners and value creators for the customers (Wotruba 1991), market analysts and planners. The primary objective of relationship orientation is the establishment of a long term reciprocal and profitable relationship founded

on trust. The subsequent paradigm shift for sales moves from one that is influenced by short term transactions to long term relational development over the entire customer life cycle. Relationship sales forces are going through a major shift from “hard selling” to “soft selling” (Sujan et al. 1994) attempting to manage conflicts inherent in buyer-seller relationships rather than short term buyer behavior. This change in emphasis dictates the way firms select, train, evaluate and compensate salespeople and their sales teams. Although relationship selling is an emerging discipline without vast empirical research being conducted on the topic, there are two main directions which can be emphasized when it comes to relationship sales force management: (1) increased importance of key account and ad hoc selling teams relative to “lone wolf” salespeople and (2) the focus on building and maintaining profitable long term key customer relationships relative to short-term revenue goals (Jones et al. 2005).

Literature emphasizes a relationship selling model (Johnston and Marshall 2010) that consists of four main factors: customer, information, customer value, and ethics. Centrally, there is the customer which is the main preoccupation of customer centric companies (Bosworth et al. 2010). One of the main practices in customer centric companies is learning adequate and inadequate sets of behaviors within the relationship.

Secondly, information is taken into account as a relationship selling component and is perceived as the driver that facilitates sales force accomplishments in initiating and maintaining long term relationships with profitable customers. Current relationship sales and marketing processes are implemented through utilization of effective databases and reliable information data access that further permit modeling demand patterns among customers and even prospects (Khalil and Harcar 1999).

A third factor of this model is customer value, which is not perceived as a source of revenue on single transactions, but over the entire life

cycle. The goal of business partners nowadays in a service context is mutual value creation, while the service itself represents a mediating variable (Grönroos 2010) for accomplishing this and enhancing the overall quality of interactions and relationship between partners. Value for customers, means “that they (customers), after having been assisted by the provision of resources or interactive processes, are or feel better off than before” (Grönroos 2008). Implementation of value creation and delivery value is accomplished through consultative and organizational sales depending on the situation (Reckhman and DeVincendis 1999).

As it has been previously noticed relationship selling scholars have emphasized importance of gaining customer trust and reciprocal development mode among partners. Sales professionals will exert a high level of trust through competence, availability, honesty and having ethical conduct and practice (Ferrel et al. 2002). Ethical norms are those principles and moral standards that shape and guide organizational behavior (Johnston and Marshall 2010) at corporate and individual levels. High ethics have proved oftentimes the pinnacle of the sales organization long-term success factors.

THE RELATIONSHIP SELLING PROCESS

The primordial objective of relationship selling is to initiate, consolidate and effectively manage long term profitable business relationships, (Johnston and Marshall 2010). Traditionally sales process consists of 7 steps, (Moncrief and Marshall 2005): (1) *prospecting*, (2) *pre-approach*, (3) *approach*, (4) *presentation*, (5) *overcoming objections*, (6) *close*, and (7) *follow-up*. However in the last decades traditional steps evolved under influence of transformative factors as changes in nature of selling activities, market and environment pressures, and type of relationship among organizations. Recent literature (Tanner et al. 2009) records an evolved 8 steps model, consisting of: (1) *prospecting*, (2) *pre-*

approach, (3) approach, (4) needs identification, (5) presentation-demonstration, (6) overcoming objections, (7) closing, (8) implementation/follow-up. The evolved selling process assumes that the salesperson and the team are performing steps in the selling process having the customer as the center of execution of each step (Moncrief and Marshall 2005).

Figure 1 shows various facets of the selling process and modern characteristics, each of them placing at the core of its aims and actions, the customer.

Pertinent to the focus of our paper is the third step of nurturing the relationship (relationship selling) as part of the whole process. This step has emerged as opposed to the approach stage in the traditional sales process, where the focus was to identify best ways to open the dialogue with the customer or prospect, whereas relationship selling has an aim of providing the best customer service on the long term, after a solid relationship was established. This new paradigm dramatically affects the way companies plan and execute their sales activities, and how they compensate and motivate their sales professionals (Leigh and Marshall 2001). Modern practice companies implement this through customer relationship management, or sales force automation (Park et al. 2009), thereby enabling an entire arsenal of application and technological advancements.

The role of the sales force however is crucial because the conduct, activities and behavior of its representatives personify how the organization regards its customer base (Moncrief and Marshall 2005).

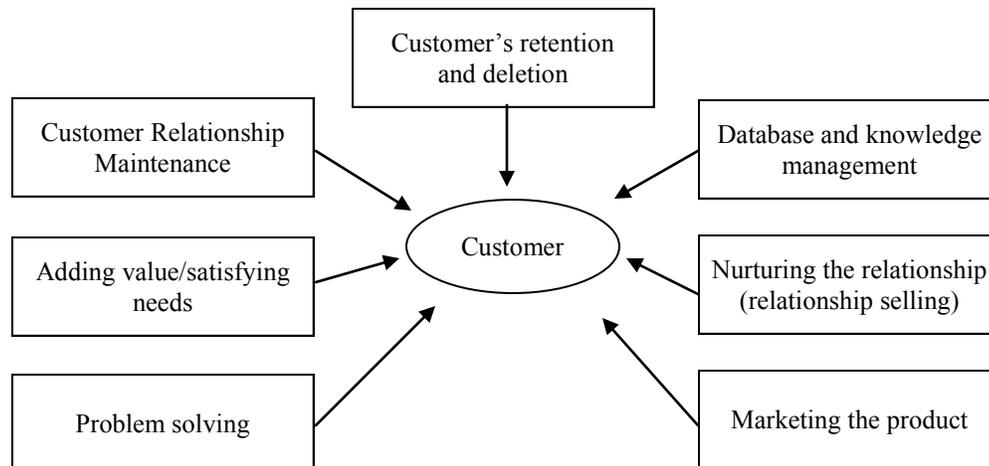
This 21st century approach relies on the premise that organizations as a whole will focus on securing, developing and maintaining long-term profitable relationships with profitable partners, as noted earlier.

PARTNERSHIP. AN EVOLVED FORM OF RELATIONSHIP SELLING

Literature (Manning et al. 2010) notes different stages of development for the personal selling function ranging from marketing era to partnership era, representing the current stage, as follows:

- *Marketing era begins* (early 1950s): product orientation is replaced by a market orientation. In this scenario the salesperson is in a position to collect information regarding buyer’s needs;
- *Consultative selling era* (late 1960s to early 1970s): salespeople evolve into becoming diagnosticians of customer’s needs as well as consultants. During this stage mass markets are breaking into target markets and two-ways communication is initiated, providing

FIGURE 1:
Characteristics of Modern Sales (Moncrief and Marshall 2005)



information and as such negotiation replaces manipulation;

- *Strategic selling era* (early 1980s): a more complex selling environment emerges with emphasis on market needs and thus on planning. Strategy, selling and product positioning are gaining attention at corporate level. The emphasis for this stage is on account management and team selling (Weitz and Bradford 1999).
- *Partnering era* (1990 to present): during this stage salespeople are encouraged to think all their measures in the context of long-term, high-quality partnership with individual customers; sales force automation provides customer information. Customer supplants the product as the driving force in sales while emphasis is placed on strategies that create customer value and adaptive selling techniques.

A partnership can be defined as a high quality, strategically developed relationship, on the long haul that focuses on solving matters related to customer's acquisitions (Manning et al. 2010). There are three major differences between partnering roles of sales people versus other roles (Weitz and Bradford 1999), as follows: (1) the focus on interpersonal communications-managing conflict versus influencing purchase decisions; (2) the salesperson's objective-building and maintaining the relationship with the customer versus maximizing short-term sales; and (3) the unit of analysis - the sales team versus the individual salesperson. Conflict is inherent to market interactions due to different objectives of the two actors, however the partner sales rep aims to manage the conflict so as to accrue benefits to the overall relationship and value it in order to strengthen overall relationship and increase commitment for both sides. Secondly, generating long-term profits for both partners rather than pursuing one time transactions has direct implications on sales management (way how sales agents and sales teams are recruited, evaluated and compensated). Lastly, it is important to emphasize the need for implementing sales

teams as these complex partnerships cannot be managed by individuals. Mostly the need is for cross-functional sales teams within their selling centers as corresponding to the cross-functional buying-teams in the buying centers of partner's company across different levels of management. As such, *relationship managers* (Davies et al. 2010) are responsible for the end-to-end relationship with a business-to-business customer, including communication, sales, and after sales service and they will act as the primary point of contact for a customer over the long term.

Salespeople more than in any other stage are engaging in relational exchanges on a day to day basis, channeling additional consulting, support and information among partners.

RESEARCH METHODOLOGY

At this stage of the research endeavor encompassing the developing national market for the express carrier, two main objectives were considered: the overall assessment of the relative importance of factors that influence satisfaction for key corporate clients; and to identify perception vis-à-vis relationship selling by using empirical analysis.

The research was carried out online during the months of January – March 2010 in Romania, at a national level for corporate clients of the service provider. The targeted corporate clients were those companies that purchased express services from the provider of more than 100.000 EUR in 2009. Out of the 60 companies that comprise the entire population of key accounts, a number of 53 companies have responded. Such a high response rate of 88 percent was possible due to excellent relationships built over time.

The questionnaire is comprised of three main sections. The first one is designed to collect firmographic data. The next section addresses 37 important aspects of corporate customer satisfaction using a 5 point Likert scale. The questionnaire ends with a section that is designed to measure the importance of several

factors that influence the overall satisfaction of the client vis-à-vis service offering, overall experience and interaction with the provider’s team. The vast majority of the questions are closed questions, while the final three ones aimed at encouraging and asking for suggestions to improve the service and client-service provider encounter.

RESEARCH FINDINGS

Valuing a consecrated international research model (Li et al. 2006), the 5 elements considered to have an impact for the overall satisfaction on the international courier market are: *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).

**TABLE 1:
Overall Appreciation of the Five Factors**

Factor	% of respondents who marked it as being “very important”
Reliability	73.6
Responsiveness	64.2
Professionalism	63.5
Completeness	56.4
Availability	50.9

As per Table 1, the most appreciated factor is *reliability*, while the least appreciated one is *availability*. At the same time these two are also the factors that have the widest range of responses, as depicted in Table 2. This shows that when it comes to evaluating those two particular factors, respondents have a greater

divergence of attitude and shared opinion as to their importance.

As the empirical research was performed using a Likert scale registering degrees of agreement that produced ordinal variables, the hypothesis testing for correlation could not be done using a Pearson test. Moreover, even though the rate of response was relatively high for the entire population, the absolute number of responses was insufficient to satisfy one of the conditions of interpretation for the Chi-Square statistic (less than 20 percent of the cells must have an expected count of less than 5). Therefore, the remaining option for testing correlations was using Spearman test (Andrews and Standridge 2010). The hypotheses tested was that each of the five factors analyzed is independent of any of the 37 variables.

In order to better understand the correlation between those five factors and the other indicators analyzed within the research, the level of correlation was tested using the Spearman test. The results are presented in Table 3. There were a total number of 37 variables analyzed, out of which 5 were considered as directly reflecting the relational aspect underpinned in the present article.

Although, *reliability* was the indicator with highest score as importance, when tested with the other factors it turned to have no correlation. On the other hand, *responsiveness* is the indicator with the highest overall level of correlation with factors that involve personal interaction.

The value of the Spearman test for the correlations found was positive but less than .5, which shows quite a poor but positive relationship between the variables.

These findings show that the customer’s interaction with the company staff is related to the perceived level of importance of the analyzed factors. Also, the factor that has the highest level of correlation with the relational aspect of the company, in the customer’s perception, is *responsiveness*. The fact that

TABLE 2:
Descriptive Statistics on the Five Factors

		Availability	Responsiveness	Reliability	Completeness	Professionalism
N	Valid	53	53	53	53	52
	Missing	0	0	0	0	1
	Median	5.00	5.00	5.00	5.00	5.00
	Mode	5	5	5	5	5
	Range	3	2	3	2	2

responsibility and professionalism follow reliability, as next two important factors in customer's perception further supports the thesis that partnership with the client is fundamental to overall business relationship, on the industrial service market. This evidence becomes even more meaningful in the light of service performance level findings which show that only a quarter (24 percent) of respondents view the service offering very high, very few of them considered it very low (4 percent), while most of them considered the service rather average and/or superior, further indicating a large potential pool for expanding relationships and mutual gains in the future (Pop et al. 2010).

A future study would explore more in-depth ways to enhance present factors and formulate effective sales strategies, based on a qualitative approach.

CONCLUSIONS AND IMPLICATIONS

Satisfaction related findings enable the company to better manage its sales activities towards strengthening partnership with key accounts through superb sales force design, high level of commitment, responsiveness and professionalism in all phases of the sales process. On this basis, a service providing company can develop new solutions, and ways to effectively communicate with partners on the basis on its extended service offering, ensuring a higher retention rate (Hnatiuc and Mihoc 2010).

Research provides adequate support for the thesis that relational pursuit is preferred by the

partners and further emphasizes potential for relationship and thus business development and expansion with the existing large accounts. At the sales management level setting objectives is to consider qualitative dimensions (satisfaction degree, number of referral from existing accounts, image projected) not merely quantitative aspects. The recruitment phase also has to evaluate as crucial, the relational capacity factors (emotional intelligence, adaptability, credibility, initiative), complex IT competencies and personal creativity, empathy (Pop and Vladoi 2009); while motivation and compensation phases are to effectively tailor a personal and professional development plan, apart from monetary bonuses that promotes continual learning even for customer's market, specific needs and processes.

Existing team selling practice is a positive aspect; however a new key account management policy has to be implemented. Cross-functional teams are to be formed for top accounts, while the relationship manager is to be responsible and act as a single point of contact with the customer. When it comes to the sales process, a consultative approach is to be adopted, valuing research findings that states that responsiveness and professional conduct are highly viewed in customers' perceptions.

Today, sales forces play a dominant role both for present and future perspective because partnership relationships are more solid and last longer, provided these professionals promote their solutions and attempt to match their offering to future customer needs. This leads to

TABLE 3:
Overview of Significant Correlations

Indicator	Number of significant correlations (at 0.05 level)	% of total number of variables	Number of correlations that involve personal relationships.	% total number of relational factors
Reliability	0	0.00%	0	0%
Responsiveness	15	26.67%	4	80%
Professionalism	10	10.00%	1	20%
Completeness	3	33.33%	1	20%
Availability	26	11.54%	3	60%

a long-term superior overall experience with the customer. Nonetheless partnerships with key customers are vital because long term customers are loyal to the individual relationship manager, and to the team more often than to the provider company

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