Explanation of Sales Effectiveness Based on Behavioral Approach in Service Companies of Khuzestan Province

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Abstract

Competition among banks and financial institutions and private companies to raise funds has led to offer variety and innovative ways of banking to attract and increase investment in these companies. In this research through a causal model explain the effectiveness of the service companies. Structures of relational selling tend to repeat contracts and a desire to continue and stable of the relationship. Structures of customer oriented selling efforts to understand the needs and interests and are trying to respond to the needs and problems. Structures of adaptive selling include interest and competence of employees. Manager-salesperson exchanges include cooperation of employees and supporting managers. Structures of selling effectiveness include sales volumes and subjective market share compared to organizational goals and compared to competitors during the previous 24 months. In this study by using descriptive statistical indicators is described each of the variables and then tested by using causal models. The results of the analysis showed that generally there are direct relationship between adaptive selling and selling effectiveness, relational selling with selling effectiveness. There is indirect relationship between selling effectiveness and manager-salesperson exchanges and through adaptive selling. There isn’t direct relationship between customer oriented and selling effectiveness.

Keywords: Adaptive Selling, Selling Effectiveness, Relational Selling, Manager-Salesperson Exchanges, Customer Oriented.

1. Introduction

Nowadays companies are well aware to the importance of selling and seek to increase the volume of sales, in competitive environment available in the market to maintain their status, stabilize or improve them. To achieve the purpose seems important of high sales, to attract and retain of customers. Sales and advertising are part of marketing mix and marketing mix is a set of tools that is used to satisfy and to create relationship to customer (Kotler, 2010, p5). Growth and profitability in the market is one of the main goals of all organizations and businesses and one of the most important factors in assessing the growth and profitability of this business is their sales. Any type of activity cannot be discussed that not be discussing the effectiveness in it. Thus, the sale effectiveness is the factors that corporate life and profit organizations is depend on it. The achievement to sales the effectiveness is required to capable sellers that they can help to companies by understand the needs and problems of customers, establishing effective relationships with them to achieve their sales goals. To achieve sales and more market share, continued compliance with the expectations, demands and needs of clients from the initial design of the product, in the lifetime of the product and its presentation is the key to corporate success and this is successfully completed when sales the principles and techniques with appropriate way are implemented by professional sales force. In fact a method of selling products is to establish relationship with a customer and concept of relationship in new era is a long term relationship with the customer that sales force is its main responsible. In the case of goods that are highly competitive and vendors sell products with much effort. Attract, maintain and growing customers is considered as a competitive advantage (Heidarzadeh, 2007, p48). There are some differences between goods and services, so that distinguishes sometimes selling them and needs more attention.

2. Problem Statement and Theoretical Framework

The services sector has grown significantly over the past 25 years so that is estimated to form about three-quarters of GDP (Aghel, 2008, p89). The services sector are formed a large collection of various industrial activities including profit and nonprofit organizations. This section allocated more than half of the economy...
in most developing countries and over 70% economies in advanced country (Ghorbanian, 2009, p1). Increasing competition in field of Services such as banking and insurance due to private companies of efficient and effective and productive are also completely evident (Azizi, 2008, p54). Although sales volume is not the only measure of effectiveness but it is a measure of success (Eimani Rad, 1999, p48).

Also main purpose of corporate profit is to increase sales and profits through satisfying the needs and demands of the market and consumers in the long term. Nowadays sellers are considered the dynamic power in the business world more than ever and their efforts have a direct impact on core business activities (Bakhtaei & et al, 2007, p36). Although the main goal is to increase sales but to achieve it, it is necessary is considered the wants and needs of the client. In this regard, sellers should focus on implementing a customer-oriented approach because the first and most important principle of marketing is the customer demands (Ranjbarian & et al, 2002, p129). Customer –orientation is a very important factor that can affect the sale of companies through meet the needs of customers. Effective sales organizations will focus on to develop and maintain long-term relationships with customers through adaptation in the sales, teamwork and customer support (Piercy et al., 1997, p 66). Thus, customer-oriented sales proposed as a factor that can is effective to the effectiveness. In this salesperson are the most important in marketing communication process of companies (Atuahene, 1998, P904), because research has shown that adaptive communication skills of salesperson in current situations in selling [or service], means ability to adapt sales techniques and create flexible in sales techniques increase sales performance (Singh et al., 2009, P539). Thus, adaptive selling will be evaluated as a factor that can influence the effectiveness. Behavior of the salespeople in purchase transactions has directly relationship with the quality of communication (Caldarola, 2009, P20).

Behavior of relational selling with the aim of developing and maintaining strong, long-term relationship based on trust between seller and buyer is caused to improve performance (Boles et al, 2000, P144). Thus, relational selling will be evaluated as a factor that can influence the effectiveness in this study. Also relationship between sales managers and supervisors with salesperson can influence behavior of salesperson in a different way to the instructions of organization and hence affect sales effectiveness (Paparoidamis & Guenzi, 2008, P1054). So manager-salesperson exchanges will be considered as a factor that can influence the effectiveness of the sales.

Since in this field wasn’t done any organized research for financial services companies in Iran and on the other hand will increase the company’s competitive environment and neglect to factors or effective sales strategies on the effectiveness of sales may lead to reduce sales effectiveness. Thus the present study seeks to explain the behavioral effects of sellers (actually service providers) on the effectiveness of sales in Service Company of Khuzestan province (Iran) that work in the financial field. In this research are used findings of Paparoidamis & Guenzi research in 2008 and will be evaluated direct impact of relational sales on effectiveness. Therefore, the following variables have been used.

Selling customer oriented- customer oriented behavior is a guided behavior that is used in order to identify and understand customer needs and adapting responses of sales organization to satisfy customer needs better than competitors and therefore create competitive advantage (Williams,1998,p273). Customer oriented behavior is tried that customers are able to buy such that is met

Adaptive Selling - it is adjusted the communication to meet needs of the buyers (Zallocco, 2008, p601). Adaptive selling is that the seller their sales behavior will change in response to different situations of sales (weitz, 1981, P 95). Adaptation in interaction of sales helps to the seller provides customer-friendly requirements and is structured messages that increase effectiveness of relationship and reduce dissatisfaction. In this study this variable are measured with correct behavior structures during of sales based on information received about position means interest and qualifications sellers (Paparoidamis & Guenzi,2008,p1054).

Effectiveness of sales - effectiveness means degree of achievement to objectives. Sale effectiveness is sales performance through sales transactions (Weitz, 1986, P175). Performance refers to the increase in revenue and business growth (Lane, 2001, P 17). To increase sale effectiveness is one of the most important things to deal with the sales manager. In this study, effectiveness of sale represents the increase (or decrease) the volume of sale [deposit] and subjective market share in two years (24 months) compared to its main competitors and business unit objectives (Paparoidamis & Guenzi ,2008,p1054).

Manager-salesperson exchanges- This variable indicates that over time, Manager-salesperson exchanges participate in exchanges and interactions that affected to create personal relationships between the sides (Paparoidamis & Guenzi, 2008, P 1054). This variable is defined as the quality of the relationship between Manager-salesperson. Manager-salesperson exchanges indicate that supervisors tend to establish each other subordinate in a different relationship their subordinates (Varma & Stroh, 2001, P 86). Manager-salesperson
exchanges are measured in collaboration with subordinates when volume of work is high and support in front of supervisors (Paparoidamis & Guenzi, 2008, P1054).

**Relational Selling** - Relational Selling is manner of sale that relational sellers establish personal relationships and close their customers (Rigg, 2004, p27). There are different phases of the sales process that ability to adapt to changing customer needs is considered over time and in different situations from success factors of seller (Paparoidamis & Guenzi, 2008, p1059).

According to research done, the above variables are selected as variables influencing the effectiveness of sales. In figure (1) illustrated the research model.

Based on the above model, the hypotheses of this study are:

3. Relational selling affects customer-oriented selling.
4. Relational selling affect adaptive selling.
5. Manager-salesperson exchanges affect customer-oriented selling.
6. Manager-salesperson exchanges affect adaptive selling.
7. Relational selling affects manager-salesperson exchanges.
8. Relational selling affects sales effectiveness.

### 3. Research Methodology

The present research method is applied and descriptive – survey. The research population is managers and employees of private banks branches and financial institutions and credit and credit cooperatives in the Khuzestan province (Iran). Sampling method is stratified random sampling. 166 branches were selected to distribute the questionnaire among managers and employees. In total 438 questionnaires were collected from employees and 166 questionnaires were collected from managers. The Delphi method has been used to assess the validity of the questionnaire. In this study, Cronbach's alpha coefficient was used to determine reliability. In this research for the analysis of data obtained from a sample were used descriptive statistics and inferential statistical methods. Actually by using SPSS software describe each variable in form of tables and statistical indexes and then to analyze the data, to test hypotheses and to generalize results from the sample to statistical population was used structural equation modeling technique by LISREL 8.5 software.

### 4. Data Analysis

Results Part of the application of analytical methods is presented based on causal model of research, so that in first basic model provided based on significant coefficients of test and then the research hypotheses tested and finally, final model arises research.
Figure 1) tested models [standard]
Relational Selling

Customer-oriented selling

Sales Effectiveness

Adaptive Selling

Manager-salesperson exchanges

Table 1) to calculate the direct effects of the model variables on each other:

<table>
<thead>
<tr>
<th>the direct effects on</th>
<th>Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager-salesperson exchanges 0/66</td>
<td>Relational Selling</td>
</tr>
<tr>
<td>Customer-oriented selling 0/05</td>
<td>Relational Selling</td>
</tr>
<tr>
<td>Adaptive Selling 0/38</td>
<td>Relational Selling</td>
</tr>
<tr>
<td>Sales Effectiveness 0/48</td>
<td>Relational Selling</td>
</tr>
<tr>
<td>Customer-oriented selling 0/89</td>
<td>Manager-salesperson exchanges</td>
</tr>
<tr>
<td>Adaptive Selling 0/26</td>
<td>Manager-salesperson exchanges</td>
</tr>
<tr>
<td>Sales Effectiveness 0/35</td>
<td>Customer-oriented selling</td>
</tr>
<tr>
<td>Sales Effectiveness 0/51</td>
<td>Adaptive Selling</td>
</tr>
</tbody>
</table>

In table to calculate the direct effects of the model variables on each other shown that based on these calculations, adaptive selling has the highest direct effect (equal to 0/51) on sales effectiveness. After describing and determining the model fitness, research hypotheses analyzed. Based on research model, hypotheses test results is shown in Table (2).
5. Discussion and Conclusion

Causal model test of research shows that relational environment where relationships and adaptive strategies is used and quality of manager-salesperson exchanges are in high level, enhance the relational behaviors of employees and therefore has a positive impact on sales effectiveness. Relational selling direct and indirect increased sales effectiveness through adaptive selling. In this research, the quality of manager-salesperson exchanges has the greatest impact on customer-oriented selling in model and also has a significant positive effect on adaptive selling that show, support and co-director of manager and subordinate in branches of private banks and financial institutions and credit from Khuzestan province is important. Adaptive selling has the most direct impact on selling effectiveness. Significant relationship between customer-oriented selling and selling effectiveness is not observed in this study and a significant relationship between customer-oriented selling and relational Selling is not observed. There are several reasons for this phenomenon. The most important reason is the lack of attention to customers' needs and interests and consequently failing to meet these needs in the private banking sector.

6. Recommendations

According to the results and discussions conducted in this study, to improve sales effectiveness of private banks and financial institutions and credit and credit unions in Khuzestan province, the following recommendations offer:

1) Test results indicate that relational selling affect sales effectiveness. About relational selling, to repeat contract has highest mean (3/08). Therefore following suggestions offer for further strengthening relational selling:
   - Holding classes and training seminars for managers to teach the importance of sustainable and long-term relationships with customers.
   - To encourage customers to renew their contracts and more investment in branches.

2) Test results indicate that manager-salesperson exchanges indirectly and through adaptive selling affect sales effectiveness and the highest mean 3/96 is related to fun working with manager. Therefore following recommendations for further strengthening relational selling among managers of credit and financial institutions and private banks and credit unions offered:
   - A new employee should show their loyalty, support and cooperation to manager.
   - Managers should be attempting to expand their group.
   - Managers should be given enough opportunity to their employees to show themselves.

Table 2) summary of hypotheses Test in a structural model

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Standard estimates</th>
<th>t</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1- Customer-oriented selling affect sales effectiveness.</td>
<td>-0/35</td>
<td>-1/24</td>
<td>Rejected</td>
</tr>
<tr>
<td>2- Adaptive selling affects sales effectiveness.</td>
<td>0/51</td>
<td>3/81</td>
<td>Confirmed</td>
</tr>
<tr>
<td>3- Relational selling affects customer-oriented selling.</td>
<td>0/05</td>
<td>0/61</td>
<td>Rejected</td>
</tr>
<tr>
<td>4- Relational selling affect adaptive selling.</td>
<td>0/38</td>
<td>3/37</td>
<td>Confirmed</td>
</tr>
<tr>
<td>5- Manager-salesperson exchanges affect customer-oriented selling.</td>
<td>0/89</td>
<td>5/83</td>
<td>Confirmed</td>
</tr>
<tr>
<td>6- Manager-salesperson exchanges affect adaptive selling</td>
<td>0/26</td>
<td>3/57</td>
<td>Confirmed</td>
</tr>
<tr>
<td>7- Relational selling affects manager-salesperson exchanges.</td>
<td>0/66</td>
<td>5/59</td>
<td>Confirmed</td>
</tr>
<tr>
<td>8- Relational selling affects sales effectiveness.</td>
<td>0/48</td>
<td>3/68</td>
<td>Confirmed</td>
</tr>
</tbody>
</table>
Out-group members should accept the opportunity and try to become in-group member with the cooperation and dedication.

Test results indicate that adaptive selling affect sales effectiveness. The highest mean is related to flexibility in way of working. Therefore following recommendations for further strengthening relational selling among managers of credit and financial institutions and private banks and credit unions offered:

- Bank managers encourage employees to use various methods to create income according to the favorites and employees capabilities.

- Increasing employee’s awareness and flexibility in dealing with customers by holding training course.

- Also consider interest and qualified manpower in their selection can be effort to improve the adaption in the sales.
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