ENHANCING THE CUSTOMER-SUPPLIER RELATIONSHIP: COMPETENCIES THROUGH THE USE OF SELLING STRATEGIES

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Abstract

This article examines the nature, role and importance of information quality in selling and its impact upon the customer-supplier relationship. Quality of information in selling situations has been seen as one of the most important factors contributing to the effectiveness of sales representatives. A conceptual framework which incorporates several information quality dimensions and personal selling strategies has been proposed. The framework, which elaborates on the relationship between the information dimensions of direction and frequency for each of the selling strategies, is put forward for the development of salespeople's competencies in a customer-supplier relational context. The advantages that a sales organisation can gain by introducing selling strategies have been discussed in the light of a) guiding the sales force for performance maximisation and b) creating and maintaining strong and long lasting relationships with its customers.

by

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Introduction

The business world is undoubtedly moving towards a more competitive and rapidly changing environment. Lasting improvements (i.e., technological advancements, new product developments, efficiency in operations and decision-making) have long become the ultimate objective of the most successful organizations. Improvements, in turn, are passed on to customers in the form of reliable products, on-time delivery after sales service, overall commitment in the customer-supplier relationship, but to name a few. To this end, the role and contribution of personal selling is more than vital in securing long-term working relationships with customers which lead to an organization’s prosperity and growth.

Fundamental to understanding the nature, role and importance of personal selling in the customer-supplier relationship is the recognition of the dynamics in business exchange interactions. Generally, the customer-supplier relationship has been considered a descrete transaction (Mancell, 1980); a marriage between buyers and sellers (Levitt, 1983); and a contractual relationship, long-term association or joint ownership (Arndt, 1979). However, regardless of which conceptual model describes best a particular relationship, usually in all business interactions the motivations of the parties involved include economic, social or situational influences and considerations. Thus, the economic (Stere & Reve, 1980), social (Day & Wensley, 1988) and situational (Achrol et al., 1983) dimensions in any business interaction are key determinants in pursuing collective goals and fulfilling self-interests (Stern & Reve, 1980).

Personal selling is a determining factor of "success" for relationship building. Its importance in the customer-supplier chain stems from its unique characteristics and foremost, personal selling and consequently salespeople are in a front-end and boundary position with regard to their involvement in initiating and/or handling the relationship with customers (Kerwin, 1986). Secondly, they are the most flexible message transmitters and serve as sources of information for their organisation and customers; and third, they are highly influential through an open opportunity to adjust their behaviour whenever necessary. Therefore, possession of excellent interpersonal skills and the ability for an accurate approximation of appropriate behaviours are needed for every successful selling situation. Due primarily to these requirements, salespeople need to build up their competencies by honing their skills and sources for continuous further improvement. This flow of accurate and precise information is of utmost importance and value.

The concept of information has been a well established one out of the specific field of personal selling (Ames, 1968, O'Reilly, 1982; Ives et al, 1983; Goldhar et al, 1976; Zmud, 1978). In most cases, however, the utilization of information has been put forward as a general enlightenment rather than a specific application for the decision maker (Deshpande and Zaltman, 1982). It is the purpose of this study, therefore, to provide a conceptual framework which describes the role and nature of information competencies that are needed in personal selling. The proposed conceptual framework: a) exemplifies specific information dimensions and flows in relation to each stage of the sales process, b) provides a stepwise taxonomy of strategies in selling, and c) links the benefits of this approach towards enhancing the customer-supplier relationship.

Customer - Supplier Chain and the Role of Personal Selling in the Relationship

It has often been the case of reading statements such as "quality comes first", "right first time and all times" always in demand?; "commitment in a relationship" the result of a proven professionalism; "customer satisfaction" the outcome of a close approximation of a supplier’s responsiveness and perfection?; and if the answer to the above is "yes" is success guaranteed?

Neither in real business nor in the literature a dichotomous answer (yes/no) to the last question has ever been recorded. This reveals that some main thrusts of progress in this field are arbitrary and incomplete, thus without being able to overcome certain limitations.

We have witnessed businesses to grow up either rapidly or slowly and to become very successful in the national or international arena. Half-way through or rather recently they have discovered philosophies and concepts such as marketing, TQM, human resource management which they have adopted. But their success is backdated several decades ago and cannot be attributed to any of the recently widespread functional principles or philosophies of management. Their success is much older, and the contribution of these philosophies is, if not non-existent, minimum. But what is it then? How did they manage to succeed? The answer to these questions should not be a difficult one. They established strong and long-lasting relationships with their customers. It would be argued at this stage that we have arrived at the same point from which we started, after tracing a cyclical orbit. This was necessary in order to question the unquestionable; in order to deny the newness and importance of the management philosophies; in order to understand that there has always been an active agent who brings both customers and suppliers together. Someone who finds an equilibrium point by keeping or replacing their position whenever necessary. Someone who makes sure that the relationship will never break up. Someone whose role has been systematically neglected; the salesperson. Someone who has always been charged with the responsibility to develop and keep the customer-supplier relationship alive regardless of how many company-level inefficiencies may occur. To
The Sales Process

Nowhere is the attention of practicing marketing managers more noticeable than in the area of personal selling. As a result, it is hardly the case that the sales managers have been deceptive in that of being able to shape, to a certain extent, the core activity is the sales process. The sales process is a classification of interrelated steps which are required in order to sell and optimise the selling function. Namely these steps are:

a) Prospecting;

b) qualifying;
c) approaching;
d) making a presentation;
e) closing; and
f) following up.

(Dubinsky, 1980; Hite and Belizzi, 1985)

Each step necessitates careful planning, effective implementation and precise evaluation if it is to be used effectively in managing productively the selling time and effort. Before turning to a discussion of interaction competencies, a brief definition of the steps involved in the sales process is provided.

Step 1

Prospecting is the process of identifying and creating a pool of possible potential accounts (Dudley and Goodson, 1984; Jolson, 1986).

Step 2

Qualifying is the next step and refers to the process of evaluating all selected prospects on the basis of their compatibility between the supplier's products and customer's requirements. In addition, qualifying involves evaluations with regard to: a) geographical location of the prospect, b) type, size and performance of his business, and c) estimated sales revenues and expenses (i.e., estimated profitability of the account). The outcome of qualifying prospects is, however, time specific and conditioned to the overall strategy of the organisation in question. For example, small accounts may be excluded at one point in time, but included at a later period or vice versa. (Shapiro, 1974; Hite and Belizzi, 1985)

Step 3

Approaching refers to the process of gathering specific information and formulating a strategy that is to be used while making the contact with the prospect. Approaching involves the consideration of issues such as: a) personal characteristics, b) the kind of business practices which are being used, or influence the new business era that we are entering. Personal selling's core activity is the sales process. The sales process is a classification of interrelated steps which are required in order to sell and optimise the selling function. Namely these steps are:
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to deal effectively with prospective customers. As it has been mentioned earlier, the purpose of this article is to provide some general strategies as a guideline for the enhancement of competencies through the manipulation of information quality which is required in planning and executing the sales process. The dynamic nature of selling requires a continuous updating and refining of salespeople's competencies. Developing and maintaining competencies, is an ongoing process which does not terminate when the sale order is granted. The next section provides an analysis of the nature and dimensionality of competencies in selling.

Competencies in Selling

In the context of this analysis, competence in personal selling refers to salespeople's required knowledge and ability not only to carry out effectively the sales process, but also to establish, sustain and develop further the customer-supplier relationship. Competencies in the field of personal selling can be grouped into two broad areas. First, in the area of knowledge competencies, and second, in the area of skill competencies. In the domain of knowledge competencies the salesperson has to demonstrate specialisation knowledge in the following areas:

(i) Industry's trends;
(ii) market characteristics;
(iii) competitors' strategies and tactical responses;
(iv) marketing strategy of his/her organisation;
(v) strengths and weaknesses of the organisation;
(vi) knowledge of products and their capabilities;
(vii) profitability analysis and control; and
(viii) ethical issues.

In the domain of skill competencies, the salesperson has to demonstrate a mastery in the following skills:

(i) Diagnosing and evaluating customers;
(ii) overcoming barriers and objections;
(iii) interpreting customers' behaviour in an accurate and precise way;
(iv) adjusting own behaviour;
(v) intervening at critical times in the relationship;
(vi) using follow-up procedures to maintain and support the relationship; and
(vii) using assessment procedures to evaluate the overall relationship.

Interaction competencies are primarily concerned with a knowledge-based and skill-based learning method or simply by work experience. One-levelled learning refers to a non-dimensional training method (i.e., lectures, on-the-job-training, coaching etc.) whereas the multi-levelled learning presupposes the simultaneous existence and use of more than one training techniques.

The Role and Impact of Information in Selling

As stated above, competencies in selling refer to an individual's ability to acquire - develop and fully utilise his/her knowledge and skills in order to deal effectively and efficiently with a given sales situation. This presupposes the existence of a continuous in-coming and out-going flow of information from a large and diversified number of sources, simply because the nature of information in selling varies widely. Each salesperson for example, receives messages from his/her organisation, peers, customers, and general public which he/she interprets, evaluates and uses appropriately in selling situations. Similarly, a salesperson becomes a transmitting source of information for least concerned almost simultaneously.

The nature of information, in a very simplified example, can be very diverse and range from industry norms to products and price lists, and from customer information to order processing and delivery. Information sources relevant to selling are internal (particularly within the marketing and sales divisions of the organisation), and external (i.e., customers, competitors etc.) to an organisation. The type of information that is needed depends heavily upon the particular stage of the sales process which is being initiated. However, for the purpose of this study, emphasis will be placed upon the informational needs for the development of competencies for all stages in the sales process. The reason being that these core activities contribute the most in relationship building, and highlight the vital existence of excellent interpersonal communication skills, and positive and creative thinking on the part of salespeople. More specifically, what is important is the salesperson's ability to provide customers with quality information first time and all times. The means and timing for information transmittance is also important. Effective manipulation of quality information that is required and provided will, minimise associated risk which is inherently associated in any customer-supplier exchange interaction.

In a consumer behaviour context, Cox (1967, p.604), has stated that the "amount and nature of perceived risk will define consumers' information needs, and consumers will seek out sources, types and amounts of information that seem most likely to satisfy their particular information needs". In the industrial settings the concept of risk is also a well established one and...
implies that most customers make their purchase decisions under some degree of uncertainty. In an attempt to minimise the involved uncertainty and risk, customers have the tendency to behave in certain patterns while seeking relevant information. In bargaining the objective of minimising the risk, both suppliers and customers try to identify the trustworthiness of one another. Trust which has been defined as "the belief that a party's word or promise is reliable and a party will fulfill his/her obligations in an exchange relationship" (Schurr and Ozanne, 1985, p. 940), it is believed, to be closely associated with perceived risk. For example, high perceived trust may be related with either low or high perceived risk and vice versa (see exhibit 1). Low trust, however, may have some negative consequences. Research findings by Schurr and Ozanne (1985) provide evidence for this statement. They found that low trust resulted in less favourable attitudes, communications and bargaining behaviour on the part of the customer.

Quality of Information

In order to avoid feelings of mistrust and minimise customers' risk, the salesperson has to provide, or always make available to customers accurate and relevant information. Exhibit 2 illustrates a grid for assessing the accuracy of communicated information in relation to its relevance for the customer. Information provided to a customer can be perceived as being very accurate and precise or less accurate. On the same token, transmitted information can be regarded as relevant or irrelevant. For example, information on how to reduce the order cycle and time to the market may or may not be in the list of a customer's priorities. What is particularly important is that accuracy and relevance must always coincide. The perceptions that a customer holds about these two critical dimensions, is believed to have a significant impact on the way in which the relationship will be developed or maintained. We will use the term "quality information" to refer to the highest possible approximation of both accurate and relevant information provided to customers. Customers must always receive quality information. Quality information received by customers will, in turn, lead to quality feedback. This cycle is an important aspect towards creating a trusting climate and constitutes one approach for slipping into the problem-identification, advice-giving and problem-solving stage.

Quality of Psychological Expressions through Communicated Information

Communicating information involves expressions of hopes, fears, concerns, reservations and expectations from both parties. These psychological expressions, which condition the outcome of a choice in a buyer-seller exchange interaction, suggest important multiple perspectives as to how these might affect the assessment and the final outcome. The extent to which such psychological expressions are manageable is difficult to assess
and, as a result of this, their implications cannot be easily identified in the interaction process. However, these certainly reflect on customers' actual choices. Penetrating into the psychological constructs, dispositions and beliefs of a customer, his/her overall feelings towards the relationship must first surface and then assessed as to whether these qualify for relationship building. The role of exchanging quality information create feelings of mutual interest at first, and then enable each party to gauge and evaluate goal compatibility and their integrity.

Establishing strong relationships between suppliers and customers, salespeople must ensure that the overall satisfaction of both parties would be maximised whereas the associated risk would be kept at a minimum level. Exhibit 3 shows that quadrant III is probably the most promising situation for someone to be in. However, this is not to deny that some customers, who are risk takers, may feel rather uncomfortable in this quadrant. A different quadrant for risk takers will probably be more appropriate.

Information Dimensions and Strategies in Selling

The question of quality information for both customers and suppliers becomes an important issue when it is seen as a requirement while introducing and implementing changes. It is also important, however, when it is regarded as a means for strengthening and developing the relationship. One source of information provision in the chain is the salesperson. Calling at new or existed accounts the sales representative is actively involved in transmitting and receiving information relevant to business concerns of the parties involved.

Although the quality of information is difficult to assess, a commonsense argument can be put forward: that is, communicated information can be more effective when there is knowledge and skills which replace ignorance. Sales representatives' knowledge and skills, however, can only be achieved by securing continuous in-coming flow of relevant information and establishing procedures for its evaluation. Salespeople throughout the sphere of their involvement should be committed and dedicated to accomplish such objectives. They must know that establishing an effective personal selling presence is especially critical to themselves and to their organisations' efforts to gain competitive advantage. Critical, too, is a reputation for good service and customer support that they should offer.

The exchange process between the buying and selling organisations requires diverse information in order to cover every aspect of concern (i.e. products / services / payments, after sales service, distribution etc.). Regardless of whether it is a buy or re-buy situation, the salesperson can foster creativity, innovation and efficiency by manipulating effectively the direction, frequency and purpose of in-coming and out-going information. These dimensions of information manipulation are of utmost importance to salespeople. This is more so when examined under the prism of interaction competencies which are required at each stage of the sales process.

The dimensions or classes of quality information which have been identified and will be analysed in this study are: a) direction; and b) frequency. The analysis will focus upon the two particular dimensions with regard to a) their relationship with the proposed selling strategies and b) their impact on the outcome of the sales process. Every dimension/class will be operationally defined in order to signal new directions and lead to some practical implications.

The dimension 'direction' refers to a purposeful behavioural approach for controlling the time of in-coming and out-going information. In this class the direction can be distinguished in salesperson or employee centered. Salesperson centered is the tenacious effort for the preoccupation of in-coming information towards the salesperson, whereas customer centered denotes the unequal weight in favour of out-going flows on the part of the sales representative. Both directions are considered under the prism of disproportional time allocations rather than importance weightings, which are elicited and emitted during the different stages of the sales process. The direction of information flows would, however, be an irrelevant issue when a wholistic approach to selling is being adopted. Only after analysing separately each component of the sales process, can we realise the significance of a disproportional manipulation of time for in-coming and out-going information flows.

The second dimension of information quality is labelled frequency, and refers to the process of initiating and influencing the magnitude of the flow, regardless of its direction. Three levels of frequency have been identified. These
Exhibit 4. Quality information manipulations and selling strategies for each stage in the sales process.

<table>
<thead>
<tr>
<th>Information/Strategies</th>
<th>The Sales Process</th>
<th>Frequency</th>
<th>Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROSPECTING</td>
<td>Sales-Person Centered</td>
<td>High</td>
<td>Investing</td>
</tr>
<tr>
<td>QUALIFYING</td>
<td>Sales-Person Centered</td>
<td>High</td>
<td>Goal Setting</td>
</tr>
<tr>
<td>APPROACHING</td>
<td>Sales-Person Centered</td>
<td>High</td>
<td>Functional Deployment</td>
</tr>
<tr>
<td>PRESENTING</td>
<td>Customer/Sales-Person Centered</td>
<td>High</td>
<td>Responsive Interaction</td>
</tr>
<tr>
<td>CLOSING</td>
<td>Sales-Person/Customer Centered</td>
<td>Low</td>
<td>Creating/Maintaining Relationship</td>
</tr>
<tr>
<td>FOLLOWING UP</td>
<td>Customer/Sales-Person Centered</td>
<td>High</td>
<td>Increasing Co-ordination and Control</td>
</tr>
</tbody>
</table>

- Investing;
- Goal Setting;
- Functional Deployment
- Responsive Interaction
- Creating/Maintaining Relationship;
- Increasing Co-ordination and Control.

Investing is a necessary but not always evident strategy. It must never be left to chance. By purposefully pursuing this strategy both salespeople and organisations can foresee market opportunities and threats and adjust accordingly. New customers enter the marketplace, existed customers modify their product portfolios, new uses of a product are being developed, and as a result of these changes, salespeople must initiate in-coming information at a very high frequency. This will allow them to create and keep an updated data bank of new prospects.

A decision situation is clearly defined by the existence of a bank of new prospects. Assessing prospects at similar level of are: High; medium; and low. The different degrees of frequency correspond to the amount of information which is being sought or released from a salesperson as a result of a purposeful and goal directed behaviour. In-coming quality information of any frequency presupposes the existence of a strategy aiming at initiating the various and relevant sources to provide an uninterrupted over-time flow. The frequency of out-going information must also be the outcome of a salesperson's tactical response to control, according to the circumstances, the amount of information to be provided.

Assessing directions and frequencies of quality information is only the outset in identifying what the key benefits are. Establishing strong and long lasting relationships is a rather long term process. This means that such outcomes do not surface until considerable amount of time and effort has been invested. Well before a salesperson commits himself/herself in successfully closing a sale, a number of strategic plans and tactical responses are required. This is perhaps the minimum prerequisite in an attempt to enhance his/her knowledge and skill based competencies which will eventually lead to the desired outcome.

Generally, we are possessed with the ease of attributing to the sales process almost every aspect which is related to selling. Although this point has been presented in an ad hoc basis earlier, the analysis to follow provides a more detailed explanation and reasoning.

There would be no justification for the reinforcement of any purposeful behaviour unless it has been either proved correct in the past, or perceived as superior to any alternatives. In successfully accomplishing selling objectives, two conditions must be simultaneously met. First, goals must be realistic and well defined, and second, the means used for their accomplishment must be precise and effective in the short and in the long term. Application of worthwhile knowledge and skills can only be feasible when salespeople are carefully guided from strategic orientations that will do the best in attaining their objectives. The practical utility of the proposed strategies depend upon its ability to explain, contribute and predict performance outcomes.

The selling strategies framework, which is shown in exhibit 4, implies that all are equally important. The six strategies which have been identified for decision making in selling are:

- Investing;
- Goal Setting;
- Functional Deployment
- Responsive Interaction
- Creating/Maintaining Relationship;
- Increasing Co-ordination and Control.
detail is essential in identifying what the key opportunities are. Relative in-coming information in a very high frequency is necessary. The strategy of goal setting has to be considered in three assessment dimensions. These are:

- alternatives open;
- likely outcome associated with each; and
- probability of the outcome occurring.

Salespeople need to have quality information for evaluating trade-offs desired by them and their organisation before committing themselves.

In addition to information inputs and assessment, the organisation of knowledge can inhibit or assist salespeople in developing application approaches. The strategy of functional deployment refers to a carefully planned practice - effective scenario guided by knowledge, experience and momentary situation-discovery reflections. Functional deployment should always approximate realistic levels, as it is aimed to work under true selling conditions. Logically, information inputs for this strategy must certainly be of high frequency in order to be used as a safety valve in signaling significant last minute variations of the initial assessment and plan.

The underlying rationale of the responsive interaction strategy consists of a purposeful decomposition of a presentation approach and a simultaneous creation of an alternative which evolves as the interaction goes on. Preferably, out-going information of high frequency should be given after it is being sought by the customer. Although in a different context, Russo's (1977) study of the effect of different presentations of "unit-price" information in supermarkets supports this notion. Customers were found to be more likely to make reactive and proactive alternative responses in an attempt to minimise deviations from possible erroneous assumptions and actions.

The strategy of creating and maintaining a relationship consists of positive responses which are relevant to joint integration and optimisation of the interaction. On the basis of the given information, the salesperson uses the value approach, where value is defined as a commitment effort for a delicate relationship. In-coming information of high frequency. Key to the process of making an effective presentation is the concept of the responsive interaction strategy which provides a framework for aggregating reactive and proactive alternative responses in an attempt to enhance the correctness of his/her choice. Information flows of low frequency should be customer and salesperson centered.

Perhaps, the greater disadvantage in personal selling does arise when salespeople perform adequately in the short term, but fail to create an effective and working relationship in the long run. A central strategy in determining the quality and duration of the customer-supplier relationship is labelled increasing co-ordination and control. This strategy consists of a continuous evaluation of the on-going assessment of the one-dimensional relationship and a purposeful behaviour to remove any obstacles which prevent the development of the relationship. In-coming and out-going information of high frequency is needed in order to appraise the direction of the relationship and its level of productivity. Decisions and direction evaluation, in turn, reveal the degree of satisfaction of the parties involved.

Salespeople are often sensitive to deviations and exceptions as to what is deemed to be causally relevant in different situations. However, the attributes of alternative approaches must be evaluated within the framework of the proposed selling strategies and dimensions of information quality. Deviations from such references can be misleading and may result in operational inefficiencies. The proposed strategies provide a general framework which emphasizes the crucial roles and competencies of strategic nature that salespeople must possess, and indicate the important influences in decision making and behavioural choices.

Conclusion

Successful implementation of any relationship building plan hinges upon salespeople. The fundamental part of any sales job is understanding not only the sales process but also how strategic orientations impact upon their daily activities. The desired present and future state in any customer-supplier relationship is closely associated with strategically minded objectives and goals for improving the sales process.

Although the ultimate objective of personal selling is to increase sales, the goal in each stage of the sales process is some type of communication / information dimension and behavioural response. Information dimensions have been given much attention in this study and examined within a relational context. The creation of a relationship between a buyer and a seller through sharing of information relevant to different business matters necessitates the examination of its quality. Quality of information depends heavily upon salespeople's competencies and selling skills. Three two-dimensional grids for assessing the quality of information (i.e., perceived risk, perceived trust, proximity in relevance and satisfaction) have been proposed in order to provide customer-tailored preferential states while bargaining the objective of maximising their benefits and making them committed to the relationship.

Without the appropriate knowledge, skills and attitudes, salespeople cannot succeed. In addition, even when these qualities are present, successful selling is still conditioned to a proper organisation of skills, knowledge and attitudes. The organisation of these qualities leads to a strategic orientation for all jobs in the sales process. The purpose of the six strategies along with the two dimensions of information quality which have been identified, is threefold: First to emphasise that they provide general guidelines for judgement and choice; second to fail in the inductive nature of each step in the process; and third to illustrate the rationale behind its importance and structural interdependence.
References


