

**A CUSTOMER LEAD QUALIFICATION MODEL FOR
SUCCESSFUL POTENTIAL CUSTOMER PROFILING.**

By

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DECLARATION

I, *Andre Rheeder*, hereby declare that the *treatise/ dissertation/thesis* for *Masters in Business Administration* is my own work and that it has not previously been submitted for assessment or completion of any postgraduate qualification to another University or for another qualification.


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ABSTRACT

A key question that marketers and salespeople face is based on the dilemma of which customer to pursue and which not. This choice has far reaching effects in both company success.

Investigating a client's seriousness to make a purchase at the time of an enquiry is key. This will assist the firm in determining which future clients offer the firm the most potential value in sales turnover and company profits.

By taking the client's background and history into consideration the marketer has the opportunity to determine which clients have or have not previously committed to the firm and which did not.

By profiling the customer, providing a yardstick against which one can measure probability of a purchase can be developed.

New or prospective customer against those attributes of customers can then be benchmarked against the attributes that attest to whether interest and intention to purchase can be converted into a sale.

Identifying these customers who will be most likely to make a purchase is a very important area of study for any business that focuses on the marketing and sales of products or services.

Having an accurate profile of potential customers, of who will buy and who will not, will play a key role in the success of any organization.

The focus of this study will be on investigating the profile of a potential customer/company as a benchmark for sales lead qualification. The profile will also be a precursor to determining the lifetime value of the prospective customer.

Profiling of high sales potential customers is a management issue. It directly influences the number of hours key personnel in the sales department spend on key tasks, which can alternatively be spent more productively on other projects.

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1. CHAPTER 1 INTRODUCTION AND SCOPE OF THE STUDY

1.1. Introduction

A key question that marketers and salespeople face is based on the dilemma of which customer to pursue and which not. This choice has far reaching effects in both company success measured through both sales turnover as well as the human capital deployed to achieve targets.

Investigating the penchant of a client's seriousness to make a purchase at the time of an enquiry is key. This will assist the firm in determining which future clients offer the firm the most potential value in sales turnover and company profits.

By taking the client's background and history into consideration the marketer has the opportunity to determine which clients have or have not previously committed to the firm and which did not.

By profiling the customer, providing a yardstick against which one can measure probability of a purchase can be developed. New or prospective customer against those attributes of customers can then be benchmarked against the attributes that attest to whether interest and intention to purchase can be converted into a sale.

Both benchmarking and customer potential will provide the firm with a template of attributes on which to base future decisions regarding who to pursue and who not. The template or model will not only have an impact on the financial success of the firm but also the effective management of human capital.

1.2. Background to the study

This study takes place within the Africa business context, specifically focussed on the markets requiring temporary workforce camps. The firm's business activities is geared towards development of potential sales leads within the specific target markets within this region.

The target markets include the government sector which includes military, police, health and education. Additional market sectors targeted, include the mining and construction sector, where specifically exploration and early work projects are areas of focus.

1.3. Contribution of the present study

The proposed study will contribute to the increased efficiency of the firm's sales activities, which are geared towards development of new business and gaining maximum profit from existing and new customers.

This study in particular is focused on the development of new customers, and specifically the choice pertaining to whom to pursue and whom not, for maximum financial and organizational benefit. By selective assessment of customers the firm will derive maximum financial and resource utilization.

The effective use of scarce resources within the firm's sales team is a key consideration which contributes to the successful compilation of accurate and competitive proposals which when accepted lead to obtaining sales.

Identifying these customers who will be most likely to make a purchase is a very important area of study for any business that focuses on the marketing and sales of products or services. Having an accurate profile of potential customers, of who will buy and who will not, will play a key role in the success of any organization.

1.4. The Research Problem

The focus of this study will be on investigating the profile of a potential customer/company as a benchmark for sales lead qualification. The profile will also be a precursor to determining the lifetime value of the prospective customer.

Profiling of high sales potential customers is a management issue. It directly influences the number of hours key personnel in the sales department spend on key tasks, which can alternatively be spent more productively on other projects.

Skilled staff spend an inordinate amount of time and resources quoting for potential work orders. If said quotations are not accepted, the resources spent have been wasted and could have been more productively and profitably used on other endeavors.

When considering efficient human resource utilization, it is important to consider the possible occurrence of negative work related issues, such as burnout, which may occur if excessive periods of demanding, unrelenting work functions and tasks are required and pursued by the staff members. Burnout is a stress related factor which influences job performance, motivation and job satisfaction (Wright and Bonett, 1997).

Furthermore, being able to determine successful lead qualification will ensure an improved return on investment within the organization, specifically pertaining to marketing spend which is directly linked to company budget.

Sales lead qualification has the potential to provide management with crucial information that determines potential customer lifetime value. Customer life time value refers to a method for determining the potential long term customer profitability (Persson and Ryals, 2014) and is one of the tools which can be applied to determine which prospective clients to work with and which not.

1.5. Rationale and significance of the study

Background

A large number of sales leads are received by the organization annually. The average number over the past three years have been in excess of 300 leads per year over a twelve month period. Each sales lead has to be individually addressed to determine its potential. The developed sales leads need to be reviewed, researched and a final decision made whether to pursue the sales opportunity or deem it an unviable request. Such a decision is referred to a Bid or a Non-bid decision.

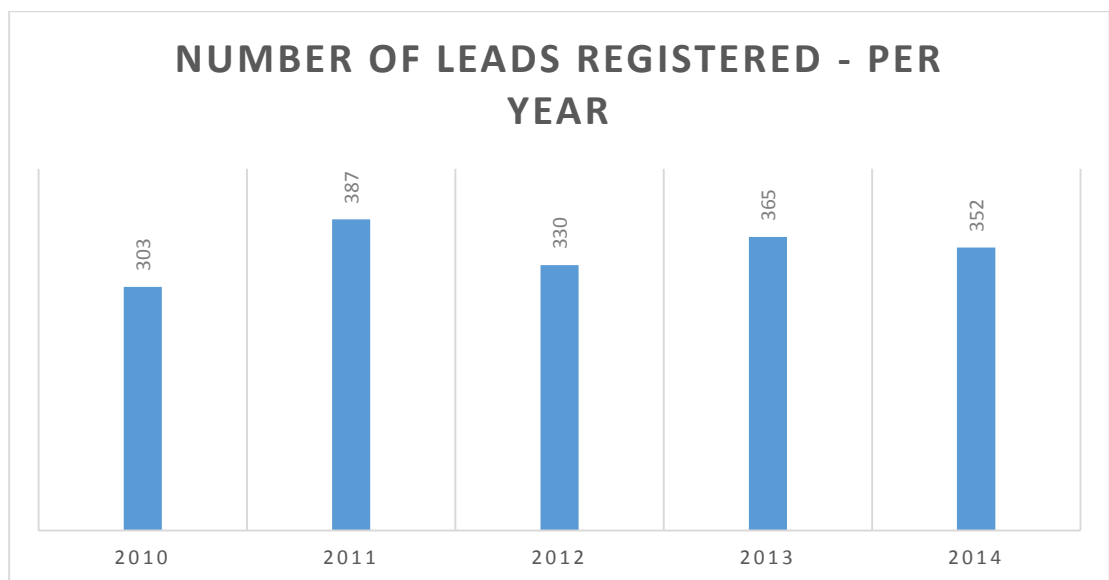


Figure 1.1 Number of leads registered in company project register

Extent of the problem

Due to company resources being scarce, more efficient use of these resources need to be investigated (Haas, Snehota et al., 2012).

The resources include both personnel and systems which are used in the analysis of the opportunity, as well as further tasks required in providing the potential client with a sales proposal.

Benefits to be gained if this problem is addressed

Addressing the issue of lead qualification will improve the efficient use of the resources available within the sales department.

Confusion with regard to or unawareness of the extent of the problem or seriousness of the issue.

Low morale and motivation levels of sales staff are a potential threat of not addressing the subject at hand. This could be a result of not getting a return on investment of the time and effort spent on a potential client when following up on poorly qualified leads. The energy and resources staff expend on preparing the leads and then not getting the sales, create a negative situation.

It is seen as an objective of any sales department to increase efficient resource utilization.

A further opportunity exists to improve the potential disconnect between the sales and marketing departments (Homburg and Jensen, 2007). The sales team will not complain that the leads received from the marketing team are of poor substance, implying that that they will not equate to business.

The upside for the sales department will be that the marketing team will not complain of poor follow up by the sales staff of the current leads that have been generated.

Factors such as the following contribute towards the potential client's decision making framework:

- Insufficient client information is available.
- Specific information pertaining to the client's requirements
- The legitimacy of the client requirements
- The client reference framework which ties in with their experience
- Determination of whether funds are available for this purchase.

The stated client requirement is what the client perceives he needs to purchase or procure to satisfy the need or a want he has at the current moment and will determine what product or service offering? the client is requiring (Hidalgo and D'Alvano, 2014).

The legitimacy of the client requirement refers to the notion that the requirement is in fact real and not simply an exercise to obtain information. Referring to the lead being real suggests that the client requirement will result into a sale.

These are the factors the client considers before contracting or doing business.

Client reference framework

The client reference framework refers to the past experience base and the background of the client which influences his future requirements, as well as his buying decision at time of negotiation or finalization of a deal (Alcántara, Artacho et al., 2014).

One of the most challenging aspects in lead qualification is whether the client has the necessary funds to make the purchase, or in what range within the budget the client looking to pursue a purchase (Hauser and Shugan, 2008).

Customer relationship management (CRM)

Poor client understanding and generally a poor client relationship management (CRM) system within the sales person's organization, can also be a root cause of poor lead qualification.

A CRM system provides the marketing and sales department with a tool to collect all appropriate client information on a central system.

This will allow for the opportunity to be able to have access to clients through various methods of contact, because all relevant client detail will be stored and readily available (Roland and Verhoef, 2005).

The CRM system is also referred to a salesforce automation tool that can potentially provide the opportunity for improved marketing intelligence. Marketing intelligence is the process of collecting as much information on a prospective client as possible, which will assist a sales force to determine their customer orientation and approach.

A CRM system is not currently being used in the firm upon which this study is based. A lack of a CRM system may thus contribute to the difficulties being faced.

Gap and current inconclusive research findings.

Various models pertaining to the customer base exist, including the customer base valuation model (Doucet and Barefield, 1999). Unfortunately these models have a focus geared towards determining the existing value of the current client base and not looking at identifying the potential value of the prospective client base. It is important to consider or develop a model which can serve as a base to evaluate the future value of a prospective client.

The evaluation and analysis of the current client base provides the organization with the potential to determine the overall market value of the customer base within the sectors of the market in which the organization operates. This overall customer value contributes to the organization's customer equity - which can be seen as the cumulative value the customer base holds for the organization (Silveira, de Oliveira et al., 2012).

Very few models are in place which provide a framework against which to measure customer lead which will ensure maximum return on investment or whether it will provide an increase in customer equity (Borg and Young, 2014).

Because of the lack of current models to measure the effectiveness of lead qualification, there is a gap in the market to improve organisation efficiency.

The opportunity to develop a specific model to determine bid or no-bid thus exists. The use of such a potential model will contribute towards the optimal use of organizational resources.

1.6. Research objectives

1.6.1. Primary objective

The primary objective will be to develop a model to profile client attributes or criteria that contribute to successful sales leads qualification and subsequent growth in sales.

The profile generated will ensure a measure of predictability around the potential of such customers leads ultimately being converted to a definite sale.

1.6.2. Secondary objectives

The following secondary objectives are to be investigated:

- Predicting customer lifetime value. This will be invaluable in determining which clients will provide the most financial potential and which will not.

- Determining the critical cost per lead. Knowing the conversion cost per lead and the cost per lead per specific salesperson will assist in determining the overall return on investment on the marketing spend.

In conclusion, the value of determining and developing the sales lead qualification model will be of great importance to any sales organisation who want to consider improved utilization of their human, financial and physical resources.

1.6.3. Research questions:

This study will attempt to provide answers to the following research questions:

- What attributes should a client have that makes them more likely to make a purchase from the firm?
- Which attributes are more important than others in determining customer potential?
- What framework or theoretical model can help in the determination of the above?

1.7. Conceptual model

The desired purpose of the research project will primarily be to develop a conceptual model that can be used to measure the probability of a sales lead being successfully turned into business.

Secondary to that development of a conceptual model, will be the ability to measure and track the variables which influence successful lead qualification.

The conceptual model is to include criteria which can be seen as indicators leading to the successful qualification of a business lead. The predominant focus areas will be to:

- Identify key contributing factors leading to the conversion of the lead into sales revenue, providing a return on investment on specifically marketing investment.
- Ultimately identifying which clients to work with and which not to.

Variables (contributing factors) to investigate include, but are not limited to:

- Customer Lifetime Value
- Customer Equity
- Return of investment in terms of marketing spend which will focus on
 - o Cost per lead
 - o Cost of lead per sales person

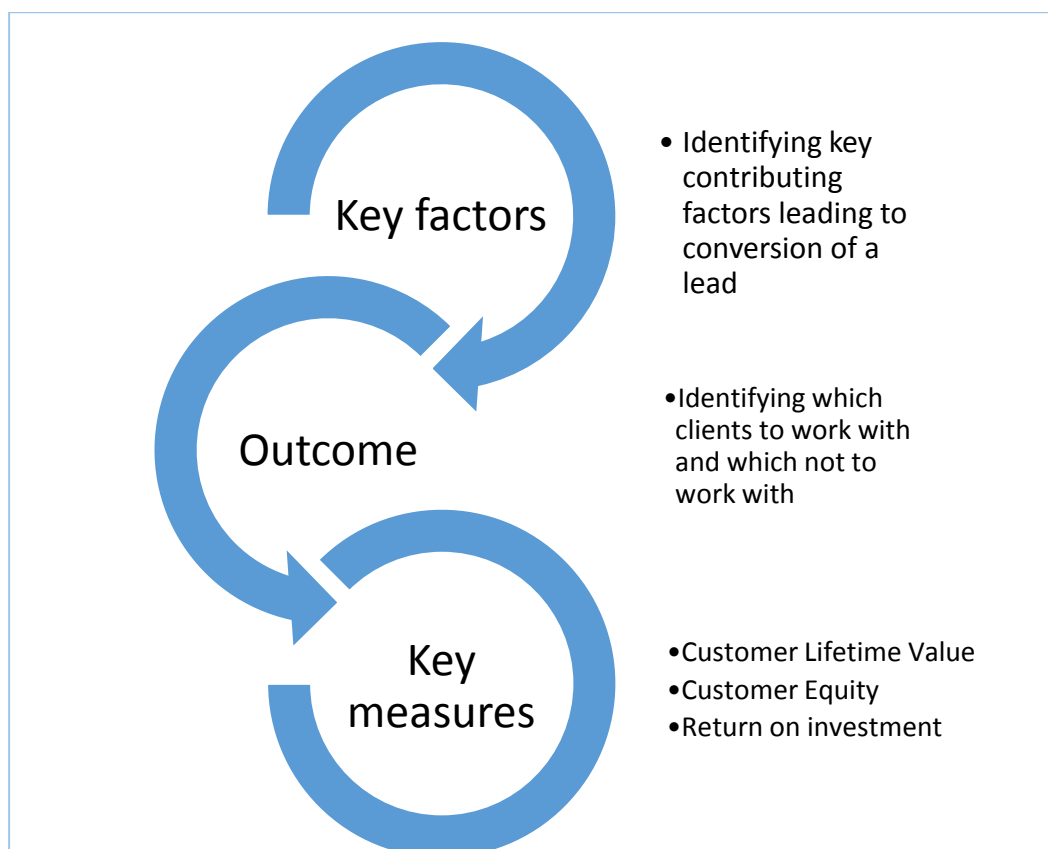


Figure 1.2 Conceptual framework of Sales Lead Qualification

1.8. Research methodology

1.8.1. Background

When considering the words qualitative and quantitative, one can relate qualitative to a narrative description of findings when contemplating results of a research study as opposed to have the findings found in numerical outcomes which is found from the research study. Qualitative and quantitative are found to be describing data rather than a paradigm as such (Collis, 2014).

Qualitative methods, are methods that seek to provide increased understanding of the problem at hand (Malhotra).

These qualitative methods are designed to help researchers understand the connotation study participants assign to certain happenings and to explain the mental processes underlying behaviours. Hypotheses are then generated during data collection and analysis, and measurement tends to be highly subjective. In the qualitative paradigm, the researcher is engaged in the data collection process, and results may vary greatly depending on who conducts the research. Qualitative research methods come with different purposes and structures.

It has been noted that organizational issues lend themselves to qualitative sales research methods (Javalgi, Granot et al., 2011).

1.8.2. Research Design

Researchers have recommended the use of qualitative methods as a means to explore phenomena about which little is known or further to increase new understandings about existing phenomena (Stern, 1980)

1.8.3. Measuring instrument

Data collection

The measuring instruments used to conduct research is of vital importance. The variables intended to measure are known as a characteristic of the phenomenon under study that can be observed and measured (Collis, 2014).

For this study in-depth interviews will be used. A template with interview questions will be developed to explore likely successful business generation with new customers.

Structured interviews with a set of questions, allowing the respondents to answer investigating a possible theme or relevant areas which will be identified. This will also allow for the data to be analysed through a thematic analysis.

Anonymity was granted to all interviewees approached, increasing the possibility of obtaining an interview.

The measurement level is defined by the scale which contributes to the level at which the variable will be assessed. It is advisable that an interval scale is used to analyse the variables. An interval variable is defined as a variable measured on a mathematical scale with equal intervals and has an arbitrary zero point (Collis, 2014).

To further analyse the variables it will be important to determine what type of variables will be analysed. Discrete variables, is a ratio or interval scale that can take only one of a range of distinct values, such as a number of employees (Collis, 2014)

It is important that an interview guide is prepared, to allow one to be prepared for the process of administering the questionnaire and knowing which step in the process is next to ensure flow and understanding from your sample.

According to Collis (2014) it is important to keep in mind the following considerations when administering the questionnaire and use this as the basis for your interview guide:

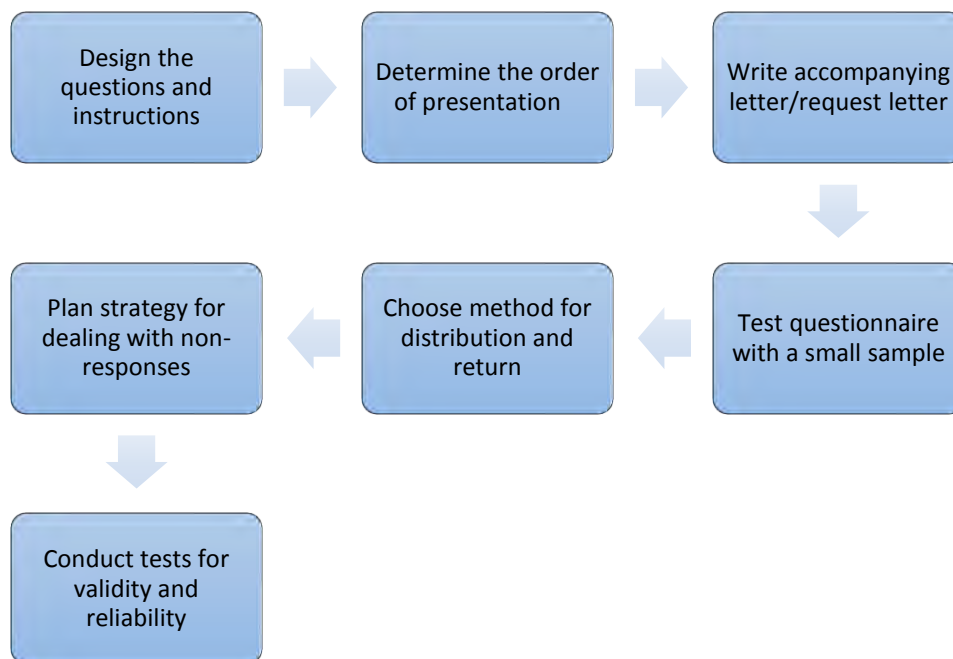


Figure 1.3 Considerations when designing a research questionnaire (Collis, 2014)

When designing the interview guide it is important that one keeps in mind the criteria to which needs to be adhered to, that will ensure your questions are designed in a way that is in alignment with your criteria (Kuper, Lingard et al., 2008), in other words the questions will ask what the variables intend to test. An important questions to consider is: “Does the data generate answers for the questions you want answered.” (Rowley, 2014).

The length of the interview needs to be optimal, and the ideal length needs to be investigated to ensure maximum response rate from intended sample group (Deutskens, Ruyter et al., 2004).

Sample

Determining the sample for the in-depth interviews will be determined by firm size and the possible client pool. This is seen as a form of convenience sampling, which specifically refers to a sample in which individuals who fit the criteria of a study are identified in any way possible (Emerson, 2015).

Data Analysis

Qualitative data will be recorded and notes will be taken during the interview process. This will allow for a thematic analysis to take place.

1.9. Scope of the study

The focus is on the sales and marketing efforts within a firm currently marketing to other businesses. This firm offers a solution-based-product-offering specifically aimed at the government, mining and construction sectors.

The sales and marketing field includes certain leaders in its field that have provided key contributions from as early as 1964. These contributions have been discussed in the literature review component to ensure comprehensive background in theory is provided.

With the focus of the study as basis for research, the relevant articles are predominantly written after the year 2000.

The issues at hand include the following baseline questions:

- Why do our customers buy from us?
- What is the context of our business and competitive environment?
- How do our customers acquire, use, and discard our products and services?
- What can be learned by observing how our customers interact with our sales force, products, and services?

- Do our products and services hold a deeper meaning to our customers? Are our products and services of benefit?
- And, if so, do we fully understand it? (how it is of benefit)

It is conveyed and brought forward that organizations need to develop an in-depth understanding of their target customers and their internal beliefs and value systems in order to answer these types of questions.

Taking into account that businesses are increasingly becoming global and enter foreign markets at a fast pace, international marketing research becomes vital. The assessment of customer value propositions using measures such as customer satisfaction and brand loyalty are affected by customer attitudes and belief systems integral to international clients. (Javalgi, Granot et al., 2011).

1.10. Structure of the study

This study will include the following chapters:

Chapter 1: Introduction and setting the scene for the study

This chapter provides an introduction, a background on the proposed study and gives an indication of the research methodology chosen for the proposed study.

Chapter 2: Literature review on Sales Process with focus on the Lead Generation Process.

This review process will provide context to the study and provide a basis from which the sales lead qualification effort is focused on.

Chapter 3: Research methodology

This chapter relates to the paradigm in which this study is found, the sample population on which the study will be imposed and the measuring instruments used in the research process.

Chapter 4: Empirical Study and findings

This focus of this chapter is on the analysis, review and understanding of the data gathered. This chapter will be used for the location of the results and findings will be discussed and reviewed.

Chapter 5: Conclusion and recommendations

This chapter reconsiders the research problem and objectives, this chapter also provides a platform to discuss and put forward conclusions and recommendations. Furthermore limitations and areas for further research are proposed.

2. CHAPTER 2 LITERATURE REVIEW

2.1. Introduction

The objective of this literature study will be to highlight the process and methods in attracting prospective clients to the firm, which will enable a possible sale to be concluded. This will aid in the development of a template for successful customer profiling.

A clear understanding of the factors that influence the attainment of customers who bring potential financial gain to the firm must be investigated.

The literature review will be analysing various aspects that play a role in the development of a template for successful potential customer profiling.

2.2. Literature study

2.2.1. Sales process context

According to the American Marketing Association, a sales lead is defined as an inquiry or referral about an individual or organization that is a potential customer (2015) .

The purpose of any marketing driven activity is to generate interest in the firm's product. When interest is shown by a firm or individual it is then classified as a sales prospect or sales lead.

Sales can be seen as a tactical activity connected to executing the marketing strategy of the firm under discussion (Terho, Eggert et al., 2015).

The key dissimilarity between a firm's sales strategy and its marketing strategy is that sales strategy decisions reference specifically to the manner

in which the firm communicates to and intermingles with targeted customers within a specific market segment.

Marketing strategy has a bigger picture in mind, focuses on a wider market-level focus and deals with questions linked to creating and sustaining competitive advantage (Terho, Eggert et al., 2015).

Successful application of the sales strategy can provide for a distinct basis of competitive advantage within business markets in which the firm operates (Panagopoulos and Avlonitis, 2010)

The traditional seven steps of selling includes prospecting, pre-approach, approach, presentation, overcoming objections, close and follow-up (Moncrief and Marshall, 2005).

Recent developments in the sales process, especially within the last two decades, have begun to progress centred on the inspiration of a variety of transformative factors, including technology, the escalating strategic role of selling within organizations, team-based approaches to selling, increased buyer awareness and complexity, (Moncrief and Marshall, 2005).

These transformative factors play a major role in enhancing the sales process and must be implemented in various ways for optimal sales approach.

Keeping the focus on the sales function within the context of marketing, has an important role to play when considering relationships with customers and the possible value created in these relationships (Haas, Snehota et al., 2012)

When considering value creation in terms of the sales process, the core factor is that worth of products and services becomes apparent in exchange dealings among (capable and well-informed) buyers and sellers who recognise the purpose of exchange as a valued solution to the needs perceived (Haas, Snehota et al., 2012).

What is important to this concept of value in exchange is that it contemplates value as personified in the products and services that are conceived, designed, produced and delivered to customers (Haas, Snehota et al., 2012).

The value-creating process has been always considered the key to firms' long-term survival and success of businesses and the source of competitive advantage of firms (Haas, Snehota et al., 2012)

There is substantial variance of view as to what is combined and thus managed within the selling process (Borg and Young, 2014).

When considering strategy, specifically a marketing and a sales strategy; a marketing strategy comprises of the selection of a target market within the chosen market space of the business strategy and crafting a marketing mix to realise competitive advantage within the target market. The sales function is routinely delegated a detailed, quite often premeditated, role within the promotional portion of the marketing mix (Ingram, LaForge et al., 2002).

This sales strategy forms the basis of the sales process, in which it guides the process in the direction and market scope in which the firm wants to function.

Each and every customer can be seen in a different light when compared to each other. They do not have the same buying power, requirement or need. To ensure that a firm's marketing strategy makes the biggest impact these strategies must be targeted at specific customers which then also down the line translate into the actual sales strategy used by the firm for that specifically targeted customer.

This sales strategy will then influence the various types of sales personnel required for these specific customers. This choice of sales personnel and their specific allocation to specific customers will lead to interaction and will have a tremendous influence on the success of the firm.

The sales personnel of the firm face ever more multifaceted work settings. Much of this intricacy occurs because of customer organizations have changed in terms of how they purchase and what they expect (Jones, Brown et al., 2005).

Furthermore focusing on the sales orientation relating to the sales persons attitude towards the customer during the sales cycle and determining what approach is being used to extract maximal benefit from the prospective client ties in with when a lead is to be pursued or not (Homburg, Müller et al., 2011).

The current sales focus within the organization is referred to as relationship based selling. As sales staff establish rapport and trust through building relationships with prospective clients (Homburg, Müller et al., 2011), one of the main areas of consideration would be to equip and assist sales staff in determining the degree to which their customer-oriented behaviours drive sales performance and establishing how much of their approach and understanding of the client consequently results in sales turnover and profit.

Building relationships with prospective clients is key, taking into consideration customer orientation during the sales process, which refers to the way the prospective client is handled and dealt with. The objective is to take the sales performance and customer attitudes to the optimum level (Borg and Young, 2014).

It is important to note that sales orientation also plays a major role in building lasting supplier-buyer relationships which influences future company success. The adaptive selling approach, which occurs when the sales person adjusts the company offering in line with the client background (in other words customising a solution in line with client's individual expectation) (Guenzi, Baldauf et al.).

Determining which selling approach is best suited to the organisation in question will also influence the effectiveness of lead conversion which occurs, as there could possibly be a correlation between sales approach and leads conversion.

When considering the approach to selling mentioned above, it is important to keep in mind the role of emotions during verbal and written communication with prospective customers, often referred to as emotional intelligence.

This ties the process together and will play a tremendous role in whether the lead currently being worked on will be converted into a deal, as a level of emotional intelligence is required to negotiate with the customer to reach an agreement (Kidwell, Hardesty et al., 2011).

2.2.2. Sales organization structure

Within the organisation there can be various approaches to the way the firm focuses its sales department to develop the intended target market to achieve sales.

A sales organization that is segmented into various geographic regions or areas, which allows for market reach into the territory in which the firm has the mandate to sell to.

For example if you have four sales representatives, you can divide them each into northern, western, eastern or southern Africa. This can be influenced through any special skills or attributes the sales representative brings to the market.



Figure 2.1 Example of geographic sales organization (Mississippi, 2014)

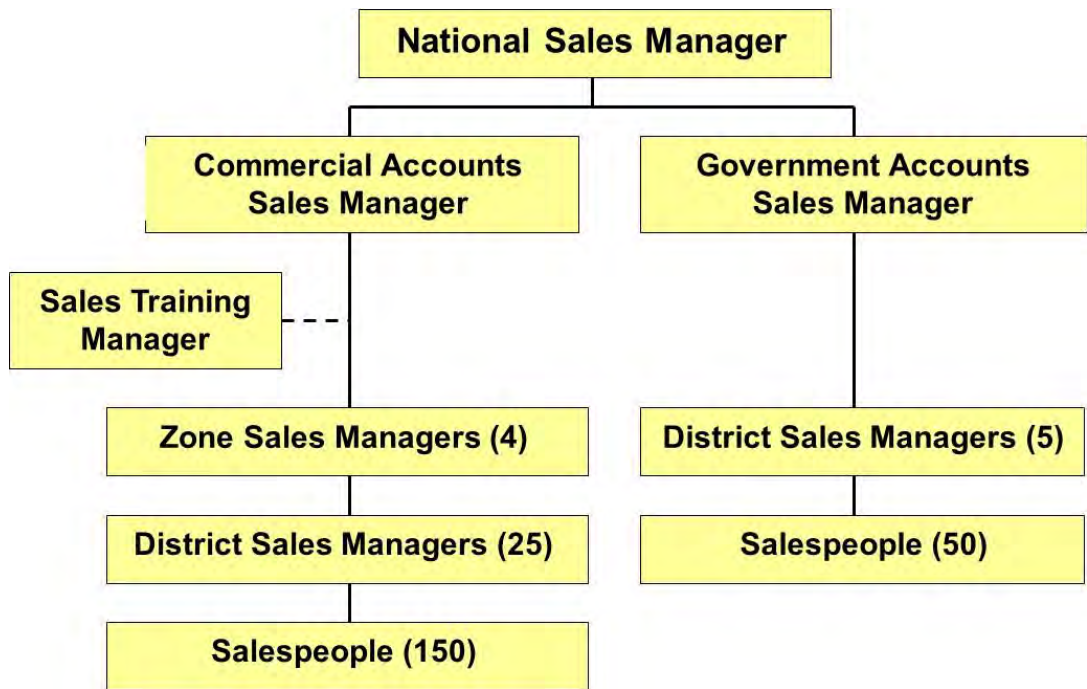


Figure 2.2 Example of market sales organization (Mississippi, 2014)

A further way to differentiate the way the market is targeted, can be through a specific market allocation per sales representative. For example when the firm targets different market segments such as military, construction and government opportunities then a sales person or persons can be allocated per market segment making the effective targeting of that market possible.



Figure 2.3 Example of product focused sales organization (Mississippi, 2014)

A further way of differentiating the way the market is targeted, is by allocating a specific product or product type per sales representative. For example when the firm markets different product ranges, a sales person or persons can be allocated a specific product range to ensure effective marketing of that specific product range to the market.

2.2.3. Marketing

In line with keeping the development of a template for customer profiling, marketing as a field of study forms the basis of the sales process and needs to be considered in depth.

The focus on marketing is seen as the process of developing a message which is geared towards luring potential customers.

This message can convey a variety of key targeted selling points relevant to the firm. The targeted client base is a strategic decision, deciding in which markets clients will most likely be situated to buy the service or product and will be looked at in ensuing pages when considering segmentation.

The process of marketing management can be seen as the challenge of managing the level, timing and character of demand for one or more products or services of a firm. The firm must be in a position to formulate a level of demand which is required by shareholders to be optimal. This demand is based on reaching profit maximization, sales maximization which is influenced by a profit constraint, also required to satisfy the current or desired level of supply (Kotler, 1973). Determining the current demand level is key to company success.

Marketing involves functions such as product development, pricing, distribution and communication, it is also worth taking into account that in the more advanced firms attention is given to the shifting needs of the targeted customers and with that the development of new products, as well as product variations and services to these changing needs (Kotler and Levy, 1969). Important factors to keep in mind when developing a customer profile.

The functions mentioned in the previous paragraph refer to the marketing mix as developed by Kotler, also referred to as the four P's (Kotler, 1964) which is seen as:

- Product, which refers the physical product or service being sold.

- Price, at what monetary value this product or service will be introduced to the market at, in other words how much money will be required to purchase this product or service.
- Promotion, the marketing activity of developing the marketing message and incorporating it into various modes to deliver the message. Be it via an advertisement, a direct email, a telephone call etc. Also referred to as integrated marketing communication (Holm, 2006) .
- Place, the channel of distribution through which the product or service is delivered to the market.

The following graphical depiction refers the marketing mix explained above placing it further into perspective.



Figure 2.4 Components considered to be part of the Marketing mix (Kotler, 1964)

It has been witnessed that the emphasis of marketing has correspondingly progressed over the past years.

Marketing advanced through a product focus (which included agricultural products, minerals, manufactured goods, services and alike); an organizational focus (aligned with producers, wholesalers, retailers, agents); a functional focus (buying, selling, promoting, transporting, storing, pricing); a managerial focus (analysis, planning, organization, control); and a social focus (market efficiency, product quality, and social impact).

Each new focus had its supporters and its critics. It was found that marketing emerged each time with a revitalised and extended self-concept (Kotler, 1972).

A new challenge marketing is facing today is whether its concepts apply in the non-business as well as the business areas.

The marketing department shapes the firm's offering to comply with the potential customer's requirement, through this process also creating demand (Kotler, 1972).

Through this process the probability that the market will take up the product or offer is referred to as the market's response probability, this is greatly influenced by the value offered (Kotler, 1972).

When considering marketing, the different strategies which can be used must be highlighted.

It is stated that strategy is concerned with the decisions that businesses make to achieve superior performance (Slater, Hult et al., 2010). With the focus in developing the marketing mix a strategy is developed which must be implemented to ensure the firm's continued success.

It is stated that the Miles and Snow (1978) and Porter (1980) typologies are the leading frameworks for holistically understanding strategic decisions within the marketing environment (Slater, Hult et al., 2010).

Miles and Snow identified four prime examples of how firms define and determine line of attack for their product-market spheres (which can be stated as the entrepreneurial problem) and build structures and approaches (the administrative and technical problems) to attain victory in those domains.

It was found that Prospectors unceasingly seek to discover and exploit new product and market openings while Defenders endeavour to close-out a portion of the total market to create a stable set of products and customers (Miles, Snow et al., 1978).

Analysers occupy a transitional position between the two limits by combining the strengths of both the Prospector and Defender to attentively follow Prospectors into new product-markets while defending a constant set of products and customers. A fourth type, the Reactor, does not have an unflinching response to the entrepreneurial problem which implies business is not developed at will but in response to a request (Miles, Snow et al., 1978).

Porter (1980) proposed that the entrepreneurial problem should be viewed as a product of how the firm creates customer value (i.e., differentiation or low cost) and how it defines its scope of market coverage (i.e., focused or market wide) (Porter, 1980).

It is important to note that the strategy choice of the firm will influence the way in which the new client is approached and ultimately dealt with, making the choice of which customers to pursue critical. The way in which marketing strategies are implemented will affect improved sales turnover, deeming such implementation as successful or not (Möller and Parvinen, 2015).

Marketing followed through from its purpose to the different facets allows the firm to deliver a marketing strategy. The successful implementation of such a strategy is key to the firm's future success.

2.2.4. Business Marketing

When considering Business Marketing, the key focus is defining how the firm markets or sells its product or service offering to other business consumers for use as a component in the manufacture of a specific product or in the offering of a service.

According to Kotler (1969) Marketing is seen as the task of finding and stimulating buyers for the firm's output (Kotler and Levy, 1969).

The definition of business marketing is considered to be the process of planning, promotion, and distribution of goods or services which will be consumed by businesses rather than individual consumers. Also keeping in mind that it has to do with marketing activities aimed at buyers for organizations rather than domestic consumers (2007).

The firm on which this study is based finds its main focus to be on business consumers.

2.2.5. Market Segmentation

The market segmentation determines the specific market to which the firm will market its product or service offering with the goal of satisfying specific needs within these segments (2005).

The markets on which this study is guided includes both the public sector and the private sector. Within these sectors the target markets focussed on include government, mining and construction segments.

It is found that segmentation can be done to the different markets based on Demographics, Psychographics and Preference characteristics (Bucklin and Gupta, 1992).

Good segmentations identify the clusters of customers most worth hunting, these are the unearned, the discontented, and the customers' probable to buying for the first time. These firms are vigorous and identify that the first time buyer can possibly develop into a unmerited or discontented if the client's circumstances changes (Yankelovich and Meer, 2006).

It is found that segmentation in consumer markets differ greatly from those of business markets, such as mining construction and government clients mentioned above.

Considering the characteristics or behaviour of the customer and in turn communicating the product feature that matter to each segment, will not necessarily work in a business market as the proposed product will not simply be used in a single application but could possibly be used in numerous different product applications (Mascarenhas, Kesavan et al., 2006).

2.2.6. Branding

Brands serve as a marker for the offering of the firm (Keller and Lehmann, 2006) thus branding is an intangible asset, which should be of top priority to top management.

For many companies their brand signifies a durable and lasting asset which can inadvertently be seen as a value driver that has literally strengthened the path to company success (Kotler and Pfoertsch, 2007).

The key to marketing and branding success, can be found in the great products or services on offer and importantly how the organization can sustain them. Without great sustainable products and product lines there can be no successful brand (Kotler and Pfoertsch, 2007).

A brand is known to provide an emotional connection to the product or service, it is known to have a definite personality, and captures the hearts and minds of its customers.

For great brands to endure attacks from its competitors and varying market trends can be found in the strong influences they forge with customers. Brand identity helps guide the customer to a possible emotional connection, leading to the opportunity to build a relationship with the client (Yankelovich and Meer, 2006).

2.2.7. Brand positioning

It is found that the space in which your brand is placed can be defined as positioning your brand within the market segments where you will most likely be able to serve the needs of the target segments (Paharia, Avery et al., 2014).

Brand positioning sets the course of marketing actions and programs—what the brand should be doing with its marketing, or not. Brand positioning encompasses forming key brand associations in the thoughts of its customers and other important stakeholders to segregate the brand and create (to the scope possible) competitive dominance (Keller and Lehmann, 2006).

In the last decade Branding has developed as a top management priority due to the rising recognition that brands are one of the most treasured intangible assets that organisations have (Keller and Lehmann, 2006).

The firm under discussion has a brand positioning strategy which is focused on increased market awareness through promotion activities which include advertising and exhibitions, which takes place within the targeted segments mentioned above.

When considering brands, it serves numerous valuable functions. At the most rudimentary level, brands serve as indicators relating to the value proposition of the firm. For its customers, brands streamline choice, leads to a promise of definite quality, and diminishes the risk and helps establish trust (Keller and Lehmann, 2006).

Brands are built on the product itself, the associated marketing actions, and the usage (or non-use) by customers as well as others.

Brands in essence mirror the complete experience that customers have with the products that they choose. Brands are found to play a significant role in the defining the success of marketing efforts such as advertising and channel placement.

Brands are an important asset in the financial sense, meaning that a financial value can be associated with a brand.

In summary it is important to re-inforce that brands have an influence on three different levels, namely the customer market, product market and the financial market. The cumulative value of these various benefits are often referred to as brand equity (Keller and Lehmann, 2006).

2.2.8. Sales forecasting

The essential part of sales forecasting in the company planning process and as a contributor to company triumph is generally documented (McCarthy Byrne, Moon et al., 2011).

Research done in this field discovered five environmental signals that encourage forecasting (McCarthy Byrne, Moon et al., 2011), these signals include:

- Forecasting training
- Knowledge of how the forecast is used throughout the organisation
- Feedback on forecasting performance
- Access to a forecasting computer program
- Level of other's seriousness placed on the forecast

There is a variety of forecasting methods that can be used, but are greatly reliant on the data available (Brown, Buck et al., 1965)

In line with forecasting it is found that in marketing research, purchase intentions are often used as a prophetic measure of consequent purchase behaviour. Purchase intentions relates to the consumer and whether he is serious about doing business with a specific firm.

Purchase intentions should add prophetic value to forecasts, noting that they permit each respondent to autonomously integrate all possible factors that may lead to a buying choice (Morwitz and Schmittlein, 1992).

2.2.9. Benchmarking

Benchmarking can be seen as an extensively utilized management instrument that has been documented as suitable for categorizing and improving valuable marketing proficiencies.

As a high-level definition of benchmarking it is the hunt for the best practices, wherever they are happening, that will lead to the greater performance of the firm within a specific segment.

Benchmarking is utilized to fuel and motivate new angles on methods used to perform to achieve more effective levels and allow for improved performance. This can then be applied to a multitude of different functions within the firm, including marketing (Martin and Martin, 1996).

It is worthy to note that notwithstanding wide- spread reprimands to managers, the benchmarking of marketing proficiencies as a path to sustainable competitive advantage has received insufficient empirical consideration (Vorhies and Morgan, 2005).

When the firm benchmarks, it rates itself against other firms seen to have improved and more efficient business practices.

This allows the firm to identify factors that will empower it to execute their practices as well as, or better than the competitors within the market (Mann, Samson et al., 1998).

2.2.10. Customer perceived value

Customer attractiveness takes precedence as a standard in determining the distribution of resources to customers that make up the customer range of a company.

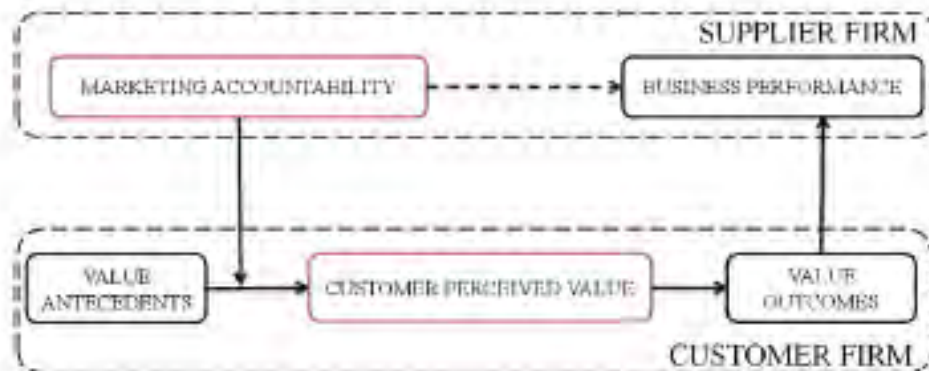


Figure 2.5 Theoretical framework on the external effect of the supplier's marketing accountability (Arslanagic-Kalajdzic and Zabkar, 2015).

It is claimed that being an attractive customer is expected to lead to further money-spinning relationships with suppliers (La Rocca, Caruana et al., 2012).

To be classified by a supplier of a specific product or service range as a preferred customer can lead to the added benefit of commitment by a supplier, it can boost the growth of relationships that are more proficient; and will lead to various constructive consequences over time for both the customer and the supplier (La Rocca, Caruana et al., 2012).

2.2.11. Customer lifetime value

Customer life time value refers to a method for determining the potential long term customer profitability (Persson and Ryals, 2014). Customer lifetime value is one of the tools which can be applied to be able to determine which prospective clients to work with and which not.

Considering the impact of value to the customer, value engrossed thinking is becoming more common in the industrial exchange, selling is changing direction away from a focus on the individual or an activity aimed at building relationships but toward a customer value management paradigm (Keeney, 1997).

Relationship geared marketing and sales activities involves the forming of a bond or rapport between the two parties to each other; with special focus on how the sales personnel changes and shapes their product or service offering to the requirements of the customer (Viio and Grönroos, 2014).

Value-based selling is defined as a sales methodology that builds on identification, quantification, communication, and verification of customer value (Töytäri and Rajala, 2015).

It was found that customer knowledge lays the groundwork for customer value creation (Salojärvi, Sainio et al., 2010).

It is also known that boundless advances have been made in buyer sophistication. Buyers focused on procurement for a company or firm now pursue the best accessible complete solution and the supreme long term paybacks for their organization.

These progresses call for organizational sales management capabilities that support the value-focused sales approach (Töytäri and Rajala, 2015).

2.2.12. Customer profile

When considering the impact of customer-specific knowledge and having this knowledge available when required, it is important to keep in mind that it can potentially be a source of competitive advantage for the firm.

It can only become a source of competitive advantage if utilized to determine the required needs and wants from the targeted customer base (Salojärvi, Sainio et al., 2010).

Knowing your customer intimately will help you in building trust and rapport, details relating to the client's family, hobbies, likes and dislikes all aid in building a relationship. It also aids in knowing what the right product fit will be and increasing the likelihood of customer loyalty (MacKay, 1988).

2.2.13. Relationship marketing (CRM)

Customer relationship management is seen as a business strategy which is geared towards the selection and management of the most prized customer relationships. Customer relationship management requires a customer-focused business viewpoint and culture to support effective marketing, sales, and service processes.

The financial and human capital that is invested in a capable CRM system leads to the improved utilization of customer knowledge (Salojärvi, Sainio et al., 2010).

Customer relationship management uses can empower effective customer relationship management, provided that the firm has the right leadership, management, and culture.

This definition highlights the significance of seeing Customer relationship management first as a strategy, and then as a technology application reinforced by suitable leadership.

Customer relationship management is related at the corporate, business, and marketing levels, but the selling function plays a key role, since sales personnel characteristically coordinate relationships with customers (Ingram, LaForge et al., 2002).

To be focused on managing the firm to maximize quality and competitive advantage means a firm must become customer oriented. Significant challenges linger for firms to manage customer participations, co-production prospects, customer satisfaction, perceived quality, and the use of goods and services to realise quality goals and competitive advantage (Lengnick-Hall, 1996).

Customer orientation usually means that the firm focusses on providing products and services that satisfy customer needs (Dean and Bowen, 1994).

Occasionally the company can inconspicuously gather data about the customer at the time of the business deal. At other times, the company must trust on the client supplying this data (Boulding, Staelin et al., 2005). It is important for the company to collect this data, as it will lend itself in improving company performance.

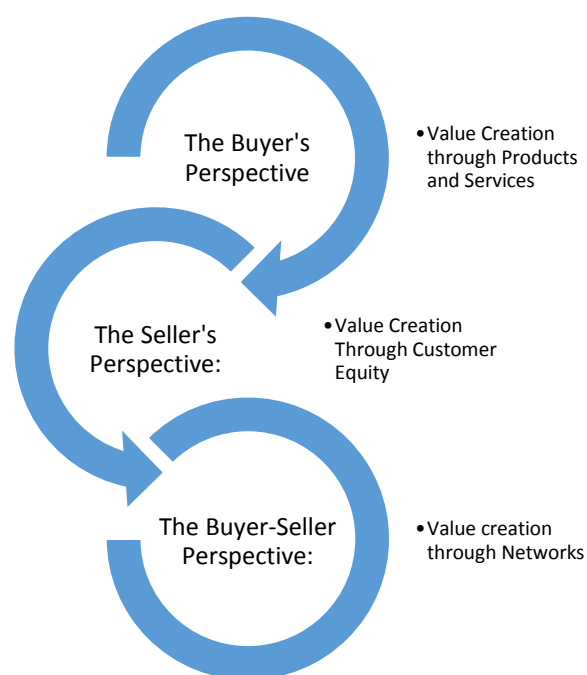


Figure 2.6 The three perspectives of customer value (Ulaga, 2001)

Relationship based marketing has amplified in standing during the past decades. It is suggested that diverse types of relationships exist, and recommend a relationship continuum, in which the consumer progresses from having a connection with a product to having a relationship with the firm, which leads to commitment towards the firm.

By targeting the right type of customers relationship strategies become enhanced, and firms can recognize the motivations customers have for engaging in a relationship with them. Maybe it is just love at first sight regarding a product, or a lifetime commitment towards a firm.

The main precept underlying this viewpoint is the belief that the firm's success arises from developing relationships with customers, where mutual understanding of needs and wants are fulfilled and founded on customer retention instead of one-time purchases only (Sääksjärvi, Hellén et al., 2007).

The benefits of the relationship marketing approach are plentiful. Suggestions involve increased revenue from long-term customers over less profitable customers focused on not continuing the relationship, saved costs by targeted advertising and encouraging word of mouth (Reichheld, 1993)

2.2.14. Customer loyalty

Customarily, it can be said that marketing actions have concentrated on successful sales within specifically the sales of merchandise by concentrating on and analysing the various attributes of these services of products being sold, such as quantity, quality, functionality, availability, accessibility, delivery, price and customer support. The shift recently has highlighted the focus on the establishment of value for the firms customers (Mascarenhas, Kesavan et al., 2006).

When considering the current trends in customer loyalty, the rapid growth of digital technologies throughout the past ten years, has ensured that customers and clients are equipped with a multitude of technological aids which make data available at the finger tips immediately. This makes for customers that can now choose from a much wider range than before choosing the most affordable price available, delivered to wherever they want it (Edelman and Singer, 2015).

It is the interest of survival that firms and organizations have to develop strategies to ensure customers remain loyal to their firm.

Due to the impact of technology firms are forced to adapt the decision journey potential customer go on. Considering the so-called classic journey, the customer would be involved in lengthy deliberation and assessment prior to moving towards the loyalty circle confirming that the firm can deliver what is expected when expected. The new journey, decreases the deliberation and assessment phases and makes them much shorter due to the impact of technology (Edelman and Singer, 2015).



Figure 2.7 Streamlining the decision journey (Edelman and Singer, 2015)

Also considering what amount of money the customer has available to spend on the product group or segment, is important and ensuring that the firm maximizes the share of these funds available (Keiningham, Aksoy et al., 2011).

2.3. Summary

When considering the development of a customer lead qualification template, its successful development will be dependent on the principles of sales and marketing.

It is important that this template under question be measured against the various facets which make up the sales and marketing sphere.

Taking this into account will lead to a template which can be applied in the firm under investigation.

This will have a positive effect on the firm, not only in terms of financial gain but also in terms of effective management of the staff within the firm.

The next chapter will look to deliberate further the research methodology used for this research project.

3. CHAPTER 3 METHODOLOGY OF THE STUDY

The research topic focuses on the development of a criteria for successful sales lead qualification. This research aims at identifying areas that should be concentrated on when considering whether a potential client (through a sales lead) will or will not make a purchase.

The purpose of this chapter is to describe and explain the methods used in collecting the required data for this specific study and why these units were used.

This will aid the reader in understanding the process and the reasoning behind this specific study. This chapter will afford further details on the sample, the measuring instrument applied and the data collection. Further debate will take place on the above mentioned components deemed part of the research methodology, which was used to gain further insight into the topic under discussion.

3.1. Research paradigms

Paradigm refers to a philosophical framework that guides one on how scientific research should be conducted, with the basis of one's philosophical framework based in your beliefs regarding a certain topic or influence.

Referring to a paradigm can be seen as a group of rudimentary views that deals with definitive ideas or ideologies. It epitomises an interpretation that outlines the landscape of the domain, the person's purpose in it, and the array of conceivable associations between all stakeholders (Guba and Lincoln, 1994).

When considering to which paradigm one can tie qualitative and quantitative research, one must consider the origins for the paradigms.

The positivism paradigm provides for the way research is conducted in the natural sciences and these scientific methods are widely utilized in social science research today (Collis, 2014).

This paradigm is tied into the need for objective reasoning, proving a theory using mathematical and statistical tools and analysis to confirm that the theories and reasoning are in fact true (positive).

Further consideration must be given to the interpretivist paradigm, where the focus is on exploring the complexity of social phenomena with a view of gaining an interpretive understanding. The understanding of the findings are not found from the statistical analysis but rather from the qualitative research methods applied (Collis, 2014)

The research being considered within this study will be based within the interpretivist paradigm, requiring a qualitative approach.

Qualitative research, can be seen as the action of gathering and investigating bulky quantities of data from a small amount of subjects, to examine experiences, approaches and sentiments (Oulton, 1995).

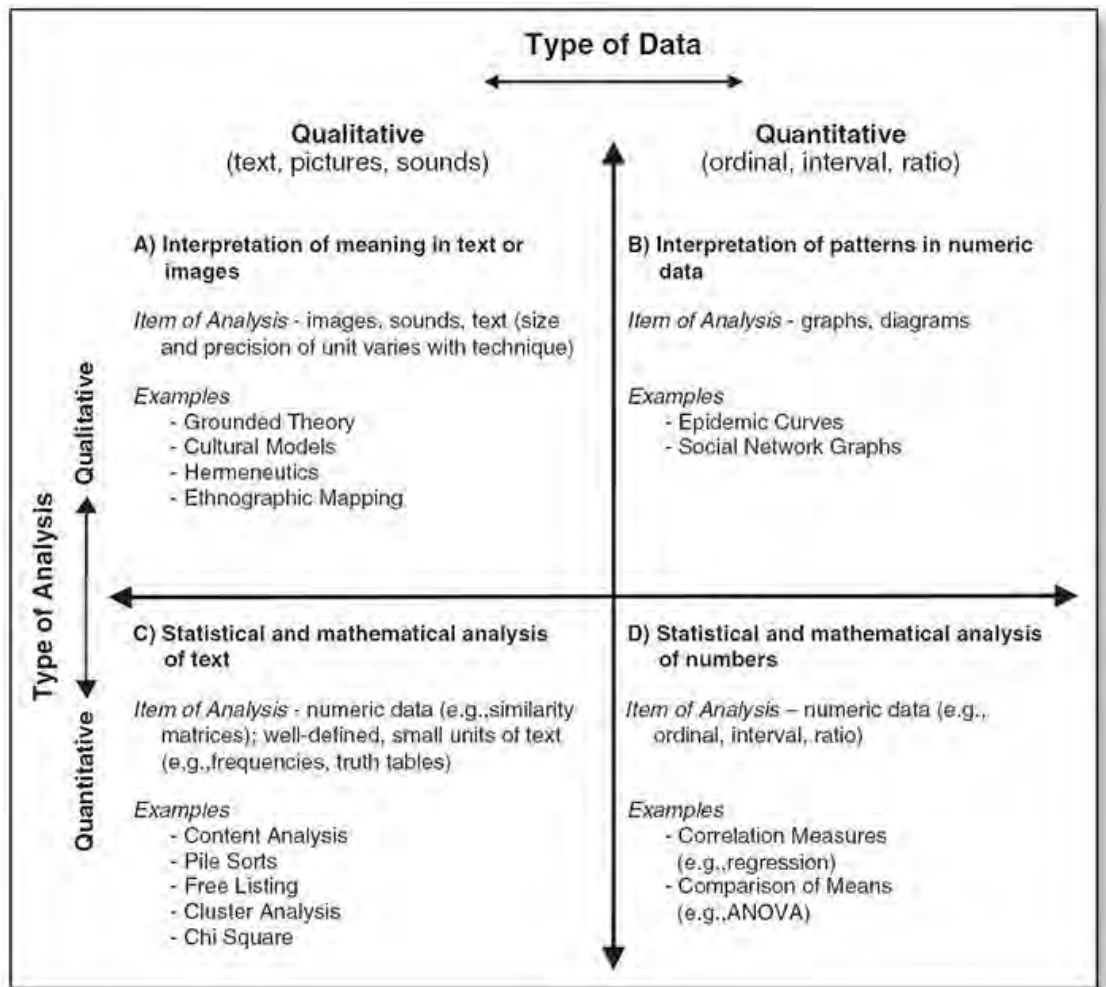


Figure 3.1 Qualitative and Quantitative Data Analyses (Greg Guest, 2012)

3.1.1. Secondary Data

A comprehensive literature and data review was conducted using the electronic database available from the Nelson Mandela Metropolitan University (NMMU).

This source was then used to further investigate applicable articles mainly focused on the top accredited journals identified by the NMMU business school.

A further resource includes 5 years of historical company data of the specific firm the researcher has insight in. This data includes the details relating to sales and potential client related information.

This company specific data will serve as supporting information in determining a specific trend, which can be utilized for future application on incoming and extracted leads (incoming leads are generated through marketing spend, and extracted leads are generated through personal selling efforts). Analysing and reviewing past and historical data gathered within the organization, will aid in the analysis of the information contained within the structured interviews.

3.1.2. Primary Data

Through qualification of the sales lead, company resources will be utilized more effectively. These resources include human, financial and physical resources which the organization has at its disposal.

The data collected through the structured interviews, will provide a platform from which certain themes are to be identified. These trends can then be determined through analysis and review of the data through transcribing the interviews and identifying consistent and ever present themes.

Analysing this data to extrapolate these trends were key to the successful analysis and theory development.

When considering the research proposal, this research done will impact on sales professionals in both business to consumer, and business to business markets.

It will have a positive impact, as it will enhance the efficiency with which the sales professional will consider a sales lead, and the potential lifetime value of the prospective client. The above action will take place before expending scarce organizational resources.

3.2. Setting of the study

The setting of the study (where the research will take place) can be seen as the physical, social, and cultural space within in which the research will be conducted (Bhattacharya, 2008).

When considering qualitative research, the emphasis is primarily on interpretation and assigning meaning to the experiences. The study takes place within the respondents' natural setting.

The difference with post-positivist, experimental, and quantitative research situations can be found in that the researcher does not endeavour to wholly regulate the settings of the study in a test bed setting, instead concentrating on positioned activities that position her or him within the setting (Bhattacharya, 2008).

The study is set within the firm where the researcher is employed, with the primary objective in mind of developing a model to qualify leads as a basis for customer profiling.

The firm is a supplier of integrated camp solutions for accommodation purposes at remote sites, which include clients from military organizations within the government sector, and extending to the mining companies operating in the private sector.

The opportunity to interview and discuss this research problem at length exists and will allow for in-depth qualitative analysis to take place. The interview process will allow for the experience of the individuals being interviewed to be tapped into and to assist in solving the research problem.

3.3. Research Sample and Sample Population

Determining the sample for the in-depth interviews will be determined by firm size and the possible client pool. This is seen as a form of convenience sampling, which specifically refers to a sample in which individuals who fit the criteria of a study are identified in any way possible (Emerson, 2015).

Currently the firm is sized at 35 employees who have specific experience within the firm and form a valuable source of opinion regarding the successful attainment of new clients. Roles within the firm varies from sales and marketing through to finance.

It is worth noting that the sample choice was constructed on a preferred sample which was founded on the fact that this sample will give the greatest opportunity to extract the desired information (Ndahimana, Musonera et al., 2013).

Of the 35 employees, there are 7 managers excluding the Sales Manager. They have over 25 years of cumulative experience of this specific industry.

Only four of these have sales related experience and they will be included in the study. Other acquaintances of whom are currently in a sales or business development role will be targeted, with the end goal of completing ten interviews.

Job Title	Experience within organization
General Manager	7 Years
Operations Manager	9 Years
Marketing Manager	7 years
Project Manager	5 Years
Manager: Luxury Brand	7 Years
Sales Executive	7 Years
Sales Estimator	7 Years

Table 3.1 Identified individuals targeted for interviews

3.4. Sample type

Convenience sampling was used in the determination of the sample, described in chapter 1 of this document. This method is based on probability sampling, implying that the researcher relies on ensuring representativeness through accessing the population directly.

Convenience sampling is more frequently used when spawned from private networks (Brewis, 2014).

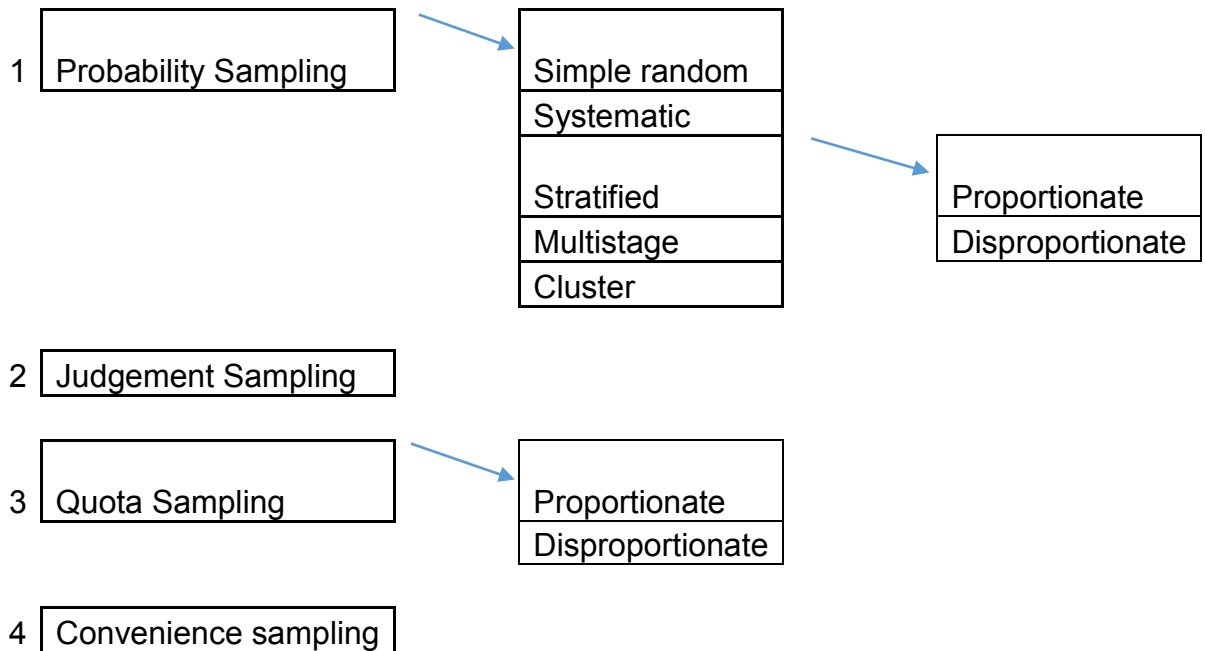


Figure 3.2 Methods used to select a sample (Wauchope, 2001).

When considering convenience sampling, the research completed, aims at taking a broader view to depicting deductions from the said convenient sample as opposed to the convenient population from which it has been indiscriminately or semi haphazardly selected (Landers and Behrend, 2015).

3.5. Data collection methods

The interview remains one of the most common methods of qualitative research (Cassell and Symon, 2004).

It was decided that structured interviews will form the basis of data collection for this research study.

The reason for this decision is based on the fact that other qualitative research methods, such as observation of focus groups, would not be as effective in extracting the necessary information required to answer the research question and assist in ultimately forming the template for successful customer profiling.

These structured interviews were performed face-to-face allowing for interpersonal attention and focus.

Structured interviews require that questions are determined prior to the interview taking place, with the objective of these set of questions to provide for easy repeatability of the interviews, which relates to the exactly the same questions being asked in the following interview. This will make it possible to generalize certain aspects when considering the feedback from the sample allowing for generation of themes down the line of the analysis.

Characteristics of the Structured Interview (Crabtree, 2006):

- A set of questions as used for all the individuals being interviewed, with the questions remaining consistent.
- The questions posed are developed prior to the interview taking place, keeping in mind a certain set of responses which can be made.
- Not a lot of opportunity to vary from the questions posed, as rarely any open ended questions as asked.
- The questions and the order in which they are asked are kept consistent, the questions are not randomly asked but follow a set line of questioning.

- Important for the researcher to maintain a neutral role, and do not pass his or her opinion on the respondents to influence the responses.

An interview guide was compiled looking at the dependent variables, which will or can potentially influence the successful profiling of a customer if applied to their request.

These variables includes company size and background, contact information, customer status, market segment and financial implications of a possible order.

The interview guide was seen as an ever evolving document which grew in the way the questions were structured, and adding additional questions to the interview after completion of an interview where a gap in the interview guide was identified. The interview guide was revised 5 times before the final interview took place.

The interviews were conducted in a closed boardroom, providing silence and the opportunity for the person being interviewed to focus on the questions being asked.

The average time spent per interview was approximately 20 minutes each, which provided time for the questions from the interview guide to be asked, as well as general comments and feedback from the individual being interviewed.

Providing for general comments as a discussion point ,aided in developing additional questions, by highlighting areas not previously considered, which should considered.

The interview was recorded for future reference, and notes were taken on points of importance mentioned by the individual being interviewed.

3.6. Data Analysis

The data collected will be analysed through thematic analysis. The data will be reviewed to identify general themes which will aid in the development of criteria for the identification of customers most likely to provide the firm with the best financial return on investment.

Thematic analysis is a method for identifying, analysing and reporting patterns (themes) within data. It minimally organizes and describes your data set in (rich) detail (Braun and Clarke, 2006).

Furthermore considering Applied Thematic Analysis, it can be defined as a form of inductive investigation of qualitative data which possibly involves numerous analytic methods (Greg Guest, 2012).

When further considering a theme it is important noting that it encapsulates a touch of what is significant about the data in relation to the research question, and embodies a certain level of outlined answer or connotation within the data set. It is imperative to define the type of analysis you intend on doing, and considering the confirmation of certain aspects you are investigating and want to confirm – all in line with your data set (Braun and Clarke, 2006).

According to Braun and Clarke (2006), when considering thematic analysis, one must be aware of the approach through considering the following phases:

1. Create clarity for yourself regarding the data:
 - a. Recording data, reading and re-reading the data, making a point of it to write down preliminary ideas.

2. Generating initial codes:
 - a. Coding remarkable features of the data in a comprehensive fashion through the entire data set and organizing data pertinent to each code.

3. Probing for themes:
 - a. Organizing codes into likely themes and putting together all data related to each probable theme.

4. Revising themes:
 - a. Inspect to consider if themes work in relation to the coded excerpts can be seen as the first level. Then considering the entire data set as the second level which looks at producing a thematic framework for the analysis.

5. Describing and providing a designation to the identified themes:
 - a. Continuing analysis to polish the details of each theme, and the global story the analysis expresses. With the objective of producing distinct classifications and designations for each theme.

6. Generating the report:
 - a. The closing juncture for analysis requires the selection of intense, convincing excerpt examples to allow for the conducting of a final analysis of these selected excerpts. The objective being to connect these excerpts back of the analysis to the research question and literature studied, generating an academic report of the analysis.

3.7. Validity and reliability

Depicting accurately what was discussed within this study is linked with validity as opposed to considering the repeatability of results which is linked with reliability (Collis, 2014).

Validity is focussed predominantly with the way issues are to be examined and then spun into theories, allowing for these theories to be understood and approved accurately.

The way these issues can be used in practice, in other words placed in a position to be examined in the actual world, is highlighted. Validity relates to whether the research does in fact concentrate on what it is supposed to (Oulton, 1995).

To achieve external validity you can engage one of two different kinds of extrapolation: statistical or theoretical. Statistical extrapolation utilized scientific characteristics to simplify from outcomes acquired from a sample to the population where it originated from.

Theoretical inference (or analytical simplification) is an alternative method of generality, one which is not based on number based statistics.

Instead of targeting the simplifying of data from statistical results to a population, theoretical inference targets simplifying through populations on the foundation of rational thinking (Wauchope, 2001).

To determine validity, member checking will be utilized. Through member checking, the individuals were re-approached to confirm that they agree with what they said during the interview.

This validates their answers and ensures the accuracy and validity of the study.

Detailed records of the study were kept through recording of the interview and through taking notes of the interview. Both the recording and the notes were then stored on the researcher's personal computer for future reference.

This will also enable other potential researchers to utilize the constructed interview guide to continue and/or refine the study at other opportunities.

Reliability relates to whether related research yields related results. This can possibly be influenced through, as an illustration, the nature or personality of the interviewer and the respondents (Oulton, 1995). Ensuring repeatability of the data collection instrument being used ensures that reliable data collections are possible.

3.8. Limitations of the study

The limitations experienced during the studies can be attributed to the logistical aspects of ensuring that the data collection required takes place when needed. The identified individuals who were approached for an interview were not available when needed, and time management skills were required in ensuring that they were available to conduct the interview.

Determining the areas that needed to be investigated were crucial to the success of this study. These areas were identified as possible themes through looking at the historical data available from the firm within which the study took place.

The difficulty in identifying the potential themes of the study was thus overcome through conducting the structured interviews which allowed the researcher to further reinforce these themes further.

3.9. Ethical considerations

Ethical considerations were key in ensuring that the individuals being interviewed are comfortable with forming part of the whole research project and that these individuals would not be compromised in any way.

Ensuring that no harm will be done to any of the individuals approached for an interview was important. This was achieved through top management buy-in of the research process. The General Manager of the firm in discussion was part of the group of individuals who were interviewed.

Additional proof was also provided of student status, as well that the researcher was in fact conducting his studies through the Nelson Mandela Metropolitan University MBA program. It was confirmed that this research project forms part of the researcher's course requirements.

3.10. Conclusion

The process has been put in place to ensure that a representative sample will be used to enhance the findings of the research study. The interview guide and interview process questions will ensure that the necessary themes will be identified to assist in the achievement of the research objective of developing criteria for the successful customer profiling.

In the following chapter the actual findings of the data analysis which took place and is stipulated in this chapter will be discussed.

4. CHAPTER 4 EMPIRICAL RESULTS

4.1. Introduction

In the previous chapter research methodology was discussed, as well as certain practical aspects that needed to be adhered to. The previous chapter elaborates further on what research instrument was to be used in the study, and how the data was to be collected and measured.

In this chapter the data collected is analysed in depth, to assist the development of a criteria for customer profiling, which is the basis for this study. The data was collected through the application of structured interviews.

The answers collected during these interviews are descriptively noted in this chapter, to allow for further analysis and interpretation, which will then lead to the development of conclusions and recommendations.

This study was conducted on a sample of 8 possible candidates of which 5 were interviewed. This lead to 62.5% of the sample being interviewed.

This research project embraced an interpretivist paradigm, to gather qualitative data. The qualitative data will take on a narrative approach, to then allow for thematic analysis to take place. The following section will then consider the data analysis component of the study.

4.2. Data analyses

Taking into consideration the various components discussed within the literature study, certain areas were identified as important when considering a potential customer as a serious buyer or as someone merely testing the market.

An interview guide was developed with focus placed on the following areas which were considered to be important when qualifying a sales lead:

- Company size and background
- Contact information
- Client requirement
- Project destination
- Existing client or new client
- Market segment origination
- Payment terms

The interview guide was then used to assist in performing a structured interview, with an identified specialist within the firm. In total 5 interviews were conducted during which the interview guide was used.

The interviews were recorded and transcribed to provide the researcher with detail regarding whether one can consider a prospective client as serious, in other words a customer who intends on making a purchase now, versus a prospective customer who is gathering information on a possible future transaction.

The average experience in years is 6.6 years of the individuals interviewed. These individuals were interviewed to investigate the possible areas within the firm that influence successful customer selection.



Figure 4.1 Areas included in the interview questions

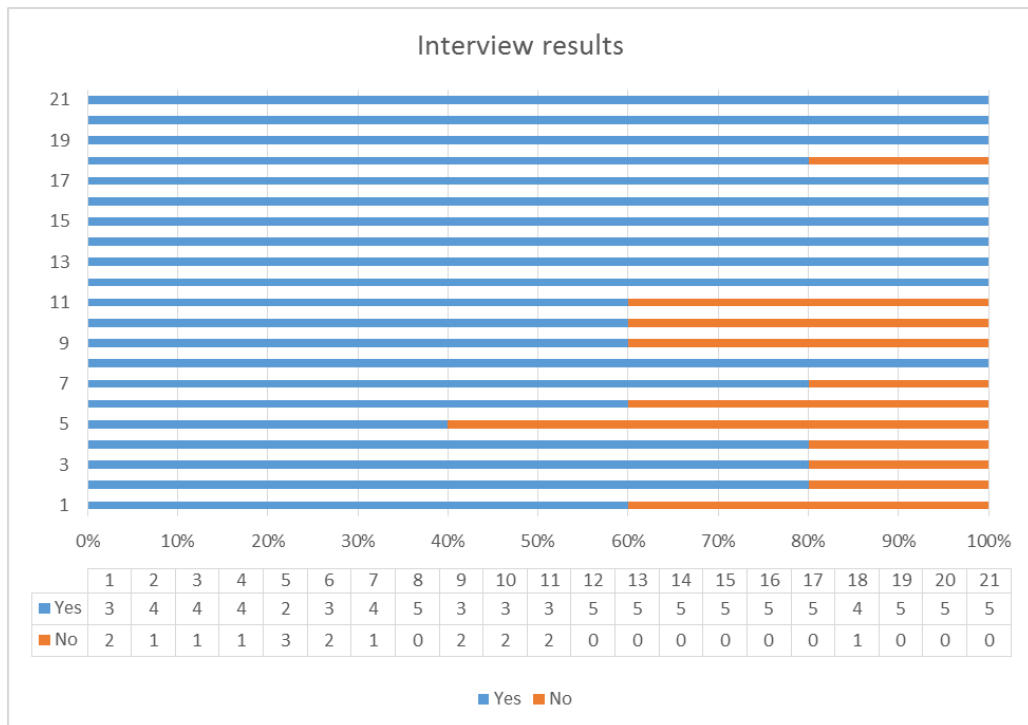


Figure 4.2 Graphical display of level 1 results

The results above lean to confirm that the themes identified are deemed important to consider during customer evaluation.

The set of questions developed through the interview guide was geared towards answering specific questions relevant to this firm operating within specific market segments.

The answers below are noted verbatim.

4.2.1. Company size and background

Company size influences purchasing power of the client

The question relates to whether the size of the company implies that there is financial backing for a purchase to be made.

The following answers were noted during the interview:

- Not necessarily the size but the name of the company within the industry
- Relates to the lucrativeness of the business, the more people you employ the company is seen as more wealthy company and healthy in terms of finance and yes if I had to buy something I would rather go to a reputable company because of the size
- You have a middle man, which can be 3 to 4 people in the office and they buy from us. Then you have a company that is very big and ask for a lot of quotes but they never buy from us
- Makes no influence at all

Previous buying behaviour influences current buying behaviour

This question considers the fact whether a client is an existing client or whether they have recently bought similar products and systems from other vendors.

The following answers were noted during the interview:

- When you do a check on comeback clients you will be able to see if you delivered a good service. Your last client is your best marketer. Last satisfied client is your best marketer
- Depends on the quality of the product you deliver the first time. If the quality is up to standard they are happy with the product and price and they will definitely come back instead of looking for alternatives
- Not a right or wrong answer, our products scope of work and offering that we do, has to do with a requirement - there must be a requirement so if there is no need for it they won't buy, requirements are very specific, If there is a requirement and they have purchased from us before they might purchase from us again. List of specials will not make them buy again
- We have had lot of recurring clients that have come back. Then you know, if these clients ask for a quote they usually buy.

What makes them come back - they are happy with the product, we have delivered on time which is a big advantage. I think we have stepped up to the plate by delivering quotations very quickly.

People usually don't have a lot of time, we are that one-stop shop that can do everything. We can quote in one or two days we have that advantage

The market sector in which company operates influences budgetary constraints

This question relates to whether the prospective customer is a private entity or originates from government segments. The question investigates whether this in fact influences the likelihood of a purchase.

The following answers were noted during the interview:

- You can grow from a small - a camp very small very simple camp while on the other hand you can have a major 7 star type of camp and that will definitely influence within the range of what your client can afford or not
- Current economic status around the world, typical African conditions of instability etc.
- Various factors influence purchase not just price, such as BEE rating and compliance of product then you can possibly be a supplier - referring to tenders specifically.

Type of product they require, if they need a tented structure specifically - more about what they need then how much it costs. SPEED THAT YOU CAN DELIVER, availability, has higher priority. Can you meet full scope of work, this adds to value for money at the end of the day

- The mining sector doesn't have money, the South African military was our biggest client and currently - sector will play a role
- Not upfront, tender process might influence. It should not be a factor

4.2.2. Contact information

Availability of client information makes a sale more likely

This question determines whether the level of information influences the likelihood of a sale. In other words, how much contact details and relevant project information the client divulges influences seriousness of this client, is investigated.

The following answers were noted during the interview:

- There is no ways you can make a sale if you are not directly talking to the client. We had major experience when talking to a third party you lose quality in the discussion
- To discuss the requirement in detail, face to face or a phone call not email, text message or WhatsApp that type of format. If you speak to someone face to face you develop a relationship with the client and if the sales person is knowledgeable he can most definitely convince the person where he might probably not been that convinced previously.
- Relates to small things such as email addresses, Gmail, or yahoo certainly has less impact - don't always see them as a serious lead (you can't validate where the lead comes from), definitely influences credibility of customer or whether we will go ahead in pursuing the customer, it can be a competitor of ours trying to get pricing also relates to the detail available specifically on the client.
- We think of our clients if they have a Gmail account they are not legit, but we have been proven wrong more than one time. You can't just go on that, you can't make that assumption. People like to use their Gmail account even if they have other account. Accessibility to email networks play a role, minimal information doesn't not necessarily mean that the sale won't happen, just that more work has to go into developing that lead
- Get more information, answer the requirement more comprehensively. In my case, to know the individual you are dealing with you know how to deal with them. It makes it easier

The client's email service provider influences their credibility (Gmail vs. company mail address)

The question serves to reinforce the legitimacy of the services in place which the client utilizes. Whether this leads to enhanced credibility of the prospective customer is investigated.

The following answers were noted during the interview:

- You want a business name not a Gmail or yahoo, because there is power within a business number whilst when you work with guys who have Gmail etc. that they are taking a chance and just becoming another third party in between trying to make quick money
- Not worth considering, open for debate
- I always thought it had, but in the last while I had two guys who bought from me who have proven me wrong. Two years ago I would have said yes, but now I can't say it does. A client in Angola has a Gmail account, and depends on the communication networks they have in the country. Our MD uses a Gmail account, and I set up a Gmail account when I was in the Middle East recently for ease of use. It is easier to communicate from wherever you are using your Gmail account.

If the client is corporate vs individual, it influences their purchasing power

The question is in line with whether the fact that the client enquires direct with your firm or via a third party have an influence on the seriousness of the potential sale.

The following answers were noted during the interview:

- End user is the buyer because the power lies with the end user and eventually he wants value for money
- We unfortunately do not sell to individuals as we focus on businesses to business or corporates. Individuals could possibly be agents/intermediaries especially for remoteness of requirements and Middle East.

Certain areas prefer to work through agents only - again a yahoo account you deal with, so you do not really know who you deal with. More success with end user than agent, as they can give you more detailed scope of work. The agent tries to keep some information back so that they don't reveal their source. Agents are not that transparent in their commissions, so you don't know how competitive your offer is. Your offer might be at the bare bones, but they might add as much as they like

- You have had both
- Treat each prospect with respect, I have a way of determining who is serious or not and scan the clients thoroughly. I try and get more information before I make that decision

4.2.3. Client requirement

The size of the prospective requirement influences the credibility of the client

This question relates to the complexity of the potential sale. The question poses whether it is for a single product or a complex system/many products, does one consider both potential scenarios as serious potential sales or should one focus on either of the two.

The following answers were noted during the interview:

- It depends on what the requirement is. Is it for a drilling camp it can be small, if they are already settled then it will be a bigger camp. Depends on what he requires one or twenty products has no influence on seriousness of buyer
- more difficult to purchase something at a higher price, it requires more planning needs to go into it much more detail must go into it from the seller's side
- You try and sell whatever you can. If it is a single product or a system. The single product should be able to sell quicker

- Clients looking for one or two items to possibly test our competitiveness, other looking for camps are also provided with a lot of information but they use our pricing to benchmark their own pricing. You can't ignore an individual
- If his requirement is for one camp then it's for one camp, but not one tent only - how do you know. No I don't think it should influence. One tent (or product) might turn into ten, you just don't know. One product can be the stepping stone to something much bigger - I have experienced a few times before

If the client requirement falls within the core products the firm offers then purchase is more likely

This question relates to the core product offering of the firm, and whether it has an influence if the potential customer has approached the firm for these core products or merely approached them for substitutes to core products of other firms.

The following answers were noted during the interview:

- The client will possibly buy but only if price and quality is right
- Agree with that
- Core product makes purchase more likely. Less competitive on other product - mark up on mark up or cost on cost.
- Obviously if they don't want containers or brick other products but want yours then it makes it easier to sell, they know what they want.
- It would - there is a product fit for the client

The stated lead time (urgency) influences the likelihood of a purchase

The question relates to urgency of product delivery and whether the timing such a delivery plays a role in the seriousness of this potential lead.

The following answers were noted during the interview:

- Everyone is under pressure and if the client is under pressure he will be willing to rather purchase from somebody who has stock available so that he can meet his deadlines than having to purchase from somebody else and have to wait
- It does yes
- If we have stock on the fact that we carry stock the quick turnaround time, even 6 to 8 weeks is considered as a quick response time for us to deliver.
- We have clients who send us a request for products which are actually out on tender, they only find out about this tender two days before hand and put us under pressure. This will happen though, so you can't say no sorry because of lead times. You can also get clients who plan in advance, who give you a month or two. Won't say this is a determining factor
- To be realistic, they want something within a month they have not thought this through. It's not going to happen within a month. I know this, from experience.

4.2.4. Project destination

Where (location) the project takes place will influence appropriateness of your product offering

Here the questions tries to determine whether the appropriateness of the firm's product is the best for where it is required to be used, in other words country of destination relating the product type.

The following answers were noted during the interview:

- It will have a definite influence, especially you can do it cost effectively
- Not necessarily
- Less likely - if it is government it might take place. If it is a mining company definitely not.

They do not operate in high risk areas - it's got to do with the end user. If they are in war torn CAR then they might buy field hospitals - you can then actually determine if it is an actual requirement. Mining camp in chad did not take place due to oil price and terror in the area

- Thinking for example our product won't be used in Gauteng, its easy accessible and dangerous. You can quote but I don't think something will come of it. Where remote areas are more our thing
- No influence, I have projects close to town and far from town. Location plays little role

Destination of project influences choice of service provider

The query poses whether considering if the firm is the best fit for the destination which trumps the competitors or is there the likelihood of competitors that will have a bigger opportunity do their product or service being more appropriate to the destination.

The following answers were noted during the interview:

- In Africa southern or central, rather look at a company from South Africa who can deliver to those areas which is more cost effective. Especially knowing the area of deployment, many competitors who are not close to area cannot deliver as promised
- Relates to core competencies of firm in choosing the right services provider
- remote areas so you need specific product such as flat pack or knockdown form, speed to install also influences and the state to product will get there will also influence (travel ability)
- Will that determine if you quote or not, you can't exclude them
- Location is everything, you would rather spend a whole lot to be in the ideal location.

Increased economic activity in country of final destination will be a good indicator of likelihood of a purchase

It is investigated whether the positive sentiment within the country from which a lead emanates leads one to believe that there is a higher likelihood of a project being executed and completed.

The following answers were noted during the interview:

- The capability to be able to purchase, there will be money in that country which is totally different from the way it currently happens in Africa where you have to wait for donor money or sponsorship. Impact - it makes the sales cycle longer if you have to wait for funds and also the influence of the autocracy waiting for licenses.
- Definitely
- Because there is money, economy is booming, everyone wants to get on the boat. You know there is money to back the requirement. Example of Northern Mozambique with Anadarko and the LNG
- Certainly areas where you are more busier than others
- It would, yes it does. If there are a lot of developments in a specific country, and you get an enquiry for that country you will definitely look at it because of the development in the country. Leads are more qualified, it makes sense due to location - political instability can influence. They might be serious about the lead upfront, but they start asking technical questions and they are very specific then you know these are the things that will make them go with you

4.2.5. Client status - existing client or new client

If the client is a return client a further purchase is more likely

It is considered whether existing relationships increase the likelihood of future orders being placed, with specific focus on past clients who return to the firm under investigation.

The following answers were noted during the interview:

- Especially if they were satisfied with the previous service or product (the main thing) and of course price will play a role again, and time if you can deliver timeously and of course the quality
- If you work on the assumption that the first transaction went well then yes so it depends
- Hopefully if we did a good enough job. If you look at certain client from Niger, I don't think they will ever return to us as they feel they had a raw deal from us. Client satisfaction is very important, and that they get what they thought they were going to get
- For sure, based on satisfaction and happy

If the new client is able to view your product demonstration area a purchase is more likely

The question being researched is looking at the influence of having the opportunity to physically touch and feel the firm's product offering will influence final product decision.

The following answers were noted during the interview:

- Because the client can see feel what he will get from you especially if the pictures are drawings and not photos
- Definitely, people like to touch and feel
- Depending on what the market is doing currently, we have a lot of people coming through and they love our display area but they do not necessarily buy from us - it is not a retail product - it is as and when required
- For sure, in our company that is definitely the case. Touch and feel important. Especially seeing that we are in a niche market. People don't know what you have to offer unless that can see it to believe it
- Definitely, it is all about experience. If they can touch and feel then it makes a purchase more likely

The new client is referred to your organisation a purchase is more likely

When considering a referral by an existing client that is a direct cause of action with the potential customer, will it make an improved opportunity possible?

The following answers were noted during the interview:

- Normally you won't refer a client to another company if that guy did not give you a proper service. And did not comply with your expectations. So when someone directs a client to you definitely. All about trust - how does one build trust? - when I direct someone to another company he will be more willing to spend his money into that area he will then spend his money based on the trust that you experienced from your previous experience with that company. Example based on previous successful project being visited and receiving references from there
- Definitively
- Opinion of somebody else that they trust, which automatically creates credibility. It is like your friend referring you to a hairdresser.
- Word of mouth is very powerful. If someone is happy and they use their own name

4.2.6. Market segment origination

The sector in which client originates from influences buying power

The query studies whether the market segment the potential customer originates from determines current buying power, in other words whether the customer has the capability to make the purchase.

The following answers were noted during the interview:

- If you have a strong military and they need equipment and they need military standards and specs the guys are willing to pay for it.

If it is a successful mine doing a new development they will be willing to pay for good products. If it is a small new development they will not have the capital to really purchase or do large purchases

- It would, government will go on tender procedures and it usually lowest price according to specification where mining, they have more money and whether the money is available. Depends on budget and phase of the project, not a lot of money for the exploration side.
- Sectors influences, yes. Difficult though to say whether private firms versus government client will purchase or not. We have had clients in the past and a year ago I thought we would not get business from a government client but now things have changed drastically have a lot of new business with them with three different projects. Important that interviewee sells product to return on investment markets, vs other markets who invest capital to help with the success of project where the products supplied do not directly contribute to the return on investment - the client's motivation is different

Increased activity in sector which company operates increases likelihood of sale

Again to correlate a previous assumption, it is investigated whether or not positive sentiment within a specific market segment increases the likelihood of a potential sale to take place.

The following answers were noted during the interview:

- Correlation
- We saw that, a lot of activity we could go all out and offer allot of luxury, where today they are cutting costs drastically. Influences price, luxury and turnkey (product offering)
- Country
- Tourism overall, then it influences our business

Serving a segmented market increases potential for sales revenue (increased marketing intelligence)

This question studies the effect of having a focused marketing effort towards a specific market segment, will assist in realizing sales within that specific segment, and make increased sales more likely.

The following answers were noted during the interview:

- Niche market we have. Camp will be bought when needed, a guy will not buy a camp if he does not need it even if you are the best salesman in the world. This must be taken into consideration. If you look at our company currently with all the marketing and everything we have done a client comes to us, and the way he is served determined whether he bought from is or not a sales person going out to meet or target somebody. Relationship focus, when the need arises they will call on you to solve the problem,
- Depends on the sales person and whether they are knowledgeable of that specific market sector before entering those markets (more damage than good)
- Currently focussed on two segments - mining and military, and you try to do specific drives when you do the marketing. The way you market and the focus you put on certain things, you have to be MARKET SPECIFIC. Words in an advert will be different for one market then for another.
- People focus on specific markets, when you are focussed on something you get to know the market, you know where the opportunities are. You will also be able to validate whether the people who approach you for quotes are legit,

4.2.7. Commercial aspects - payment terms

Indicating payment terms upfront to clients will help determine serious buyers from those who are not?

When the firm informs potential customers of what the payment terms are that the company policy stipulates, it will assist in them determining whether they have the capacity to make payment when required.

The following answers were noted during the interview:

- Maybe if you ask a designer fee, it will chase people away, but if you are not really interested and you are messing around, this will assist in distinguishing between serious customers

Indicating payment terms will help clients in determining affordability

The question of whether the potential customer has the capacity to pay when required remains the theme, and is further investigated.

The following answers were noted during the interview:

- Helps the client determine affordability, yes whether there is a capability for the client to pay.
- Affordability

Should payment terms help the client plan cash flow, which will assist in determining bid or no bid?

This question is geared towards whether payment terms has an effect on cash flow and whether the potential customer needs to consider this in determining affordability.

The following answers were noted during the interview:

- If they can't match our payment terms we should not quote
- Cash flow determination leads to decision to bid or no bid.

4.3. Reliability

Reliability is achieved through establishing credibility and trustworthiness with the targeted individual being interviewed. Credibility based on the fact that the average experience of each individual is more than 6.6 years. Trustworthiness is established in ensuring that all the interviews are conducted in a controlled manner, using a structured interview.

4.4. Validity

The validity of the responses were guaranteed through ensuring that that written notes were taken during the interview, as well as recording the interview in electronic format which will make sure that the responses can accurately be revisited.

4.5. Relationships among variables/ groups

When considering the interviews and the line of questions the necessity to identify the relationships between the questions sets were part of the critical outcomes which had to be achieved.



Figure 4.3 Variables under investigation

Considering that company composition and information (biographical) are important to lead qualification it serves to confirm the relationship between these two variables.

In line with these two variables, one will also note that project details are impacted by the company information which in turn influences the level of communication. Commercial aspects are impacted upon by company composition and information.

Client status is not dependent on the other variables, as it can be of important influence in whether to pursue a sales lead further.

Market segmentation is influenced indirectly by company composition, information and project destination with all influencing the market sector the potential sale or customer originates from.

Thus taking into consideration the various variables, it is important to note the influence they play on each other, and that the importance of the interdependence should not be insignificant.

The leads the research to confirm that these variables must be considered to form part of a criteria to determine successful lead qualification.

The next chapter deliberates the findings, recommendations as well as the limitations of the study. Further suggestions for future studies are also noted.

5. CHAPTER 5 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

The previous chapter allowed for recording of the results and analysis of the research conducted through the structured interviews. The resulting answers to the questions posed, in line with the various areas of study are listed.

The objective of this chapter is to discuss the results of the research reported in the previous chapter. The findings will be discussed and compared with the previous studies conducted in the areas investigated through the structured interviews.

The purpose of the research project in essence is determining whether the potential customer is a serious buyer or not.

5.1. Findings

5.1.1. Company composition

The research shows that the company composition plays a role in customer screening, but only if the company information is available.

The company information provides an important indication of financial capability, as well as an indication of what activities the company or firm is currently busy with, thus providing an indication of the customer's seriousness.

Determining where the customer is in relation to the end-user is of importance. The closer to potential client is to the end-user or if they are the end-user themselves, will place them closer to the decision making process. The closer the potential client is to the decision making process the higher the probability that a decision will be made and whether there will be a negative of positive outcome for the company or not.

It is important to be aware whether customers are existing or new clients. Their seriousness can be gauged by this fact, because if they return after the previous purchase, they had proof that the transaction was value for money and that they can expect more of the same service levels previously provided.

Having information available related to which market sectors the potential customer operates in, is considered important. The influence of potential growth opportunities and current economic welfare will provide an indication of whether this potential client is serious or not.

5.1.2. Biographical information

Biographical information relates to important details relating to the end-user, contact details, company details and details relating to the requirements of the potential customer. Information on the activities of the company and past projects involved in is of value.

Availability of information is key to determining the exact client requirement. Knowing exactly what the client requires will then provide the firm with the opportunity to provide the solution best fitted to the specific requirement.

If discussions of the the requirement with the end-user does not take place, the process of providing an ideal solution best suited to the client requirement will be delayed, as a number of back and forth communications will have to be held to determine exactly what is needed.

Knowing and relating to the individual the firm is working with, will lead to trust and rapport, which will then increase the likelihood of a sale with a potential customer.

5.1.3. Project details

The seriousness of the potential customer cannot be linked with the size of the potential customer's order, as the respondents commented that the firm will try and sell a solution which can be small or large to any client wanting the solution, regardless of size.

Noting that by providing a solution that starts out small and by nurturing a relationship with the client, provision is made for further purchases down the line, and this enhances the opportunity for an increase in customer lifetime value, as referred to in the literature study.

It was unanimous, that if the potential customer was to consider the firm's core products as part of its requirement, a sale is more likely. The core products offered is part of what differentiates the firm from the competition, as these products have unique selling points which appeal to the potential customer. With the potential customer finding these unique selling points appealing as well as including the core products in their requirement, a sale will be more likely.

Clients who have a certain urgency in acquiring goods to assist with their project, for example, will be considered more serious than not. Having a definite deadline makes it clear to all parties involved; both the potential customer and the firm selling the goods, when an order is likely. Having the capacity to help or assist this customer in their time of need will make a sale more likely. If no capacity exists to help the customer then it makes the choice of further pursuing the lead much clearer.

When determining the seriousness of the potential customer, taking into account where the solution offered by the firm must be delivered, plays a pivotal role. If the location is a good fit for the solution offered by the firm, then it makes the sale more likely. Considering whether the product or solution has unique selling points which will be suitable to the client's location enhances the probability of a sale.

Geographical location, definitely plays a role in the choice of a service provider. Supplying solutions from South Africa to the rest of Africa, for example as opposed to servicing a client in Africa from Europe has a definite influence.

Servicing the African client from South Africa will be more cost effective and quicker to execute than service provided from a competitor based in Europe.

Having the capability to place an order, is obviously very important. Knowing that the destination country has the necessary wealth with increased economic activity (an indicator of this), is a solid indicator of whether a purchase decision will be made.

5.1.4. Client status

This section of questions serves to confirm whether a client has bought previously from the firm or not. It plays an influence on the seriousness of the potential customer as to whether a purchase is likely or not.

Noting that the line of questions are aimed at confirming whether an existing client is more likely to make a purchase, the answer is yes, but only if the previous purchase was a good experience. Factors playing a role include whether the client gets value for money and that the previous purchase met the client's expectation.

Further influences on a potential client, includes a visit to the company premises, to view the actual products offered. This is often conducted in the display area of the firm. This is a popular marketing tool, and offers the potential client the opportunity to experience the solutions offered first hand. This process simplifies the client decision, as it offers the opportunity to remove any doubts or concerns the client might have.

Referrals from satisfied clients remain one of the best sources of new business.

The trust the potential client has in the firm he or she has been referred to because of the relationship in place with the satisfied client, is of great importance. The seriousness of the potential client must then be fully developed for maximum turnover potential, again ensuring that the firm gains from the customer lifetime value.

5.1.5. Market segmentation

The market segmentation, as discussed in the literature study, determines which customers are targeted by the firm, and which are not. Noting which targeted markets are identified by the firm and matching the firm's core products with these markets is of great importance.

The research confirmed, that the market sector from which the customer is based, plays a role in whether the customer is serious or not. The firm has to determine whether they have a good product fit for this customer, if the market is not one traditionally targeted then a purchase is less likely.

The sector from which the sales lead is forthcoming, will also assist further in determining seriousness of the potential sales lead. If the sector is experiencing a major shift in economic downturn; or there is tremendous amount of political instability, this will influence the likelihood of a future purchase. Currently the downturn in the mining sector has had a major influence in the success of the sales of the business, with a decline in turnover experienced by many, if not most companies servicing the mining sector.

Ensuring that a certain level of market intelligence is gathered, specifically regarding the targeted markets the firm focuses on, will ensure that less time is spent on less serious sales leads.

The intelligence gathered will assist the firm in determining whether a potential sales enquiry is a serious one or not. For example, if the lead is received from an engineering firm that can be referenced in data available on the internet, as well as the project they are working on, then it will have a major influence. This will also result in more efficient resource allocation within the sales firm, that has limited resources to compile a sales proposal or quotation.

It is also noted that having a segmented market approach can lead to more success, especially if your sales team is allocated per market segment, referring back to the sales organization structure as discussed in the literature review.

Taking a basket of goods that the firm offers to the targeted market segments will lead to more effective sales call and sales lead generation. The sales person must have the required knowledge to present the product mix to the potential customer ensuring a successful approach.

5.1.6. Commercial aspects

The questions posed under this heading, was developed after feedback received from one of the respondents. The respondent posed the question whether or not having the client know what payment terms are expected from the firm, influences the seriousness of the potential client or not.

It was confirmed that when a potential client is aware of the payment terms, the client can then determine whether the terms are acceptable and affordable. This will also aid in having the client determining the cash flow requirements should the potential sale take place.

5.2. Conclusions

The purpose of the study was to develop a screening tool for successful customer profiling. The findings confirm that the areas identified in the study should form part of such a screening tool. The focus areas as discussed and investigated above, must be included as criteria to successfully profile or screen a potential client.

These findings cannot be simply duplicated for other industries or companies and will have to be validated first within these specific companies hoping to use this screening tool before application.

For this screening tool to be successful, the areas noted in the findings have to be investigated interdependent from each other and not independently from each other. This will enhance the likelihood of successful screening taking place.

5.3. Recommendations

When the various aspects required to successfully profile a customer for enhanced sales lead qualification is taken into consideration, it is important to take note that the development of this tool aims to support business development and must not be seen as a tool that exactly defines who the firm must do business with.

This tool provides an indication of which attributes contributed to success in the past or history of the firm and will enhance the likelihood of a sale taking place in the future.

Full consideration must be given to the company approaching the firm for a quotation. The various facets identified must be taken into account when assessing and screening a potential client.

Contact information as well as background information must be obtained at the start of the sales enquiry to ensure the customer data is recorded. It is vital that this customer data is used to fully understand the client requirement and develop an appropriate solution to the enquiry received.

The project size was not found to be a determinant of the seriousness of a client.

If the potential client approaches the firm interested specifically in the core products the firm has to offer, then this enquiry must be treated as serious and should be pursued with diligence.

The client's indication of lead time, in other words when they expect to receive the goods purchased from the firm, is seen as a contributor to whether the client can be considered serious or not.

If the products the firm has to offer, is a good fit for the location of the project due to these products' unique selling points then the enquiry can be considered as serious.

Whether a customer has bought from the firm is an indicator that the potential sales lead should be considered as serious. Also any referrals from these existing customers to the firm must be considered as serious and must be pursued.

A definite way to increase the likelihood of a sale taking place is found when the potential client has the opportunity to visit the company's display or demonstration area. This must be seen a very high priority for any sales person, as it increases the likelihood of a sale.

The market sector the potential client originates from can be considered as an indicator of potential, and must be considered.

Development of a scorecard using a spreadsheet, noting the factors identified and assigning a weight to each category must be considered.

This will ultimately enable one to score a potential client and will be to great benefit to the firm in terms of resource allocation, a tool worth developing in the future.

A further recommendation includes the use of a decision tree diagram. Start with simple yes and no answers, which then lead to different questions or scenarios and ultimately leads to a qualification of the prospective client. It is advised that this should be investigated further as the benefit to the firm can be achieved in a shorter time frame.

5.4. Limitations of the study

A limited number of studies have been done regarding the development of criteria for successful lead qualification or customer profiling, thus very little or no information is available on the specific topic.

Developing theories with specific reference to sales lead qualification need to be further facilitated and expanded.

This study was completed through a process of structured interviews, with these interviews being conducted within a specific targeted sample within a firm focused on a specific market.

Firms operating in other market sectors might not benefit from this study, as the variables investigated relates to firms operating within specific markets.

5.5. Future research

Investigating in the development of the proposed sales lead qualification model for successful customer profiling, for not only a single firm but also numerous others in the industry.

Developing a decision tree diagram.

Developing a scorecard rating system for potential clients.

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7. **ANNEXURE 1: COVERING LETTER**

1 August 2015

To whom it may concern,

For the purposes of completing a Master's degree in Business Administration through Nelson Metropolitan University, I am completing a research project which aims to investigate successful potential customer profiling.

The objective of the outcomes of the study will be to aid in the development of a sales lead qualification model.

To assist with the research project, I would like to consult with you through a structured interview, using a pre-determined set of questions to investigate this topic of study further.

Your participation in this study will be greatly appreciated.

Thank you for making yourself available.

Yours sincerely,



Andre Rheeder

Student number 213433311

8. ANNEXURE 2: MEASURING INSTRUMENTS

A customer lead qualification model for successful potential customer profiling.	
	Independent Variable
	Leads qualification
	Dependent variables
1	<u>Company size and background</u>
1.1	Company size influences purchasing power of the client
1.2	Previous buying behaviour influences current buying behaviour
1.3	The market sector in which company operates influences budgetary constraints
2	<u>Contact information</u>
2.1	Availability of client information makes a sale more likely
2.2	The client's email service provider influences their credibility (gmail vs. company mail address)
2.3	If the client is corporate vs individual, it influences their purchasing power
3	<u>Client requirement</u>
3.1	The size of the prospective requirement influences the credibility of the client
3.2	If the client requirement falls within the core products the firm offers then purchase is more likely
3.3	The stated lead time (urgency) influences the likelihood of a purchase
4	<u>Project destination</u>
4.1	Where (location) the project takes place will influence appropriateness of your product offering

4.2	Destination of project influences choice of service provider
4.3	Increased economic activity in country of final destination will be a good indicator of likelihood of a purchase
5	<u>Existing client or new client</u>
5.1	If the client is a return client a further purchase is more likely
5.2	If the new client is able to view your product demonstration area a purchase is more likely
5.3	The new client is referred to your organisation a purchase is more likely
6	<u>Market segment origination</u>
6.1	The sector in which client originates from influences buying power
6.2	Increased activity in sector which company operates increases likelihood of sale
6.3	Serving a segmented market increases potential for sales revenue (increased marketing intelligence)
7	<u>Payment terms</u>
7.1	Indicating payment upfront to clients will help determine serious buyers from those who are not?
7.2	Indicating payment terms will help clients in determining affordability
7.3	Should payment terms help the client plan cash flow, which will assist in determining bid or no bid?

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Submitted in fulfillment of the requirements for the degree of Masters in Business Administration at the Nelson Mandela Metropolitan University December 2015 Supervisor: Dr. Burger ABSTRACT A key question that marketers and salespeople face is based on the dilemma of which customer to pursue and which not. This choice has far reaching effects in both company success. Investigating a client's seriousness to make a purchase at the time of an enquiry is key. This will assist the firm in determining which future clients offer the firm the most potential value in sales turnover and company profits. By taking the client's background and history into consideration the marketer has the opportunity to determine which clients have or have not previously committed to the firm and which did not. By profiling the customer, providing a yardstick against which one can measure probability of a purchase can be developed. New or prospective customer against those attributes of customers can then be benchmarked against the attributes that attest to whether interest and intention to purchase can be converted into a sale. Identifying these customers who will be most likely to make a purchase is a very important area of study for any business that focuses on the marketing and sales of products or services. Having an accurate profile of potential customers, of who will buy and who will not, will

play a key role in the success of any organization. The focus of this study will be on investigating the profile of a potential customer/company as a benchmark for sales lead qualification. The profile will also be a precursor to determining the lifetime value of the prospective customer. Profiling of high sales potential customers is a management issue. It directly influences the number of hours key personnel in the sales department spend on key tasks, which can alternatively be spent more productively on other projects. ii Page TABLE OF CONTENTS 1. CHAPTER 1 INTRODUCTION AND SCOPE OF THE STUDY 2

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10. ANNEXURE 4: ETHICS CLEARANCE

FORM E



ETHICS CLEARANCE FOR TREATISES/DISSERTATIONS/THESES

Please type or complete in black ink

FACULTY: _____MANAGEMENT AND ECONOMIC STUDIES_____

SCHOOL/DEPARTMENT: _____BUSINESS SCHOOL_____

I, (surname and initials of supervisor) _____BURGER, J. the supervisor for (surname and initials of candidate)_____RHEEDER, AJ. 213433311 a candidate for the degree of _____MBA with a treatise/dissertation/thesis entitled (full title of treatise/dissertation/thesis):

A customer lead qualification model for successful potential customer profiling.

considered the following ethics criteria (please tick the appropriate block):

	YES	NO
1. Is there any risk of harm, embarrassment of offence, however slight or temporary, to the participant, third parties or to the communities at large?		NO
2. Is the study based on a research population defined as 'vulnerable' in terms of age, physical characteristics and/or disease status?		NO
2.1 Are subjects/participants/respondents of your study:		
(a) Children under the age of 18?		NO
(b) NMMU staff?		NO
(c) NMMU students?		NO
(d) The elderly/persons over the age of 60?		NO
(e) A sample from an institution (e.g. hospital/school)?		NO
(f) Handicapped (e.g. mentally or physically)?		NO
3. Does the data that will be collected require consent of an institutional authority for this study? (An institutional authority refers to an organisation that is established by government to protect vulnerable people)		NO
3.1 Are you intending to access participant data from an existing, stored repository (e.g. school, institutional or university records)?		NO
4. Will the participant's privacy, anonymity or confidentiality be compromised?		NO
4.1 Are you administering a questionnaire/survey that:		

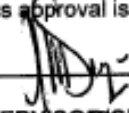
(a) Collects sensitive/identifiable data from participants?	NO
(b) Does not guarantee the anonymity of the participant?	NO
(c) Does not guarantee the confidentiality of the participant and the data?	NO
(d) Will offer an incentive to respondents to participate, i.e. a lucky draw or any other prize?	NO
(e) Will create doubt whether sample control measures are in place?	NO
(f) Will be distributed electronically via email (and requesting an email response)?	NO

Note:

- If your questionnaire **DOES NOT** request respondents' identification, is distributed electronically and you request respondents to return it *manually* (print out and deliver/mail); **AND** respondent anonymity can be guaranteed, your answer will be NO.
- If your questionnaire **DOES NOT** request respondents' identification, is distributed via an email link and works through a web response system (e.g. the university survey system); **AND** respondent anonymity can be guaranteed, your answer will be NO.

Please note that if **ANY** of the questions above have been answered in the affirmative (**YES**) the student will need to complete the full ethics clearance form (REC-H application) and submit it with the relevant documentation to the Faculty REC/H (Ethics) representative.

and hereby certify that the student has given his/her research ethical consideration and full ethics approval is not required.



 SUPERVISOR(S)

18/11/2015

 DATE



 HEAD OF DEPARTMENT

23/11/2015

 DATE



 STUDENT(S)

30-04-2015

 DATE

Please ensure that the research methodology section from the proposal is attached to this form.