

The Impact of Personal Selling Orientation to Value Creation, Relationship Development, and Customer Satisfaction in Industrial Business

Yuanita Tandwilina Gunadi

Laurentia Verina Halim Secapramana

University of Surabaya

verina@staff.ubaya.ac.id

ABSTRACT

Industrial marketing is known as business-to-business (B2B) marketing and the process in the field is quite complex. Personal selling is chosen as one of the common type of promotion in industrial marketing. Though it is the most ancient art of sales ever in the history, it is proven to be an effective type of communication. While it is old-fashioned, personal selling become one of the most effective tool for generating the buying process, especially in building preferences, beliefs, and buying actions from B2B customers.

Previous research in B to B relationship stated that customer orientation and selling orientation influenced customer satisfaction. It is also revealed that customer orientation and selling orientation will form "value" which will create a close relationship between salesperson and his customers since it has a positive influence between the two sides.

This research aimed to investigate the influence of customer orientation and selling orientation to value creation, relationship development, and customer satisfaction on industrial business. The study was conducted in a stainless steel industry. Data collection of 120 respondents as the key person in the companies used purposive sampling method and analyzed using Path Analysis with LISREL 9.10. The result of this study leads and points to the direct relationship and indirect relationship between variables, where the direct relationship seen from the relationship between customer orientation to customer satisfaction, sales orientation to customer satisfaction, value creation to customer satisfaction, and relationship development to customer satisfaction.

Keywords : salesperson, B2B company, customer orientation, selling orientation, value creation, relationship development, customer satisfaction.

Industrial marketing is a form of communication and sales specializing in providing goods and services in its processed days to other businesses and not to individual customers because it involves large orders and long-term relationships between producers and customers, and the process in the field enables a complex process between business and personal customers. One form of promotion is personal selling, while old-fashioned, but still is the most effective tool for generating the buying process, especially in building preferences, beliefs, and buying actions

from B2B customers. Ramendra Singh and Abraham Koshy (2010) expressed that customer orientation and selling orientation affect the customer satisfaction. In their research revealed that customer orientation and selling orientation will form "value" where the creation of relationship between salesperson with customers not only happens without any positive relationship development between the two sides so as to create a close relationship between one with other. In the concept of B2B, it is necessary to have a relationship development between salesman and buyer, so that an emotional bond that occurs either directly or indirectly, and essentially influences the customer's actions to make a long term business relationship.

At the end of the overall concept and purpose of the company, which is judged to be a benchmark of success is customer satisfaction, which can be seen from the end result of how loyal customers purchase the same product or make purchases from the same manufacturer.

Personal Selling

Personal selling is one of the most effective promotional tools especially in the form of buyer preferences, beliefs and actions. According to Philip Kotler (1997: 24) personal selling has three special properties, namely 1) personal confrontation, 2) cultivation, and 3) response

Customer Orientation

The main goal of customer orientation is the creation of long-term, mutually beneficial relationships with customers through a minimizing problem approach by finding solutions (Keillor et al., 2000 and Saxe and Weitz, 1982). There are two main dimensions on the customer orientation model, namely:

1. Functional customer orientation

Functional CO is consistent with traditional CO conceptualization, which is seen as a set of task-oriented behaviors aimed at enhancing long-term customer satisfaction (Saxe & Weitz, 1982). Sellers high in functional CO tend to have concern for the well-being of customers, and may find valuable processes to satisfy intrinsic customer needs (Roman & Iacobucci, 2010). Functional COs motivate salespeople to diligently and accurately identify and assess customer needs in order to provide the best solution to customer unique issues (Homburg et al., 2011), which is conducive to creativity due to increased customer domain knowledge (Narver & Slater, 1990).

2. Relational customer orientation

Relational customer orientation aims to develop strong personal relationships with customers (Homburg et al., 2011). leading to a higher level of trust (Morgan & Hunt, 1994). As a result, customers are more willing to share sensitive information with sellers (Hughes et al., 2013),

Selling Orientation

Salespeople with selling orientation, as an alternative, are the only things that really require the ability to influence, manipulate, and continue to push toward closing sales (Brooksbank, 1995 and Spiro and Perreault, 1979), regardless of how well the solution offered by the salesperson whether it matches the customer or the prospect's needs.

Value Creation

The concept of value is very important to achieve success in marketing, which is an important stepping stone to achieving customer satisfaction. Glad and Becker (2002) argue that a company's business processes will be downgraded into the company's operational activities that generate added value and focus on value creation in the future. These process activities can be measured through 4 dimensions a) Cost; b) Time of delivery; c) Quality; d) Flexibility

Relationship Development

Relationship development is the extent to which an individual buyer's beliefs and is committed to maintaining and / or increasing the level of interdependence and interaction with sales organization representatives. Relationships generally evolved and developed through a sequential process of five phases: 1. Awareness; 2. Exploration; 3. Expansion (expantion); 4. Commitment (commitment); 5. Termination / dissolution.

Customer Satisfaction

The definition of customer satisfaction is also presented by Tse and Wilson (in Nasution, 2004: 104) that customer satisfaction or dissatisfaction is a customer response to the evaluation of discrepancies or perceived disconfirmation between previous expectations and the actual performance of perceived product after usage. Wilkie (1994) states that there are five elements in

customer satisfaction are: expectations, performance, comparison, confirmation or disconfirmation, and discrepancy.

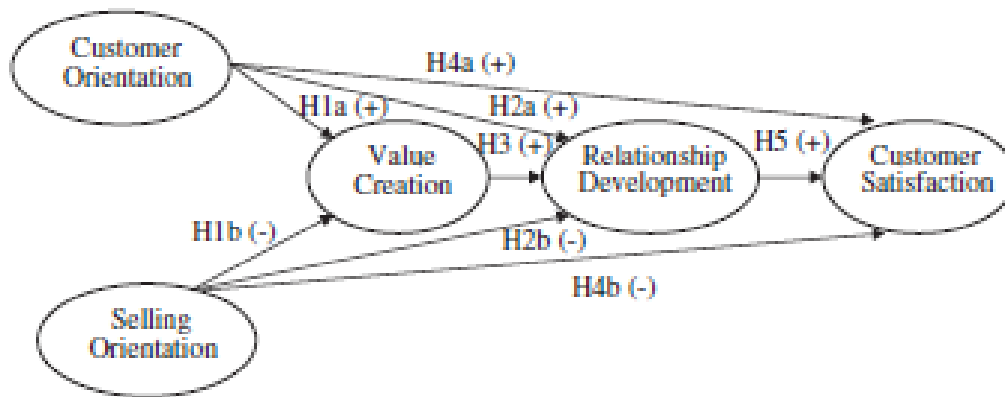


Figure 1. Research Model

(Source: Ramendra Singh dan Abraham Koshy (2011))

RESEARCH METHODS

In this study exogenous variables are customer orientation and selling orientation., Endogenous variables used are value creation, relationship development, and customer satisfaction .. Respondents of 120 people taken by purposive sampling. Measurements using 5-Likert scale.

RESULT AND DISCUSSION

Hipotesis	Path	Estimates	T-value	Keterangan
H1a	CO→VC	0,73	9,39	Significant (Hypothesis accepted)
H1b	SO→VC	-0,04	-0,60	Not Significant (Hypothesis rejected)
H2a	CO→RD	0,52	6,00	Significant (Hypothesis accepted)
H2b	SO→RD	0,11	2,07	Significant (Hypothesis accepted)
H3	VC→RD	0,35	4,54	Significant (Hypothesis accepted)
H4a	CO→CS	-0,08	-0,81	Not Significant (Hypothesis rejected)
H4b	SO→CS	0,08	1,25	Not Significant (Hypothesis rejected)
H5	RD→CS	1,05	11,37	Significant (Hypothesis accepted)

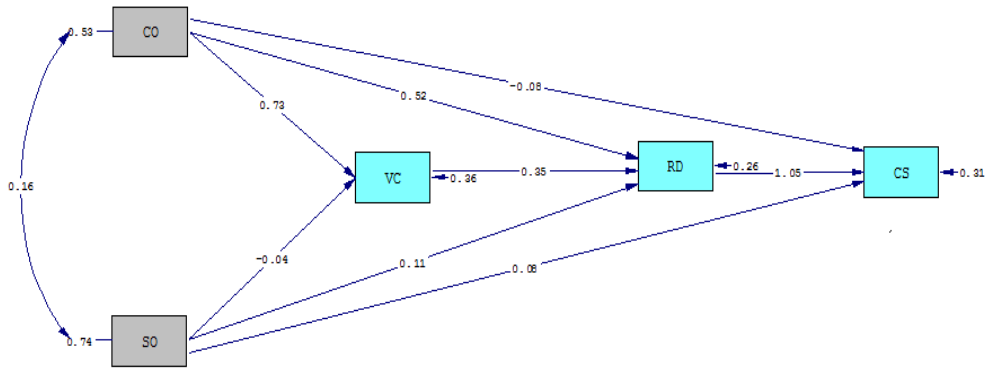


Figure 2 Match Test Results Model Estimates

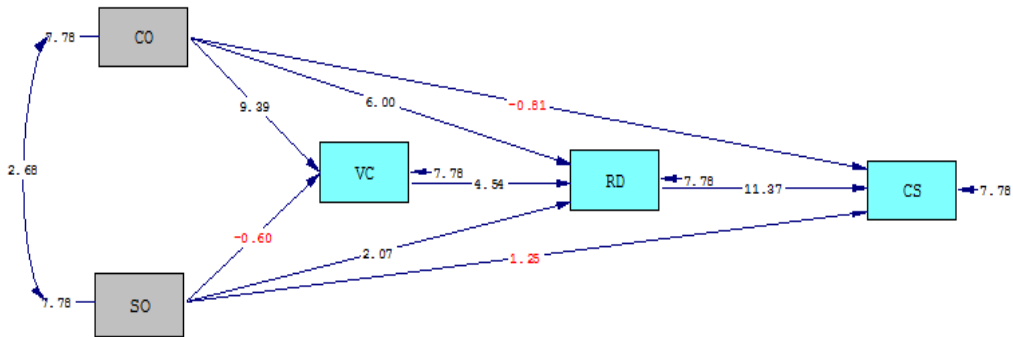


Figure 3 Match Test Results T-Values Model

SUGGESTION

For PT IAS:

1. Emphasize the salesperson's mindset about the importance of finding and discovering the changes needed and desired from time to time, in order to build long-term business commitments, rather than merely meeting sales targets.
2. Implement good "customer management", in the sense of trying and fulfilling all aspects of customer needs and building long-term business commitments, and not treating customers arbitrarily.

References

- Brooksbank, R. 1995. Selling and sales management in action: The new model of personal selling: micromarketing. *Journal of Personal Selling & Sales Management*. Vol. 15, 1995 – Issue 2.
- Ghozali, Imam., Fuad. 2008. *Structural Equation Modeling* . Teori, Konsep dan Aplikasi dengan Program LISREL 9.10. Universitas Diponegoro
- Gujarati, Damodar N. 1992. *Essentials of Econometrics*. New York: McGraw-Hill.
- Hohenschwert, Lena. 2012. *An Empirical Study : A Salesperson's Value Creation Roles in Customer Interaction*.
- Homburg, C., Muller, M., & Klarmann, M. 2011. When Should the Customer Really Be King? On the Optimum Level of Salesperson Customer Orientation in Sales Encounters. *Journal of Marketing*: March 2011, Vol. 75, No. 2, pp. 55-74.
- Homburg, C., Muller, M., & Klarmann, M. 2011. When does salespeople's customer orientation lead to customer loyalty? The differential effects of relational and functional customer orientation. *Journal of the Academy of Marketing Science*, Vol. 39, Issue 6, pp 795-812
- Hohenschwert, Lena. 2012. *An Empirical Study : A Salesperson's Value Creation Roles in Customer Interaction*.
- Hughes, D. E., Le Bon, J. & Rapp, A. 2013. Gaining and leveraging customer-based competitive intelligence: the pivotal role of social capital and salesperson adaptive selling skills. *Journal of the Academy of Marketing Science*, Vol. 41, Issue 1m pp 91-110
- Hutt, M. & Speh, T. W. 1982. *Industrial Marketing Management: A Strategic View of Business Market*. United Kingdom
- Jonathan Sarwono. 2011. *Mengenal Path Analysis : Sejarah, Pengertian, dan Aplikasi*.
- Keillor, B. D., Parker, R. S., & Pettijohn, C. E. 2000. Relationship-oriented characteristic and individual salesperson performance. *Journal of Business & Industrial Marketing*, Vol. 15 Issue: 1, pp7-22
- London School of Business and Finance. 2010. *My Accounting Course : Customer Orientation*.
- Morgan, R. M. & Hunt, S. D. 1994. The commitment-trust theory of relationship marketing. *Journal of Marketing*, vol. 58, no. 3, pp. 20-38
- Morgan, R. M. & Hunt, S. D. 1994. Relationship marketing in the era of network competition. *Journal of Marketing Management: Chicago*, Vol. 3 Iss. 1
- Ramendra, S., dan Abraham, K. 2010. *Elsevier* : Does salesperson's customer orientation create value in B2B relationships? An Empirical Study in India.
- Roman, S. & Iacobucci, D. 2015. Antecedents and consequences of adaptive selling confidence and behavior: a dyadic analysis of salespeople and their customers. *Journal of The Academy of Marketing Science*, Vol. 38, Issue 3, pp 363-382
- Saxe, R. & Weitz, B. A. 1982. The SOCO Scale: A measure of the customer orientation of salespeople. *Journal of Marketing Research*, Vol. 19, no. 3 (Aug., 1982), pp. 343-351
- Singh, R. & Koshy, A. 2011. Does salesperson's customer orientation create value in B2B relationships? An Empirical Study in India. *Journal: Industrial Marketing Management*, Vol. 40, Iss 1 pp. 78-85
- Spiro, R. L. & Perreault, W. D. 1979. Influence use by industrial salesmen: influence-strategy mixes and situational determinants. *The Journal of Business*, Vol. 52. No. 3.
- Wuensch, Karl L. 2008. *An Introduction to path Analysis*