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Strategic quality management on business to business market in Bosnia and Herzegovina

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Product and service quality has increasingly seen as a crucial factor of competitiveness, not only for individual companies, but for entire industries too. Using specific resources and capabilities companies can take a chance to delight their customers. This paper presents new sales model developed by authors, which includes all necessary steps related to sales process. Customer-Oriented Sales (COS) Model considers opportunity that company differentiates itself and become market leader. This paper includes research about companies engaged in B2B sale in Bosnia and Herzegovina and their willingness to use quality as differentiation tool. As a method of research we used data collection questionnaire. It is important to notice that the quality is not the purpose of itself. Investments in quality without recognition of customer needs can also be ineffective. Taking into account all anticipated results, we will make a conclusion about possibilities that companies' incorporate COS Model in their business system.

JEL Classifications: L15, L81, C12, C14

Keywords: B2B sales, competitiveness, Customer-Oriented Sales (COS) Model, differentiation, quality.

Introduction

Marketing mix that companies will use is important strategic decision especially when they try to optimize ratio between product price and product quality. Today, in intensity competitive global marketplace, inappropriate strategy probably leads company directly into business collapse. Company's most important goal need to be delighted and elated customer. Without customer satisfaction all business activities are futile. Starting point of every sales policy differentiation should be a consciousness of the supplier about quality issue in the sales process. Offering products that a significant number of customers want and which are not also available from competing companies is becoming increasingly difficult (Simonson, 1999). A company only alternative is to create something scarce, something valuable and something that people will pay more for (Godin, 2010). Quality can be difficult to define comprehensively. At better levels of detail, it is frequently just a matter of appraisal. For Riaz (2010) quality is a momentary perception that occurs when something in environment interacts with human factor, in the pre-intellectual awareness that comes before rational thought takes over and begins establishing order. It's not what you believe or think, not what your studies or focus groups tell you, but what your actual customers feel, experience, and say (Strickland, 2008). Quality is defined as the summation of the affective evaluation by each customer of each attitude object that creates customer satisfaction (Wicks and Roethlein, 2009). The ISO 8402 (*now ISO 9000*) standard defines quality as "the set of characteristics of an entity that gives that entity the ability to satisfy expressed and implicit needs." Other definition is that quality is the degree to which a set of inherent characteristics fulfils requirements (Hoyle, 2006).

Looking at the benefits achievable in the short-term, companies come to the conclusion that quality increase proportionality affects the price increase. For such effete and no ingeniously demeanor, care about money and expeditiously success, become more

considerable than care about quality and customer satisfaction (Hays and Hill, 2006). Earlier studies (Gerstner, 1985; Narasimhan, Mendez and Ghosh, 1996; Sethi, 2003), used optimal control models to demonstrate possibility that prices can decrease although we increase the quality. Deming suggested that a focus on quality can increase demand and price flexibility, which will increase profits on the demand side, and can increase productivity and decrease scraps and rework, which will increase profit on the cost side (Wicks and Roethlein, 2009). A key relation that every company should cogitate in detail is the coherence between expended resources and obtained final performance quality. Higher quality entails higher costs and higher prices, at least on beginning, but in the process of creating the effect, semblance of the costs is ineluctable. Except price decrease in the long-run and customer satisfaction increase, higher quality positively affects the competitiveness, effectiveness, efficiency, productivity, employees' motivation and profitability.

Business-to-business (B2B) sales and marketing are much more complex than business-to-customer (B2C), business to distributor (B2D) and business-to-government (B2G). There are four key factors that make B2B market research special and different to customer markets (Harrison, Hague and Hague, 2005; Goldman, 2008; Anderson, 2010): a) B2B markets have a more complex decision making unit, b) B2B customers are more "rational," c) B2B products are often more complex, and d) there are limited number of buying units in B2B sale. Sustainable differentiation usually comes from advantages in core competencies¹, unique company resources and capabilities, and superior management of value chain activities (Thomson, Strickland and Gamble, 2008). In the process of identifying quality as the best differentiation tool, company need to recognize value that will be transferred to customers, and be convinced that customers are aware of all benefits they will receive. In the research (Rahimić, 2006) on the question "Where your efforts are directed towards achieving the best quality," 17% of the companies answered 'to reduce and control the costs' and 83% of the companies answered 'to satisfy customer needs and create loyal customers'. On the beginning, products price will be probably higher than competitors and company's strategy need to be focused on presenting value that has been growing much faster than price level. This paper presents unique research in Bosnia and Herzegovina, about possibilities that companies, on this territory, use quality in the differentiation process. We measured importance ratio among all four elements of marketing mix, putting emphasis on ratio between price and quality. Expected results should demonstrate differences between two groups of companies, domestic and international companies.

Quality like differentiation tool in COS Model

Methods and approaches of sales that the company will use in the future, largely depends of market potential. If the market stops growing that is a key moment for adjusting our sales strategy. Sales approach that company used during the market growth, often relying on increasing the quantity of goods sold and occupying the largest market share. If this approach company continues to apply in the time of market saturation, there is high probability that this will be more obstacle than springboard. In this moment real market fight begins, and quality starts to play a key role. The issue of quality is a very important factor in studies, both marketing (Kotler and Keller, 2011) and management (Porter, 1998). Most previous studies have examined quality differentiation in a game-theoretical framework (Rhee, 1996) or in the model structure. This paper will present new sales model, Customer-Oriented Sales (COS), developed by authors, who will present a unique integration of all activities related to B2B sales.

¹ "Core competences", "distinctive competencies", "corporate capabilities" and "inimitable assets" are synonyms.

In the literature we can find a lot of sales models, which to a greater or lesser extent, seek to embrace all interrelated sales activities (DeGroot, 1997). All that models can be divided in five groups. First group is Personal preparation model which includes: 5-P sales model (Hopkins, 2005; Brian, 2007) and Mental conditioning sales model (Lakin, 2000). These models put emphasis on sales representative's abilities and skills. Second group name is Interpersonal skills model and includes: Relationship sales model (Davies, Ryals and Holt, 2010; Park et al., 2010) and Personality styles sales model (Avila and Fern, 1986; Stevens, 2003). For these models the most important characteristic of the business is relationships between the supplier and customer. In third group, called Presentation based model, we have four models: Closing sales model (Graham, 2010; Kahle, 2010), Problem solving sales model (Deter and Sojka, 2003; Bobot, 2010), Value-added sales model (Weber, 2007; Garrett, 2010; Reilly, 2010) and Consultative sales model (Tracy, 2003; Boyer, 2008; Davis, 2009a, 2009b; Feiertag, 2009). Focus of those models is on using the presentation skills to do the actual selling. Applications model is fourth group and includes: Partnering sales model (Roger, 2008), Team selling model (Raman, 1992) and Complex sales model (Thull, 2010). Those models assume that sales representatives already know how to sell, and take situations variable like most important. Last group is Value selling matrix model and includes only one model: Value selling model (Brooks, 2003). This group puts emphasis on diagnostician process, rather than on direct sales techniques. Ram Charan (2007) presented Value creation selling model and differences between this system and conventional selling process. Value added sales models are specific while they whole sales process observe in opposite direction, from end customer needs to needs of their first direct customer (Rahimić and Uštović, 2011).

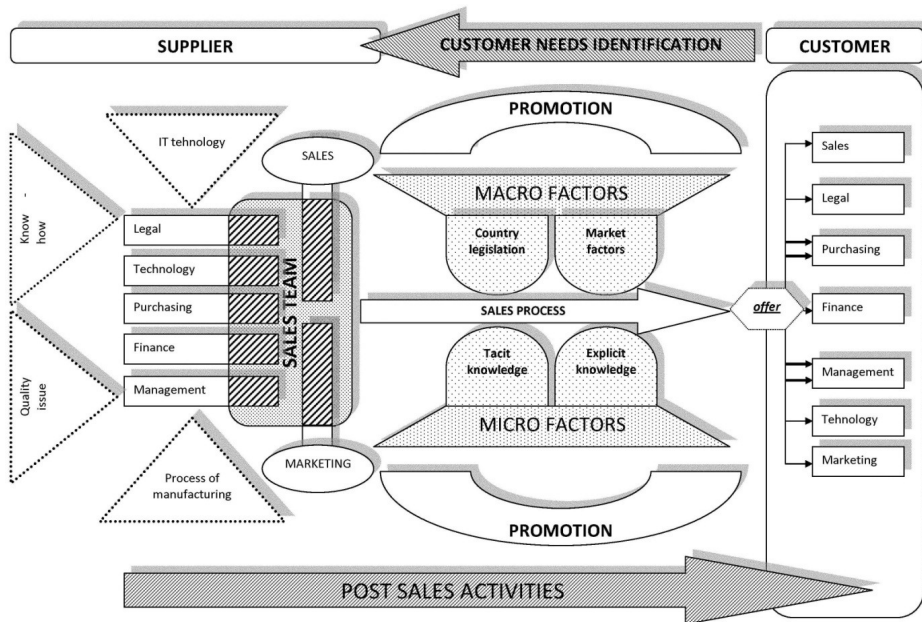
Customer-Oriented Sales Model is unique while it does not neglect any of important sales activities. Functional and process-oriented organizational structure, supported by detail plan of manufacturing process, high quality performance indicators, with additional sustain in IT technology and intangible resources, offers the possibility of establishing a good basis for the sales process. The sales process will not start if the supplier did not recognize the needs and desires of potential customer. Although the marketing and sales departments are more involved in the sales process, the attendance of other departments in the company is undisputed. All departments have a stipulation to cooperate with one other and be interoperable because this is the only way if company wants to procure an offer that will satisfy customer needs and fulfill required conditions. As already known sales process depends on a lot of macro and micro factors, company needs to deal with. County legislation and market factors are most important macro barriers. Firstly, they include all obstacles brought by the law, international conventions and agreements, trade restrictions, intergovernmental arrangements or government regulatory changes.¹ (Andersen, 2007; Carrette, 2008). Market factors do not include only favorable economic condition, low interest rates or tax advantages. Factors like location, competition, timing or price level significantly affect whole sales process. On the other hand, there are tacit and explicit knowledge (Ammann, 2010; Markus, 2011; Gasik, 2011) that company can use, firstly for differentiation, but for maintainable development too. Special attention should be paid to tacit knowledge that is extremely difficult to obtain, impossible to copy and also difficult and expensive to be transferred and therefore can be source of long-term competitive advantage (Rahimić, 2006).

All activities of sales, all the time, must be interlaced with promotional activities in order to meet customers with products and services companies are selling (Rahimić and Uštović, 2011). Before companies make contact with the customer, they need to know who customer's decision maker is. Most often that is purchasing department or the company's management. Therefore, sales representatives need to pay more attention to these two departments. Other operating departments of the customer are also important because companies want to sell a product that will satisfy customer's needs and desires in multiple

¹ One of the international conventions is: The United Nations Convention on Contracts for the International Sale of Goods (abbrev. CISG)

segments. A lot of companies forget about post sales activities. This is one of the main reasons for the high level of customer attrition rate. Product or service implementation, customer service and support, gathering customer feedback, continued customer relationship building, future sales forecasting, or sales evaluation are very important post sales activities that customers make it clear that the goal of cooperation is not only selling, but helping each other.

FIGURE 1. CUSTOMER-ORIENTED SALES (COS) MODEL



Source: Authors' drawing.

The company should constantly endeavor to accomplish the TQM system, (Wright and Grant, 1995; Plank, Blackshear and Minton, 1997; Resić, 2009; Jayaram, Ahire and Dreyfus, 2010; Tanninen, Puumalainen and Sandström, 2010; Faisal, Zillur and Qureshi, 2011) which implies the notion that abridges or even eradicates the barriers among business departments in the company. Here we can recognize the characteristic horizontal coordination among business functions (Šehić, 2002). Knowledge of customer's business environment and possible market scope are good starting points in process of ascertaining the value companies plan to transfer to customer. Whether a company is price or quality oriented, they can choose one of three Porter's generic strategies: cost leadership, differentiation or focus.

Application of COS Model like differentiation tool in companies

Differentiation which includes scale and scope economy may cause that price of the products and services stay unchanged. Best choices to gain a longer-lasting, more profitable competitive edge are: new product innovation, technical superiority, product quality and reliability, comprehensive customer service and unique competitive capabilities

(Thomson, Strickland and Gamble, 2008). The company needs to develop its differentiation through long-term and sustainable competences, while today's oversaturated market is facing with serious problems. Even the sales process is faced with the inevitable problems:

- Many products and services on the market are practically indispensable,
- Many products and services cannot be sold without exertion,
- Many products and services do not have clear, sustainable and precise points of difference,
- Finding creative systems and approaches that will sell company's products and services without support is almost impossible.

A very important fact all companies should always keep in mind is that building better relationships with existing customers is far less expensive than winning new customers. It is also found that dissatisfied customers tell 8 to 20 other people and that satisfied customers tell 3 to 5 (Babich, 1992). Maybe this is not the most important reason, but it is certainly a very significant factor that gives the companies opportunity to realize that if they want long-term competitive advantages they need to invest much more resources to achieve higher quality of their products and services and be aware that this strategy does not provide key results very quickly.

Measurement methods, data and explanatory factors

The main objective of this paper is to acknowledge the level of awareness and acceptance of quality issue like differentiation tool companies can use on the market. The general research hypothesis is: *International companies, as opposed to domestic, use quality like differentiation tool for building competitive advantages.* As research form we used data collection questionnaires (DCQ). The technique was written survey and way of realization was individual research. The research process lasted five months (January-May 2010) on the territory of Bosnia and Herzegovina. The companies from six cities were included in research: Banja Luka, Lukavac, Mostar, Prijedor, Sarajevo and Tuzla. The sample consists of 44 companies in default and was composed of 20 international (45.45%) and 24 domestic (54.55%) companies.

The sampling process required the following adjustments:

- International companies include companies with local offices, branches or subsidiaries on the territory of Bosnia and Herzegovina, or domestic companies where the control block of shares has some international company.
- Domestic companies include companies where the most of start-up capital is from Bosnia and Herzegovina.
- Companies need to deal in B2B sector, selling goods and services through their sales representatives.
- The research can be conducted only with the high management of companies.

The companies used for research were selected by simple random sampling from online database of companies¹. Questionnaires were distributed to companies in several ways, mostly through e-mail or direct contact with company management. Companies that we used as research sample have a various ownerships, work in different business sectors (industries), sell a wide variety of products and services, they are geographically dispersed and different by size.

During the processing and presentation of results obtained by research, we used few methods, commonly non-parametric statistics, considering that research sample was relatively small. In some cases when we were not able to use any statistical test we presented our results through simple percentages or proportions. In case where this was

¹ As the primary online database of companies has been used: www.poslovni-adresar.ba

possible¹ with the proportion we used Chi Square test to determine whether certain groups (in this research, categories of domestic and international companies) are significantly different from anticipated results or frequencies.

$$X^2 = \sum_i \sum_j \frac{(O_{ij} - E_{ij})^2}{E_{ij}}, \quad (1)$$

Where, O - Observed frequencies, E - Expected frequencies.

For questions whose answers were scaled from 1 to 5 or 1 to 7, we followed two procedures: Kolmogorov-Smirnov normality test (K-S) and Mann-Whitney-Wilcoxon test (M-W). K-S test was needed to determine if two datasets differ significantly and had the advantage of making no assumption about the distribution of data.

$$D_n = \sup_x |G(x) - \widehat{G}_n(x)|, \quad (2)$$

Where, n - number of (independent) observations; $\widehat{G}(x)$ - empirical cumulative distribution function (cdf); G - completely specified continuous theoretical cdf.

M-W test like, non-parametric statistical hypothesis test, we used for assessing whether two independent samples of observations have equally large values.

$$U = n_1 n_2 + \frac{n_2(n_2+1)}{2} - \sum_{i=n_1+1}^{n_2} R_i, \quad (3)$$

Where, U - M-W U test; n_1 - sample size one; n_2 - sample size two; R_i - rank of the sample size.

With M-W test we treated differences between the mean ranks, which indicated statistically significant or insignificant differences between observed categories. K-S test results are further checked by Shapiro-Wilk (S-W) test.

$$W = \frac{(\sum_{i=1}^n a_i x_{(i)})^2}{\sum_{i=1}^n (x_i - \bar{x})^2}, \quad (4)$$

Where, X_i - i th smallest number in the sample; sample mean is:

$$\bar{X} = \frac{(x_1 + \dots + x_n)}{n}, \quad (4.1)$$

The constants a_i are given by:

$$(a_1, \dots, a_n) = \frac{m^T V^{-1}}{(m^T V^{-1} V^{-1} m)^{1/2}}, \quad (4.2)$$

Where, $m = (m_1, \dots, m_n)^T$ and (m_1, \dots, m_n) are the expected values of the order statistics of independent and identically-distributed random variables sampled from the standard normal distribution, and V is the covariance matrix of those order statistics

¹ If any of the expected cell frequencies of Chi Square test are less than five.

(Royston, 1983; Villasenor and Estrada, 2009; Tasdan and Sievers, 2009; Drezner, Turel and Zerom, 2010).

In some results presentations we excluded tables or diagrams, but they are presented in text form: $\{M-W = X; p = X < 0.05; \text{Mean-rank 'INT/DOM'} = X/X, \text{Median (Md) 'INT/DOM'} = X/X\}$. In other cases, when it was apposite, we used cross-tabulation to show answers dynamism for certain categories on two juxtaposed and adjacent questions.

Empirical results and discussion

In hypothesis corroboration process we attempted to obtain answers for diverse questions that helped us to detect one of the four elements of marketing mix, which the companies estimated that is the most considerable and can be used as a good initial point for establishing long-term competitive advantage. Special emphasis in this research is placed on the cause-effect ratio between price and quality issues, and opportunities that will show that these two variables are inversely or directly proportional.

In the first part of questionnaire the companies were obligated to answer on nine questions, which we used later for deeper cluster analysis. The most important results obtained by this set of questions are:

- In international companies 40.19% of all employees work in sales department, while this is the case only with 24.96% employees in domestic companies.
- Average sales increase in last five years in international companies is 33.38%, while this percentage is only 18.75% in domestic companies.
- Average profit increase in last five years in international companies is 34.33%, while this percentage is only 14.68% in domestic companies.
- International companies are, on average, for 11 years on the market while this period for domestic companies is 7 years.
- Companies that have less than 20% of the total staff employed in sales had sales increase on average rate of 22.11%, while companies that had over 20% of employees in sales had a rate of 26.29%.¹

On the beginning of the research we tried to ascertain the two elements of marketing mix, price and quality, companies use like constituent part of the strategy. It was important which of these two elements companies prefer and which kind of picture they want to create about themselves in the “customers' eyes”. The results show a statistically significant difference in perception about those elements of marketing mix, and indicate which products' or services' characteristics companies consider most valuable.

TABLE 1. THE RATIO BETWEEN PRICE AND QUALITY BY A GROUP OF COMPANY

No.	Claim	MW test	“p” value	Mean rank 'INT'	Mean rank 'DOM'	Md 'INT'	Md 'DOM'
1.	The companies prefer to offer better quality than cheaper products	159.000	$p = 0.017 < 0.05$	26.55	19.33	5.00	4.00
2.	The companies prefer to offer cheaper than better quality products	169.500	$p = 0.041 < 0.05$	18.98	24.44	1.00	3.00

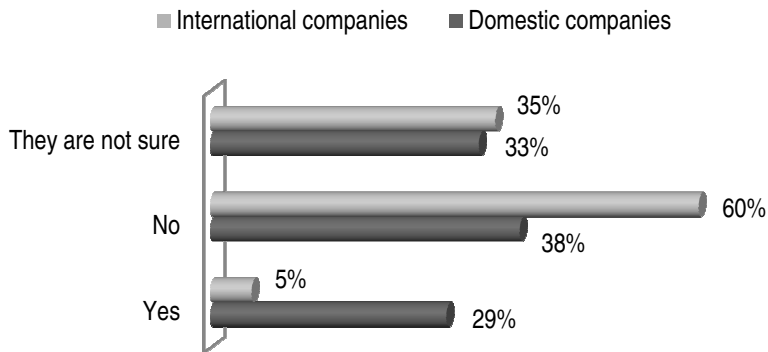
Source: Authors' calculation.

From these results we can conclude two things. For international companies quality is more important products' or services' characteristic they are trying to deliver to their

¹ The sample size for this question was constituted of 97.73% companies, in fact of those companies that have up to 450 employees.

customers. They understand that premium quality gives to company chance to charge more. For domestic companies cost leadership strategy is better solution. Opportunity to take advantages of this strategy, domestic companies are trying to achieve greater market share, but they should not forget to be proactive in restructuring the value chain in order to eliminate additional costs and low-value activities. The second conclusion about this issue relates to possibility of using 'stuck-in-the-middle' strategy (Pertusa, Molina and Claver, 2009; Waeber, 2010) The firm stuck in the middle is almost guaranteed low profitability (Porter, 1998). This is especially pointed out in companies that have not chosen this strategy as a business decision, but the result of mismatched strategic alternatives. The results indicate that a lot of domestic companies are "stucked" right in this situation. While medians for international companies have a diametrically opposite values, for domestic we can notice obvious similarity. In the next question we ask companies directly to declare about possibilities to be in stuck in the middle position, or do they think that the best quality products at the lowest price is possible combination.

FIGURE 2. DOES COMPANY MANAGEMENT BELIEVE THAT STUCK IN THE MIDDLE STRATEGY IS APPLICABLE IN THEIR SITUATION?



Source: Authors' calculation.

This question was interesting to analyze from one other dimension. Table 2 represents the frequency response on this issue, but taking into account accomplished sales increase or decrease over the past five years. The results show that companies, both domestic and international, who responded that they believe that it is not possible to have the cheapest high quality products, have the highest level of sales increase in the last five years. On the other hand, companies that believe that this is possible have the lowest level of sales increase.

TABLE 2. THE AVERAGE RATE OF SALES INCREASE BY GROUPS OF COMPANIES IN RELATION TO THE OFFERED RESPONSE

Answer	Domestic companies (24)	International companies (19)	All companies (43)
"Yes"	5.33%	not relevant ¹	5.33%
"No"	37.28%	33.22%	35.00%
"They are not sure"	11.71%	25.83%	18.23%

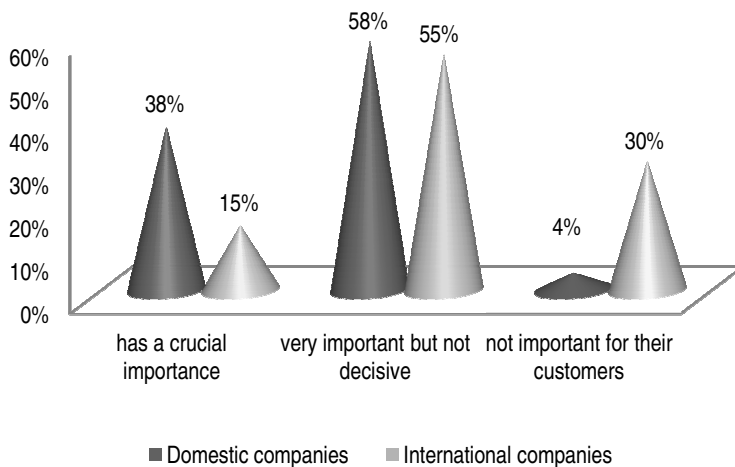
Source: Authors' calculation.

Note: ¹ Since only one company belongs into this group, we excluded it from the research.

We must emphasize that these results show that companies, which believe that is possible to have "non expensive quality," are in stuck in the middle position and should be separated from the companies that knowingly choose one of hybrid strategies. These companies deliberately choose between simultaneous and sequential hybrid strategies (Rahimić, 2006). Some of them are: dual strategy of internationalization (Fleck, 1995), outpacing strategy (Gilbert and Strebel, 1987), dynamic product differentiation (Blecker, et al., 2005), the concept of simultaneity (Corsten and Will, 1993), the strategy of hyper-competition (D'aveni, 1994), mass customization (Büttgen, 2000).

The appropriate strategy is the most important and crucial factor of success, regardless of company size. Companies can ensure their future setting clear goals and following them consistently. This is the only way they can recognize market opportunities and utilize them. The correct strategy, even in turbulent environment, will take company to the right road. Practical management tools, planning and adaptation measures will provide the support. Regardless of which elements of marketing mix companies consider most important, the strategy should always be based on the customer's desires and needs. The research showed that more than one-third domestic companies believe that price is most important deciding factor in purchasing process.

FIGURE 3. PRICE IMPORTANCE DEGREE IN PURCHASING PROCESS



Source: Authors' calculation.

Strategic direction adjustments, as a result of permanent and not entirely predictable changes in the environment, are keys for success of market-oriented companies. Strategic tools and organizational capabilities, that give the company an advantage over competition today, probably will not be adequate in the future. Therefore, companies need to recognize and manage the changes, and use their resources to adjust themselves to current market conditions. To present strategic adjustments willingness level in companies in Bosnia and Herzegovina, we used cross tabulations (Tables 3 and 4), that essentially show us which of the presented strategic tools companies plan to use for achieving competitive

advantage on the market, and which tools they actually use now. We also use Chi square test to calculate interdependence rate among obtained results.¹

TABLE 3. THE MOST IMPORTANT STRATEGIC TOOLS FOR INTERNATIONAL COMPANIES

		What is a property of the company you believe that is the basic tool that can give you an advantage over your competitors?									
		SUM	RESPONDENTS								
			Price	Quality	Distribution	Marketing	Customer needs	Friendship	Speed-efficiency	Something else	
TOTAL	RESPONDENTS	Count	20	1	10	0	0	8	1	0	0
		Row total	100	5	50	0	0	40	5	0	0
		%									
Which tool for achieving strategy advantage is one that you use now?	Price	%	10	100	0	0	0	13	0	0	0
	Quality	%	45	0	40	0	0	50	100	0	0
	Distribution	%	0	0	0	0	0	0	0	0	0
	Marketing	%	0	0	0	0	0	0	0	0	0
	Customer needs	%	40	0	50	0	0	38	0	0	0
	Friendship	%	5	0	10	0	0	0	0	0	0
	Speed-efficiency	%	0	0	0	0	0	0	0	0	0
	Something else	%	0	0	0	0	0	0	0	0	0
			$\chi^2=12.535; p = 0.189 > 0.05; df = 9$								

Source: Authors' calculation.

Using the results of Chi square test we can see that strategic tools international companies are using now and plan to use in the future are not interdependent. This is certainly an additional indication that international companies are prepared for strategy adjustments if that is necessary, and use it for faster change adaptation. In results for domestic companies it is clear that they have strategic tools interdependency, where we can conclude that they are not completely prepared to respond to all market demands at any time. Companies that have developed awareness about importance of change adapting, should use the organizational capabilities to improve their market or resource oriented approach of business. Some of these capabilities are: expertise establishment, flexibility, agility, reactivity, innovation, proactive resource allocation, opportunism.

Cross tabulation results also substantiate that international companies are more concentrate on building interrelations with customers through quality differentiation process. Domestic companies consider that the price is a basic paramount element of marketing mix on their market.

Companies that have outdated and obsolete strategy need to revise that strategy and that can be proceed along any of several paths: (1) shifting to a new competitive approach to rebuild the company's market position, (2) overhauling internal operations and functional area strategies to better support the same overall business strategy, (3) merging with

¹ Taking into account that sample size was relatively small and the fact that a large number of frequencies have a zero value, in this research (Tables 3 and 4), we used only cells with value different than zero and percentages rather than absolute values.

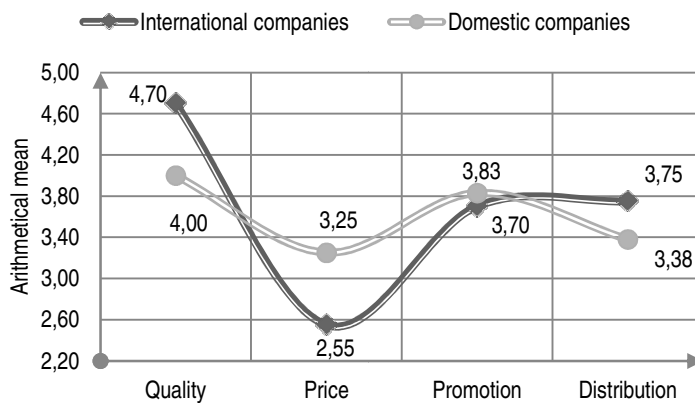
another company in the industry and forging a new strategy keyed to the newly merged company's strengths, and (4) retrenching into a reduced core of products and customers more closely matched to the firm's strengths (Thomson, Strickland and Gamble, 2008).

TABLE 4. THE MOST IMPORTANT STRATEGIC TOOLS FOR DOMESTIC COMPANIES

		What is a property of the company you believe that is the basic tool that can give you an advantage over your competitors?									
		SUM									
		RESPONDENTS									
		Price	Quality	Distribution	Marketing	Customer needs	Friendship	Speed- efficiency	Something else		
TOTAL	RESPONDENTS	COUNT	24	7	7	2	1	6	1	0	0
		ROW TOTAL	100	29	29	8	4	25	4	0	0
		%									
Which tool for achieving strategy advantage is one that you use now?	Price	%	25	57	0	50	0	17	0	0	0
	Quality	%	29	0	86	0	0	0	100	0	0
	Distribution	%	4	0	0	50	0	0	0	0	0
	Marketing	%	0	0	0	0	0	0	0	0	0
	Customer needs	%	13	0	14	0	0	33	0	0	0
	Friendship	%	8	14	10	0	0	17	0	0	0
	Speed-efficiency	%	21	29	0	0	100	33	0	0	0
	Something else	%	0	0	0	0	0	0	0	0	0
$\chi^2 = 41.804; p = 0.019 < 0.05; df = 25$											

Source: Authors' calculation.

FIGURE 4. STATISTICAL DIFFERENCES AMONG MARKETING MIX ELEMENTS BY GROUPS OF COMPANIES



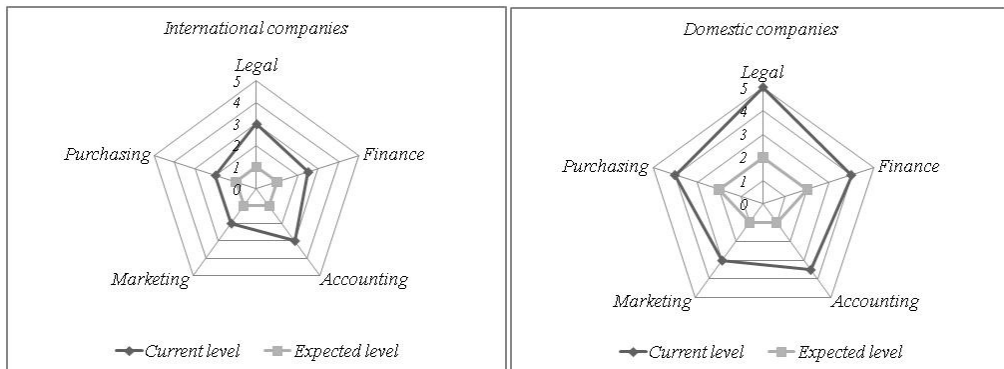
Source: Authors' calculation.

Through next question we extend our research of marketing mix with other two elements, promotion and distribution. Companies have had the opportunity to rate the importance

level (on the scale from 1 - not important at all, to 5 - extremely important), of all four elements of marketing mix they believe customers pay the most attention. Question was composed like four statements where companies were obligated to rate importance level of marketing mix element they consider that is most valuable for their customers. Statistical correlation among these four parameters we can introduce in text form: Quality - $M-W = 162.000$; $p = 0.018 < 0.05$; Mean-rank 'INT/DOM' = 26.40/19.25; Md 'INT/DOM' = 5.00/4.00; Price - $M-W = 167.500$; $p = 0.041 < 0.05$; Mean-rank 'INT/DOM' = 18.80/25.52; Md 'INT/DOM' = 3.00/3.00; Distribution - $M-W = 227.500$; $p = 0.384 > 0.05$; Mean-rank 'INT/DOM' = 21.88/23.02; Md 'INT/DOM' = 4.00/3.00; Promotion - $M-W = 202.000$; $p = 0.185 > 0.05$; Mean-rank 'INT/DOM' = 24.40/20.92; Md 'INT/DOM' = 4.00/4.00. For further presentation of differences among all four elements of marketing mix, on Figure 4 we presented line diagram which includes statistical differences in arithmetical means separately for all elements and both group of companies. In this case the arithmetical mean values show better correlation among variables than median values.

An important peculiarity of companies engaged in B2B sales and pointed toward quality issue, is their willingness, dexterity and deftness to connect their main business functions (departments) with the functions of their customers, in order to maintain long-term business interrelations. Through next question we tried to examine connectedness level companies already have with their customers, and what they think how strength these connections need to be. Rated current and expected levels of connection is best to be presented in the radar diagram (Figure 5) considering median values as statistical basis for analysis.

FIGURE 5. CURRENT AND EXPECTED RELATIONSHIPS LEVEL AMONG BUSINESS FUNCTIONS



Source: Authors' calculation.

Result analysis, presented in Figure 5, which are related to the *current* relationship level among business functions, show that international companies, as opposed to domestic, more often have connected legal ($p = 0.002 < 0.05$), finance ($p = 0.033 < 0.05$) and purchasing ($p = 0.044 < 0.05$) department in the selling process. In case for accounting ($p = 0.065 > 0.05$) and marketing ($p = 0.206 > 0.05$) departments, there is no statistically significant difference, and we can conclude that both group of companies have similar results. It is similar situation with the *expected* degree of connectedness: legal ($p = 0.014 < 0.05$), finance ($p = 0.042 < 0.05$), purchasing ($p = 0.203 > 0.05$), accounting ($p = 0.241 > 0.05$), marketing ($p = 0.025 < 0.05$). International companies consider that all business functions should be maximum connected in sales process, while domestic companies consider the same only for marketing and accounting departments. Last question of this

research was formulated like ten statements companies were obligated to rate from 1 (generally disagree) to 5 (strongly agree). Answers two, three and four were used for precise determination of the degree of agreement.

TABLE 5. STATEMENTS RESULTS

No. STATEMENT	MW test	"p" value	Mean rank 'DOM'	Mean rank 'INT'	Md 'DOM'	Md 'INT'
1. Our products/services are created exclusively by customer requirements	187.500	$p = 0.103 > 0.05$	20.31	25.13	3.50	4.00
2. We strive to show our customers the benefits they will receive by using our products / services	173.500	$p = 0.050 \leq 0.05$	19.73	25.83	4.00	4.00
3. We primarily offer quality products /services to our customers	174.500	$p = 0.049 < 0.05$	19.75	25.80	3.00	4.00
4. We primarily offer products /services our customers really need	199.500	$p = 0.158 > 0.05$	20.81	24.53	3.50	4.00
5. Complaints are inevitable in our daily operations	220.000	$p = 0.318 > 0.05$	23.33	21.50	3.00	3.00
6. We believe that, if a customer refuses our offer, he actually refused our sales representatives.	144.000	$p = 0.008 < 0.05$	26.50	17.70	3.00	2.00
7. It is necessary to satisfy all customer's needs to build long-term relationships	145.000	$p = 0.010 < 0.05$	26.46	17.75	4.00	3.00
8. Friendly relationship with customers is a basic prerequisite for long-term cooperation	227.000	$p = 0.366 > 0.05$	23.04	21.85	4.00	4.00
9. Linking business functions between two companies increase possibility of building a long-term relationship	210.500	$p = 0.247 > 0.05$	21.27	23.98	3.50	4.00
10. Direct cooperation with the customers in order to satisfy all their business goals, increase possibility of developing long-term relationship	186.500	$p = 0.095 > 0.05$	20.27	25.18	4.00	4.00

Source: Authors' calculation.

From the above results it is obvious that there is statistically significant difference for statements: two, three, six and seven. The most interesting claims are two and seven related to quality issue and customer satisfaction measurement. From all presented results, especially from an analysis that directly opposed the perception of the ratio among marketing mix elements, it is clear that the hypothesis: *International companies, as opposed to domestic, use quality like differentiation tool for building competitive advantages*, is finally confirmed. International companies are much more focused on establishing quality system framework, considering this like good opportunity for differentiation.

Conclusion

The role of quality in strategic orientation, as one of the possibilities for differentiation, represents the basis on which companies can build a sustainable competitive advantage. Companies that deal in B2B sector should particularly support the incessant resources investments in order to achieve premium quality, like plausibility for creating commensurate framework for COS Model embodiment. In any decision process regarding the strategic design establishment, a lot of variables have to be taken into account, many of which cannot be quantitatively expressed. Customers are intangible assets and added value for all companies. Very important issue for all organizations is ratio between acquisition and retention rate of customers. Quality, whose incarnation is not a consequence of market research, and does not aim to customers' needs and desires directly, is a companies' useless resource. Therefore, companies need to use objective and subjective oriented methods of measuring customer satisfaction, and adapt own strategy to market demands (Lingenfelder and Schneider, 1991).

Using analysis results of the preferred elements of marketing mix companies are trying to optimize, we come to conclusion that international companies in Bosnia and Herzegovina pay more attention to quality issue using them like differentiation tool on the market. They are aware of the value that needs to be directed to customers in order to satisfy all undefined, explicit, implicit needs and strong desires. On the other hand, domestic companies consider that cost leadership strategy is better option for their customers. For this reason we will give an advice to domestic companies to use, at least, quality costing system like one of the quality management tools and techniques which an organization can use in introducing and developing quality (Jafar, 2010).

Although we are aware that quality, promotion and distribution are cost centers in company, while price is revenue generating element, companies need to start developing long-term strategies, based on specific resources and organizational capabilities. Customer loyalty is a companies' capacity to retain satisfied customers. Keeping and maintaining customer loyalty is one of the most difficult challenges for all departments in company, since the customers' wishes are modified at much faster rate than their needs. Sales policy that always puts customer needs and desires in the focus is the only way to ensure loyalty, which represents the basis for establishing long-term business relationships.

Based on the theoretical and empirical research results, we can conclude that investments in quality based on seeking opportunities to create and develop added value for customers, is good starting point for Customer-Oriented Sales Model incorporation. This model can help companies' to increase loyalty level, customer satisfaction and even their income, but does not rule out the possibility that restructuring process will cause costs increase. Regardless of the strong competition in corporate sales, using this model, companies can differentiate themselves and become market leader.

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