

# RELATIONSHIP MARKETING RESEARCH TAILORED TO SUPPORT SALES MANAGEMENT. CASE STUDY: AN INTERNATIONAL EXPRESS LOGISTICS COMPANY IN ROMANIA

**Nicolae Al. Pop**

*Academia de Studii Economice București Facultatea de Administrarea Afacerilor  
(cu predare în limbi străine)*

**Florin Mihoc**

*Universitatea Emanuel din Oradea  
Facultatea de Management*

**Ioan Ș. Fotea**

*Universitatea Emanuel din Oradea  
Facultatea de Management*

*Within current economy context, complexities and particularities most companies are constantly seeking to maximize effectiveness and efficiency of their business. As sales force represents for most organizations their “spearheads” and direct contact with the market, its management can be a source for customer satisfaction and overall efficiency. Relationship marketing research with all its particularities and dimensions, if tailored appropriately can explicitly pinpoint major sources of customer satisfaction and dissatisfaction. Focus of contemporary relationship marketing is the customer viewed across lifetime as a profit source and partner rather than on short term for singular transactions. Research findings help the organization better manage its sales force and generate customer satisfaction, retention and loyalty and maximize profits while achieving superior efficiency.*

*Keywords: relationship marketing, sales management, customer satisfaction, research, efficiency.*

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## **Introduction**

Contemporary *relationship marketing* approach is in direct relation with *customer satisfaction*, in today's economy where most companies focus on building sustainable competitive advantages by developing close and cooperative relationships with a limited set of suppliers, customers and various channel members. Through these relationships firms create value by differentiating their offering and/or lowering their costs<sup>512</sup>.

This new relationship marketing paradigm consists of placing emphasis of marketing activities on establishing, developing, and maintaining cooperative, long-term relationships<sup>513</sup> and thus using this approach to generate competitive advantage for the company. Relationship marketing has implications on all marketing activities from research, to marketing programs and campaigns and to selling activities, as Gummesson vividly describes new marketing concept consists of an *interaction of networks and relationships*<sup>514</sup>. This paper focuses on its research implications vis-à-vis customer satisfaction in relationship with personal sales and sales force management.

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512 Berling, R., The Emerging Approach in Business Strategy: Building a Relationship Advantage, *BusinessHorizon* 36 (4), 1993, pp.16-27.

513 Gummesson, E., Implementation Requires a Relationship Marketing Paradigm, *Journal of the Academy of Marketing Science*, 2 Summer, 1998, pp.242-249.

514 Gummesson, E., *Implementation Requires a Relationship Marketing Paradigm*, *Journal of the Academy of Marketing Science*, 26 Summer, 1998, pp.242-249.

Relationship research is a cardinal dimension for contemporary marketing and sales practice. It surveys behavior of all actors involved in the network which is established in the relationship marketing context. There is a major shift of this research approach where the emphasis moves from customer needs to relationship partner analysis.

Firms' sales force play a key role in the formation of long term buyer-seller relationships. As the primary link between the buying and selling firms, they have a considerable influence on the buyer's perceptions. This perception of seller's reliability and its service offering value plays a key role influencing the buyer organization to continue business relationship. High-class performing sales force which have managed to establish and develop solid relationship with partners based on trust, support and mutuality are a source for long term value generation to their companies. There are researches today that show that buyers often have greater loyalty to salespeople than they have to their companies<sup>515</sup>.

### **1. Managerial dimension of relationship marketing**

The *management dimension* of relationship marketing, encloses a wide range of decisions that impacts the company and its customers. These relations can be structured according to their nature, as follows:<sup>516</sup>

- a) relations regarding the contract: precontractual relations, contractual relations, and post contractual relations;
- b) relations vis-à-vis information demand and offer: available information for customers, information requested by customers;
- c) relations generated by the reaction of the customers towards the service offering: satisfaction; enthusiasm; complaint; and formal objections;
- d) relations generated by the multiplication effect of satisfied / unsatisfied customers on potential customers.

Decision making process has to be adapted to this kind of relationships in order to ensure continuity for the overall enterprise economic pursuit. If the first kind of relations (a) represents the *formal frame* of the cooperation and belongs to the tasks of the sales department, all other relations (b, c and d) are rather *informal* in their nature and are the responsibility of the marketing department.

### **2. Sales management. Relationship approach**

Scholars as Wotruba<sup>517</sup> suggests that nature of personal selling, like the one of marketing, as described by distinguished professor Kotler, has evolved through the four different stages, namely: production, sales, marketing, and partnering. Each of these eras of sales has different objective, orientation, tasks and responsibilities for their salespeople ranging from transactions and short-term focus in production stage to relationships and long-term orientation in partnering stage. Consequently to each of these stage sales force fulfills different roles and pursues different activities that requires different skills, knowledge and abilities. Moreover the nature of sales management has evolved accordingly as reaction to the changing in nature of selling activities, market pressures and type of relationship among organizations. Focus of this paper is for partnering era of the personal sales and sales management stage corresponding to relationship marketing orientation.

Partnering salespeople work closely with their customers to create value, via tailored solutions that are profitable to both partners. Salespeople are engaging in relational exchanges on a day to day basis channeling additional consulting, support and information among partners. The objective of salespeople

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515 Barton, A. W., Bradford, K. D., *Selling and Sales Management: A Relationship Marketing Perspective*, Journal of the Academy of Marketing Science, Spring, 1999, pp.241- 254.

516 Pop, N. Al., Pelău, C., *Dimensions of relationship marketing in the Romanian banking sector. Case study: BRD Express*, Marketing Management, nr 4, Editura Economica, București, 2006.

517 Wotruba, Th., *The Evolution of Personal Selling*, *Journal of Personal Selling and Sales Management*, No.11 (Summer), 1991, pp.1-12.

is to develop long-term relationship with the customers that imply commitment and aim to “increase the pie” rather than divide it. Sales force has to achieve a deep understanding of customer needs and particularities and to persuade them of their superior offering proposition. A crucial aspect of the partner relationship is played by trust and commitment developed by seller’s sales reps, who are to develop it both internally within their own organization and externally with the buyer’s organization, so as to openly exchange information and innovative solutions between two sides.

There are three major differences between partnering roles of sales people versus other roles<sup>518</sup>, as follows: (1) the focus on interpersonal communications- managing conflict versus influencing purchase decisions; (2) the salesperson's objective-building and maintaining the relationship with the customer versus maximizing short-term sales; and (3) the unit of analysis- the sales team versus the individual salesperson. Conflict is inherent to market interactions due to different objectives of the two actors, however the partner sales rep aims to manage the conflict so as to accrue benefits to the overall relationship and value it so as to strengthen overall relationship and increase commitment for both sides. Secondly, generating long term profits for both partners rather than pursue one time transaction has direct implications on sales management implemented by the seller company (way how sales agents and sales teams are recruited, evaluated and compensated). Lastly, it is important to emphasize the need for implementing sales team as these complex partnerships cannot be managed by individuals. Mostly are needed cross-functional sales team within their selling centers as corresponding to the cross-functional buying-teams in the buying centers of partner’s company across different levels of management. As such, sales rep assigned to a customer will become *relationship manager* who is responsible to manage the activities of the entire sales team rather than personal activities and agenda.

Figure 1, best describes direct relation between overall marketing strategy and sales function within an enterprise, marketing strategy providing objectives for sales and sales metrics. Some of the most common measures are percent of sales quota achieved, number of new customers, number of sales closings, average gross profit per customer, and sales expense to total sales.<sup>519</sup> Jobber illustrates how market data validated and refined are used in formulating overall marketing strategy initially and providing an evaluation and control support in the end analysis. All of the phases from setting the objectives, to hiring and recruitment, training, motivation and compensation and evaluations are being executed under the same umbrella.

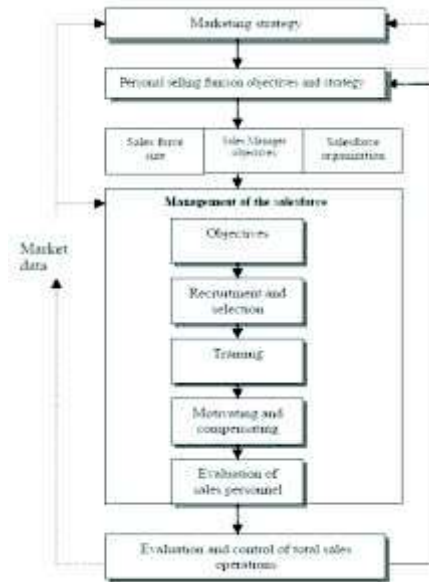
Structure of the department and function is to be setted according the efforts employed for the relationship management with the customers. Within all functional departments there are created new jobs and new taks and different functions for each. Sales and marketing department, research personnel can be splitted, and customer databases competences are required for valuing marketing data and linking them with the sales policies implementation

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518 Barton, A. W., Bradford, K. D., *Selling and Sales Management: A Relationship Marketing Perspective*, Journal of the Academy of Marketing Science, Spring, 1999, pp.241- 254.

519 Kotler, P. - Rackham, N. –Krishnaswamy, S., *Ending the War Between Sales and Marketing*, Harvard Business Review, 2006.

**Figure 1. Marketing strategy and management of personal selling**



Source: Jobber, D., Lancaster, G., *Selling and Sales Management*, 7th Edition, Pearson Education, Prentice Hall, Essex, 2006, p.33.

A key position to be created in the relationship era is the *relationship manager*, who is to assign and deploy people and resources according to customers' importance for company (principal customer, permanent customer, occasional customer etc.). Duties and tasks of the salesforce (sales reps, service personnel, call centre officers), which is in permanent contact with the customers are permanent updated with the expectations of the different partners.

### **3. Case study: an international express logistics company on Romanian market**

#### **3.1. Relationship marketing research. Aims, instruments and primary findings**

The main objective of the research was to measure the satisfaction of corporate clients (accounts that buy services for more than 100,000 EUR per year) of a multinational company that operates in more than 220 countries and territories on the Romanian market. Satisfaction related findings enable company to better manage its salesforce towards strengthening partnership with key accounts through superb salesforce design, high level of commitment and execution. Thus, using primary data and field research we have distributed a questionnaire to all 60 corporate clients (accounts that buy services for more than 100,000 EUR per year) of a major international express logistics company that operates in Romania. The rate response was a high of 88% due to excellent relationships that were built in time. Out of the 53 companies that have responded to the questionnaire, 30% are operating in the automotive industry, 9.4% in other production area and the rest in areas such as commerce, textile, software and electronics.

The questionnaire comprises of three sections. The first section is designed to collect firmographic data followed by the second, that addresses 37 important aspects of satisfaction using a 5 point Likert scale<sup>520</sup>. The questionnaire ends with a section that is designed to measure the importance of several factors that influence the overall satisfaction of the client with the services received. The elements we identified to have an impact of the overall satisfaction are: availability (the degree to which the company can be accessed), responsiveness (the degree to which company staff reacts promptly and appropriately), reliability (the degree to which parcels are delivered without damage and on time),

<sup>520</sup> Malhotra, N., *Marketing Research*, 6 ed., Prentice Hall, Upper Saddle River, New Jersey, 2010, p. 390.

completeness (the degree to which all components of the service are finished) and professionalism (the degree to which carrier company uses suitable, professional behaviors, while working with me such as politeness, respect, consideration, truthfulness and friendliness).

The following chart is going to reveal relative importance of each of the 5 factors as perceived by customer, as follows:

**Figure 2. Importance of factors for the overall satisfaction**



Source: own research

It is worth underlying that after reliability, factors as professionalism and responsiveness are the among top three ones, which further enhances the relational view of partnership importance mediated through intelligent, innovative and salesforce which proves initiative. This finding becomes even more important in the light of service performance level findings which show that only a quarter (24%) of respondents considering the service offering very high, very few of them viewed it very low (4%), while most of them consider service rather average and/or superior, indicating a large potential pool for expanding relationships and mutual gains in the future.

Nevertheless, when questioned regarding overall interactions with the sales force and sales support of the researched company, major accounts were positive, 62% of them indicating that. Only 1,9% were negative about company staff exchanges and most of the exchanges being into the neutral and medium areas pointing towards future improvement potential.

### 3.2. Conclusions. Managerial implications and pursuits

Mostly, sales force has to initiate and encourage open dialogue and contact fostering the overall business relationship. A new set of policies and measures has to be implemented in this regard focusing on sales teams already existent, which is a major strength as underlined by literature for modern and innovative sales. Joint collaboration with financial and operation departments is to be further expanded in order to increase speed and professionalism for customers feedback and rate of solved calls, information requests, and complaints raised. Constant contact with the customer is to be maintained in different and diversers manners according to the situation and request: via direct contact and meeting, telesales, and web technologies (emails, CRM software) on a frequent basis.

Some of the research findings regarding key interactions topics further reveals that: 2/3 assert that staff is prompt and professional with feedback when asked about services and tariffs; customer claims management is viewed prompt and professional only by 40% of the questioned accounts; 44% views customer service as reliable and speedy, while relatively half of partners consider team's attitude and attention given to their issues as very positive and professional. These later findings additionally emphasize potential for relationship development and expansion with the existing large accounts. A key role for the sales force is to carefully listen major objections, complaints and even to stimulate customer to adress those openly as a source of continual improvement and trust development among the partners. The corporate accounts managers will act as a *relationship manager* and supervise

periodically service performance with operation department, financial terms with key customers and act as a liaison of the account and its staff to deliver outstanding performance and superior value every time.

Romanian logistics market is currently going through rapid changes as sales environment in general, thus as international experiences proves constant innovative solutions of individuals and teams are key for constant growth. Personal initiative is to be encouraged and appropriately compensated by management through intelligent periodical stimulus package.

A professional sales today has to be skilled and proficient in a very wide range of competencies native intelligence, creativity<sup>521</sup> and relational capacities and traits being among most important ones. Such factors are to be considered both when management select and recruits new personal, and when stimulate and motivate existing one.

As shown by Magrath<sup>522</sup> a key factor for the B2B market, is to constantly learn all aspects of customer operations in the light of partnership development. Most relevant aspects to be learned are those related to priorities, pressures and new and innovative ways that company salesforce can involve in solving customers problems related to logistics, shippings, operations and even non-direct related needs in a pro-actively manner. Today sales forces play a vital role because partnerships created are more solid and last longer if these professionals promote their solutions and attempt to match their offering to future customer needs and oftentimes buyers are more loyal to individual relationship manager than to the offering company, migrating after the professional.

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521 Anca Vlădoi, Nicolae Al. Pop, *The marketer - a complex Specialist, a Man of Concept, Decision and Action*, Revista Amfiteatru Economic, issue 25 Volume XI - February 2009, pp. 9 – 20.

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