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P2 Analytical Analysis

Sales performance is the primary thing that business owners and investors use to define a company’s wellbeing. Due to this, it is important to many business leaders that they work on trying to constantly generate new sales to bring their sales performance grades up. Though there are many ways to improve this number, many businesses decide to attack this hurdle in similar ways. Examples of these include increasing the budget on advertising, increase the budget on machinery or equipment, and creating specialty deals for customers to encourage them to buy their items or services. These top options all done by companies all over the world and do bring in more sales most of the time, however, the three options also share a common characteristic to where they all cost money. Most people see it as a given, as to generate profit you must lose profit. Though this is fine, the importance of adding to a company often overshadows the importance of improving the resources already present in the business, which can often lead to similar great success.

There is no bad and no expected way to run a business. This goes in hand with how a department handles their plans to increase sales performance. It is important to understand that there are plans that can be more efficient for certain companies and the definition of efficient we tie together with affordability and results. Going more deeply into what was said before, companies desire more profit, therefore they decide to then look to improve in this sector by aiming to increase in areas such as customer pool (advertising), equipment, salespeople. With this, most companies must spend money to gain success, however, they fail to realize that the same success can be replicated if they simply focused on what they already have. Most if not all companies already have a customer pool, salespeople, and equipment, yet they only look at them as numbers. To them, more customers equals more revenue, more salespeople equals more efficiency, and more equipment equals more efficiency and more revenue. It is important to understand that more is not always the best choice to make. To give another perspective, this goes in hand with quantity vs. quality and will be discussed more further into the essay.

To begin, we are examining an article written by Lussier, Grégoire, and Vachon titled “The role of humor usage on creativity, trust and performance in business relationships: An analysis of the salesperson-customer dyad.” In the article, the authors explore the effect of humor in sales performance as they connect it to salesperson creativity and customer trust. Many people understand that there are many factors to having good performance, however many also know that one of the most important factors is the relationship that the company builds with its customers. “Customers with high levels of trust are more likely to spread positive word-of-mouth, and these individuals have higher expectations of continuity” (Lussier et al, 2018, p. 1). It is argued in the article that a salesperson’s creativity can increase the performance of the sales as well because the salesperson is the one that will represent the business for most customers and through recent research, humor is one way for a salesperson to express creativity. Conducting a survey, using the broaden-and-build theory as their theoretical basis, the authors found that greater humor would more positively correlate with salesperson creativity and that salesperson creativity will have a positive effect on sales performance.

What we need to take away from this article is the importance of building a personal connection to our customers. A consistent customer is quite often more important than multiple inconsistent customers because they are predictable and constant. Creating a personal bond with a customer makes trust which then generates the consistency and opportunities for others to recognize the company or brand by good word of mouth. In the article, the authors dove more specifically into a characteristic that affects trust, humor. “Having a sense of humor decreases anxiety and stress as well as increases one's mood and overall life satisfaction” (Lussier et al, 2018, p. 1). This information can be important for a business to improve sales performance because they would only need to focus on training or hiring staff with these consumer appeals. Though many may not see it as an approach that will bring them much more revenue, there is no doubt that working in this area can generate a great outcome for a smaller price.

Next, we are looking at an article written by Nguyen, Paswan, and Dubinsky titled “Allocation of Salespeople’s resources for generating new sales opportunities across four types of customers.” In the article, the authors explore the interactions between four different types of customers and allocated resources. Salespeople have a role in which they are face to face with a customer, which means that their interactions with the customers have a big impact with the performance of the business. Salespeople have a goal of selling and in order to do this they often take the role of an "entrepreneur, locating and deploying personnel and other resources necessary to generate profitable returns" (Nguyen et al, 2017, p. 1). What this means is that in order to get a specific customer to buy certain products or services, salespeople have to allocate resources of either the company's (tangibles or intangibles/external) or their own (such as humor, common-knowledge, solutions/internal). The resource allocated to customers will not be the same, as different customers have different needs and priorities, for example, some customers may take more effort for salespeople to sell, other may take no efforts at all. It is important to know that resource allocation is not solely based upon the buyer, but also the seller. To conduct a study, the authors created a survey using the "Conservation of Resource (CoR) model which sales scholars use commonly to explain the attribution of failure among salespeople" (Nguyen et al, 2017, p. 4) as the theoretical basis. Their results found that when dealing with new customers, salespeople are more likely to use firm-based tangible resources than intangible ones, salespeople are more likely to use firm-based intangible resources rather than tangible ones when dealing with long-term customers, and salespeople are more likely to use-firm based tangible resources when dealing with short-term customers. This is important as it shows that there are biases that salespeople have on different customers. This information shows the role of salespeople in a business. Instead of believing that employing more will mean higher profits, business leaders need to understand the importance of training their current employees and hiring employees not solely based on metrics. This article goes in hand with the previous as they highlight the importance of investigating the role of the salesperson more into depth instead of broadening it.

The final scholarly article we are looking at is written by Friend, Johnson, and Sohi titled “Propensity to Trust Salespeople: A Contingent Multilevel-Multisource Examination”. The authors of the article explore how the relationship between the salesperson and customer is affected by the customer's propensity to trust and by affecting salesperson characteristics. Trust propensity is the tendency to trust, different from the actual word trust. This propensity to trust salespeople, however, varies not only from customer-to-customer, but customers also have diﬀerent levels of trust for different salespeople” (Friend et al, 2018, p. 1). In other words, the usual interaction between a salesperson and a customer is usually seen as or seen as familiar or accustomed to and that the amount of trust the customer has is the basis for these interactions, however, the authors suggest that this is formed by the characteristics of the salesperson as well and that trust actually changes that and even varies with each interaction. The authors based their study using two well-known theories as a foundation. These two theories are: The social exchange theory, which means that trust plays an essential role in social exchanges and the theories of economic exchange which "provides a foundation for structuring the economic transactions between two parties" (Friend et al, 2018, pg. 2). The results found that the higher propensity to trust that a customer has, the more they trust the salesperson, but how strong the relationship is depends on the customer orientation the salesperson has, meaning what kind of category they are put under by the salesperson.

What the article shows is another reason as to why the role of the salesperson is so impacting on the success of a business. Different customers seek different characteristics which they feel comfortable with. As stated before, continuity can generate increasing sales performance. If business leaders want an easy way to improve their sales, they should look more closely to their frontline. Owners should search for and train these people and possibly even invest more into them. This article goes along with the two other articles as it talks about how something, in this case a customer's trust propensity, can affect a salesperson and their relationship with the customer. The articles show the power of the salespeople in a company as trust between a customer and a business has a lot of influence with the success of the company.

The first popular source we will be looking at is written by Zorfas and Leemon titled “An Emotional Connection Matters More than Customer Satisfaction”. In the article, the authors suggest that the highest potential lies in the business' current customer base. Though expanding your quantity of customers is an important task, “on a lifetime value basis, emotionally connected customers are more than twice as valuable as highly satisfied customers” (Zorfas et al, 2016). Loyalty is important as it means steady sales. Many know that appealing to a customer is important, the author argues that one of the most important aspects of this is the emotional connection the company has with a customer. The author of the article teamed up with a few businesses and investment firms in order to gather some solid results. They aided in quantifying the value of emotional connection of the customers. This helped to identify the customers' key emotional motivators and relating these to their experiences. Results found that key factors of emotional connection involved making the customer to stand out from the crowd as well as to bring structure to their lives. Results such as these can serve as other things that businesses can invest into to efficiently improve performance. It shows that instead of trying to generate a larger customer pool, focusing on what the company currently has can be of great value as it is much less costly than advertising.

The second popular source we will be looking at is written by Steenburgh and Ahearne titled “Motivating Salespeople: What Really Works.” In the article, the authors argue that most companies see their employees as an expense, therefore they believe that compensation will improve sales performance, however, the authors point out that there are other companies that have been able to increase their sales performance by treating their sales team with multiple portfolios, meaning that each person or group may need different levels of investment or attention. They recognize that people are different and thus adjust their investment with different salespeople. Proper incentives can have major effects. The authors argue that understanding these individual differences can raise the chances that a plan will have a high impact. Salespeople are on the front of the line for most businesses and this is nothing new. They are often the only part of the company that customers will interact with, which is why it is so important to invest in them. One of the large factors that affect salesperson performance are their motivation and knowing the good formulas to motivate them can lead a company to great success.

A primary source that we will go over is a survey that was conducted by myself. For the survey, I asked 25 random people online questions regarding their opinions on a company’s sales performance and their previous experiences as a customer. According to the information from my survey, 68% of people often buy items or services from businesses that were recommended to them via someone they know. On top of that, 92% of individuals are likely to recommend a service or business to another person if they are a long-term customer and on top of that, 76% of individuals believe that their experience with a salesperson has the biggest impact on whether they will return or not. These results strengthen the argument that having a connection with a customer can have great benefits. A customer’s experience with a salesperson is the primary experience that they will have with that company. Their decision to return or not is highly based off that experience and if a connection between the salesperson and customer develops, the customer is more likely to turn into a returning customer. That generates higher sales by itself and as shown in the results, returning customers are likely to recommend the service or business to someone they know. This is strong as more than half of the people in the survey follow these recommendations, serving as a good argument as to why salespeople have such an important role and why business leaders need to look more into these jobs.

There are many strategies that business owners can use to save money and improve sales performances. These strategies most often revolve around the salesperson, as they are the ones having face-to-face interactions with the customers most of the time. There are many aspects of a salesperson-to-customer interaction that can be investigated that simply are not and it can be an easy way to generate better profits. Business leaders can look for specific qualities and characteristics that a customer might in hiring a salesperson, or simply train a salesperson to treat their interactions with each individual customer importantly. Instead of looking simply at spending money to generate more profits, business owners should look at ways to improve what they already have. As showed from a few of the articles, trust and connection are important when dealing with customers because it generally decides whether they will turn into a loyal customer or a one-time customer. A loyal customer has much more value than a one-time customer as they are consistently buying the goods or services and spreading the positive word of mouth around. On top of that, a few of the articles talked about things that not many people realize that affects the trust and connection a salesperson has with the customer such as customer categories and salesperson humor. All this wraps around to showing the ability of a business to improve their performance based on what they currently have, however at the same time not bashing those that constantly seek more. There are many things that business leaders should take into account, as it may surprise them how a simple sale can be influenced by many things.