

# Customer Intelligence and its effect on Buyer-Seller Relationships in Business Markets

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PhD defense presentation

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Place: Nyenrode Castle- Weapon Room





# The New Sales Reality

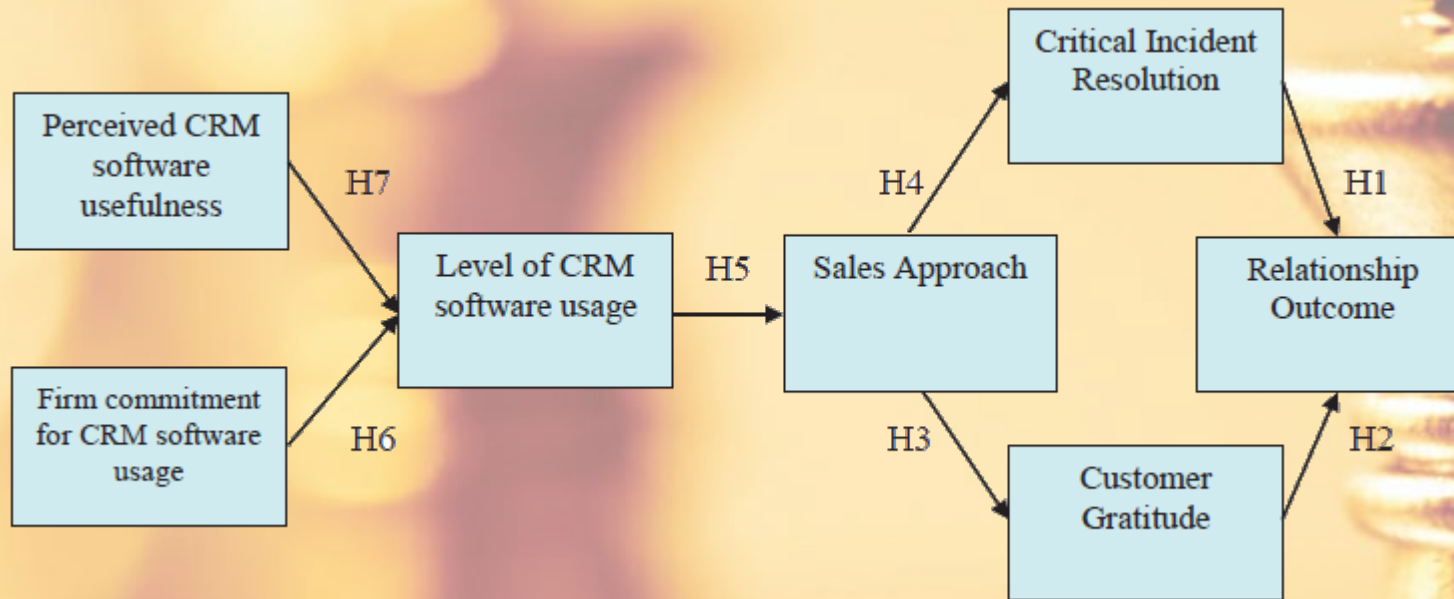
- Sales Data growth
- Big Data deployment
- Customer Intelligence/ Customer Relationship Management heavy usage
- **Social CRM**- Mobile CRM
- Higher **Customer Expectations**
- Increasing Sales Organization Complexity
- **Fragmented buying process**
  - Customers use several communication channels
  - Personal Selling is the most **expensive** channel



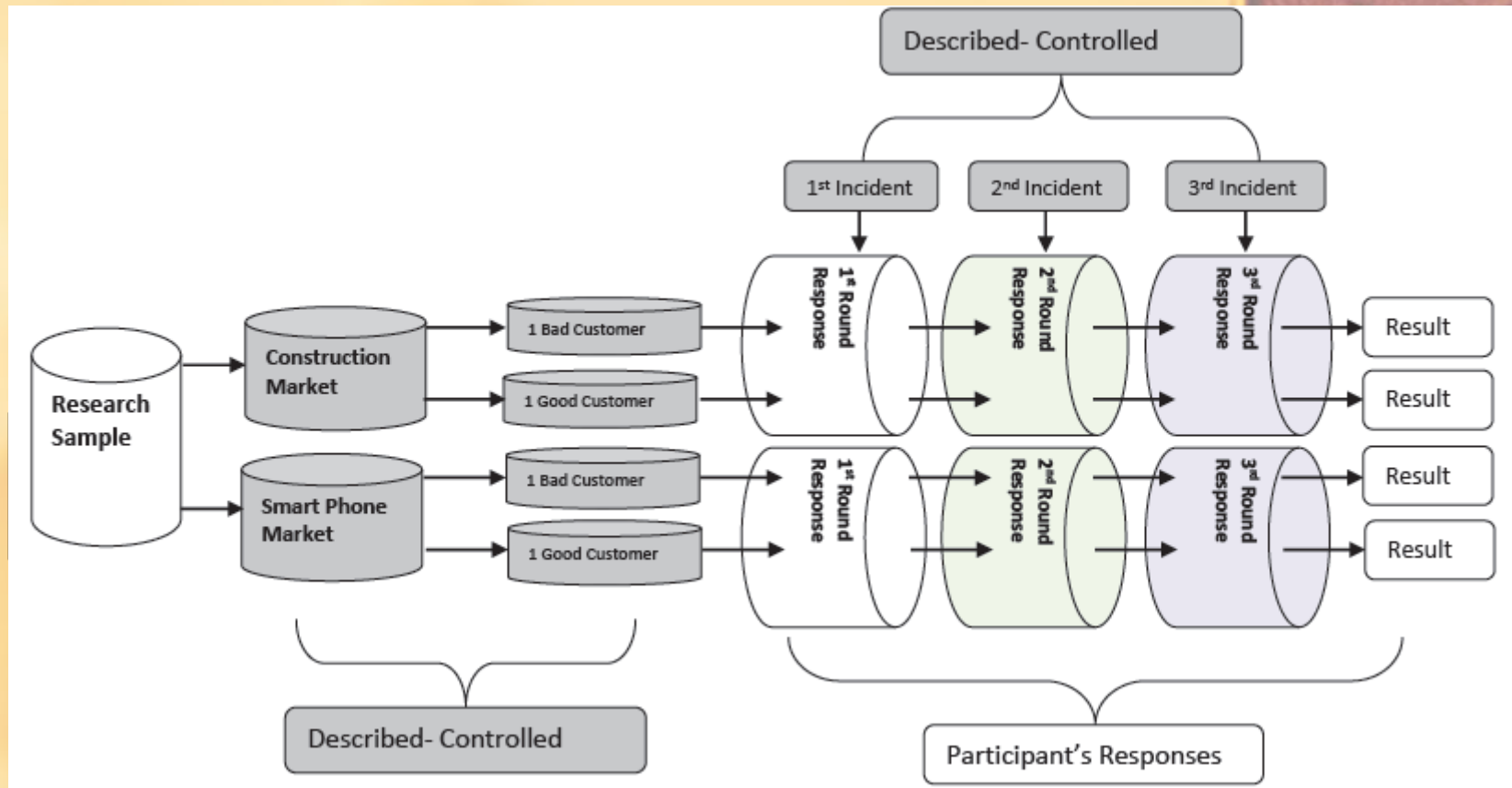
# But at the end of the day

- Does Customer Intelligence improve Sales **Results**?
  - Are there improvements in profitability or qualitative aspects of a Buyer- Seller relationship?
- Is Customer Intelligence affected by individual sales representative or firm characteristics?
- Does Customer Intelligence usage affect **sales approaches**?
- Is Customer Intelligence helpful in **overcoming** difficult events happening in a Buyer-Seller Relationship (**Critical Incidents**)?
- Does Customer Intelligence usage helps sales representatives create feelings of **gratitude** to their customers?

# Thesis Conceptual Model



# Thesis Methodology- The experimental process



# Thesis Methodology- Factors Controlled

- 2 fictitious markets to align experiment with actual markets and to make it more familiar to specific respondents' group
- 2 Buyer- Seller **relationships** (Netzer, Lattin, & Srinivasan, 2008)
- Product Characteristics (Jonshon & Selnes, 2004)
- Sales representatives goals- **Sales Incentives** (Zoltners, Sinha, & Lorimer, 2012)
- CRM software characteristics (Ahearne, Huges, & Shillewaert, 2007)
- Types of **Critical Incidents** (Hamerling et al., 2015)
- Number of **rounds to be 3**
  - Achieve risk aversion -measure responses over time in an aggregated way (Gneezy & Potters, 1997)
  - Both positive and negative incidents (Hamerling et al., 2015)
  - Examination of possible seller change from the customer

# Questionnaire and Sampling

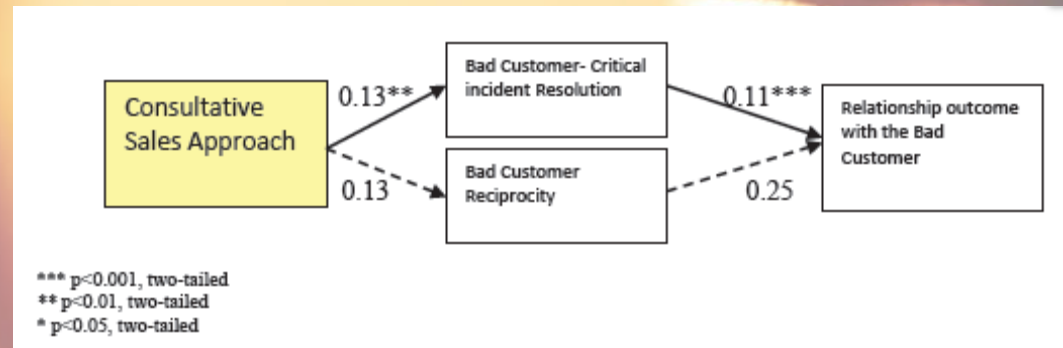
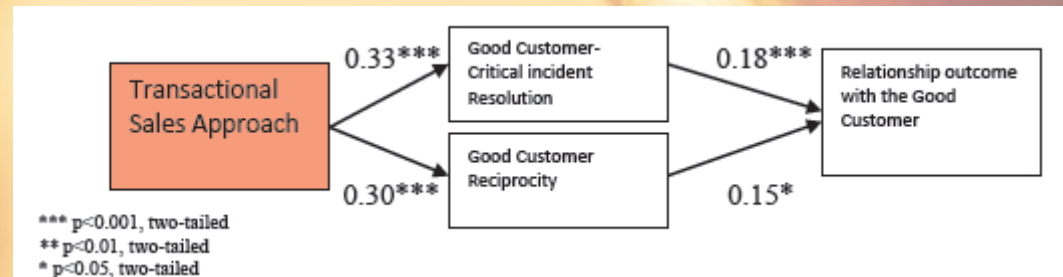
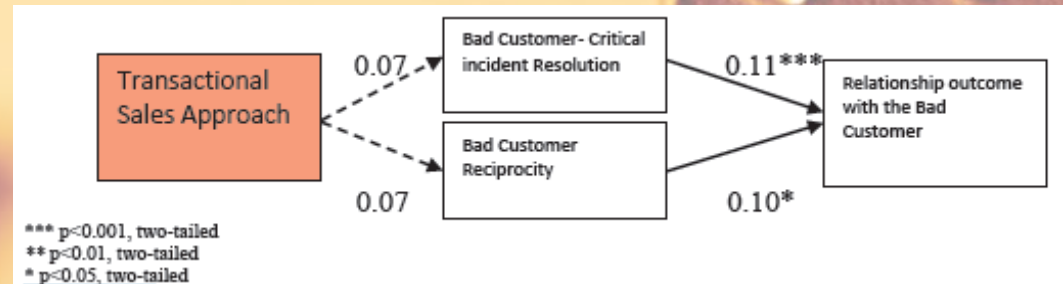
- 190 Respondents- Greek Sales Institute participation
- Sample characteristics similar to other significant studies (Hunter and Perreault 2007)
- **Questionnaire pre-tested extensively** through 12 in depth interviews with sales practitioners
- Imitates successfully **real sales** representatives' **life** conditions
- **Three rounds**, one questionnaire sent to respondents each week
  - Round 1: Perceptions for CI/CRM, Firm to CRM commitment, 1<sup>st</sup> Incident
  - Round 2: 2<sup>nd</sup> Incident
  - Round 3: 3<sup>rd</sup> Incident, Relationship Outcome, Demographics

# Conceptual Model- Hypotheses Testing

- Multigroup Structural Equation Modeling

- Transactional Sales Approach on a bad customer does not affect reciprocity or incident resolution

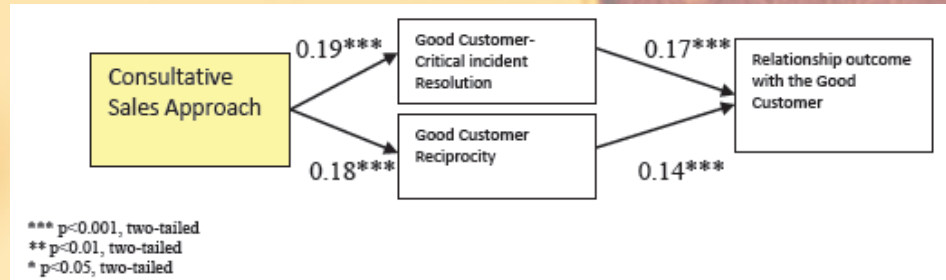
- Significant Differences on how Customer Reciprocity works between trustworthy and problematic relationships



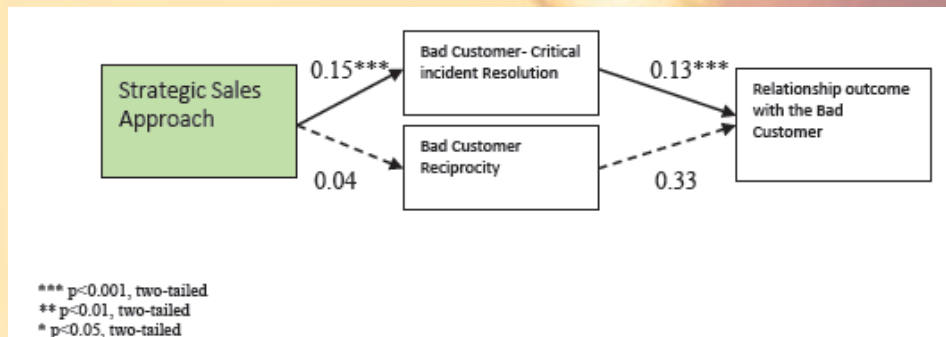


# Conceptual Model- Hypotheses Testing (2)

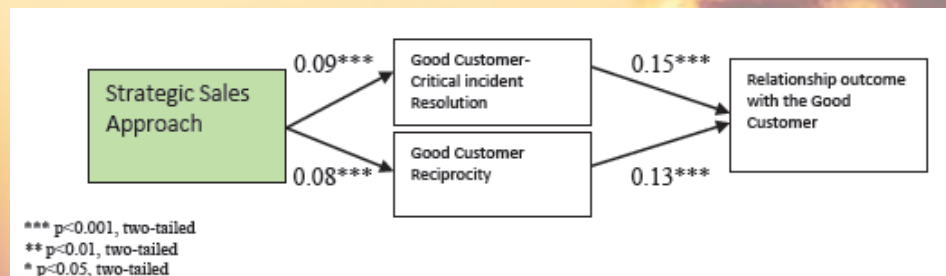
- **Critical Incident Resolution improves the relationship outcome** in all cases of sales approaches and in both types of customer



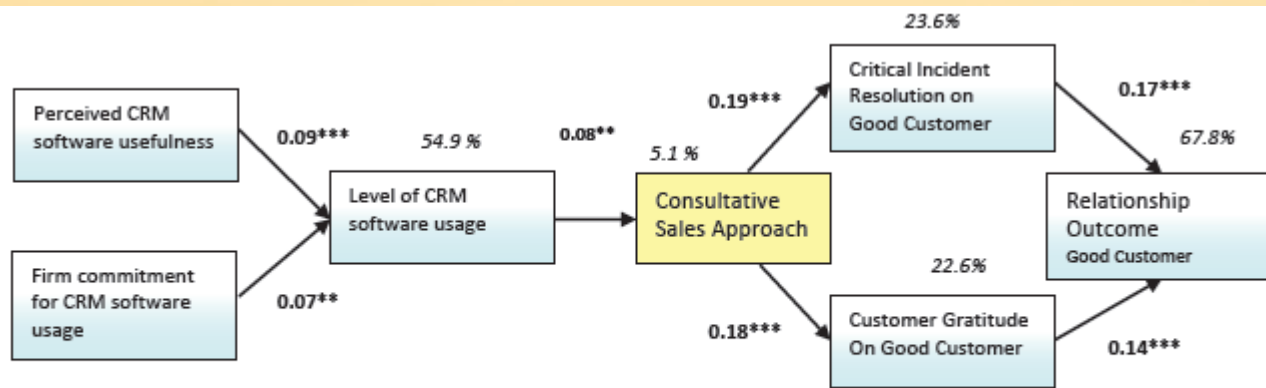
- Gratitude cannot be created in relationships that are not well-established



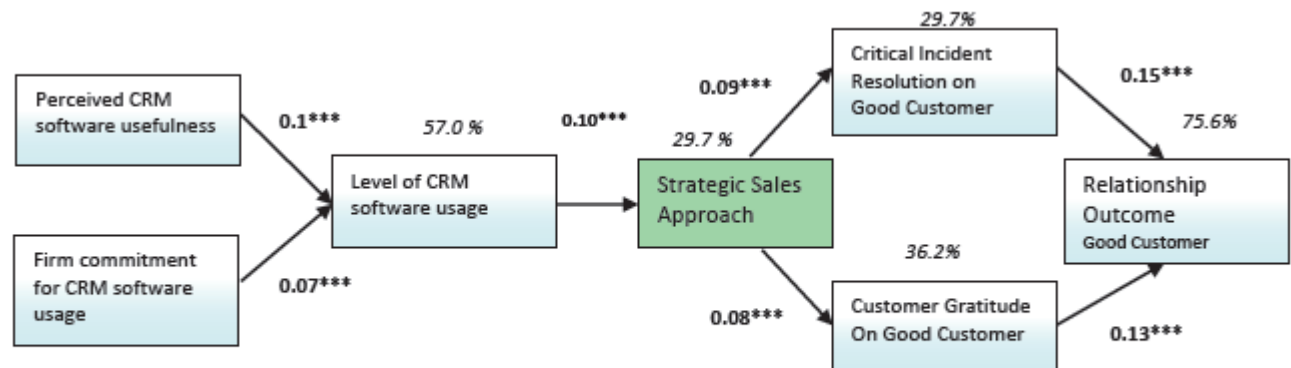
- The **Strategic Sales'** approach on a difficult relationship requires extensive **deployment of customer intelligence** to build solutions upon massive customer data



# Conceptual Model- Hypotheses Testing (3)

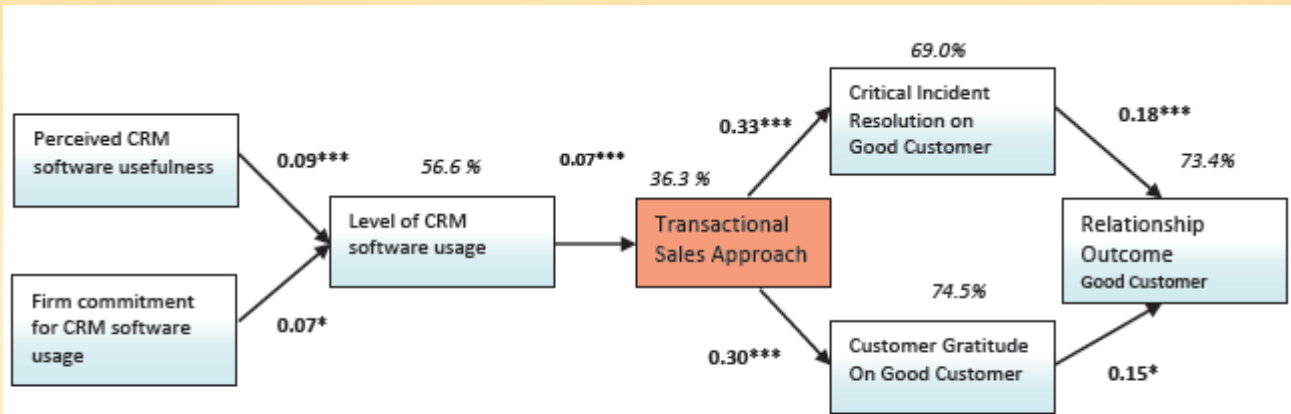


\*\*\*  $p < 0.001$ , two-tailed  
 \*\*  $p < 0.01$ , two-tailed  
 \*  $p < 0.05$ , two-tailed  
 Figures in Italics: Percentage of variance explained

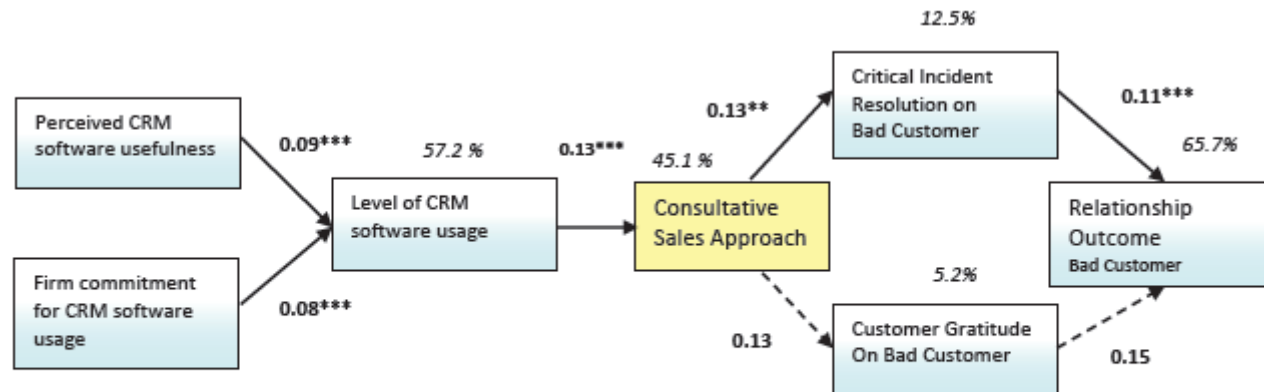


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# Conceptual Model- Hypotheses Testing (4)



\*\*\* p<0.001, two-tailed  
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 Figures in Italics: Percentage of variance explained



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 Figures in Italics: Percentage of variance explained





# Discussion

- There are contexts under which **Customer Intelligence** enhances sales approaches and **improves Buyer-Seller relationship outcome**
- Customer Relationship, Sales Representative's Approach, and Selling Firm are affecting significantly CI usage and returns
- For the first time in the literature there is a **connection between CI/CRM software usage and sales performance**
  - Controlling factors were limiting previous research results range
  - Performance is measured taking into account quantitative and qualitative relationship characteristics

# Discussion (2)

- The study explains how to leverage Selling Organization's investments on specific customers
- Perceptions for CI/CRM usage and the company commitment on this usage are critical for the way CI/CRM is deployed
- Transactional Sales Approach:
  - On Trustworthy customers is well explained by the model
  - Sales are becoming more transactional and CI is a safe way of serving Good Customers efficiently
- Consultative Sales Approach:
  - Becomes **Stronger** overtime
  - It is a "hunter" approach to achieve the best sale
  - Low **responsiveness** to customer signals for change



# Discussion (3)

- **Consultative Sales Approach (cont.):**
  - Relying not too much on CI/CRM
  - Consultative salesman **consulting** sometimes may become more valuable to the customer than the product or service sold
- **Strategic Sales Approach**
  - Clear and comprehensive customer info documentation is needed for serving this approach efficiently no matter the relationship with the customer
  - Strategic Sales are **perfectly explained by the model** (with the exception of problematic customer gratitude)



# Recommendations Sales Representatives

- Avoid using the same sales approach for all customers
- Customer Intelligence helps achieve better results, maintain and improve the **contribution of personal selling** even in the contemporary selling landscape
- When the customer relationship seems promising, do not hesitate to **go the extra mile**
- The beginning of many good relationships is problem resolution-focus on the relationship problems and treat critical incidents as **opportunities for selling more/better** (no matter how disastrous they may seem at first sight)
- When the relationship is good, do more, **create gratitude**



# Recommendations Sales Managers

- Do not try to create gratitude to customers that do not have in mind a long-term mutually beneficial relationship
- Avoid giving more to the customers who just ask for it
- CI/CRM software has positive effects on a customer relationship in the long-run , in case there are **short-term sales incentives**, CI/CRM abuse **endangers long-term customer focus**
- Segment the market using an updated and accurate customer segmentation based on the relationship status with the vendor company
- Before categorizing a customer relationship as problematic, try another sales representative with the same customer



# Limitations and Suggestions for Future Research

- Research participants had to indirectly **evaluate** themselves predicting the relationship outcome
- The customer side was not taken into account, if taken the way the relationships evolved may correspond to specific patterns like **game theory**
- **Transactional Sales Approach** on a Bad Customer is only partially explained by the model, requires further examination
- Research was conducted under the new- initiated Greek market **capital controls** (2015) therefore the external environment for many respondents was extraordinary stressful
- Level of CI/CRM software usage is a predictor of the Sales Approach when Sales Approach is not a predictor of CI/CRM software usage
  - Research needed to link CI/CRM **software usage** with **individual** sales representatives' **traits**



# What I have learned...

- I only had the weapons I had been given, like the Greek Football Team back in 2004, I had limited resources and I had to use them intelligently.
- I have always had an obligation to creation, above all (Nick Cave).
- A fresh approach to a work of music usually comes to those who have a fresh approach to aspects of life, to life in general (Dmitri Shostakovich).
- A writer can survive everything but a misprint (Oscar Wilde).
- You will come to learn a great deal if you study the insignificant in depth (Odysseas Elytis).

It was a life rewarding experience

Thank you very much!

