

LEARNING FROM RIVALS

Benchmarking for Martela Oyj

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ABSTRACT

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ABSTRACT

The purpose of this thesis was to investigate the products the competitors of Martela Oyj have: their similarities and differences as well as their appeal to different types of customers. The competing sales personnel was also monitored accurately by completing a day of mystery shopping: notes were collected based on the sales situation, how the sales person approached the prospect, what was the quality of the service, how accurately were the needs of the prospect defined and what kind of questions were asked, what kind of products were offered, was a deal closure suggested and so on.

The main goal for the thesis was to find out what makes Martela Oyj's named competitors their main competitors: what is done right, what is done in a way not pleasing the customer, are there services available that might give a competitive advantage to the competitors, are there vast price differences, and so on. The information collected is aimed to help Martela Oyj to benchmark against their competition.

Martela Oyj got valuable information on the products as well as on the sales personnel of the competitors. A lot about the way of selling that is focused mainly on business-to-business interactions was learned, as well as about the products themselves. The writer of this thesis got to know a lot about the values, responsibilities and marketing mixes used by different companies operating on the same field of business.

The results revealed factors behind the success of the competitors of Martela Oyj; the main profit products and product lines pushed to the customer; the main differences between the products, as well as the vast differences in the ways of serving the customer. Because of the confidentiality agreement, the results cannot be revealed as a whole.

Key words: mystery shopping, benchmarking, competitor analysis, sales performance analysis

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1 INTRODUCTION

The fast paced world of today forces companies to act faster, with less money and with ever-increasing amount of needs deriving from the customers. Customer service is gaining more and more importance and the salience of relationship marketing is being acknowledged all over the world. This means that the customers are no longer people who buy once and after that are just one tiny piece of past but rather people with whom the companies want to build long-lasting relationships with.

For example, economical unions are lowering the barriers of entering the markets and therefore the competition is increasing day by day. No longer are the domestic markets big enough, and the movement of globalization is bewitching even the smaller companies to take part in the worldwide hustle and bustle. Even though the growth rate of the population on the planet seems not to cease, still there is only a selected bunch of prospects upon which hundreds of companies compete. Hence yet, the last thing the companies should forget to focus on are the rivals themselves: if one does not know the ways the competition operates, yet the competition is doing much better than the company in question, it is a straight way to destruction. The sectors of operations that should be paid attention to include factors such as the supply chain, the product itself, economical stability and most of all, the linkage between the customer and the product: the salesperson.

The poor thing. There is not a single company who would not expect results, and especially today the results expected seem far beyond reach. In addition to the result-seeking performance, the sales people are expected to be close to psychologists, people with superior knowhow, mistake-proof, able to resolve any conflict that crosses their path... the list goes on forever. On top of this not only are they monitored by their superiors and the customers but also by secretive sources such as mystery shoppers. Work motivation is sometimes forced on the personnel by threatening them with these people who might just pop up when they are least expected to; by setting goals that are close to impossible to reach or by letting them know that no one is indispensable. One either hates the game or loves it. Either way, road to success is never covered with gold but rather with sharp stones and edges. Jeffrey Gitomer (2005,1) gives anyone on the company ladder a great hint: "The secret to climbing up is to put your heart into your work."

1.1 Goals and Objectives

The main goal of this thesis was to bring the main competitors' products and level of customer service into the awareness of the sales personnel of Martela Oyj. The company needs the information in order to compare the products to the ones offered by Martela, as well as to be more acknowledged on the facts affecting the prices of the competitors and therefore to have better ability to argue why Martela offers more value to its customers than the other companies on the office furniture market.

There are certain profit products in every company and the competition of Martela is no exception. These products are usually the ones being offered to the customers and therefore it was vital to find out what these products in question are and what are the arguments being used to influence the customer's purchasing decision so that it would be as beneficial as possible to the company selling the product. The aim of this thesis was for the writer to investigate the main profit products of the competitors in comparison with the ones of Martela.

Martela Oyj also wanted to know the level to which the sales personnel of the competitors offer extra accessories, and do they have some kind of services that might create a competitive edge for them. The sales personnel performance from the first step to the show room to the last handshake after the selection of the products was reported as accurately as possible.

The goal for the writer of this thesis was to get a deeper insight into the intriguing world of sales in the form of theoretical research as well as in the practical manner. The importance of selling skills is growing day by day and the dimensions the job entails are innumerable, and to find these dimensions out was the main goal for the writer of this thesis.

1.2 Research Methods

The methods used to find out the above-mentioned factors included data collecting via the Internet as well as fieldwork in the form of mystery shopping. The three main com-

petitors and their show rooms were visited and based on the short introduction given by Martela Oyj notes were collected from the whole visit.

The theoretical framework was mainly collected from literature dealing with sales personnel performance as well as with the methods used by them. A deeper insight into mystery shopping was also gained through materials dealing with this intriguing way of qualitative research.

2 MARTELA

2.1 In general

Martela is “a front runner in providing innovative solutions and customer service” (Martela Oyj 2012). This statement is the first one to pop up when visiting Martela’s websites, and it really sums up the very core of the company’s operations: being the market leader on the field of designing and supplying interior solutions for working environments and public spaces with the help of a line of designers more than impressive (e.g. one of them being well known, multiple-award winning Finnish interior designer Eero Aarnio), Martela provides its customers, whether big or small, with a long lasting relationship continuously benefiting both ends.

Another statement acting as a cornerstone for Martela’s operations and ergonomical thinking was introduced to the public in the early 50s: “A supportive chair is more efficient than a tired employee” (Martela Oyj 2012). This statement follows the whole production process from the design phase until the end product reaches the customer. Martela has a strong urge for introducing the employees all over the world with better functioning offices where back pains and sore necks are long gone.

The matter of quality without exploiting the environment is a factor of great importance. Martela follows strictly the ISO9001: 2008 standard in its operations, and to minimize the amount of defects and to guarantee the durability of the product year after year, not forgetting the maximization of the efficiency of customer service, Martela uses a strategy called “the Pull”. This strategy is highly customer oriented, since the final product is assembled not until the order is placed (Marketing Made Simple 2012).

The company genuinely acknowledges its social responsibility, and this can be seen from every sector they have operations in: when designing the product, it is designed to last and the durability is tested in highly monitored laboratory conditions. The products are given the “swan stamp” that implicates their high quality and low lumber on nature. The suppliers are selected carefully not only by quality aspects but also by monitoring the supplier’s way of doing business as a whole. The sales personnel is highly competent and concentrates on finding the best possible solutions for the customer’s needs as

well as on maintaining, developing and strengthening the relationship between the consumer and the company. When it comes to the company as an employer, Martela provides equality and wants to be “the best working place for the best employees”.

For its customers, Martela wants to offer solutions that are modified to meet the need of the local market. That is why Martela has successfully acknowledged and implemented the “think global act local” –paradigm, by which it guarantees local production with short distances for delivery.

By using international indicators, Martela monitors and detects possible frailties in all these operations mentioned above, and therefore is able to guarantee a working environment where the employees are highly satisfied and committed, this leading to the best possible outcome year after year. Hence, not only are happy the people inside the company but also the end users in their more functional offices. (Vastuullisuus Martelassa 2012.)

“Family Business, Passion for Innovations, User Driven Design and Finnishness”

– The core values of Martela, factors the company is made of (Vuosikertomus, 2011, 8).

2.2 History

Martela has its roots as far back as the 1940s. The founders, Matti S. Martela, Henrik Virkkunen, Unto Eskola, Jonne Jahukainen in addition to Svante Nurmiraanta and Wladimir Rumjantsev, first named the company as Tehokaluste when it was established in 1945. The decade itself was a period of great opportunities, since there was a screaming need for office furniture now that the war was over and the people were queuing up for working in an office.

This need was also acknowledged by the Finnish government who then placed huge orders on Tehokaluste, and by this guaranteed the growth of this infant. And it did not stop there - this profitable relationship between the company and the government has been going on ever since.

Tehokaluste changed its name to Martela in 1974 when it merged with Nummela Production site. Since Nummela as a small town did not possess the amount of workforce

needed to meet the demand that was growing bigger day by day, Martela put up a factory also in Kitee. The company continued to gain more and more visibility not only on the Finnish markets but also in other Nordic countries, and when the 70's were turning on to the 80's the continuance of this success story was inevitable.

The 1980s has perhaps been the most important decade for Martela when it comes to monitoring the fast-paced growth the company has faced during all these years. The trend of internationalization got its grip on Martela and sometimes held on even a bit too tight. A case in point is the establishment of Avarte LTD; a branch that was put up to meet the needs of more internationally oriented markets. Inevitably, what grew to be a deal breaker were the rapidly growing markets and sadly the lack of resources Martela had to face, hence the company was forced to discontinue this promising line of work. However, the hole left by Avarte was soon replaced by the acquirement of P. O. Korhonen, this giving more tools for Martela to compete in the turbulent business environment.

In 1986 Martela was listed in the OTC list of the Helsinki Stock Exchange. The company had grown from the small, family-owned business of the 1940s to an international corporation employing almost 900 people and being one of the most profitable companies on the field.

At the end of the 80's, Martela was recognized as one of the leading manufacturers of office furniture in the Nordic countries and also to be among the biggest in this sector in the whole of Europe.

The 1990s came with a thundering sky: temporary lay-offs, salary decreases and lowered value of the products were making it rain also on Martela. But, despite these gloomy pictures splattered over the markets during the recession, Martela survived from these years as a winner. Already in 1991 Matti T. Martela was selected as the businessman of the year and Martela was the first Finnish company to join the European Federation of Office Furniture (FEMB). The membership meant new standards and norms on the production and design as well as stricter monitoring on the operations and actions taken – and Martela passed the test with flying colors. (Martela Oyj 2012.)

Throughout the years Martela has been in a privileged position to see the transformation of Finland from a rural, agricultural-based country to a city-oriented high-tech “small giant”, as it is seen today. Martela has shown great adaptability to the ever-changing needs of the consumers - from the emphasis on design and the introduction of the new DIN-norms and standardization in the sixties; the increasing interest on ergonomics, efficiency and open offices in the 70’s; through the boom of information technology and the requirements it put on the offices in the 80’s; and the nineties with the great recession and new norms to be adapted to due to the membership of the EU, combined with the introduction of the Office Maker (computerized designing tool) and the ideology of a “flexi-space” risen from the growing importance of team work. Finally came the “Facebook generation” of the millennium and its growing variety of needs with great challenges – yet it has been acting rather as a forceful wind on the sails of the boat to success than as a storm cutting its trail.

2.3 The Future

When browsing through the latest Annual Report (2011, 5) of Martela, it becomes clear that the growth has not ceased. The turnover grew by 13,7 per cent compared to the previous year and the demand keeps increasing steadily, especially in the Finnish, Swedish and Polish markets. A case in point are the Finnish markets: in Finland alone there are 36 per cent more admitted construction permits for office buildings compared to last year, 21 per cent of which have already been started to build (Euroinvestor 2012).

The opening of Martela Outlet in 2010 has also had its impact on the growth by increasing the turnover with over 30 per cent after its introduction to the public, and by the beginning of the year 2012 it has already been spread to six cities in Finland. It offers used and overhauled office furniture, as well as old models that have been used for the exhibitions. The price-quality ratio as well as the more environmentally friendly way of purchasing furniture by recycled products that have already been in use are attracting more and more interest and stable growth in demand is inevitable.

In addition to the Outlet, in 2011 Martela opened a new place of business in Moscow, to supplement the sales office already fully operating in St. Petersburg. In the beginning of the year 2012 Martela made more acquisitions by redeeming Grundell, a moving ser-

vice company it has had collaboration with for many years. By doing this Martela wanted to ensure a full package of services for those purchasing their products.

A lot of non-monetary recognition has also fallen on this small giant: as Helsinki is the World Design Capital of the year 2012, Martela has had the honour to be the main sponsor for this event. The theme of this year is “the integration of design into people’s everyday life” (World Design Capital, 2010) and as the main goal of Martela is to be the leading interior design brand, it goes without saying that being the one furnishing the exhibition space is a huge opportunity on the road to accomplishing this goal.

Martela was also among the five finalists in the eEmeli Awards, eEmeli standing for the Association of Finnish eLearning centre. The theme of the competition was to create a platform that “supports and promotes domestic e-learning, its stakeholders, products and services to improve the quality of technology-based learning operations and activities” (Bitville, 2012). Martela Learning, a platform that shores internal competence development and gives tools for discussion and interaction between the employees in a virtual and collaborative learning space, was nominated with an honourable recognition as being a great support for community-based learning. The purpose for the creation of Martela Learning was not only in teaching but also in enabling networking and sharing information as well as the tacit knowledge the many employees of Martela possess. It has turned out to be a great instrument for globalizing operations and uniting the corporate values and brand. Martela Learning has successfully modified the social media channels to suit the company’s purpose and has mitigated the communication within the company considerably.

The successful future is guaranteed also by the great ability to survive the harsh market conditions. This can be seen in the company history: not only was Martela there to face the recession in the nineties, but it has also survived the one that begun in 2008 as a winner. Even though some compulsory lay-offs had to be made, still no drastic impact could be seen on the operations of Martela. The company was even nominated to be the best sales organization in Finland in 2010: it was stated that the sales structure and the organization as a whole was built by using the eyes of the customer. Another factor influencing the judges’ decision was exactly the fact already mentioned above: despite the ruff market conditions, the company has managed to stay highly profitable and meet the needs of the consumers. (Martela Oyj, 2010.)

3 THE MARKETS IN GENERAL

Even though the market for office and open space furniture have had its hit due to the recession of the past couple of years, according to the website Euroinvestors, the increase in the construction permit admittance shows that the markets are starting to slowly revive. The markets are expected to grow within the forthcoming years but not without limitations. Let's face it, the Finnish markets are not so big in size, and the competition on the foreign markets is fierce. The EU eases up the movement of the goods, labour and money flows, but this also means that there are more and more companies trying their wings on the European markets.

As far as the Russian markets are concerned, they are almost unlimited in size but when it comes to having business within this isolated giant, the rules and regulations, not to mention the cultural customs, grow to act as a deal breaker for many companies.

No official market surveys have been conducted on the market sizes and -shares but according to the customer questionnaire carried out by Martela, Martela holds about 50% market share on the Finnish markets.

All in all there are innumerable opportunities on the sector in question, but in order to succeed among all the companies operating internationally, one has to have the tools to really stand out from the crowd.

3.1 The Main Competitors

In order to succeed in doing business, one has to know not only the market one is operating in but also the companies competed with - from head to toe. For Martela PLC there are three major competitors: Kinnarps, EFG and Isku.

3.1.1 Kinnarps

Kinnarps, originated in Sweden in the 1940s, stranded to Finland as a family-owned company in 1990. Nowadays it is the second largest provider for the working spaces in Europe and it has operations in 40 different countries. The production sites are located

in Sweden and Germany and in total there are seven of them. The goals of this company are aimed high and by conducting several big purchases during the last decade it is growing sturdily in size.

In 2011 Kinnarps conducted a study that revealed the importance of workplace well being. It revealed that if the working environment is invested in and put emphasis on, the efficiency of the company increases drastically and the wellness of the employees is notably higher. According to the study, in the end this concentration on the functional and ergonomical working spaces will turn out to be more economical for the company than the continuous sick leave payments. (Kinnarps Oy 2012.)

3.1.2 EFG

EFG, also known as European Furniture Company, was established in 1885, when it was known as NKR. The name EFG it got in 1993 due to the high influence of the EU and its “four freedoms” that enabled companies to operate freely between the member countries. This first step towards internationalization has been the driving force behind EFG’s operations ever since, and it is gaining more and more market share after huge purchases made during the last years.

Cases in point are the acquisitions of well-known names such as Winger, the biggest provider of office furniture in the Norwegian markets (after year 2007 EFG has risen to be a market leader on these markets), and Asko Furniture’s open space furniture unit. In 1999 the company gained a footing on the British markets as well by acquiring Matthews Office Furniture Ltd. (EFG 2012.)

3.1.3 Isku

Established over 80 years ago, Isku today has operations in seven different countries and one third of their turnover comes from these foreign activities. The international orientation has lead the company to expand their business also to Russia and the Baltic countries during the 1990s, and also the organizational change made in 2011 was aimed at forming a more unite and efficient company that serves every customer in every country they have operations in.

Isku concentrates highly on domestic production and gives a prominent amount of credit to the environmental issues, therefore having a tight grasp on the environmentally conscious consumers of today. (Isku Interior 2012.)

4 THEORETICAL FRAMEWORK

The graph below describes the structure of the theoretical framework of this thesis. All the companies dealt with operate on the same market of office furniture and hence have products with lots of similarities. Yet, one of the main goals of this thesis was to find out the major differences between these products and more over, between the next level seen in the graph: the sales personnel. Sales personnel are the channel and the “translator” between the customer and the product. Therefore it is vital to have the best possible methods in use to be able to really connect the customer, his need and the product being sold together. The following theoretical framework is highly concentrated not only on these methods but also on factors that might have an effect on the purchasing decision (doubt vs. trust) of the consumer, such as the sales person’s attractiveness and credibility. The two-way arrow in the graph depicts the sales situation: after all, it is not a one way street but an interactive event between the sales person and the customer.

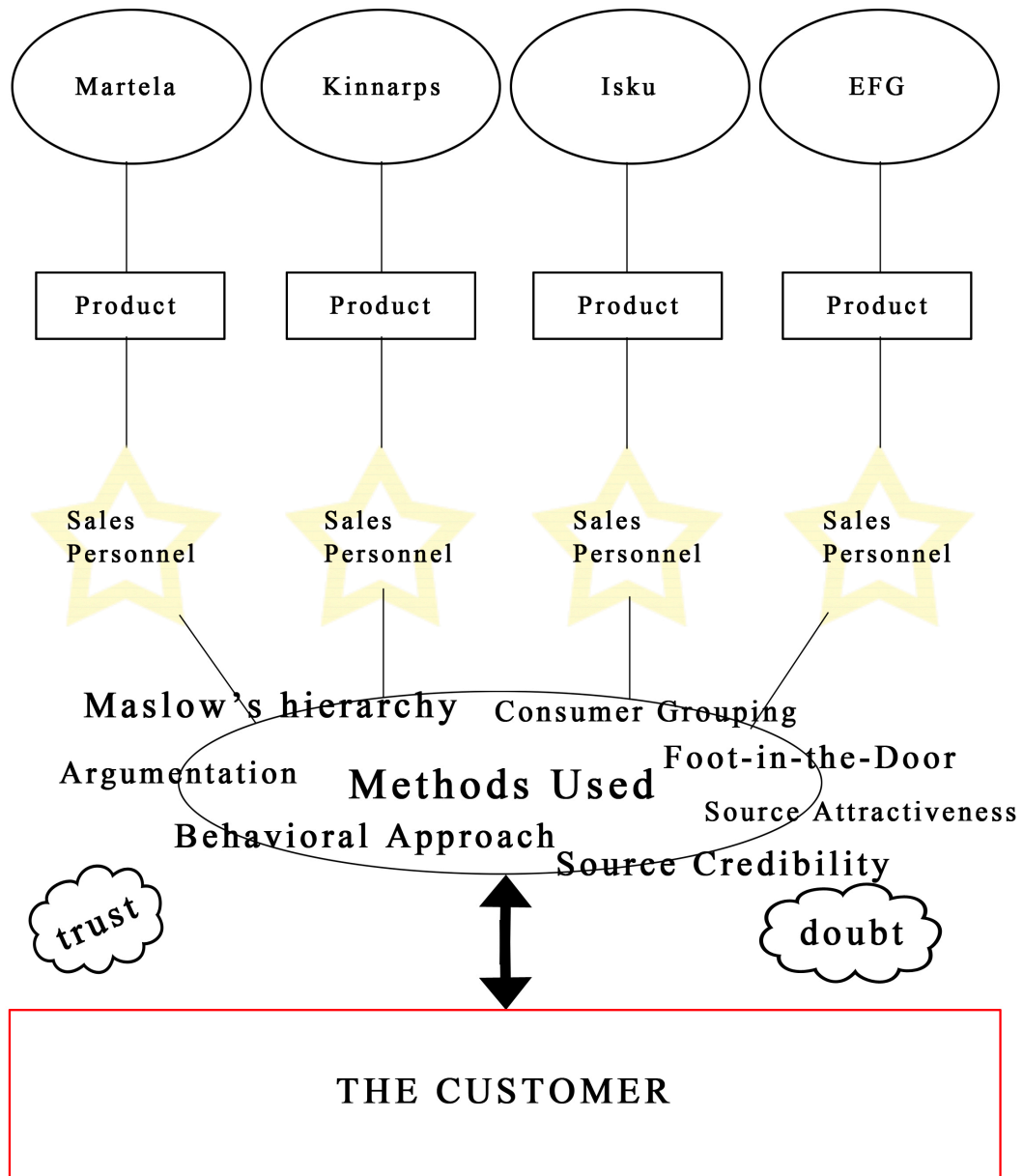


FIGURE 1. The structure of the theoretical framework

Since the topic of the thesis deals with the importance of knowing one's competitors, this theoretical part starts with pointing out the importance of competition to the mar-

kets and is followed by some background of competitor analysis and especially benchmarking.

4.1 Know Your Competitors

Already in 1800s the importance of competition was highly acknowledged by an evolutionary front-runner Charles Darwin. He stated that without any competition the species of the world would not be able to develop through natural selection, and hence they would lose their adaptability to the ever-changing living conditions of the planet and therefore, in the end, become extinguished. The same applies to the business life of today: customers are more demanding, manufactures are expected to produce more, faster and with less money, price increases take place nearly on daily basis, and the economical situation of the world seems to be on the edge. Even though competition is fierce, it has become clear that one could not live without the other. As stated by Tapio Rissanen in his book *Kilpailu Markkinoilla*, competition is the expletive of the market economy and its creativeness¹, growth's and development's indefatigable source¹ (2007, 15).

4.1.1 Ability to Compete & Competitor analysis

Rissanen (2007, 35-36) states that in order to be able to compete and survive on the turbulent markets the company should recognize and familiarize itself thoroughly with the field it is operating in; it should acknowledge its strengths and weaknesses; it should know how to make an overall analysis and how to define its goals on the different arenas (economical, technical, social, judicial as well as ecological, environmental and biological arenas), and finally, the company should have the ability to make decisions and to proceed to these new goals as well as listen to the markets and redirect itself if required by the situation.

A great and a vital way to gain this kind of overall view of the field of business that is operated in, is to acknowledge the importance of the competitors and the information the company has about them. Sun Tzu, a fourth century Chinese general introduced by Graham Hooley, Nigel F. Piercy and Birgitte Nicolaud in their book *Marketing Strategy*

¹ Competition on the Markets

² Mystery Shopping's and Customer survey's Questionnaires' Suitability for Finding out Grocery Shops'

and Competitive Positioning, puts the idea of a competitor analysis into words: “If you know your enemy as you know yourself, you need not to fear the result of a hundred battles. If you know yourself but not the enemy, for every victory you gain you will suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every battle” (2008, 115).

There are two different stages of knowledge of this kind listed by Rissanen (2007,70): *strategic* and *operative* stage. Strategic stage includes information such as notes on the changes to the competitor’s acquisitions on equity, technologies used, product policies, distribution channels, pricing, and discounts as well as investment- and reduction plans. Operative stage in turn deals with information such as advertising, market share fluctuations, sales personnel’s ways of working, distribution, pricing, discounts, terms of payment, quality of the products, serial size of manufacturing, ability to pay, disturbances in payment, financing, warehouse development, and so forth.

One way to get started with a competitor analysis is by *benchmarking*. Benchmarking stands for a means where the company in question compares itself with the “best-in-class” competitor. This gives the company valuable information on the operations of the competitor as well as ideas how to get better in the sector of business that is operated in. Benchmarking is done through four different steps: identification of the company that is being benchmarked against; identification of what aspects of business to benchmark; collection of relevant data to enable processes and operations to be compared, and lastly the comparison with own processes. (Hooley et al. 2008, 116-118.)

To find the biggest player of the field of business in question is not necessarily the point: rather than monitoring the operations as a whole, the company doing the benchmarking can also put its focus on smaller and younger enterprises that might be superior on only one sector of their services. This sector might be e.g. customer service, supply chain or the price with which they sell their products. If the company benchmarked against is a newcomer to the markets, it might also offer the older ones with a fresher insight, a better concept to offer to the customers, and so on.

To pick the right aspect to focus on while benchmarking it is vital to acknowledge which part of the business needs it the most. The aspect can be something that is costly

to the company, creates notable value to the customer satisfaction or is something in a desperate need for improvement.

Even though some of the information needed can be found from public sources, the best ways to get a deeper insight into what really is going on behind those closed doors, according to Rissanen (2007, 71), is to get acquainted with the competitor's customers, with other companies that have been dealing with the competitor or with former employees that like to gossip, and by following up the latest news. In addition to this, Hooley et al. (2008, 118) suggest ways such as interviews and data sharing including information gained from conferences and situations where the heads of companies competing with each other either consciously or unconsciously swap "the dirty laundry".

Hooley et al. (2008) as well as Rissanen (2007) put a huge emphasis on the comments and feedback coming from the former or current customers of the competitor. Jeffrey Gitomer, an all-American super seller states in his book *Little Red Book of Selling – 12.5 of Sales Greatness* (2005,165), that in order to make a sale AND to create a long lasting relationship with the customer, the company has to acknowledge the importance of testimonials coming from the people being sold at. These testimonials are earned through hard work BUT if this hard work does not pay off or is conducted wrongly and not corresponding the need of the customer, the testimonial quickly turns into an obituary. As the old saying goes, "good feedback is harder to get and it is not spread forward as easily as the bad ones". When benchmarking against competitors it is therefore more than practical to find out both good and bad feedback put on the companies competed against, and more importantly, to learn from their mistakes or success.

This leads to the final stage of the benchmarking process listed by Hooley et al. (2008, 118): comparing the data collected to the processes of the company doing the benchmarking. At this stage, two options take place: either it is found out that the company does not differ that much from the "best in class", or that significant divergence occurs and actions need to be taken. These new processes may include either mirroring the practices used by the best in class or new service innovations adapted from different fields of industries. These new innovations might lead to competitive advantage. For example, the company might create a supply chain that assures the customer that he or she gets the product within three days after the order is placed.

4.1.2 Mystery Shopping as a Method of Monitoring the Competitor

Mystery shopping is a method in which a person outside the company camouflages himself to act as a regular customer. After the shopping experience, this person informs the higher levels of the company of the good and the bad points seen and experienced during the visit. Laaksonen and Pelttari state in their final thesis *Mystery Shoppingin ja asiakastyytyväisyyskyselyn soveltuvuus vähittäistavarakaupan asiakastyytyväisyyden määrittämiseen* (2009, 37)², that this method is specifically functional if the field under surveillance possesses common rules that are supposed to be followed. For example, McDonald's uses this to monitor the quality of the food and the speed the food is served as well as to evaluate the quality of customer service.

According to Pelttari et al. (2009, 37), mystery shopping is used mainly to help the companies to allocate certain problems, educate employees, improve the location of the products, and to maximize the standard of service. It can be used to monitor a certain service point, to compare different shops of a chain with each other, to evaluate the level of service of the competitors or to assess the sales skills of the employees.

Mystery shopping is also used to motivate the employees. When the employees acknowledge that they will be monitored in fixed intervals, they are forced to provide top-notch service to each customer they encounter. They also compare customer feedback to the efficiency of mystery shopping and state that mystery shopping provides the companies with an input that is more valid and trustworthy. This stems from an argument that the customer feedback received usually comes from sources that represent the extremities, whereas mystery shoppers always provide an overview that is based not on personal claims but on actual factors experienced during the sales situation. (Pelttari et al. 2009, 38.)

4.2 Analysing the Sales Performance

Since a big part of this thesis was to monitor and analyse the sales person's performance when encountering a customer as well as to find out the facts the person is using as ar-

² Mystery Shopping's and Customer survey's Questionnaires' Suitability for Finding out Grocery Shops' Customer Satisfaction

guments for choosing a certain product, it was found vital to get more thoroughly acquainted with the processes behind the sales situation and how they are affected by both internal and external factors.

4.2.1 Consumer Grouping

As stated by Michael R. Solomon (2011, 6-8), one of the first steps that take place in the mind of a sales person when facing a consumer is *consumer grouping*. This is done by monitoring the external qualities the customer possesses such as age, gender, family structure (e.g. is it a family that is dealt with), social class and income as well as race and ethnicity. These factors play an important role in the formation of the first impression that affects which product the sales person is starting the sales situation with. Nevertheless, first impressions may vary over time and this is sometimes applicable to the sales situation as well, and therefore it is important for the sales person not to judge the book by its covers too hastily but to stop and listen what the customer has to say. It might well be that the young couple who at first seem like poor students turn out to be the owners of a multinational IT-company.

4.2.2 The Attention

When the above-described grouping phase has passed, it is time for the sales person to concentrate on the most prominent factor that dominates every step within the sales situation as of now: *the attention*.

So what is attention? According to Solomon (2011, 54), attention refers to “the extent to which processing activity is devoted to a particular stimulus”; in this case the stimulus being the product that the sales person is trying to sell. Many factors influence the level of attention paid to the object offered by the sales personnel, such as a great variety of alternatives, tempting special offers (that are seldom the ones the sales person is trying to sell), the competence of the sales person, prior knowledge on the products and many more.

Sometimes, especially in the “information society” we live in today, consumers may suffer from *sensory overload*. It is a state where the consumer is exposed to far more information than he or she can process. This state prioritises the role of the sales person

even more: by using the right tools in the right way, the product that is chosen in the end might be the one the sales person in question is selling, despite the numerous alternatives and increasing information load that might cause confusion in the customers. This fact is one of the reasons why nowadays *relationship marketing* is gaining more and more importance. Relationship marketing is a way of doing business, where customers are treated not as one-time purchasers but as people who are continuously interacted with in order to create a long-lasting bond that endures not only economic booms but also the pitfalls faced from time to time. As written by Solomon, “when times are tough, people tend to rely on good friends for support” (Solomon 2011, 10).

Relationship marketing is the main way of operating when it comes to the markets of office furniture: a true case in point is Martela’s long-lasting relationship with the Finnish government and its schooling institutions and also explains why not only their but also their competitors’ main target market are companies who need constant renewal when it comes to their office spaces.

The full attention of a customer is gained by using a variety of tools and techniques, and at its best it might lead to a *flow state*. Flow state is something that is experienced when one loses completely the track of time; concentrates and pays attention fully to the stimulus; gains mental enjoyment for the activity for its own sake; realises that is now involved in a match between the challenge at hand and one’s skills; feels that is in control, and finally senses certain playfulness. If this state is achieved, there is nothing that could prevent the closure of the deal. Also if a purchase situation is made while experiencing this state, it is highly unlikely that the customer might suffer from post-purchase *cognitive dissonance*. Cognitive dissonance stands for a state that is avoided not only by the seller but also by the consumer himself: it derives from the *principle of cognitive consistency*, where an individual values the harmony between his thoughts, feelings and behaviours (Solomon 2011, 206-207). In a sales situation, this schema can be seen when the sales person really believes in the product being sold, is excited about it and is able to transfer these positive feelings to the customer as well. The situation is light, full of laughter and trust, and therefore, it is highly unlikely that the customer will be unsatisfied when getting the product that was chosen.

When cognitive dissonance occurs, the individual has done something that is in controversy with any of the factors mentioned above: for example, in this case, a customer has

put a lot of money on a product and when he or she gets it home, it is not what was expected. The customer feels disappointed and is likely to change the brand or walk into a different store the next time when facing a need. On the other hand, if no post-purchase cognitive dissonance is experienced, there is a great possibility that a tight bond between the consumer and the brand is born. (Solomon 2011, 207-209.)

4.2.3 Behavioural Approach to Selling

The tools and techniques mentioned before are uncountable and in many cases very subjective. Still, some of these approaches have been listed down, starting with the *behavioural approach to selling* (Solomon 2011, 72-73). According to Solomon, learning takes place as a result to external events. The customer and his mind is seen as a “black box” to which information (stimulus) enters (e.g. sales person presents the customer with a sofa that is expensive, but, according to the sales person, worth every penny), and from which the processed information (response) exits (e.g. does the customer take the bait or not).



FIGURE 2. The Black Box in Behaviorism (Nelson 2005)

There are two major projections in behavioral learning theories, these being *classical conditioning* and *instrumental conditioning*. When it comes to classical conditioning a true case in point is the Russian physiologist Ivan Pavlov and his dog experiment: he fed his dogs with meat and he discovered that they started to drool immediately. The meat was named as an *unconditioned stimulus*, since it was automatically able to cause a response (drooling). Next, he rang a bell every time he fed the dogs and over time the dogs started to drool already when they heard the bell, even if they did not smell the meat. The bell had become a *conditioned stimulus* through the association that had been formed between the ring and the saliva (*conditioned response*). (Solomon 2011, 77.)

This example depicts some really basic appeals to primary cues such as hunger, thirst, sexual arousal, and so on. It can be also seen in more complex situations, such as when it comes to impulse buying: in some stores the layout is designed so that the customer has to go around the whole space to get to the cashier and here and there are stands full of small, purse-fitting products on sale. When it comes to the office furniture industry, this can be seen e.g. in a situation such as when the sales person encourages the customer to impulse shopping by giving a substantial discount if more than one product is bought.

Instrumental conditioning in turn is a combination of reward and punishment and the balance between these two. Most basic definition for it is that when the action produces positive outcomes, it is tended to be repeated, whereas in case of negative outcomes the action is not taken again. Instrumental conditioning has three dimensions in which it occurs: *positive reinforcement* takes place when the behavior comes about due to the constant positive outcomes. (Solomon 2011, 77-78.) For example, when visiting a clothing store the sales person brings the customer a bunch of dresses. The store is having a sale that if three items are bought, 15 percent discount is admitted. The customer tries on the dresses and is about to buy one but the sales person lures her to try the other two again. When the dress is on she exuberantly compliments the customer and points out all the good sides of having dresses like that. Finally, after repeatedly receiving such a good feedback, the customer walks out from the door three dresses in her bag (yes, this might be of personal experience). When it comes to the sales of office furniture and the selling styles of the personnel, the principle of positive reinforcement could be seen in the way they tried to continuously point out what the ergonomic solutions they offer do to one's health and diminishing back pains.

Negative reinforcement, the second dimension of instrumental conditioning, forces the customer to think that without or because of a certain product, the outcome will be negative (Solomon 2011, 78). For example, when a need for a washing machine occurs, probably 80 per cent of the prospectful buyers walk straight to the one on sale. The thing is, that most often these products are not the ones profiting the company, but rather baits that lure the customers to come in to the store. Therefore, when the sales person walks to the customer and asks what is the current need, it is likely that when showing interest on the machine on sale, the seller starts pointing out factors that shed a bad light on the machine in question: it is loud, washing times are long, bad quality, and

so on. But hey, not to worry! Pay 50 Euros more and you get a machine that lasts for a lifetime and washes in an hour!

Another case in point is a situation where the customer is cunningly told that he or she cannot live without the product or a certain quality the product possesses. For example, when the customer has just had the perfect hair cut, the hairdresser tells her that in order it to continue to look good, the customer has to have a jar of wax or a certain shampoo and she should not forget to come and recut once a month for the rest of her life.

The third occurrence for instrumental conditioning is called the *punishment*. It is purely a situation where the outcome for a certain behavior is negative (Solomon 2011, 78). For example, after eating in McDonald's for a week someone comes and says: "Hey buddy, you seem to have gained some weight", it is plausible that the one gaining weight will put McDonald's in a boycott. At least for now.

The instrumental conditioning is also applied by using schedules. *Fixed-interval reinforcement* is something that occurs in intervals such as seasonal sales. *Variable-interval reinforcement* in turn is something that cannot be expected such as discounts that are in force only for a day. (Solomon 2011, 78.) Booking.com is a traveling site on which one can book hotels all around the world with extra amenities if wanted. The site uses flash deals: special prices that are announced to those who have typed in their emails and that are sent when one least expects it. But if one catches one of these flash deals, one might save a whole bunch of money. Same applies to the Finnish home electronic appliances retailer, Gigantti, who every now and then offers its customers with a one-day deal with an unbelievably low price.

Fixed-ratio reinforcement is something that occurs after a certain number of responses. For example, in a beauty salon in Thailand, you get stamps after every purchase and when you have enough stamps you get a treatment or a product for free.

Variable-ratio reinforcement in turn is a situation where the consumer does not know how many responses are required. (Solomon 2011, 79.) For example, a customer buys icecream and when paying the sales person tells her she is the 1,000th buyer and therefore wins a price.

4.2.4 Maslow's Hierarchy of Needs

Another important model has been introduced by a well-known psychologist Abraham Maslow (Solomon 2011, 108-112).

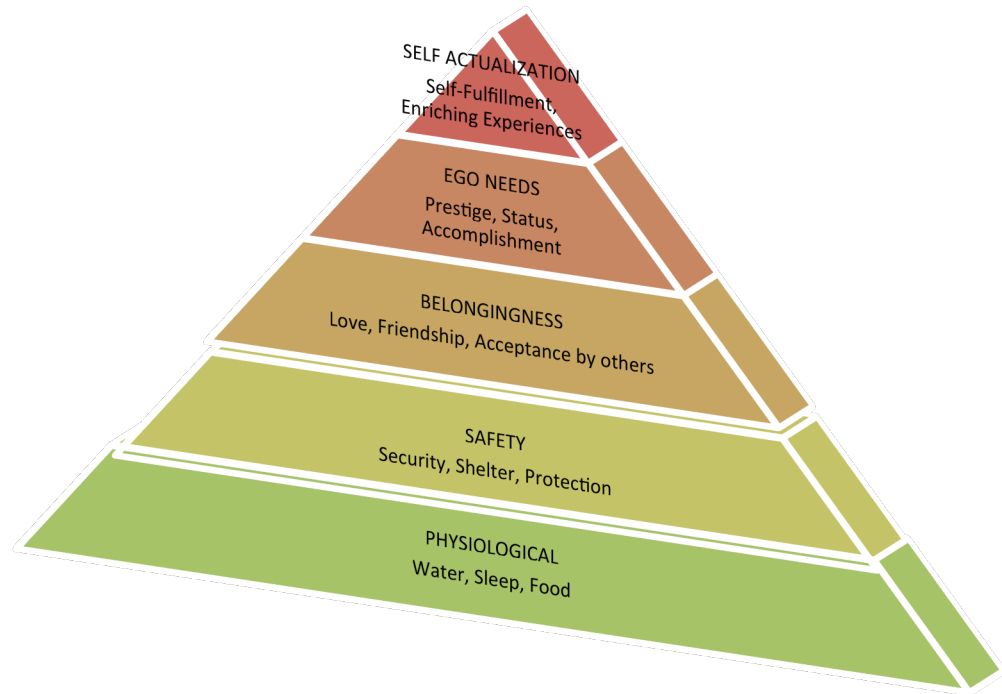


FIGURE 3. Abraham Maslow's Hierarchy of Needs (Solomon 2011, 109)

The pyramid-shaped *hierarchy of needs* is widely applied not only when selling the product but also during the early steps of the product lifecycle. The shape suggests that the top of the pyramid is something that every individual is aiming at and higher level cannot be achieved without completing the lower ones. For example, if one is suffering from malnutrition it is highly unlikely that he or she is looking to achieve any status symbols.

The highest level, the *self-actualization*, can only be achieved when the person in question has achieved his full potential, and is therefore really difficult to accomplish. This conundrum is widely acknowledged by marketers and sales personnel all around the world, and is used as a selling point for products. For example, traveling agencies and resorts often state that they sell *experiences* rather than products or services and tend to paint sunset-colored pictures of global travellers who have gained preeminent wisdom and memories.

An interesting article was written during the economical crisis that took off 2008 by a website called *Miraclemind.com*. "Objective: Meeting Basic & Evolving Human

Needs” ingeniously points out the distinct link between the Maslow’s hierarchy of needs and the highest profiting market sectors of today. For example, the lowest level, Physiological Needs, and its importance for the pharmaceutical industry is inevitable: according to the article, the millions spent on marketing the drugs for diseases that not necessarily even exist, have generated an annually growing revenue for over \$500 billion.

When considering the Safety level, the article brings up the current issues of the IT-boom such as the identity thefts that are increasing in number, and of course the financial security that was at stake during the economic crisis of 2008 and is at stake now because of the situation in the EU. (MiracleMind, 2008.)

The article deals with the next two levels, Belongingness and Ego Needs, through the phenomenon of online dating that is getting more and more popular among the busy businessmen and –women: a case in point is the eHarmony.com – a online dating site that has an amount of revenue with nine numbers in it.

When dealing with the highest level, Self-Actualization, the writer of the article takes Oprah Winfrey and the first online seminar she took, in which she introduced and dealt with Eckhart Tolle’s bestselling book “A New Earth – Awakening to Your Life’s Purpose”, as an example. The seminar was undeniably a success – over 500,000 people registered for the session.

Despite the applicable qualities, the hierarchy is criticized of being too stiff, since one product may possess qualities satisfying several different needs (Solomon 2011, 109). Let’s take a situation where one is buying a house as an example: the house is the place for rest; it provides its owner with security and shelter; owning a house often leads to the acceptance of others and houses warmth and love; if one owns her own house, it is a symbol of monetary wealth and accomplishment, and finally, living in this house may lead to a peaceful and blissful state of mind.

Also, according to Solomon, Maslow’s hierarchy is mainly depicting the Western culture. People from different cultures and religions may argue about the order of the levels: for example, Buddhist monks tend to think, that in order to gain self-fulfillment, it is not necessary to complete lower levels such as Ego Needs. Also depending on the orientation of the culture being either collectivistic (e.g. Asia) or individualistic (e.g. the

U.S), the difference is drastic, since Asian people tend to value the needs of the group more highly than the individual accomplishments. (Solomon 2011, 109.)

So, as a conclusion, by knowing Maslow's model, the sales person is able to use the product in question as an appeal to the basic human needs that drive the customer to buy. A salesperson dealing with office furniture can use any level of the hierarchy as a reference or as a guideline: when the ergonomics at work is handled well, one shall even sleep better; ergonomic products protect one's health and well-being; some of the products are designed in a way benefiting groups and teams and making their work as easy as possible; as the products are quite pricy, it tells about the company as an employer who uses fair amount of the profits and invests it on the employees and the human capital, and finally, in order to the employee to act to his full potential, the equipment supporting the works have to be top-notch.

4.2.5 Argumentation

When facing a sales situation, whether the sales person pleads on the reward or punishment bursting from the decision; on the basic needs of the consumer; on the self perception, or on celebrities or birds using the product, it is important for this sales person to know the few rules behind good *argumentation*. The easiest baseline for an argument is to use *supportive argumentation*: supportive argumentation is basically pointing out the positive attributes the product in question entails. A bit trickier, yet, some might say, even more effective way is to use *two-sided messages*. These two-sided messages present both negative and positive information of the product, and studies have shown that these *refutational* arguments that first raise a negative issue and soon after that dismiss it are not only effective but also decrease the reporting bias introduced before. (Solomon, 2011, 237-240.) For example, often one can hear a person selling washing machines to state that "nothing's made to last these days, BUT, as to prolonged testing and longitudinal studies some brands tend to have better durability than others".

It is also recommended to a certain point to compare one's product to other competitors, states Solomon. It leads to a more informed decision making and also acts favorably for the product if it has superior qualities compared to those of the competitors'. For example, when opening an account or applying for a loan, banks tend to show listings from which the customer can see percentages and fees and differences amongst the

competitors. However, one should bear in mind that comparative style is also somewhat culturally bound, since for example in Asia such confrontations are found offensive and therefore result in bad outcomes.

Also a basis for a good argument is that one has the ability to convince the customer of the importance of a certain quality. For example, why should the customer pay more for a LED –TV when she can have a good LCD with a 300 Euros lower price tag?

The existing assumptions and perceptions the customer has should be taken into consideration and, moreover, be enhanced: one should consider a situation where an older woman is buying a shampoo she has been using for as long as she can remember but because of the graying and thin hair she now has, she is suggested to change the type of shampoo to something more suitable and more nourishing. The older woman is reluctant to change from the familiar and safe but she also acknowledges, after being educated, that the old shampoo does no good for her once so beautiful hair.

Also, the sales person should find and point out the completely unique attribute the product in question possesses. A traveling agency is trying to sell a new destination not yet known to the public. What they should stress are the qualities the place has but no one else does. For example, there is a small fishing village in the Southern part of Thailand, and one of the biggest attractions in this place are the pink dolphins that can be spotted in only one place in the world besides this place – something that no one forgets to mention when selling trips there.

It is also important for the sales person to know how to tackle the risks the customer is afraid of when making a purchasing decision. Risk removal is something that Jeffrey Gitomer (2005, 153-158) stresses as an important step to deal closure. According to Gitomer, risk is “some mental or physical barrier, real or imagined, that causes a person to hesitate or rethink ownership” (2005, 153). A salesperson’s job is to find this risk out, identify it and finally eliminate it. This is probably one of the most difficult part of the selling and argumentation process since the risk might be well hidden behind high brick walls and the identification cannot be based on generalization or guessing. For example, if a salesperson faces a student who is about to buy a product, it cannot be straightforwardly assumed that the student thinks things through because of the scarce monetary resources. No, the reason for thinking things through might be related to

changing living conditions, family, and so on, and in the worse case if the salesperson pokes the risk he thinks is standing on the way of the deal closure without taking a closer look, he soon might be watching an angry back of a customer walking out from the store. Gitomer (2005, 154-155) lists typical risks the customer might be perceiving: financial misjudgement (not getting his money's worth), financial risk (can he afford it), the actual need (does he even need it), getting the product cheaper somewhere else, not matching the picture imagined before entering the store, the quality of the product, service after the sale, the product performance does not match the expectations, something better exists, the product outdates as soon as he gets it, the product makes him look foolish, the salesperson is lying or someone gets mad at him.

Answers to this dilemma and a solution for finding the right risks behind the hesitation are not unambiguous. First step for the salesperson to tackle the dubitation is to know the risks the purchase of the product might entail himself. For example, on the domestic appliances industry there are several different factors that might cause doubt: the quality is not as used to, the features are more complex than before, the price competition is fierce, and so on. The retailer chain Gigantti has taken actions to tackle these qualms by admitting a 30-day full return –guarantee that allows the customer to try out the product for thirty days and if it does not suit the need, he can bring it back, change it to another one or get his money back. The company also has a guarantee that if the price of the product purchased decreases within thirty days starting from the day the customer has got the item he or she gets the price difference back.

Gitomer also advises the salesperson to monitor the ratio between the risk and the reward. It goes without saying that if the risk is lower than the reward, the decision should be easier than chewing bubblegum. Not only are the customers weighing the risk, so do the salespersonnel. They cannot promise that the exact piece bought will last for decades; they cannot know whether the customer is amenable to the extras offered; they cannot be 100 percent sure that the product is 100 percent what the customer wants, and so on. But what they can be sure of is that without throwing themselves to the situation they will gain nothing. To sum it up, Gitomer writes: “take more chances than you dare. You’ll make more sales than you expect. That’s the formula.”

4.2.6 Foot-in-the-Door

One “trick-in-the-sleeve” for the sales personnel that has been in use for decades, introduced by Solomon, is the *foot-in-the-door technique* (Solomon, 2011, 330). By using this technique, the sales person first introduces a small deal due to the fact that once agreed upon, the customer is more willing to involve herself in bigger businesses as well. The name of the technique has its roots way back to the golden days of door-to-door selling (in some countries it is still a trend), when the sellers knocking on the customers’ doors learned to place their feet in a door and therefore prevented the prospects from slamming the door in their face. When the door stayed open and the customer agreed to talk with the seller, it was highly likely that a deal would be tied as well.

This technique and its effectiveness are based on the *self-perception* theory, that suggests that people tend to avoid the inconsistency (discussed earlier under the topic of cognitive dissonance) by keeping up positive attitudes toward an object (Solomon, 2011, 207-210). An example: customer walks into a department store of home electronics attending to buy a TV. He faces a skillful seller who, after picking up a slightly more expensive TV than the customer had planned, starts to tell how perfect the entity would be with a home theater and a blu-ray player. Since the customer has already agreed upon the TV, he listens to the sales person, intrigued. Finally, he exits the store with a four-numbered receipt on his back pocket and now, not only does he have to convince his wife about this being a GREAT deal, he has to do so to himself as well. And how does he do it? Positive thinking, of course: over and over again does he roll a set of good reasons in his mind and by doing that, pushes away that small little voice trying to tell him that he cannot afford it.

Foot-in-the-door forms the basis for the sales of accessories. Once the customer has chosen an office table, the next step is to help him acknowledge the need for certain extra accessories such as surfaces easier to keep clean, electric stands for the table or stands for the piles of paper.

4.2.7 Salesperson Criteria

When it comes to face-to-face selling, the sales person is the information medium between the consumer and the product. Therefore it is important that this source of knowledge meets certain criteria, some of which are brought up by Solomon. First is the *source credibility*. The more complex and the more expensive the product is, the more important it is for the sales person to be credible, competent, expert on the field, and trustworthy. If the sales person knows his business, it is certain that the customer will listen. Solomon brings up an intriguing example: Ronald Biggs, a man who became famous by convicting the Great Train Robbery in the United Kingdom, was a great success in Brazil as a spokesperson for a company that makes door locks – no doubt being an expert on the field. (2011, 230-236.)

There are some biases that might occur during a sales situation affecting the credibility: a *knowledge bias* derives from inaccuracy (e.g. when selling kitchen furniture, it is clear that the measurements have to be correct). *Reporting bias* in turn stands for a situation where the sales person already has the qualities needed for the product to work with its full potential. (Solomon 2011, 235.) A case in point is when watching TV-Shop, a commercial TV-show, one can see well-trained bodybuilders using a shaking belt claiming that it is because of using the belt for a week that they look like they do.

Source credibility goes hand-in-hand with the next step, which is *source attractiveness*. The official definition goes as follows: “source attractiveness refers to the social value recipients attribute to a communicator” (Solomon 2011, 230). In order to be an attractive source, the messenger has to possess either an appealing physical appearance, personality, social status, or similarity to the receiver. This explains why so many of the brands use famous celebrities as their figureheads – they are easy to relate to, they look good and are highly appreciated and so on. However, Peter Daboll argues strongly against the effectiveness of this usage of celebrity endorsers in advertising and sales of products in his article “Celebrities in Ads Are Almost Always a Big Waste of Money – Study Finds That Big Names Don’t Pay Big Dividends”: according to his study “2010 Celebrity Advertisements: Exposing a Myth of Advertising Effectiveness”, conducted during the first 11 months of the year 2010, it was found out that fewer than 12% of the ads that starred a celebrity exceeded a 10% lift, and that one fifth of these ads had a negative impact on advertising effectiveness. The reason for this, according to Daboll, lies in the transformation that has taken place in the consumers today.

The world of contemporary consumers revolves around their social networks and they are crammed with information, always in a hurry and difficult to get to. Therefore the weak link between them and these celebrities that before were in power is not strong enough to carry out effective relevance. None of these up-to-date shoppers wants the products to be forced on them by some vapid figures in ads, but instead they want ads with information that has value. (Daboll, 2011.)

Also the poor behavior of the celebrities in real life has, as the study shows, a direct negative correlation on the outcome of the ads the celebrities in question have made an appearance in. A case in point is Tiger Woods, whose recent public wobbling has made him one of the warning examples and therefore shed a dark shadow upon all the brands and companies he has been in collaboration with.

“The bottom line is that good ads stand on their own, and this study empirically shows that a celebrity has little to no impact on an ad's effectiveness. In fact, regardless of gender or age, ads without celebrities out-performed ads with them” (Daboll, 2011).

The bad sides of using real-life celebrities have been tried to be tackled with by using non-human endorses. The recent boom of the game company Rovio's Angry Birds is a great example of this: you can see it everywhere – on cell phones, clothes and even amusement parks. Särkänniemi amusement park in Tampere was the first one to introduce an “Angry Bird –fun park” in Finland and it goes without saying that this action was taken plainly to lure more people in. Also one of Martela's designers has become famous and is nowadays known of his dog-designs that depict the clear and minimalistic style of his.

Source attractiveness relates strongly to the sense of humor. Jeffrey Gitomer (2005, 124-129) headlined this topic quite incisively: “If you can make them laugh, you can make them buy”. He points out that a smile on a prospect's face makes him or her feel more comfortable in the sales situation at hand and the atmosphere turns into a playful entity where it is easier to find a common tune, hence it is more likely that he or she takes the bait and buys the product being sold. It is not easy to create an atmosphere as mentioned above: as every person is different so is every sense of humor. Therefore it is important to find a golden mean to make fun of – and what would a better way than to make jokes about the salesperson himself. For example, Gitomer has used lines referring to his balding head, and the success has been guaranteed. Sensitive topics

such as ethnicity or gender should never be used as a subject for jokes nor should the jokes make fun at the expense of others. Humor, as so many other selling skills, is an ability that develops over time. As a general hint, Gitomer suggest that every sales person should pay more attention to his or her surroundings, storage the things that have been found amusing and later on use them as the contents of the jokes leading to a successful sale. (Gitomer 2005, 128.)

When interaction between a customer and a sales person occurs, it is also vital for the sales person to be able to *adapt* to the spesific needs and interaction styles of the customer. *Assertiveness* is a highly subjective trait within all of us and it varies from one extent to another. *Nonassertive* people are people who tend to agree easily, do not like to complain and usually find the sales situation intimidating, whereas the other extreme is the *agressives*, who are rude and threatening if facing a problem. In between are the *assertive* people who know their rights and are ready to stand up for themselves, yet doing it politely and discreetly. (Solomon, 2011, 56.)

4.2.8 The Model of Salesperson Performance

One of the first extensive studies conducted and translated into a model depicting salesperson's performance was Churchill's, Ford's and Walker's Model of Salesperson Performance. In this model its creators emphasize the correlation between the perfomance and five important factors: *aptitude, skill level, motivation, role perceptions, and personal, organizational and environmental variables*. Journal of Marketing Research (Churchill, Ford, Walker, 1985.) studies these ratios with high accuracy, starting with the dimension of aptitude. The study found out that even though it would be logical to think that the correlation between aptitude and the performance is highly positive, the data collected revealed something else: aptitude is, indeed, a good predictor for good sales perfomance but, in the end, the linkage is quite weak and cannot be monitored safely as a factor behind successful sales.

The next point monitored was the skill level. The study revealed that even though not the biggest factor influencing the sales perfomance, skill levels still play a bigger role than aptitude when predicting it. In between the skill level and aptitude, according to Churchill (1985), a factor named motivation could be found. The authors point out that at the time of creating the model, the studies on motivation were a rather new trend and

therefore the correlation did not necessarily possess as much valid data as would have been needed for trustworthy outcomes in total. Same bias applied also for the role perceptions, since, as stated by the authors it was even newer factor used in monitoring sales performance. Still, based on the findings, it was stated that the role perception has the biggest correlation to performance than any other variable.

Next factor studied was the effect of personal variables, these being intra-individual that can be mirrored to the sales performance but which are not part of any other of the variables monitored in the study. Examples of such variables include the age, gender, education, marital status, and so on. The data collected revealed that the correlation between the personal factors and the performance is in average the same as with aptitude. Last but not least, the findings designated that the correlation between the intra-organizational and environmental factors and the performance is the lowest of all the linkages studied.

These test results give some idea about the most prominent factors behind sales performance, but, as according to Churchill (1985), the sales performance and the variables behind it are greatly influenced and vary vastly from industry to industry, from product to product, from firm to firm, and depend on what tasks are required and what kind of performance is stated to be important, and these aspects are something the study conducted failed to take into consideration. Also the timing of the study set some obstacles on the validity since there were not that many relevant studies conducted back then and different aspects were emphasized than today, and therefore the model of Churchill (1985), acts as a good reference to build on but not as a timeless set that can be implemented straightforwardly to the performance of the contemporary salespersonnel.

These biases were acknowledged by BARRETT, an Australian sales consulting and – training company, and its discussion paper “What Makes a Great Sales Performer – Summary of International Research Findings & Background to Forthcoming BARRETT Australian Sales Benchmarking Survey” (2007) as well, and first aspect that was pointed out and modified was the fact that “skills” are no longer skills but rather “*competencies*” that sum up the knowledge, skills and abilities of the sales person. Also a whole new factor that is taken into consideration has evolved from a concept before known as “*interpersonal skills*” to the wider and more complex definition of “*emotional*

intelligence". Studies introduced by BARRETT (2007), have shown that salespeople that indicate superior sales performance, also have highly developed emotional intelligence. Whereas interpersonal skills include only the ability of the salesperson to form and develop a relationship with the customer to create a deal profiting both parties, the emotional intelligence goes into deeper processes that analyze, reason and respond with a more complex structure. A person with emotional intelligence possesses well developed Self-Awareness, Self Regulation, Motivation, Empathy, and Social Skills. Studies introduced by BARRETT (e.g. Deeter-Schmelz & Soka, 2003) have shown that highly performing sales people find it important to be able to put themselves in their customers' shoes and to control their own emotions as well as to have the ability to alter the manner of an approach depending on each situation in question.

All in all, customers are all individuals with different backgrounds, needs, thoughts and characteristics. It is sometimes really difficult for the sales person to find the right way to form the linkage between the product and the prospect. The trick is to listen, to learn and finally to find the right way to communicate the message so that it reaches the very core of the customer and makes him feel like he has just met the One.

5 PRACTICAL OUTCOMES

The practical part for this thesis was conducted in two phases: as an Internet search and as a fieldwork. Internet search consists of the investigation of the products the competing companies have to offer in comparison with the ones Martela has. This phase was conducted to help the sales employees of Martela to e.g. calculate offers: they can straightforwardly see from an Excel-sheet what qualities the products offered by the competitors entail and what is comprising the prices of the products.

The fieldwork in turn was carried out in the form of mystery shopping. Competitors were visited and based on the visits and the sales person's performance comprehensive reports were written showing questions that were asked, products that were offered, arguments that were, used and so on. This part was to reveal the in-depth phases of the sales situations and in general the level of the customer service provided by the competitors. Based on the information gained from this part, Martela can modify their selling habits by harnessing the knowledge into better customer service and sales practices.

5.1 Internet Search

Martela PLC has conducted several customer satisfaction surveys and monitors performance within the company regularly. What is still lacking, is the throughout knowledge on the products their main competitors, Kinnarps, Isku and EFG, have to offer and what are the similarities and differentiating factors between theirs and Martela's products. Therefore, I was asked to collect data from the competitors' websites into an Excel – sheet that can be used later on as a reference when the sales personnel is calculating offers for the customers who are known to have visited or are going to visit also these three competitors.

The data included the chairs and tables of the competitors corresponding the main profit products of Martela, their amenities, possible extra accessories and adjustment options. These main profiting products of Martela Oyj were introduced and their features were dealt with before starting the Internet search to make it easier to find similar products

from the competitors' collections. The sheet was finalized after completing the practical part by using the information collected during the visits.

The biggest challenge for this part turned out to be the lack of information given on the competitors' websites as well as on their brochures, and the different way of presenting the products. Next an epitome on the main findings of the sheet.

5.1.1 Chairs

Two best-selling, profit-making models of Martela were chosen to the comparison, these being AXIA and LOGIK. The features compared were the measurements (e.g. the width of the chair and the height of the chair and its adjustability), the mechanism used, rotation possibilities, arm options, accessories, and so on.

AXIA was found to have similarities with Kinnarps's 6000 –series, with EFG's Allegro and with Isku's Step.

The major findings were that Axia is a front-runner when it comes to the factors monitored while doing the sheet. Not only are the numerical factors (e.g. the adjustable height of the chair) in place but also the attributes this model has to offer are the most versatile ones: for example, the customer can choose to include an extra height adjustment, that allows even the tallest users to sit comfortably. In addition to Axia, the Step and 6000 were the ones to have this feature. Axia and Step were the only ones to have a "Free Float" –mechanism inbuilt whereas the other two require it to be purchased as an accessory. Free Float –mechanism allows the chair to swing freely while sat on, and an adjustable weight limits the swing according to the preferences of the user.

The next model, LOGIK, was compared with Kinnarps's PLUS [6] and EFG's SPLICE, unfortunately from Isku's collection no equivalent was found.

The differences between these three models were not that as drastic as with AXIA and its competitors, but again LOGIK stood out as the most diverse option as a chair, especially for tall users.

5.1.2 Tables

When doing the comparison between the different table options, Martela's Pinta was chosen as the most sold and profitable model, and it was assimilated with Kinnarps's Series[A], Series[F], Series[E], Series[N] and Series[T]; with EFG's Izi, Nostra Effect F, Nostra Effect S, Team Pro, Aura 1000, Nostra Niveau F and Nostra Niveau S; and with ISKU's Matrix I, J and T.

The qualities monitored were the surface, basic laminates, material of the stand, height adjustments, stand shape options and the extra accessories offered.

The greatest varieties were offered by Kinnarps and Martela, and were presented with great similarities. The biggest differentiating factor for Kinnarps was that it was the only one to offer an A-stand, which is an A-shaped stand with manual adjustments.

Otherwise the qualities took after each other between the models of different providers.

5.2 Mystery Shopping

The point of this part was not only to collect the most up-to-date pricing- and model details, but also to monitor the sales person's performance: how well does the person go through the "need mapping", how does she act toward the customer, and what qualities does she put the biggest emphasis on. Factors included also things such as what are the options she offers and how does she do the argumentation, what are the different adjustment alternatives (e.g. for the chair, for the table and its structure; is it fixed or can you modify it according to the working space, and so on), what type of materials there are, what kind of electrical components the competitors use, how long is the delivery time and so on. All these factors were to be found out by using mystery shopping as a method with a story, in which I, as a soon-to-be-graduate, was looking for furniture for my study (paid by my apparently very affluent dad), and wanted to buy them of higher quality, especially when it comes to the working chair.

This method was chosen because of the request of Martela Oyj. Despite the fact that I may not depict the main target market of the companies operating on the field of business in question the method was found to be relevant and a source of important infor-

mation. In the following one can see the main findings of each visit (full versions of the visits in the appendices 2,3 and 4).

5.2.1 Kinnarps

In total the visit lasted for 45 minutes and during those minutes I got a bag full of information of what Kinnarps really is about. After a thorough “need mapping”, the sales person recommended me with a chair from their 6000 –series with a FreeFloat mechanism and arms. It had a perfect support for the lower back and was especially designed for short people like me. At the same time the sales person was teaching me of what is an ideal sitting position and how every adjustment affects the position. By this thorough introduction she definitely showed true source credibility. Source attractiveness was also present: she helped me to relate to herself by telling that she used to study in the same programme as I do and told her own experiences of using proper equipment versus using the bad ones.

The adjustments of the chair were made to be as easy as possible to use and everything could be done while sitting. Different material options were gone through and the pros and cons were told, after which Comfort –material was picked for my chair due to its quality as an easy-to-keep-clean coating.

Next step was the table, and I was offered a corner table with an additional level, and with an A-stand. The stand was argued with it taking a smaller space when put in a room, and therefore it makes it easier to clean up. An additional cupboard was chosen to act as a repository for papers and such, and also to function as a base for a printer.

What turned out to be a surprise was that no extra accessories were offered nor did the sales person ask about my computer (is it a laptop or a desktop), so foot-in-the-door technique did not have that much space in this sales situation. Neither did Kinnarps offer a delivery service; the products were to be picked up by oneself. In the beginning of the sales situation the sales person did mention that when buying more than one product, substantial discounts would be offered, so classical conditioning did take place as well. Also the show room was not only to see the products but also to see them in use and how they work in different spaces and with different equipment. This encourages

the customer to impulse shopping, since almost all the possible entities were visible in the exhibition space.

As a whole the visit was very pleasant and the sales person definitely knew and believed in the products she was selling. She knew exactly how to use humour in her selling, and with throughout introductions of the products she did not expose me to a total sensory overload. She actively tried to tackle the possible feeling of cognitive dissonance by trying to find out the risks that might affect my purchasing decision. When she found them out, she continuously used positive reinforcement by telling me that by buying their chair I will no longer suffer from back pains, my cleaning process will be easier if I had an A-stand in the table, and so on. Negative reinforcement was also used by telling that without a proper chair and especially if using a laptop on a bed or on the floor, the situation with my neck, back and wrists will get worse. The sales person cunningly used the steps of the Maslow's hierarchy of needs by pointing out the benefits their products would do if I ended up with the package offered by Kinnarps. For example, she told me that I will sleep better, I will be more efficient and my health condition will drastically improve.

What comes to her argumentation, she used mainly supportive argumentation by pointing out the high quality of their products and so on. She even flashed a small piece of a refutational argument: she told me that one chair she introduced me has received some negative feedback from the customers of having too steep a curve under the lower back, but according to some studies that have been made, the steep curve is the best choice if having back pains.

She knew how to adapt to my lifestyle, my age and my gender and moreover, she truly had great amount of emotional intelligence, meaning that she really knew how to put herself into my shoes and not underestimate my potential as a prospect.

5.2.2 EFG

The second visit to Martela's competitor, EFG, dawned out to be a whole different story. After waiting in the lobby for what seemed like eternity, a bored-looking lady dragged herself from behind her desk there to greet me. When I told her my imaginary story she just nodded and started to offer me their cheapest products. First she went

through some table options and apparently did not have the energy to properly tell me the differences between the more and less expensive models, just picked a piece and told me its good. I had a general layout drawing with me according to which the furniture were chosen, but the sales person hardly even glanced at it. This lead to a situation where she was offering me products of which doors opened the wrong way or the measurements were completely different to those in my picture.

No materials were introduced, I got to pick the colour and that was it.

After this, the salesperson just asked me to give my contact information so that she could start counting the offer. At this point, even though not being a real client, I started to be a bit annoyed. I kindly pointed out that the chair, that I particularly had emphasized on to be the most important part of my study, was still missing. She just giggled tiredly and took me to the chairs that were nothing compared to the ones I had seen at Kinnarps. They were stiff, heavy and I got the feeling that the sales person either had no knowledge on them or just did not care enough to go through the features.

It seemed to me that while going through consumer grouping in her head, the sales person immediately put me in a “poor student” –box and kept me there until the very end of our encounter. The first mistake she did was not to listen to what I had to say and what I really needed. Because of this she did not have the tools for a proper need mapping and therefore she picked the wrong products not fitting my imaginary study. She did not possess any adaptation skills or emotional intelligence, she did not ask question to base her arguments on and moreover, seemed not to believe in the products she was selling.

It might well be, that since I am not the ideal customer for a company selling office furniture, she did not show her true skills. Nevertheless, I felt like I was plainly being punished of what I am as a customer, and that is something that should never happen if selling a product – whether it was office furniture or a carton of milk in a grocery store. The power of Word of Mouth exists within any of us, and I can say, that if seeking office furniture, EFG will not be on my list of recommendation.

Again (not so surprisingly this time), no accessories or delivery service were offered. All in all, if the service is like this when real customers come to visit, I don't think Martela has anything to worry about.

5.2.3 Isku

In Isku's space, the sales personnel had their own offices in which they were hiding, so I just walked to the chairs and started to go around the different alternatives, which, at least for me seemed all the same. After a while a salesperson came to me and asked whether she could be of service. She looked at me and told me that unfortunately they have only two options for people as short as me. This didn't leave me many options but when I tried one of the two chairs I felt as if I had sat on something divine – the chair had an adjustable lower back support that felt incredibly good. Otherwise the chair was not as easy to adjust as the one at Kinnarps, but because of the kindness of the sales person and her ability to listen I felt really comfortable and pleased with the service I was getting. The table options were as few as the chairs so not so much of alternatives were laid out before me.

The sales person of Isku was not that skilled on the field of selling. She did listen what I had to say, but did not use the things I laid out before her as arguments but rather just as guidelines for showing me the few options they had. She treated me as one of the many customers of Isku but not as an individual with unique needs (except the shortness bit).

No accessories were offered, nor delivery service. As kind and pleasant as the sales person was, she seemed more like a general sales person than an expert on the field of office furniture. As a conclusion, the visit to Isku was a cosy experience but not as fruitful as the one to Kinnarps.

6 THE LIMITATIONS

As so many studies before this thesis, nor did this one go without flaws and difficulties. The biggest limitations had to do with the validity of the data collected both from the Internet part as well as from the mystery shopping phase.

6.1 Internet Search

The first constraint faced was when putting up the Excel –sheet. As it turned out, the companies between which the comparison was made had a completely different ways of informing the measurements and the qualities of their products, both on their websites as well as on their catalogues. This made it really difficult to have relevant and valid results that would be directly proportional to each other. Therefore, the final sheet that was assembled might not have been as beneficial to the ones using it as it was ought to be, even though it did resemble all the information given on the competing models.

Another difficulty with the sheet aggregation came up when I realized my lack of knowledge on the office furniture in general. Even though before starting the work I was given clear instructions which models from Martela should be included and which qualities should be compared, the problem occurred when I started to look for the similarities from the competitors: as already mentioned before, the information given was totally different depending on the company in question, and when I was to find the comparable qualities, it felt like I had faced a wall – I was not able to analyse the data laid out before me as well as expected and therefore the final sheet turned out a bit lopsided.

6.2 Fieldwork

The complexities encountered during the practical part had mainly to do with the situational factors.

As I played the role of an individual, who is looking for furniture to a small room, all of which would be paid by my dad, the service I got was not necessarily the same as it would have been if I were a representative of a company or a school for example. As the main target market for all of these companies are the bigger entities such as governmental institutions, the results I collected may not have been as relevant as they could have if I had been a real representative. This small loophole was also discussed with the commissioner of my thesis, before and after the visits to the competitors, and even though he acknowledged the same little flaw, he still found it worthwhile to conduct this research.

Also, as I am not an experienced actor, I felt a bit nervous of going to the visits. This nervousness made me forget some of the details I was supposed to bring up during the conversations with the sales persons and therefore the reports handed out after the visits not all contain the same information, nor all the answers to the questions that were given to me before the visit.

7 CONCLUSIONS

Based on the findings deriving from the fieldwork completed, and supported by the theoretical framework, it was concluded that the biggest competition for Martela Oyj is formed by Kinnarps. Their products were top-notch, and included lots of similarities with Martela's items. They were fairly easy to use, were not too stiff and suited smaller people perfectly.

When it comes to customer service, which is the main focus for all of the companies on the field of office furniture, Kinnarps stood out from the crowd clearly. Even though the "mystery shopper" did not represent their main target market, the treatment stayed on the same level it would have been if dealing with a company, or at least it felt like it. Every customer, whether big or small, should be treated the same. Chances are that the student looking for furniture to a small room might know a person deciding on the purchasing of the office furniture for a multinational company.

If the shopping situation turns out to be a failure and the customer service unsatisfying, one can be sure that this will be forwarded to people belonging to the main target market. After all, Word of Mouth is stated to be one of the most important marketing channels, and since, as written by Tuomi and Sutinen in their final thesis *Word of Mouth-markkinointi viestintämuotona* (2006, 20)³, it is highly linked to factors such as the level of customer service, it is most certainly something not to be taken for granted. The Word of Mouth –movement is also easier, more visible and has a bigger impact on the purchasing decision of today than it has been before. This is mainly because of the era of the Internet and its thousands of sites that include blogs, chats, pages for the comments of the users of the products and so on. Companies have to be really careful to take care of the customer from the first word to the possible reclamations and finally to the disposal of the product. If this cycle is taken well care of, the companies can be sure that the stories and tales told by one customer to another will have a positive crayon on them.

³ Word of Mouth –Marketing As a Communication Channel

Also something to pay attention to while selling products like this is the amount of risk they entail. First of all, it is a big investment to buy products as expensive as these, especially for a private buyer such as the mystery shopper in question. What the sales person of Kinnarps really succeeded in, was the perfect argumentation on why the products cost as much as they do and what one will get if investing in them. “It is an investment for the future”, she said, “for a future without back pains and wrist problems and with days full of energy from the first minute until the clock hits “time-to-go-home.””

What were lacking in every single one of the visits paid to the competitors of Martela Oyj, were the offerings of extra accessories. This sector on the field of sales is something that will not only benefit the customer and make her life easier but also brings money to the cash register of the company in question. Also what Martela Oyj has but the others do not, is the possibility for a “turnkey” package that enables the customer to relax, open the door and let the installation professionals to do the rest. This would have been something especially for the mystery shopper in question.

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