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INCREASE SALES PERFORMANCE THROUGH CO-VALUE BASED SELLING BY USING SOCIAL MEDIA

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ABSTRACT

Study on the social media usage at organization level have increased significantly, such as study has been done by Agnihorti et al. (2016), Jarvinen & Taiminen (2016), Lacoste (2016), dan Moore, Raymond, & Hopkins (2015) indicating that social media is widely used by organization as one of tools of marketing strategy. Previous research on the influence of social media usage on sales performance of how social media relates to sales performance is still lacking, besides in the sales organization's perspective understanding of how social media can be used to maximize benefits is still in infancy. This research gap will be filled by this study. This study examines the role of social media usage and sales performance moderated by co-value based selling. The research was conducted at small medium enterprise of food and beverage by using sample 150 salespeople . The results of research indicate that the social media usage has a positive effect on co-value based selling. Co-value based selling has a positive effect on sales performance.

Keywords: Social Media Usage, Co-Value Based Selling, Sales Performance

INTRODUCTION

Social media is an online medium where users can easily participate, share and create content including blogs, social networks, wikis, forums and virtual worlds. Indonesia is one of the country's most Facebook users in the world. Facebook users in Indonesia occupies the fourth position after the United States, Brazil, and India (Social media service provider, Social Baker, 2013). Driven by new technology, fundamental changes in social interaction have affected every aspect of society and commerce. Compared to traditional communications, such as television and telephone that can only reach 89 million users for 39 years. Twitter and facebook users can reach 150 million in just over 4 years

Salespeople often regarded as the eyes and ears of the company. This is because salespeople are the best social connections users in improving sales performance (Bristor, 1992). Meanwhile Featherstonebaugh, (2010) in Ogily One Global Survey found that almost half of buyers see an increase in the role of social media in the buying process (Featherstonebaugh, 2010). However, only 9% of salespeople focus on sales using social media.



Social media technology has been accepted as part of marketing strategy and operating culture in various companies. For example, searching the database, it shows that marketers use social media as part of their strategy package. Currently twitter and facebook are tools of social media that are growing and becoming the main strategy for many marketers (Schultz et al., 2012). Further Schultz et al. (2012), declare that social media has a great potential for companies to connect with their clients so as to increase revenue, reduce costs, and improve efficiency. Regardless of the market structure, the use of social media can reach B2B clients and this is a relatively new phenomenon and has not been widely studied. The power of social media is expected to affect marketing and sales.

In a business environment that offers products and services, salespeople have the opportunity to provide unique advantages through social media in the B2B marketplace. For example, blogs can be used by salespeople to leverage industry knowledge and influence sales and twitter can be used to find new business opportunities by building professional relationships (Hansen, 2012). Traditional media marketing offers mass media to interact with customers. Meanwhile social media offers methods one by one at the same time to meet and interact with prospects and customers (Safko, 2011). The existing literature on salespeople does not fully reflect the contemporary function of the sales force in value creation (Franke & Park, 2006).

Andzulis et al. (2012), explain that in the industrial selling context, buyers are using social media for their purchases as they compare products, research the market, and build relationships with salespeople. Salespeople can use social media in all steps of the selling process, from prospecting to follow-up.

Social media use in the sales function becomes important if its use can be attributed to the sales proceeds. Onyemah et al. (2010), states that the use of technology in sales has a positive effect on sales performance, and sales studies from U.S., U.K., Brazil, and China found that social media is an integral part of sales success (Fetherstonhaugh, 2010). Meanwhile Agnihotri et al. (2012) explain that the current research on salespeople focus to connecting through social media in a professional context. At this level, use of social media is aimed to generate content (e.g., blogs, microblogs, wikis) and develop networks (e.g., social networks, online communities) for greater interaction with customers and prospects. In a business-to-business context (B2B), only a few empirical studies have successfully implemented and utilized Although the evolution of social media has significantly increased its impact on the enabling environment, research on how social media relates to the critical areas of sales is lacking. In a sales perspective, an understanding of how social media can be used to maximize benefits is still in its infancy (Gupta, Armstrong, Clayton, 2011). This research gap will be filled by this study.

This study investigates how the use of social media by salespeople and focuses on interactions that will facilitate the use of resources in value creation. by testing two research questions. The first research question is the extent to which salespeople focus on using social media when associated with sales performance. The second research question is the extent to which salespeople use social media linked to sales performance through co-value based selling.



LITERATURE REVIEW

The Influence of Salespeople Social Media Use on Sales Performance

Social media is a tool or service that uses the internet to facilitate conversations, in the exchange of information between buyers and sellers. It is also a process that facilitates conversations within the social media, underlining the potentially critical relationship with the seller and the opportunity to use the strategy within the sales organization.

Social media has been around for almost a decade, but the rise of communication channels by using social media in companies is still in its infancy, although this phenomenon is growing and sales areas in business organizations are relatively slow in adopting social media (Lager, 2009). Meanwhile Tsai (2009) notes that only a small percentage of salespeople believe that social media can be used to help increase sales.

Although adoption in the sales area is slow, there is an increasing appreciation of the relevance of social media in business to business sales (B2B). This perspective reflects the development of concepts in sales using social media which shows that the sales driving machine changes from "who the seller knows to what the seller knows about whom they know" (Sexton, 2012).

Barnes and Lescault (2012), stated that they use social media and succeed in marketing activities, such as using tools such as message boards / bulletin (blogging / message bulletin board), mobile apps, online videos, LinkedIn, YouTube, Twitter, Texting, Facebook, Podcasting, and Foursquare.

The social media use has been grown. Companies are beginning to take advantage of social media to maintain and enhance relationships and build community-based customer support to customer by market penetration through word of mouth, innovation and co-creation (Trainor, 2012).

Social media is useful in gathering and sharing valuable customer information. Salain can collect customer-generated information, social media can also facilitate two-way communication between customers and companies. Through social media, customers can communicate directly with companies and companies and then respond quickly to customers (Groza, Peterson et al., 2012).

The capability of social networking is one of the characteristics of social media for organizations (Trusov, Bucklin, and Pauwels 2009). Users (ie customers) in the world of social media are connected with other users through their personal networks. Social networks consist of like-minded individuals at least in some capacities, and are interested in offering similar services and products. Based on the above explanation, the one hypothesis proposed in this study are:

H₁: Salespeople social media use significantly influences on sales performance.

In the existing literature, producing value is a function that is largely responsible for building and maintaining customer relationships and creating customer value. It is therefore considered to play an important role in the process of value creation. Sales are known to provide an important value for customer value creation, one might expect the role of creating the value of the sales function more clearly the concept and explanation thoroughly, but also hope that an understanding of value creation in business relationships should have an impact on the understanding of sales roles in value creation in those relationships .



According to Haas et al. (2012), the four aspects of the value creation process are as follows: first the jointness is the value in the business relationship produced because of the two sets of connected resources that are joined (joined) and interfaced. The second is a balanced initiative, the second part of a relationship that has the resources and competencies to lead and start producing value. The third is the interacted value, ie the interaction that dilakukan continuously to produce solutions of the value that has not been anticipated but can be stabilized with the interaction between parties involved. Fourth is socio-cognitive construction that values phenomenologically depending on social and cognitive processes in producing and understanding value. Meanwhile Selling plays a central role in this, as salespeople often have the best insight and opportunities to both create value for customers and appropriate value for sellers (Blocker, Panagopoulos, & Sager, 2012). Based on the above explanation, the four hypotheses proposed in this study are:

H₂: Salespeople media use significantly influences on co-value based selling.

The Influence of co-value based selling on sales performance

Research that discusses the use of social media in B2B sales lags far behind marketing in general. The use of social media in the sales function becomes important if its use can be attributed to the sales proceeds. Onyemah et al (2010), states that the use of technology in sales has a positive effect on sales performance, and sales studies from U.S., U.K., Brazil, and China found that social media is an integral part of sales success (Fetherstonhaugh, 2010).

Toytari and Rajala (2015) show that value based selling requires capabilities for early engagement with a customer's buying processes, to influence the customer's perceptions of the value potential of a buyer–supplier relationship and to expand the customer's and seller's shared conception of value, and to commit to the shared vision of a potential solution to achieve the desired value for the involved parties.

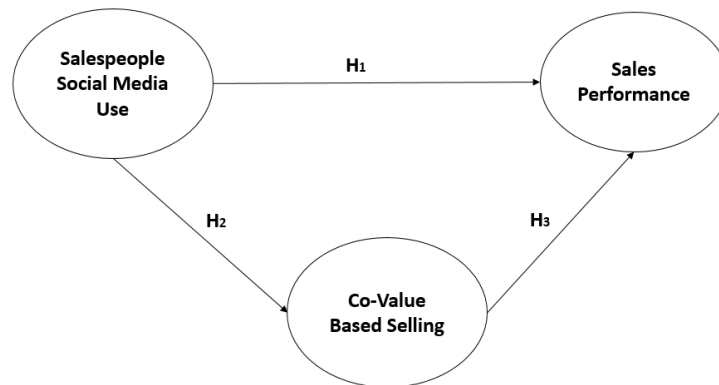
Zhan and Kim (2017) in his research stated that companies that are more active in social media can increase their value or even more. For example, activities that can help marketing managers better communicate, the financial benefits the finance managers derive from marketing expenses, and provide marketing budgets as an investment rather than costs. In addition companies can also adjust their marketing and advertising strategies using social media because technology investments in social media provide substantial benefits of management relationships. Based on the above explanation, the hypotheses five and six proposed in this study are:

H₃: Co-value based selling significantly influences on sales performance

CONCEPTUAL FRAMEWORK

This study included the two variables as the main determinants that is salespeople social media use whose direct influence on sales performance and co-value based selling whose as moderating variable between salespeople social media use and sales performance. By conducting field research in the food beverage small medium enterprice in DKI Jakarta Indonesia, to examine those relationships, this study proposed the research model as the theoretical framework (Figure 1).

Figure 1. Research Model



METHODOLOGY

Study used purposive sampling method. Some respondent characteristics are highly considered in this study, they were selected based on their salespeople experience in operating and using social media to activities in sales process. Based on the opinion of Hair et al. (1998), the sample were taken from respondents of 150 salespeople of food beverage SMEs in DKI Jakarta. By using questionnaires to collect data, the structural equation modeling/AMOS statistical analysis was used to examine hypotheses.

FINDING

Validity and Reliability Testing

Validity test by using Pearson showed that the correlation of each indicator with the total value of the latent variables showed significant result below the significance level <0.05 (Table 1). This indicates that the data obtained in the field fits to be used in testing the model developed in this study.

Table 1: Testing result of variance extracted

Item	Construct	Estimate	S.L	M.E	V.E
X1 ←	Salespeople SM use	0,735	1.000		
X2 ←	Salespeople SM use	0.796	0.992	0.008	
X3 ←	Salespeople SM use	0.789	0.945	0.055	
	Salespeople SM use		2.937	0.063	0.60
X4 ←	Co-value based selling	0.885	1.000		
X5 ←	Co-value based selling	0.751	0.812	0.188	
X6 ←	Co-value based selling	0.778	0.822	0.178	
	Co-value based selling		2.634	0.366	0.65
X7 ←	Sales Performance	0.747	1.000		



X8 ←	Sales Performance	0.794	0.906	0.094
X9 ←	Sales Performance	0.851	0.806	0.194
Sales performance			2.712	0.288
				0.64

M.E: Measurement error, S.L: Standard loading, V.E: Variance extract

Similarly, reliability test resulted in the variable indicators tested is reliable for each indicator with the value of Cronbach alpha more than 0.60

Table 2: Testing result of reliability

Construct	S.L	M.E	C.R
Salespeople SM use	2.937	0.063	0.817
Co-value based selling	2.634	0.366	0.848
Sales Performance	2.712	0.288	0.638

M.E: Measurement error, S.L: Standard loading, C.R: Construct reliability

The calculation results of Reliability of Constructs and Extracted Variability on each variable have met the required criterion. Can be concluded. Reliability and Variance Extracted fulfilled.

Goodness of Fit Testing

The testing of goodness of fit indicated that the value of CMIN/ DF is 0.906 (<2); of goodness-of-fit index is 0.892 (<0.90); and of root mean square error of approximation is 0.000 (<0.08). Thus, the model has a goodness of fit (Table 3).

Table 3: Results of the goodness of fit test

χ^2	P value	CMIN/DF	GFI	RMSEA
<0.09	<0.05	0.906	0.892	0.000

GFI: Goodness-of-fit index, RMSEA: Root mean square error of approximation

Considering the value of Chi Square count (74,307) < Chi Square table (104,139) and probability value (0,715) > 0,05 hence can be concluded that model can explain estimated population.

Hypothesis Testing

The influence of salespeople social media use on sales performance and co-value based selling

Table 4 explains the results of hypothesis testing. As shown in the table, the first hypothesis examines the influence of salespeople social media use on the sales and the second tests the effect of the co-value based selling on sales performance, the testing shows that first and second hypotheses was accepted, as indicated by the value of construct reliability (CR) are 0.817 and 0.848. The result shows that sales force using social media for sales activity can increase more interaction with customers so that sales results will be created and can improve sales performance.



Table 4: Hypothesis testing results

Hypothesis		Estimate	SS.E	C.R	P value
Sales	← Salespeople	0.905	0.774	0.817	***
Perfor mance	SM use				
Co- vallue	← Salespeople	0.926	0.926	0.848	***
Based Selling	SM use				
Sales	← Co-value	0.703	0.826	0.638	***
Perfor mance	Based Selling				

C.R: Construct reliability, S.E: Standard estimate, P value: Significance level

The influence of co-value based selling on sales performance

The testing of third hypothesis reveals the positive and significant effect of co-value based selling on sales performance, with the C.R value at 0.638 and P value at 0.00. The result shows that the salespeople social media use can be encourage the sales food beverage SMEs performance through co-value based selling.

CONCLUSIONS AND IMPLICATION

This study aims to examine the role of social media use by salespeople to facilitate interaction and co-value based selling. This study reveals the importance of using social media by salespeople to improve sales performance in food and beverage SMEs in DKI Jakarta, Indonesia.

This study reflect the function of social media to salespeole to create value. Interaction between customer and salespeople can not only build better relationships and improve performance, but salespeople can be better mobilize resources. Company can take advantage of social media to maintain and enchance relationship and build communication with customer through word of mouth and can be interaction one by one at same time with customer.

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