

# Performance Evaluation of Sales Representatives Based on the European Customer Satisfaction Index Model (Case Study: Saipa Automotive Company)

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## ABSTRACT

The aim of this article is Performance evaluation of sales representatives in Saipa automotive company. The current research has a descriptive-correlative method. The matters are chosen among customers of Saipa automotive company in Shiraz. Data collection is done through random sampling. The validity of its content was ensured by using the expert viewpoints and consensus and analyzed using SPSS software. The validity of its structure was measured through using the Cronbach's alpha. Overall results of research indicated that the offered product, price, distribution and expectation by Saipa automotive company is not desirable from their customer perspective and the offered service and image by Saipa automotive company is desirable from their customer perspective.

**KEYWORDS:** Performance evaluation, ECSI model, Customer tribute, Customer Loyalty.

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## 1. INTRODUCTION

According to the research conducted, customer focus can be more profitable, more durable and longer to bring to the organization. Also, determining and explaining the organization's mission should be in line with the interests and demands of customers. To fulfill this goal, organizations must walk in the direction of customer orientation and tribute.

The management and evaluation of service quality – both financial and nonfinancial – is assuming increasing main throughout the world for many reasons. As the American Nurses Association puts it succinctly: “A profession's concern for the quality of its service constitutes the heart of its responsibility to the public” [1]. Second, the service sector has become the major growth industry during the latter part of this century, and, according to one estimate, it constitutes around 67 per cent and 71 per cent of the gross national product of Canada and the United States respectively [2].

According to the information extracted from surveys, customer-focused organizations in comparison with conventional organizations have better return on investment, market share growth, and sales profits, reduce costs, increase stock prices, index of customer loyalty. So, becoming an organization with a focus on customers should be the focus of the authorities in this area [3].

Corporations and institutions that before overtaking the Supply on demand have been Looking to increase market share, today are targeted the increase in the share of customers. Those with titles such as satisfied customers [4], loyal customers [5, 6], supporter customers [7] has been emphasized attention to the customer's in business process. Generally, the purpose of this study, performance evaluation of Saipa automotive company is based on European customer satisfaction index model from the perspective of its customers.

## 2. Theoretical foundations of the research

### 2.1. Structure of the ECSI model

Progress in designing and developing a universal framework within which to measure service quality is inevitably hampered by the intrinsic obstacles that are associated with adequately defining many of the main terms.

The original structure of the European customer satisfaction index model comprises a number of hidden factors, each of which illustrates variations of multiple indicators, usually observable. The trait of this approach is the relation among hidden factors that originate from a cause/effect system from the domain of feasible activators of satisfaction and its outcomes.

The European customer satisfaction index model has evolved from the American customer satisfaction index model. In the European customer satisfaction index model, the expectations of the customer/consumer, the value perceived and quality, and the satisfaction and their loyalty take on a structural configuration very comparable to that foreseen in the American model. Nevertheless, these models differ in two important perspectives: the European customer satisfaction index does not foresee the incidence of grievance behavior as an outcome of satisfaction, but it comprises corporate image as one of the hidden variables; this latter perspective is believed to exert a direct effect upon the customer's expectation, satisfaction and their loyalty.

European customer satisfaction index model that has been shown in figure one is a structural model and comprises a number of hidden variables and its generic structure is the same with America customer satisfaction model.

**2.2. Customer Tribute**

In order to achieve the objectives and effectiveness of the organization's efforts, in recent years, extensive research has been done and all of those have concluded that a culture of customer focus and customer reverence should be placed on top of all the activities. Today's organizations are aware of the importance of customer satisfaction and towards customer loyalty, customer retention and customer orientation in all of life are on the move. In such an organization, customer is center of organization and consumer is because of the organization existence [3]. Effective plans should be simple and practical to build customer loyalty and if these plans are not used in the proper position leads to increasing costs and organizations failure [8]. So identify, differentiate, and prioritizing the consumer and discovering their main expectations and ultimately achieving the customer satisfaction is the most important activities.

**2.3. Antecedents of Customer Satisfaction**

**Perceived Quality:** In 1996, the America customer satisfaction model was expanded to delineate two generic types of perceived quality, product quality (hardware) and service quality (software/human ware) [9]. Perceived product quality is the assessment of latter consumption experience of products. Perceived service quality is the evaluation of latter consumption experience of associated services similar conditions of product display, customer service, range of services, products and etc.

**Value:** The literature in this region has acknowledged that satisfaction in customer is dependent on value [10]. Value is the perceived level of product quality relative to the price paid or the “value for money” perspective of the consumer experience.

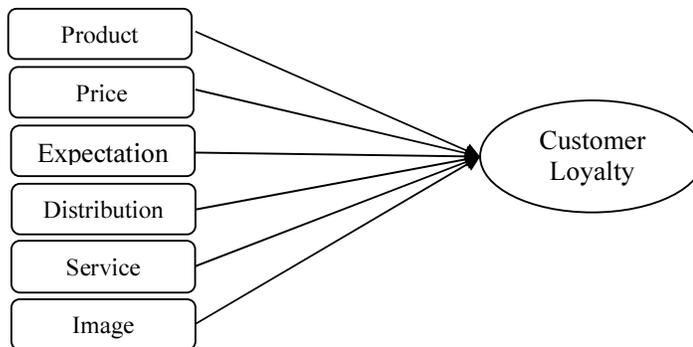
**Image** has been determined as “the realizations of an organization reflected in the community held in customer memory” [11]. This is alike to company image which is assumed to influence the customer’s choice of Service firm when it is hard to recognize between service attributes. Company image is established or developed in the customer’s mind through experience and communication [12].

**Expectations:** Expectations refer to the level of quality that consumers expect to receive and are the outcome of previous consumption experience with a Company's services or products. Johnson et al in the year 2001 noted that the effect of expectations is no important in a number of industry parts [13].

**2.4. Customer Loyalty**

Customer loyalty is the final dependent variable in the model and is seen to be a proxy measure for profitability [14]. Increasing customer loyalty secures future revenues and minimizes the possibility of defection if quality decreases. In addition, word-of-mouth from satisfied loyal customers embellishes the firm’s overall reputation and reduces the cost of attracting new customers [15].

Yi (1990); Hallowell (1996); Homburg and Giering (2001) noted that initially, customer loyalty has been perceived to be a behavioral concept entailing repeat buying of product or service measured as the series or share of purchases, referrals, magnitude of relationship or all of the above mingled together [16, 17, 18]. Day (1969) found the behavioral conceptualization of loyalty insufficient for distinguishing true loyalty from fake one and suggested that loyalty should be evaluated through both behavioral and attitudinal measures [19].



**Fig 1: European customer satisfaction index model**

**3. Methodology and proposed model**

**3.1. Research Questions**

- Question 1: How is products offered by Saipa automotive company from their customer's perspective?
- Question 2: How is prices offered by Saipa automotive company from their customer's perspective?
- Question 3: How is distribution channels offered by Saipa automotive company from their customer's perspective?
- Question 4: How is method of offered services by Saipa automotive company from their customer's perspective?
- Question 5: How is offered image by Saipa automotive company from their customer's perspective?
- Question 6: How is a customer expectation by Saipa automotive company from their customer's perspective?
- Question 7: How is priority of ECSI model by Saipa automotive company from their customer's perspective?

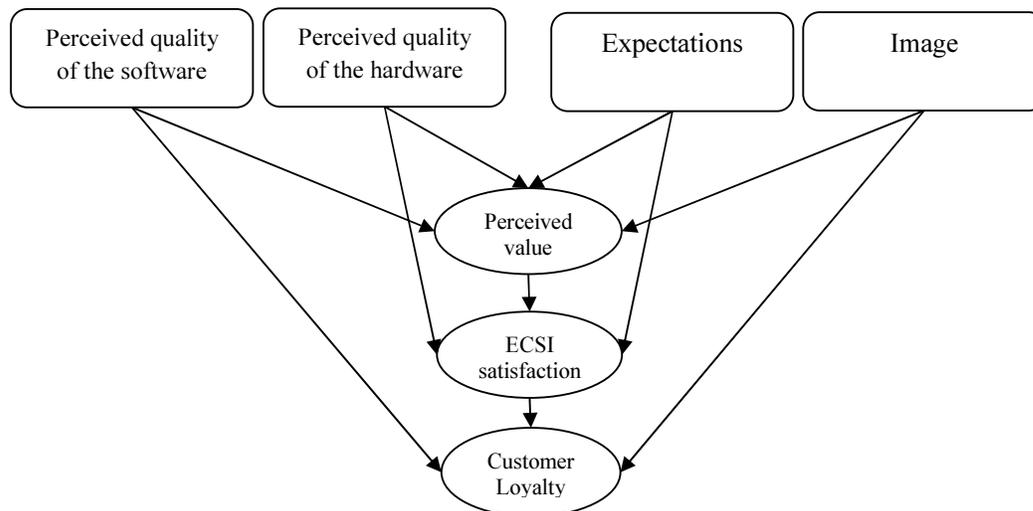


Fig 2: conceptual model

3.2. Hypothesis

From the above mentioned model the following main hypothesis are developed:

- Hypothesis 1: The offered product by Saipa automotive company is desirable from their customer perspective.
- Hypothesis 2: The offered price by Saipa automotive company is desirable from their customer perspective.
- Hypothesis 3: The offered distribution channel by Saipa automotive company is desirable from their customer perspective.
- Hypothesis 4: The method of offered service by Saipa automotive company is desirable from their customer perspective.
- Hypothesis 5: The offered image by Saipa automotive company is desirable from their customer perspective.
- Hypothesis 6: The expectation from Saipa automotive company is desirable from their customer perspective.

3.3. METHODOLOGY

The aim of this article is performance evaluation of sales representatives in Saipa automotive company. The current research has a descriptive-correlative method. The matters are chosen among customers of Saipa automotive company in Shiraz. Data collection is done through random sampling. First, a group of 30 persons were selected from the subjects and the questionnaire distributed among them. After extracting the data from the responses of the intended group and the variance estimate, the volume of the sample of the study was drawn by using Cookran formula. 384 customers were selected randomly as the subjects of the study. In this research, questionnaire was used as a data collection tool. Also, the data collection instrument for research variables was a researcher-developed questionnaire which it items was rated according to 5 point Likert scale. The validity of its content was ensured by using the expert viewpoints and consensus. The validity of its structure was measured through using the Cronbach’s alpha. The Cronbach alpha estimated for Performance evaluation was 0.732 for Saipa automotive company. As the Cronbach’s alpha in this research was all much higher 0.7, the constructs were therefore deemed to have adequate reliability.

In this study, for data analyzeto performance evaluation of Saipa automotive company, research questions was designed on the basis of ECSI model. Customers were questioned according to the theoretical model and based on the research questions. The formula to determining the sample size in the study is presented below.

$$n \geq \frac{Z^2 \frac{\alpha}{2} p(1-p)}{d^2} = \frac{1.96^2 \times 0.5 \times 0.5}{0.05^2} = 384$$

4. RESULTS

In the under Tables, mean, Value of the test statistic and significant for each of the variables in research variables was examined. For example, in the first hypothesis, mean is 6/77, Value of the test statistic is -34/33, significant is 0.000 and hypothesis was accepted:

**Hypothesis 1:** The offered product by Saipa automotive company is desirable from their customer perspective.

| variable | mean | Std   | %95    |        | Test value | Value of the test statistic | df  | sig   |
|----------|------|-------|--------|--------|------------|-----------------------------|-----|-------|
|          |      |       | lower  | upper  |            |                             |     |       |
| product  | 6/77 | 1/272 | -2/356 | -2/101 | 9          | -34/33                      | 383 | 0/000 |

Table 1: hypothesis 1

According to results of table 1, since observed mean is 6/77, Value of the test statistic is -34/33; significant is 0.000, so the offered product by Saipa automotive company is not desirable from their customer perspective with %95 confidence.

**Hypothesis 2:** The offered price by Saipa automotive company is desirable from their customer perspective.

| variable | mean  | Std   | %95    |        | Test value | Value of the test statistic | df  | sig   |
|----------|-------|-------|--------|--------|------------|-----------------------------|-----|-------|
|          |       |       | lower  | upper  |            |                             |     |       |
| price    | 5/033 | 1/416 | -1/108 | -0/824 | 6          | -13/365                     | 383 | 0/000 |

**Table 2: hypothesis 2**

According to results of table 2, since observed mean is 5/033, Value of the test statistic is -13/365; significant is 0.000, the offered price by Saipa automotive company is not desirable from their customer perspective with %95 confidence.

**Hypothesis 3:** The offered distribution channel by Saipa automotive company is desirable from their customer perspective.

| variable     | mean  | Std   | %95    |        | Test value | Value of the test statistic | df  | sig   |
|--------------|-------|-------|--------|--------|------------|-----------------------------|-----|-------|
|              |       |       | lower  | upper  |            |                             |     |       |
| distribution | 7/968 | 1/441 | -1/175 | -0/886 | 9          | -14/021                     | 383 | 0/000 |

**Table 3: hypothesis 3**

According to results of table 3, since observed mean is 7/968, Value of the test statistic is -14/021; significant is 0.000, the offered distribution channel by Saipa automotive company is not desirable from their customer perspective with %95 confidence.

**Hypothesis 4:** The method of offered service by Saipa automotive company is desirable from their customer perspective.

| variable | mean   | Std   | %95   |       | Test value | Value of the test statistic | df  | sig   |
|----------|--------|-------|-------|-------|------------|-----------------------------|-----|-------|
|          |        |       | lower | upper |            |                             |     |       |
| service  | 12/247 | 1/678 | 0/078 | 0/415 | 12         | 2/888                       | 383 | 0/004 |

**Table 4: hypothesis 4**

According to results of table 4, since observed mean is 12/247, Value of the test statistic is -2/888; significant is 0.000, the method of offered service by Saipa automotive company is desirable from their customer perspective with %95 confidence.

**Hypothesis 5:** The offered image by Saipa automotive company is desirable from their customer perspective.

| variable | mean  | Std   | %95   |        | Test value | Value of the test statistic | df  | sig   |
|----------|-------|-------|-------|--------|------------|-----------------------------|-----|-------|
|          |       |       | lower | upper  |            |                             |     |       |
| Image    | 9/166 | 1/033 | 0/629 | 0/2704 | 9          | 3/159                       | 383 | 0/002 |

**Table 5: hypothesis 5**

According to results of table 5, since observed mean is 9/166, Value of the test statistic is -3/159; significant is 0.002, the offered image by Saipa automotive company is desirable from their customer perspective with %95 confidence.

**Hypothesis 6:** The expectation from Saipa automotive company is desirable from their customer perspective.

| variable    | mean  | Std   | %95    |        | Test value | Value of the test statistic | df  | sig   |
|-------------|-------|-------|--------|--------|------------|-----------------------------|-----|-------|
|             |       |       | lower  | upper  |            |                             |     |       |
| expectation | 4/408 | 1/094 | -1/701 | -1/481 | 6          | -28/488                     | 383 | 0/000 |

**Table 6: hypothesis 6**

According to results of table 6, since observed mean is 4/408, Value of the test statistic is -28/488; significant is 0.000, the expectation from Saipa automotive company is not desirable from their customer perspective with %95 confidence.

**Question 7:** How is priority of ECSI model by Saipa automotive company from their customer's perspective?

| Priority | Factors      | Mean |
|----------|--------------|------|
| 1        | service      | 5/48 |
| 2        | Image        | 4/86 |
| 3        | distribution | 4/21 |
| 4        | product      | 3/37 |
| 5        | expectation  | 1/67 |
| 6        | price        | 1/41 |

**Table 7: priority of ECSI model by Saipa automotive company**

Finally, indicators based on the rating average of each factor are prioritized according to the following table.

| Priority | Factors                     | Relevant factors | Mean  |
|----------|-----------------------------|------------------|-------|
| 1        | Willingness of employees    | service          | 13/91 |
| 2        | Access method               | distribution     | 13/58 |
| 3        | Commercial position         | Image            | 12/62 |
| 4        | Reputation                  | Image            | 12/29 |
| 5        | Employees skills            | service          | 11/32 |
| 6        | accessibility               | product          | 11/17 |
| 7        | Credibility                 | Image            | 9/09  |
| 8        | Method of Paying the price  | price            | 8/54  |
| 9        | Access time                 | distribution     | 8/49  |
| 10       | service                     | distribution     | 8/35  |
| 11       | performance                 | product          | 8/26  |
| 12       | Personal need               | expectation      | 8/03  |
| 13       | Past experiences            | expectation      | 7/83  |
| 14       | Reliability                 | service          | 5/15  |
| 15       | quality                     | product          | 5/15  |
| 16       | Method of product guarantee | service          | 4/70  |
| 17       | Price level                 | price            | 4/52  |

**Table 8: indicators based on the rating average of each factor**

### 5. Conclusions and suggestions

The aim of this article is performance evaluation of sales representatives in saipa automotive company. The study finds out some interesting conclusions:(1): The offered product by Saipa automotive company is not desirable from their customer perspective, (2): The offered price by Saipa automotive company is not desirable from their customer perspective, (3): The offered distribution channel by Saipa automotive company is not desirable from their customer perspective, (4): The method of offered service by Saipa automotive company is desirable from their customer perspective, (5): The offered image by Saipa automotive company is desirable from their customer perspective, (6): The expectation from Saipa automotive company is not desirable from their customer perspective. In terms of customers, services have the highest rank and the price of goods and available services is the lowest rank. In ECSI model is presented factors such as product with characteristics: accessibility, performance, quality and service with characteristics: Willingness of employees, Method of product guarantee, Reliability, Employees skills and price with characteristics: Method of Paying the price, Price level and distribution with characteristics: Access method, service, Access time and image with characteristics: Reputation, Commercial position, Credibility and finally expectations with characteristics: Past experiences and personal need. Also, the suggestions offered in this respect:

- Providing the quality service and with reasonable prices,
- Decreasing the costs through enhancing the employee performance and increasing productivity,
- Reducing the amount of dividends through increasing the sales revenue in different ways,
- Utilizing the latest and most up to date national and international standards,
- Providing the complete information to customers,
- Holding the seminars and conferences on how to deal with customers,
- The development and improvement of distribution channels and sales through dealers in various cities,
- Setting up and strengthening of accountability System to problems and customers complaints through person, phone and online methods.

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