



Print ISSN: 1738-3110 / Online ISSN 2093-7717
 JDS website: <http://www.jds.or.kr/>
<http://dx.doi.org/10.15722/jds.20.10.202210.119>

Effect of Customer-acquisition Orientation on Salespeople's Performance in Distribution of Pharmaceuticals

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Received: September 04, 2022. Revised: September 25, 2022. Accepted: October 05, 2022.

Abstract

Purpose: The purpose of this study was to investigate sales managers' strategic focus on customer acquisition, specifically its effect on salespeople's performance. In addition, this study aimed to determine how salespeople's interpersonal skills, salesmanship skills, and technical knowledge affect the relationship between customer-acquisition management and salespeople's performance. **Research design, data, and methodology:** This study conducted a survey of 310 salespeople working at pharmaceutical companies. A structural equation modeling approach was applied to test the main effects and interaction effects using AMOS. **Results:** The results indicated that both managers' customer-acquisition orientation and salespeople's salesmanship skills and technical knowledge positively affected the latter's performance. Further, it was found that the higher the technical knowledge of the salesperson, the greater the effect of the customer-acquisition orientation on sales performance. **Conclusions:** Sales managers should enable salespeople to quickly acquire technical knowledge with respect to the market, products, competitors, and company policy so that they can bring greater synergy to the customer-acquisition orientation.

Keywords: Customer Acquisition Orientation, Distribution of Pharmaceuticals, Interpersonal Skills, Sales Performance, Salesmanship Skills, Technical Knowledge

JEL Classification Code: M12, M31, L84

1. Introduction

A firm faces a rigorously competitive marketplace wherein the tasks of increasing market share, revenues, profitability, and customer satisfaction are constant challenges. In order to overcome such challenges to achieve and maintain successful performance, the firm develop various marketing programs and devise strategies. However, not all firms in the same market situation achieve the same results: depending on resources and capabilities, the degree of overcoming of challenges or of successfully achieving performance goals will vary (Zou et al., 2003).

The present study was inspired by resource-based theory (Barney, 1991; Wernerfelt, 1984). In resource-based theory, resources refer to all kinds of assets and capabilities, organizational processes, corporate characteristics, information, and knowledge possessed by a company. The financial performance of a company, accordingly, is determined by the extents of internal core resources and capabilities rather than external factors such as economic conditions (Barney, 1991). The resources suggested by resource-based theory have heterogeneity, are difficult to imitate from competitors, and are necessarily rare. This study considered resources to be tangible or intangible

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assets that can help increase production efficiency or marketing effectiveness to target customers by way of the customer-acquisition orientation of sales managers and the three main selling skills of salespeople (Rentz et al., 2002).

The purpose of this study is to investigate the effect of customer-acquisition orientation on sales performance and to determine how salespeople's selling skills also affect their performance. In addition, this study seeks to examine the role of salespeople's selling skills in the relationship between customer-acquisition orientation and sales performance. In addressing all three of those research gaps, the current study makes contributions in the following areas of research.

First, there have been several studies on customer-retention strategies and/or loyalty, product market shares relative to competitors, and optimal investing in distinct communication channels (Gomez et al., 2004; Venkatesan & Kumar, 2004). Many customer management studies have ignored customer acquisition, focusing only on customer retention and profitability management (Thomas, 2001). Researchers have provided evidence to support the claim that customer retention is less expensive than customer acquisition (Birch, 1990; Peppers & Rogers, 1993). According to Gupta et al. (2004), a 1% increase in retention rate increases firm profit by 5%, whereas a 1% decrease in acquisition cost improves firm profit by only 0.1%. In another study, it was demonstrated that efforts to retain existing customers while improving service quality decreases customer portfolio heterogeneity but increases firm value. On the other hand, efforts to acquire prospects through effective advertising have been shown to increase customer portfolio heterogeneity and decrease firm value (Grewal et al., 2010). Companies have focused on maintaining and enhancing relationships with current customers rather than attracting new ones, as adopting a strategy to retain existing customers allows them to reach performance goals more quickly and has a cost advantage as well (Reinartz & Kumar, 2000). Nonetheless, customer acquisition plays an important role in maximizing long-term firm profitability. Mallin and Mayo (2006) argued that, from a long-term perspective, a company's focus on customer retention cannot be an optimal strategy, as it is inevitable that existing customers will churn and sales decline. Negative impacts in the client base such as customer churn result in a loss of 15%-20% (Jolson & Wotruba, 1992) and lead to erosion of corporate performance (Kumar & Petersen, 2005). Thus, if the effort to create new customers is neglected, the customer portfolio will gradually deteriorate or shrink, eventually becoming an obstacle to the development of customer management (Tillmanns et al., 2017). Recently, pharmaceutical companies are increasing the proportion of face-to-face sales along with online selling as their sales profit has deteriorated significantly due to

COVID-19. Each pharmaceutical company is concentrating on securing new customers because it is difficult to achieve significant sales performance only just by maintaining past accounts. Therefore, this study not only recognizes the importance of customer-acquisition management for salespeople in pharmaceutical distribution, but also shows how it can affect sales performance.

Second, in previous studies, selling skill has been introduced as a variable that affects the sales effectiveness of salespeople. Churchill et al. (1985) extracted, through meta-analysis, six predictive determinants of salesperson performance and categorized them, in order of importance, as follows: role variables, selling skills (skill level), motivation, personal factors, attitude, organizational factors and environmental factors. They found that the selling skills were both the second most important determinant and the largest single determinant of salesperson performance. Since Rentz et al. (2002) proposed three selling skills and tested them in practice, there have been few empirical studies that have proven or refuted them or operationalized the selling skills concept. In the present study, those three selling skills — interpersonal skills, salesmanship skills, and technical knowledge — were considered to affect sales performance. Following the lead of Rentz et al. (2002), we investigated how the three selling skills effect successful sales performance and affect the relationship between customer-acquisition orientation and sales performance. Correspondingly, this paper suggests a method to maximize sales performance via strengthening of salespeople's customer-acquisition orientation.

The structure of this paper is as follows. Part 2 summarizes the academic literature on selling skills and proposes the present research hypotheses. In Part 3, the research sample and analysis methods employed are explained. In Part 4, the reliability and validity of the variables are analyzed, and the results of an analysis of the relationships between the variables are presented. Part 5 presents a summary of this study along with its implications.

2. Literature Review

2.1. Customer Orientation

Many previous studies related to customer orientation have been conducted with reference to individual workers, especially salespeople (Brown et al., 2002; Franke & Park, 2006). Forty years ago, Saxe and Weitz (1982) introduced customer orientation as the opposite concept to selling orientation. They defined customer orientation as a commitment to ensuring long-term customer satisfaction and understanding and meeting customer needs and interests. According to many existing studies, it has been

demonstrated that customer orientation influences long-term relationships with customers. Customer orientation is positively associated with customer satisfaction (Homburg & Stock, 2005) and customer trust (Langerak, 2001), and negatively related to customer's tendency to switch to another company (Jones et al., 2003).

When salespeople have a high customer orientation, they engage in customer-oriented selling. Customer-oriented selling refers to the degree to which salespeople practice the marketing concept by trying to help their customers make purchase decisions that will satisfy their needs. In other words, highly customer-oriented salespeople strive to increase long-term customer satisfaction and avoid sacrificing customer interests to immediate sales potential. Salespeople with a high level of customer orientation reflect and act with a high level of concern for the long-term needs of their customers, and those with a low level of customer orientation will act with a focus on achieving short-term sales goals (Cross et al., 2007). Customer orientation requires less sales pressure (Bursk, 1947) and employs solution-selling approaches that tend to lead to greater customer satisfaction (Gwinner, 1968). As a customer-oriented approach values creators (Jolson, 1997; Wotruba, 1996), salespeople play an important role in developing long-term, mutually beneficial partnerships with customers; thus too, managers need to fully understand customer-oriented selling (Anderson, 1996; Jolson, 1997). Indeed, customer-oriented behaviors are positively associated with salesperson performance (Saxe & Weitz, 1982; Swenson & Herche, 1994).

In general, there are two types of customer-oriented strategy: customer acquisition and customer retention (Arnold et al., 2011; Reinartz et al., 2004). Customer-acquisition orientation refers to a firm's focus on acquiring new customers' information, evaluating their potential value, and allocating resources to acquire long-term high-value assets. On the other hand, customer-retention orientation is the focus on acquiring information on existing customers and allocating resources to maintain relationships with existing customers in order to obtain long-term value from them (Reinartz et al., 2004; You & Joshi, 2020).

Existing studies on customer acquisition and retention have tended to focus on the difference between customer-acquisition cost and customer-retention cost. Numerous studies have demonstrated, for example, that it costs much more to acquire a customer than to retain one (Birch, 1990; Peppers & Roger, 1993). However, starting in the 2000s, studies have focused more on the relationship between the acquisition-retention trade-off and financial impact (Berger & Bechwati, 2001; Carter et al., 2014). Customer-engagement orientation can depend on the type of innovation or the type of transaction with buyers. For example, an acquisition orientation better supports radical

innovation performance, while a retention orientation better supports incremental innovation performance (Arnold et al., 2011). Another study found that while a retention orientation targeting relational/contractual buyers in a competitive market may impair profitability, the use of an acquisition orientation targeting transactional buyers in a similar market is desirable. The acquisition-retention trade-offs will depend on market factors. And certainly, both acquisition orientation and retention orientation affect company performance. As such, companies will evaluate whether to focus more on retention or acquisition according to market factors, rather than simply focusing on retention. We provide a brief overview of a given research in Table 1.

Table 1: Summary of studies investigating customer orientation

Author(s)	Key Findings
Arnold et al. (2011)	Acquisition and retention orientations differentially affect radical and incremental innovation performance. Customer acquisition orientation enhances radical innovation performance and customer retention orientation increases incremental innovation performance
Baldauf and Craven (1999)	Customer orientation is positively related to
Brown et al. (2002)	Both agreeability and the need of activity positively influence customer orientation, whereas emotional instability negatively influences customer orientation.
Cross et al. (2007)	Customer orientation of an organization on sale performance supports through the customer orientation of the salespeople.
Hoffman and Ingram (1991)	Role stressors such as role ambiguity and role conflict impact customer orientation of salespeople through its effects on job satisfaction.
Homburg and Stock (2005)	Salesperson's customer orientation is positively related to customer satisfaction. salesperson characteristics such as empathy, expertise, and reliability and customer characteristics such as customer trust, customer price consciousness, and the importance of product/service to the customer moderate the relationship between salespeople's work satisfaction and customer satisfaction.
Jones et al. (2003)	Sales managers' organizational commitment positively influences salesperson customer orientation which in turn negative effect on the salesperson's role stress.
Langerak (2001)	The customer's perception of customer orientation of salesperson positively influences the customer's trust in, cooperative norms in, and satisfaction with the relationship with the manufacturer.
Saxe and Weitz (1982)	The 24 item SOCO scale is developed to measure salesperson customer orientation.
Williams and Attaway (1996)	Organizational culture on relationship development acts through the customer-oriented behavior of salespeople.

This study focused on the importance of customer-acquisition orientation for salespeople who sell over-the-counter (OTC) products in the sales realm of the Korean pharmaceutical industry. Because Korea's OTC products can be purchased at pharmacies without a doctor's prescription, it is important to secure more new customers and sell various products to them. Therefore, this study aimed to examine how the customer-acquisition orientation of salespeople who sell OTC products affects their performance.

This paper provides evidence for the moderating role of the three types of selling skills on the relationship between the customer acquisition orientation (See Figure 1).

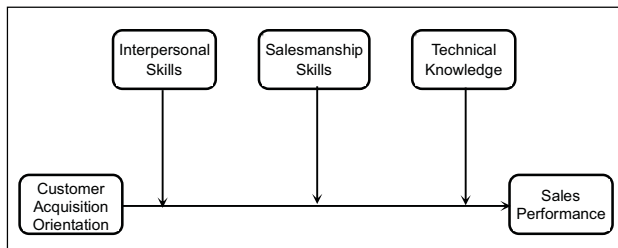


Figure 1: Conceptual Framework

2.2. Main Effect of Customer-acquisition Orientation on Sales Performance

Customer-acquisition orientation is a customer management system that focuses on the needs of potential customers, which motivates salespeople to acquire, distribute, or institutionalize new customer information (Arnold et al., 2011). Managing the customer-acquisition orientation develops the ability of salespeople to recognize the potential needs of customers and also allows them to learn to recognize potentially valuable customers. In addition, managers' continuous interest in customer-acquisition orientation improves individual salespeople's ability to create customer knowledge, thus enabling them to make the best decisions on how to respond to potential customer needs (Jayachandran et al., 2004). Acquisition capability develops the ability to explore, discover, and take risks with a focus on flexibility and variability (Levinthal & March, 1993; March, 1991), which ultimately helps convert prospects into new customers.

The ability to acquire customers is easy to explain as a resource for a firm's competitive advantage, because it is based on interrelated resources or deeply embedded knowledge or relationships within the firm (Cron et al., 2014). Salespeople with acquisition ability can accurately evaluate prospects, target the best opportunities, gather and integrate the most relevant market information, develop a value proposition, and deliver and apply that proposition to meet the needs of potential customers (Moncrief & Marshall,

2005; Weitz et al., 1986), thereby satisfying those customers and positively impacting sales performance as well. Therefore, the following hypotheses were derived.

H1: Customer-acquisition orientation has a positive impact on sales performance.

2.3. Main Effects of Selling Skills on Sales Performance

Based on the limitations of the existing studies, Rentz et al. (2002) classified the components of selling skills into the following three categories.

First, interpersonal skills were defined as proficiency in verbal or non-verbal communication. Rentz et al. (2002) operationalized and empirically tested dimensions representing interpersonal skill measures, suggesting the following four sub-dimensions: listening, empathy, optimism, and perceptive observation skills. By listening to customers, salespeople can gain the perception they need in order to implement adaptive selling behaviors, which in turn can lead to higher performance (see Spiro & Weitz, 1990; Weitz et al., 1986). Empathy is an important factor in developing a salesperson's emotional intelligence, and when a salesperson with empathy understands their own and others' emotions, they are able to respond better to their feelings and develop healthier relationships (Goleman, 1994). Therefore, empathy is very important in the interaction between buyer and seller. Optimistic salespeople tend to motivate themselves and prefer to initiate work and maintain a positive attitude towards results (Strutton & Lumpkin, 1993). In addition, Rich and Smith (2000) found that individuals with high-responsive characteristics seem to be superior in identification or perceptive observation of another's social style, which are important traits of successful salespeople. All of the four dimensions have a decidedly positive impact on sales performance (Castleberry & Shepherd, 1993; Rich & Smith, 2000).

Second, the dimensions of salesmanship skills are adaptability, negotiation and questioning, salesperson cues and communication style skills, and consultative selling. Adaptive selling behavior refers to changing of the selling behavior of employees throughout customer interactions based on perceived information about the nature of the situation (Weitz et al., 1986). Salespeople who engage in adaptive selling behavior play an important role in enhancing their sales performance (Agnihotri et al., 2017; Franke & Park, 2006; Limbu et al., 2016) as they seek to understand the needs and expectations of customers in a given situation (Limbu et al., 2016). Kozubska (1986) and Lidstone (1986) noted that the salesperson's ability to negotiate a solution that is mutually beneficial to the customer and the salesperson has a significant impact on sales performance. Also, Johlke (2006) suggested that the skill of a salesperson in negotiating with a customer is

positively related to job performance. Communication style refers to an individual's particular communication pattern (Barber, 1978). Williams and Spiro (1985) found that salespeople can be successful when they can tailor their communication styles appropriately for interacting with given customers. Nonverbal behavior is useful for building and maintaining relationships (Hennig-Thurau et al., 2006; Tickle-Degnen & Rosenthal, 1990), and nonverbal cues are recognized by salespeople as an important component of successful sales (Futrell, 2006; Leigh & Summers, 2002). The non-verbal behavior of service personnel during the first brief customer-employee interactions often encountered in service situations plays an important role in helping customers evaluate their services (Lim et al., 2017). As another dimension of salesmanship, consultative skills are the factors that have a positive impact on the performance of a salesperson (DeCormier & Jobber, 1993); specifically, they enable a salesperson to sell an appropriate current product or service to an existing or new customer to solve a specific problem (Pelham, 2006). Salespeople who know how to effectively present information on the products they sell are able to provide the right products and services to the right prospects, interact with them, address their concerns, increase their trust and satisfaction, and ultimately, boost sales performance (Abdolvand & Farzaneh, 2013; Johlke, 2006). Salesmanship skills have a positive effect on sales performance (Leigh & Summers, 2002; Wachner et al., 2009).

Third, technical knowledge indicates a salesperson's skills in providing information on design, specifications, applications, and functions of products and services (Churchill et al., 2000; Futrell, 2006). A salesperson needs to have knowledge on the market, the customer, one's own company's procedures, product features and product lines; knowledge of competitors' products, services, and sales policies, and knowledge of customers' operations (Baldauf & Cravens, 2002; Rentz et al., 2002). Sales management studies have defined technical knowledge in different terms, such as selling knowledge (Leigh & McGraw, 1989; Miao & Evans, 2012), selling-related knowledge (Verbeke et al., 2011), and customer knowledge (Smith & Owen, 1995). Selling-related knowledge is defined as the knowledge a salesperson uses to sell a solution to a customer, and underlies the salesperson's solution-selling skills to help them fulfill their role and manage uncertainty in the solution-selling process (Ulaga & Kohli, 2018; Verbeke et al., 2011). Verbeke et al. (2011) found that selling-related knowledge is the most important driver of sales performance, and Miao and Evans (2012) investigated a positive relationship between selling knowledge and sales performance. In fact, it has been empirically demonstrated that salespeople's use of technical knowledge leads to higher performance (Baldauf & Cravens, 2002; Cravens et

al., 1993). Several other studies have found that customer knowledge also plays an important role in salesperson performance (see Donath, 1993; Smith & Owens, 1995).

H2: Selling skills have a positive effect on sales performance.

H2a: Interpersonal skills have a positive effect on sales performance.

H2b: Salesmanship skills have a positive effect on sales performance.

H2c: Technical knowledge have a positive effect on sales performance.

2.4. Interaction Effects of Selling Skills with Customer-acquisition Orientation

Management of customer-acquisition orientation focuses on enabling salespeople to quickly identify potential customers, gather their information, and acquire loyal customers, so that they can identify the needs of potential customers and provide appropriate services to meet them.

An acquisition orientation encourages employees to gather diverse customer knowledge beyond existing customers (Day, 1994). Through interpersonal skills, salespeople can increase sales by identifying and supporting customers' difficulties and diverse needs, specifically by quickly detecting, interpreting, evaluating and responding to customers' verbal as well as non-verbal expressions (Castleberry & Shepherd, 1993). While customer acquisition can be optimized through personal, frequent communication such as sales calls, once a customer is acquired, a salesperson can manage a customer-retention strategy with less in-person, face-to-face communication (Reinartz et al., 2005). Therefore, salespeople with strong customer-acquisition orientation will be able to maximize their sales performance through their interpersonal skills.

Salesmanship skills are defined as adaptability related to sales work ranging from finding customers to closing sales contracts. Salesmanship skills are recognized as essential to customer-relationship formation (Viio & Gronroos, 2016). Additionally, employees with good salesmanship skills have a desire to meet the diverse needs of potential customers and improve customer interactions in more productive ways (Simintiras et al., 2013). In particular, emphasizing listening and questioning skills will enhance the customer-orientation of salespeople (Ingram et al., 1997), which will have a positive impact on sales performance in terms of identifying the needs of new customers and obtaining greater value from their satisfaction.

Finally, technical knowledge pertains to various knowledge concerning market conditions, product features to be sold and service benefits, information on competitor products, and methods to better meet customer needs (Futrell, 2006). When a salesperson has broad and rich

information on market conditions and products to be sold, he or she will be better able to determine whether the customer is a prime prospect who is likely to purchase product(s) in large quantity or not (Szymanski, 1988). In addition, if a salesperson has knowledge related to customer wants and desires, he or she can select a selling approach that best matches a specific sales situation and apply it to a given sales encounter (Szymanski, 1988), which ultimately will help them to plan a strategy to target valuable new customers.

Therefore, the following hypotheses were derived.

H3: The higher the selling skills of salespeople, the greater the impact of customer-acquisition orientation on sales performance.

H3a: The higher the interpersonal skills of salespeople, the greater the impact of customer-acquisition orientation on sales performance.

H3b: The higher the salesmanship skills of salespeople, the greater the impact of customer-acquisition orientation on sales performance.

H3c: The higher the technical knowledge of salespeople, the greater the impact of customer-acquisition orientation on sales performance.

3. Research Methods

3.1. Sample and Data Collection

The subjects of this study were pharmaceutical company salespeople who sell over-the-counter(OTC) drugs to

pharmacies in South Korea. Before distributing our questionnaire to the participants, we selected 5 salespeople working at a pharmaceutical company and conducted a preliminary survey on them in order to confirm whether the questionnaire items were used properly and interpreted clearly and precisely. A total of 420 questionnaires were distributed, of which 310 were collected, accounting for a response rate of 73.80%. The total sample was 310, the average number of regular employees was 546.3755, the average number of years of employment with the company was 8 years, 8 months, and the average sales experience in was 8 years, 1 month.

3.2. Measures

This study used survey items including customer-acquisition orientation, interpersonal skills, salesmanship skills, technical knowledge, and sales performance variables based on the measurement items used in previous studies. First, on the basis of the questionnaire items used by Arnold et al. (2011), the customer-acquisition orientation was measured with 6 items on a Likert 7-point scale (1=strongly disagree, 7=strongly agree). Second, selling skills were divided into interpersonal skills, salesmanship skills, and technical knowledge, all of which were measured on a 7-point Likert scale based on the questionnaire used by Rentz et al. (2002) (1=highly unskilled, 7=highly skilled). Finally, sales performance was measured with 3 items on a Likert 7-point scale based on the questionnaire used by Johnson and Sohi (2014) (1=strongly disagree, 7=strongly agree). The measurement items for each variable are shown in Table 2 below.

Table 2: Multi-item scales

Construct		Measurement Items
Customer Acquisition Orientation	Leadership	IOur senior management emphasizes very often the significance of acquiring valuable new customers. IThe leaders in our organization have a clearly defined mission driven by customer acquisition ISenior management communicates the importance to our unit of acquiring valuable new customers.
	Control	IEmployees' reward and promotion opportunities depend largely on how they successfully target and acquire valuable new customers for the unit. IEmployees are given specific guidance for acquiring new valuable customers. IOur unit regularly measures how successfully employees acquire valuable new customers.
Selling Skills	Interpersonal Skills	IAbility to express yourself nonverbally IAbility in general speaking skills IAwareness and understanding of the nonverbal communication of others IAbility to control and regulate nonverbal displays of emotion IAbility to manipulate others and control the situation
	Salesmanship Skills	IAbility to prospect for customers IAbility to qualify prospects IAbility to close the sale IAbility to present the sales message IAbility to service the account

	Technical Knowledge	I Knowledge of the customers' markets and products I Knowledge of your company's procedures I Knowledge of competitors' products, services, and sales policies I Knowledge of product line, including product features and benefits I Knowledge of customers' operations (e.g store and shelf layout, employee training, etc.)
Sales Performance		I During the last year, I performed much higher than my objectives on Sales. I During the last year, I performed much higher than my objectives on Profitability. I During the last year, I performed much higher than my objectives on Market share.

4. Results

4.1. Reliability and Validity of Variables

We conducted a reliability analysis using Cronbach's α value to confirm the internal consistency of each questionnaire item. In general, if Cronbach's α value is 0.7 or higher, reliability is considered to be relatively high (Nunnally & Bernstein, 1994). Therefore, according to the analysis of the results, all of the variables used in this study could be interpreted as reliable. The results of the reliability analysis of this study are shown in Table 3 below.

Table 3: Reliability assessment

Construct		Number of items	Cronbach's alpha (α)
Customer Acquisition Orientation		6	0.867
Selling Skills	Interpersonal Skills	5	0.832
	Salesmanship Skills	5	0.832
	Technical Knowledge	5	0.848
Sales Performance		3	0.934

Additionally, a correlation analysis was performed, the results of which are shown in Table 4 below.

Table 4: Correlation analysis

	CAO	IS	SS	TK	SP
Customer Acquisition Orientation (CAO)	1				
Interpersonal Skills (IS)	.285 (**)	1			
Salesmanship Skills (SS)	.306 (**)	.608 (**)	1		
Technical Knowledge (TK)	.311 (**)	.621 (**)	.671 (**)	1	
Sales Performance (SP)	.266 (**)	.213 (**)	.332 (**)	.280 (**)	1

Note: * Significant at the .05 level(2-tailed).

**Significant at the .01 level(2-tailed).

In order to confirm the validity of the measurement items, we tested convergent validity and discriminant validity in AMOS. We calculated the average variance extracted (AVE) and construct reliability (CR) of the latent constructs to evaluate convergence validity. According to

Fornell and Larcker (1981), convergent validity is confirmed when the AVE is greater than 0.5 and the CR is greater than 0.5. As shown in Table 3 below, it was confirmed that convergent validity was satisfied by meeting each validity criterion. Also, to test discriminant validity, this study checked whether the AVE value for each construct was greater than the squared correlation between a pair of constructs (Fornell & Larcker, 1981); as according to the result, it was confirmed that discriminant validity was achieved. Finally, as shown in Table 5 below, the overall fit in the confirmatory factor fit analysis was considered to be good.

Table 5: Descriptive statistics and confirmatory factor analysis results

Construct		Mean	SD	AVE	CR
Customer Acquisition Orientation		5.118	0.954	0.519	0.807
Selling Skills	Interpersonal Skills	5.198	0.866	0.503	0.797
	Salesmanship Skills	5.151	0.847	0.511	0.813
	Technical Knowledge	5.212	0.834	0.547	0.843
Sales Performance		4.911	1.439	0.829	0.863
Model Fit				$\chi^2(df) = 411.3(221)$, GFI=.901, NFI=.904, IFI=.953, CFI=.953	

4.2. Hypothesis Test

To test the study hypotheses, the structural equation modeling analysis available in AMOS was used. The chi-square statistic was significant at the .05 level, and the overall baseline comparison indices were larger than .90, which indicated that the model fit the data well ($\chi^2(df) = 390.5(215)$, GFI=.904, NFI=.909, IFI=.957, CFI=.956).

The results of hypothesis testing are shown in Table 6 below. First, H1 predicted that customer-acquisition orientation has a positive effect on sales performance. Our results support H1($\gamma = .136$, $p < .05$). Second, H2a proposed that interpersonal skills have a positive effect on sales performance but have no significant impact on sales performance. H2a is not supported. Third, H2b predicted that salesmanship skills have a positive effect on sales performance. H2b ($\gamma = .266$, $p < .05$) is empirically supported.

Fourth, H2c posited a positive effect of technical knowledge on sales performance. Our results support H2c($\gamma = .276$, $p < .05$).

Table 6: Results of the structural equations model: Main effects

Construct	Beta	t-value	Finding
Customer Acquisition Orientation → Sales Performance	.136	.188*	H_{1c} : Supported
Interpersonal Skills → Sales Performance	-.159	.310	H_{2a} : Not Supported
Salesmanship Skills → Sales Performance	.266	.533*	H_{2b} : Supported
Technical Knowledge → Sales Performance	.276	.446*	H_{2c} : Supported

Note: * Significant at the .05 level(2-tailed).

**Significant at the .01 level(2-tailed).

Additionally, a two-step approach using the structural equation model of Ping (1998) was used to verify the interaction effect of the three selling skills in the relationship between customer-acquisition orientation and sales performance. Based on the two-step approach provided by Ping (1998), after we estimated variance, index coefficient, and error variances and fixed the values in the structural equation, the analysis began in earnest.

As a result of examining the model fit index for the interaction effect between the variables in this study, the model fit was good ($\chi^2(df) = 622.3(287)$, IFI=.924, TLI=.906, CFI=.900). The results of hypothesis testing are shown in Table 7 below. First, H3a predicted that the effect of customer-acquisition orientation on sales performance would increase as interpersonal skills increase, but H3a was not supported. Second, H3b predicted that the effect of customer-acquisition orientation on sales performance would increase as salesmanship skills increase, but H3b was not supported. H3c predicted that the effect of customer-acquisition orientation on sales performance would increase as technical knowledge increase, and H3c was supported ($\gamma = 0.157$, $p < .05$).

Table 7: Results of the structural equations model: Interaction effects

Construct	Beta	t-value	Finding
CAO → SP	0.281	.216*	H_{1c} : Supported
IS → SP	-.179	.302	H_{2a} : Not Supported
SS → SP	.214	.213*	H_{2b} : Supported
TK → SP	.254	.250*	H_{2c} : Supported
CAO*IS → SP	.024	.416	H_{3a} : Not Supported
CAO*SS → SP	.077	.122	H_{3b} : Not Supported
CAO*TK → SP	.157	.163*	H_{3c} : Supported

Note: Customer Acquisition Orientation(CAO); Interpersonal Skills(IS); Salesmanship Skills(SS); Technical Knowledge(TK); Sales Performance(SP)

* Significant at the .05 level(2-tailed).

**Significant at the .01 level(2-tailed).

5. Conclusions

This study investigated the effect of customer-acquisition orientation on the sales performance of salespeople. First, by emphasizing the customer-acquisition orientation, salespeople can positively influence their performance, because they can understand the needs of potential customers and know how to respond quickly. Second, salesmanship skills and technical knowledge are recognized as essential selling skills from the initial stage of relationship formation to the end stage of contract termination; thus, both salesmanship skills and technical knowledge will positively affect sales performance. Finally, a salesperson with various technical knowledge on, for example, the market, competitors, customers, and the company's operating procedures can properly manage new customers according to the characteristics of potential customers, so that customer-acquisition orientation can improve sales performance.

This study has the following theoretical and practical implications. First, there have been various discussions about whether customer-acquisition orientation or customer-retention orientation has the greater impact on performance. In general, most studies have found that acquisition is costlier and risky than retention (Peppers & Rogers, 1993; Reinartz et al., 2005). Although the customer-acquisition process and customer-retention process appear to be separate processes, in the end, the customer-acquisition process directly affects the customer-retention process (Thomas, 2001). The customer-acquisition process is not only the process in which the customer first starts interacting with the company but is also the process of purchasing the product for the first time and making repeated purchases of that same product.

After going through this process, the customer starts repurchasing and reaches the customer-retention process whereby the customer continues the purchase process until the seller-buyer relationship is terminated. When salespeople neglect their efforts to acquire new customers, the customer portfolio eventually becomes outdated or shrinks. To maximize customer equity, companies should aim to optimize customer acquisition, customer retention, and the profitability of all customer relationships. This research, targeting salespeople working at pharmaceutical companies in South Korea, empirically tested customer-acquisition orientation as a predictive variable affecting the successful performance of individuals and organizations. The results ultimately prove that customer-acquisition orientation plays an important role in the success of pharmaceutical companies.

Second, salespeople can maximize sales performance by utilizing their technical knowledge to expand the customer base. Managers should create, for the organization or team,

an internal environment in which salespeople can more efficiently manage customer operations. For example, sales managers need to help salespeople deal with their customers more efficiently by providing them with a clear understanding of the attributes, features, and benefits of the products sold and by developing suitable employee training programs given the market, customers, and competitors.

Third, the salesmanship and technical knowledge that a salesperson demonstrates can be factors that increase sales performance. Managers will need to have an organizational design so that salespeople can quickly acquire information about competitor products, services, and sales policies, as well as knowledge of product attributes, functions, and benefits, as tailored to innovative markets, products, and competitors. In addition, managers must provide detailed guidelines to salespeople in terms of helping them to discover valuable customers, send appropriate sales messages to customers, and provide corresponding services. Managers will also have to constantly strive to develop the skills of their salespeople through specific strategies tailored to each individual.

Finally, pharmaceutical companies sell products through only have one or two existing channels of distribution. Looking at the pharmaceutical distribution structure in Korea, a pharmaceutical product is distributed to a pharmacies or hospitals as doctors prescribe medicines and pharmacists dispense them or pharmaceutical products (e.g., over-the-counter medications) directly are sent to pharmacists. The drug is delivered to the final customer by its channels of distribution. Since product sales targets are pharmacists or doctors with high education level or a lot of professional knowledge, salesperson's technical knowledge in their sales is inevitably important. Based on the current market conditions, this study provides empirical research evidence that technical knowledge is an important factor in sales performance by collecting and analyzing data targeting salespeople of pharmaceutical companies.

6. Research Limitations and Future Research

The limitations of this study along with future research directions are as follows. First, in order to investigate the effect of customer-acquisition orientation on sales performance, this study collected questionnaires from salespeople working at pharmaceutical companies in South Korea. However, if each variable is measured by the same method or from the same subject, there is a possibility that there will be a contradiction as to the validity of the research results. Therefore, in future research, by collecting measurement items from multiple response sources or by diversifying the level of measurement (e.g., Likert scale, semantic differential scale, open-ended question), possible errors in measurement variables can be minimized.

Second, this study focused on customer-acquisition orientation and investigated the relationship between it and performance. However, we did not address whether there is any correlation between customer-acquisition orientation and customer-retention orientation or how individual performance can vary according to the management of those two types of customer-engagement orientation. In a future study, by examining comparative studies on the two types of customer-engagement orientation, more detailed and interesting insights may be obtained.

Third, this study predicted that customer-acquisition orientation would show differences in sales performance according to the given salesperson's selling skills. However, differences in sales performance may also arise based on similarities between customers and salespeople, customer interests, salesperson experience, and work experience in the field. Therefore, future research needs to go a step further in using the variables presented above as predictive variables or moderators.

Finally, this study analyzed the interaction effect of acquisition orientation and selling skills on sales performance and concluded the relationship of acquisition orientation on sales performance can increase when technical knowledge is higher. At a certain point, technical knowledge can increase the relationship of acquisition orientation on sales performance, but it is important to understand whether technical knowledge still plays a role in reinforcing the positive effect of acquisition orientation on sales performance after that specific point. Therefore, future research needs a curvilinear analysis to determine whether technical knowledge increases or decreases the relationship of acquisition orientation on sales performance even after a certain point has passed.

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