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TITTLE:

THE IMPACT OF CUSTOMER ORIENTATION, PRODUCT KNOWLEDGE AND ADAPTIVE SELLING BEHAVIOR IN THE SALES PERFORMANCE

NAME & MATRIX

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ABSTRACT

The demand for beauty products is increased rapidly MSMEs owners are competed to produce products with instant results according to market demand. Compete to fulfill market demands and cause many illegal products to appear. The purpose of this study is to investigate the impact factors that can have on increasing sales performance of MSMEs beauty products in Bogor City. Specifically, this study aims to investigate the impact of customer orientation, product knowledge, and adaptive selling behavior among MSMEs' beauty product owners. Based on the calculation results, 159 samples of MSMEs in Bogor. Process the data obtained using SPSS. The findings revealed that customer orientation, product knowledge, and adaptive selling behavior all had significant influences in sales performance. The regression analysis product knowledge is not significant. Furthermore, the variable customer orientation and adaptive selling behavior is significant. This study provides benefits to companies by increasing sales in the long term therefore they can increase company profits and achieve company targets by implementing sales performance for the company. This research also includes a summary, interpretation, implications of the study, limitations, recommendations, and conclusion.

Keywords: Customer Orientation, Product Knowledge, Adaptive Selling Behavior, Sales Performance

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CHAPTER 1

INTRODUCTION

1.1 Introduction

A few past years ago the demand for cosmetic products in Indonesia increased very rapidly. So that there are many MSMEs that produce beauty products in accordance with high market demand. MSMEs are competing to create products that provide instant results and satisfy consumers. Meanwhile MSMEs use a lot of ingredients and overdose doses of these products. Does provide satisfactory and instant results but, has side effects that are harmful to consumers. Especially if the product is used for a long time. Many victims of dangers cosmetic experience hyperpigmentation to skin cancer.

Because there have been many victims of this dangerous product, BPOM has caused many cosmetics to be withdrawn from the market due to dangerous ingredients and overdose. The product does not meet the standards and requirements of BPOM. Not a few of these products do not yet have BPOM and Halal MUI certificates. With the circulation of a lot of news and victims who have suffered losses, many consumers do not trust Indonesian local cosmetics. They prefer Korean brand beauty products that are well known for the natural ingredients used and other international brands.

Due to the low level of trust in Indonesian local cosmetics. Causing the

purchasing power of Indonesian local cosmetics to decline. This is very detrimental to MSMEs because it reduces company profits. So that MSMEs must have tricks and strategies to be able to increase company sales and profits.

1.2 Problem Statement

Illegal arrests had occurred for the manufacture of beauty products and the large number of beauty products circulating are not in accordance with the provisions of the Food and Drug Supervisory Agency (BPOM) and Halal Certification (MUI). Thursday, March 9, 2023 The Indonesian National Police made an arrest and the perpetrators benefited from the sale of these illegal products in the amount of Rp. 7.7 billion. In the previous year, 2020 saw a 480% increase in online transactions and the police confiscated more than 10 billion rupiahs of illegal cosmetics originating from North Jakarta and South Jakarta within a period of 1-2 months. In 2022 it will be carried out in 3 cities/districts namely North Halmahera and East Halmahera Regencies obtained illegal products circulating as many as 499 items, 6,023 pcs with a total economic value of Rp. 163,691,000. This affects consumer confidence in other beauty products, especially local MSME brands which are still being processed. Reduced consumer confidence, results in reduced sales and income from MSME beauty products.

Due to reduced consumer confidence in beauty products due to the large amount of news about dangerous beauty products circulating. This has an impact on reduced sales and income from MSME beauty products. So that MSMEs must have tricks and strategies to be able to increase product sales. MSMEs must prioritize the safety of cosmetic users. MSMEs must know what consumer needs are well, so they can create appropriate products. MSMEs must create products that have quality that exceeds consumer expectations. This means that the product created must be optimal and is the solution needed by consumers. The salesperson is also fully responsible for the products being marketed. This gives back trust to consumers and improves interaction between MSMEs and consumers (Supangat, 2020).

The problem with dangerous cosmetics is the ingredients in these cosmetics. Because of the dangerous content, the product was withdrawn from the market. The majority of consumers choose cosmetic products from South Korea and Japan which are famous for their natural ingredients used so they are safe for all skin types and have been proven to produce healthy and glowing skin. There are also people who choose cosmetic products from the U.S.A that use active ingredients that have been tested by a dermatologist (Raditha, 2021). With this problem, MSMEs are starting to create local products with natural ingredients in accordance with BPOM and Halal MUI requirements. Although, not all consumers can use cosmetics from abroad because they have different

climates and have different needs (Violeta, 2022).

Apart from the lack of interest in buying local cosmetics and the losses experienced by MSMEs, there is still a question whether sales performance has an effect on increasing sales and profits for MSMEs. Thus, this research is aimed at studying the impact of customer orientation, product knowledge, and adaptive selling behavior in the sales performance.

1.3 Research Objectives

1. To examine the relationship between customer orientation on sales performance

2. To identify the relationship between product knowledge on sales performance

3. To investigate the effect of adaptive selling behavior on sales performance

1.4 Research Question

1. Does customer orientation impact sales performance?

2. Does product knowledge impact sales performance?

3. Does adaptive selling behavior impact sales performance?

1.5 Definition of Key Terms

Customer orientation - Customer orientation is a business approach that puts the needs of the customer over the needs of the business. The goal of customer-oriented companies is to satisfy customers' needs to retain them for longer. Customer orientation also helps companies attract customers to their offer naturally.

Product knowledge - Understanding your products' features allows you to present their benefits accurately and persuasively. Customers respond to enthusiastic sales staff who arepassionate about their products and eager to share the benefits with them.

Adaptive selling behavior - Adaptive selling is a custom or tailored approach to selling, which takes into account the type of customer, the sales situation, and the feedback received. Identifying an individual's social style is an important feature of adaptive selling.

Sales performance - Sales performance refers to how effectively your sales team performs within a specific period of time.

1.6 Significant of the Study

This research will provide new insight into customer orientation, product knowledge, and adaptive selling behavior of sales performance. Limited studies compare customer orientation, product knowledge, and adaptive selling behavior to sales performance. Through this research, we compared the effect of customer orientation, product knowledge,adaptive

selling behavior on sales performance. The findings of this study will help salespeople to make methods that are suitable for customers. This will also benefit the company by increasing sales and increasing revenue. In addition, the analysis presented in this study will provide valuable information for futureresearch that will explore the various effects of customer orientation, product knowledge, and adaptive selling behavior on sales performance.

CHAPTER V

DISCUSSION AND CONCLUSION

5.1 Chapter Introduction

This chapter is the conclusion of all the research that has been done. This chapter consists of five sections. The first section introduction in general regarding the last chapter of this research. The second section 5.2 contributes to an overall summary of the study followed by a summary of the findings. Next, 5.3 for the conclusion that can be inferred from the study findings. After that, 5.4 the difficulties faced by the author while collecting data and recommendations for future research and suggestions. The last section is 5.5 about the conclusion from all.

5.2 Summarization and Interpretation

This study was conducted to see the impact of customer orientation, product knowledge, and adaptive selling behavior in sales performance for owners of MSME beauty products in Bogor City, Indonesia. The reason for taking up the topic of this problem can be seen from the problem statement namely the large number of beauty products circulating are not in accordance with the provision of the Food and Drug Supervisory Agency (BPOM) and Halal Certification (MUI). There have been many arrests of beauty product owners for selling and producing illegal beauty products, thereby reducing the demand and selling for local brand beauty products in Indonesia. The issue of illegal cosmetic products circulating has caused consumers to switch to foreign products

and MSME beauty products have experienced an extraordinary decline in turnover. Judging from these problems and the results of previous research, there are factors in the variables of customer orientation, product knowledge, and adaptive selling behavior. With these three variables, it can improve sales performance and increase revenue and MSME targets in the long term.

Because is there hypothesis discussed:

1. H1 : Customer orientation has an influence on the sales performance. According to Liu et al (2019) that customer orientation drives repurchase intentions, and increases customer satisfaction so that their sales performance is higher. So this factor is very suitable to increase the sales performance of a business. The customer at this time already knows the desired needs, the salesperson must understand the needs and desires of consumers so they can offer and recommend the appropriate product. This can touch the customer's feelings and make customers return to buy the product not only because they need the product but also because they want to receive the service or experience they get while shopping. So that the H1 hypothesis 'Customer orientation has an influence on sales performance' is accepted.

2. H2 : Product knowledge has an influence on the sales performance. The effect of product knowledge on sales

performance. According to Stanton and Cook (2019) Product knowledge is the information and understanding of a certain product which helps stakeholders to make a decision regarding the product According to Nurhayati and Hendra (2019) argued that product knowledge is accumulated information regarding a product, brand, price, attributes, and features of product. According to Dinah Fitri & Pangestuti (2019) Product knowledge includes product categories, brands, product terminology, attributes or features, product prices, and beliefs about products. Division of product knowledge into three types, including product attributes or characteristics, advantages of product use, and achievement or product value. The advantage that a salesperson has if he understands the product knowledge that is sold well can adapt the marketing style according to the customer's style and this can have an impact on the sales performance of the salesperson. So that H2 'product knowledge has an influence on the sales performance' is accepted.

3. H3: Adaptive selling behavior has an influence on the sales performance. The effect of adaptive selling behavior on sales performance. According to Via Alif (2022) Adaptive selling is the ability of a salesman to change his sales behavior when interacting with customers, or based on perceived information about the nature of the sales situation such as communication

style and sales behavior. This is a great advantage to attract customer attention. This can also have a positive impact on the sales performance of the salesperson. So that H3 'adaptive selling behavior has an influence on the sales performance' is accepted.

5.3 Implication of the study

a) Theory Implication

The author has developed a unique framework for this study, which incorporates the specified independent namely customer orientation, product knowledge, and adaptive selling behavior and dependent variables namely sales performance. This framework ensures the distinctiveness of the research and can serve as a reference for future studies examining business performance and other relevant independent variables. By establishing a clear framework, the author provides a theoretical basis for implementing the study and contributes to the existing body of knowledge in the field.

b) Practicality Implication

This study has significant implications for various types of businesses, including medium, small, and micro enterprises (MSMEs). It serves as a valuable guide for MSMEs to enhance their sales performance and increase profitability. The research emphasizes the importance of customer orientation, product knowledge, and adaptive selling behavior in improving sales performance. By prioritizing these aspects, MSME

owners can better understand and meet customer needs, enhance their product knowledge to provide accurate information and adapt their selling strategies to different customer preferences and situations. MSMEs should also recognize the need to continuously update their knowledge and keep up with evolving industry trends. Embracing change and incorporating new scientific insights and methods are essential for MSMEs to remain competitive and achieve sustainable growth. Based on correlation test data obtained is product knowledge and customer orientation is a significant relationship so H1 is accepted. And then, the relationship between adaptive selling behavior and customer orientation is significant so H2 is accepted. Data obtained for H3 using regression analysis relationship between sales performance and customer orientation is significant so, H3 is accepted.

c)   Empirical Implication

The empirical implications of this study are significant as they provide a reference point for future research on business performance, specifically investigating the influence of innovation orientation, brand positioning, and behavioral orientation. Researchers can utilize this study as a foundation for their own investigations into the impact of these variables on business performance. Judging from the results obtained in this research states that increasing customer orientation and adaptive selling behavior can improve sales performance because they good influence

relationships with each other. Furthermore, increasing the two variables will affect to sales performance and can increase MSMEs revenue or profits, especially in the long term. Additionally, the study acknowledges that there are various other variables that can be explored in research on business performance. This implies that researchers have the flexibility to examine different factors that may affect business performance and contribute to expanding the knowledge in this field. Overall, this study serves as a valuable empirical reference and encourages further exploration of the topic with diverse variables.

5.4 Limitations and Recommendations

This study has several limitations such as time and difficulty approaching respondents in a short time. Because most of them have a busy time. We just distribute this questionnaire only in Bogor City and have six districts namely, North Bogor, West Bogor, East Bogor, South Bogor, Central Bogor, and Kedung Halang. When the authors distribute the questionnaire they respond with a slow response. Data collection is limited in time so the questionnaire is only distributed using Google Form, collect data by online. And the last of the limitations of this study is, the researcher does not have much relationship with other people. Therefore, the number of respondents is limited to only 159 respondents. For further research, it is recommended to further expand the variables on digital marketing and content creator variables. Furthermore, it is

recommended for further research, to increase sales performance or profit for the long term in accordance with the objectives of this research. The variable recommendations were obtained from the suggestions received in the distributed questionnaire. Keeping up with the times and trends currently used, these variables are very influential and are being widely used among MSMEs.

5.5 Chapter Conclusion

This study examines the impact between customer orientation, product knowledge, and adaptive selling behavior in sales performance. This study is expected to provide a broad overview of the impact of customer orientation, product knowledge, and adaptive selling behavior in sales performance so that his study can provide an overview of the solutions to problems that recently impact MSME owners, especially MSME's beauty products in Bogor City. Furthermore, it is hoped that these researchers can become potential consumers in the marketing strategy for MSME beauty products. The findings of this study empirically show a relationship between customer orientation, product knowledge, and adaptive selling behavior. The results show that the three independent variables have a significant influence on the dependent variable, although there are other factors that can influence sales performance.

Most of the respondents in this study were owners of MSME's beauty products, most of whom were women with an age range of 18-22 years

and over 38 years. With single marital status and a bachelor's degree education level. For monthly income is less than RM 2,000 / Rp. 7,000,000. As for the results of the regression analysis, it shows that the two variables, namely customer orientation and adaptive selling behavior, are accepted, while product knowledge is not accepted because it is significantly greater than 0.05 (0.059 > 0.05).

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Dissertation Grading Rubric

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Measurable Attributes	1	2	3	4	Weight	Marks
1. Explication of how the study relates to a phenomenon or area of interest within the discipline	Provides a vague (or no) description of the relationship	Provides some explication of the relationship	Provides a clear explication of the relationship.	Explicates the relationship in an insightful manner	1	
2. Specification and limitation of the research problem and questions	Provides very vague description of the research problem and questions	Provides limited specification of the research problem and question	Provides clear specification and limitation of the research problem and questions	Provides an engaging specification and limitation of the research problem and questions	1	

3. Review of literature	Reports on earlier literature without connecting it to the research problem and question, and/or fails to identify relevant literature	Reports on earlier literature without connecting it clearly to the research problem and question	Reviews earlier literature relevant to theresearch problem and questions	Demonstrates critical thinking creativity and insight inreviewing earlier literature relevant to the research problem and questions	**4**
4. Develops asystematic and logical approach to the inquiry	Provides a vague explanation of the approach to the inquiry; Fails to logically describe planned approach	Describes logically and clearly the research approach	Describes logically and clearly the research approach with a clear justification of the chosen approach aboveother approaches	In addition to the description for "Good": Explains how the chosen approach fitsinto existing paradigms of research methodologies and their limits	**2**
5. Develops conceptual Synthesis/framework	Fails to develop a conceptual structure	Identifies some appropriate concepts and explainswhat they mean	Clearly identifies appropriate concepts and explains what they mean in the context of the	Develops and applies a clear and consistent conceptual structure through synthesis of	**4**

				study; Demonstrates a conceptual structure	other/new concepts orlenses		
6.	**Collects and uses** empirical material/data (if applicable)	Fails to clarify what material/data is used or how it is used; or uses inappropriate material/data; or exhibits inappropriate use of material/data	Identifies appropriate material/data and explains how it is used	Clearly identifies appropriate material/data and explains how it is used; Uses material/data is a way that is consistent with the logic of the inquiry and its purpose	In addition to the description for "Good": Identifies problematic issues and limits to the use of the material/data	3	
7.	**Interprets and discusses results; draws conclusions**	Provides unclear interpretations and conclusions, and/or provides conclusions that do not	Makes some interpretations and draws conclusions; Provides little discussion	Provides clear interpretations that emerge from analysis anddraws	In addition to the description for "Good": Identifies and discusses problematic issues and limits; Where relevant,	4	

8. Academic style, language use and readability	Uses nonacademic style; inaccurate language use interferes with reading and comprehension; citation format not observed	Uses language sufficiently accurately and appropriately for comprehension but use of illustrations andexamples infrequent and/or not fully competent; citation format not always observed	Uses appropriate academic language well; minor errors may exist but do not interfere with fluentreading and comprehension; illustrations and examples contribute to theclarity of the arguments;citation format almost alwaysobserved	Produces a thesis that meets academicwriting standards; readily conveys meaning; illustrations and examples enhance the clarity of the arguments; citation format consistently observed	3

9. **Consistency and coherence of the thesis**	Text is fragmented and unbalanced; internal links among theory, methods and results are not explicit; problems with headings and paragraph and section structure	Text is not fully balanced; some key internal links are missing; does not fully form a coherent whole; some problems with headings and paragraph and section structure	Forms a balanced and coherent whole; some internal linkages are implicit rather than explicit; headings and paragraph and section structure typically support the overall coherence	Forms a coherent whole with consistent and explicit internal linkages; has a logical flow of argumentation with neat headings and clearly structured paragraphs and sections	3
TOTAL					