

# Professionalization of Sales in Thailand : A Personal Connection Perspective

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## Abstract

The salesperson's role in building relationships in business is increasingly critical to a firm's long-term success. In response to this concern, a personal connection is employed and perceived as an important key in selling over the past decade, especially in Asian countries. Today, Thailand is becoming an important supplier to world markets, thus it should examine how selling works in Thailand. A qualitative in-depth interview was employed to explore how Thai salespeople from different industries perceive and utilize their connections in Thailand. Results indicate that personal connections remain a strategic tool, but the differences of degree and purpose of using connections were found among these salespeople.

## Introduction

Business is becoming increasingly competitive around the world. One key factor that is normally used to determine company's success is sales volume (Vida, 1999). Thus, it is common for most companies to put their efforts in developing salespeople's selling skills. The development of a qualified salesforce should significantly improve a firm's competitive position (Erfmeyer et al., 1993).

In an increasingly networked and global economy, business long-term relationships are becoming more important than one-time successes which both parties may destroy the other's confidence and make future business relations unfeasible (Ma et al., 2002). Relationships between buyer and seller are currently in focus of all business firms (Webster, 1992). Sales managers must recruit, train, and direct their salespeople who potentially provide better service and establish long-term relationships with their

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customers (Bakers, 2001). The salesperson's role in building those relationships in business is increasingly critical to a firm's long-term success (Boles et al., 1997).

When focusing on buyer-seller relationships, a personal connection developed between sales reps and customer is extremely important in being able to close the sale. Nevertheless, the usage of personal connection varies from country to country according to the cultural differences. In addition, globalization and foreign direct investment, combine with domestic restructuring, have dramatically changed selling pattern in many countries.

Especially, in Asian countries, a personal connection is generally perceived as an important key of selling over the past decade. Some people might say selling in Asia depends on working the personal connections while some others might disagree that good sales skills can get the sale. In many Asian countries including Thailand, connections are considered a strategic tool necessary for gaining access (Rotchanakitumnuai and Speece, 2003).

Thailand is becoming an important supplier to world markets in a number of industries now, for example, food products, clothing, consumer electronics, and computer components. Thus, the investigation of how selling works in Thailand should be necessary.

The main purpose of this article is to explore how Thai salespeople from different industries perceive and utilize their connections in Thailand. First, the level of using personal connections is discussed between Western and Asian countries, followed by the significance of personal connections when conducting business in Asian countries. Next, the qualitative in-depth interviews conducted with Thai salespeople are described. Finally, the results are revealed and discussed.

### Personal Connections in Different Cultures

For decades, the concern of relationship building has increased extensively by most businesses in the world. It is necessary for companies to work and develop strong relationships between themselves and their customers. Business relationships are not simply between companies but also between individuals at a personal level. Especially in Asian countries, sales reps need to make themselves known to the customers before any business can take place. The relationship is not just before the sale takes place but it is an ongoing process. The company has to maintain the relationship if it wants to do more business with their customers. However, both Western and Asian firms have conducted business based on relationships, but the levels of practicing are differ among both groups.

Most Asian countries are high-context cultures and very relationship oriented (Hall, 1959; 1976). Relationship is likely to rely on trust and commitment, while interpersonal communication between sales rep and customer plays a key role in developing the relationship (e.g. Chairsakeo and Speece, 2004). Part of the need for the relationship comes from the nature of communication in our cultures. We call Thai culture a high-context culture. This means that much of the message in communication comes in the context in which words are spoken, not in the words themselves. Many Western cultures are low-context. The words carry the message, and the message does not depend on context so that people can understand them (Hall, 1959, 1976; Thatcher, 2001).

For example, in Thai culture, they do not like to say negative things directly - but every Thai knows if we don't like a sales offer, because they take into account the situation of the speaker and his company, the body language, tone of voice. They put the words into context to understand the meaning. Many Westerners cannot understand exactly what we mean, because they are used to focusing on the words, and never pay much attention to putting them in context.

In human relationship oriented cultures, the trust built between business is derived from the experience in dealing directly with people. A lot of the knowledge about how they will behave in the business relationships comes from

observing them during the human interaction. In some cultures, trust might come from getting the words written down, and a legal system to enforce the words. The human interaction is less important.

Since salespeople are recognized as the representatives of the company to deal with customers, thus a personal connection develops between sales reps and the customer is extremely important in being able to close the sale. As noted, comparing between Western and Asian countries, the level of using personal connection in sales is different. Overall, Asian people are likely to rely on personal connection rather than Western people do.

The extents of employing personal connections are different even among Asian countries. For example, in Japan, "Keiretsu" is a Japanese term for a set of companies with interlocking business relationships and shareholdings. The "Big Six" keiretsu are Mitsui, Mitsubishi, Sumitomo, Fuyo, Sanwa, and Dai-ichi Kangyo. This is considered as a huge barrier for outsiders or foreign enterprises to enter to Japanese markets.

China is another Asian country that businesses heavily rely on "guanxi" or "good connection" (Hodgetts and Luthans, 2003). The Chinese prefer to deal with people they know and trust. Relationship usually refers to emotional bounds, trust and friendship that originated from previous satisfactory experiences dealing with

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each other and frequent contacts (<http://chinese-school.netfirms.com/guanxi.html>). Thus, one of the most crucial business decisions an organization has to make when it intends to make investments in China is getting the right business connections.

For Thailand in the past, there is no special requirement for sales representatives' qualifications since sales reps generally use very traditional and connection-based selling method to sell their products or services. If you do not have any connections, it means it will be very difficult to get the business. As mentioned, business throughout the world has changed. It is very interesting to examine how selling works in Thailand. Accordingly, personal connections originated between business and business, and business and individual of Thai industries are focused in this study.

### Qualitative In-depth Interviews

To explore how personal connections in selling work in Thailand, an in-depth interview was employed to investigate since using qualitative approaches provides richer detail for exploring viewpoints in early stages of research, allowing the researcher to gain a better initial understanding of problems (e.g., Healy and Perry 2000; Maxwell 1996; McGorry, 2000; Spiggle 1994).

The interviews were conducted in Bangkok, Thailand with Thai salespeople from five leading industries in Thailand such as

petroleum, automobile, insurance, retail, and information technology. Salespeople of these five industries were chosen since they have distinct selling styles. Judgement sampling was employed to select target companies that had revenue of more than 100 million baht a year. In Thailand, as in many Asian countries, connections are considered a strategic tool necessary for gaining access to the target sample a point noted in Rotchanakitumnuai and Speece (2003), among others. Thus, the listed companies where the researcher had influential connections were primarily approached.

Thus, three salespeople who had three years or more of selling experience from different companies of each industry were interviewed. This yielded the total of fifteen participants for this study. The participants consist of eight male and seven female, age between 31-40 years old. Ten of the fifteen had a graduate with a master degree and the rest had bachelor degrees. Most of them had five years sales experience or more.

The interviews were semi-structured to encourage participants to speak freely as much as possible, and to avoid response bias caused by desire to please the interviewer. This is a potential problem especially among Asian respondents, whose culture encourages cooperation. To minimize these biases, all of these interviews used an informal conversational style, and discussion started at a broad level, about the respondents' selling experience. A set of

interview topics guided the interviews, with a list of probing questions to draw out respondent opinions to gain more detail.

The interviewer took notes during the in-depth interview, then wrote up an interview report immediately after finishing each interview. As is frequent in much qualitative work, analysis was continuous throughout the interview process in order to follow up on emergent ideas and to organize insights and incorporate them into further interviews (e.g., Pare, 2002). Also, pattern-matching logic was employed for ensuring the effectiveness of data interpretation. Triangulation of insights across informants was employed to elevate the trustworthiness of the findings (Fournier and Mick 1999; Healy and Perry 2000).

## Findings and Discussion

### Personal Connections vs. Sales Competence

Data from the interview reveal sufficient information of professional sales in Thailand. According to the individual in-depth discussion with fifteen participants who had extensive experiences in sales, both selling skills and personal connections were considered as an important key to get sales for Thai businesses. Nevertheless, most Thai salespeople from these five industries such as petroleum, automobile, insurance, retail, and information technology indicated the significance of using relationships or connections as one essential factors in sales.

These participants pointed out that relationships are a valuable asset, which most successful salespeople need for conducting business in Asian markets. In sales, relationships was an essential thing that successful salesperson focus on. Sincerity between seller and buyer was an important component. Personal relationships or connections start with and are built on the perceived trustworthiness of sales reps by their customers. If salespeople promised certain things and delivered as promised, salespeople were showing trustworthiness and clients would be more inclined to deal with them again. While frequent contact could foster relationships as well. The statements quoted by a salesperson in U.S. insurance company and a salesperson in a Thai petroleum corporation, respectively, show this view quite clearly:

*"The competition in insurance business is extremely high in Thailand. To get customers, sales representative must establish a friendship with his or her prospect customers first. I've seen an inexperienced salespeople frequently face trusting problems... They do not aware of building the relationships with their customers before the business take place."*

*"The number of clients in energy industry is limited according to the nature of business. Customers are likely to deal with trader whom they are familiar with. Thus, most traders I know normally keep in touch with their business counterparts. They try to discuss with their*

*customers in every business. In Thailand, it is not relevant to use relationships as well. I don't use relationships."*

The above statements indicate that salespeople have continued to use relationships in doing business. This reflects that Thai salespeople do business with relationships. It is dependable and seller relationships. For example, in the insurance company.

*"To establish a relationship to remind your friends. Friend relationships about trust and career should be built. In their customer relationships."*

As noted, salespeople view relationships as an essential factor in doing business. Thai industries have agreed that salespeople need sales competence. Nevertheless, salespeople are developing sales skills. It is easier than in the past. Comparing to the past, business connections are placed on the salesperson's company.

customers in every issue if possible. Frequently, it is not relevant to business. Gifts are normally used as well. These are examples to develop relationships."

The above exhibits that the interviewees have continued using personal relationships in doing business in Thailand. This apparently reflects that Thai people feel responsible to do business with their friends. Also, trust, being dependable and reliable would encourage buyer-seller relationships indicated by most respondents. For example, one participant working for a Thai insurance company stated:

*"To establish the relationships, you have to remind yourselves that your customers are your friends. Friendship cannot be measured...it is about trust and support. Thus, people in sales career should build business relationships with their customers by concerning these issues".*

As noted, sales skills were considered as an essential key for doing business for most Thai industries. Most sales reps of this study agreed that successful salespeople should possess sales competence in order to compete with others. Nevertheless, these respondents perceived that developing sales skills from train building is much easier than personal connections. Thus, comparing between sales competence and business connections, the primary concern is placed on the connection issue, as indicated by a salesperson working for a Thai insurance company:

*"In my opinion, sales reps in this business are fully trained how to start and close the deals. Sales skills and product knowledge are quite important because it shows how professional you are. Nevertheless, selling skills are less important when comparing with personal connections. You know that you have good sales skills, but other sales reps also do have the similar sales skills as you do. Thus, having a good personal connection should be a key to reach the customers."*

Overall, all participants agreed that having a good selling skill is necessary for closing sale in Thailand. However, personal connections potentially provide more opportunities for competing in the Thai markets.

### Sales Connections in Thai Industries

However, the distinction of using of personal connections among these salespeople was found. For the insurance industry, it was obvious that salespeople heavily depended on personal connections which came from the recommendations of their customers. Thus, salespeople tried to find the linkage to get the customers' attention before they initiate the sale. Personal connections play an important role in this industry as stated by one sales rep of the U.S. insurance company based in Thailand:

*"A new customer is usually introduced by my current customer who is impress by me. I think this impression comes from my excellent service that serves his or her needs. Keeping in*

*touch with your customers is necessary... I try to make them happy for long-term relationships with my customers. This is an effective way to get the next prospect customers ... I would like to say that the key of selling in insurance business is building personal connections. This would make sale much easier".*

The petroleum and automobile industry required medium level of personal connections as compared to the insurance industry, but both of them were quite different in term of connection usage. Since all the clients of petroleum business were corporate customers, while automobile mostly were individual customers. Sales reps in petroleum business were likely to use their sales skills to make sales offers at initial stage. If they faced some serious problems, then personal connections were used for solving the problems. In contrast, sales reps in automobile business usually try to find a common personal link between them and their customers before they began to start to sales process. This approach was a very useful strategy for closing the sale in the automobile business. The following are the statements of sales reps from Thai petroleum and Japanese automobile companies, respectively:

*"I prefer to make initial contact with customers without using any relationships. Nevertheless, relationship is still useful for our business. Since a number of customers in the petroleum industry is quite small and limited, thus we normally deal with these customers over*

*and over. It will be worthless if you use personal connections all the time. Since you sometimes need a favor from your customers for some sales transactions. So personal connections will be used when it is really necessary".*

*"In this business, we normally sell products to the individual customers. We need to find new customers for achieving our sales target. This is leading a challenge to the job. So if we can find any connection, we will not hesitate to use it to get a sale".*

For the last two industries --- retail and information technology --- personal connections seemed to be less important. Good selling skills are needed for competing in business. However, relationships were also utilized by these sales reps. One of sales manager of one of the largest retailing company stated that:

*"Everything has changed very fast in this market so the effective selling strategy and implementation had to shift as well. Connections do not work well any more. To get the deal, it mostly depends on how good your sales offers are. However, the connections will be used when there is a chance."*

### **Direct vs. Indirect Approaches**

It was obvious that personal connections would be used whenever salespeople had an opportunity. However, styles of employing relationships in sales were different among these

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respondents. As previously discussed, sales reps in the insurance and automobile industries, mentioned the importance of using their connections as a channel to reach their prospective customers, while people in petroleum, information technology, and retail businesses used connections at a lesser degree for that purpose. The latter group potentially focused to employ their connections to get inside information rather than the first group. Required information were mostly obtained from anyone beside their customers who might have required data relating to sales, e.g. surveyors, transportation companies, production department, and etc. Since they felt that their sales offers would be best to serve customers' needs if seller knew the inside information. This would increase an opportunity for achieving sales. The importance of having business relationships to get confidential information pointed out by most respondents, especially in information technology businesses. Salespeople of U.S. IT company and a Thai petroleum company revealed:

*"We are in the global market. We do need professionals to sell our products and services. Nevertheless, business connections will be useful when we need to know some inside information".*

*"To get access to new customers, surveyors are one of the key people who have a list of new customer. So traders have to make friendships with these people."*

Here is another statement from one participant of a Thai IT corporation:

*"In IT industries, we have to move faster than our competitors do. Most customers strongly rely on the sales offers, thus decisions are normally made based on logic not emotion. Relationships will be necessary when you and your competitors propose comparable conditions to the customer."*

From the above, styles of using connections vary among these participants. It can be classified into direct and indirect approaches. Insurance and automobile salespeople mostly dealing with individual customers were likely to use relationships for a direct approach. While petroleum, IT, and retail salespeople mostly had business customers, therefore they focused more on an indirect approach. It seems to suggest that styles of using connections of sales reps depend on the nature of the customer and business.

Overall, all participants agreed that having personal connections remain a key strategic for selling in Thailand. However, the pattern and level of using relationships vary among these salespeople from various industries. Relationships or connections are not only employed for initiating and closing sale, but also for getting needed information or inside information to compete in the markets. Accordingly, it is unquestionable that using personal connections in sales in Thailand are focused for all business enterprises.



### Conclusion

It is apparent that selling in the Thai market has dramatically changed in some industries within the past ten years. One of the vital reasons for that change probably has to do with the great extent of competition of certain industries. The importance of possessing good sales skills has been increasing for developing sales in Thai market.

Personal connections will remain a strategic tool that is actively used in most of Thai industries. However, the extent of using connections among these respondents is different depending on the levels of necessity. It can be categorized by the level of significance of using personal connections into three levels: high, medium, and low levels. Personal connections are considered as one of the most vital tools for selling in insurance industry. For automobile and petroleum industries, connections are needed at

a fair level, while retail and information technology need it at the lowest level.

In addition, salespeople from different industries utilize personal connection with different purposes. Insurance and automobile salespeople practically used it for getting prospects from the introduction of their existing clients. While salespeople of petroleum, information technology, and retail industries preferably employed relationship for getting inside information. Overall, using personal connections can be classified into direct and indirect approaches.

In this study, the qualitative method was employed to explore how personal connections work in Thailand. This is the initial stage of research. For future research, the sample size should be enlarged to increase effectiveness of the study. Further, other industries should be included for more generalizability.

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