

E-commerce and Sales Performance of selected Motorcycle Businesses in Panabo City

ENRIQUE O. TORINO, CCM, CTT, AICP, CPA, MBA¹

¹*Professor of UM Panabo College*

Abstract: This paper explored the relationship between E-commerce and sales performance of selected motorcycle businesses in Panabo City. It applied the quantitative, non-experimental research design utilizing correlational technique. The researcher used a self-made questionnaire to measure e-commerce and sales performance. The Mean and Spearman rho were used statistical treatments. Results revealed that the level of e-commerce is high. Its indicators electronic advertising emerged with a very high rating while electronic marketing and electronic customer support service obtained a high rating and electronic payment system gained a very low rating. Also, the study revealed a low level of sales performance. Based on the findings of the study, e-commerce has no significant relationship on sales performance of motorcycle businesses in Panabo City.

Keywords: E-commerce, Sales performance, Panabo City

I. INTRODUCTION

With the advancement of technology, E-Commerce seems to be an essential factor for the sales performance of many organizations, as it is appropriate to mention that the technological advancement had given rise to widen more business vision. In Pakistan, Sohrab Motorcycle experienced a decline in sales which they believed was attributed to poor e-commerce (Messmer, 2011). In Philippines, Racal motorcycles encountered problems with its electronic operations which led to poor sales performance (Nuyen, 2006). In Panabo City, motorcycles businesses are applying E-Commerce in their operations but failed to realize its effect in terms of sales performance. Thus, the researchers were motivated to conduct the study to determine the relationship of E-Commerce application to the level of sales performance of selected motorcycle businesses in Panabo City.

II. REVIEW OF RELATED LITERATURE

2.1 E-commerce

Lubbe and Pather (2002) stated that achieving business success from E-Commerce is probably one of the more common organizational concerns of businesses today. E-Commerce, which is the usage of information technology and electronics to conduct various forms of business activities, is the growing areas of investment in most organizations; in fact, many organizations will not be able to function without it. Thus, the role of E-Commerce is not merely a tool for processing communication, but a strategic weapon that can thus affect the sales performance of organizations. In addition, Rosen (2010) specified that the greatest and the most important advantage of E-Commerce is it enables a business to reach a wider range of market. Likewise, Vassilopoulou et al. (2000) mentioned that the main advantage of E-Commerce as a way to deliver product information is its availability anytime and anywhere. Furthermore, it increases market accessibility by eliminating the constraints previously imposed by geographic boundaries.

E-Commerce, as cited by Albertin (2000), constitutes one of the most powerful tools for companies to gain competitive advantage. E-Commerce enables to shorten distances and raise the speed and amount of information available to customers, thus deeply changing competitiveness. However, Renhard et al. (2005) emphasized that E-Commerce also characterized by some technological and inherent limitations which has restricted the number of customers using it, therefore affecting the sales of many organizations. Moreover, Seyal & Rahman (2003) added some limitations that make the adoption of E-Commerce by businesses more difficult and hazardous. The cost of E-Commerce applications can be very high and mistakes caused by the lack of experience and know-how may result in delays. Also, security and privacy aspects should be dealt with caution especially in the business to customers' area. Henderson

(2014) expressed that despite of E-Commerce reputation for being an important sales strategy for businesses; it has almost no impact on sales. So far, the effectiveness of electronic transactions to drive sales productivity was still unproven.

2.2 Sales Performance

In the study performed by Pandey (2011), sales is an activity involving selling of products and services in return of cash by the seller. Likewise, Edina (2005) stated that a sale is a key source of competitive advantage for organizations. Thus, it is necessary for sales management having a highly effective sales force and developmental approach that is compatible, as the role and importance of sales in organizations. In addition, McLelland (2012) emphasized that sales performance can point out the customer satisfaction rate to the business along with the customer loyalty. Sales performance can be measured by analyzing the number of customers a sales associate speaks compared to the number of actual sales. Similarly, Vetter (2013) cited that one of the major focuses of every business is making sales, and improving the quality and quantity of sales production. Consequently, the long-term success of any business can always be determined by the emphasis put on specific ways to increase sales performance.

2.3 Theoretical and Conceptual Framework

This study is anchored on the theory of Jahanshani et al. (2011) who pointed out that E-Commerce plays a vital task in every business which is indicated by electronic payment system, electronic marketing, electronic customer support service, and electronic advertising that leads to influence sales performance. Hence, the researchers theorized that the application of E-Commerce will drive to increase the sales performance of motorcycle businesses.

As shown in the conceptual paradigm of the study in Figure 1, the independent variable is E-Commerce. It is indicated by electronic payment system which refers to the monetary interchange between buyers and sellers through electronics; electronic marketing that specifies on the usage of information and communication technology to transact business operations; electronic customer support service that emphasizes on the series of activities conducted by businesses electronically which aims to handle customer relationship through customer satisfaction; and electronic advertising which refers to the usage of internet and other electronic mediums to promote company's products or services. The dependent variable is sales performance with the indicator of sales trend analysis which refers to the rate at which sales are increasing or decreasing.

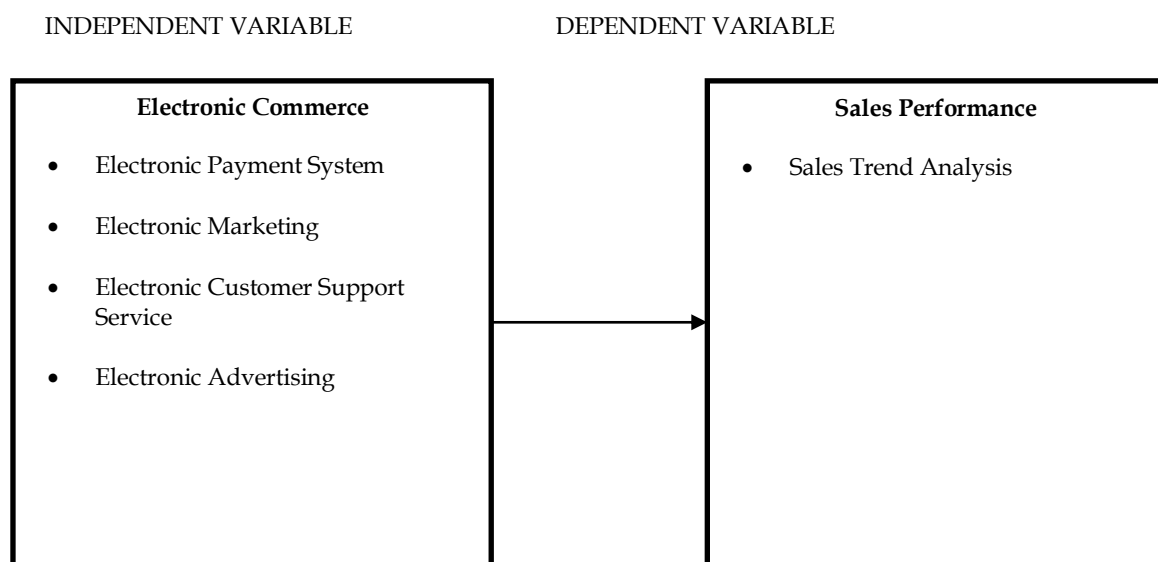


Figure 1. The conceptual framework of the study

III. METHOD

3.1 Research Design

This study used the descriptive correlation method in investigating the research problem. Descriptive research is devoted to the gathering of information about prevailing conditions or situations for the purpose of description and interpretation. This type of research method is not simply amassing and tabulating facts but includes proper analyses, interpretation, comparisons, identification of trends and relationships (Salaria, 2012). In addition to being descriptive, the study is also said to be correlation in design because there is intent to establish the relationship between E-Commerce and sales performance. Correlation research aims to ascertain if there are significant relations between two variables.

3.2 Research Instrument

The instrument used is a survey questionnaire constructed by the researchers. The research questionnaire consists of two parts, namely: section one pertains to the extent of E-Commerce application applicable to the business and section two refers to the assessment of the sales performance of the business through their respective monthly sales. The respondents were asked to check single selected choice on the range 5 to 1 for section one, and to give their monthly sales for section two for the sales trend analysis.

3.3 Research Processes

The process in conducting the study involves the following steps.

Seeking permission to conduct the study. The researchers asked permission from the managers of the selected motorcycle businesses in Panabo City to allow them to conduct the study and distribute the questionnaires.

Administration of the instrument. After the approval to conduct the study, the researchers personally administered the questionnaires. The distributions were done during their free time. Personal interviews were also conducted for clarity of the answers of the respondents.

Retrieval of the Questionnaires. The data gathered by the researchers were tallied, computed, analyzed, and interpreted through the help of the statistician.

3.4 Statistical Tools

The following statistical tools were used in this study:

Weighted Mean. This was used to determine the level of E-Commerce application in terms of electronic payment system, electronic marketing, electronic customer support service, and electronic advertising.

Mean. This was used to determine the level of sales performance in terms of sales trend analysis.

Spearman rho. This was used to determine the relationship between E-Commerce and sales performance of selected motorcycle businesses in Panabo City.

IV. PRESENTATION AND ANALYSIS OF FINDINGS

4.1 Level of E-Commerce of Selected Motorcycle Businesses in Panabo City

The level of E-Commerce is measured in terms of electronic payment system, electronic marketing, electronic customer support service, and electronic advertising. The evaluation is based on 5 items question in every indicator relating to the E-Commerce of selected motorcycle businesses in Panabo City.

Shown in Table 1 is the level of E-Commerce of selected motorcycle businesses in Panabo City with the overall mean of 3.56 and with the descriptive equivalent of high. It means that E-Commerce is often applied. As stated by Lubbe and Pather (2002), E-Commerce is the usage of information technology and electronics to conduct various forms of business activities. Its role is not merely a tool for processing communication, but a strategic weapon that can thus affect the sales performance of organizations.

Table 1
Level of E-Commerce of Selected Motorcycle Businesses in Panabo City

Indicators	Mean	Descriptive Equivalent
A. Electronic Payment System		
The management of the motorcycle business allows customers in paying through . . .		
1. ATM card	1.70	Very Low
2. Credit card	1.90	Low
3. Electronic Cheques	1.90	Low
4. Electronic Fund Transfer (EFT)	2.30	Low
5. Smart and prepaid card	1.10	Very Low
Mean	1.78	Very Low
B. Electronic Marketing		
The management of the motorcycle business uses electronic marketing by . . .		
1. allowing customers to contact the sales office through cellphone, telephone, or internet.	4.60	Very High
2. contacting suppliers through cellphone, telephone, or internet.	5.00	Very High
3. accepting orders through online purchases.	3.70	High
4. using the social media to connect and create a strong tie with customers.	3.80	High
5. using the internet to find out customers' needs and wants.	3.60	High
Mean	4.14	High
C. Electronic Customer Support Service		
The management of the motorcycle business uses electronic customer support service by . . .		
1. connecting to customers through e-mail or phone.	4.70	Very High
2. interacting to customers using social media.	2.60	Moderate
3. providing a web page or call center to cater questions and inquiries of the customers.	3.60	High
4. providing a 24-hour customer support service.	3.10	Moderate
5. assuring immediate response to feedback of customers through online and telecommunications.	4.60	Very High
Mean	3.72	High
D. Electronic Advertising		
The management of the motorcycle business uses electronic advertising by . . .		
1. providing product information to customers through cellphone, telephone, or internet.	4.90	Very High
2. sending messages to potential customers through cellphone, telephone, or internet.	5.00	Very High
3. using online brochures or buying guides.	3.90	High
4. displaying products/services online.	4.60	Very High
5. displaying company information on website or social media web page.	4.60	Very High
Mean	4.60	Very High
Over-all Mean	3.56	High

4.2 Level of Sales Performance of Selected Motorcycle Businesses in Panabo City

Presented in Table 2 is the level of sales performance of selected motorcycle businesses in Panabo City. There were ten motorcycle businesses that are evaluated to measure the level of sales performance in terms of sales trend analysis. The evaluation is based on the monthly sales of the motorcycle business from January to December 2013.

It shows that the overall mean is 9.86% with the descriptive equivalent of low. It means that the level of sales performance is less satisfactory. Therefore, it signifies that the sales performance in terms of sales trend analysis of motorcycle businesses is not good enough to survive in this competitive world of business. According to Kerr (2013) sales performance information can be used for different purposes, like to inform decision-making as well as the monitoring and rewarding of sales people. Besides, a control chart can be a very useful tool to appreciate the nature of the performance being measured and the factors that affect its variation. Hence, to find competitive advantages, sales performance information should be primarily used to better understand the drivers of sales success and the factors that influence those drivers.

Table 2
Level of Sales Performance of Selected Motorcycle Businesses in Panabo City

Motorcycle Businesses	Trend Net Sales	Descriptive Equivalent
A	4.33%	Very Low
B	10.35%	Low
C	12.21%	Low
D	6.08%	Very Low
E	27.26%	Very High
F	9.54%	Low
G	5.34%	Very Low
H	4.65%	Very low
I	9.56%	Low
J	9.25%	Low
Over-all Mean	9.86%	Low

4.3 Significant Relationship between E-Commerce and Sales Performance of Selected Motorcycle Businesses in Panabo City

Table 3 shows the significant relationship between E-Commerce and sales performance. The result of the computation using the r-value is -0.27. The value of t-tabular with 8 as the degree of freedom and 0.05 as the alpha is 2.31 and the value of t-computed is -0.78. Since the value of t-computed is lesser than the value of t-tabular, thus the null hypothesis is not rejected. It can be stated therefore that there is no significant relationship between E-Commerce and sales performance of selected motorcycle businesses in Panabo City. This implies that the application of E-Commerce has less influence on sales performance. In other words, a poor E-Commerce application could not greatly affect the sales performance of motorcycle businesses in Panabo City.

The overall result in this study is not supported by Jahanshani, et al. (2011) who pointed out that E-Commerce plays a vital task in every business which is indicated by electronic payment system, electronic marketing, electronic customer support service, and electronic advertising that leads to influence sales performance.

As expressed by Henderson (2014), despite of E-Commerce reputation for being an important sales strategy for businesses, it has almost no impact on sales. So far, the effectiveness of electronic transactions to drive sales productivity was still unproven. It was found out that only fraction of customers who used E-Commerce like websites and social medias turned into conversions. In other words, few customers were responsive to electronic transactions which means that E-Commerce does not really contribute a lot to sales performance.

Furthermore, as mentioned by Petersen (2006), E-Commerce or the application of information and communication technology is not the only driver of sales performance. There are other factors like clarity of the organization’s value proposition, lead management, product, and service processes, mix and quality of sales resources, sales management practices, deal flow management, industry knowledge and training, quality of sales effort, coordination or collaboration, proof of value (POV), and compensation programs or promotion criteria.

Table 4
Significant Relationship between E-Commerce and Sales Performance of Selected Motorcycle Businesses in Panabo City

Variables	Mean	Descriptive Equivalent	r-value	t-tabular df = 8 @ α = 0.05	t-computed	Decision on Ho
E-Commerce	3.56	High				
			-0.27	2.31	-0.78	Ho is not rejected
Sales Performance	9.86%	Low				

V. SUMMARY OF FINDING, CONCLUSION, AND RECOMMENDATION

5.1 Finding

The findings of the study are the following:

1. The over-all mean of E-Commerce is 3.56 with the descriptive equivalent of high.
2. The mean rating obtained by the sales performance is 9.86% with the descriptive equivalent of low.
3. The computed r-value is -0.27 which is associated with 2.31 as the value of t-tabular and -0.78 as the value of t-computed. Since the value of t-computed is lesser than the value of t-tabular, thus the null hypothesis is not rejected.

5.2 Conclusion

Based on the finding of the study the following conclusions are drawn:

1. The level of E-Commerce in terms of electronic payment system, electronic marketing, electronic customer support service, and electronic advertising is often applied.
2. The level of sales performance of selected motorcycle businesses in Panabo City is less satisfactory.
3. There is no significant relationship between E-Commerce and sales performance of selected motorcycle businesses in Panabo City.

5.3 Recommendation

Based on the finding and conclusion of the study, the following recommendations are drawn:

1. Owners of motorcycle businesses may opt to maintain their investment in E-Commerce and deal with programs such as free seminars that will help customers become aware about electronic transactions.
2. The manager of the motorcycle business may continue its E-Commerce application and develop strategies like advertisements that will widen customer awareness about E-Commerce.
3. The researchers proposed that future research may be conducted to all motorcycle businesses in Panabo City to really identify the influence of E-Commerce to sales performance.

REFERENCES

- [1] Albertin, A. L. (2000). Strategic alignment: leveraging information technology for transforming organizations. IBM Systems Journal, v. 32, n.1, p. 4-16.
- [2] Edina, M. (2005). A Human Performance Improvement Approach to Sales Effectiveness: How Combining Training and Leadership Add Value to the Organization. Retrieved on June 2014 from www.wilsonlearning.com.cn/images/uploads/pdf/hpi_study_pr.pdf
- [3] Henderson, J. (2014). Social Media Doesn't Drive Ecommerce Sales... Or Does It? Retrieved on September 2014 from <http://www.mivamerchant.com/blog/social-media-doesnt-drive-ecommerce-sales...-or-does-it>
- [4] Jahanshahi, A.A., Rezaei, M., Nawaser, K., Ranjbar, V., & Pitamber, B. (2011). Analyzing the effects of electronic commerce on organizational profitability: Evidence from small and medium enterprises. African Journal of Business Management. Retrieved on June 2014 from www.researchgate.net/publication/2582119
- [5] Kerr, P. (2013). Measuring sales performance from cranfieldschoolofmanagement explore why focusing solely on financial indicators isn't the best way to judge performance, and how setting unrealistic targets is demotivating. McGraw-Hill Publishing, Avenue of America, New York.
- [6] Lubbe, S. & Pather, S. (2002). A Study into Theoretical Success Factors for Successful Internet Commercial Enterprises. ECITE 2002 held at Université Dauphine, Paris, France.
- [7] McLelland, E. (2012). Sales Performance. Retrieved on July 2014 from <http://www.ehow.com/facts-sales-performance-definition>.
- [8] Messmer, E. (2011). "Visa presses for e-commerce security in wake of credit card theft," Network World, March 12, 2011, pg. 10, Volume 18, Number 11.

- [9] Nuyen, T. (2006). Motorcycle Penetration. A study of Motorcycles Company. Economic bulletin Vol. 13, No. 4, Pp. 1-9, August
- [10] Pandey, V. (2011). Personality and Sales Performance. Mumbai Ltd, Indonesia.
- [11] Petersen, G. (2006). Assessing the Drivers of Sales Performance. GSP & Associates LLC. Vol. 2 No. 4.
- [12] Renhard, M., Sandro, R., Laurent, M., Platter, B., & Hutchison, P. (2005). Towards Pseudonymous E-commerce. Electronic Commerce Research vol. 4, pp. 83-111.
- [13] Rosen, A. (2010), E-commerce: A Survival Guide for Business. AMAPublications, New York, NY.
- [14] Salaria, N. (2012). Meaning of the term descriptive survey research method. International Journal of Transformations in Business Management (IJTBM) 2012, Vol. No. 1, Issue No. 6, Apr-Jun.
- [15] Seyal, A. H., & Rahman, M. N. A. (2003). A preliminary investigation of e-commerce adoption in small & medium Enterprises in Brunei. Journal of Global Information Technology Management, 6(2), 6 - 26.
- [16] Vassilopoulou, K., Keeling, K., Macaulay, L.A., and McGoldrick, P. (2000). Identifying a usability evaluation technique by following an SME centred approach, 13th International Bled Electronic conference, Bled, Slovenia. Retrieved on July 20 2014 from <http://books.google.com.ph/books?id=R2TaNic0k2wC&pg=PA178&lpg=PA178&dq=identifying+a+usability+evaluation+technique>
- [17] Vetter, H. (2013). The 6 keys to sales productivity (Selling ice to Eskimos). Retrieved on August 2014 from <http://holistichealthdaily.com/sales-productivity>