



THE IMPACT OF INTENSIVE GROWTH STRATEGY ON LEADERSHIP STYLE AND SUCCESSFUL SELLING OF PREMIUM BRAND CAR DEALERS

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Abstract

The objectives of this quality research were: 1) to explore the most successful intensive strategy enhancing the sales of car dealers in the views of experienced executives, 2) to look into the reasons underlying that successful strategy, 3) to study the impact from the strategy to the leadership styles: telling, selling, participating, and delegating styles, and 4) to study the impact from the intensive strategy to the successful leadership behaviors in premium brand car dealers. This research has been conducted by applying an in-depth interview method. Finding found that, firstly, 75% of executives found that the most successful intensive strategy is marketing development; secondly, 80% of executives reasoned for the successful sales that marketing development strategy could be applied to identify lead group in order to obtain the prospect customers who, then, will be delivered to the premium sales standard process; thirdly, 80% of executives have admitted that the growth strategy has given the most impact to telling leadership style, and, finally, in the views of executives, the successful leadership behavior, who focused task-oriented rather than relationship-oriented, was able to drive the organizations to success.

Keywords: Intensive strategy, Market development Strategy, Premium Selling Standard Process, Leadership telling Styles, Task Oriented

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Introduction

It is undeniable that organizational leaders and strategic implication is inseparable. Without one of them, the organizations cannot reach their desired goals. In the world of economic instability, every organization needs to adapt itself to survive and maintain its competitive advantages by effective management and strategic formation. This is because Thailand has taken part in Asian Economic Community in 2015 (Prachachat, 2012) which was the great factor to the growth of the sales in the luxurious and premium brand car market many years in a row, such as, Rolls Royce, Aston Martin, Mercedes Benz, BMW, Audi and Porsche. For example, in 2017 Motor Expo in Thailand, Mercedes-Benz dealers have performed the better sales (2,701 cars) than the year before (1,722) within a week. In short, during Thailand Motor Expo 2017, the car sales has positively grown for 22.9% when compared with the last one (GM Multimedia, 2017). Most of premium brand car dealers share the same policy assigned by the parent companies, but the successful sales depended on their own strategic management. However, the fierce competitive environment can be another destructive factor to force some companies, who failed in strategic management, to terminate their businesses within 18 months. Olsen & Olsen (2004, p. 1) have suggested that in order to keep the businesses surviving, the companies need to identify their strategic management effectively and the leaders need to look into external and internal environments in order to implement planned strategies efficiently. Nevertheless, there might be some ambiguities about the impact of those planned strategies to the leadership.

Therefore, this research has aimed to study the most effective growth strategies, in the views of executives, relating to intensive strategies: marketing penetration, marketing development, and product development. Despite applying similar approaches, those companies have succeeded their sales in different levels. This might be because they might apply those strategies in their own styles. Besides, the impacts from those strategies to the leadership behaviours according to Hersey and Blanchard's situational leadership theory (Stoner & Freeman, 1992, p.482) will be worth examining in order to increase the performance and sales revenue of car dealers and to be the role models for the other dealers.

Research Objectives

1. To explore the most successful intensive strategy enhancing the sales of car dealer business in the views of experienced executives
2. To look into the reasons underlying that successful intensive strategy
3. To study the impact from growth strategy to the leadership styles: telling, selling, participating, and delegating styles
4. To study the impact from the intensive strategy to the successful leadership behavior in premium brand car dealers.

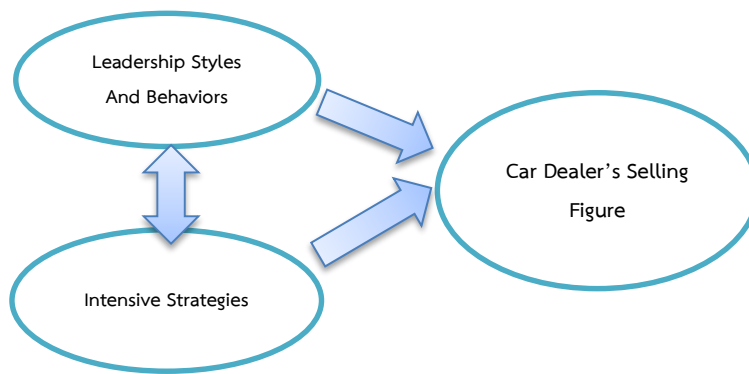


Figure 1: Conceptual Framework

Literature Review

According to this research, there are intensive strategic theories and Hersey and Blanchard's leadership theory which are needed to be reviewed.

What is Intensive Strategy?

The companies may need to apply intensive strategies when they fall into troublesome situations in marketing their existing products or services. By improving their performances, they have to put their great efforts on adapting their products or services which might craft the customers' demands. Otherwise, they need to introduce their current products or services to different markets through intensive strategies (Zkjadoon, 2016).

Types of Intensive Strategies in Strategic Management

Intensive strategies in strategic management are consisted of marketing penetration, marketing development, and product development. Marketing Penetration strategy is utilized to extend market share for existing products and service through marketing effort (David, 2001, p. 169). Marketing Development strategy involves current products initiation to the new markets (Bowman & Asch, 1987, p.117). Through product development strategy, the company needs to innovate their products for their actual markets or their new established channels. Alternatively, they may alter their products in order to meet their current customers' demands (Pearce & Robinson, 2000, p. 259).

Hersey and Blanchard's situational leadership Theory (Stoner & Freeman, 1992, p. 482)

Paul Hersey and Kenneth H. Blanchard's situational leadership theory is one of the well-acknowledged leadership approaches as this theory has generated the characters of leadership based on the maturity of subordinates, desire for achievement, and willingness to accept responsibility including task-related ability and experience. Stoner & Freeman (1992, p. 482) commented that the quality of subordinates is important to define the leadership style. According to this situational leadership approach, it could be stated that effective leadership

can be adjusted depending on the readiness of the subordinates who show their willingness to complete their assigned tasks in the given situations. Leadership styles can be the outcome of the various levels correlating between task-oriented and relationship-oriented behaviors, as can be seen in figure 2.

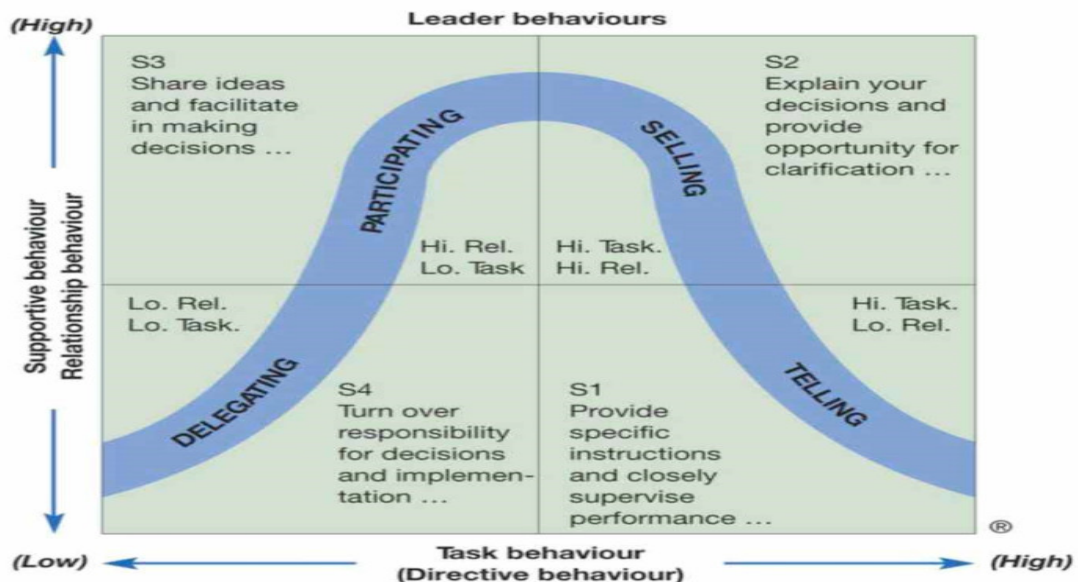


Figure 2: Leadership style model (Luthans, 1998, p. 417)

Note: Leadership style model (p.417) by F. Luthans, India, McGraw Hill.

Schermerhorn (1999, p. 271-272) has concluded the types of leadership style as follows. As far as delegation style is concerned, the leaders will let the subordinates to make decision on and to take responsibility for their tasks at low level with little relationship among them. According to participating style, everyone in the group can take part in generating ideas and decisions with strong bond of relationship but low level of assigned tasks. Regarding to selling style, the group leaders need to describe the tasks to the subordinates with supports and persuasive approach. The tasks can be assigned as high level with strong bond of relationship. Besides, telling style leadership will assign specific tasks to the subordinates with high supervised level. This will cause high level of task with low relationship level.

What is Task-Behavior Leadership?

The leaders, whose managerial style is a task-behavior, will focus the success of the outcome without any concerns on interpersonal relationship. Those kinds of leaders will set up the goals intertwining with neat time frame for the subordinates to finish the job assigned (Mobbs, 2016).

What is Relationship-Behavior Leadership?

The leaders, whose managerial style is relationship-behavior, are likely to create warm atmosphere at the working place in order to develop personal relationship among subordinates through many activities, team-building practices or employee recognition. They

do not place themselves heavily on task or rigid time frame, but they believe that, through this relationship and warm atmosphere, the subordinates will be self-motivated to achieve the desired goals at highest possible level (Mobbs, 2016).

Research methodology

This research has been conducted as qualitative research through an in-depth interview with semi-structure questionnaires. The samples were selected through purposive sampling method from the executives working in 20 premium brand car dealers with three years of business managerial experience. The total number of samples was 40 executives (two executives from each company) who were willing to provide the information for this research. They were responsible to policy and business strategy formations.

Table 1: Sample of Premium Brand Car Dealerships.

Brands	Population Showroom	Percentage	Sample
Mercedes Benz	7	35	7(2)=14
BMW	8	40	8(2)=16
Volvo	4	20	4(2)=8
MINI	1	5	1(2)=2
Total	20	100	40

Table 2: Key Executive Position of Car Dealer for each Brands

Key Department	Mercedes Benz	BMW	Volvo	MINI
Sales Director	1			
General Manager		1	1	
Sales Manager				1
After sales Manager	1	1	1	1
Total	2	2	2	2

Data Collecting Method

After an appointment had been made, the interview was conducted through one-on-one conversation and had been analyzed by descriptive statistic. There are two parts in the questionnaires.

1. Personal information: education background, working experience, and numbers of subordinates.
2. Growth strategy effecting to leadership styles and behaviors

Research tool construction

1. Review related literature and theory anticipating to intensive strategic theory, consisting of market development strategy, product development strategy and market penetration, and Hersey and Blanchard's situational leadership Theory in order to construct questionnaires and interviews.
2. Construct questionnaires based on the research objectives and conclude the findings.

Research results

Table 3: Personal information of the interviewees (N= 40)

Information	Number	Percentage
Working experience		
3-9 years	12	30
10-15 years	20	50
More than 15 years	8	20
Total	40	100
Education level		
Bachelor's degree	9	22.5
Master's degree	31	77.5
Total	40	100
Number of Subordinates	number	percent
Less than 30 peoples	-	-
30-40 peoples	4	10
41-50 peoples	26	65
51peoples-up	10	25
Total	40	100

It is found that the majority of samples work as executives of the companies with 10-15 years of managerial experience. More than three quarters (77.5%) have completed master's degree and more than half (65%) have supervised 41-50 subordinates.

Table 4: Successful growth strategies according to intensive strategy

Strategies	Frequent	Percentage
Market Development	24	60
Market Penetration	15	37.5
Product development	1	2.5
Total	40	100

It is found that successful growth strategy enhancing the highest sales in the views of executives can be generated as followed: market development (60 %), market penetration (37.5%), and product development (2.5 %), respectively.

Table 5: Reasons underlying marketing development strategy in the views of executives

Reason	Frequent	Percentage
Prospect customers generation	35	87.5
Result oriented	3	7.5
Market Oriented	2	5
Total	40	100

According to the views of executives, marketing development strategy helped the dealers access the group of lead customers from whom the dealers can generate their prospect customers with standard sales process. Therefore, the executives have opinionated that the marketing development is the most effective strategy to obtain the prospect customers (87.5%) who will be loyalty to the brand later on.

Table 6: Does growth-strategy affect to the leadership styles or not?

Impact	Frequency	Percentage
Impact to leadership styles	36	90
No impact to Leadership styles	4	10
Total	40	100

Most of executives (90%) admitted that growth strategy has affected to their leadership style.

Table 7: Which leadership-styles have been highly affected?

Leadership Styles	Frequency	Percentage
Telling Style	22	55
Supporting Style	8	20
Participating Style	6	15
Delegating Style	4	10
Total	40	100

As a result of impact from growth strategy, telling styled leadership (55%) was highly affected, followed by supporting style (20%). This is because the leaders need to teach and provide the job description every step of working. As well as this, they have to closely supervise and support the subordinates in order to fulfill task assigned.

**Table 8:** Effective leadership behaviour leading to successful sales of car dealership business

Leadership behaviour	Frequency	Percentage
Task-Oriented Behavior	31	77.5
Relationship-Oriented Behavior	9	22.5
Total	40	100

It is found that, in order to achieve the successful sales, executives have opinionated that task-oriented behavior (77.5%) was utilized more frequently than relationship-oriented behavior (22.5%).

Discussion

According to intensive strategic theory, not all strategies can be applied in any types of businesses as different contexts of businesses need different strategies, especially car dealers. This is because the function of car dealer business is not able to manufacture the cars nor owns the brand but to sell their products to the end users. Most of executives have mainly agreed that market development strategy performed very well to assist their businesses to achieve their successful sales since market development strategy helps them to define their target markets where their lead customers belong to. Then, their prospected customers with high purchasing power can be obtained through this strategy thereafter. After getting the prospect customers, the car dealers will place those prospected customers into premium selling standard process, as can be seen in figure 3. All in all, the heart of the sales starts from the market development strategy in order to gain prospected customers as many as possible since the premium products cannot be sold in mass markets. These concepts have been supported by Wheelen & Hunger (2006) who stated that market development strategy can help the organizations to extend their market share by their current products in the current markets and help them to introduce their current products to the new markets. Marketing development strategy can be utilized with marketing mix together with pricing, sales process and distribution channels in order to access the new prospected customers. This claim was agreed by Kotler (1999) who asserted that no company sells their own products to everyone, so it is important to specify each own target market. Hence, it would be easier to acquire the prospected customers through lead customers. The companies, then, need to learn their demands, when and how they purchase.

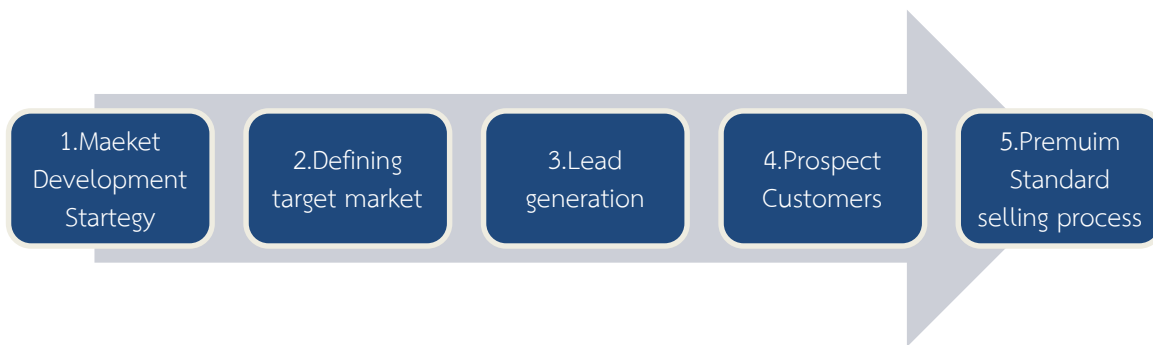


Figure 3: Steps of Strategic Sales Development Process

Note: Derived from in-depth interview with the executives

According to the most successful strategies, marketing development has played a crucial role and has highly affected to telling styled leadership because the leaders need to assign the tasks to the subordinates in details including job objectives, requirement, working process, outcome assessment and companies' KPI indicators. As well as this, the leaders need to monitor the job process in order to reduce the defection which might be occurred during the process as the defection can cause the increase of the companies' cost. It could be believed that the perfect workers have to perform their job very well and are willing to work with the company although, apparently, it is impossible to recruit the most suitable ones. This claim has been supported by Hellerriegel, Slocum & Woodman (1995) who asserted that leaders need to describe the job information and function to their subordinates clearly. However, those subordinates are likely to follow leaders' command or not. Hence, to achieve their goals, it is essential for the leaders to direct and advise their subordinates. As far as leader behaviour is concerned, task-oriented behaviour is more favourable than relationship-oriented behaviour. The leaders need to focus on details, scope and schedule of task. Moreover, the leaders need to implement their plan effectively. This is also supported by Gordon (1999, p. 233) who explained that the task-oriented leaders will emphasize the company's structure, line-authority, and staff's duty in order to get the whole company to achieve its objective. Additionally, those leaders need to assign job properly, to maintain standard of working and to specify job's details for every staff so as to assure the most productive result to the company.

Conclusion and recommendation

According to the results, the first research objective finds that the executives have regarded marketing development as the most successful strategy to increase the sales revenue for car dealers because dealer business is categorized in retail business where it is impossible to do product development but they need to operate their business aligned with the policy of the parent company abroad. The second research objective finds that the car dealers will be able to draw the group of lead customers in order to get the prospected customers with



high purchasing power by applying marketing development strategy. The third research objective finds that the marketing development strategy will give an impact to the style of leadership. Finally, the fourth research objective finds that telling styled leadership and task-oriented have been preferable as, nowadays, every company tries recruiting the talented candidate to work with and the leaders, necessarily, need to get their subordinates to exercise their performance as much as possible in order to accomplish the challenging goals.

It can be concluded that not every growth strategy can help the company escalate their sales revenue. Although the strategies have been well set, the mismatch style and behavior leadership cannot serve need of the company and cannot steer the company to the right track and goals. Therefore, it is vital for the company to recruit the right executives to lead the whole company anticipating the most beneficial strategies. This is because the leaders are the ones who form the strategies but not every leader can implement those strategic plans into the reality.

Limitation of this research is the accessibility to the group of samples, managers and executives, who are willing to give valuable information because the business strategies in some companies are maintained as their confidential. Researcher would like to thank for their kind support for this study. It is recommended, for further research, that the relationship among intensive strategy, leadership and successful revenue can be studied in another field of business, such as, banking and financing, hospitality, and export industries.

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