PERSONAL LEVEL CUSTOMER ORIENTATION IN RUSSIAN DIRECT SELLING MARKET

OSOBNA RAZINA ORIJENTACIJE NA POTROŠAČA NA RUSKOM TRŽIŠTU DIREKTNE PRODAJE

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SAŽETAK

U suvremenom svijetu važnost orijentacije na potrošača ne smije se podcijeniti. Ona u velikoj mjeri utječe na sveukupne poslovne rezultate kao i na odvojena područja u interakciji poduzeća s potrošačem. U radu istražujemo ulogu odnosa na osobnoj razini i orijentacije na potrošača u djelatnosti direktne prodaje na ruskom tržištu. Na temelju uzorka od 6 000 ispitanika iz 74 ruske regije, razvili smo model koji otkriva čimbenike koji određuju razinu orijentacije na potrošača na osobnoj razini interakcije.

Key words:
customer orientation, Russia, direct sales, person-to-person relations

ABSTRACT

In the modern world the importance of customer orientation cannot be underestimated. It hugely impacts the overall business performance, as well as separate areas of business-customer interaction. In this paper, we examine the role of personal level relations and customer orientation in the direct selling industry in the Russian market. Based on a sample of over 6000 participants in 74 regions of Russia, we develop a model revealing the factors that define the level of customer orientation in personal level interactions.

1. INTRODUCTION

Customers in most modern markets are very demanding; they require high standards of service, product quality and even social responsibility of the service provider. Nevertheless, the sales person-customer interaction is one of the key elements of a successful deal. The importance of such interactions cannot be underestimated and such situations are called the "moments of truth" (Carlzon, 1987). Customer has always been one of the central concepts of marketing in general, and the core element of Market Orientation (MO) and Customer Orientation (CO) constructs. Marketing ideology suggests that serving customers is a major task for any company (Drucker, 1954) that is supported by empirical research, linking CO to customer satisfaction (Shin, 2012), marketing performance (Zhu & Nakata, 2007) and new product performance (Calantone, Harmancioglu & Droge, 2010).

Researchers have examined the drivers of CO for several decades but this research has mainly been focused on either company sales employees or business units. In our research we are going to study customer orientation in the direct selling industry. This industry is demonstrating reassuring growth dynamics and is providing significant number of people with work in both developed and emerging markets. Direct selling is on the border line between sales people and corporate perspectives of CO. On the one hand, DS distributors work in close collaboration with merchandise producers in providing training and advertising materials, and that makes them similar to the corporate sales staff. On the other hand, DS distributors are independent entrepreneurs who are responsible for their own business, so their motivation should be quite different from the sales employees. Saxe and Weitz (1982, p. 344) define customer orientation as 'a desire to help customers make satisfactory purchase decisions'. In other words, customer-oriented sales persons would maximize current customer value (current transaction), while many DS distributors would be also willing to develop their business through customer relations, according to Peterson and Wotruba (1996, p. 2). In the present study, we are going to test existing personal level CO constructs in the DS market and augment these with the addition of some relational items. Besides that, we aim to define particular drivers of distributors' CO in order to contribute to the theoretical understanding of this concept in the DS industry and provide some insight for producers on how to adjust distributor training.

2. CONCEPTUAL FRAMEWORK. CUSTOMER ORIENTATION AT A PERSONAL LEVEL

2.1. Customer orientation concept development

Customer orientation has always been one of the central concepts of marketing. Starting with the early years of marketing development, researchers focused on the customer and his or her needs. While nowadays customer orientation is quite a complex research area, it was regarded as a part of a broader Market Orientation concept for a quite long time. Although mentioned in marketing articles quite often, complex and coherent frameworks were presented only in early 1990s by Narver & Slater and Kohli, Jaworski and have become contemporary classics of the marketing and customer orientation theory. While some researches explore customer orientation on the business level, there is a considerable amount of papers that are oriented on personal level relations between a company and its customers.

2.2. Levels of customer orientation

Researchers acknowledge the importance of personal level relations with customers in various contexts: both in consumer (business-to-consumer sales) (Saxe & Weitz, 1982; Beatty et al., 1996; Reynolds & Beatty, 1999; Verbeke et al. 2011) and industrial markets (Singh & Koshy, 2011). Usually, the relational aspects of personal-level interactions are found in sales staff – consumer interactions in B2C markets (Weitz & Bradford, 1999). Nevertheless, directs sales distributers are usually much closer to the entrepreneurs than sales representatives regarding their decision-making and motivation. There are certain attempts at studying personal level relations and personal marketing in modern digital or "technology enabled" environment. In most cases such research is very practice-oriented and refers to the website design (Gregg & Walczak, 2006), customer community influence on the decision-making process (Dellarocas, 2003) or trust issues in web interactions. Meanwhile, in most emerging economies Internet penetration rates are not that high. In this context, buyer-seller personal level relations in the direct selling industry are quite interesting.

As we analyze the historical perspective of customer orientation research, we can find three general research directions: personal level customer orientation (Saxe & Weitz, 1982), business level customer orientation (Shapiro, 1988; Kohli & Jaworski, 1990; Narver & Slater, 1990; Farley & Webster, 1993) and customer orientation of the inter-firm structures (Grunert et al., 2005; Elg, 2002; Juttner, Christopher & Baker, 2007). Early studies of this problem and the first attempts to build measuring instruments were focused on the sales staff. Attempts have been made to assess how the individual employee activity affects the level of customer satisfaction (Saxe & Weitz, 1982). Saxe and Weitz offered one of the first tools to assess the impact of employee activities on the effectiveness of sales. These authors considered the problem of finding the most effective combination of task orientation (sales) and focus on customer needs and requirements for the front office employee.

The majority of the CO research papers are focused on the business level (Farley & Webster, 1993; Shapiro, 1988). Some of the researches highlight crucial CO processes in a company as follows: customer data collection and analysis, knowledge dissemination and certain feedback and adaptation, the reaction to the emerging customer needs (Kohli, Jaworski & Kumar, 1993). Further research in this area focused on the CO contribution to the business performance (Kohli et al., 1993; Deshpande & Farley, 1998; etc.) Modern research shows a connection between customer orientation and the innovation activity of a company (Narver, Slater & MacLachlan, 2004).

Nowadays, we can observe a further conceptual development of the CO. Kohli et al. (1993) are distinguished for the most process-oriented CO concept, which was in turn used by Elg (2007) to outline the processes aimed at data collection, dissemination and reaction tools at the level of each organization (Table 1). Preliminary analysis allowed completing the following list of CO factors: market structure, supplier relations, strategic orientation, new technology implementation, market research etc. For example, there are three possible levels of CO in retailing. At the macro level, the development of the overall concept and brand management are performed over the long term. The mezzo level addresses the problems associated with the development of individual products and product categories. At the micro level, the company solves tactical problems (opening of new stores, training staff etc.).

In analyzing the levels of customer orientation, it is necessary to note the importance of a comprehensive orientation at all levels of the organization. Very often, the words of top managers on integration and close collaboration with customers are just plans on paper due to a lack of prepared solutions at all levels of the organization. Strong statements exist side by side with the old structure of sales plans and targets, procurement centers operate under the old rules etc. (Willson, 1995).

Table 1: Multilevel market/customer orientation in retail

Concept and brand development - macro-level, long-term positioning		
Focus of the data collection Aggregate consumer profiles Competition in retail Data on potential suppliers Trends / stakeholders in the community Foreign markets	**Means of knowledge dissemination** Interaction between the company and the individual shops Functional integration of enterprise-level Coordination with suppliers	**Problems that require response** Brand positioning and identity Development of concepts and store formats Construction of retail brands
Development of products and categories - mezzo level, the strategic approach		
Focus of the data collection Market information from suppliers Consumer data Sales statistics Customer complaints Horizontal and vertical competition	**Means of knowledge dissemination** Relations with suppliers Communications with corporate center shops Corporate functional integration Information Technology	**Problems that require response** Sales of branded products Evaluation of suppliers of goods and brands Product purchases Managing product categories
Store development - micro-level, tactical solutions		
Focus of the data collection Socio-demographic data, customer data Understanding the motives of the buyer Competition with local shops Authorities and the public at the local level	**Means of knowledge dissemination** Interaction of managers and staff Communication between the store and the corporate cent Team building on the site Reward system Interaction between suppliers in the store Selecting a location for a new store	**Problems that require response** Market positioning External store environment Education of employees

Source: Elg, U. (2007). Market orientation processes in retailing: a cross-national study. *European Journal of Marketing, 41*(5/6), pp. 568-589.

2.3. Customer orientation in direct selling: Theoretical framework

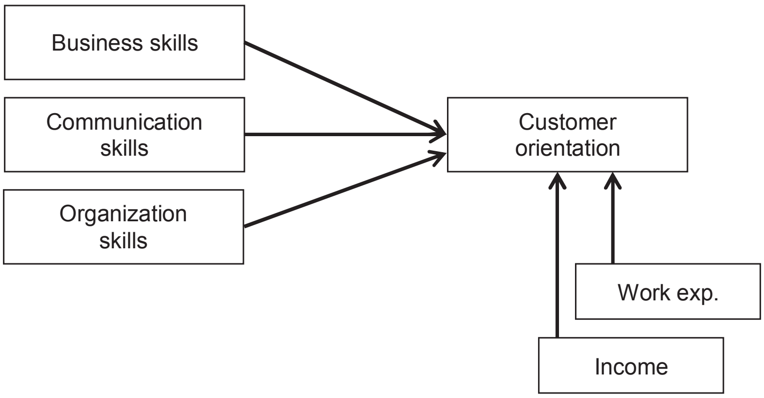
The basis of a personal level CO approach is the concept of service marketing, emphasizing the role of staff in the formation of the value of service as perceived by the customer (Bateson & Hoffman, 1991; Berry, 1980; Lovelock, 1981). Researchers are paying great attention to the interaction occurring between the sales team and the customer, and their impact on business performance. The importance of the problem-solving approach has always been recognized in salesperson – customer interactions (Gwinner, 1968). Also, authors emphasize an important role of the employees who interact directly with customers for the purpose of various business processes, including innovation and new product development (Joshi, 2010). As Peterson and Wotruba (1996, p. 4) note, besides the sales of expensive and durable goods, most direct selling implies establishing and maintaining long-term relations with customers. The main focus here is on customer retention and repeat purchases.

Direct selling is also characterized by a variety of situations involving customer interaction, including planning, individual presentations, personal visits and others. Besides that, distributors are responsible for inventory management and new order allocation. This requires certain skills in time management and organization.

As we focus on direct-selling distributors, we use sales staff customer orientation constructs as the foundation. In addition, personal sales include a substantial service component that adds customer value and provides a competitive advantage for the entrepreneur. But besides that, we regard this DS distributor customer orientation as a broader phenomenon involving a more complex interaction. "Customer orientation at the individual provider level requires an understanding of what occurs during the service encounter, the interface between the customer and the service provider." (Czepiel et al., 1985). This definition emphasizes a discrete nature of customer interactions that creates an impression and contributes to the perceived quality. Becker and Wellins' (1990) literature review of more than 100 articles identified 17 dimensions of customer service (communication, customer sensitivity, decisiveness, energy, flexibility, follow-up, impact, initiative, integrity, job knowledge, judgment, motivation to serve customers, persuasiveness/sales ability, planning, resilience, situation analysis, work standards (Becker & Wellins, 1990, p. 49). According to Peterson and Wotruba (1996, p. 13), communication aspects are the most important for the operational level of direct selling, as they help a distributor establish contact with customers and persuade them to make a purchase, that is a short-term goal. On the tactical level, distributors should be oriented on customer retention and relations building that require trust and long-term planning. Trust in this situation is provided by the distributor's integrity in product description and ability to perform its obligations, including product availability, delivery time and others. For DS distributors planning, analytical and business skills are as important as communication and sales abilities. Based on the ideas outlined above, we suggest the following theoretical framework (Figure 1) of CO drivers in direct selling.

The framework provides our perspective on CO and its interdependencies of its key drivers. Now we would like to provide some insight into the Russian direct selling industry.

Figure 1: Theoretical framework



2.4. Direct selling industry in Russia

Direct selling refers to the sales activities of individual entrepreneurs, providing goods and services directly to customers. According to the Russian Direct Selling Association (RDSA website, http://eng.rdsa.ru/sales), direct selling always includes direct contact and personal presentation to customers, besides the optional use of direct marketing tools to increase productivity. According to Peterson and Wotruba (1996, p. 2), DS can be defined as face-to-face selling away from a fixed retail location. This absence of a fixed retail location and a face-to-face contact are considered to be the main differentiating aspect to distinguish DS from other types of marketing. Multilevel structures of sellers represent another interesting aspect. In such structures, any particular distributor would benefit both from its own sales activity and from the performance of affiliated distributors. If we examine DS practice in different countries (Euromonitor, 2012), the attitude towards such schemes varies from positive (Russia, USA) to suppressive (China).

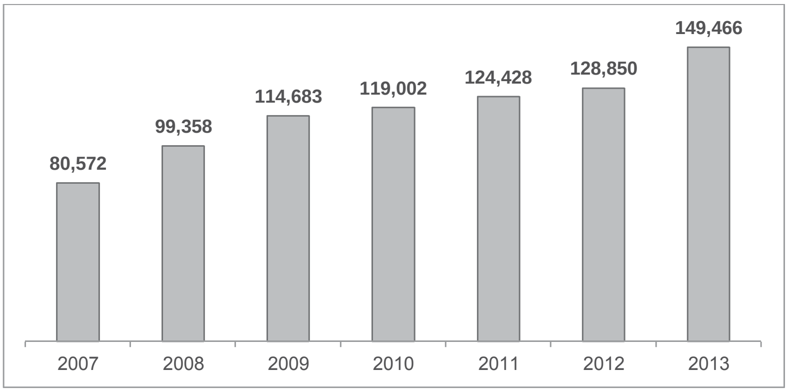
First of all, we would like to provide some data on the Russian DS industry, showing its overall impact on the economy. Special attention devoted to this sector is due to several reasons:

- The direct selling industry shows high growth rates in a period of crisis: in 2008, growth reached 23%, in 2009 - 4%, in 2010 - 9% and settled at an 8% level in 2011 and 2012 (Euromonitor, 2013). These growth rates are quite impressive, regarding poor or even negative dynamics in many other industries;
- the direct selling industry represents a unique retail format, which provides an efficient way of entering remote geographical areas with low population density to provide interactive, targeted interaction with customers;
- special mechanisms of interaction of large and small independent players in the market (direct selling), making the retail business model flexible and highly adaptable to adverse conditions.

2.5. Development potential of the DS market

The direct selling segment is highly concentrated; in 2012, the share of the three largest companies (Oriflame, Avon, Amway) accounted for 67%, while the share of the top 5 reached 75% (Euromonitor, 2012). These companies are the main driving forces of the sector, having all the necessary resources and competencies to:

Figure 2: Dynamics of direct selling in Russia 2005-2013 (mln rub.).



Source: DSA Russia, Euromonitor. *Data for 2013 is yet to be announced; here we present an estimate, based on the 9-month industry performance based on DSA data.

- invest in industry infrastructure improvement (construction of regional warehouses, distribution centers, delivery channels, products);
- develop new production technologies and enhance quality control;
- create a single industry-wide information space by including members of the Direct Selling Association (DSA Code).

Market leaders are represented by large multinational, vertically integrated companies with their own production facilities, partially located in Russia. Small businesses, acting as independent distributors of products, are a strategic resource for major direct selling companies. The cooperation between large and small businesses is a key competitive advantage for the sector of direct sales.

Small businesses in the direct selling sector work with well-known brands of large international companies, receiving support at all stages of the distribution chain, from the interaction with the service providers to the consumer (Euromonitor, 2012). Thus, large corporations create the conditions and an environment necessary for small business development in the retail sector and for the promotion of the individual entrepreneurship culture.

A high market concentration of the direct selling industry makes it possible to create and effectively control professional associations. The Direct Selling Association (DSA) works actively to increase transparency in the sector, monitor compliance to the Code of Ethics and eliminate a deficit in the current data and dynamics of the direct selling industry.

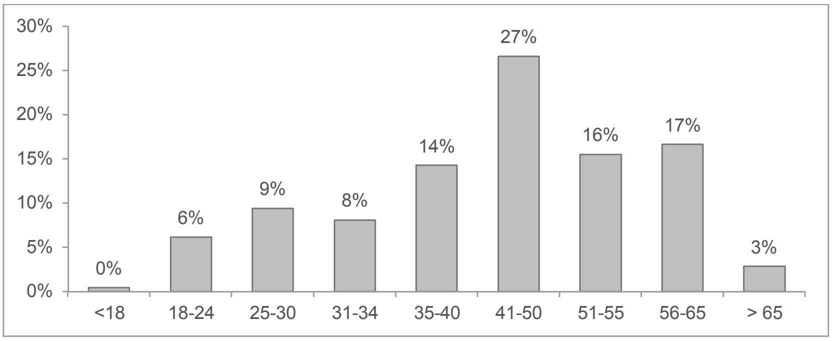
The direct selling business model suggests proximate inclusion of the consumer into the value chain (distributor is often a heavy user of the products sold), which is a competitive advantage for businesses in the retail sector.

2.6. Main problems of the direct selling industry

One of the key threats to the direct selling sector development is related to the Russian government plans to reform the tariff policy for the "self-employed". The intention to increase payments to the pension fund three times could force entrepreneurs to switch to operating "in the shadow" and refuse to obtain the registered status of individual entrepreneurs. It also has a destructive impact on the development of small business, and on the degree of transparency in relations with administrative and fiscal authorities.

Barriers for the sector of direct selling are remaining:
- administrative problems relating to the registration of individual entrepreneurs;

Figure 3: Distributors' age



Source: Russian DSA survey, 2011

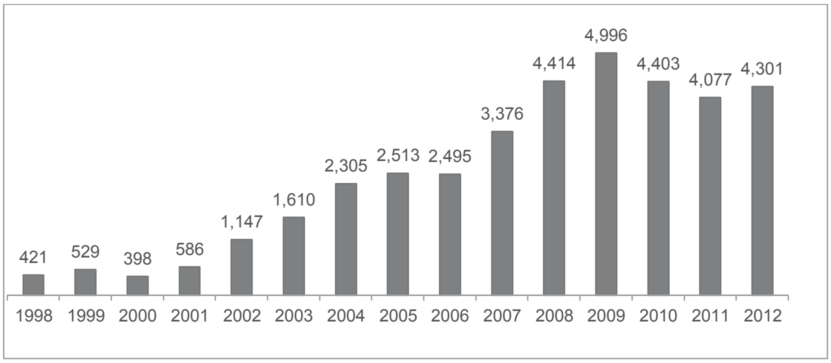
- poor tax administration;
- problems in the interaction with local authorities, etc.

A low level of awareness of business opportunities in small business is significant barrier to the development of direct selling. Thus, in choosing their career, young people prefer to work for large private and public companies and consider direct selling unattractive (Figure 3). Such an attitude to direct selling is common to various age groups and could explain a significant increase (Figure 4) in distributors' quantities in crisis periods (2008-2009), with a substantial pullback as soon as the economy picks up.

individual entrepreneurs can become a barrier for the 12 million self-employed respondents (according to Forbes estimations).

Such business forums as the Russian Chamber of Commerce, the Russian Union of Industrialists and Entrepreneurs, the American Chamber of Commerce, the Association of European Business and "Business Russia" can contribute to the study of this experience and its application in institutional mechanisms, such as the institution of regulatory impact assessment (RIA). RIA involves decision assessment during the adoption of a legal act, as well as an assessment of possible effects on the basis of a comparison of the potential costs and

Figure 4: Number of independent distributors (thousands of people)



Source: Russian DSA. The data is provided for member-companies of the DSA

Developing a culture of self-government, as well as collective participation in the creation of mechanisms of interaction between small businesses and large enterprises, are important resources accumulated in such industries as direct sales. But there is a need for further work to ensure greater transparency in the market and improve the economic literacy of the population. The direct selling industry acts as an incubator for growing small business and it becomes one of the catalysts for the development of non-store retailing, especially in the regions.

Until recently, minimum investment required to start a business was considered as the main advantage of the direct selling sector, but the proposal to increase pension contributions for

benefits, including side-effects. The institute of RIA is now implemented in the institutional development practice in Russia and abroad.

3. EMPIRICAL RESEARCH AND DATA ANALYSIS

3.1. Research problem and research goals

As stated above, we aim at examining customer orientation, its drivers and practical implications in the Russian market.

In doing so, we are pursuing several research goals. First, we want to test the existing CO scale for sales staff, introduced by Saxe and Weitz in 1982. As it was designed for corporate sales employees, long-term orientation or a relational component is missing in this construct. We suggest that the relational aspect of direct selling is a significant driver for distributor behavior, and should be added to the model.

Besides this relational aspect identification, we would like to find causal links justifying CO in the DS industry. In order to test these causal links, we developed a set of research hypothesis.

3.2. Hypothesis development

Business skills. This category would include skills and abilities to manage business processes, such as planning and situation analysis. In the DS case, this skill cluster would be more important as every distributor is responsible for its own business development. As it was stated before, business skills are crucial for current business operation, as well as for customer relations development.

H1: Business skills would increase: (a) long-term relationship orientation, (b) motivation to adopt the service process according to current customer needs.

Communication skills. As it was mentioned above, a sales person should have a certain set of skills that enable smooth and seamless communication. These would include customer sensitivity, impact, and persuasiveness as soft skills and some techniques, such as follow-up management. A higher level of communication skills would facilitate customer interaction and contribute to CO.

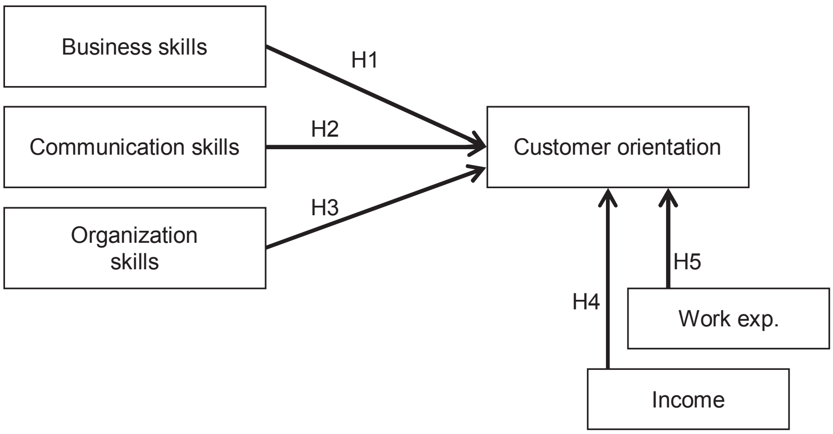
H2: Communication skills would increase: (a) long-term relationship orientation, (b) motivation to adopt the service process according to current customer needs.

Organization skills. These items refer to organizing customer presentations, product delivery and other supplementary processes that support the direct selling business. These skills would increase operational adaptation of the distributor, though they are not likely to have a direct influence on long-term customer orientation.

H3: Organization competence would positively influence motivation to adopt the service process according to the current customer needs.

We also include work experience and income as separate drivers that enable a distributor to be

Figure 5: Theoretical model with hypotheses



more customer-oriented and, thus, more competitive.

H4: The higher the income from DS the more would a distributor be interested in: (a) long-term relationship orientation, (b) motivation to adopt the service process according to current customer needs.

H5: A high level of work experience would positively influence: (a) long-term relationship orientation, (b) motivation to adopt the service process according to the current customer needs.

In order to make our propositions clear, the hypotheses are shown on our theoretical framework (Figure 5).

3.3. Research methodology and data collection

The research project and data collection were carried out on request and with the assistance of the Russian Direct Selling Association (RDSA) between January and July 2011.

We used the exiting DSA survey toolkit as the basis for the questionnaire development. This toolkit was updated according with CO items and other research constructs. There were also some major changes in the questionnaire in the draft stage. We modified a number of statements in order to facilitate understanding and exclude misinterpretation.

3.4. Sample

The questionnaires were sent to 16 companies with RDSA membership, the sample was quoted according to the number of distributors participating in the survey. The total number of the questionnaires filled in reached 6380, representing 74 Russian regions. Questionnaires were collected and encoded into a database.

3.5. Measures

The questionnaire consisted of 39 questions in four main sections: demographic data (gender, age, presence of children, number of family members, region of residence, etc.), activities in the field of direct selling (use of the product for personal purposes, years of experience in the industry, time spent per week, motivation, level of earnings, main ways to promote products and customer service), the impact of direct selling (benefits for the customer, main problems and obstacles to development) and the recruitment of new employees (number of distributors involved, the main problem). Our questions were included into the "impact of direct selling" questionnaire section.

The survey instrument included psychometric scales to measure customer orientation, business and communication skills of the distributor. These measures are shown in Table 2 and are described below.

Customer orientation. We took a widely used SOCO scale developed by Saxe and Weitz (1982) as the basis, and added one item in order to capture the relational aspect of the customer interaction. Trust is considered to be the key for the relationship development in direct selling (Young & Albaum, 2003), and traditional CO scales for personal level interactions lack such a component.

Business skills represent the entrepreneurial aspect of the distributors' activity, their ability to achieve profit and settle their business liabilities.

Communication skills include the use of communications channels and techniques, as well as the intention to initiate communication with customers that is crucial for most direct selling tactics.

Organization skills represent the ability to schedule customer meetings and product delivery activities.

Table 2: Indicators for the research constructs

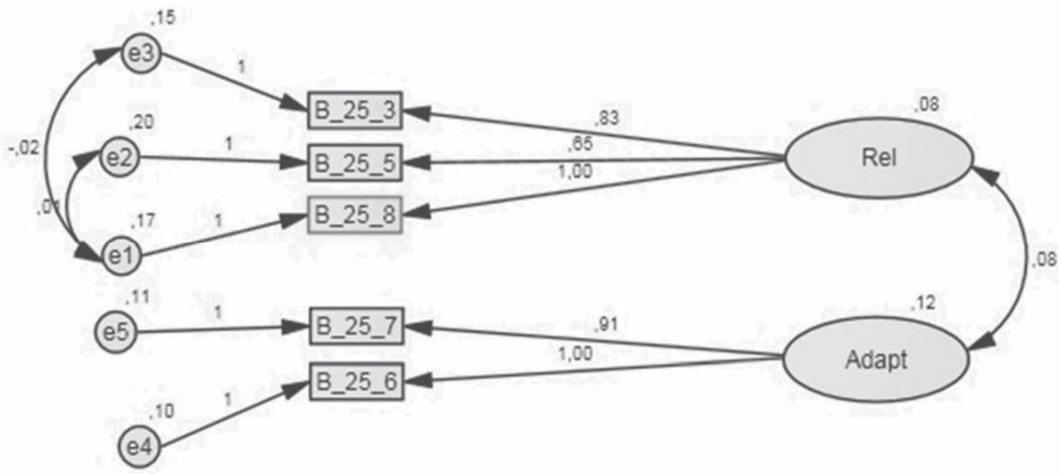
Scale	Items
Customer orientation	• helping customers assess their needs; • accurate product presentation; • avoiding deceptive or manipulative influence tactics; • avoiding the use of high pressure; • a desire to help customers make good purchase decisions; • offering products that will satisfy customer needs; • customer trust and long-term orientation;*
Business skills	• ability to run business profitably; • performing all business obligations;
Communication skills	• taking initiative in communicating to customers; • use of appropriate channels and techniques to communicate with customers;
Organization	• organization of consumer presentations and product delivery.
	* item added to reflect the relational perspective of the direct selling activity

3.6. Analysis and Results

We subjected all scales to a purification process that involved a series of dimensionality, reliability and validity assessments (Anderson & Gerbing, 1988; Steenkamp & Baumgartner, 1998). We proceeded by independently testing four models — one for each behavioral construct outlined in 3.5. The measures were first analyzed using the exploratory factor analysis (EFA). This was followed by separate confirmatory factor analyses (CFA), where all item loadings were found significant at the .01 level, and the average variance extracted exceeded the recommended level of .50.

First, we performed CFA for the following constructs: "Business skills" and "Communication skills". In both cases, factor analysis allowed coming up with solid constructs with normalized

Figure 6: CFA for the CO construct



loadings, ranging between 0.71 and 0.83. Cronbach's alpha for both cases here lies between 0.774 and 0.805, signifying a high coherence for the constructs tested.

Next, we proceed to the EFA of the CO construct that resulted in two separate factors. CFA verified the two element construct (Figure 6).

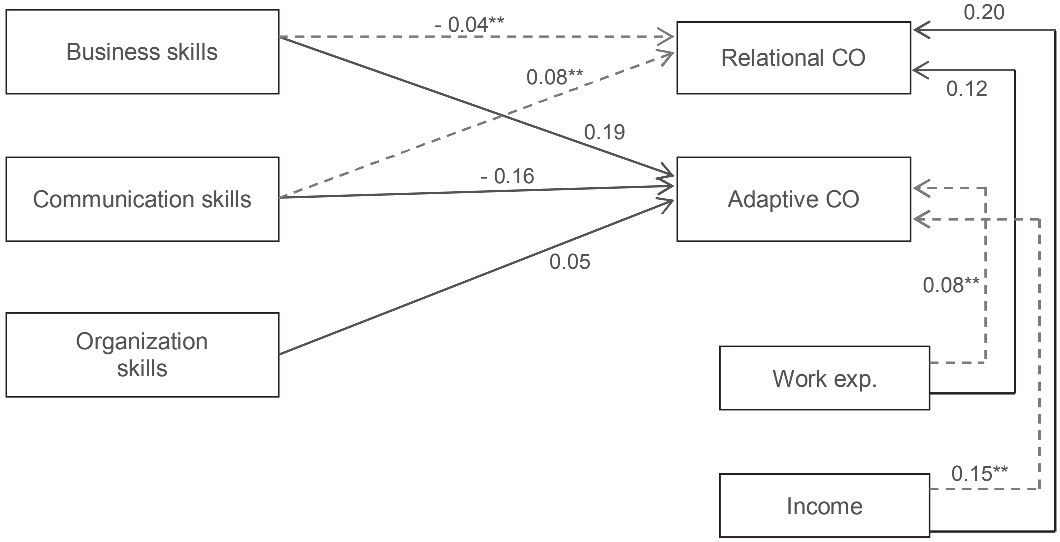
First, we tested a single factor CO construct with six items (without additional relational item), but fit indicators were unsatisfactory (GFI < 0.7, CMIN/df >10). A single factor construct with 7 items did not fit well either. After that, we tested a two-factor model of CO that showed an adequate fit with CMIN/df = 4.007; RMSEA = 0.026; PCLOSE = 0.978; CFI = 0.998; GFI = 0.999. A total of five items were included in the two factors identified. Factor 1 (items 1, 3 and 7) includes behavioral components that can be mostly interpreted as relations-oriented, contributing to the customer – distributor trust development. Factor 2 (items 5, 6) is more transaction and short-term oriented. We labeled the factors identified Relational CO and Adaptive CO, respectively. The Cronbach alpha for the Relational CO was estimated at 0.510, and for Adaptive CO it reached 0.700. For the first construct the Cronbach alpha is acceptable regardless of a rather low value, as the model has fine t-statics and the sample size is big. The coherence of the second construct can be acknowledged to be good (α=0.700). As we have two CO factors, it is necessary to adjust our hypotheses presented in 3.2. We include H(a) for Relational CO and H(b) for Adaptive CO for hypotheses H1-H5 except H3.

3.7. Conceptual framework testing

In the first stage of data analysis, we conducted data screening that resulted in reducing the survey to 3658 observations, taking out all incomplete or spoiled questionnaires. After that, we started our data analysis procedure. After the initial EFA and CFA were conducted (see 3.5.), we moved on to the conceptual model testing with SEM using LISREL 8.8. Modeling results are shown in Figure 7.

Modeling fit can be defined as good: RMSEA = 0.043; PCLOSE = 0.999; GFI = 0.901; structural

Figure 7: SEM of CO drivers



All connections are valid at p=0.001, connections marked with ** are invalid.

connections are valid at p=0.001. An analysis of the importance of structural factors showed that some of the alleged relationships were not significant. For example, there is a connection between Business (H1a) and Communication (H2a) skills, while Relational CO is insignificant. We also observe that connections between Income and CO (H4b), and between Work Experience with CO (H5b) are also insignificant. All the other structural connections are valid at p=0.001. As a result, we have H1a, H2a, H4b and H5b rejected and H1b, H2b, H3, H4a and H5a supported.

4. DISCUSSION, CONCLUSION AND IMPLICATIONS

4.1. Discussion and theoretical implications

In this paper, we explored the problem of customer orientation in the direct selling industry. We found that the CO construct considered to represent a single entity in personal level customer orientation research here is represented by two separate factors. The first factor represents Relational or long-term CO, while the other refers to the current adaptation to consumer demands. This two-factor model of CO implies significant differences between sales employees and DS distributors.

Business skills and communication skills have a certain influence on customer orientation development in the service process, while the relationship development is prioritized as long as the distributor gains work experience and increases the Direct Sales income.

During the analysis of customer orientation at the personal level in the Direct Selling industry, we confirmed major CO drivers, such as professional skills, communication skills, work experience and income, that influence the process of customer interaction. Business and communication skills are primary drivers for the distributor to adapt to customers' current needs. Relationship orientation emerges alongside work experience and income increase. The last finding is in line with the Relationship management approach; the distributor will try to improve customer experience and satisfaction in order to increase customers' intentions to sustain the interaction.

In general, the findings are in line with our hypotheses. Yet there are several unexpected outcomes of the model that we would like to discuss in more detail. We found no significant connection between Business skills and Relational CO, and between Communication skills and Relational CO. One of the explanations that we could offer is that these skills influence current efficiency of the distributor and, thus, they have indirect influence on Relational CO through Income. Work experience can also be regarded as a mediating factor, as business skills in general are supposed to improve as an entrepreneur becomes more experienced.

Another even more surprising finding is that we observed a valid negative influence of Communication skill on Adaptation CO. One of the explanations we can provide is that distributors tend to neglect customer needs as they face fewer communication barriers or can easily force their point of view on the customer, instead of establishing a dialogue and listening to customer needs.

4.2. Managerial implications

The main conclusions of the study allow us to make a number of recommendations regarding the process of education and training of distributors. Moreover, it was revealed that the company should pay more attention to the formation of self-image, as this factor has a significant impact on the perception of the customer and o the distributor's job. We also ranked different variables, including sales history, product type and geography of influencing the dynamics of sales and attracting new members. The results of this study may also be used to modify the existing system and bonus awards. The observed factors can affect the level of customer orientation through training distributors and developing their respective skills.

Theoretical findings suggest that Relational CO is not developed along with Business and Communication skills though it is crucial for business in DS. We suggest that training providers (manufacturing companies or third parties) would put a special emphasis on the importance of trust development and long-term orientation. The second issue is connected with Communication skills that are very much emphasized during trainings. Those seem to inhibit distributors' flexibility and Customer orientation, and that should also be recognized and adjusted in training courses.

4.3. Limitations and future research

There are several main limitations to the research presented above. First of all, besides the big data set, the survey was carried out on the Russian sample and its findings are fair for this particular market. Though some general conclusions could be shared, significant differences in Direct Selling industries worldwide effectively prevent us from the proliferation of the results to other geographies (though CIS counties could be quite similar to our observations).

The second limitation is connected with research methodology. We apply the most common non-reciprocal approach to the customer orientation measurement as we survey only the seller and not the customer. This is a common though unresolved issue is customer orientation research. Given the scale of the industry, we can easily find customers for the sample; the main challenge here is to replicate the geography of the initial research for better comparability of the results. Besides that, we should conduct more extensive analysis in order to control for gender, sex, geography and other factors.

As to future research opportunities, we suggest testing different scales of personal-level CO besides SOCO by Saxe and Weitz (1982), in order to support or reject our two-factor CO construct.

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