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ORGANIZATION OF SELLING PRODUCTS IN CENTRAL ASIAN COUNTRIES: CASE OF TURKUAZ GROUP OF COMPANIES

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Аңдатпа

Табысты іскерлік ортада «тауарларды сатуды ұйымдастыру» терминінің күннен-күнге маңыздылығы артуда. Әлем, өткен жүз жылдықтағы орасан зор экономикалық дамудың куәгері болды. Екі ғасыр бұрын орын алған өнеркәсіптік революциялар, барлық жердегі экономиканың дамуына және барлық мемлекеттердің өркендеуіне жол ашты. Осыған орай, әлемдегі табысты іскерлік орта тұрақты жұмыс орны мен экономиканың жоғары ЖІӨ көрсеткіші үшін негізгі кепілі болып табылады. Алайда тауарларды сатуды ойдағыдай етіп ұйымдастыру үшін көптеген құраушы компоненттер қажет, мысалы, тұтынушылардың қанағаттануы, оқыту және білім беру немесе сауда өкілі, сауда орындарын зерттеу, сауда аймағын жобалау және сауда қызметкерлері бойынша жоспар құру.

Кілт сөздер: Бизнес шарттары, сатуды ұйымдастыру, нарық алаңы, Орта Азия

Аннотация

Термин «организация продажи товаров» приобретает все большую важность в успешном деловом окружении. Мир стал свидетелем огромного экономического развития в прошлом столетии. Промышленные революции, имевшие место два столетия тому назад, привели к повсеместному экономическому росту и процветанию во всех странах. Тем самым, успешное деловое окружение в мире является основным залогом для стабильных рабочих мест и высокого ВВП для экономики. Но для успешной организации продажи товаров необходимо очень много составляющих компонентов, как, например, удовлетворение потребителей, обучение и образование или торговые представители, исследования торговых мест, проектирование торговой территории и планирование по торговому персоналу

Ключевые слова: условия бизнеса, организация продажи, рыночная площадь, Центральная Азия

Abstract. The term organization of selling products acquires a major importance in success of business environment. World has witnessed huge economic development in last century. Industrial revolution of two centuries back has resulted into all round economic growth and prosperity across the nations. So, the world's successful business environment is the main driver of stable workplaces and high GDP for the economy. But under successful sales organization there are so many details, like satisfaction of customers, training and educating or sales reps, researching of marketplaces, designing of sales territory and sales people. All these details are engine for successful business environment. In this research author tried to find the efficient organization of selling products in Kazakhstan and Central Asian countries. So, author has found that in

Kazakhstan there are so many challenges in organization of selling products especially in logistics as well as privileges in legal system of the Republic of Kazakhstan.

Introduction Organization of selling products is the most actual research of the 21st century, because this century is the century of technology and industrialization where better management in business is the most important tool to achieve economic growth and business success.

In this research author has used mixed research method. Through qualitative research has been made analysis by using interview and through quantitative research has been made analysis on statistical data of Turkuaz Group of Companies. So, in this work there are used primary data collection and secondary data too. Quantitative research is data-led approach which provides a measure of what researcher think about results of statistical and numerical point of view. Through this research author can gather a large amount of data that can be easily organized and manipulated into reports of analysis. This research is based on the case organization of selling products in Turkuaz group of Companies where included more than 22 companies which are working in different sectors of the economy totally placed in 7 countries of Central Asia. Thus, author has taken some statistical data from Group of Companies and has analyzed them by receiving concrete results. The next method of research is qualitative research where author has made interview and according to them has achieved results. Through qualitative research author can seek to explore phenomena, use more flexible instruments, iterative style of eliciting and categorizing responses to questions and use semi-structured methods such as in-depth interviews, focus groups, and participant observation. The analytical objectives of qualitative research are to describe variation, to describe and explain relationships between some variables, to describe individual experiences and to describe group norms. Generally used open-ended questions and data are formed textual by obtaining them after from audiotapes, videotapes, and field notes. Study design is iterative, that is, data collection and research questions are adjusted according to what is learned. So in this research author has made interview with President of Turkuaz Group of Companies Tayfun Mert Sari as this work is based on the case of this group of companies. Analytical objectives of the research were describing experiences and group norms in organization of selling products in this group of companies beginning from transition economy of Post Soviet Central Asian countries to nowadays modern market economy. Questions were open-ended and data have collected in audiotapes.

The objective of the research is initially to be acquainted with the theories designing of sales organization, types of sales organization, designing sales force with sales people as an asset managers and developing the sales force, sales organization structures, sales force size calculation methods and territorial design of sales organization and to be introduced with the situation of Post-Soviet transition to market economy in Kazakhstan. Then, by analyzing historical and current

conditions of organization of selling products in Kazakhstan clearly in Turkuaz group of companies. Because the research is based on the case of Turkuaz Group of Companies and only this company was enough for research with its 22 companies that operating under the group of companies. Finally, the research is concluded with recommendations for design of sales organization and sales force in nowadays modern market economy of Kazakhstan. Organization of selling products is developing with the prospering system of market economy in Kazakhstan. Successful salesman should act according to modernization of the local market system and be professional of own sector. Problems in the market of Kazakhstan should find their solution; otherwise they can disturb some returns of business.

1. Review, explanation and classification of fundamental theories of organization of selling products
2. Analysis and assessment of effective ways and techniques of organization of selling products in business environment of Kazakhstan.
3. Finding results from research and suggest ways how to develop the most effective techniques in organizing selling products in the market of Kazakhstan.

The object of the research is organization of selling products in Turkuaz group of companies where included 22 types of companies in four types of sector of the economy like, distribution and marketing, construction and project development, production, airport terminal management.

The subject of the research is trying to clarify effective organization of selling products in business environment and through this try to analyze the most effective techniques to prevent problems according to the result of analysis.

Definition and characteristics of organization of selling products

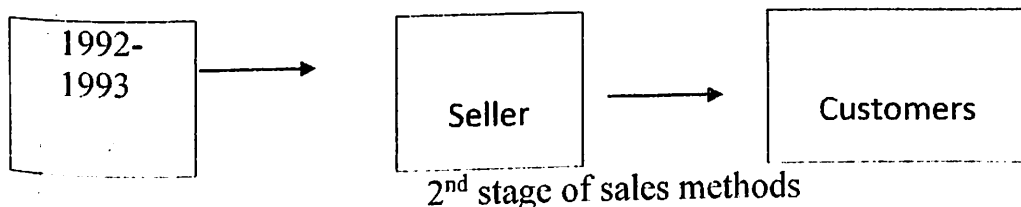
Whenever two or more persons join together to do activities for achieving some common objectives, and they feel a necessity to distribute the work among them, so they need for coordination among different activities, therefore the organization originates from this very necessity. Organization is the process of identifying and grouping the work to be performed, defining and delegating responsibility and establishing relationship for the purpose of enabling people to work together most efficiently in attaining objectives. Sales organization is a structured framework, specifying the formal authority and responsibility among persons working in the organization. It consists of group of individuals working to achieve selling objectives to increase sales, maximizing profits, and expanding market share by which they are trying to achieve organizational objectives. it establishes coordination among various selling activities necessary for the achievement of selling objectives. Sales organization is not a separate unit. It is affected by other functional areas such as production, finance, personnel etc. Sales organization organizes group of persons in the form of a suitable structure, depending upon the requirements of the enterprise. Various forms of sales organization structure can be line organization, line and staff organization functional

sales organization, committee form of sales organization. According to H.R. Toosdal, definition of sales organization can be like: “A sales organization consists of human beings working together for the marketing of products manufactured by the firm or marketing of commodities which have been purchased for resale.” According to Still and Cundiff,[1] “A sales organization is group of individual striving jointly to reach certain goals and bearing formal as well as informal relations to each other.” According to American Marketing Association, [2] “Sales organization is the planning, directing and coordinating the activities of sales force for increasing organizational efficiency.” But according to Khandelwal [3] this term is defined as “a sales organization is a organization of individual either working together for the marketing of products and services manufactured by an enterprise or for product that are procured by the firm for the purpose of reselling and a sale organization structural body through which the function of sale management are carried out.” Furthermore, the purpose of efficient organization of selling products is based on organizational structure which is an arrangement of activities involving a group of people that the goal in designing an organization is to divide and coordinate activities in such a way that the group can accomplish its common objectives better than they could by acting as individuals.

Analysis of history of organization of selling products in Kazakhstan

Kazakhstan’s transition to a market economy occurred spontaneously, without any theoretical and methodical trainings and preparations. Post-Soviet countries that have lived under socialist system or “economic romanticism” were confused about economic policy of the country. So at that moment Kazakhstan needed reconstruction of the economy in the short time in the experience of developed market economies. This complex-critical situation has stopped large-scale enterprises, and hundreds of thousands people lost their jobs. People were shocked, and government was looking for solution for these challenges. Unfortunately, Kazakhstan’s government was not ready to stabilize the macro economic factors or some kinds of industry of the economic sector, so in these Post-Soviet countries all markets were useful for making investment, especially Kazakhstan from case of openness to foreigners and restrictions upon systems for foreign investment [19].

1st stage of sales methods



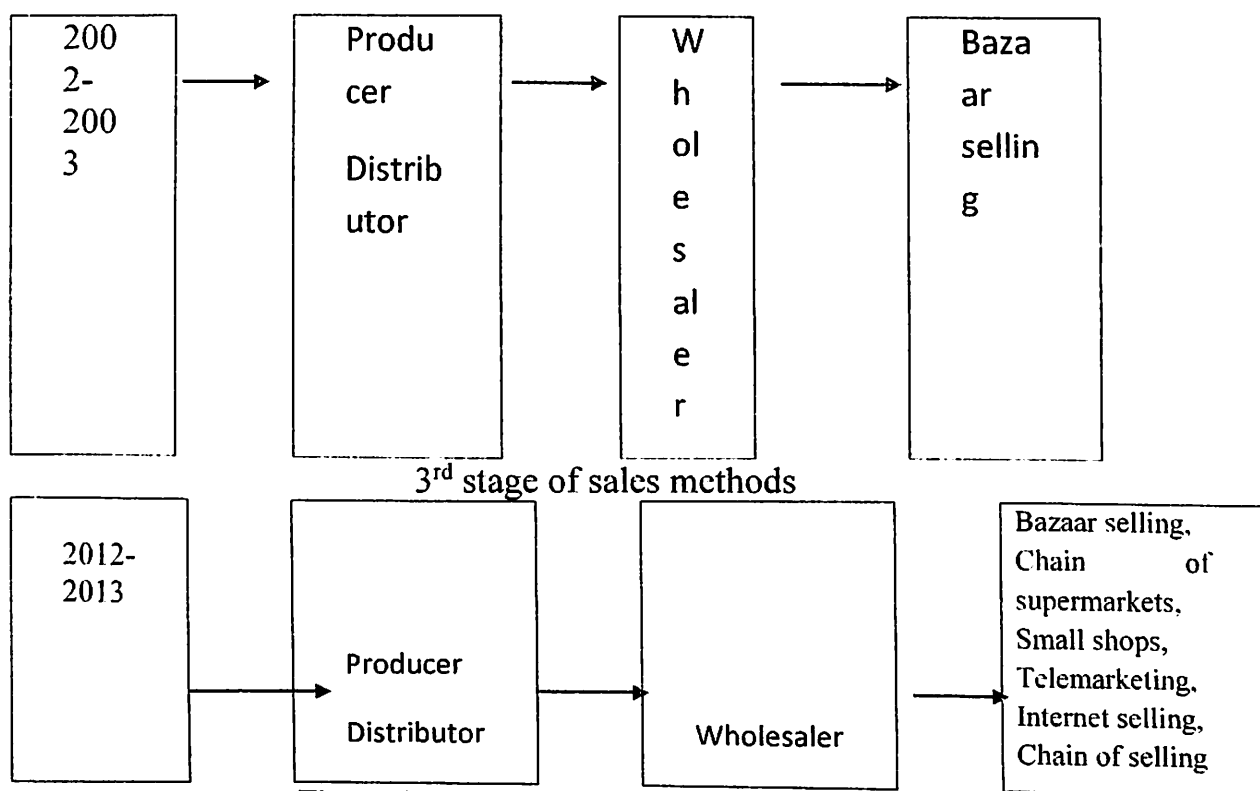


Figure-1. Evolution of methods of selling products

According to figure-1, by the economic development of Kazakhstan techniques of selling products also have been developed. In this analysis author is dividing focused period of time for three ten years, like 1992-1993, then 2002-2003, and then 2012-2013 years. So, 1992-1993 years according to history of economics describing Kazakhstan's economy as collapse of Soviet Union and transition from socialist economy to market economy. In these years generally all production were stopped in Kazakhstan, so people tried to sell everything that they could find, there were deficit of goods. Personal selling were active, sellers generally used small shops that are called "kiosk". After in 2002-2003 years for Kazakhstan are periods of rapidly economic developing and moving to market economy. So, in these years there were started to develop bazaar selling such as large Central Asian Bazaar Baraholka, or Altin Orda and e.t.c. In Kazakhstan production mechanism started to work, distribution and wholesaling of producers to direct sellers and indirect sellers has activated because of bazaars. In nowadays, in a modern economy of Kazakhstan, 2012-2013 years methods of selling in the market economy is concentrated more into the chain of supermarkets like Ramstore, Magnum, Small and e.t.c. But bazaar selling is not closed fully, they are slowly getting passive and in small regions yet there are small shops are making sales which are retailers of producers and distributors. Additionally, in the economy there are working innovative methods of selling like telemarketing, internet selling, chain marketing and e.t.c.

Analysis of developing history of Turkuaz Group of Companies, JSC.

In difficult periods of economy in Post-Soviet countries, one of owners of Turkuaz Group of Companies came to these countries and has researched Central Asian market and decided to open business in these territories by helping economy with demand for fast moving consumer goods (FMCG) and with workplaces. As a result, he found partners for making business and started it from Kazakhstan, because this area was the most useful for business by legally on that time. Initially they opened Turkuaz Group of Companies in 1992 in Istanbul (Turkey). The main market sphere was Central Asia, especially Kazakhstan and Uzbekistan. In the interview that is made with the president of Turkuaz Group of Companies Tayfun Mert Sari, he said that, - "on that time in both countries were government's research organizations that main work is learning the needs of population and finding sources to buy them from foreign countries, because on that time production was stopped in Kazakhstan after collapse of Soviet Union. Our company made agreement with them and started the business procedure with FMCG products and textile products, but we didn't stop in some products we were ready to sell all needs of people that orders us to buy them. Another advantage of us in making business for that time is payment system of Kazakhstan, they order product and pay before receiving the product. This system was reason for Kazakhstan's rapidly developing economy which made us to open Turkuaz International Trade Company in Almaty (Kazakhstan) that has changed our business procedure from commodity's broker into FMCG selling international company. Then, this office was main source for opening other branches in Kyrgyzstan, Turkmenistan, Tajikistan, Azerbaijan, Uzbekistan, and Mongolia and in 22 cities of Kazakhstan. Firstly, in 1994-1995 years we started our business from Beko (technology), Raks (audio and video cassettes) and some other goods by wholesaling to bazaar sellers and for this system of business we have opened in four mega cities of Kazakhstan like, Almaty, Astana, Shymkent, Karaganda warehouses and offices where we can keep and sell products. This bazaar system in Kazakhstan has continued for 5-6 years, so after started supermarket system in selling in Kazakhstan, like, Ramstore, Small, Magnum and small shops of FMCG goods. Firstly, all supermarkets of the country have been made our customers and then we have started the service of selling products to these small shops. In nowadays in Kazakhstan we have 40000 small shops which are our customers and we are using 450 camion for transporting products to customers. Furthermore, our company has developed with Kazakhstan's market system together."

Today in this company there are working more than 5500 employees. Generally this company is working in the four main sectors of the economy which are distribution and marketing, construction and project development, production, airport terminal management.

Trade turnover in distribution and marketing field of this group of companies is \$699 million for 2013 year, but in 2006 year it was \$225 million, so for 7 years it is increased by 68%. Generally trade turnover was improving for all these years only in 2009 it has been decreased by 13%, because of global financial crisis that has impacted Central Asia too.

DISTRIBUTION AND MARKETING TURNOVER



TURKUAZ

Figure-2. Distribution and Marketing Trade Turnover of Turkuaz Group of Companies for 2006-2013.

As trade turnover of the company, organizational chart also has been improved for 22 years. In nowadays Turkuaz Group of companies is one of successful companies in Kazakhstan and in whole Central Asia too. Initially, as all start-up business this organization was based on line sales organization, then it has changed to line and staff sales organization and in nowadays this group of companies is functional sales organization. At that moment main office was in Istanbul and this company was working as commodity's broker. In 1997 after 5 years of starting business Turkuaz Group of Companies has changed its organizational chart to complex sales organization structure because their organizational chart is based on products that they are distributing, like Beko Sales Manager or Personal Computer sales manager. But similarly they started to coordinate the business territorially, that they have combined product sales organization structure with territorial sales organization structure. In these years this group of companies was named as Turkuaz International trade Company and was wholesaler of many products to bazaar sellers.

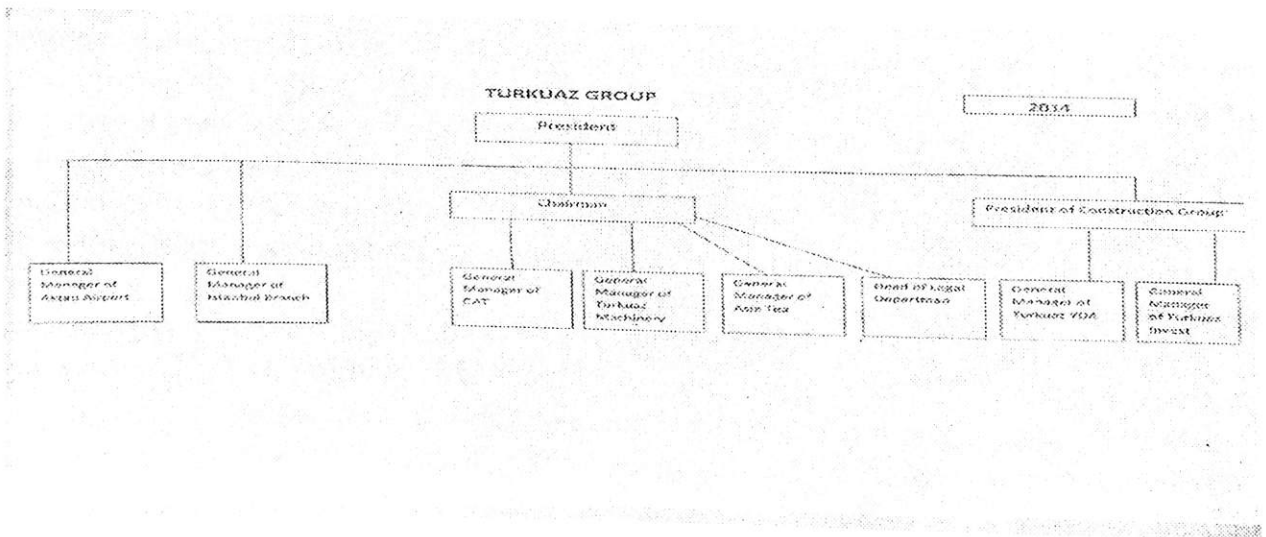


Figure-3. Organizational chart for Turkuaz Group of Companies, 2014

The organizational chart of the company for nowadays is complex because there are 8 companies under Turkuaz Group of companies and each of them have branches in each city of Kazakhstan. Whole group of companies is managed by president, then each company is managed by general manager, but construction sector of the group is managed by president of construction group. So, finally, yet Turkuaz group of companies is structured as complex sales organization.

Recommendations and Conclusion

Furthermore, organization of selling products is important point of success in business environment. This term has enlarged meaning, because it includes many types of tasks for designing sales organization and sales forces in it, like, selling methods, organizational chart, territory design, recruiting, payment system, training and e.t.c. So, in this research author has used qualitative research in a base of interview as primary data and quantitative research in a base of statistical data sources of Turkuaz group of companies to analyze organization of selling products.

According to the interview, author has analyzed that interviewee thinks that “successfulness in business” means solving problems in the way of achieving success in the mission. For example he has explained logistics in Kazakhstan as the main problem in business efficiency, so he thinks that the solution of them has helped them to prosper their business. For example in the interview with president of the group of companies he said that, - “Kazakhstan is developing country, willingness is increasing and so demand too, but logistic is so difficult in this country”. As a main reason he explained that:

- 1) Population is limited (17075 people) and territory is so high (2724900 kilometers square), so this makes sales cost high, because of transportation cost. Furthermore, to do business in Kazakhstan successfully firstly, businessman should open offices and warehouses in all cities of the country.
- 2) In Kazakhstan there are so less sea which is placed on the boundary of the country which makes difficulties in transportation of goods, so this problem can be solved by opening warehouses in all cities and by buying camions for sales people.
- 3) Kazakh people psychology is structured for spending all their income; they are not adapted for saving, which is coming from Soviet Union system. So, this is advantage for businessman, because they can easily research market condition and concentrate on those products which have demand in the market.

As the next key of “successfulness in business” he is explaining advertisement and cost efficiency. For example, he has explained that they are distributing generally international brand products because, their high investment in advertisement and good quality in products are the main engine for efficiency in cost and increase in profits. It is described in interview like, “Kazakh people choose qualified goods, so businessman should try to distribute only international brand products, where quality is the most important task. Then, international brand producers are making high investments in advertisements, so they can save in advertisement.” Also, main points of successful advertisement depends on high investment, main reason is qualified advertisement,

next is real advertisement that customer by consuming product should be satisfied with the product, the last is advertisement should be made for focus group of that product that yields real return.

The third key of “successfulness in business” is working only with professionals of each sector. For example, they are using only recruiting agencies as a recruiting source, and they are so sensitive with whom to work.

Also, interviewee thinks that employee compensation of variable fee, expense allowance; benefits are main motivating tools and techniques of sales people. Furthermore, these are main methods that group of companies trying to use in human resource management system. Of course, in this sphere there are some problems, such as because of variable fee sales people are trying to change their work according to sales season. So, they have solved this problem by using wide variety of long term strategic plans in compensation, salary, expense allowance, and benefits system. Training system of the company is also main driver of prosperity of the business. So, they are investing huge amount of investment in this sphere too.

According to interviewee the key of successfulness in business in start-up branches is marketing research in the market where they are going to open business. They are sending three workers to the new market for marketing research and according to main points of market structures they are starting business. Then, examining success in start-up business, if it is needed made some changes.

Furthermore, nowadays Central Asian countries are in rapid developing despite the going crisis in the world. Business success is another important engine for economic growth. So, the organization of selling products is the main driver of the success in business.

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