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Does salesperson's customer orientation create value in B2B relationships? Empirical evidence from India

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ABSTRACT

Although value creation in business relationships has taken an important position in the literature, yet scant attention has been paid to the precise nature of creation or destruction of value in b2b customer-oriented selling. Moreover, very few empirical studies in the b2b customer value research have focused on emerging markets, especially the BRIC countries. This study carried out in the context of small and medium sized firms in India, empirically examines from the SOCO perspective (Saxe and Weitz, 1982), value creation in customer-oriented selling, and value destruction in sales-oriented strategies. We model value creation, relationship development, and customer satisfaction as direct and indirect consequences of salesperson's customer orientation. Based on a sample of 249 small and medium sized Indian firms, we show that salesperson's customer orientation directly leads to value creation and relationship development with customers. On the other hand, a sales orientation destroys value, although it may lead to relationship development in the short-term. We also found that customer satisfaction was unrelated to both types of salesperson's orientations. Our study has considerable impact for small and medium sized businesses in emerging BRIC markets such as India, as it throws light on how supplier firms can leverage their salesforce to create value creation with their customers.

The 2003 Goldman Sachs global economics paper, “Dreaming with BRICs: Path to 2050,” suggests that BRIC countries currently contribute 13% of global economic output, and are expected to grow at 8% per annum for the next few years. The report also predicts that India, being an important BRIC member, could witness its economy become larger than Japan's by 2032, and become the third largest economy in the world in next 30 years. Much of the expected economic growth is likely to be driven by the small and medium enterprises after the Indian economy is further liberalized.

However, India also presents a cultural milieu that is in contrast to most developed western societies. Cultural values are also known to affect the interests, priorities, and strategies used in business negotiations (Brett, 2000), that eventually impacts an individual's approach towards exchange relationships (Shi, 2001). India is known to be a society characterised by a collectivist, high-context, strong uncertainty-avoidance, and large power-distance culture (Hall, 1976; Hofstede, 1981). In high context societies, communication between individuals is characterized by focus on non-verbal cues, more implicit than explicit (Cohen, 1991), and displaying trust toward people in ways different from those in low-context cultures (Hsu, 1983). Such individuals are also more risk averse (Lewicki & Bunker, 1996), which in turn impacts their economic rationality (Bazerman, 1994), towards assessing costs and rewards associated with their behaviors (Doney, Cannon, & Mullen, 1998). In this socio-cultural milieu, exploring the role of value creation in business relationships becomes important, since value is considered to be the raison d'etre of collaborative customer–supplier relationships (Anderson, 1995).

Value creation has been examined at the firm level in the b2b context in several studies (e.g., Beverland, Farrelly, & Woodhatch, 2004; Eggert, Ulaga, & Schultz, 2006; Flint, Woodruff, & Gardial, 2002; Lapierre, 2000; Ulaga & Eggert, 2005). However, research on customer value in business markets is still in an early stage (Flint et al., 2002), focusing predominantly on the value of the physical product, neglecting relational dimensions of customer-perceived value (Dwyer & Tanner, 1999). The popular concept of relationship value (Payne and Holt, 1999) too focuses on products, delivery, service, and interactions, as key dimensions (Dorsch, Swanson, & Kelley, 1998; Eggert & Ulaga, 2002; Gassenheimer, Houston, & Davis, 1998; Möller & Törrönen, 2003; Ulaga, 2003; Walter, Ritter, & Gemünden, 2001), ignoring the salesperson's customer-oriented behaviors that may impact on the value creation. Although a firm's market orientation consists of market sensing, dissemination, and response, market sensing as an aspect becomes more important in which salespersons play a vital role. This study too only includes those aspects of salesperson's customer orientation (focussed more on market

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sensing) which creates value for customers. Cross, Brashear, Rigdon, and Bellenger (2007) too validates this concern empirically by showing that market-oriented firms' impact on salesperson's performance is completely mediated by salesperson's customer-oriented behaviors. Therefore, it makes sense to posit theoretical linkage between salesperson's customer orientation and value creation with customers, even though value creation also involves other firm-level activities going beyond the individual salesperson.

In the relationship selling paradigm, the practice of customer orientation by salespeople is well-documented (e.g., Beverland, 2001, Boles, Babin, Brashear, & Brooks, 2001; Frankwick, Porter, & Crosby, 2001). The salespersons' customer orientation concept has been popularised by Saxe and Weitz (1982), as consisting of selling vs. customer orientation, as practiced with their customers (i.e., the 'SOCO' perspective). A customer-oriented selling strategy focuses on helping customers make satisfactory purchase decisions, while a sales-oriented selling strategy focuses on making quick sales, often at the expense of long term interests of the customer (Saxe & Weitz, 1982).

In the last two decades, plethora of studies have shown that a salesperson's customer orientation impacts his/her job attitudes, turnover intentions, adaptive selling, relationships with supervisors, and organizational citizenship behavior (e.g. Boles et al., 2001; Dadzie, Johnston, Dadzie, & Yoo, 1999; O'Hara, Boles, & Johnston, 1991). It has also been shown to affect salesperson's job satisfaction, motivation, and organizational commitment (e.g. Kelley, 1992; Pettijohn, Pettijohn, & Taylor, 2002; Siguaw & Honeycutt, 1995), job satisfaction (e.g. Hoffman & Ingram, 1991, 1992; Pettijohn et al., 2002), customer relationship development (e.g. Williams, 1998), customer satisfaction and loyalty (e.g. Gillis, Pitt, Robson, & Berthon, 1998; Goff, Boles, Bellenger, & Stojack, 1997; Pettijohn et al., 2002; Reynierse & Harker, 1992), and individual-level performance (e.g. Boles et al., 2001, Brown, Widing, & Coulter, 1991; Keillor, Parker, & Pettijohn, 2000). However, recent studies (e.g., Franke & Park, 2006; Schwepker, 2003) have expressed concern that much still remains to be learned about the association between SOCO and salesperson's performance. Given that in the relational selling approach salespersons play a greater role than their firms in sustaining customer relationships (Palmatier, Dant, Grewal, & Evans, 2006), we do not yet know if b2b salespersons actually create value in their relationship with customers, especially in the context of emerging markets. This study's objective is to address this void in the literature.

In this article, we empirically demonstrate the linkages between salesperson's customer orientation with b2b customers and value creation in these relationships. Value creation, captured from the customer's perspective, has been defined in this study as, *customer's perspective of achieving desired benefits attributable to the salesperson, and the company*. Going beyond the traditional definition of value as benefits net of costs, we attempt to define the term more holistically, based on how the customers perceive value in the relationships, beyond the product offering itself. We model direct as well as indirect association of customer vs. sales oriented selling behaviors with value creation, customer relationship development, and customer satisfaction.

The paper contributes uniquely to our understanding about b2b salespersons in the context of an emerging market, and throws fresh light into how, and why value is created by salespersons in their relationships with customers. It explicates the extent to which selling orientation (SO) and customer orientation (CO) differs in their ability to extract value in the b2b buyer–seller relationships. In an emerging market such as India, salespersons are extremely important for building relationships, and for delivering value to b2b customers, specially the small and medium enterprises. These small enterprises that constitute our sample in the study are considerably less tech-savvy and less dependent on other means of information like websites, making the salespersons a credible source of information, a relationship builder, and a value creater in the relationship. From a selling perspective, the paper throws new light into why, and how sales vs. customer orientations are important in creating or destroying value in b2b relationships, and extends our extant understanding in this direction.

The rest of the paper is structured as follows. In the next section, we develop our conceptual model, and propose a few hypotheses. We then empirically test our model using a sample of 249 small and medium-sized business customers from a wide array of product and service categories in India. In the subsequent sections, we discuss key results, managerial implications of our study, and important theoretical contributions of the paper. We end the paper with limitations of our study and give some directions for future research.

2. Model development

2.1. Salesperson's customer orientation

Among one of the earliest studies, Strong (1925) emphasized that personal selling should be oriented toward securing customer satisfaction, and not just purchase orders. Subsequently, scholars have emphasized the importance of meeting customer needs over selling more volumes to customers (e.g. Kurtz, Dodge, & Klompmaker, 1976). However, the well established and widely adopted conceptualization by Saxe and Weitz's (1982) in the personal selling literature states that salesperson's customer orientation is, 'the degree to which he or she(the salesperson) practice(s) the marketing concept by trying to help his or her customers make purchase decisions that will satisfy customer needs' (p. 344). The SOCO perspective has been since been widely researched in the personal selling literature (e.g., Brown et al., 1991; Kennedy, Lassk, & Goolsby, 2002), as well as the services marketing literature (e.g., Brady & Cronin, 2001; Brown, Mowen, Donavan, & Licata, 2002).

2.2. Salesperson's customer orientation and value creation

Customer orientation is based on customer-driven value creation (Jolson, 1997). At the firm level, Slater and Narver (1995) emphasized that market-oriented firms place highest priority on the profitable creation, and maintenance of superior customer value. In this study, value creation has been defined as customer's perspective of achieving desired benefits attributable to the salesperson and the company. Saxe and Weitz (1982) suggest that customer orientation at an individually employee level is closely related to a 'concern for others' (See Blake & Mouton, 1970; Buzzotta, Lefton, & Sherberg, 1972; Thomas, 1976) dimension. Therefore, salespersons high on customer orientation are likely to show higher concern for self and for others, but salespeople with sales orientation or having low customer orientation would exhibit high concern for self, but low concern for others. Therefore, it is also likely that a customer oriented salesperson is more likely to create value for customers, since s/he is likely to be more concerned for others (customers). Moreover, most organizational buyers seek increased value-added services from salespeople (Liu & Leach, 2001), demand more adaptations, and a consultative selling approach which requires higher exchange of information with the customers (Brennan & Turnbull, 1999). From the service-centered view of marketing too, the customer value is defined by the salesperson along with the customer, rather than being embedded in the product (Vargo & Lusch, 2004). Michel, Vargo, and Lusch (2008) argue that shifting the focus of the offering from an output to a process of value creation makes the customer perceive the supplier as an organizer of this process, in which the customer is a co-producer, rather than a receiver of value. Michel and his colleagues further note that 'dematerialization' of resources allows greater scope for value creation. Such a process of value creation requires a salesperson to