Relationship between sales force reputation and customer behavior: Role of experiential value added by sales force

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ABSTRACT

Based on the resource-based view theory and the experiential value model, this paper aims to investigate how experiential value added by the salesperson mediates the relationship between perceived salesperson reputation and customer behavior. A questionnaire is constructed, and data are collected from 229 customers served by financial salespeople working in five bank agencies in Canada. Structural equation modeling was employed to assess the proposed research model empirically. The empirical results revealed that the two dimensions of experiential value – economic benefit and service productivity – partially mediated the relationship between perceived salesperson reputation and both customer loyalty towards the salesperson and customer share of wallet. However, enjoyable interaction mediates only the relation among salesperson reputation and customer loyalty. The managerial implications are addressed.

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1. Introduction

In recent years, for several reasons, customer experience value has emerged as an important issue in marketing research. The creation of experiential value is crucial for a customer’s satisfaction (e.g., Oh et al., 2007; Shobeiri et al., 2013) and loyalty (e.g., Babin et al., 2013). The generation of superior customer experience is one of the crucial purposes in today’s retailing environments (Srivastava and Kaul, 2014). In addition, in the service sector, customer experience helps the retailers to create sustainable competitive advantage (Srivastava and Kaul, 2014). In parallel with an increased focus on customer value, certain researchers have started to investigate the role of the sales force in the value-creation process. The primary argument that underlies this interest is that customers who are interested in establishing long-term relationships are increasingly demanding value-added services from salespeople (Graham, 1996; Lui and Leach, 2001). This critical role of the sales force in value creation has recently been noted by Blocker et al. (2012). In this regard, Rackham and DeVincentis (1999) noted that the sales force not only communicates a firm’s value but also can create it.

Most empirical work concerning the antecedents of sales force success focuses on how the salesperson communicates the firm’s value to the customers (e.g., adaptation, trust) rather than what value is added by the salesperson. Indeed, although many studies have argued the importance of experiential values for customer behavior and decisions, it is surprising that no study has examined this concept in the context of the sales force. The present study aims to fill this gap by examining the prominent role of the experiential value added by the salesperson with regard to customer behavior.

The literature on competitive advantage principally shows that there are two fundamental approaches to acquiring a sustainable competitive advantage: an approach based on value chain analysis (e.g., Porter, 1985) and an approach based on the resource-based view (RBV) theory (e.g., Barney, 1991). In this research, we retain the RBV approach because each salesperson can be viewed as a source of sustainable competitive advantage for the company. In addition, the value added by the salesperson depends on his assets such as competency and knowledge, customer relationships and reputation. Furthermore, as asserted by Srivastava et al. (2001), marketing scholars have to pay more attention to RBV theory to advance marketing theory and practice. This statement is more important in the case of sales force literature because authors have paid less attention to this theory in developing this marketing area. In strategic management, one of the most valuable intangible assets to increase firm value is corporate reputation. There are several reasons why corporate reputation has received more attention from marketing managers and researchers. For example, corporate reputation has a positive influence on firm value (e.g., Fombrun and Shanley, 1990); positive corporate reputation induces a positive consumer attitude towards the firm’s products and sales force (Brown, 1995); and favorable corporate reputation positively increases buying intentions (Yoon et al., 1993).
the impact of corporate reputation on the firm’s outcome is mainly understood, it is surprising to find little interest in understanding the effect of a salesperson’s reputation on the salesperson’s success. The present study aims to fill this gap by examining salesperson reputation – an intangible asset – as a source of experiential value added by the salesperson in the relationship-marketing context.

Motivated by RBV theory and the experiential value model developed by Holbrook (1994) and Mathwick et al. (2001), the first primary objective of this study was to conduct an analysis that illustrates that the experiential value added by the sales force can enhance their success. The second goal was to show that the sales force reputation in the market is an important source of this value. Finally, the third objective was to explore the mediating role of experiential value added by the salesperson in the relationship between perceived salesperson reputation and both customer’s share of wallet and customer loyalty in the context of a service setting.

This study seeks to make three main contributions to sales force literature. First, the study links sales force service with experiential value theory. Second, the study empirically examines the importance of the value added by the salesperson to verify the role of the sales force as a generator of value for both the buyer and the seller, as predicted by certain researchers (e.g., Blocker et al., 2012; Haas et al., 2012). Third, the study develops an input-process-output framework to illustrate the relationships between experiential values offered by a salesperson, customers’ perception of a salesperson’s reputation, and customers’ behavioral intentions. Finally, this research extends the reputation concept to the sales force and demonstrates its importance for the value-creation process and salesperson success. By achieving this latter research objective, we expect that this study will advance current knowledge on sales force by understanding how a sales manager can use intangible sales force resources to monitor salespeople and to build a successful strategy.

The remainder of the paper proceeds as follows. In Section 2, we examine the salesperson reputation concept and the experiential value added by the salesperson. The next section develops a conceptual model and hypotheses. The following sections describe the paper’s method and results. Finally, we discuss the practical implications of the results, including future research perspectives.

2. Literature review

2.1. RBV and salesperson reputation

RBV focuses on the firm’s key resources identified as intangible assets and capabilities to create competitive and in turn superior performance (Barney, 1991; Peteraf, 1993). The key resources are those that are controlled by the firm, valuable, rare, and difficult to imitate (Barney, 1991). A central tenet of RBV is that the firm’s key resources are critical not only because they are the source of customer value creation but also because they are difficult to replicate by competitors. In the sales force literature, few scholars have explicitly considered firms’ strategic resources. According to Menguc and Barker (2005), the professional experience, knowledge, and skills of each salesperson constitute the social and human capital of the sales unit (i.e., field sales units or “FSUs”).

Drawing on RBV, many scholars (e.g., Wernerfelt, 1984; Hall, 1992; Roberts and Dowling, 2002) have considered reputation as one of a firm’s intangible strategic resources. In this regard, Hunt and Morgan (1995) stated that a firm’s resources could generate a competitive advantage and superior financial performance. Likewise, we consider salesperson reputation as a sales organization’s intangible strategic resource. Indeed, a salesperson with a good reputation is valuable for the organization and difficult to replace by another salesperson. Sales force reputation can be divided into internal reputation and external reputation. In this study, we consider only the sales force’s external reputation because we focus on the relationship with customers. In this regard, Blattberg (1998) indicated that customers are the most critical asset for organizations: thus, understanding the relationship between a salesperson’s external reputation and customers’ perceived value can be important.

Despite several types of reputation that has been advanced in the literature (see Table 1), in our best knowledge, the sales force reputation has not been studied yet.

In the sales force literature, Beuk (2011) has introduced the Salesperson’s Concern for his or her own Reputation (SCR) construct. He considered SCR as a salesperson’s trait, and he defined the construct as the salesperson’s concern for his or her own reputation, apart from the actual level of that reputation. Beuk (2011) showed that in combination with the salesperson’s perception of a new product, SCR influences the likelihood of new-product success. In marketing literature, several papers have been

<table>
<thead>
<tr>
<th>Types of reputation</th>
<th>Example of authors</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Corporate reputation</td>
<td>Fombrun, 1996</td>
<td>“A perceptual representation of a company's past actions and future perceptual representation of a company's past actions and future prospects that describes the firm's overall appeal to all of its key constituents when compared with other leading rivals”. (p. 72)</td>
</tr>
<tr>
<td>Employer reputation</td>
<td>Weiss et al., 1999</td>
<td>“A global perception of the extent to which an organisation is held in high esteem or regard”. (p. 75)</td>
</tr>
<tr>
<td>Walsh and Wiedmann, 2004</td>
<td>“A stakeholder’s overall evaluation of a company over time”. (p. 304)</td>
<td></td>
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<tr>
<td>Employer reputation</td>
<td>Hepburn, 2005</td>
<td>Employer reputation is made up by perceptions about the organization four aspects: people policies, culture, values and corporate reputation.</td>
</tr>
<tr>
<td>Anderson and Weitz, 1992; Ganesan, 1994</td>
<td>Refers to his fairness, honesty, and concern about the retailer.</td>
<td></td>
</tr>
<tr>
<td>Ou et al., 2006</td>
<td>Is formed by consumers' and other stakeholders' perceptions of a retail chain organization over time.</td>
<td></td>
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<tr>
<td>Wartick, 1992</td>
<td>“Aggregation of a single stakeholder’s perceptions of how well organizational responses are meeting the demands and expectations of many organizational stakeholders”. (p. 32)</td>
<td></td>
</tr>
<tr>
<td>Brand reputation</td>
<td>Aaker, 1991</td>
<td>Aptitude that the potential buyer identify or recall a brand as a member of a certain product category.</td>
</tr>
<tr>
<td>Media reputation</td>
<td>Deephouse, 2000</td>
<td>“The overall evaluation of a firm presented in the media.” (p. 1099)</td>
</tr>
<tr>
<td>Network reputation</td>
<td>Lin, 1999</td>
<td>A measure for the social capital of an actor in the network.</td>
</tr>
<tr>
<td>Online reputation systems</td>
<td>Ba and Pavlou, 2002</td>
<td>Generate appropriate trust among buyers to convince them to assume the risk of transacting with complete strangers.</td>
</tr>
</tbody>
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