Selling Value in Business Markets: Individual and Organizational Factors for Turning the Idea into Action

Harri Terho⁎, Andreas Eggertb, Wolfgang Ulaga, Alexander Haasd, Eva Böhm

⁎ Corresponding author.
E-mail addresses: harri.terho@utu.fi (H. Terho), andreas.eggert@wiwi.upb.de (A. Eggert), wolfgang.ulaga@asu.edu (W. Ulaga), alexander.haas@wirtschaft.uni-giessen.de (A. Haas), eva.boehm@wiwi.upb.de (E. Böhm).

Abstract
Modern business-to-business firms focus increasingly on understanding and selling value, as a strategic priority and to achieve marketing and sales excellence. Yet many companies struggle to implement their value orientation, without sufficient knowledge of how to translate it into sales practice. This study therefore examines value-based selling (VBS) as an implementation of value-based marketing at the sales force level. The proposed motivation–opportunity–ability framework integrates individual- and organizational-level antecedents, outcomes, and moderators in an attempt to explain the adoption and performance outcomes of VBS in business markets. Multilevel path modeling with cross-sectional survey data from 944 salespeople and managers in 43 sales organizations confirms the prediction that VBS enhances salespeople’s performance, beyond that achieved with established selling approaches. However, firms need specific types of salespeople and dedicated organizational support for effective VBS implementation. A salesperson’s learning orientation and networking competencies emerge as critical antecedents. Organizational value assessment tools can compensate for individual salespeople’s lack of learning orientation; reference marketing efforts also strengthen the performance outcomes of VBS. Finally, VBS is most effective in organizational settings where perceived customers value demandingness is lower, enabling salespeople to use VBS as a proactive selling approach.

1. Introduction
A growing number of firms identify excellence in marketing (Feng, Morgan, & Rego, 2015) and sales (Homburg, Vomberg, Enke, & Grimm, 2015) as strategic priorities and focus explicitly on understanding and selling value in business markets (Ulaga & Kondis, 2015). The emphasis on customer value is far from new to marketing and sales literature; value has always been “the fundamental basis for all marketing activity” (Holbrook, 1994, p. 22), and customer value has been a cornerstone of the business marketing discipline for almost two decades (Anderson, Narus, & Narayandas, 2009). Sales scholars also have long recognized the importance of customer value (Blocker, Cannon, Panagopoulos, & Sager, 2012; Liu & Leach, 2001; Rackham & De Vincentis, 1999; Schepker, 2013, 2017), though only recently have they started to highlight the need to understand how customer value-based corporate strategies can be translated into value-based selling practices (Terho, Eggert, Haas, & Ulaga, 2015; Terho, Haas, Eggert, & Ulaga, 2012; Töytäri & Rajala, 2015).

Value-based selling (VBS) makes companies’ value orientation operational at the individual salesperson level. It seeks to advance customer value-in-use jointly with the customer by demonstrating the vendor’s contribution to the customer’s business profitability in clear monetary terms (see Terho et al., 2012). Several recent qualitative studies at the individual salesperson (Terho et al., 2012; Ulaga & Loveland, 2014) and the organizational level (Lilamää et al., 2016; Storbacka, 2011; Töytäri & Rajala, 2015) infer that VBS is an effective but challenging selling approach that seems to require a multitude of factors coming together. Yet academic research lacks deeper insights into the critical individual- and organizational-level determinants of VBS and their interplay for explaining its adoption and performance outcomes (see Evans, McFarland, Dietz, & Jaramillo, 2012).

Anecdotal evidence indicates that effective implementation of VBS at the industrial sales force level still remains a major challenge for business-to-business (B2B) companies. In the early phases of this research project, we contacted senior sales directors in over 50 firms and
discussed challenges they faced when implementing VBS in their respective firms. Managers collectively explained that many salespeople were unable to practice value-based selling. Against this background, they expressed a desire to gain more knowledge on whether they should recruit specialized VBS salespeople and what characteristics these salespeople should have. Simultaneously, managers posed questions on whether and how they could transform their long-standing, often product-focused technical salespeople into VBS experts. Finally, managers noted that VBS performance greatly varied from one salesperson to another. Therefore, executives wondered what they could do to support their salespeople’s VBS efforts. In sum, discussions with sales experts in the explorative phase of our research indicated that the major questions in VBS reached beyond initial questions about the nature, scope and activities, to include questions regarding the deeper understanding of how VBS can be effectively implemented in an industrial sales context.

In summary, more research is needed about the specific determinants, outcomes, and contingencies of VBS. Building on theory, as well as practitioner insights, we conclude that both individual and organizational factors warrant concurrent attention when investigating the critical success factors of VBS in industrial sales environments. Therefore, the present study raises three main research questions: 1) What are the determinants of VBS at the individual salesperson level? 2) Does VBS lead to superior salesperson performance, above and beyond prevalent selling approaches? 3) Which organizational factors need to be in place to facilitate the adoption and performance outcomes of VBS in B2B firms?

Our research offers several important and novel contributions to business marketing and personal selling research, in that we address the pressing issue of how firms’ strategic focus on customer value can be implemented in the sales organization. First, we draw on a motivatio-n-opportunity-ability (MOA) framework to build an integrative research model with specific determinants, outcomes, and contingencies of VBS. Using a rich data set collected from 944 salespeople and sales managers in 43 sales organizations, we employ multilevel path modeling to test our framework. The results show that VBS enhances salespeople’s performance, beyond the effects of established sales constructs. Second, at the individual salesperson level, our findings suggest that VBS requires specific profiles and competencies. Not every salesperson is equally prepared to practice VBS. A salesperson’s learning orientation and networking competencies, within both the customer’s and the vendor’s organizations, represent critical antecedents of VBS. Third, our results provide insights how managers can promote VBS among their salespeople and support their sales force while rolling out VBS. We find substitution effects between a salesperson’s learning orientation and value assessment tools developed at the corporate level. Vendors can support less learning-oriented salespeople in adopting VBS behaviors by introducing organizational value assessment tools. Furthermore, firms should systematically invest in customer reference marketing at the organization to facilitate salespeople’s selling performance in VBS. Collectively, our findings suggest that management must proactively create an organizational environment that allows salespeople to adopt and thrive with VBS. Finally, our research emphasizes that VBS is not effective in all circumstances. We find that in organizational settings where customers are perceived to have high expectations and require their sellers to “show them the money,” salespeople actually engage more in VBS. Yet, our analysis reveals that customer value demandingness faced by sales organizations weakens the link between salespeople’s VBS efforts and selling performance. We postulate that when customers invariably expect their suppliers to demonstrate measurable value, VBS can become a “hygiene factor,” leaving little room for differentiation from competition. The finding suggests that VBS is most effective when used as a proactive selling approach.

Our research advances research knowledge in this area by connecting hitherto isolated salesperson- and organizational-focused research perspectives as well as moving VBS research from an explorative focus into a theory-testing direction. The results offer novel insights into the complex interplay of individual- and organizational-level antecedents of VBS and the performance implications in business markets, offering much needed guidance to managers who must implement company-wide value-oriented growth strategies at the sales-force level. Our results partly explain why so many firms struggle with implementing a generally accepted idea and why the large-scale adoption of VBS has been so slow in many industrial sales organizations. To present these contributions, we next discuss the VBS domain and develop our theoretical framework and hypotheses. We describe our multilevel research design and modeling approach before outlining our findings and their implications for marketing theory and practice. We conclude with a discussion of the limitations of our study and some further research avenues.

2. Value-Based Selling

Value is a cornerstone of B2B marketing (Anderson et al., 2009). When business firms make purchase decisions, they ultimately seek value (Ulaga & Eggert, 2006), materialized as a quantifiable cost reduction or incremental revenue generation (Anderson, Narus, & Van Rossum, 2006). Business customers do not seek to acquire products, such as machine tools or software, but they need such purchases to save money or facilitate their incremental sales (Groenroos, 2011; Vargo & Lusch, 2004). In this lens, B2B marketing is a value-based endeavor.

As boundary spanners, salespeople have a critical role in making value-based marketing operational (Blocker et al., 2012). The (co-) creation of superior value hinges on in-depth knowledge of customers’ idiosyncratic usage situations (Tuli, Kohli, & Bharadwaj, 2007; Vargo & Lusch, 2004). This implies that salespeople are ultimately responsible for translating the supplier’s general segment-level value propositions to customers’ particular business situations and demonstrating the value-in-use potential (Payne, Frow, & Eggert, 2017; Schweiker, 2017; Storbacka, 2011; Terho et al., 2012; Töytäri & Rajala, 2015).

VBS is the implementation of value-based marketing at the individual salesperson level. It refers to the salesperson’s efforts to advance customer value-in-use jointly with the customer by demonstrating the vendor’s contribution to customer business profitability in monetary terms (see Terho et al., 2012). With its focus on value-in-use, VBS differs conceptually from established concepts. To date personal selling research has concentrated heavily on two fundamental selling approaches: salesperson customer orientation and adaptive selling (see Franke & Park, 2006; Zablah, Franke, Brown, & Bartholomew, 2012). Customer-oriented selling refers to the degree to which salespeople are trying to help customers make purchase decisions that will satisfy customer needs (Homburg, Wieseke, & Bornemann, 2009; Saæ & Weitz, 1982). While customer-oriented salespeople focus on identifying and offering products that are best suited to a customer’s problem, they ultimately leave it to the customer to make effective use of the offering and realize its value-in-use. Although customer-oriented selling thus can lead to situations in which customers realize measurable cost reductions or incremental revenue, the focus is on customer need fulfillment and long-term satisfaction, not profitability impacts on the customer’s business. In contrast, salespeople who practice VBS proactively promote the creation of value-in-use and explicitly communicate their role in improving the customer’s bottom line, according to customer-specific value quantifications. VBS also differs from adaptive selling, which refers to the degree to which salespeople alter their sales behaviors during a customer interaction or across customer interactions based on perceived information about the nature of the selling situation (Sprio & Weitz, 1990). The core domain of adaptive selling concerns the adjustment of salespeople’s selling behaviors to suit the characteristics of a specific sales encounter (Franke & Park, 2006; McFarland, Challagalla, & Shervani, 2006), whereas VBS focuses on helping customers reach better financial results.
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