



The impact of sales encounters on brand loyalty

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ABSTRACT

Gaining and sustaining brand loyalty is a key challenge in increasingly competitive markets. Many marketing researchers as well as practitioners emphasize the critical role of the interpersonal interaction between the customer and the salesperson in influencing customer satisfaction, generating favorable brand attitudes and strengthening the bond between the customers and the brand. So far, empirical research that investigates how sales encounters impact brand loyalty by enhancing customer satisfaction with the sales encounter is lacking. Using data from 154 dyads of customers and salespersons of a large automobile brand, this study shows the perceptions of both the customer and the salesperson regarding the impact of sales encounter performance on satisfaction. Sales encounter satisfaction, in turn, leads to brand loyalty by enhancing brand attitude and salesperson loyalty.

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1. Introduction

In highly competitive markets brand loyalty generates numerous benefits like erecting barriers to competitors, generating greater sales and revenues, reducing customer acquisition costs, and inhibiting customers' susceptibility to marketing efforts of competitors (Knox and Walker, 2001; Rundle-Thiele and Mackay, 2001). As such, the sources of brand loyalty and the process of developing brand loyalty are of central concern for brand management. Building brand loyalty requires investments in marketing programs that target current and potential customers. These marketing activities can influence the customers' mindset and may result in a number of different outcomes, such as brand awareness, brand associations, attitude and behavior towards the brand, and eventually brand loyalty as a central measure for brand performance (Keller and Lehmann, 2003).

All different areas of a customer's contact with the brand provide an opportunity for creating a favorable attitude and enhancing loyalty to the brand. A key area of contact is the sales encounter (Sujan, 1988; van Dolen et al., 2002; Grace and O'Cass, 2005). Since a salesperson is often the only contact person for the customer (Crosby et al., 1990; Chow and Holden, 1997), she or he can play a crucial role for the customer's experience with and evaluation of the brand (Surprenant and Solomon, 1987; Bendapudi and Berry, 1997; Berry, 2000; Mitchell, 2002; Bendapudi and Bendapudi, 2005; Lynch and de

Chernatony, 2007). Salespeople epitomize, represent, and define the brand to the customer (Booms and Nyquist, 1981; Berry, 2000; Mitchell, 2002; Bendapudi and Bendapudi, 2005); by this, they transform and implement a company's brand strategy.

During a sales encounter, mainly the interaction between the salesperson and the customer impacts the customer's perception of the salesperson and the perception of the brand (Iacobucci and Hibbard, 1999; de Chernatony, 2001). The salesperson's behavior leads to associations that the customer relates to the brand, specifically to the meaning of the brand. Feelings and experiences during the interaction with the salesperson help the customer construct brand meaning that impacts the preferences for as well as the evaluation of the brand (Lynch and de Chernatony, 2007; Brakus et al., 2009).

Previous studies show that the ability of both the customer and the salesperson to communicate, to interact, and to build strong relationships leads to favorable outcomes in terms of satisfaction (Crosby and Stephens, 1987; Brown and Swartz, 1989; Crosby et al., 1990). So far, previous research has neglected whether and how these perceptions regarding the interaction between customers and salespeople can also lead to brand loyalty (Gremler and Brown, 1996). Additionally, most of the empirical studies addressing buyer–seller relationships measure only one side of the salesperson/customer dyad, thus neglecting the interactive character of the encounter.

This study contributes to previous research in brand management by investigating how perceptions of the sales encounter performance affect encounter satisfaction and, by this, lead to brand loyalty. For this purpose, the study uses customer–salesperson dyads as units of the analysis.

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2. Conceptual framework and hypotheses

2.1. Conceptual framework

A sales encounter is an event of ongoing interaction between the salesperson and the customer where both the salesperson's and the customer's behavior affects perceptions, beliefs, and the behavior of the interacting partner (Susskind et al., 2003; Subramony et al., 2004). Studies in personal selling and service research show a close relationship between the perception of the salesperson and the perception of the customer and her or his satisfaction with the service (Schneider et al., 1992, 1998; van Dolen et al., 2002). The more successful the perception of the encounter, the higher the satisfaction with the encounter will be (van Dolen et al., 2002). A dyadic approach considers (both) the customer's and the salesperson's perceptions of encounter performance and experiences of encounter satisfaction (van Dolen et al., 2002).

Customer sales encounter satisfaction relates to brand loyalty. The study considers a direct and an indirect path from satisfaction to loyalty, taking salesperson loyalty and brand attitude into account. Fig. 1 shows the basic framework that guides the present research. The following section develops the underlying hypotheses within this framework.

2.2. Hypotheses

2.2.1. Antecedents of customer encounter satisfaction

Previous research shows that salespeople's actions have an impact on customer satisfaction with the salesperson (Oliver and Swan, 1989) as well as on the satisfaction with the sales encounter (van Dolen et al., 2002). This study focuses on the perceived competence and expertise of salespeople as drivers of customer satisfaction since these characteristics relate to the perceived performance of the sales encounter.

Considering the performance of the interaction between salesperson and customer, two types of competences are important: task competence and interaction competence. Task competence refers to

the knowledge, the ability, and the concern to fulfill a task based on expertise regarding the customers' needs (Williams and Spiro, 1985; van Dolen et al., 2002; Homburg and Stock, 2005). Salesperson's task competence relates to customer satisfaction (Macintosh, 2002). According to the component model of relational competence (Spitzberg and Hecht, 1984), the competencies of the salesperson and the customer alike determine the impressions of the sales encounter. These impressions impact the satisfaction with the encounter. Findings of several qualitative studies show that a contact employee's ability and competence help solve a customer's problems and positively influence customer satisfaction (Bitner et al., 1990, 1994).

Interaction competence includes communicative behavior that supports an interpersonal relationship (Williams and Spiro, 1985; Winsted, 1997). According to the interpersonal needs theory (Schutz, 1966), a person has particular needs concerning interactions and only when interactions meet this needs, the person experiences the interaction to be a rewarding one. These needs cover, for instance, the feeling of perceiving a sense of authority in decision making or the need for respectful treatment (Cragan and Wright, 1991). If these needs are (not) met, the person is likely to be (dis)satisfied with her or his experience (Anderson and Martin, 1995).

The salesperson's interaction competence plays a crucial role in meeting these needs. When the customer perceives the salesperson as being a cooperative partner who has a strong desire to help the customer and is genuinely concerned in an appropriate manner, the customer may experience a fulfillment of interpersonal needs and thus, s/he is more likely to be satisfied with the sales encounter. For instance, Ramsey and Sohi (1997) find that customers are more likely to build trust with a car dealer, the more the customers perceive that the salesperson is listening to them.

H1. The salesperson's task competence as perceived by the customer is positively associated with the customer encounter satisfaction.

H2. The salesperson's interaction competence as perceived by the customer is positively associated with the customer encounter satisfaction.

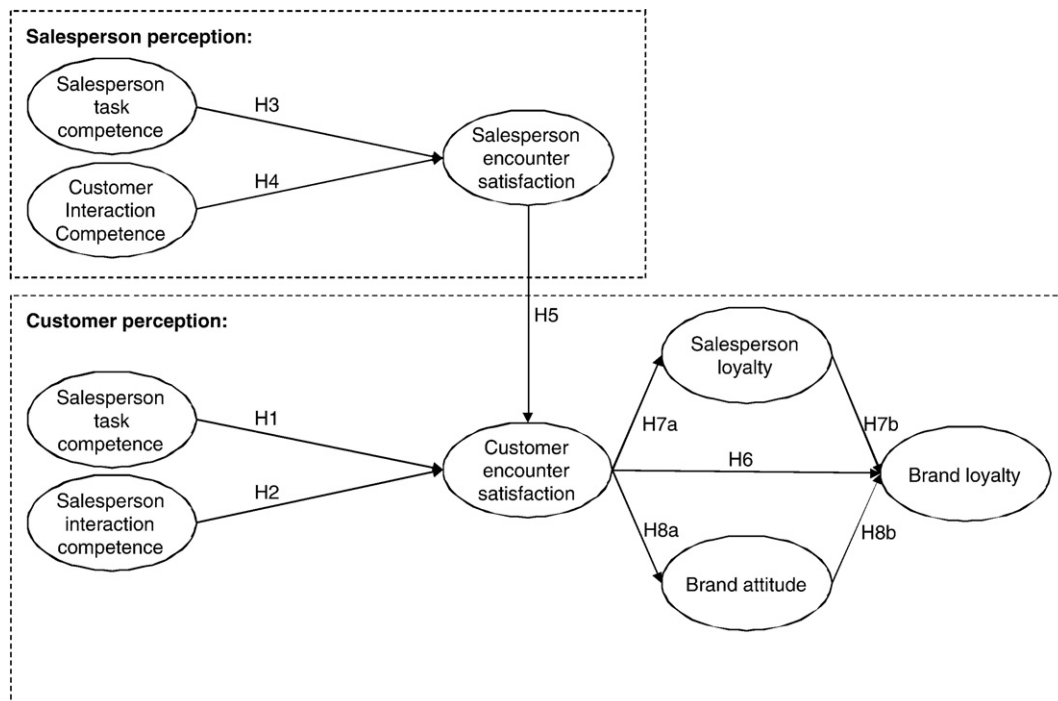


Fig. 1. Conceptual framework.

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