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Allocation of Salespeople's resources for generating new sales opportunities across four types of customers

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ABSTRACT

This investigation seeks to (1) identify various external and internal resources available to salespeople and (2) discern which resources are most likely use during the interest generation stage within each customer type. Employing a panel of experienced salespeople, the study identifies three external firm-based resources (firm tangible, firm-intangible, and firm-market based) and four internal salespeople based resources (personal, knowledge, skills, and accumulated success). By examining salespeople-level variance on resource allocation within new, short-, long-, and win-back customers, the findings suggest that salespeople adaptively utilize different resources for each type of relationship quality. Successful strategies in identifying new sales opportunities while initiating, developing, maintaining and reviving satisfaction and trust depend on the magnitude and kind of relational resources allocation.

1. Introduction

Salespeople span boundaries, coordinate internal and external expertise, leverage social capital, mobilize tangible and intangible resources, and position the cost/benefit trade-off in each interaction with their customers. They "must draw on a diverse set of organizational members to create a compelling value proposition for the customer" (Steward, Walker, Hutt, & Kumar, 2010), and they need "access to the right information, the ability to disseminate it to the right people, and the power to coordinate the efforts of groups of people to deliver value to the customer" (Üstüner & Godes, 2006). To accomplish their tasks, salespeople rely on their knowledge (Sengupta, Krapfel, & Pusateri, 2000a), social networks, and company resources to understand customers' problems and articulate their firms' solutions to those problems. They take the role of entrepreneurs, locating and deploying personnel and other resources necessary to generate profitable returns (Plouffe, Sridharan, & Barclay, 2010; Sengupta, Krapfel, & Pusateri, 2000a). They must have insight to categorize customers by types, adapt selling strategies (Beverland & Lockshin, 2003; Coelho & Augusto, 2010), and discern selling contexts, characteristics of recipients, and relationship cycles to arrive at effective selling strategies (Spiro & Weitz, 1990).

Effective selling strategies are those that enable both buyers and sellers to co-create value in each stage of the sales process *or* the buyer-seller relationship. The value co-creation process consists of a buyer framing an expectation of values and a seller using appropriate resources to create expected values (Vargo & Lusch, 2004). It occurs either when salespeople interact with their customers or when salespeople work behind the scenes on behalf of their customers. In either case, salespeople seek to garner the right resources to help create value for customers and generate results (Plouffe & Barclay, 2007). Further, different buyers may be at dissimilar points in the buyer-seller exchange process (Dwyer, Schurr, & Oh, 1987; Jap & Ganesan, 2000), and the ambience of each exchange catalyzes the interactive role of both parties in creating values (Haas, Snehota, & Corsaro, 2012; Hohenschwert & Geiger, 2015; Lacoste & La Rocca, 2015).

Because a buyer's expectation of values are idiosyncratic, contextual, and heterogeneous (Vargo & Lusch, 2004), such factors may depend on where the buyer and seller are in the exchange process. Furthermore, value creation can become complex when salespeople target an organizational buying unit having multiple participants with diverse influences and interests (McQuiston, 1989). Member concerns may extend beyond product quality reputation and/or sales call frequency for any purchase situation. Thus, to participate in the value-creating process, sellers forge roles as knowledge brokers (Verbeke, Dietz, & Verwaal, 2011), resource navigators (Plouffe & Barclay, 2007), relationship managers (Crosby, Evans, & Cowles, 1990;

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Weitz & Bradford, 1999), intelligence generators (Slater & Narver, 2000), and internal expertise coordinators (Steward, Walker, Hutt, & Kumar, 2010), as well as value translators (Woodruff, 1997), drivers (Ulaga & Eggert, 2006), and creators (Blocker, Cannon, Panagopoulos, & Sager, 2012).

Buyer-seller relationships have been investigated extensively and found to be multi-stage in nature (e.g., Dubinsky, 1981; Moncrief & Marshall, 2005; Rentz, Shepherd, Tashchian, Dabholkar, & Ladd, 2002). Examples of these stages include prospecting, pre-approach, approach, presentation, handling objections, close, and follow-up (e.g., Dubinsky, 1981; Moncrief & Marshall, 2005; Rentz et al., 2002); awareness-exploration-expansion-commitment-decline-dissolution (Dwyer, Schurr, & Oh, 1987); initiation-maintenance-termination (Heide, 1994); and exploration-buildup-maturity-decline (Jap & Ganesan, 2000). As buyer-seller relationships move through these stages, salespeople generate customer interest, present potential offerings, propose solutions, negotiate contracts, and close sales (Üstüner & Iacobucci, 2012). Irrespective of the conceptualization, the first stage often is the interest-generation stage, where salespeople prospect and approach customers to identify and qualify new sales opportunities (Rentz et al., 2002; Üstüner & Iacobucci, 2012; Weitz, Castleberry, & Tanner, 2004). Activities revolve around identifying *new* prospects for existing and/or new solutions, new solutions for *existing* customers, and new solutions for *win-back* customers. From a buyer's perspective, the interest-generation stage is part of the acquisition process (Livne, Simpson, & Talmor, 2011). The acquisition process is the main gateway to create customer value for sellers (Ulaga & Eggert, 2006)—the core of the marketing function (Guenzi & Troilo, 2007; Homburg & Pflesser, 2000). Focusing on this stage of the sales cycle (new sales opportunity identification), this study adds to the literature by looking at *multiple* dyads between one seller and four types of buyers (i.e., new, short-term, long-term, and win-back [lost] customers). As such, "…we underscore the importance of separating customers by relationship phase" (Mullins, Ahearne, Lam, Hall, & Boichuk, 2014, p. 54).

We focus on the foregoing four types of customers (Parasuraman, 1997) and take the position that a salesperson is likely to have a portfolio of customers that he/she manages at any point in time. This portfolio is likely to include new customers (those who are still in the initial engagement of the relationship), short-term customers (those who have had a successful engagement with the seller and are presumed to have developed a relationship with the seller), long-term customers (those who are in the maintenance stage of the relationship), and win-back (those who are in the dissolution stage). Depending on a salesperson's assessment of the type of a particular buyer, various relationship mechanisms, including resources and strategies, are deployed (Zhang, Watson, Palmatier, & Dant, 2016). This necessitates salespeople's classifying purchase propensity, strategically expending efforts, and prioritizing resources efficaciously (Wieseke, Homburg, & Lee, 2008), as only a finite pool of resources exists for salespersons (Steward et al., 2010).

Recognizing the shortage of resources in a hypercompetitive selling environment and the importance of selling, Evans, McFarland, Dietz, and Jaramillo (2012) call for more research on salespersons' ability to navigate and coordinate resources. Lassk, Ingram, Kraus, and Di Mascio (2012) emphasize the need to train salespeople on usage of skills, knowledge, people, strategies, and expertise to produce results. Other researchers acknowledge a gap in knowledge about how salespeople successfully utilize available resources to produce superior returns (Evans et al., 2012; Lassk et al., 2012; Walker, Churchill, & Ford, 1977). The present study responds to these calls by (1) identifying various resources available to salespeople and (2) examining how salespeople allocate these resources to each of four customer types during the *interest-generation stage* of the buyer-seller interaction. For theoretical background, it draws on a resource-based view of the firm (Barney, 1991; Wernerfelt, 1984), as well as work in resource advantage (Hunt & Morgan, 1996, 1997; Salancik & Pfeffer, 1978), relationship marketing (Anderson & Narus, 1990; Dwyer et al., 1987; Mohr & Nevin, 1990; Morgan & Hunt, 1994), inter-organizational governance (Heide, 1994), social exchange (Kelley & Thibaut, 1978; Thibaut & Kelley, 1959), and conservation of resources (Hobfoll, 1989).

The subsequent sections discuss existing resources identified in the literature, corroborate existence of seven types of salespeople's resources, describe relationship stages that correspond to the four customer types, and hypothesize the types of resources mostly used for each customer type. Next, the paper introduces steps entailed in developing a resource utilization scale, and then findings from hypothesis testing are offered. The contributions, implications, and limitations of the study conclude the work.

2. Literature review of Salespeople's resources

Sales literature has discussed many types of salespeople's resources using heterogeneous terminology. Resources that are derived specifically from the firm—and not from the salesperson—afford sales personnel to use inducements (Ahearne, Jelinek, & Jones, 2007), pricing discount policy (Cron, Baldauf, Leigh, & Grossenbacher, 2014), and technology (Ko & Dennis, 2004) to foster relationships with customers. Firm knowledge and processes from customer retention, customer service support, and technology support are invaluable competitive advantages (Cron et al., 2014). In addition, brand image and company reputation have been found to be positively related to customer value and customer loyalty (Cretu & Brodie, 2007). Partnerships and alliances with external firms, as well as a substantive customer base, market share, and range of product offerings, are important competitive advantages (resources) for salespeople to utilize during customer engagements (Cron et al., 2014).

The preponderance of germane sales literature, however, has focused on resources directly associated with salespeople. Scholars have demonstrated that sales call frequency (Román & Martín, 2008), number of hours worked (Jelinek & Ahearne, 2010), appearance, dress (Crosby, Evans, & Cowles, 1990), physical attractiveness (Reinhard, Messner, & Sporer, 2006), and regional dialect (Mai & Hoffmann, 2011) have influences on salespeople's job-related outcomes. Salespeople's knowledge and skills, however, have received the most attention in the literature. Nomenclature such as declarative knowledge (Szymanski, 1988), technical skills (Wachner, Plouffe, & Grégoire, 2009), perceptions of relationship quality (Mullins, Ahearne, Lam, Hall, & Boichuk, 2014), consultative selling (Newell, Belonax, McCardle, & Plank, 2011), and product and industry expertise (Crosby et al., 1990) all refer to salespeople's knowledge of their customers, competitors, industry, products, and territory. Accordingly, knowledge has been discerned to have a significant association with relationship quality (Newell et al., 2011), probability of closing sales (Crosby et al., 1990), profitability (Mullins et al., 2014), and identification of new opportunities (Szymanski, 1988).

In addition, other critical salesperson skills (resources) include salespeople's verbal and nonverbal communication proficiency (Wachner, Plouffe, & Grégoire, 2009), emotional intelligence (Rozell, Pettijohn, & Parker, 2004), empathic ability, cue perception capacity (Giacobbe, Jackson, Crosby, & Bridges, 2006), intuitive judgement capability (Hall, Ahearne, & Sujan, 2015), and strategic acuity (Sengupta, Krapfel, & Pusateri, 2000b), and have been found—save for verbal and nonverbal communication proficiency—to be positively related to performance. Interestingly, salespeople's accumulation of past successes also plays a role in their current performance, as does their biographical information (Ford, Walker, Churchill, & Hartley, 1987). Furthermore, legitimate and expert power can enhance their ability to navigate their firm internally (Plouffe, Sridharan, & Barclay, 2010), and coordination acumen can improve their prowess to close the sale and augment sales performance (Plouffe & Barclay, 2007). Also, internal and external networking relationships (Cron et al., 2014; Steward et al.,