Personal Selling and Relationships
- A Review and Explorative Essay

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The overall scope of this doctoral thesis is focusing on selling. The thesis contains two studies; Study A is a synopsis of a licentiate thesis published in 2002, while Study B contains three journal articles.

Study A examined industrial selling in Swedish manufacturing small and medium-sized enterprises (SMEs). The research addressed three research questions dealing with selling activities, individuals involved in selling, and selling processes in three different selling contexts. Study A adopted a qualitative research approach; it used a case study research strategy and collected the primary data through personal interviews. The study included four cases, interviewing a total of 19 respondents in various positions within the selected companies. The study’s findings indicate that selling activities performed by manufacturing SMEs in this study are complex and include a variety of activities. The numerous individuals found to be involved in selling represented several different functions within the selling company. Furthermore, the findings indicated that the studied companies included external individuals when performing their selling activities. Finally, the performed selling activities could be described in several selling processes. These findings suggest that the selling processes vary from rather simple and transaction-oriented selling processes to more complex processes dealing with both long-term customer relationships and single transactions.

Study B examined relationships in selling in the financial services industry, looking specifically at the relationships between members of a sales force and other members of the same organization as well as relationships between salespeople and customers. All three articles included in this study applied a quantitative research approach. The first article, “The Impact of Incentives on Interfunctional Relationship Quality: Views from a South African Firm,” sought to discover the extent to which different functional groupings perceived the incentives an organization offers its personnel as being “fair.” The setting for the research in this article was a small- to medium-sized marketer of financial services in a South African context. Data were collected using questionnaires; 141 usable responses were received, representing a response rate of 81 percent. The findings from this article provide evidence that small but significant differences exist in the perceptions of the fairness of incentives provided. The second article, “Trusting Relationships. How Salespeople View the Quality of Relationships with Friends and Customers,” as well as the third article “Personal Acquaintances and Salespeople in Financial Services: Differences Between Customers and Friends,” deals with the relationships between salespeople and friends, salespeople and good customers, and salespeople and bad customers. However, the two articles used different scales to measure these relationships. In the second article, relationships were measured using the Trusting Relationship questionnaire; in the third article, relationships were measured using the Personal Acquaintance measure. Data from both articles were gathered from a large Swedish firm in the financial services industry through questionnaires sent to salespeople. The questionnaire resulted in 119 usable responses for both articles, corresponding to a response rate of 60.1 percent. Based on the results presented in both articles, salespeople do not perceive relationships with friends in the same way as they perceive their relationships with customers. Similarly, both articles provide evidence that salespeople perceive relationships with good customers to be different from those with bad customers.
ACKNOWLEDGEMENTS

My “crooked” journey of writing this thesis started back in 1996 as part of my first doctoral course. I achieved my intermediate goal of a licentiate degree in 2002 and, after a two-year “administrative deviation,” I finally am in a position to prepare for my doctoral defense. I have no doubts that I would never have made it this far without the help and generous contributions of numerous individuals as well as certain organizations.

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Luleå
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1 INTRODUCTION AND PROBLEM AREAS

This doctoral thesis contains two studies: study A, a synopsis of a monograph that resulted in a licentiate thesis (Bäckström, 2002), and study B, three journal articles developed since 2002. Study A deals with industrial selling in the form of selling activities, sales processes, and sales roles. The outcome of study A, together with relevant literature, forms the basis for the research problem of study B, which concerns relationships in selling. This first chapter begins with a discussion of why an understanding of personal selling is important and provides a background to personal selling, which will result in the overall scope of the thesis. The problem area of the two studies will subsequently be developed and presented. Finally, an overview of the structure and layout of the remaining chapters will be outlined.

Selling is valuable for both society as a whole and the individual firm (Marks, 1997). The sales operation represents a vital revenue-generating function in a firm and embodies an important link between the firm and its customers (Donaldsson, 1998). Business relationships are managed by individuals (Roman & Martin, 2008) and the level of human performance is the most variable factor in the efficient functioning of a firm in its dealing with customers (Donaldsson, 1998). According to Zoltners, Sinha, and Lorimer (2008), the sales force represents a large investment for most companies. However, the significance of the sales force goes beyond its costs—it is the salespeople entrusted with the company’s most important asset: its customers. The sales force serves as a critical influence on customer relationships; therefore, it also significantly impacts performance (ibid.). Nevertheless, research on selling is scarce (Mantrala et al., 2008), and the academic focus on sales does not match the level of practitioner interest (Zoltners et al., 2008). Selling can be defined as the personal or impersonal process of assisting and/or persuading a prospective customer to buy a commodity or a service or to act favorably upon an idea that has commercial significance to the seller (Koschnick, 1995). As such, the overall scope of this thesis is selling.

1.1 Background to Selling

Prior to the industrial revolution, marketing and selling problems were handled on a part-time basis due to the nature of small-scale enterprises and the closeness between sellers and their customers according to Still et al (1988). With the industrial revolution, large-scale manufacturing made it increasingly necessary for enterprises to develop new markets. In order to handle the larger and more complex organizations, separate functional departments were established. However, sales departments were set up only after a company had established manufacturing and financial departments. Distribution channels were developed when manufacturers shifted parts of their marketing function to middlemen, which resulted in manufacturers’ sales functions becoming increasingly removed from end customers. Such developments made it more difficult to maintain contact with the final customers and for manufacturing firms to be in control of the conditions under which their products were sold. As marketing grew more complex, one solution was to divide the marketing function (ibid.). New departments were organized for the performance of specialized marketing tasks (Still et al., 1988), and after World War II, a rapid growth in sales forces took place (Sheth & Sharma, 2008). Despite the fragmentation of marketing functions, the sales department still maintained a strategically important role (Still et al., 1988). The sales department is the income-producing function of a company, and companies continued to rely on this department for revenue generation. Thus, it is the sales department that has the fundamental but critical responsibility for making sales (ibid.).
In modern markets, supply usually exceeds demand, resulting in the need to adopt a marketing orientation in which companies “make what we can sell, not sell what we can make” (Donaldsson, 1998, p. 5). Selling is an essential part of the total marketing effort, and effective marketing management considers various functions in the organization and environmental factors when combining selling with other promotional tools. Consequently, salespeople require marketing skills and marketing positions require skills in interpersonal relations and negotiations (Donaldsson, 1998). Marketing management is the process of setting marketing goals for an organization, the planning and execution of activities to meet these goals, and the measurement of progress toward their achievement (Buell, 1995). According to Donaldsson (1998), selling reflects the same approach as marketing management, but at the individual customer level. In other words, the salesperson is a marketing manager dealing on an individual customer level (ibid.).

1.1.1 The Changing Face of Selling

“Not only is the focus of the sales organization changing, but the sales environment is changing as well” (Marshall et al., 1999, p. 87). Changes in marketing methods and distribution channels, together with an increasingly competitive environment, have changed the role of selling (Donaldsson, 1998). Perhaps the single most significant change in selling is created by the availability and use of advanced technology in salespeople’s day-to-day jobs (Marshall et al., 1999). New technology has made it possible to communicate practically instantaneously with almost anyone at anytime. The laptop computer alone has enabled salespeople to be totally account-knowledgeable, access company information instantly, and make professional presentations (Marshall et al., 1999).

At the beginning of the 1990s, sales organizations began implementing a variety of selling methods (Marshall et al., 1999) that include not only the traditional field sales force, but also new approaches such as teleselling, national account representatives, independent sales representatives, electronic data interchange, and part-time sales forces. Such methods also came to include greater interrelationships among salespeople and other members of the organization. New concepts such as relationship selling1 and team selling2 have altered the role of the salesperson (Marshall et al., 1999), and team selling is used more often with different functions of the selling company relating directly to the team of buyers (Donaldsson, 1998; Sheth & Sharma, 2008). In these cases, all members of the suppliers’ team need to understand that they are part of the selling process (Donaldsson, 1998). The growth in national account teams (i.e., selling teams) came about as buying firms expanded (Sheth & Sharma, 2008). Purchasing functions were centralized; firms that became national in scope wanted a national account sales force (ibid.).

Traditionally, the sales process has been described as selling activities carried out by salespeople (Churchill et al., 1997; Persson, 1999). Today, sales operations involve more than personal selling. They represent a range of customer contact positions that include telephone sales, customer service, and technical advisers as well as traditional salespeople (Donaldsson, 1998). Thus, a more suitable description of today’s sales process might be “selling activities carried out by the selling function”. According to Sheth and Sharma (2008), the traditional sales process is changing and will continue to change dramatically in the future. First, Sheth

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1 Relationship selling can be defined as the selling approach based on the development of long-term relationships between salespersons and their customers (Donaldsson, 1998).

2 According to Moon and Armstrong (1994), team selling is a term used to describe a multi-person selling effort.
and Sharma expect a further increase in sales force automation, which will fundamentally change the sales function. Second, the shift in focus from products to solutions and the shift from products to service will decrease the traditional product focus of sales forces and instead increase the customer focus. This shift has already changed the role of the salesperson from a spokesperson for products to a consultant. Finally, Sheth and Sharma argue that the responsibilities of global account teams will increase, as the role of the salesperson will become more than that of a general manager. Salespersons will be responsible for marshalling internal and external resources to satisfy customer needs and wants (ibid.).

1.2 Problem Areas

This chapter introduces both industrial selling (study A) and relationships in personal selling (study B) as research areas that require their own conceptual grounds. These grounds will be developed throughout this thesis. The current chapter will also further stress the relevancy of these research areas.

1.2.1 Study A (Industrial Selling)

Churchill et al. (1997) differentiate between retail and industrial selling. Retail selling involves selling goods and services to the ultimate consumers, while industrial selling involves three types of customers—namely, resellers, business users, and institutions. Goods and services sold to industrial customers tend to be relatively expensive and complex compared to those in retailing. Industrial customers tend to be larger and have relatively complex decision-making processes involving more people. Thus, activities and skills involved in industrial selling are quite different from those in retail selling (ibid.). According to Wotruba (1996), it seems certain that industrial selling will evolve to become a key aspect of success in the future business world. In addition, Persson (1999) claims that research regarding industrial selling situations in different industries is needed, and more empirical evidence is required for the verification of models and concepts. Thus, study A will focus on industrial selling.

1.2.1.1 Definition of selling

As previously stated, selling can be defined as the personal or impersonal process of assisting and/or persuading a prospective customer to buy a commodity or a service or to act favorably upon an idea that has commercial significance to the seller (Koschnick, 1995). One concept related to selling, albeit in a quite different manner, is personal selling. The concept of personal selling is usually defined as the seller’s oral face-to-face communication with one or more potential customers with the intention of closing a deal (Persson, 1995). Although selling embraces both personal and impersonal communication, personal selling is just about the face-to-face personal communication, making it one of the promotional tools in a firm’s marketing mix (Donaldsson, 1998). According to Still et al. (1988), salesmanship is one aspect of and one of the skills used in personal selling. Persson (1999) argues that salesmanship can be defined as the art of successfully persuading customers or prospects to buy products from which they can derive suitable benefits. Thus, personal selling is a communication tool while salesmanship is a skill largely used to implement the personal
selling effort (Still et al., 1988). Based on this understanding, *salesmanship* is a part of *personal selling*, which in turn is included in the broader concept *selling*.

Traditionally, the sales process has been described as selling activities carried out by salespeople (Churchill et al., 1997; Persson, 1999). However, sales operations have been found to include more than personal selling, including a number of different activities such as telephone sales, customer service, and technical advice (Donaldsson, 1998). In these situations team selling is often used with different people from different functions involved in the sales operations (ibid.). Contrary to the individual salesperson performing selling activities, selling often involves a number of individuals (Moon & Armstrong, 1994; Persson, 1995; Jackson et al., 1999; Deeter-Schmelz & Ramsey, 1995; Liljegren, 1988).

Considering the perspective of the traditional sales literature (the individual salesperson performing selling tasks) and the fact that selling seems to involve a number of activities and individuals, it is possible to view selling from two perspectives. Selling can be viewed as a communication tool (i.e., personal selling) according to the traditional sales literature or as a process consisting of a number of individuals performing different types of selling activities. Selling as a communication tool means that it is a part of a firm’s marketing mix and, as such, one of the promotional tools with its specific features. The other perspective—viewing selling as a process—focuses on the purpose of selling (i.e., doing business). Yet these two dimensions appear to be quite different. Although the first perspective counts selling as one of many tools, the other perspective perceives selling as a focal process in a firm’s operations involving many tools and individuals for the purpose of doing business. Viewing selling as a process means that the combination of activities in the sales process and by whom they are carried out might be unique for each and every relationship between a seller and a buyer. Study A, similar to Koschnick (1995), adopts the view of selling as a process. However, certain aspects should be emphasized to understand selling compared to the definition suggested by Koschnick (1995). In line with Koschnick’s (1995) definition, selling is understood as a concept capturing the broad range of activities performed by a number of individuals involved in a company’s sales operations. However, in order to differentiate selling from other marketing activities, it is essential to emphasize that selling is about activities at the individual customer level—that is, selling should be understood as activities directed toward individual customers. Furthermore, it is of importance for a definition of selling to include not only prospective customers, but also existing customers. Thus, selling in study A should be understood as *the activities performed by any individual(s) for the purpose of conducting business at an individual customer level*.

Previous research has indicated that further studies regarding industrial selling situations in different industries are needed (Persson, 1999). Study A focuses on small and medium-sized enterprises—selling contexts that will be further discussed in Section 1.2.1.2.

1.2.1.2 Small and Medium-sized Enterprises

Politicians have, for a number of years, emphasized the importance of small enterprises for the creation of jobs, the promotion of innovation, and the development of economies in the long run (Storey, 1994). The vast majority of companies in Europe can be classified as small and medium-sized enterprises (SMEs). However, due to the uncharted area of SMEs, there is a strong need for a better knowledge about their specific characteristics (European Network for SME Research, 1998).
Certain definitions of SMEs have to do with the number of employees, ownership, revenue, total capital employed, location of operations, and so on. In the current study, the Commission of the European Communities (1996) considers the number of employees to be one the most important criteria in the definition of a SME. In addition, Storey (1994) argues in favor of a definition based solely on number of employees and according to Lundström et al. (1998), the most-used definition of small businesses measures number of employees. Therefore, the definition of SMEs in this study will be based solely on number of employees in accordance with the definition provided by the Commission of the European Communities (see Table 1.1).

<table>
<thead>
<tr>
<th>Number of employees</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro enterprises</td>
<td>1 – 9</td>
</tr>
<tr>
<td>Small enterprises</td>
<td>10 – 49</td>
</tr>
<tr>
<td>Medium-sized</td>
<td>50 – 249</td>
</tr>
<tr>
<td>enterprises</td>
<td></td>
</tr>
</tbody>
</table>

Table 1.1 Commission of the European Communities’ Definition of SMEs

Source: Revised from EC, 1996

Marketing in Small and Medium-Sized Enterprises

According to Carson et al. (1995), SMEs must grow in order to survive. Consequently, marketing is an important factor for their survival. Still, the difficulties small businesses encounter in marketing have been somewhat neglected in research (Marchesnay, 1998). According to Carson (1990), small-firm owners/managers often have a negative attitude in regards to marketing, viewing it as a cost. Distribution and selling are treated as uncontrollable problems, perceiving each marketing situation as so specific that it cannot be treated with general rules. Furthermore, according to Carson (1990), there is a need to make small firms more aware of the importance of planned marketing and how they can improve their marketing planning.

Carson et al. (1995) claim that the marketing style of SMEs can be described as:

- Inherently informal in structure, evolution, and implementation. Marketing is practiced according to SME conditions. Little or no adherence is shown to formal structures and frameworks.
- Restricted in scope and activity. SMEs’ marketing activities are restricted in scope and intensity due to their limited resources.
- Simple and haphazard. In SMEs, marketing is responsive and reactive to competitor activity due to limited resources.
- Product- and price-oriented. Marketing in SMEs is oriented around price and product.
- Owner/manager involvement. The owner is involved in all aspects of the business, including marketing. Consequently, the marketing style can be described as reliant on intuition and common sense.
The unique marketing style previously described does not conform to formal marketing approaches, but is most often effective and appropriate for SMEs. This marketing style has specific advantages for SMEs that Carson et al. (1995) describe as follows:

- **Loyalty.** Employees are usually close to the lead entrepreneur, which in turn is likely to result in increased loyalty, pride, and commitment.
- **SME/Customer interface.** Proximity to customers means shorter lines of communication and a higher level of customer satisfaction.
- **Flexibility.** Due to their size, SMEs are more flexible to customer inquiries than large companies.
- **Speed of response.** Because of their proximity to their markets, SMEs can identify changes in market trends relatively quickly. Due to their size, they are seldom committed to long-term courses of action and can therefore more easily react to changes. The speed with which marketing decisions are made in the entrepreneurial firm is also an advantage.
- **Opportunity-focused.** Because of their entrepreneurial nature, SMEs tend to be more focused on opportunities than the large companies.
- **Easy access to market information.** Based on the advantages outlined herein, the SME owner/manager is constantly accessing vital and inexpensive market information.

According to Gunnarsson (1998), numerous employees conduct marketing activities in smaller firms, which contain all boundary-spanning activities in the firm. Furthermore, Hultman (1999a) claims that SMEs normally contain very few specialist functions; indeed, the division of tasks is less strict than that of large organizations. According to Hultman (1999b), it is especially the implementation of marketing in SMEs that can be expected to differ from that of large firms.

**Small and Medium-sized Enterprises in Sweden**

In a study about the dynamics of the Swedish economy, Davidsson et al. (1996) concluded that small enterprises and their role as creators of employment have increased in importance over time. By the end of 1994, employment in small enterprises accounted for approximately 54 percent of the total employment. According to Davidsson et al. (1996), it is time to recognize small enterprises, as they play a fundamental role in the national economy in Sweden. In terms of employment, they are of tremendous significance; they also play an important role when it comes to export income, innovativeness, and the development of prosperity (ibid.). Although SMEs contribute almost a third of the Swedish GNP, knowledge about them must be considered rudimentary (Persson, 1997a).

Manufacturing enterprises with fewer than 200 employees play an important role in the Swedish manufacturing industry, both economically and employment-wise (SCB, 1999) (see Table 1.2).
Table 1.2 Statistical Facts about Swedish Manufacturing Enterprises in 1997

<table>
<thead>
<tr>
<th>Facts</th>
<th>Size class</th>
<th>&lt; 200 employees</th>
<th>&gt; 200 employees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of enterprises</td>
<td>72,774</td>
<td>594</td>
<td>73,368</td>
<td>(100%)</td>
</tr>
<tr>
<td>Total number of employees</td>
<td>432,452</td>
<td>492,004</td>
<td>924,456</td>
<td>(100%)</td>
</tr>
<tr>
<td>Value added*</td>
<td>191,926</td>
<td>284,532</td>
<td>476,458</td>
<td>(100%)</td>
</tr>
<tr>
<td>Net investment*</td>
<td>34,573</td>
<td>43,743</td>
<td>78,316</td>
<td>(100%)</td>
</tr>
<tr>
<td>Net revenue*</td>
<td>586,371</td>
<td>971,015</td>
<td>1,557,386</td>
<td>(100%)</td>
</tr>
</tbody>
</table>

* Millions of Swedish kronor

Source: SCB, 1999

More than 99 percent of all enterprises in the manufacturing industry have fewer than 200 employees but employ 46.8 percent of the total number of employees in this industry. Even when it comes to financial measures, such as the value added, net investment, and net revenue, enterprises with fewer than 200 employees represent a significant portion of the total Swedish manufacturing industry. Consequently, enterprises with fewer than 200 employees play an important role in the Swedish manufacturing industry (ibid.).

Pilot Studies

In 1998, two pilot studies were conducted in the counties of Västerbotten and Norrbotten. The first study was conducted among 32 manufacturing SMEs in Sweden, operating in numerous different industries. The studied enterprises varied in terms of size, ranging between 5 and 200 employees. The average number of employees was approximately 48. The method used for data collection was a mail questionnaire, with one reminder sent to the respondents. A response rate of 59 percent (19 enterprises) was achieved. The outcome of the study indicated that 74 percent (14 enterprises) of the participants were experiencing some kind of problem with their marketing. The types of problem experienced by these enterprises varied greatly. Some focused on the costs of marketing, difficulties in finding salespeople, customer selection, mixture of different markets, market penetration and development, how to develop marketing materials, and so on.

After the first study, which indicated that 74 percent of the enterprises were experiencing some kind of problem with their marketing, a second pilot study was conducted in order to learn more about which marketing areas SMEs find important. In the fall of 1998, access to 8 manufacturing SMEs was obtained. Two of the SMEs were located in the county of Västerbotten, and the other six were located in the county of Norrbotten. Similar to the first pilot study, these 8 enterprises also represented different industries; in terms of size, the enterprises varied from 8 to 65 employees, with the average number of employees being approximately 29. The method used to collect data was a mail questionnaire, achieving a 100 percent response rate. Considering the definition of selling for study A, “the activities performed by any individual/-s for the purpose of doing business at an individual customer level,” several of the marketing activities respondents ranked as important can be classified as selling. Examples of these activities include personal selling, relations to important customers, work with existing customers, search for new customers, customer knowledge, and service. As such, the results from the pilot studies indicate that selling might be an important area from the perspective of manufacturing SMEs.
1.2.1.3 Problem Area for Study A

Chapter 1 provided insights that selling is an important area, for both society as a whole and individual firms (Marks, 1997). According to Wotruba (1996), it seems certain that industrial selling will evolve into a key aspect of success in the future business world. Furthermore, it has been concluded that research about small and medium-sized enterprises is not a well-developed field of research despite the fact that SMEs play an important role in the economy, in Sweden as well as throughout Europe. The literature has also provided evidence that SMEs need to grow in order to survive (Carson et al., 1995) and that sales operations represent a vital revenue-generating function in a firm (Donaldsson, 1998). In addition, the pilot studies indicated that selling is an important area for manufacturing SMEs.

Thus far, the literature review has indicated that research on personal selling usually has an underlying assumption that a company has an organized sales force at some level. This assumption is evident when looking at research on personal selling, which generally adopts the perspective that the individual salesperson performs selling tasks (Moon & Armstrong, 1994). However, this assumption is not necessarily true in SMEs. Carson et al. (1995) argue that marketing activities in SMEs are restricted in scope and intensity due to limited resources. According to Gunnarsson (1998), marketing activities in smaller firms are performed by many employees and contain all boundary-spanning activities in the firm. SMEs normally contain very few specialist-functions; the way in which they divide tasks is not as strictly organized as in large organizations (Hultman, 1999a). The owners/managers of SMEs are usually involved in all aspects of the business, including marketing (Carson et al., 1995). Several authors have noted that selling activities often involve more than a single person (i.e., a sales team) (Moon & Armstrong, 1994). According to Persson (1999), industrial selling is cross-functional in nature and integrates activities from different functions in a firm, yet few empirical studies focusing on industrial selling activities have been conducted.

What selling activities do SMEs perform and who performs them? Previous research has indicated that marketing activities in SMEs are restricted in scope and intensity; tasks are divided informally, and many employees perform marketing activities. What about selling? Are these marketing characteristics in SMEs also valid for the understanding of selling? As the pilot studies indicated, selling is considered an important area in manufacturing SMEs, but little is known about how these firms perform selling.

Consequently, the problem area for study A can be formulated as:

**Industrial selling in Swedish manufacturing small and medium-sized enterprises**

Building on this problem area, chapter two will examine study A further, providing a synopsis of the literature review (chapter one of the licentiate thesis will not be summarized again as it has already been summarized in this chapter, with regards to the development of the problem area). The discussion will further explore the research problem, research questions, and conceptual framework for study A, which will be followed by a brief summary.
of the methodological chapter as well as a presentation and analysis of the data. Finally, the findings and recommendations from study A will be presented.

1.2.2 Study B (Relationships in Selling)

According to the outcome of study A (Bäckström, 2002), many of the traditional selling activities (e.g., sales presentations, customer visits, trade fairs, entertaining the customer) are performed by the investigated companies in order to have a reason to contact the customer and develop the customer relationship. The activity itself does not seem to matter that much; it is the opportunity to get in contact with and spend time with the customer that matters. In fact, some of the selling activities performed by the companies in study A revealed numerous skills and efforts when it comes to listening to customers, understanding and utilizing knowledge about customers and the customers’ environment in order to develop relationships with their customers. All in all, study A demonstrated that, in close and vital relationships between the studied companies and their customers, it is often the customer relationship that drives the sales transaction, which will in turn have important implications for selling (ibid.).

Not only are relationships between salespeople and customers important (Bäckström, 2002), study A also demonstrated that individuals other than the salespeople play a dominant role in selling. In many cases, several individuals across several functions conduct selling activities. The selling company needs to know who these individuals are and what their roles in selling are as the individuals involved often have dual roles in which selling is considered secondary for several of them. Therefore, developing incentives that reward selling efforts among individuals across different functions becomes important (ibid.). As such, the outcome of study A points toward the importance of customer relationships and cross-functional relationships within the selling firm.

1.2.2.1 Relationship Marketing

Relationship marketing3 has experienced explosive growth—both in academia and business practice (Srinivasan & Moorman, 2005)—and the existence, benefit, and management of customer-marketer relationships have received increasing academic attention over the last decade (Price & Arnould, 1999; Swan et al., 2001; Heide & Wathne, 2006; Grayson, 2007). According to Palmatier et al. (2007), previous typologies of relationship marketing include social, structural, and financial efforts by the selling firm. Social relationship marketing entails social engagements such as meals and sporting events, structural relationship marketing concerns value-added benefits such as electronic order processing interfaces and customized packaging, and finally financial relationship marketing includes special discounts and free products (ibid.). In both research and practice, it is assumed that relationship marketing efforts generate stronger customer relationships (Crosby, Evans & Cowles, 1990; Morgan & Hunt, 1994). According to Palmatier et al. (2007), relationship marketing programs are used to build relationship quality.

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3 Marketing activities directed toward establishing, developing, and maintaining successful relational exchanges (Morgan & Hunt, 1994).
1.2.2.2 Relationship Quality

Relationship quality can be seen as an overall assessment of the strength of a relationship (Garbarino & Johnson, 1999). Trust, commitment, and customer satisfaction are all concepts that can be used to measure relationship quality (Wang et al., 2006; Garbarino & Johnsson, 1999; Wulf et al., 2001), concepts that in turn are believed to predict the future intentions of customers (Wang et al., 2006; Garbarino & Johnson, 1999). Trust concerns one party’s confidence in an exchange partner (Morgan & Hunt, 1994; Moorman et al., 1993); according to Garbarino and Johnsson (1999), some research has emphasized that trust is the confidence in the honesty and integrity of another party, such as a salesperson. Regarding commitment, Moorman et al. (1992) claims that the concept can be defined as an enduring desire to maintain a valued relationship. Finally, customer satisfaction needs to be differentiated between overall satisfaction and more transaction specific customer satisfaction (Garbarino & Johnson, 1999). Overall satisfaction can be defined as an overall evaluation based on the total purchase and consumption experience and can be seen as a fundamental indicator of a firm’s past, current, and future performance (Anderson et al., 1994). Transaction-specific customer satisfaction, on the other hand, is about a particular product or service encounter (ibid.). However, the definition of relationship quality remains unclear, and few practitioners and scholars share a common definition and measure (Huntley, 2005).

1.2.2.3 Customers as Friends

According to Butcher, Sparks, and O’Callaghan (2002), many authors indicate that customer relationships are more than just commercial transactions. In fact, customer relationships are similar to the relationships that exist between friends; it is therefore important for marketers to understand the nature of these relationships (ibid.). From a selling perspective, the literature implies that good customer relationships over an extended period develop into close friendships (e.g., Price & Arnould, 1999; Swan et al., 2001; Heide & Wathne, 2006; Grayson, 2007). According to Swan et al. (2001), the categorization of customers as friends gives insights into how to manage these relationships effectively. Salespeople and others are often encouraged to treat customers like best friends (Geller, 2006) and focus on building friendships instead of transactions (Tan & Steinberg, 2007).

1.2.2.4 Problem Area for Study B

The literature has provided insights into relationship marketing and relationship quality, suggesting that they are important issues when it comes to selling (Crosby et al., 1990; Swan et al., 1999; Jap, 2001; Bäckström, 2002). Palmatier et al. (2007) argue that individual buyers may be more affected by interpersonal relationships than by their relationships with a firm. According to Crosby et al. (1990), previous literature has identified a need to expand the focus of buyer-seller interactions to include relational properties. As previously stated, there is a lack of a definition and measure when it comes to relationship quality (Huntley, 2005). Although the definition of relationship quality is unclear, companies still encourage salespeople and others to treat customers like best friends (Geller, 2006) and focus on building friendships instead of transactions (Tan & Steinberg, 2007). Although interpersonal relationships have been found important, no studies could be located that measure relationships and relationship quality at a detailed interpersonal level in the marketing literature. Thus, how relationships should be measured in a selling context remains unclear.
As demonstrated in study A (Bäckström, 2002), not only the relationships between the salespeople and the customers are of interest, but also the relationships between different functions in the selling company. Relationships between various organizational functions have been of interest in academia for a long time (Griffin & Hauser, 1992). In particular, marketing academics have been concerned with the interaction between the marketing function and other organizational units (Gupta et al., 1986; Ruekert & Walker, 1987). Among other things, they have studied marketing’s integration with other functions (Kahn & Mentzer, 1998). However, how interfunctional relationships apply in a personal selling context remains unanswered.

It has been established that selling is situation specific and that the selling firm might develop sales strategies accordingly (Moon & Armstrong, 1994; Persson, 1995). Therefore, there is a need to control for and define the setting in which this study should be performed. Collectively, the perspectives in the literature suggest that effective relationship selling will be most critical when selling professional services, such as accounting, financial services (e.g., insurance, banking) and business services (e.g., advertising, commercial real estate) (Crosby et al., 1990). Thus, study B will be conducted in the financial services industry.

Considering the discussions thus far, the problem area for study B can be formulated as:

**Relationships in selling in the financial services industry**

Chapter three will continue the discussion of study B, which utilized three journal articles to address the problem area. The first article, “The Impact of Incentives on Interfunctional Relationship Quality: Views from a South African Firm,” was published in 2007 in the journal *Total Quality Management*. The second article, “Trusting Relationships: How Salespeople View the Quality of Relationships with Friends and Customers,” has been accepted for publication in the journal *Management Dynamics*. The third article, “Personal Acquaintances and Salespeople in Financial Services: Differences Between Customers and Friends,” was submitted to the *Journal of Financial Services Marketing* in 2008. The full articles are presented in chapter three.

1.3 Structure of the Thesis

The overall scope of this thesis is selling. Chapter one outlined the development of two research areas, each of which was dealt with in two separate studies—namely, study A (“Industrial selling in Swedish manufacturing small and medium-sized enterprises”) and study B (“Relationships in selling in the financial services industry”). Chronologically, study A (which resulted in a licentiate thesis in 2002) was conducted before study B (the three articles were written between 2006 and 2008). Figure 1.1 provides an overview of the structure of the thesis.
Chapter 1: Introduction and Problem Areas

Problem Areas

Study A “Industrial selling in Swedish manufacturing small and medium-sized enterprises”

Study B “Relationships in selling in the financial services industry”

Chapter 2: Study A

Industrial selling in Swedish manufacturing small and medium-sized enterprises

Chapter 2 contains a synopsis of study A

Chapter 3: Study B

Relationships in selling in the financial services industry

Article 1: The Impact of Incentives on Interfunctional Relationship Quality: Views from a South African Firm

Article 2: Trusting Relationships: How Salespeople View the Quality of Relationships with Friends and Customers

Article 3: Personal Acquaintances and Salespeople in Financial Services: Differences Between Customers and Friends

Chapter 4: Conclusions

General findings from study A and study B are presented along with discussions of managerial implications and future research

Figure 1.1 Structure of the thesis
2 STUDY A: Industrial Selling—Case Studies of Swedish Manufacturing Small and Medium-Sized Enterprises

This chapter will present a synopsis of study A that resulted in a licentiate thesis in 2002 (Bäckström, 2002). The first chapter of this thesis developed and presented the problem area for study A:

Industrial selling in Swedish manufacturing small and medium-sized enterprises

What follows is a brief summary of the literature review in study A, building on this problem area. A problem discussion will subsequently be presented, outlining the research problem, research questions, and conceptual framework for study A. Then a brief summary of the methodology used is presented, followed by an analysis of the data and, finally, the findings and recommendations for study A.

2.1 Synopsis of the Literature Review

The literature review on selling comprises four sections: sales activities (section 2.1.1), multi-person selling efforts (2.1.2), sales processes (2.1.3), and conclusions from previous research on selling (2.1.4).

2.1.1 Sales Activities

Most professionals and researchers understand that sales jobs today differ from those of the past (Marshall et al., 1999). The problem is that the true scope and specificity of such differences is not well understood. Selling activities form the root of performance evaluation; thus, the failure to understand selling activities can lead sales managers to make costly mistakes (ibid.).

According to Marshall et al. (1999), Moncrief developed the first comprehensive list of industrial sales activities in 1986, resulting in 121 activities. Moncrief (1986) used the 121 activities to identify the basic factors that underlie the activities and to develop a taxonomy of industrial selling jobs, which came to include a total of ten groups of activities:

1. Selling function
   Basic selling activities such as overcoming objections, planning, and making the sales presentation.

2. Working with orders
   Activities related to this group include writing up the order, working with lost orders, handling shipment problems, expediting orders, and taking care of back orders.

3. Servicing the product
   These activities indicate a relatively complex product that might require maintenance and installation. Typically, the salesperson might test the product, deliver the product, teach the customer about safety and use of the product, and handle orders for product accessories.
4. Information management
These activities focus on communication, such as feedback from customers, providing management with information, checking in with supervisors, and providing technical information.

5. Servicing the account
Related activities include inventory control and stocking shelves as well as two promotional activities: local advertising and the handling of point-of-purchase displays. These activities are typically performed at the customer’s location.

6. Conferences/meetings
This group encompasses activities such as attending conferences, working at conferences, setting up exhibitions and trade shows, attending sales meetings, attending training sessions, and filling out questionnaires.

7. Training/recruiting
Activities belonging to this group include looking for new salespeople, training new salespeople, traveling with trainees, and helping management plan sales activities.

8. Entertaining
This group encompasses activities that combine entertainment with selling to the customer. Examples include taking a client to dinner, taking a client out for a drink, hosting a party for a client, and taking a client out to an event of some kind.

9. Out-of-town travel
These activities relate to traveling out of town and spending the night on the road.

10. Working with distributors
These activities, centered on middlemen, involve selling to or establishing relations with distributors as well as settling past-due accounts.

The most extensive study on selling activities seems to be the activities presented by Moncrief (1986). However, these selling activities appear to be somewhat limited, since Moncrief captured selling activities performed primarily by salespeople, without considering that selling activities often involve several people (Moon & Armstrong, 1994) and integrate activities from different functions in a company (Persson, 1999).

2.1.2 Multi-person Selling Effort
Several authors have pointed toward a trend in which team selling is used while the model of the individual salesperson has become obsolete (Moon & Armstrong, 1994). According to Deeter-Schmelz and Ramsey (1995), selling teams are poorly understood; thus, a need exists to develop an understanding of who are in the teams and why these people are involved.

In an attempt to better understand selling teams, Moon and Armstrong (1994) developed a theoretical framework, defining two types of teams: the core selling team and the selling center. The most important distinction between these two groups is that a core selling team is customer focused, with the primary goal of establishing and maintaining strong customer relationships. The selling center, on the other hand, is transaction focused, with a goal of
successfully completing each specific sales opportunity that it has been formed to pursue. It is important to note that, in practice, there may be an overlap between the two teams, and no clear-cut boundary exists between the two (Moon & Armstrong, 1994). Table 2.1 summarizes the characteristics of the two teams.

Table 2.1 Organizing Framework of Selling Teams

<table>
<thead>
<tr>
<th>Core Selling Team</th>
<th>Selling Center</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relatively permanent, customer-focused group</td>
<td>Relatively temporary, transaction-focused group</td>
</tr>
<tr>
<td>Membership determined by job assignment to a specific buying organization</td>
<td>Membership determined by involvement in sales transaction for a particular product</td>
</tr>
<tr>
<td>One team per buying unit</td>
<td>One selling center per sales opportunity</td>
</tr>
<tr>
<td>Membership relatively stable</td>
<td>Membership very fluid</td>
</tr>
<tr>
<td>Characteristics of team depend on characteristics of buying organization</td>
<td>Characteristics of team depend on characteristics of sales opportunity</td>
</tr>
<tr>
<td>Mission is strategic with respect to the buying organization</td>
<td>Mission is tactical with respect to the sales opportunity</td>
</tr>
</tbody>
</table>

Source: Moon & Armstrong, 1994, p. 23

In Moon and Armstrong’s (1994) terminology, the core team is basically responsible for initiating and coordinating the efforts of the selling center. Despite the fact that the core team focuses on the customer and the selling center focuses on the transaction, the activities of one group affect the other, which means that the general relationships between these two groups are very important. A complex network of interaction and communication takes place within and between these two groups (ibid.). According to Moon and Armstrong (1994), the members of the selling center may play distinct roles. The following roles emerged from their study:

- **Initiator**
  This individual first identifies a sales opportunity and contacts somebody else on the seller’s side, thereby triggering the formation of the selling center.

- **Coordinator**
  In order to respond effectively to a selling opportunity, the role of coordinator ensures that all selling center members work together effectively.

- **Resource**
  These members have the task of providing information or expertise either to other selling-team members or directly to the customer.

- **Approver**
  This role focuses on reviewing the work of others and approving or making suggestions for improvements.

- **Implementer**
  Implementers include individuals who contribute to the achievement of selling objectives while carrying out their normal job assignments.
In another attempt to describe a multi-person selling effort, Deeter-Schmeltz and Ramsey (1995) use the terms core selling team and extended selling team. Deeter-Schmeltz and Ramsey’s description of these teams are similar to the characteristics of the teams suggested by Moon and Armstrong (1994), where the two core selling teams are similar and the extended selling team is similar to the selling center suggested by Moon and Armstrong. Deeter-Schmeltz and Ramsey (1995) outline the different roles for the members of the core selling team as follows:

- **Selling-team leader**
  The selling-team leader is responsible for all team actions. Within the team, the leader works directly with the customer-service representative (CSR), the internal coordinator (IC), and the seller. Outside the team, the leader may also work directly with the buyer and/or buying team leader in order to satisfy customer needs. He or she obtains information from management about, for example, team decisions, special customer discounts, and information that permits the alignment of team and organizational goals.

- **Seller**
  The seller has the primary customer contact and obtains customer information that is distributed to the selling team. The seller is a key source when it comes to obtaining external information regarding the marketplace, competitors, etc.

- **Internal coordinator (IC)**
  The IC is responsible for the extended selling team and works closely with the team leader, the seller, the CSR, and various functional departments.

- **Customer-service representative (CSR)**
  The CSR provides installation, maintenance, and other customer services. The CSR also interacts with different members of the selling and buying team.

In a comparison between the work of Deeter-Schmeltz and Ramsey (1995) and Moon and Armstrong (1994), it is evident that Deeter-Schmeltz and Ramsey (1995) are outlining different roles for the core selling team, but not the extended selling team. Moon and Armstrong (1994), on the contrary, discuss different roles for the selling center, but not for the core selling team.

### 2.1.3 The Sales Process

The sales process often described in textbooks consists of selling activities carried out by salespeople; several different suggestions have been put forth for how the sales process can be described (Churchill et al., 1997; Persson, 1999).

Considering previous research on sales processes and the four processes reviewed in the original study A, it is evident that the sales processes in existing literature differ when it comes to their starting points as well as the issues on which they are focusing. Such differences can be described using six dimensions (see Table 2.2). One dimension indicates whether a sales process is relationship or transaction oriented. The second dimension describes the differences according to what type of problem-solving situation a process is based upon. The type of customer concerned in the sales process is the third dimension, and the fourth dimension is the time perspective of a sales process. The fifth dimension focuses on sequences and whether each step in a sales process is performed sequentially or simultaneously. Finally, the sixth dimension covers additional issues that can be used in order to describe a sales process.
Table 2.2 Summary of Sales Processes

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationship/ transaction orientation</td>
<td>Relationship</td>
<td>Dual orientation, emphasizes both the closing of the sale and nurturing of the account</td>
<td>Transaction</td>
<td>Relationship</td>
</tr>
<tr>
<td>Problem-solving situation</td>
<td>Extensive problem solving</td>
<td>Complex and large sales</td>
<td>Complex</td>
<td>Capital equipment to major customer</td>
</tr>
<tr>
<td>Type of customer</td>
<td>Retail</td>
<td>Industrial</td>
<td>Industrial</td>
<td>Existing customer in an industrial setting</td>
</tr>
<tr>
<td>Time perspective</td>
<td>Long-term</td>
<td>Long-term</td>
<td>Short-term</td>
<td>Long-term</td>
</tr>
<tr>
<td>Sequence of stages in sales process</td>
<td>Simultaneously</td>
<td>Sequential</td>
<td>Simultaneously and ongoing with a number of possible loops</td>
<td></td>
</tr>
<tr>
<td>Additional issues</td>
<td>Interaction focused</td>
<td>Both one-time sales and repetitive sales</td>
<td>Interaction approach through involvement of the buying organization</td>
<td>Cross-functional</td>
</tr>
</tbody>
</table>

Based on the discussion thus far, it can be concluded that the four sales processes are quite different from each other. It seems to be difficult to capture all six dimensions in Table 2.2 in one general sales process. If a sales process is described too generally, it will not capture the specificity required to manage each specific selling situation. On the other hand, if it is too specific, the literature will contain an endless number of selling processes that are not useful for anybody outside the context of those selling situations due to their specificity.

2.1.4 Conclusions from Previous Research on Selling

Despite some research pointing toward selling activities involving more than a single person, it has been observed that the dominant perspective of the traditional sales literature is the individual salesperson performing selling tasks at an individual customer level. According to the literature review, arguments to support the contention that the existing knowledge of sales activities and the individuals performing these activities are inadequate, suggesting that it is important to develop an understanding of those who are involved in selling activities and what their roles are.

The most extensive body of research on selling activities appears to be the 121 selling activities presented in Moncrief’s (1986) study. Despite these 121 activities, previous research
on selling activities appears to be somewhat limited as it captures selling activities performed primarily by salespeople when indications suggest that a number of different individuals might be involved in selling activities. Thus, the previously captured 121 selling activities performed by salespeople might not be sufficient for describing selling activities at a company level. Therefore, it seems that the 121 selling activities presented by Moncrief (1986) do not provide the best framework for researching selling activities in the current study. On the other hand, the ten groups of selling activities (p. 13) into which Moncrief (1986) classifies selling activities might be broad enough to use as a framework for analyzing findings limited not only to salespeople.

When it comes to the individuals involved in selling activities, several attempts to discuss a multi-person selling effort—so-called team selling—were identified. However, two of these attempts, Moon and Armstrong (1994) and Deeter-Schmelz and Remsey (1995), represent more elaborate attempts to increase the understanding of situations in which several individuals are involved in selling activities. The research of Moon and Armstrong (1994) and Deeter-Schmelz and Remsey (1995) discuss different types of selling teams and different roles in those teams. Thus, this research might serve as one of the frameworks for study A.

When it comes to section 2.1.3, Sales Processes, the literature review revealed that existing sales processes only implicitly discuss different individuals involved in performing selling activities. Given that indications point to several individuals being involved in selling, the existing selling processes might lack an essential dimension in describing how selling is performed. Furthermore, the four sales processes reviewed are quite different from each other, describing primarily four rather specific selling situations. Therefore, letting one or a few of the reviewed processes guide the study might not be a good way to research sales processes. Instead, a better way seems to be to use the selling activities and the individuals involved in selling activities as a way to identify and discuss selling processes.

The situation of interest in study A is industrial selling in Swedish manufacturing SMEs. For the literature review presented herein, a number of databases were searched using several different combinations of words. Regardless of all attempts, research regarding industrial selling in SMEs was not found. Unfortunately, most of the sales literature found did not explicitly discuss the size of the companies included in the studies. However, it is reasonable to suggest that most of the research included in the review has been developed from empirical studies including samples of large firms. How SMEs conduct industrial selling remains unanswered.

After the literature review in section 2.1, the research problem, research questions, and conceptual framework for this study can now be discussed in section 2.2.

**2.2 Research Problem, Research Questions, and Conceptual Framework**

Section 2.2.1 discusses and develops the research problem and research questions for study A. The research problem and research questions posed are further delimited in section 2.2.2. Finally, section 2.2.3 discusses and develops the conceptual framework used.

In Chapter One, it was concluded that industrial selling in SMEs is an important area to study, resulting in a problem area formulated as *industrial selling in Swedish manufacturing small and medium-sized enterprises*. 
2.2.1 Research Problem and Research Questions

Selling is situation specific (Moon & Armstrong, 1994; Persson, 1995), and the selling firm might develop sales strategies accordingly. There are several ways to classify sales situations. According to Moon and Armstrong (1994), a sales situation can differ in terms of novelty in the same way as a buying situation can differ. Hutt et al. (1985) describe three industrial selling situations: new selling task, modified selling task, and routine selling task. New selling tasks are characterized by extensive problem solving requiring a lot of information, with poorly defined decision rules and a high uncertainty in which selling teams are used for coordination and control. Modified selling tasks are a limited problem-solving situation in which the selling firm has information to draw upon, but the newness in the selling situation requires additional information. Routine selling tasks are characterized by routinized problem solving (ibid).

Depending on the sales situation, the activities and individuals involved might differ, which makes it important to be aware of what situation(s) is being studied. As presented earlier, one way of discussing sales situations according to selling task is suggested by Hutt et al. (1985) (i.e., new selling task, modified selling task, and routine selling task). Without limiting study A to just one situation, all three selling tasks of Hutt et al. (1985) will be included as Hutt et al.’s concepts are broad enough to indirectly capture several different sales situations. For example, a new selling task is characterized by extensive problem solving, requiring a lot of information, poorly defined decision rules, etc. With this definition, a new selling task might be found both when selling to a key customer and when selling a complex product to a new customer. Thus, when discussing selling situations, this reference here is new, modified, and routine selling tasks. In light of the discussion, the research problem can be formulated:

Research Problem

*How can industrial selling performed by Swedish manufacturing small and medium-sized enterprises in the different selling situations be characterized?*

After formulating the research problem for study A, it is possible to discuss and develop the research questions. Again, previous research regarding selling in SMEs has not been found. Rather, the research tend to describe marketing characteristics in SMEs, as discussed in Chapter One. Considering these characteristics, what are the selling activities performed by SMEs in the different selling situations referred to as new, modified, and routine selling tasks? In this respect, the first research question can be formulated as:

Research Question One

*How can the selling activities performed by Swedish manufacturing SMEs in the different selling situations be characterized?*
In the selling literature, several authors have noted that selling activities often involve more than a single person (Moon & Armstrong, 1994). These individuals work together in different ways, pursuing selling activities (Moon & Armstrong, 1994; Deeter-Schmelz & Ramsey, 1995). According to Deeter-Schmelz and Ramsey (1995), it is important to have a clear understanding of who is involved in selling activities and what they do. Still, knowledge about who is involved remains inadequate (ibid.). Previous research has found that the specific management style in SMEs has an impact on marketing (Carson, 1990; Carson et al., 1995). According to Carson et al. (1995), the owner/manager is involved in all aspects of business including marketing, which results in a marketing style that can be described as reliant on intuition and common sense. Hultman (1999a) claims that SMEs normally contain very few specialist functions and, compared to large enterprises, SMEs divide tasks less strictly. According to Gunnarsson (1998), marketing activities in smaller firms are performed by many employees and contain all boundary-spanning activities in the firm. Thus, the literature review has revealed that selling activities often involve more than one person. What about selling activities in SMEs? Who is/are the individual(s) performing selling activities in SMEs in the different selling situations, and what are their roles? Are the owner/manager and other employees involved in selling activities? Thus, the second research question can be formulated as follows:

**Research Question Two**

*How can the role(s) of the individual(s) involved in selling activities in Swedish manufacturing SMEs in the different selling situations be characterized?*

The selling literature identifies four selling processes that describe selling activities as being combined in processes. As for the research found on selling activities, the selling processes are very much focused on salespeople performing selling activities. None of the reviewed processes explicitly discuss different individuals involved in selling activities and their roles. According to the sales literature, the sales process consists of selling activities carried out by salespeople despite other findings pointing toward a situation in which selling activities often involve more than a single person (Moon & Armstrong, 1994) and that the individuals involved work together in selling activities (Moon & Armstrong, 1994; Deeter-Schmelz & Ramsey, 1995). As it is not known which selling activities SMEs perform and by whom the activities are performed, the process of selling in SMEs is unknown. Accordingly, the third research question can be formulated:

**Research Question Three**

*How can the selling process(es) in Swedish manufacturing SMEs in the different selling situations be described?*
According to Marshall and Rossman (1999), exploratory and descriptive research is a suitable strategy that builds rich descriptions when the phenomena under study are not well understood. Due to limited knowledge about selling in SMEs, an exploratory and descriptive perspective is adopted on all three research questions. The ambition of study A is to begin to understand and describe how Swedish manufacturing SMEs perform industrial selling. However, the intention is not to quantitatively describe selling activities and the individuals performing these activities. Furthermore, study A does not seek to generalize the findings to all Swedish manufacturing SMEs. Using the phrase Swedish manufacturing SMEs in the research questions is a way to explain the setting within which this study is to be performed.

2.2.2 Delimitations

Chapter One discussed definitions of SMEs, ultimately deciding to follow the Commission of the European Communities (EC) (1996) numeric definition of SMEs based solely upon number of employees. This definition of SMEs includes enterprises with up to 249 employees and covers a broad range of enterprises. Therefore, it is important to narrow the study down to a less heterogeneous group of SMEs. It is reasonable to suggest that it is likely that selling in SMEs with few employees is less developed compared to selling in SMEs with more employees. Therefore, study A will exclude the smallest enterprises—called micro-enterprises—and limit the study to SMEs with 10 to 249 employees.

According to Landström and Johannisson (1998), small business research in Europe is fragmentary and heterogeneous due to differences in definitions and theoretical bases. It also has to do with varying conditions across Europe (ibid.). In Chapter One, study A was focused on businesses in Sweden. A recent tendency in Sweden has been to emphasize the central role of regions as a driving force for the development of society (Lundström et al., 1998). In order to create persistent growth, it is important that all parts of Sweden have the opportunity to develop (Ministry of Industry, Employment and Communications, 2000). Low growth in some regions of Sweden will affect the national growth; thus, strong regions are a condition for national growth. National development is increasingly being considered dependent on how the regions perform (NUTEK, 2000); therefore, study A is limited to one of the regions in Sweden. Due to access and practical reasons, the focus is on the northern part of Sweden.

Finally, Study A is also limited to studying the research questions from the perspective of the selling firm. One reason for this limitation is that interviewing the customers might not be a good way to find answers to the research questions. Moreover, interviewing the selling firm—although one-sided—will naturally reflect the customers’ views through the respondents. In conclusion, it is important to learn more about how selling is performed from the perspective of the selling firm in order to begin to describe and understand the phenomenon of industrial selling in SMEs.

2.2.3 Conceptual Framework

“A conceptual framework explains, either graphically or in narrative form, the main things to be studied—the key factors, constructs or variables—and the presumed relationship among them” (Miles & Huberman, 1994, p. 18). Still, Miles and Huberman (1994) claim that a conceptual framework is best represented graphically. The conceptual framework will help the researcher define who and what will or will not be studied. The conceptual framework
may precede or follow the formulation of research questions (ibid.). According to Potter (1996), no empirical research is possible without clarification of how the researcher is to decide what constitutes examples of the concepts to be studied (i.e., operationalization). Therefore, the concepts used in the conceptual framework will be defined (conceptualization) and be further discussed in regards to how to operationalize in this section.

When developing the research problem and research questions, three different selling situations—new, modified, and routine selling tasks—were discussed. These concepts are included in the conceptual framework and will be the first concepts operationalized. This section will then continue with a discussion on how to conceptualize and operationalize the three research questions.

2.2.3.1 Selling Situations

When it comes to selling situations, three main concepts must be conceptualized and operationalized: new selling task, modified selling task, and routine selling task. The conceptualization of the three selling situations is simply the definition of these situations, as suggested by Hutt et al. (1985) (see Table 2.3). When it comes to the operationalization of these concepts, Donaldsson’s (1998) suggestion for how to classify sales situations according to standardized versus complex products or existing versus new customers will be used. It is reasonable to suggest that selling a complex product to a new customer is characterized by extensive problem solving and therefore classified as a new selling task. The selling of a standardized product to an existing customer is, on the other hand, characterized by routinized problem solving and therefore classified as a routine selling task. Between these two is the selling situation called “modified selling task,” in which the selling firm has information to draw upon, but the selling situation requires additional information. Whenever a company is selling either a complex product to an existing customer or a standardized product to a new customer, it will be considered a modified selling task.
Table 2.3 Operationalization of Selling Situations

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Concept</th>
<th>Conceptualization</th>
<th>Operationalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling Situations</td>
<td>New Selling Task</td>
<td>New selling tasks are characterized by extensive problem solving requiring a lot of information, with poorly defined decision rules and a high uncertainty, where selling teams are used for coordination and control.</td>
<td>Selling complex products to new customers</td>
</tr>
<tr>
<td></td>
<td>Modified Selling Task</td>
<td>Modified selling tasks are a limited problem-solving situation where the selling firm has information to draw upon, but the newness in the selling situation requires additional information.</td>
<td>Selling complex products to existing customers or selling standardized products to new customers.</td>
</tr>
<tr>
<td></td>
<td>Routine Selling Task</td>
<td>Routine selling tasks are characterized by routinized problem solving.</td>
<td>Selling standardized products to existing customers</td>
</tr>
</tbody>
</table>

In order to define what is to be classified as a complex versus standardized product, study A relies on the SMEs included in the empirical study and what they choose to define as complex versus standardized as the company’s definition is likely what will most affect the way in which it conducts selling activities.

2.2.3.2 Research Question One

The first research question in study A focuses on selling activities. Moncrief developed the most extensive list of industrial sales activities in 1986. Moncrief’s (1986) list was accomplished through literature and personal interviews and contains a total of 121 sales activities that were then used to obtain 10 groups of activities based upon how often each activity was performed. As previously discussed, study A does not seek to quantitatively describe which selling activities Swedish manufacturing SMEs perform; instead, it seeks to begin to understand and characterize the selling activities performed. Therefore, Moncrief’s (1986) 121 activities will not be used to quantitatively study whether or not all of these activities are performed. Instead, Moncrief’s (1986) ten groups of selling activities will be used in the conceptual framework (see Table 2.4). These ten groups will serve as the theoretical basis for characterizing selling activities performed by Swedish manufacturing SMEs.
Table 2.4 Ten Groups of Selling Activities

<table>
<thead>
<tr>
<th>1. Selling function</th>
<th>6. Conferences/meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Working with orders</td>
<td>7. Training/recruiting</td>
</tr>
<tr>
<td>3. Servicing the product</td>
<td>8. Entertaining</td>
</tr>
<tr>
<td>5. Servicing the account</td>
<td>10. Working with distributors</td>
</tr>
</tbody>
</table>

*Source: Revised from Moncrief, 1986, pp 263*

After the selection of the ten groups of sales activities in the conceptual framework, the ten concepts need to be conceptualized and operationalized (see Table 2.5).
### Table 2.5 Operationalization of Selling Activities

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Concepts</th>
<th>Conceptualization</th>
<th>Operationalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling function</td>
<td>Basic selling activities such as overcoming objections, planning, and making the sales presentation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working with orders</td>
<td>Activities related to this group include writing up the order, working with lost orders, handling shipment problems, expediting orders, and taking care of back orders.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Servicing the product</td>
<td>Activities indicating a relatively complex product that might require maintenance and installation. The activities are technical in nature and typically focus on testing the product, delivering the product, teaching the customer safety and how to use the product, and handling the order of product accessories.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information management</td>
<td>Activities related to communication, feedback from customers, providing management with information, checking in with supervisors, and providing technical information.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Servicing the account</td>
<td>Includes inventory control and stocking shelves as well as two promotional activities: local advertising and handling point-of-purchase displays. These activities are typically performed at the customer’s location.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conferences/meetings</td>
<td>Includes attending conferences, working at conferences, setting up exhibitions and trade shows, attending sales meeting, attending training sessions, and filling out questionnaires.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training/recruiting</td>
<td>Activities related to looking for new salespeople, training new salespeople, traveling with trainees.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entertaining</td>
<td>Includes activities that combine entertainment with selling to the customer, such as taking a client to dinner, taking a client out for a drink, hosting a party for a client, and taking a client to an event of some kind.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Out-of-town travel</td>
<td>Consists of activities related to traveling out of town and spending the night on the road.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working with distributors</td>
<td>Activities centered around middlemen—namely, selling to or establishing relations with distributors and collecting past due accounts.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2.2.3.3 Research Question Two

Research Question Two is about role(s) of the individual(s) involved in selling activities. In order to answer this research question, the conceptual framework is developed using a
combination of previous research. In the literature review it was found two more elaborated attempts to develop a framework for the understanding of a multiperson selling effort.

Moon and Armstrong (1994) define two types of selling teams—the core selling team and the selling center—and discuss the characteristics of these two groups and the distinct roles of the selling center members (see Table 2.6), whereas the roles of the core selling team are not explicitly discussed.

Table 2.6 Roles in the Selling Center

- Initiator
- Coordinator
- Resource person
- Approver
- Implementer

Source: Revised from Moon and Armstrong, 1994, p. 25

Deeter-Schmeltz and Ramsey (1995) also define two types of selling team: the core selling team and the extended selling team. In this framework, the core selling team consists of the selling team leader, seller, internal coordinator (IC), and customer service representative (CSR) (see Table 2.7). The extended team consists of those organization selling members who are accessed by the core selling team to meet customer needs during a specific transaction. Deeter-Schmeltz and Ramsey (1995) do not discuss the extended team’s roles.

Table 2.7 Roles in the Core Selling Team

- Selling team leader
- Seller
- Internal coordinator (IC)
- Customer service representative CSR

Source: Revised from Deeter-Schmeltz and Ramsey, 1995, p. 51

Moon and Armstrong’s (1994) and Deeter-Schmeltz and Ramsey’s (1995) discussions of selling team are comparable. The core selling teams are similar to each other, as are the selling center and extended selling team, so they will be considered synonymous. When discussing roles in selling teams, Moon and Armstrong (1994) describe the roles of the selling center while Deeter-Schmeltz and Ramsey (1995) describe the roles of the core selling team. In other words, if these two frameworks are combined, the roles of both the core selling team and the selling center can be better captured. Therefore, the roles from Moon and Armstrong’s (1994) description of the selling center and Deeter-Schmeltz and Ramsey’s (1995) description of the roles in the core selling team will be used (see Table 2.8).
Table 2.8 Selling Team Roles

<table>
<thead>
<tr>
<th>SELLING TEAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core selling team</td>
</tr>
<tr>
<td>Selling team leader</td>
</tr>
<tr>
<td>Seller</td>
</tr>
<tr>
<td>Internal coordinator</td>
</tr>
<tr>
<td>Customer service representative</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Moon and Armstrong more explicitly discuss the characteristics of the two teams—core selling team and selling center; therefore, their discussion is more useful for defining these teams. Consequently, Moon and Armstrong’s (1994) definition of a core selling team and a selling center will be used in the conceptual framework.

After combining the work from Moon and Armstrong (1994) and Deeter-Schmeltz and Ramsey (1995) in Table 2.8, it is possible to conceptualize and operationalize the main concepts (see Table 2.9).
### Table 2.9 Operationalization of Selling Teams

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Concepts</th>
<th>Conceptualization</th>
<th>Operationalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Selling Team</td>
<td>Selling team leader</td>
<td>Responsible for all team actions.</td>
<td>Detect the individual(s) responsible for team selling activities toward a particular customer</td>
</tr>
<tr>
<td></td>
<td>Seller</td>
<td>Is the primary customer contact and obtains customer information that is distributed to the selling team.</td>
<td>Identify the individual(s) who is the primary contact for a particular customer and/or is employed as a seller</td>
</tr>
<tr>
<td></td>
<td>Internal coordinator</td>
<td>Responsible for the selling center, works closely with the team leader, the seller, the CSR, and various functional departments</td>
<td>Detect the individual(s) responsible for coordination of selling activities toward a particular customer</td>
</tr>
<tr>
<td></td>
<td>Customer service representative</td>
<td>Provides installation, maintenance, and other customer services as well as interacting with different members of the selling and buying team</td>
<td>Discover the individual(s) working with installation, maintenance, and other customer service activities toward a particular customer</td>
</tr>
<tr>
<td>Selling Center</td>
<td>Initiator</td>
<td>First identifies a sales opportunity and contacts somebody else on the seller side, thereby triggers the formation of the selling center.</td>
<td>Determine the individual(s) who first identifies a sales opportunity</td>
</tr>
<tr>
<td></td>
<td>Coordinator</td>
<td>Ensures that all selling center members work effectively together.</td>
<td>Identify the individual(s) working with the coordination of selling activities in a particular sales transaction</td>
</tr>
<tr>
<td></td>
<td>Resource</td>
<td>Provides information or expertise, either to other selling team members or directly to customer.</td>
<td>Discover the individual(s) providing information or expertise to other selling team members or the customer during a particular sales transaction</td>
</tr>
<tr>
<td></td>
<td>Approver</td>
<td>Reviews the work of others, approving it or making suggestions for improvements.</td>
<td>Detect the individual(s) approving the work of others or making suggestions for improvements during a particular sales transaction</td>
</tr>
<tr>
<td></td>
<td>Implementer</td>
<td>Contributes to the achievement of selling objectives while carrying out normal job assignments.</td>
<td>Identify the individual(s) contributing to the achievement of selling objectives in a particular sales transaction</td>
</tr>
</tbody>
</table>

### 2.2.3.4 Research Question Three

The third and final research question addresses how selling process(es) can be described in different selling situations. As previously discussed, a selling process is described in the literature as combined selling activities. For the purpose of characterizing a selling process in study A, such a description is not sufficient. The existing literature on selling processes does not explicitly discuss individuals other than the salesperson performing selling activities. Therefore, individuals other than the salesperson will be included in the conceptualization of the selling process for study A (see Table 2.10).
Table 2.10 Operationalization of Selling Process

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Concept</th>
<th>Conceptualization</th>
<th>Operationalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling Process</td>
<td>Selling Process</td>
<td>Consists of combined selling activities and the individual(s) performing the activities</td>
<td>The respondent’s description of selling activities and how these activities might be combined and the individuals performing these activities</td>
</tr>
</tbody>
</table>

Since the selling process is conceptualized as combining selling activities and the individual(s) performing the activities, the conceptualization and operationalization of the concepts in research question one (see Table 2.5) and two (see Table 2.9) will also be used indirectly for research question three. Instead of conceptualizing and operationalizing the selling processes from the literature review, it is the intention to use the findings from research questions one and two to determine how the identified selling activities and individuals involved might be described in the processes.

In section 2.2, the research questions and delimitations for study A have been developed. Furthermore, the concepts included in the conceptual framework have been selected, conceptualized, and operationalized. Figure 2.1 synthesizes the discussion from section 2.2.3 in a graphical description of the conceptual framework.
2.3 Synopsis of the Methodology

The objective of the methodology is to discuss how the research questions have been answered. The methodology section is divided into the following four sections:

1. Research approach. The first section discusses the quantitative and qualitative research approach.
2. Research strategy. This section discusses case studies as the choice of strategy for answering the research questions.
3. Research methods. After selecting research strategy, the literature review and sample selection for study A will be discussed. Furthermore, the discussion of research methods will also include a description of the data collection methods used and the manner in which empirical data has been presented and analyzed.
4. Quality criteria. The last section provides an assessment of the quality criteria used for study A.
2.3.1 Research Approach

Two fundamental research approaches are available for researchers: the quantitative approach and the qualitative approach (Denzin & Lincoln, 1994a). According to Guba and Lincoln (1994), the emphasis has been on quantification in research. However, several researchers argue in favor of a qualitative research approach (Marshall & Rossman, 1999; Alvesson & Sköldberg, 1994; Miles & Huberman, 1994; Potter, 1996; Denzin & Lincoln, 1994b). As previously discussed in section 2.2, an exploratory and descriptive approach to the research problem and research questions has been adopted herein. Thus, within the scope of study A, the focus has not been on empirically generalizing the findings and quantitatively answering the research questions. According to Denzin and Lincoln (1994b), qualitative research does not emphasize measures in terms of quantity, amount, intensity, or frequency. Consequently, a qualitative approach has been adopted for study A.

2.3.2 Research Strategy

Yin (1994) argues that several strategies are available for conducting social science research, including case study, experiments, surveys, histories, and the analysis of archival information. Adopting a qualitative research approach does not necessarily mean that the researcher should adopt the case study strategy (ibid.). However, the research strategy used in this thesis is a case-study approach; the reasons for this choice are further elaborated below.

Yin (1994) claims that three conditions determine the choice of research strategy:

1. The type of research questions posed
2. The extent of control an investigator has over actual behavioral events
3. The degree of focus on contemporary as opposed to historical events

When it comes to the type of research questions posed, Yin (1994) argues that case studies are the preferred strategy when “how” or “why” questions are being asked. The research questions posed in study A are all “how” questions, on which an exploratory and descriptive view has been adopted. According to Yin (1994), for an exploratory study, any of five research strategies (case study, experiment, survey, history, and archival information) can be used. However, Chetty (1996) claims that case studies have traditionally been considered appropriate when it comes to exploratory research.

Furthermore, case studies are suitable when the investigator has little control over events and when the focus of the study is on a contemporary phenomenon within some real-life context (Yin, 1994). In study A, selling in SMEs has been studied; the focal area clearly contains events beyond the researcher’s control while focusing on contemporary phenomena. Consequently, study A matches fairly well with the second and third condition for a case study set up by Yin (1994). Moreover, case studies are an ideal method for studying research topics in which existing theory is inadequate (Chetty, 1996), which is the case when studying selling in SMEs. Due to the research problem and research question posed and the discussion above, case studies has been selected as the suitable research strategy.

According to Yin (1994) and Miles and Huberman (1994), the case in a study is the researcher’s unit of analysis and should be related to the purpose of a study. Miles and Huberman (1994) state that a case can be defined as a phenomenon of some sort occurring in
a bounded context. Qualitative researchers often struggle with the questions of what the unit of analysis (case) is (ibid.). Yin (1994) argues that the same case can sometimes involve more than one unit of analysis, which he refers to as an embedded case study design. An embedded case study contains both a main unit of analysis and sub-units of analysis. The main unit of analysis likely relates to the main study question (ibid.), which for study A is the same as the research problem. When attention is given to embedded units within the main unit, Yin (1994) talks about sub-units or embedded sub-units. Based on the research problem posed for study A, the main unit of analysis is industrial selling in small and medium-sized companies. However, in the research questions, attention has been given to three sub-units of analysis: selling activities, role(s) of the individual(s) involved in selling activities, and selling process(es). Thus, study A contains a main unit of analysis and embedded sub-units of analysis, displayed in Figure 2.2 below. Therefore, the embedded case study is considered to be the most appropriate design for study A.

![Figure 2.2 Units of Analysis](image)

However, when adopting the embedded case study design, it is important to note that the researcher should not only focus on the sub-unit level, but also return to the main unit of analysis when analyzing and concluding the research (Yin, 1994).

### 2.3.3 Research Methods

After discussing research perspectives, this section will discuss the tactics used in order to answer the research questions.
2.3.3.1 Literature Study

The literature review performed in study A is based upon related literature on selling (Chapters 1 and 2.1) and SMEs (Chapter 1). The literature was found through an extensive search in several databases, including a number of different terms combined in different ways. The literature review revealed a lack of knowledge when it comes to selling in SMEs. Furthermore, the literature review provided the base necessary for developing the research questions.

2.3.3.2 Sample Selection

Due to access and practical reasons, the study focused on the northern part of Sweden and consequently selected cases from that region. As previously discussed, only manufacturing SMEs with 10 to 249 employees is included in study A. Due to the claimed heterogeneity among SMEs, SMEs with 10 to 249 employees are further divided into two different size classes, namely small (10-49 employees) and medium-sized (50-249) firms; two cases from each size class have been selected. The next step in the sampling was to select the individual companies representing the four cases. In line with the advice provided by an expert in industry, four cases were selected. The selection criteria used for selecting the cases reflect an access and relevance concerns and an ambition to perform the study in two industries. Gaining access to relevant information about selling is of major importance in answering the research questions and has therefore been the criterion used in the selection of cases. The expert providing advice about selecting the samples also helped with information about who to contact in each of the four companies. In one of the companies, the expert made the first contact with the company, presenting the study to the CEO. The outcome of the selection resulted in two companies (one small and one medium-sized) from the engineering industry and two companies (one small and one medium-sized) from the electronics industry.

In order to meet the requirements of the selected companies, it has not been possible to disclose the names of the companies for reasons of confidentiality. Instead, the two companies in the engineering industry were named Engi One (small firm) and Engi Two (medium-sized firm). In the electronics industry the companies were named Electro One (small firm) and Electro Two (medium-sized firm).

2.3.3.3 Data Collection

Study A used personal interviews as the main data collection method. According to Marshall and Rossman (1999), the qualitative researcher relies heavily on interviews for collecting data. In addition to personal interviews, documents were also used as a source of evidence. According to Yin (1994), documents are likely to be relevant to every case study topic and can take many forms. Examples of documents used for study A include internal documents, organizational charts, brochures, and web pages.

Personal interviews can take several forms (Yin, 1994). Most often, when conducting case studies, interviews are of an open-ended nature. The open-ended interview is rather unstructured, leaving the possibility to the respondent to respond freely and provide various insights. A second type of interview is the focused interview, where the researcher is more likely to follow a specific set of questions and thereby confirm certain facts. A third type of interview entails even more structured questions in the form of a formal survey (ibid.).
According to Marshall and Rossman (1999, p. 108), “typically, qualitative in-depth interviews are much more like conversations than formal events with predetermined response categories. The researcher explores a few general topics to help uncover the participant’s views but otherwise respects how the participant frames and structures the responses.”

As previously discussed, an explorative and descriptive perspective on the research questions has been adopted. Therefore, no list of detailed and structured questions building on details from the theoretical framework was developed. Instead, the interview guide was developed so as to explore and describe the overall concepts or topics from the theoretical framework, resulting in questions being of a more open-ended and unstructured nature (see Appendix 1). The interview guide was pre-tested among researchers at Luleå University of Technology as well as with one individual in industry. All personal interviews conducted for this study were performed in Swedish.

The next step in collecting the data was to decide whom to interview at the four companies. The first contact made with the companies was by telephone. In three of the cases, the first contact and interview were made with the CEO. The reason for starting with the CEO was that the literature review indicated that top managers might be involved in selling and therefore be the best ones to provide an overall view of selling and names of other individuals to interview. In addition, starting with the CEO also gave me legitimacy in conducting additional interviews in the companies. In the fourth case, the first interview was made with one of the owners instead of the CEO due to the fact that I knew this owner personally and the CEO had been recently hired; therefore, the owner was expected to be more knowledgeable about selling in the company. After the first interviews, the three CEOs and the owner were used to help select additional individuals to interview, who in turn were also asked about additional persons to interview. This technique for generating samples is referred to as the snowball technique by Potter (1996).

The interviews were all performed at the premises of each of the four companies. The interviews each lasted between one and two hours. During all 19 interviews, a tape recorder was used as one way of taking field notes. In addition, I took notes in order to better capture and understand the information provided by the respondent. For example, a couple of times, the respondents started to draw figures on a white board, which obviously had to be noted in order to capture them for study purposes. While presenting the data, telephone was used on several occasions to clarify and complement the data received. The interviews were all conducted in Swedish and then translated into English when presenting the data.

2.3.3.4 Presentation and Analysis of Empirical Findings

According to Yin (1994), a wide variety of methods are available for data analysis. Still, researchers have provided little guidance about how to analyze qualitative evidence (Potter, 1996). “Analyzing case study evidence is especially difficult, because the strategies and techniques have not been well defined in the past” (Yin, 1994, p. 102). Every study should start with a general analytical strategy describing what to analyze and why (Yin, 1994). The strategy used for the analysis in study A is, according to Yin (1994), called relying on theoretical propositions, which means that the theoretical propositions have shaped the research questions and data collection plan and should thus guide what to analyze and why.
Study A has been conducted in the form of a multiple-case study design with embedded units of analysis, as previously discussed. The analysis process is displayed in Figure 2.3.

After presenting the empirical evidence for each case, a within-case analysis of each research question (sub-unit of analysis) and the research problem (main-unit of analysis) was performed. In addition, a cross-case analysis at both the sub-unit and main-unit of analysis was performed. This approach is supported by Yin (1994), who claims that an analysis of the sub-units should first be conducted within each case, followed by a comparison between the cases (i.e., cross-case analysis). Yin also emphasizes the importance of including an analysis at the main-unit level. The results from the within-case and cross-case analyses were subsequently used to discuss and present the findings and conclusions from study A.
2.3.4 Quality Criteria

Potter (1996) argues that a variety of thinking exists in regards to quality criteria in qualitative research. Yin (1994) discusses four tests commonly used to establish the quality of any empirical social research: construct validity, internal validity, external validity, and reliability.

Construct validity focuses on establishing appropriate operational measures for the concepts being studied (Yin, 1994). In order to increase the construct validity for study A, personal interviews and documents were used. A total of 19 personal interviews were conducted, adding to the sources used for obtaining evidence. In addition, from the beginning, this work has continuously been discussed and evaluated by peers at several internal meetings at Luleå University of Technology in order to further enhance the construct validity.

When it comes to internal validity, Yin (1994) claims that this criterion is not for exploratory or descriptive studies; therefore, it will not be discussed herein.

External validity means that the researcher is trying to establish the domain to which a study’s findings can be generalized (Yin, 1994). As previously discussed, the research problem and research questions are formulated as if searching for answers to questions about how Swedish SMEs perform selling. Again, the intention is not to generalize the findings to all Swedish SMEs. These terms are used in order to clarify the setting in which study A occurred. Instead, the focus has been to generalize the findings to theory through a thoroughly developed conceptual framework that has contributed to strengthening the external validity of study A. Such generalization to theory is recognized by several scholars (Yin, 1994; Marshall & Rossman, 1999; Miles & Huberman, 1994). In order to enhance the external validity further, multiple-case studies were used.

Reliability means that the operations of the study can be repeated with the same results (Yin, 1994). Yin further argues that reliability is an issue of minimizing errors and biases in a study. As discussed under construct validity, study A has been discussed and evaluated by peers on several occasions, which has helped improve not only the construct validity, but also the reliability of study A. Furthermore, the interview guide used was tested among both peers and one individual outside of academia. During all interviews, a tape recorder was used and notes taken in order to document the evidence from the cases. Probing was used to follow up on questions and issues raised by respondents during the interviews. After listening to the tapes and documenting the findings, the respondents were contacted on several occasions via telephone to discuss and clarify specific issues. Furthermore, between three and six respondents were interviewed in the cases, helping to ensure accurate and consistent evidence. In order to facilitate the repetition of study A, the discussion has focused on presenting how each step was performed, including the interview guide presented in Appendix 1.
2.3.5 Summary

Figure 2.4 outlines the methodological choices made for study A.

![Methodological Paths and Choices for Study A](image)

2.4 Synopsis of the Empirical Case Studies of Selling

This section will present a synopsis of the empirical data from the four case studies identified in section 2.3.

2.4.1 Case One: Selling in Engi One

Engi One is a small company in the engineering industry, representing the first case in study A. The company differentiates mainly between two types of products: its own products (light masts) and subcontractor products. Engi One operates in Sweden, Norway, Finland, Denmark,
and Germany, with Sweden being the most important market. The company uses a combination of retailers and its own selling function to sell its products.

Engi One performs selling in all three of the selling situations (i.e., new selling task, modified selling task, and routine selling task). In Engi One, the sale of subcontractor products to new customers constitutes a new selling task; a modified selling task is when the company is selling either subcontractor products to existing customers or light masts to new customers. Finally, the sale of light masts to existing customers constitutes a routine selling task.

In a new selling task, Engi One works rather haphazardly in relation to new customers. New customers are gained through customer inquiries and the limited contacts the company has with potential customers. When Engi One starts developing a contact with a potential customer, it typically engages in activities such as inviting the potential customers to the company in order to show them the facilities and potential sub-suppliers. The company also tries to qualify both the potential customer and potential order. The selling activities in this situation often involve design issues. During a new selling task, it is common that the production manager, systems salesperson/purchasing manager (SP), and CEO participate. Sometimes, Engi One’s bank and key supplier are also involved.

When it comes to a modified selling task and selling subcontractor products to an existing customer, Engi One is heavily and deeply involved in its main customer’s operations, developing the products purchased by the customer as well as finding sub-suppliers. A mutual trust is said to be very important in the relationship with this particular customer. Even in this situation, the production manager, SP, and CEO are involved in selling. In the other modified selling task situation—light masts to new customers—the CEO plays a central role in finding new customers. Thus far, the activities have centered mainly on responses to inquiries.

In the third situation, the routine selling task, Engi One uses several retailers. In Sweden, in addition to retailers, the company is also selling directly to end customers, competing with its own retailers. Sales letters are used in this situation, as are brochures, product sheets, and price lists directed toward existing customers. Here, the CEO is the primary individual involved.

### 2.4.2 Case Two: Selling in Engi Two

The second case in study A is represented by Engi Two, which is a medium-sized company in the engineering industry. The main products sold by the company are mobile and stationary lifts. The company sells its products in more than 25 countries throughout the world. Internationally, Engi Two sells through general agents, while in Sweden the company sells directly to county councils and municipalities, for example.

The products sold by Engi Two are all to be considered as complex; therefore, the company is performing selling in the new selling task and modified selling task situations. When the company sells products to a new customer, a new selling task is discerned, while selling directed toward an existing customer is classified as a modified selling task. In both selling situations, selling is performed quite differently, depending on whether the company is selling on the international market or on the Swedish market. Thus, the presentation of the two selling situations was further divided to account for differences in selling on the international and Swedish markets.
In a new selling task, when selling internationally, Engi Two tries to get the potential customer to adopt the company's way of thinking through activities such as inviting the potential customer to visit the company. Engi Two does not spend much time in finding new general agents. According to the company, it receives sufficient inquiries from prospective agents. The company spends a lot of time evaluating the potential customers and trying to adapt the customer to Engi Two's way of working. Several individuals from different functions in Engi Two are involved in selling efforts directed toward potential customers. The Sweden Division is responsible for the selling on the Swedish market. In Sweden, the traditional segments do not contain any new customers. Instead, selling to new customers in Sweden involves finding new segments like construction companies, individual hospitals and nursing homes. Here, selling activities are centered on inviting the potential customer to the company to discuss products.

In the modified selling task, when Engi Two is selling internationally, the company is continuously trying to stay in contact with the existing customer in order to support and help the customer. Engi Two also tries to get the existing customer to adopt the company's way of thinking. In this situation, several individuals from various functions are involved in selling. Training is perhaps the most important selling activity and is performed by the salespeople. Other activities in which salespeople are engaged include product demonstration, product testing, planning and design, telephone support, and order processing.

2.4.3 Case Three: Selling in Electro One

Electro One, a small company in the electronics industry, represents the third case in study A. The company pursues four business areas, of which three are investigated in this study—namely, energy, medical, and measurement. Electro One's geographical market is Sweden. In the energy business area, the company sells both through retailers and directly to other customers. In the medical area, the company has one large customer (retailer), and in the measurement business area, Engi Two sells both through retailers and directly to end customers.

Selling in Electro One is performed in the new selling task, modified selling task, and routine selling task situations. A new selling task in Electro One is seen in cases where the company sells products in the measurement area to new customers (in the medical area, the company does not sell to new customers at all). A modified selling task occurs when the company is selling products in the medical and measurement areas to existing customers or products in the energy area to new customers. Finally, a routine selling task in Electro One is discerned when the company is selling energy products to existing customers.

In new selling task situations, inquiries are usually directed to salespeople. The company tries to evaluate potential customers, typically by involving the salespeople and the CEO. If an inquiry is more complex, the development manager or the production/purchasing manager (PP) also become involved. After selling to a new customer, the development department usually becomes involved in training the customer about the product and how to install it.

In the modified selling task, when the company is selling products in the measurement area, Electro One tries to contact existing customers in order to give them ideas about how the products can be used. The CEO, principal owner (who is also a board member), and salespeople usually handle these contacts. When it comes to existing customers, customers frequently contact the development department directly instead of contacting one of the
salespeople. In the medical business area, the PP and development manager are the primary contacts for the company’s only customer (retailer). The CEO becomes involved in annual price negotiations with this particular customer. In the medical area, the development manager or the PP visit end customers together with the retailer. When it comes to potential customers in the energy area, Electro One does not perform many activities at all.

Finally, in a routine selling task in the energy area, Electro One focuses on its relationship with one of its major customers (retailer) when selling its products. Other activities include supporting retailers by providing them with information material and sometimes training the retailers.

### 2.4.4 Case Four: Selling in Electro Two

A medium-sized company, Electro Two, represents the fourth case in study A. Electro Two performs contractual manufacturing of products in the electronics industry; all of its products are adapted to each customer’s specifications. The company operates only on the Swedish market, selling directly to the customers.

The products Electro Two manufactures are all considered complex. Consequently, the company conducts selling in two of the selling situations—namely, new selling task and modified selling task. A new selling task at Electro Two occurs when the company is selling to new customers while a modified selling task occurs when it is selling to existing customers. In the new selling task, the marketing department is responsible for finding new customers. This department also has commercial responsibility for each customer. The salespeople and managing director (MD) are responsible for qualifying new customers. After the first phase is complete, the order is handed over to the engineering department, where a project manager coordinates contacts between Electro Two and the potential customer. In the third phase, the product is finally manufactured and delivered. In this phase, the order planner maintains daily contact with the customer.

In a modified selling task, the marketing department is responsible for selling new products to existing customers. Even in this situation, the marketing department has the commercial responsibility for each customer. Instead of qualifying the customer, in this situation Electro Two is involved in qualifying a new product in the first phase. In the second phase, the order is handed over to the engineering department and a project manager. Manufacturing and delivering are performed in the third phase, as in the case of the new selling task.

### 2.5 Synopsis of the Analysis

The analysis in study A was structured such that it started by analyzing the empirical data at the sub-unit level (see Figure 2.5) and then at the main-unit level (see Figure 2.6).
For each of the three research questions (i.e., sub-units), the empirical data were analyzed against the conceptual framework (within-case analysis), divided according to new selling task, modified selling task, and routine selling task. Then the data for each research question were compared between the four cases, the engineering versus the electronics industry, and finally the small versus medium-sized companies (cross-case analysis).

As in the analysis at the sub-unit levels, a within-case analysis followed by a cross-case analysis at the main-unit level was performed (see Figure 2.6).
These figures represent an attempt to explain how the full analysis in study A was conducted. However, in this synopsis of the analysis, only a brief summary will be presented in sections 2.5.1 and 2.5.2.

2.5.1 Within-Case Analysis

This section presents a within-case analysis for all four cases individually.

2.5.1.1 Case One: Engi One

In the conceptual framework, selling was discussed as being situation-specific, which is a condition considered in the conceptual framework. The findings from Engi One clearly confirm that selling is situation-specific.

Carson et al. (1995) suggest that marketing in SMEs is restricted in scope and intensity, simple, and product and price-oriented. This does not apply when it comes to selling in Engi One. The company is performing a number of different, sometimes very complex, selling activities, especially when it comes to selling complex products to existing customers. Only when selling to new customers do selling activities seem to be somewhat limited. The only
types of selling activity not performed by Engi One in any situation is servicing the product and training/recruiting. However, the company was heavily involved in developing one of its major customers—an activity referred to herein as developing the account. Such activities mean that Engi One plays a vital role in developing the customer’s operations, and aspects of the company’s operations are very much intertwined with parts of its customers’ operations.

The managers as well as two owners of Engi One are heavily involved in selling, which is very much in accordance with how previous literature (Carson et al., 1995) describes marketing performed in SMEs. As Hultman (1999a) suggests, it could also be seen that Engi One contains few specialist functions when it comes to selling and seems to divide tasks rather informally. Other researchers have also described SMEs’ limitations when it comes to resources. In the case of selling, Engi One has chosen to involve external individuals as one way of dealing with these limitations. Thus, as discussed by Moon and Armstrong (1994) and Deeter-Schmelz and Ramsey (1995), several individuals in Engi One pursue selling activities.

In regards to selling activities in processes, different processes depending on sales situation were identified. These processes contain two dimensions—both a relationship and a transaction dimension occurring simultaneously between the seller and buyer. Both dimensions are present when selling to existing customers, while only the transaction dimension is present when selling to new customers. When the company is selling to new customers, the actual transaction/order seems to be driving the relationship, while the relationship drives the transaction/order with existing customers. In Engi One, the CEO has a salient role when the company is selling standardized products to new customers. When selling complex products to existing customers, the role of the owner and systems salesperson/purchasing manager increases. The sales processes discerned in selling to new customers are much like some of the processes found in the literature review. However, the processes in selling to existing customers are not described in previous research.

2.5.1.2 Case Two: Engi Two

Engi Two only performs selling of complex products. Still, the findings from this case clearly demonstrate that selling, in this case, is also situation-specific. The company’s selling activities are certainly not restricted in scope and intensity, as suggested by Carson et al. (1995). Engi Two performs all groups of selling activities except training/recruiting, some of which are performed very intensively and in a focused manner. This company is also heavily involved in developing customers in developing the account. Only finding new customers seems to involve somewhat limited selling activities.

In Engi Two, managers are heavily involved in selling; the CEO is in fact also the sales manager. Other managers, of which two are owners, are also heavily involved in selling in this company, in accordance with previous literature (Carson et al., 1995). Contrary to what Hultman (1999a) suggests, Engi Two contains several specialist functions (e.g., sales manager, salesperson, technical salesperson, business developer) that are all involved in selling. Other researchers have described SMEs’ limitations when it comes to resources. In Engi Two, these limitations are not that obvious, which might relate to the fact that the company is not at all small within its industry and thus not limited in terms of resources compared to competitors. In summary, several individuals are involved in selling in Engi Two, as discussed by Moon and Armstrong (1994) and Deeter-Schmelz and Ramsey (1995).
Engi Two also utilizes two different sales processes according to the sales situation. The company’s sales processes contain both a relationship and a transaction dimension, regardless of whether it is dealing with new or existing customers. These sales processes are quite different from processes found in previous research. Moreover, the individuals involved vary considerably, depending on sales situation; thus, they are difficult to picture in general.

2.5.1.3 Case Three: Electro One

In Electro One, selling is performed in several situations, since this company is selling both complex and standardized products. The findings from the empirical study reveal that its selling is also very situation-specific. Electro One performs a wide variety of selling activities. In fact, the only group of selling activities not found was training/recruiting. Carson et al. (1995) suggest that marketing in SMEs is restricted in scope and intensity, simple, and product and price-oriented, which is not confirmed when it comes to Electro One’s selling. However, the company does not engage at all in selling standardized products to new customers.

Several individuals from different functions in the company are involved in selling. In addition, one of the more significant owners and board members is also involved in developing the selling efforts. This behavior is very much in accordance with Carson et al.’s (1995) description of marketing in SMEs. In Electro One, salespeople are employed and one of the professional board members is involved in selling. Such behavior seems to contradict Hultman (1999a), who suggested that SMEs contain few specialist functions. Previous literature also describes SMEs as companies with limitations when it comes to resources. In the case of Electro One, the company has an external network in order to add competence whenever needed, which is its way of dealing with the lack of resources.

Electro One’s pursuit of selling can also be described in different sales processes depending on the situation. When the company is selling to new customers, the process seems to be driven by the actual transactions, while the relationship drives the transactions when selling to existing customers. The sales processes found when the company is selling to existing customers contain both a transaction dimension and a relationship dimension in a way that could not be found in previous research. The sales process directed toward new customers contains only the transaction dimension. When selling complex products directed toward new customers, the salespeople—and sometimes the CEO—seem to play an influential role initially. In later stages, the development department seems to become increasingly involved. When Electro One is selling complex products to existing customers, the role of the salesperson decreases in importance; instead, the development manager, production/purchasing manager, and sometimes the CEO are mostly involved in selling activities.

2.5.1.4 Case Four: Electro Two

This company pursues the selling of complex products with both new and existing customers. In this case, selling does not seem to differ much depending on situation, which might have to do with the fact that the operations in this company are very clear-cut. The production process is pursued in a rather similar way for all products, and the company directs its efforts toward the same “type” of customers. Thus, each customer’s demand should match what Electro Two can offer in an efficient way, and each customer relationship should have a certain potential
when it comes to revenue and time perspective. In other words, Electro Two seems to be quite aware of the conditions within which it is operating and what it does best and therefore seeks business opportunities best matching these conditions—which might explain why it can “streamline” selling efforts.

Contrary to what Carson et al. (1995) suggest, Electro Two performs a number of different selling activities. Only two groups of selling activities are not performed by this company: servicing the account and training/recruiting.

When it comes to individuals involved in selling, Electro Two engages a number of different individuals across several functions. The individuals include both managers and other employees. These findings confirm previous research, which suggests that managers are involved in marketing (Carson et al., 1995). However, contrary to what Hultman (1999a) suggests, Electro Two contains several specialist functions.

In the selling situations performed by Electro Two, the processes found are not that different. With new customers, the specific transaction seems to be driving the relationship, while the opposite applies when selling to existing customers. Electro Two’s processes contain both a transaction and a relationship dimension. Note that, in this case, the process with new customers also contains the relationship dimension as Electro Two is not engaged in selling to customers for just one transaction. As previously discussed, a new customer must have the potential to become a long-term customer. As such, the salesperson has the dominating role until the negotiation stage has been fulfilled. After that, a project manager from the engineering department dominates in the project phase. In the transaction dimension, one of the order planners in the production department plays a main role in the process.

2.5.2 Cross-Case Analysis

This section presents a cross-case analysis comparing all four cases, industry by industry, and small versus medium-sized enterprises.

2.5.2.1 Comparison of the Four Cases

Three of the four cases confirm selling to be situation-specific, while the fourth company seems to streamline its operations in a way that allows it to perform a rather uniform selling effort. All four of the case-study companies perform a wide variety of selling activities. Engi One and Engi Two are even involved in selling activities that have to do with developing the customers’ operations in a more profound way (i.e., developing the account). Consequently, study A provides another image of selling activities in SMEs than what is presented in previous literature on marketing in SMEs. However, when it comes to new customers, some of the companies in study A are somewhat limited in their selling activities.

The four companies involve several individuals in selling. In Engi One, the internal individuals involved are mainly managers. In the other companies, the internal individuals involved are both managers and other employees. All four companies also involve external individuals in selling. Contrary to what previous research suggests, Engi Two and Electro Two contain several specialist functions. Engi One seems to use the fewest specialist functions.
Finally, all four companies perform sales processes containing both a transaction and a relationship dimension. In Engi One and Electro One, the processes toward existing customers contain both dimensions, while the process toward new customers only contains the transaction dimension. In Engi Two and Electro Two, the sales processes contain the transaction and relationship dimensions with both existing and new customers.

2.5.2.2 Industry by Industry

The differences among industries found in study A concern selling activities. The two companies in the engineering industry perform activities involved in developing the account, while the two companies in the electronics industry do not.

2.5.2.3 Small versus Medium-Sized Enterprises

In regards to company size, a few differences are found in study A. The two small companies involve external individuals directly in their selling activities to a greater extent than the two medium-sized companies do. In addition, the medium-sized companies—in particular—use several specialist functions, which is not as obvious in the small companies. Finally, the medium-sized companies include transaction and relationship dimensions when selling to both existing and new customers, while the two dimensions are included only when the small companies are selling to existing customers.

2.6 Findings and Recommendations

Section 2.6.1 will discuss the overall findings from this study while 2.6.2 will provide answers to the research questions posed in study A. Section 2.6.3 discusses managerial implications. Finally, Section 2.6.4 provides suggestions for future research.

2.6.1 Overall Findings

The three different selling tasks—new selling task, modified selling task, and routine selling task—included in the conceptual framework were assumed to affect how selling was conducted. The findings from the empirical study confirm the assumption in the two small companies included in study A. In the two medium-sized companies, which only performed selling in the new and modified selling tasks, not many significant differences were found between new and modified selling tasks. However, significant differences were identified within new selling task and modified selling task situations. In the two small companies, these differences only occurred in the modified selling task, while differences occurred in both tasks in one of the two medium-sized companies (Engi Two). In Electro Two, differences within the selling tasks were not identified. The conclusion is that the differences found within the selling tasks indicate that the concepts of selling tasks might be defined too broadly.

In order to operationalize the three selling tasks, complex and standardized products were used together with new and existing customers. An interesting finding emerges from how the four companies choose to define a complex product. A complex product is determined by
whether or not it is customized; a customized product is considered to be complex whether or not the product itself has a complex content. What seems significant is that the product is customer-specific and requires some adjustment, not necessarily with the core product itself, but also with accessories or different services. This means that it is not only the product itself that is classified; the whole offer needs to be included when classifying a product.

Furthermore, evidence suggested that the activities performed by SMEs in study A are complex and involve a variety of activities. In fact, these SMEs perform activities in most of the groups of activities discussed by Moncrief (1986). Study A also revealed a new class of selling activities: developing the account. In one of the cases, the activities related to developing the account meant that a small company in the engineering industry was actually engaged in the business development of a large multinational firm, helping it outsource part of its production to eastern countries. This evidence leads to questions about the purported lack of competence in SMEs described in previous research. Rather, emphasizing the skills in the companies investigated in regards to listening to the customer and understanding and utilizing knowledge about the customer and the customer’s environment might offer a way for SMEs to use their proximity to customers, as previously discussed by Carson et al. (1995). However, some of the selling activities were fairly limited. When it comes to finding new customers, the activities performed were limited, as often confirmed by the companies themselves during the interviews when they claimed that they performed poorly in this area.

Many traditional selling activities like sales presentations, customer visits, trade fairs, entertaining the customer, etc., are performed by the SMEs in study A. These activities seem to be performed in order to have a reason to contact the customer and develop the customer relationship. The activity itself does not seem to matter that much; rather, it is the opportunity to contact and spend time with customers that matters. Viewing some of the selling activities as a way of spending time with the customer will have important implications for how selling could be performed. In addition, the actual sales transaction itself might be considered a selling activity. Thus, sales transactions might be aimed at developing a more rewarding relationship with the customer, which in turn will have important implications for selling in SMEs.

“As we move from a transaction-based model of the exchange process, not only the selling task change but also who performs the task changes. The salesperson disappears and is replaced by a production-planning person or a relationship-management person” (Wilson, 2000, p. 53). If they have not disappeared, the salespeople in study A seem to have a rather obscured role in certain situations. In the selling situation in which the products sold are complex, specifically with existing customers, it seems that non-salespeople play a dominant role. However, when it comes to finding new customers, the salespeople have a more dominant role as “falcons,” as one of the respondents put it. In the companies studied, several individuals across several functions perform selling activities. All of the four companies involve external individuals in their selling activities as well. Worth noticing is the important role managers and/or owners seem to play in selling activities, which concurs with existing literature on SMEs.

Some of the theoretical concepts describing selling roles become somewhat blurred when the two small companies in study A sell to new customers. In these companies, it is difficult to differentiate between the roles directed toward particular customers and the roles directed toward particular transactions, as suggested in theory. The reason for this appears to be that selling to new customers in the small companies is mainly transaction-driven, in which the
relationship is simultaneously developed by the transaction itself, making the roles difficult to separate. Thus, classifying the roles according to whether they are directed toward particular customers or particular transactions seems vague. However, when the two medium-sized companies sell to new customers, these roles are valid, since they do not engage with a new customer for just one transaction. Instead, qualifying the potential customers means that the cooperation should be long-term, with several potential transactions as a possible outcome. To summarize, when the two small companies sell to new customers, the particular transaction drives the relationship, while it is the relationship that drives the transactions when selling to existing customers. In the two medium-sized companies, the relationship drives the transaction, regardless of whether selling to new or existing customers.

Two theoretical concepts previously discussed (see Chapter One) are personal selling and salesmanship. Personal selling is usually defined as the seller’s oral face-to-face communication with one or more potential customers, with the intention of closing a deal (Persson, 1995). Meanwhile, salesmanship can be defined as the art of successfully persuading customers or prospects to buy products from which they can derive suitable benefits (Persson, 1999). Salesmanship was found to be one aspect of and one of the skills used in personal selling (Still et al., 1988), limiting salesmanship to a skill used only in oral face-to-face communication. Considering the definition of selling for this study (p. 4) and the selling activities found in the four companies studied, this definition of salesmanship seems inadequate. It seems obvious that several of the selling activities found in study A are ultimately aimed at persuading a customer to buy. Thus, the findings indicate that salesmanship should be a broader concept than personal selling, involving a number of non-oral and non-face-to-face activities. Instead, salesmanship should be one aspect of and one of the skills used in selling, rather than personal selling.

Another interesting finding from study A concerns the salespeople and selling activities. Some of the companies claimed to perform poorly when it comes to new customers. In all four of the investigated companies, it seems to be mainly salespeople’s responsibility to find new customers. The question then arises: What do the salespersons do when it comes to new customers in these companies? This issue will be discussed in the section on managerial implications.

2.6.2 Findings Regarding Research Questions

When answering each of the three research questions, the discussion will be divided with respect to the three selling situations: new selling task, modified selling task, and routine selling task.

Research Question One

*How can the selling activities performed by Swedish manufacturing SMEs in the different selling situations be characterized?*

In order to characterize the selling activities performed by Swedish manufacturing SMEs, Moncrief’s (1986) ten groups of activities have been used. In regards to the new selling task, all four companies in study A conduct selling activities that can be characterized as *selling function, working with orders, information management, conferences/meetings, entertaining, and out-of-town travel*. The only group of selling activities not performed by any of the four
companies is training/recruiting (as defined by Moncrief). In addition, certain selling activities in the medium-sized engineering company could not be characterized according to any of the groups suggested by Moncrief (1986b). Instead, this group of activities has been called developing the account. These activities seem to go beyond activities related to servicing the product and servicing the account as they are directed toward developing customers’ operations in a more fundamental way.

In the modified selling task, all four companies perform selling function, working with orders, information management, conferences/meetings, entertaining, and out-of-town travel. Even in this situation, training/recruiting is the only group not performed by any of the companies. The new group of selling activities, developing the account, identified in the new selling task was also evident here. However, in this situation, both the small and medium-sized companies in the engineering industry perform activities related to developing the account.

Finally, in the routine selling task, only the two small companies performed selling activities to any degree. The two companies both performed activities related to selling function, working with orders, servicing the account, conferences/meetings, entertaining, out of town travel, and working with distributors. Neither of the two companies perform activities related to training/recruiting.

Research Question Two

How can the role(s) of the individual(s) involved in selling activities in Swedish manufacturing SMEs in the different selling situations be characterized?

In characterizing the roles of the individuals involved in selling, study A relied on the selling-team roles suggested by Moon and Armstrong (1994) and Deeter-Schmeltz and Ramsey (1995). In the new selling task, companies performed most of the roles discussed in the conceptual framework. Only the small engineering company failed to confirm one of the roles—namely, customer service representative. Moreover, the two small companies and the medium-sized electronics company also included external individuals as a resource.

In the modified selling task, all roles except for coordinator in the small electronics company were confirmed. When comparing the modified selling task with the new selling task, the two small companies seem to involve more individuals in the modified selling task. It was not possible to find the same pattern in the medium-sized companies, where the roles are very much the same in the new and modified selling tasks.

In the routine selling task, only the small companies performed selling activities. In the small engineering company, all roles except customer service representative were found. In the small electronics company, study A failed to confirm two roles: coordinator and resource.

Research Question Three

How can the selling process(es) in Swedish manufacturing SMEs in the different selling situations be described?

In the new selling task, the processes in the two small companies are rather transaction-oriented. As with the roles, the reason might be that selling to new customers in the small
firms is transaction-driven, meaning that a new customer relationship in the small companies starts with a transaction, while a new customer relationship in the medium-sized companies starts with development of the relationship before any transactions can occur. The conclusion is that the selling processes in the small companies are fairly simple and straightforward, building mainly on transactions, while the processes in the medium-sized companies are more complex, containing two dimensions—customer relationship and transactions.

In the modified selling task, selling processes contained customer relationship and transactions in all four cases. However, in the small companies, two processes were found: one more transaction-oriented containing one dimension and one process containing the two dimensions already discussed. This finding suggests that the modified selling task, as a concept, may be too broad to capture the specificity of selling.

Finally, in the routine selling task, only the small companies perform selling in this situation; consequently, that is where selling processes were identified. As in the case where these companies are selling complex products to existing customers, the processes in this situation contain the two dimensions customer relationship and transactions.

2.6.3 Managerial Implications

In some situations, study A revealed that a single sales transaction might just be a way of getting in contact with and getting to know a customer. The real selling effort might start afterwards or be performed “outside” the actual transaction, when the selling company has to learn how to develop its offer and add value for the customer. In order to develop customer values, the selling company needs to be aware of the purpose of each individual’s involvement in selling activities. Everybody should know what the overall selling objective for each customer is, what their roles are, and what the objectives for the selling activities are. Furthermore, the selling company needs to know who the individuals involved in the selling process are. These individuals need to continuously discuss and update themselves on what is happening in a relationship and how each individual can best achieve the objectives of selling activities.

The above discussion will have consequences for companies similar to those in study A. Several of the individuals found performing selling activities seemed only implicitly aware of the fact that they are involved in selling and that several of the activities performed by them can be defined as selling activities. This is not good enough; the selling company needs to be fully aware of how selling is performed. This might seem obvious, yet many of the companies studied were not fully aware of this. The selling company needs to map the selling process and discuss how this process should look when it is at its best. In order to fully understand the selling process, they will also have to map the selling activities performed during the process as each activity ultimately contributes to the outcome of selling efforts. In my opinion, the efficiency of selling activities is largely dependent on the individuals performing them. Thus, the individuals involved in selling are extremely important for the selling process. Therefore, the companies also need to know which individuals are involved in selling and what their roles are. These roles are very important as the individuals involved often have dual roles in which selling is considered secondary for several of them.

Based on the discussion thus far, several questions arise that will have implications for the organization as a whole, for sales management, and for the individuals involved.
- How should the dual roles be prioritized?
- What are the responsibilities of the individuals in the selling process?
- How should the individuals cooperate in the selling process?
- How will the many individuals involved in selling affect the customers?
- How should the sales efforts be directed and motivated with all these individuals involved?
- How should appropriate selling efforts be rewarded?
- Is it always desirable for customers to contact several different individuals involved in selling?
- How will the dual roles of the individuals involved in selling affect recruitment?
- How can and should knowledge about the selling process be distributed in the organization?

Rather than attempt to answer these questions, here the discussion will provide a few recommendations that may help companies deal with some of the issues identified. These recommendations may overlap one another. However, they represent significant points in light of the results from study A.

- **Redefine selling**
  
  Considering the many selling activities performed by several individuals in this study, it is essential for the selling organization to clearly define selling. In order for a company to successfully develop its selling operations, it is important that the company’s definition of selling matches what the company is actually doing, and not just personal selling. The definition of selling has clear implications for how selling should be performed and where the responsibility for selling should be located.

- **Systematize the selling efforts**
  
  In order to deal with a number of different sales activities performed by several individuals, it is important to systematically work toward sales objectives. The importance of developing and following up on selling activity plans should be stressed in order to take control of the selling process and create a more conscious and efficient sales organization.

- **Develop individuals to become conscious and motivated actors in the selling process**
  
  As could be seen in study A, industrial selling seems to involve many individuals from different functions in a company. A successful implementation will therefore require an organization that has a knowledge of how selling is performed and the importance of a facilitative behavior from everyone in the organization. For the individuals directly involved, roles and responsibilities should be mapped out and communicated within the organization. Given that all individuals involved in selling understand that they are performing selling, it is important that these individuals have the opportunity to discuss and develop selling activities together.

- **Create rewarding systems that support the selling process**
  
  Study A reveals that an efficient selling process requires successful cooperation among various individuals in the selling organization. In order to facilitate a favorable behavior, it is therefore important to reward behavior that will improve the selling process.
• **Develop selling objectives**
Selling objectives should be developed at both the organizational level and customer level. It is important for selling efficiency that individuals involved can clearly see and understand these objectives.

• **Provide the organization with feedback from the selling process**
Clearly, the selling process contains focal activities within SMEs. One way to pinpoint the importance of these activities might be to continuously inform and provide feedback concerning the outcomes of the selling process.

A lack of clear roles and prioritized selling activities is perhaps one reason why the companies in this study believe that they do not perform very well when it comes to new customers, despite the fact that this is the salesperson’s responsibility. All in all, it is important to stress the impressive interface between the SMEs in study A and some of their customers. They all engage many individuals in customer contacts, which have several implications both internally and externally. Involving several individuals in selling activities will make their business less dependent on single individuals. Furthermore, it will likely create commitment to customers among the employees at the same time as every individual involved will create an additional opportunity to interact (i.e., spend more time) with several individuals at different levels within the customers’ organizations. This is vital as customer satisfaction ultimately comes from a close interface between the selling and buying company. In fact, many large companies would likely envy the close and vibrant customer relationships found in study A.

### 2.6.4 Suggestions for Future Research

Study A provides at least some input when it comes to industrial selling in Swedish SMEs, although much remains to be done. During the course of this study, some interesting paths were identified that could serve as a starting point for future research.

Technology is surely a most interesting area when it comes to selling. For example, some of the responding companies use websites to inform potential customers and, in the future, also as a way for their customers to order spare parts. One interesting question for the future might be how new technology and related services might help systematize the selling process and improve the efficiency of communication with both customers and other individuals in the selling process.

Previously, it has been discussed how the individuals involved in selling in study A might affect the customers. It would be very interesting to conduct a study to explore selling from the customer’s perspective. How do individuals within the customer’s organization experience and respond to a multi-person selling effort? Who are the individuals with whom they would prefer to cooperate? How do customers value different selling activities? How can the selling process be a part of creating value for the customer? These are all interesting questions and may be a path worth following for researchers who wish to enhance the understanding of selling in SMEs.

Finally, sales organizations themselves offer insightful information waiting to be gleaned through future research. How can a multi-person selling effort be organized most favorably?
What affect will it have on the rest of the organization? Is it possible to develop a whole company with the selling process as a starting point? The answers to these important questions could contribute to enhancing the implementation of sales processes as the processes found in study A cut through different functions in SMEs.
References for Study A


APPENDIX 1: Interview Guide

(Please note that question number 1 through 9 and question 12 and 13 were only asked to the first respondent interviewed in each company, unless the answers to any of these questions were unsatisfactory or incomplete)

Company:

Respondent:

Title:

How long have you been working in the company:

Address:

Telephone:

Home page:

Fax:

E-mail:

Date:

GENERAL QUESTIONS

1. What year was the company established?

2. Describe the owner situation in the company, please.

3. How many people were employed in the company during 2000?

4. What is the company’s main area of operations?

5. What products do the company manufacture?

6. What geographical markets is the company operating in?

7. Would you please describe your market/markets. (i.e. type of customers)

8. Who are the main competitors to the company?

9. What has been the turn over in the last three years (SEK)?

   1998       1999       2000

10. What do you consider to be your most important competitive advantages?
QUESTIONS REGARDING THE RESEARCH QUESTIONS

11. Do you consider your products to be complex (i.e. expensive products, customized products, important products for you) or standardized (i.e. inexpensive products, products of consumption)? Why?

12. Please describe the organizational structure of the company.

13. Please describe the sales organization of the company.

14. Please describe the overall sales operations and how they are performed.

15. How and by whom are the overall sales operations planned?

COMPLEX PRODUCTS TO EXISTING CUSTOMERS

16. a) What selling activities (activities performed by any individual/-s for the purpose of doing business at an individual customer level) do the company perform when you are selling complex products to existing customers?

b) What factors determine what selling activities you chose to perform? In what way?

c) What are the goals with the selling activities you perform?

d) Towards what individuals are the selling activities aimed?

e) What functions and individuals in your company are involved in the selling activities? Which of the selling activities do they perform?

f) Are there any individuals outside your organization that participates in selling activities? If so, whom are they and what selling activities do they participate in?

g) If there is cooperation in performing the selling activities, what functions and individuals participate? What functions and individuals participate with whom?

h) What does the possible cooperation involve? What selling activities are affected, and in what way?

i) What are the roles of the functions/individuals in the cooperation?

j) What factors determine what functions/individuals that participate in the cooperation?

17. From the discussion in question 16, how do the selling activities combine? Is it possible to describe the selling activities as a process? If so, how?
COMPLEX PRODUCTS TO NEW CUSTOMERS

18. a) What selling activities (activities performed by any individual/s for the purpose of doing business at an individual customer level) do the company perform when you are selling complex products to new customers?

b) What factors determine what selling activities you chose to perform? In what way?

c) What are the goals with the selling activities you perform?

d) Towards what individuals are the selling activities aimed?

e) What functions and individuals in your company are involved in the selling activities? Which of the selling activities do they perform?

f) Are there any individuals outside your organization that participates in selling activities? If so, whom are they and what selling activities do they participate in?

g) If there is cooperation in performing the selling activities, what functions and individuals participate? What functions and individuals participate with whom?

h) What does the possible cooperation involve? What selling activities are affected, and in what way?

i) What are the roles of the functions/individuals in the cooperation?

j) What factors determine what functions/individuals that participate in the cooperation?

19. From the discussion in question 18, how do the selling activities combine? Is it possible to describe the selling activities as a process? If so, how?

STANDARDIZED PRODUCTS TO EXISTING CUSTOMERS

20. a) What selling activities (activities performed by any individual/s for the purpose of doing business at an individual customer level) do the company perform when you are selling standardized products to existing customers?

b) What factors determine what selling activities you chose to perform? In what way?

c) What are the goals with the selling activities you perform?

d) Towards what individuals are the selling activities aimed?

e) What functions and individuals in your company are involved in the selling activities? Which of the selling activities do they perform?

f) Are there any individuals outside your organization that participates in selling activities? If so, whom are they and what selling activities do they participate in?
g) If there is cooperation in performing the selling activities, what functions and individuals participate? What functions and individuals participate with whom?

h) What does the possible cooperation involve? What selling activities are affected, and in what way?

i) What are the roles of the functions/individuals in the cooperation?

j) What factors determine what functions/individuals that participate in the cooperation?

21. From the discussion in question 20, how do the selling activities combine? Is it possible to describe the selling activities as a process? If so, how?

STANDARDIZED PRODUCTS TO NEW CUSTOMERS

22. a) What selling activities (activities performed by any individual/s for the purpose of doing business at an individual customer level) do the company perform when you are selling standardized products to new customers?

b) What factors determine what selling activities you chose to perform? In what way?

c) What are the goals with the selling activities you perform?

d) Towards what individuals are the selling activities aimed?

e) What functions and individuals in your company are involved in the selling activities? Which of the selling activities do they perform?

f) Are there any individuals outside your organization that participates in selling activities? If so, whom are they and what selling activities do they participate in?

g) If there is cooperation in performing the selling activities, what functions and individuals participate? What functions and individuals participate with whom?

h) What does the possible cooperation involve? What selling activities are affected, and in what way?

i) What are the roles of the functions/individuals in the cooperation?

j) What factors determine what functions/individuals that participate in the cooperation?

23. From the discussion in question 22, how do the selling activities combine? Is it possible to describe the selling activities as a process? If so, how?
3 STUDY B: Relationships in Selling

This chapter will present the three full journal articles that address the problem area for study B as formulated in chapter one—namely, relationships in selling in the financial services industry. Section 3.1 presents the first article, “The Impact of Incentives on Interfunctional Relationship Quality: Views from a South African Firm,” section 3.2 presents the second article, “Trusting Relationships: How Salespeople View the Quality of Relationships with Friends and Customers,” and section 3.3 presents the third article, “Personal Acquaintances and Salespeople in Financial Services: Differences Between Customers and Friends.”
3.1 Article One: The Impact of Incentives on Interfunctional Relationship Quality: Views from a South African Firm

This section presents the first article as it was published in 2007 in the journal *Total Quality Management*. 
The Impact of Incentives on Interfunctional Relationship Quality: Views from a South African Firm

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ABSTRACT Interfunctional relations and their impact on organizational performance have long been a concern of management and marketing scholars. Similarly, the use of incentives, and how they motivate individuals toward performance, has been a perennial focus of management researchers. Curiously, the effect of incentives on interfunctional relations has not received the same attention in the literature. The research in this paper sought to discover the extent to which the incentives an organization offers its personnel are perceived as being ‘fair’ by different functional groupings. The results of a study are presented in which the perceptions of a large sales function of the fairness of a series of incentives are compared with those of the rest of the organization. The implications of these findings for the quality of interfunctional relationships are discussed.

KEY WORDS: Inter-functional relationships, relationship quality, salesforce, incentives, fairness

Interfunctional Relationships: the Importance of Quality

The study of the relationships between various organizational functions has long been of interest to management scholars (e.g. Griffin & Hauser, 1992). Since the 1980s (e.g. Gupta et al., 1986; Ruekert & Walker, 1987), marketing academics in particular have been concerned with the interaction between the marketing function and other organizational units. They have investigated, among other things, the nature of marketing’s integration with other departments (Kahn & Mentzer, 1998), and its relationship with areas such as a broad technical function (e.g. Berthon et al., 1998), manufacturing (Griffin & Hauser, 1992), R&D (Gupta et al., 1986); and Human Resources (e.g. Berthon et al., 1996). This interest is not surprising, given that an organization-wide generation- and dissemination of intelligence are seen as cornerstones of marketing orientation (Narver &...
Quality management in business relationships is a very broad, but also very important, domain of interest to scholars and practitioners alike. It is broad because the notion of business relationships covers a very wide playing field, from simple relationships between a firm and its customers, through relationships between a firm and its suppliers, as well as those between the firm and its channel members, to the internal relationships between functional divisions and departments within the firm. It is important because a firm’s success or failure depends to a large extent on how well these relationships work; furthermore, it is very complex because these relationships are frequently networked and multifaceted. For example, the relationships between a firm and its suppliers impact on those between the firm and its channel members, and the relationships between functional areas within the firm will ultimately affect the relationships between the firm and its customers. Quality management does not simply imply that quality be good or acceptable. When it comes to relationships, quality management means measurement, for if something cannot be measured it cannot be managed. If relationships are managed they can improve, and it behooves us well to remember Norman Mailer’s admonition that relationships that don’t get better, get worse.

Incentives lie at the heart of economic behavior (cf. Milgrom & Roberts, 1995), and this has long been recognized and studied by management scholars, especially those in human resource management in general, and sales management in particular (cf. Churchill et al., 1985). If individuals are motivated by the incentives the organization offers in order to enhance their own performance, then it is incumbent upon practitioners and scholars alike to understand the fine effects of the specific kinds of incentives and their interaction with each other on the behavior of individuals. The impact of organizational incentives on the relationships between various functional areas of firms, especially with regard to their quality, has been less well-researched however. Specifically, and simply, what impact do the incentives offered by an organization to its constituents have, not only on their motivation, but also on the nature of their interaction with each other? This is the issue that this article seeks to address.

We proceed as follows: first, we review the literature with specific reference to fairness and incentives. Next, we outline a study conducted in a successful selling organization designed to elicit the perceptions of employees of a range of incentives offered by the firm, specifically with regard to their equity, or fairness. Then we compare the perceptions of members of the sales function to those of the rest of the organization. We discuss the results, identify the limitations of the study, and then consider the implications for managers, and avenues for future research.

Literature Review

At the heart of any perspective on the quality of the relationship between two parties, is trust. Trust can be defined as ‘the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action
important to the trustor, irrespective of the ability to monitor or control that other party.’ (Mayer et al., 1995). Trust is essentially a mutual perception of integrity on the part of social actors. Trust is in turn predicated on a notion of ‘fairness’ — it is more likely to survive and grow when the parties to the relationship perceive it to be fair, in other words, free from bias, dishonesty, or injustice. Fairness implies the treating of all sides alike, justly and equitably.

Fairness has been of particular interest to scholars in various management disciplines, particularly with regard to the design and imposition of incentives and incentive procedures. Equity theory (cf. Janssen, 2001; O’Neill & Mone, 1998) and the work of Huseman and his colleagues in particular (Miles et al., 1994; Huseman & Hatfield, 1990; Huseman et al., 1987) in management, seeks to describe a relationship between employees’ motivation and their perception of being treated fairly. The theory suggests that employees seek to ascribe values to their inputs and outputs. Obviously, perceptions of fairness are akin to perceptions of equity, and incentives are the fundamental driving force of equity.

Early work on the issues of fairness and incentives utilized experimental designs to examine effects. More than 30 years ago Farr (1976) conducted a factorial laboratory study in which he examined the effects of individual incentives and group incentives. The subjects were 144 college students who worked in three-person groups on a card-sorting task. He found that both individual and group incentives significantly increased task performance. The experimental condition which contained both an individual and group incentive resulted in the highest level of performance, but also resulted in perceptions of the pay system as being unfair. Personal pay satisfaction was not affected by any pay condition. Results also were not in accord with predictions of equity theory concerning both performances and satisfaction. It was concluded that current conceptions of pay inequity may have to be modified to include a distinction between personal pay satisfaction and the perceived fairness of a pay system.

Some years later, also using an experimental design, Dillard & Fisher (1990) investigated the effect of alternative compensation schemes on performance and satisfaction. Using a laboratory study involving 40 subjects, their findings provide insights into the individual and group effects of alternative compensation schemes and the dynamics of changing compensation schemes on productivity and satisfaction. Specifically, a relationship was found between compensation schemes and performance. The effect on performance is independent of the compensation scheme’s perceived fairness. Satisfaction is a function of the congruence between the preferred scheme and the implemented scheme.

Obviously, considerable research has been conducted by management scholars on the impact of perceptions of fairness on the success or otherwise of compensation schemes. Greenberg & McCarty (1990) argue that the way information about pay is communicated from supervisors to their subordinates may greatly influence assessments of pay fairness. They point to growing evidence that the appropriate enactment of formal procedures, specifically the provision of a sincere and adequately reasoned explanation, is another aspect of what employees evaluate when judging the fairness of a process. Similarly, Cooper et al. (1992) in their consideration of gainsharing identify problems that may limit potential gains in productivity. They explain how contemporary gainsharing plans constitute social dilemmas and provide an opportunity for ‘free-riding’ and thus lower productivity. They describe two experiments that indicate that fair distribution rules that are participatively developed can ameliorate the social dilemma inherent in gainsharing plans, and offer prescriptions for improving gainsharing plans.
Obviously, there has been considerable attention given to the impact of remuneration on perceptions of fairness. Lowery et al. (1996) argue that employees appreciated the opportunity to be judged on merit, the money offered by a performance related pay plan, and the incentive to raise performance. However, they are concerned with the quality of the goals that are set, and especially with a lack of fairness or a perception of favoritism in the allocation of rewards. Their large-scale study encompassed 4788 respondent employees from seven operating companies. The responses indicated that employees appeared to approve of the concept of merit pay, but were concerned about problems with its implementation. Dulebohn & Martocchio (1998) studied employee perceptions of the fairness of work group incentive pay plans in the setting of a non-union chemical production facility of a Fortune 500 company. They investigated the relationships between six antecedent and outcome variables, and studied the indications of procedural and distributive justice and their interaction with two control variables, namely, job classification and organizational tenure.

More recently, Tekleab et al. (2005) have questioned whether it is pay levels or pay raises that matter to fairness and turnover. Their two studies examined the relationship between actual pay and distributive and procedural justice, and the extent to which these perceptions were related to two important pay satisfaction dimensions, pay level and pay raise, and ultimately, impacted turnover. For each study the measures of pay and justice variables were obtained on a cross-sectional basis, while the measure of turnover was necessarily lagged. Results showed that distributive justice mediated the relationship between pay and both pay level satisfaction and pay raise satisfaction. Furthermore, distributive justice was a stronger predictor of pay level satisfaction; whereas procedural justice was a stronger predictor of pay raise satisfaction.

In a marketing and sales context Ramaswami & Singh (2003) examined how salespeople make judgments of merit pay fairness, and the means by which fairness judgments influence the performance and commitment of salespeople. They also used equity and social exchange theories to examine these questions for industrial salespeople in a Fortune 500 firm and provide four key findings. First, of the three dimensions of fairness judgments, they find the interactional fairness dimension to be relatively more important than procedural or distributive fairness in influencing job outcomes of salespeople. Second, supervisory behaviors have significant influence in shaping salespeople’s fairness judgments, particularly judgments of distributive and interactional fairness. Third, the results underscore the contrasting mediating role of trust in supervisor and job satisfaction. Although trust in the supervisor is important in reducing salespeople’s opportunistic behaviors, the authors find job satisfaction to be important in enhancing their loyalty to the organization. Fourth, salespeople’s job performance is influenced directly by extrinsic factors such as fairness of current rewards and potential for rewards.

In a world that is increasingly global, scholars who study incentives and fairness have begun to give attention to international similarities and differences when it comes to perceptions of these phenomena. Recently, Beer & Katz (2003) conducted a survey of the perceptions of a worldwide sample of senior executives on whether incentives work. While their work focused only on incentives at very senior levels in organizations, many of the findings could probably be generalized to the phenomenon in lower settings within firms. They present the results of a survey of 205 executives from different countries to investigate their perceptions of the causes and consequences of using executive incentives. The researchers found evidence that the belief in executive incentives is a social
construction, more prevalent among US managers than among managers from Europe and Asia. The findings suggest that careful efforts to design an incentive system contingent on unit performance may be misguided, and raise questions about the worldwide trend toward the use of more executive incentives. Instead of viewing compensation through motivation, incentive systems may be best evaluated through fairness and justice. This would suggest not so much an interfunctional, but an intra-organizational level of concern for differences in top management versus lower management compensation, and that these should be controlled for. They conclude that the emphasis should be on developing a competitive total compensation package that is perceived to be fair by executives and lower levels.

There have been other international and cross-cultural studies of incentives and fairness. In China, Leung et al. (2001) investigated job attitudes and organizational justice in joint venture hotels in China with particular reference to the role of expatriate managers. They surveyed local employees in joint venture hotels in China. They found that perceived interactional justice was predictive of job attitudes, and perceived salary fairness in comparison with expatriate managers explained additional variance in job attitudes. Compared to previous results, local employees now perceived their pay as much more unfair when compared to that of expatriate managers. In addition to perceived justice, perceived managerial practices of expatriate managers and incentives received were also predictive of job attitudes of local employees.

In the United Kingdom, Morris & Fenton-O’Creevy (1996) conducted a case study of top managers’ attitudes to their performance related pay. Because little is known about the views of top managers on the effectiveness of such incentives, they polled the attitudes of the top managers within one large financial services organization toward fixed and variable components of their compensation package. The results suggest that the design of effective bonus systems is not just a technical issue: perceptions of market fairness with respect to the compensation package and the clear communication of goals are important in getting senior managers to focus on shareholder interests.

Minkler (2004) studied shirking and motivations in firms with regard to worker attitudes in the USA. A compelling result of this study was that 82.7% of the respondents report that they are very likely to keep an agreement to work hard, even if it was almost impossible for their employer to monitor them. The rank order of motivations found in the study was moral, intrinsic, peer pressure, and only then, positive incentives. However, respondents also reported that fairness considerations were important and that they would be especially likely to keep agreements with honest employers.

While the move towards researching incentives and fairness on an international and cross-cultural basis is encouraging, it is obvious that more work needs to be done in this area. The current work seeks to do this in a setting hitherto not researched extensively: South Africa. This nation is seen by many observers as representing a microcosm of major global trends: cultural, ethnic, economic and technological diversity and change, culminating in disparate and fast changing market needs and tastes (Adam, 1995; Gefen et al., 2005). Such an environment could pose a unique challenge to business, as it may yield non-linear rates of change of degree of technological, market and competitive turbulence.

The Research Setting and Project
The setting for the research was a small-to-medium size marketer of a range of financial services, which had over a two-year period designed and implemented a range of...
incentives for its sales force, and also for other members of the firm. As part of a larger study concerning various aspects of corporate life, all members of the organization were required to complete items gauging the perceived fairness of their work situation and especially the range of performance incentives that had been instituted. These 13 items were taken from the work of Beltramini & Evans (1988). They were scored on a 7-point Likert-type scale ranging from 1 = I strongly disagree through 7 = I strongly agree. The items are shown in Table 1. In a way, our method here follows that recommended by Churchill (1979), which would be recognized by researchers as a classic approach to the construction of an instrument and a survey research project.

The questionnaires were delivered through the internal mail system in hard copy to each individual, with a signed letter from the CEO explaining the purpose of the study, and requesting their cooperation. This letter particularly emphasized the employees’ anonymity, and that their participation was entirely voluntary. It stressed that if everyone’s views were heard in the survey, they could be taken note of, and hopefully responded to. While anonymity and the fact that the data gathered would be used for statistical and overall company evaluation employees only were assured, the questionnaires were numbered so that reminders could be sent (by the researchers only, and not identifiable by company officials) to those who were tardy in replying. Replies were required to be placed in sealed envelopes in a sealed box prepared especially for the purpose. By the cutoff date, 141 usable responses had been received from the firm’s 174 employees, representing an effective response rate of 81.03%. Of the non-respondents, 23 were either on

<table>
<thead>
<tr>
<th>Item</th>
<th>Factor 1: Fairness</th>
<th>Factor 2: Benefits</th>
<th>Factor 3: Procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I have sufficient opportunities for advancement within XXX CORPORATION</td>
<td>0.581426</td>
<td>-0.111638</td>
<td>0.327548</td>
</tr>
<tr>
<td>2. Compared to my colleagues I am rewarded fairly</td>
<td>0.626195</td>
<td>-0.367343</td>
<td>0.039666</td>
</tr>
<tr>
<td>3. In general the performance appraisal system works well</td>
<td>0.720915</td>
<td>-0.321306</td>
<td>0.176323</td>
</tr>
<tr>
<td>4. People who perform their jobs well get rewarded for it</td>
<td>0.581412</td>
<td>-0.517511</td>
<td>-0.076106</td>
</tr>
<tr>
<td>5. The salary structures across the XXX CORPORATION divisions/departments are fair</td>
<td>0.871774</td>
<td>-0.118445</td>
<td>0.109396</td>
</tr>
<tr>
<td>6. Promotion at XXX CORPORATION is based on ability/merit</td>
<td>0.769258</td>
<td>-0.293011</td>
<td>0.018939</td>
</tr>
<tr>
<td>7. XXX CORPORATION offers benefits that are motivational to employees (leave/medical/pension)</td>
<td>0.452499</td>
<td>-0.552484</td>
<td>0.059677</td>
</tr>
<tr>
<td>8. The way benefits are distributed among staff is fair</td>
<td>0.374556</td>
<td>-0.677571</td>
<td>-0.027115</td>
</tr>
<tr>
<td>9. People are more loyal to XXX CORPORATION because of the incentive system</td>
<td>0.154793</td>
<td>-0.813543</td>
<td>0.199263</td>
</tr>
<tr>
<td>10. The targets set for the incentives are achievable and motivate people to try harder</td>
<td>0.341066</td>
<td>-0.686387</td>
<td>0.382704</td>
</tr>
<tr>
<td>11. In my opinion the Annual National Sales Conference is core to the success of XXX CORPORATION</td>
<td>0.160811</td>
<td>-0.810762</td>
<td>0.107630</td>
</tr>
<tr>
<td>12. I have sufficient opportunities for advancement within XXX CORPORATION</td>
<td>0.001710</td>
<td>0.002094</td>
<td>0.863075</td>
</tr>
<tr>
<td>13. Compared to my colleagues I am rewarded fairly</td>
<td>0.209669</td>
<td>-0.283027</td>
<td>0.539354</td>
</tr>
</tbody>
</table>
vacation or ill at the time of the survey, and 10 were discarded either because they were incomplete or had been spoiled. As already stated, the firm is sales intensive, with a large sales force relative to its overall size. Sixty-three responses were received from members of the sales force (abbreviated as S in our subsequent analysis), and 78 from other members of the organization (referred to as A in our subsequent analysis). The latter represented a mix of operations, administrative and other functional areas of the firm.

The Results

The coefficient alpha (Cronbach, 1951) for the 13-item scale measuring perceptions of incentive fairness scale was 0.89, which exceeds the generally accepted commercial cutoff of 0.7 (Nunnally & Bernstein, 1994). It can thus be inferred that the scale is one that possesses internal consistency. The items, which are shown in Table 1, were then subjected to a principal components factor analysis, with varimax rotation, using the eigenvalues greater than one cut-off rule. The rotated factor pattern is also shown in Table 1. Three factors, explaining 62.6% of the variance were obtained. Factor 1 clearly has to do with the perceived fairness of the incentives in the organization, and this was labeled ‘Fairness’. Factor 2 clearly has to do with the benefits received by staff, and this was labeled, ‘Benefits’. Factor 3 seems to have to do with the way in which incentives are administered in the organization, and this was named ‘Procedures’.

In order to test whether there are differences in perceptions between the sales force (S) and the members of the other functional areas within the organization (grouped as ‘Division A’ variable in the analysis), we conducted a series of three ANOVA (analysis of variance) procedures, using the three factors, Fairness, Benefits and Procedures as criteria.

In Table 2, the results of the ANOVA for Fairness are presented. As can be seen in Table 2, the ANOVA results in a small but significant $R^2$ of 0.08 ($F = 12.85; p < 0.05$), which suggests that there are differences in the levels of perceptions of Fairness between the sales function and other employees in the firm. On average, members of the sales force rated the ‘fairness’ of incentives as 4.49 on a seven-point scale, while other members of the organization only rated this as 3.65. This can also be observed from the means diamonds plot in the table, which enables a visual comparison of the mean and standard error of the mean for each sample group. The line across each diamond represents the group mean. The height of each diamond represents the 95% confidence interval for each group, and the diamond width represents the group sample size.

The results of the ANOVA for Benefits are presented in Table 3. Here the ANOVA results in a small $R^2$ of 0.025 ($F = 3.67; p < 0.058$), which is not significant at $p < 0.05$, but is meaningful because if the significance level were adjusted to 0.1 this would then be important. On average, members of the sales force rated the ‘benefits’ as 4.93 on a seven-point scale, while other members of the organization only rated this as 4.51. Thus, while members of the sales force perceived the benefits offered to be slightly better than members of other functions, the difference is not significant.

Finally, the results of the ANOVA for Procedures are presented in Table 4. Here the ANOVA results in a small but significant $R^2$ of 0.044 ($F = 6.35; p < 0.05$). On average, members of the sales force rated the ‘procedures’ as 5.12 on a seven-point scale, while other members of the organization only rated this as 4.55. Members of the sales force perceived the procedures employed to be significantly better than members of other functions.
Discussion

From this small study in a single organization, it is evident that there are small but significant differences in the perceptions of the fairness of incentives provided by an organization between members of the sales force, and other functions within it. While there seem to be no differences between the two groups with regard to the benefits offered, there are differences between the perceived fairness of benefits and the procedures used to administer these. Quite simply, members of the sales force in the organization perceive the benefits offered to be fairer, and better administered than do other members of the organization. These findings add to the knowledge already gathered by researchers in other parts of the world, and discussed in our literature review. In particular, this research contributes to our understanding of these issues in a South African context.

Obviously a small study such as this has some significant and obvious limitations. Most obviously, it is risky to draw encompassing conclusions from results taken from one, relatively small, organization. The situation might be considerably different in other organizations, and a more conclusive study would have to incorporate a range of different organizations across a range of products and services, and of different structures and sizes. Secondly, there may be a number of other factors behind the use of incentives and benefits in organizations that have not been considered here. Thirdly, the use of a survey might...
give an overall picture, but we are unable to provide the richness and context ‘behind’ the perceptions without conducting in-depth interviews or focus groups with members of both functional groupings.

Managerial Implications and Avenues for Future Research

Nevertheless we believe that there are significant implications for managers to be drawn from these results, if not for managers in general, then at least for those in the organization studied. There is a danger that where other members of the organization perceived the sales force to be better and more fairly treated that a resentment might be built up against them. The relationship quality between sales force and other members of the organization might suffer. In simple terms this could result in degradation in the support from the rest of the organization on which any effective sales force relies. The overall performance of the firm will suffer as a result. Management might want to take steps to overcome this, either by making changes to the fairness and administration of the incentives system, or by communicating more effectively to members of the organization, both those in the sales force and those in other functions. Other functions should be informed not only of the need to incentivize a sales force if it is to perform effectively, but
also of how the incentives work. The sales force should be reminded that they rely on other members of the organization to perform their selling tasks effectively, and that it is incumbent upon them to work at building and maintaining high quality relationships not only with their external customers, but with others in the firm.

Some years ago, Heskett and his colleagues (Heskett et al., 1994) alerted us to the virtues and perils of the Service-Profit chain. According to service-profit chain logic, a firm’s performance begins with the workforce, and how satisfied employees are. Obviously in the context of relationship quality management, this depends to a large extent on the quality of the relationships between different functional areas within the firm – such as in this case, the quality of relationships between the salesforce and the rest of the organization. If employees are satisfied, the logic follows, this impacts on customer satisfaction (in our current terminology, on the quality of the relationship between the customer and the firm). Customer satisfaction is critical, because satisfied customers are more loyal, and loyal customers are more profitable, which affects the firm’s financial returns in a positive manner. Profitable firms are in turn able to invest further in the quality of relationships between themselves and their employees – and so the chain moves on. The findings in the current research alert us to the potential problems that can arise when there are differences in perceptions of fairness between one functional
area and others, in this case between the sales function and other functions in the firm. According to service-profit chain logic, there is a danger that this imbalance can in turn eventually affect the firm’s quality of relationships with its customers in a negative manner.

One potential solution to this problem would be for the firm to investigate the possibility of using internal marketing approaches to level the playing fields between the sales function and other functions. Internal marketing has received some attention in the literature in recent years. Pitt & Foreman (1999) argue that it is not a general panacea, but from a transaction cost perspective, is only really appropriate in organizations with high goal congruence under conditions of high performance ambiguity. Fortuitously in the firm in question, these conditions exist, and the firm is what Pitt and Foreman would describe as a ‘relational hierarchy’, so internal marketing approaches can be used to address the problems. First, there is high goal congruence, in that all the functions within the firm want it to succeed and generally want to pull in the same direction. However, there is also high performance ambiguity, which means that no one really knows whether other parties are performing at their maximum potential. For example, the sales force is uncertain about whether other functions are really doing their best to support it, and other functions are never certain whether salespeople are performing to their best ability or just coasting.

Internal marketing approaches could be used to better communicate the nature of one party’s roles and tasks to others. It could also be used to facilitate interactivity between the sales function and others, so that mutual problems and opportunities can be shared and understood. Other functions can be made to understand and appreciate better why salespeople might need different types of motivation and incentives, while at the same time, the salesforce can be made to recognize and value better the necessity of roles performed by other functions, and why they depend on these.

A number of opportunities exist for future research. First, it would be worthwhile to conduct similar studies across a wide range of organizations and situations. Second, it would be insightful to conduct causal studies, in which perceptions of incentive fairness were tied to other constructs of importance, such as perceptions of relationship quality, and the like. Third, at a more advanced level, it would be important to consider the impact of incentive fairness perceptions and interfunctional relationship quality on micro-level performance levels (i.e. functional performance) as well as on macro-level performance (organizational performance). Finally, while survey type research such as this does allow researchers to generalize to an extent, it does not provide the context and richness that qualitative studies can. There is probably much to be learned from focus group discussions and in-depth interviews with members of different functions in organizations with regard to their perceptions, not only of the fairness of incentives, but also of the factors that would influence the quality of the relationships that they have with other functions.

References

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The Impact of Incentives on Interfunctional Relationship Quality


3.2 Article Two: Trusting Relationships: How Salespeople View the Quality of Relationships with Friends and Customers

This section presents the second article as it was accepted for publication in the journal of Management Dynamics in August 2008.
TRUSTING RELATIONSHIPS: HOW SALESPEOPLE VIEW THE QUALITY OF RELATIONSHIPS WITH FRIENDS AND CUSTOMERS

ABSTRACT

Friendships between customers and salespeople are frequently unquestioned phenomena. Marketing and sales literature suggests that the relationships between salespeople and their customers develop into close friendships. Moreover, salespeople are often encouraged to treat customers like their best friends. What if this exhortation rests on a false premise and customers are not the same as friends? This paper sheds light on the nature of friendship between salespeople and their customers. A survey was undertaken of the sales force of a large Swedish financial services company. Contrary to the literature, salespeople do not perceive the relationship quality with customers in the same way as they view relationships with friends. Furthermore, there are significant differences between how salespeople view relationship quality between “good” and “bad” customers. These findings have important managerial and research implications.
INTRODUCTION

Relationship marketing rests on the premise that the interaction between organizations and their customers has more in common with other human relationships than mere exchanges or transactions. There is some emotional or other connection between the parties in a relationship marketing context, but very little of the nature of the simple commercial exchange that may take place when dealers trade stocks, currencies or commodities on a stock exchange, or when two parties negotiate the simple sale of a used automobile (and each hopes never to see the other again). From a personal selling perspective, it has been implied in the literature that good customer relationships, in which salespeople and their clients interact frequently over an extended period, and during which they exchange information about each other, develop into close friendships (e.g. Price and Arnould, 1999; Swan et al., 2001; Heide and Wathne, 2006; Grayson, 2007). Friendships between clients and salespeople are frequently unquestioned phenomena, following the thought that “[o]verall, sheer frequency of interaction and outcome dependency, whatever the setting, promotes friendship” (Price and Arnould, 1999:51).

The categorization of customers as friends gives insights into how to manage these relationships most effectively to the firm’s advantage (e.g. Swan et al., 2001). Salespeople and other employees are often encouraged to treat customers like their best friends (Geller, 2006), and to build friendships instead of transactions (Tan and Steinberg, 2007). The expectation arising from such behavior is increased reward for the firm (Swan et al., 1999) in terms of better relationships with customers, increased revenues and enhanced profits.

The objectives of this paper are to compare the perceptions of a sample of salespeople of the relationship quality between them and their friends, their “good” customers, and their "bad" customers. In doing this, the intention is to identify how salespeople's relationship quality differs between customers they enjoy selling to (their good customers), and customers they don't enjoy selling to (their bad customers). While one would expect relationship quality to differ between friends and bad customers, hopefully this study will make it possible to determine where similarities exist between relationship quality among friends and good customers, and where there are
differences. Where there are similarities, it follows that salespeople can treat good customers as if they are friends. Where differences exist, salespeople might want to beware of a simple application of the friendship metaphor in their selling strategies. Overall, this paper intends to shed light on the nature of friendship between salespeople and their customers, providing both insights for those who manage the salesforce, as well as academic researchers.

This paper is structured in the following way. First, the literature on salesperson-customer relationships is briefly reviewed with a specific focus on the construct of relationship quality; attention is also briefly directed to the notion of friendship in marketing. Second, the development of an instrument to measure relationship quality within the field of adult-child relationships is briefly described, and its applicability to this work considered. Third, hypotheses are formulated, and then a study to investigate the perceptions of a sample of salespeople with regard to relationship quality with their friends, their good customers, and their bad customers is outlined. Fourth, the results of the study are presented and discussed. The paper concludes with acknowledgement and identification of the study limitations, outlining of the implications for sales managers, suggestions of avenues for future research, and a discussion of the study conclusions.

RELATIONSHIPS AND RELATIONSHIP QUALITY IN MARKETING

Relationship quality can be seen as an overall assessment of the strength of a relationship (Garbarino and Johnson, 1999). Relationship quality can be measured through trust, commitment and customer satisfaction (Wang, Liang and Wu, 2006; Garbarino and Johnsson, 1999; Wulf, Odekerken-Schröder and Iacobucci, 2001), which in turn are believed to predict the future intentions of customers (Wang, Liang and Wu, 2006; Garbarino and Johnson, 1999). Trust concern one party's confidence in an exchange partner (Morgan and Hunt, 1994; Moorman, Deshpande and Zaltman, 1993). Some research has emphasized that trust is the confidence in the honesty and integrity of another party, such as a salesperson (Garbarino and Johnsson, 1999). When it comes to commitment, the concept can be defined as an enduring desire to maintain a valued relationship (Moorman, Zaltman and Deshpande, 1992). Finally
there is *customer satisfaction*, a concept that needs to be differentiated between overall satisfaction and more transaction specific customer satisfaction (Garbarino and Johnson, 1999). Overall satisfaction can be defined as an overall evaluation based on the total purchase and consumption experience, seen as a fundamental indicator of a firm’s past, current and future performance. Transaction specific customer satisfaction is about a particular product or service encounter (Anderson, Fornell and Lehmann, 1994).

Palmatier et al (2007) argue that relationship quality is built through relationship marketing programs and proffer that previous typologies of relationship marketing have included *social*, *structural* and *financial* efforts by the selling firm. *Social relationship marketing* entails social engagements such as meals and sporting events. *Structural relationship marketing* concerns value added benefits such as electronic order processing interfaces and customized packaging. *Financial relationship marketing* includes, for example, special discounts and free products.

Recent empirical studies that have examined person-to-firm and interpersonal cross-firm relationships revealed that individual buyers may be affected more by interpersonal relationships than by their relationships with a firm (Palmatier et al., 2007). Although interpersonal relationships have been found important, an extensive scale for measuring relationship quality at a detailed interpersonal level has not been found in the marketing literature. Drawing on previous research, Grayson (2007) measures friendship in four dimensions: *intimacy*, *voluntary social interaction*, *communal orientation* (the obligation the respondent feels to the other party to enjoy successful business) and *intrinsic orientation* (how much the other party cares about the respondent as an individual). In another study, Swan et al (2001) found that salespersons’ perspectives on customers as commercial friends can be described by the dimensions of *intimacy*, *sharing casual conversation*, *sharing leisure activities* and *mutual self disclosure*. However, this study’s conclusion is that while each of these prior studies focuses on business relationships and business-friendship relationships, they do not sufficiently capture the essence of the characteristics of a more intimate and natural everyday interpersonal relationship, such as those that might exist between salespeople and their friends, or salespeople and their customers.
Such a scale has been developed in the field of social work in a study of relationship quality between youth and community service providers. Mustillo, Dorsey and Farmer (2005), examined the factor structure and psychometric properties of the so-called Trusting Relationship Questionnaire (TRQ). As referred to by Mustillo, Dorsey and Farmer (2005), Vance and Sanchez (1997) argue that the TRQ was developed by clinicians in North Carolina. This was an attempt to evaluate the relationships between professionals and paraprofessionals and youth with psychiatric diagnoses and extreme externalizing behavioral problems in community-based treatment programs. The resulting questionnaire was designed to assess the quality of the adult-child relationship from both the child’s and the adult’s perspective (Mustillo, Dorsey and Farmer, 2005). Those authors examined the TRQ with a sample of youth diagnosed with emotional and behavioral disorders that resided in Therapeutic Foster Care (TFC) in North Carolina from June 1999 through May 2001, or in Group Homes (GH) in North Carolina from February 2001 through July 2001. In-person interviews were completed both with youth and with TFC parent or GH staff. Children were not interviewed under the age of 10, or if they had developmental or other problems preventing them from completing the interview.

The TRQ questionnaire consists of 18 items on the adult version and 16 items on the child version. Two of the items were deleted from the child version, as they were inappropriate for the child to answer. The items assess the quality of the relationship between the youth and the adult and are measured on a 5-point Likert-type scale, indicating how much each item characterizes the relationship. In the original study, both the adult and child version of the questionnaire were found to be both reliable and valid. In this study, the adult version of the questionnaire was used with salespeople as respondents. As a measure, the TRQ appears to correctly capture relationship quality (Mustillo, Dorsey and Farmer, 2005). Somewhat surprisingly, the original authors do not directly describe how relationship quality is operationalized. However, in view of their construction of the scale, relationship quality in this specific instance can be defined (and therefore operationalized) as follows: “Relationship quality has to do with the perceptions of the two parties to a relationship regarding the value of the information they share, the time they spend, the perspectives they share, and their mutual considerations.”
HYPOTHESES

As stated in the introduction, salespeople and other employees are often encouraged to treat customers like their best friends (Geller, 2006) and to build friendships instead of transactions (Tan and Steinberg, 2007). According to Wang, Liang and Wu (2006), research on the effectiveness of the way relationship bonding tactics works is scarce. Wulf, Odekerken-Schroder and Iacobucci (2001) argue that relationship bonding tactics would affect relationship quality positively. Thus, a thorough understanding of the characteristics of an interpersonal relationship is essential for the successful implementation of relationship marketing programs in a salesperson-customer setting. In this study of relationships between salespersons and customers, the TRQ scale has been used to better understand the characteristics of such an interpersonal relationship. The intention is to test whether salespeople view their relationships with customers as comparable to the relationships with their friends, as suggested in theory.

Morgan and Hunt (1994) argue that customers with whom a firm has strong relationships have a higher level of both trust and commitment, which affect relationship quality (Wang, Liang and Wu, 2006; Garbarino and Johansson, 1999; Wulf, Odekerken-Schroder and Iacobucci, 2001). Considering that different types of relationships might affect the relationship quality, the decision was made not to describe the salespersons relationships to customers generally. Instead, customers were classified and compared in two groups, namely “Good” and “Bad” customers. In simple terms, a salesperson's “good” customers will be those s/he enjoys dealing with and serving, and their “bad” customers will be those they do not enjoy dealing with or serving, or may even dislike.

In simple terms, much of the literature review on marketing friendships and customer relationship quality implies that if salespeople view their customers as friends, there should be no significant differences between the relationships salespeople enjoy with friends and those they enjoy, at least, with good customers. Similarly, if salespeople view customers as equal, at least in terms of general importance (and not just in terms of annual revenues, order size and so forth), then there might be little difference in the relationship quality between good and bad customers. However, common sense and a
general understanding of human relationships also suggest that most sales people will not only prefer to deal with good customers rather than bad, but that the relationship quality between these two groups might indeed be different. As ordinary human beings, salespeople will have better relationships with their friends than they will with bad customers, and therefore the relationship quality will differ.

Two hypotheses for this study are therefore formulated as follows.

H1: There is no significant difference between salespersons’ perceptions of the relationship quality with friends compared to good customers.
H2: There is a significant difference between salespersons’ perceptions of the relationship quality with good customers compared to bad customers.

METHODOLOGY

The items in the Trusting Relationship Questionnaire (TRQ) were amended so that they would more accurately reflected the nature of the relationship that a salesperson might have with a good friend (Friend), a “good” customer (Good Customer), and a “bad” customer (Bad Customer). As recommended by Mustillo, Dorsey and Farmer (2005), their items 5, 10, 11, 12, 13, and 16 were not used in this study, so that the final scale employed was a 12-item measure, scored on a 5-point Likert-type scale anchored on 1 = Never, through 5 = Always.

The main concepts in the questionnaire were structured in the following way. Friend was conceptualized by asking the respondent to “think of a person with whom you have a close and positive personal friendship. This could be a spouse or partner, a close family member, or a good friend”. Good customer was conceptualized by asking the respondent to “think of a good customer with whom you have a close and positive personal relationship. This will be a good customer that you really enjoy, or have really enjoyed serving”. Finally with regard to bad customer the respondent was asked to “think of a customer with whom you have a close personal relationship, even though you might really dislike this customer for one reason or another and the
relationship might not be positive. This will be a customer that you really don’t enjoy, or have really not enjoyed serving”.

In order to test the two hypotheses; a survey was undertaken of the salesforce of a large Swedish company in the financial services industry. The firm employs 198 salespeople. The questionnaires were distributed to all the salespeople in the company in the internal mail, accompanied by a letter from management explaining the purpose of the study, that participation would be anonymous, and that it was important to answer all the items in the questionaire. All of the respondents received the items that asked them to consider the quality of the relationship they enjoyed with someone they would describe as a “good friend”. One half of the respondents then completed the same items for someone they would describe as a good customer (someone they really enjoyed dealing with and serving). The other half then completed the questionnaire for a customer they would describe as a bad customer (someone they really disliked dealing with or serving). Respondents were requested to submit all responses directly to the researcher, so that management would not be able to see any individual responses, even though these were anonymous. One reminder message from management was sent to all respondents.

The number of usable responses received was 119 salespeople, for an effective overall response rate of 60.1%. Of these, 60 salespeople had completed the questionnaire for “good” customers, and 59 had completed the questionnaire for “bad” customers.

RESULTS

The mean responses to the items for the salespersons’ perceptions of their relationship quality with “friends” (completed by all respondents), with good customers (completed by approximately one half of the respondents), and bad customers (completed by approximately the other half of the respondents) are shown in Table 1. The Cronbach alphas for the friends, good customers, and bad customers responses to the scale were 0.83, 0.81, and 0.85 respectively, all above the generally accepted adequacy cutoff point of .7, which is evidence of the scale’s internal consistency in
this research situation. For the sake of simplicity, the various actors regarding whom the items were completed are referred to as “other party” in the table below.

[INSERT TABLE 1 HERE]

In order to investigate the dimensionality of the scale, the data for the “Friends” responses were subjected to a principal components factor analysis using varimax rotation. Using the eigenvalues > 1 as cutoff criterion, four factors emerged. The results of this analysis are shown in Table 2. As can be seen in the table, four factors emerged, accounting for 70.1% of the total variance.

[INSERT TABLE 2 HERE]

Four clear factors emerged from the factor analysis. In the original TRQ work, only two clear factors emerged, which the researchers described as either being about the adult’s perceptions of the child’s feelings about the relationship (similar to Factor 1 in this study), or about the adult’s perceptions of their own feelings about the relationship (similar to Factor 2 in this study). Therefore, Factor 1 in this research has been labeled “Other’s Contribution” since the items concerns a salesperson’s perception of their friend’s contribution to the relationship. Factor 2 has been labeled “Own Contribution” since the items concerns a salesperson’s perception of their own contribution to the relationship. Factor 3 (with two items, 8 and 18) concerns whether the parties to the relationship considered each other’s point of view, and it was therefore labeled “Point of View”. However in the factor analysis in the current research, only one item loaded on to the fourth factor (item 17, “Do you enjoy spending time with Other Party?”), and this item was therefore excluded from further analysis.

The items making up each of these three dimensions were then summed, and a mean calculated for each dimension for each of the three groups of responses. These were for friends, for good customers, and for bad customers. Then, t-tests were conducted across the three groups on each of the dimensions, in order to determine whether significant differences existed between salespersons’ perceptions of relationship quality, depending on whether the object of the relationship was a friend, or a good-, or a bad customer. All of these results are reported in table 3 below.

[INSERT TABLE 3 HERE]

The observations to be made from table 3 can be summarized as follows: The salespersons in the study perceived their relationships with good customers to be
significantly better than with bad customers on all three dimensions of relationship quality. The contribution of bad customers to the relationship was lower; the salesperson’s own contribution to the relationship was lower; and consideration of points of view by both parties was lower with bad customers than it was with good customers. When it came to a comparison between friends and good customers on these same three dimensions, not all differences were significant. Friends contributed significantly more to relationships than did good customers. However, there was no significant difference between the salesperson’s own contribution to the relationship in the case of friends and the case of good customers. Likewise, there was no significant difference between how salespeople perceived the consideration of points of view between friends and good customers.

DISCUSSION

H1: There is no significant difference between salespersons’ perceptions of the relationship quality with friends compared to good customers.

In two of the three dimensions (table 3) there were no significant differences between a salesperson's perceptions of the relationship quality with a friend and a good customer. This is in line with the literature on friendships in marketing and selling. However, there is an exception in one of the three dimensions, in that friends contribute significantly more to relationships than do good customers. When one considers the six items that explain how parties contribute to a relationship, it is evident that friends are not the same as good customers from the perspective of salespeople. Salespeople perceive that good customers are not as willing as friends to contribute to the relationship. For example, they are less likely to talk about their problems, less willing to spend time with the salesperson, less willing to share personal information, less likely to initiate contact in times of need, and they do not say they are sorry when things go wrong. These are all important things to consider for a salesperson, who must be aware of what to expect from a customer and what the customer expects from the salesperson. Therefore in overall terms, the hypothesis cannot be accepted.
H2: There is a significant difference between salespersons’ perceptions of the relationship quality with good customers compared to bad customers.

The second hypothesis was supported in all three dimensions. The salespeople considered the quality of their relationships with good customers to be significantly higher than their relationship with bad customers. For example, the dimension labeled “points of view” contains two items; whether the customer considers the salesperson’s point of view, and whether the salesperson considers the customer’s point of view. In the field of personal selling, salespeople are encouraged to treat customers like their best friends (Geller, 2006), and trust is one important construct to explain relationship quality (Wang, Liang and Wu, 2006; Garbarino and Johnsson, 1999; Wulf, Odekerken-Schröder and Iacobucci, 2001). But it appears somewhat problematic when salespeople claim that they consider the point of views of good customers, but not of bad customers. Is it because the salesperson does not consider the bad customer’s point of view that the bad customer does not consider the salesperson’s point of view? Similar observations can be made on the other dimensions. Likewise, and perhaps unsurprisingly, while bad customers do not contribute much to the relationship, salespeople also don't put in nearly as much themselves as they do to relationships with friends or good customers.

LIMITATIONS

Like all research, the study described here is subject to a number of limitations. One obvious restriction is that the TRQ questionnaire was designed for use in a completely different context to the one in which it was applied in this study. While it seemed to retain good psychometric properties, and while it may be a useful tool for assessing the quality of commercial relationships, it may require further revision and refinement if its continued usage is recommended. Some of the questions might seem a little strange in a salesperson-customer setting and may also need revision and reformulation.

The original TRQ questionnaire was developed with the intention of interviewing both parties to a relationship concerning their perceptions of its quality, but this was
not done in this study. Future research would do well to examine salesperson -
customer relationship quality from both sides of the dyad.

Finally, the empirical data were collected from a Swedish company in the financial
service industry, which sets some limits on how the results can be generalized to other
areas. It is not possible to generalize to other cultures and other sales settings,
although the application of the TRQ in these environments would obviously present
opportunities for future research.

MANAGERIAL IMPLICATIONS

The findings of this study have implications for the practice of personal selling, and
also for those who manage the activity. In order for a salesperson to be successful in
developing and maintaining relationship quality with customers, it is important for
them to be aware of what to expect from customers in their interactions with them.
This study indicates that when it comes to the other party's contribution to the
relationship, customers may differ fundamentally from friends. In this relationship
domain at least, attempts by a salesperson to treat the customer as a friend, and indeed
to rely on this, will probably be less successful. It might even make the customer
suspicious about the salesperson's behavior, which could have a negative effect on the
trust between the two parties and be a reason for miscommunication. No matter how
good the relationship with the customer is, the salesperson should rely on his/her
professionalism as a seller. He/she needs to be aware that the relationship with the
customer is still more of a business relationship than a true friendship, and that the
customer expects the salesperson to be the seller's representative even more than a
friend.

Another issue raised by the study is that salespeople may not always consider the
customer's point of view and vice versa. It seems to be especially important to
develop a thorough understanding of bad customers and why the salesperson
considers them to be bad. Does this have to do with personal attributes in the
salesperson or the customer, or is it an outcome of a poorly managed relationship?
Why are salespeople less likely to consider the bad customers' point of view, and why
do they contribute less to the relationship themselves? The study provides evidence that there are major differences when it comes to the relationships between good and bad customers. This suggests that selling organizations may require a systematic approach to pinpoint exactly what a “bad” customer means in the eyes of the salesperson, and then develop strategies for dealing with them, both at an organizational and salesperson level.

FUTURE RESEARCH

The results of this study obviously need to be tested in other cultures, industries and selling contexts if the findings are to be generalized at all. It is possible that various aspects of friendship and relationship quality might be very different in other cultures, that the kind of industry will have a significant impact, and that the nature of the selling context (such as its intensity, duration, and the length of a sales call) will affect friendship and relationship quality.

It would also be worthwhile to apply and study the TRQ scale on the other side of the sales dyad by using customers as respondents. This would examine the degree of overlap between the quality of relationships they enjoy with friends and those of “good” salespeople, as well as comparing their perceptions of relationship quality between “good” and “bad” salespeople.

In this study, how salespersons view relationship quality with friends, good customers and bad customers were contrasted. There are other ways to categorize customers in similar studies. These classifications could range from simple studies that compare customer demographics, such as gender and age, to more complex investigations of customers according to variables like profitability, customer lifetime value, and role within the organization.

Finally, the TRQ can also be linked in causal studies to a wide range of other constructs, either as antecedents to, or consequences of, relationship quality. For example, research might investigate the relationship between other salesperson characteristics (such as their extent of sales orientation versus customer orientation)
on Saxe and Weitz's (1982) SOCO scale, and a salesperson’s perceptions of their relationship quality with customers. Similarly, the research could be focused on some perceptions that the salesperson holds of a customer, again based on a recognized measure, and the salesperson’s perceptions of the relationship quality they have with that customer.

CONCLUSIONS

The results of this study reveal that salespeople in the financial services industry do not perceive relationship quality with customers in the same way as they view relationships with friends, contrary to what has been suggested in much of the literature on the nature of friendships in marketing and relationship selling. When it comes to the other party’s contribution to the relationship, there is a significant difference between a friend’s and a customer’s contributions to the relationship, both good and bad. Furthermore, there are significant differences between how salespeople view relationship quality between good and bad customers on all the dimensions of relationship quality. These findings are important for three reasons. First, they should alert management to the dangers of instructing salespeople to treat customers as friends in an overly simplistic or naive way. Doing so might cause customers to detect an insincerity and over-familiarity in the sales transaction that will be unwelcome. At worst, it may cause customers to shy away from a commercial interaction in which the relationship is inappropriately framed. When this occurs, and the two parties to the relationship see it as operating at completely different levels and with themselves in very different roles, there is a danger that it will not be a successful relationship.

Second, it may be helpful when guiding salespeople in their interaction with customers to alert them that, while they should treat all customers in a caring and friendly manner, they should be prepared for and expect that they will probably have to work harder at the relationship than the customer will. Unlike a relationship that they enjoy with a friend, the salesperson will have to contribute more to it, and be prepared for the other party to contribute less, and this will happen even in the case of good customers.
Finally, management should alert salespeople to the differences they can expect across all the dimensions of relationship quality when comparing their dealings with good and bad customers. It would be well to point out specifically where differences exist and why. In the case of bad customers, a salesperson can usually expect to have to work harder at the relationship, and while the customer brings less to it, to have their point of view considered less. The danger is that salespeople may seek to avoid interaction with bad customers as a result. They need to be made aware of this, for in many cases “bad” customers may still be profitable ones, and the firm might want to serve them well in order to reach its objectives. In addition, once salespeople are aware of the dimensions of relationship quality, and how bad customers tend to underperform on them, they can be encouraged to find ways of working on these dimensions, and in doing so help to improve these relationships.
REFERENCES


TABLE 1
MEAN RESPONSES TO THE TRQ SCALE FOR FRIENDS, GOOD CUSTOMERS
AND BAD CUSTOMERS

<table>
<thead>
<tr>
<th>Items</th>
<th>Friend</th>
<th>Good Customer</th>
<th>Bad Customer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Does Other Party identify things he/she likes about you?</td>
<td>3.98</td>
<td>3.88</td>
<td>2.37</td>
</tr>
<tr>
<td>2. Does Other Party talk to you about his/her problems?</td>
<td>4.11</td>
<td>3.70</td>
<td>2.71</td>
</tr>
<tr>
<td>3. Does Other Party want to spend time with you?</td>
<td>4.44</td>
<td>3.17</td>
<td>2.54</td>
</tr>
<tr>
<td>4. Does Other Party share information of a personal nature?</td>
<td>4.34</td>
<td>3.58</td>
<td>2.58</td>
</tr>
<tr>
<td>6. Does Other Party seek out counseling or advice from you?</td>
<td>4.19</td>
<td>4.57</td>
<td>3.24</td>
</tr>
<tr>
<td>7. Does Other Party initiate contact with you in times of need?</td>
<td>4.52</td>
<td>3.52</td>
<td>2.69</td>
</tr>
<tr>
<td>8. Does Other Party consider your point of view?</td>
<td>4.15</td>
<td>4.13</td>
<td>3.00</td>
</tr>
<tr>
<td>9. Does Other Party tell you they are sorry when things go wrong?</td>
<td>4.01</td>
<td>3.80</td>
<td>2.17</td>
</tr>
<tr>
<td>14. Do you apologize to Other Party when things go wrong?</td>
<td>4.61</td>
<td>3.55</td>
<td>2.29</td>
</tr>
<tr>
<td>15. Do you talk to others in a positive way about Other Party?</td>
<td>4.66</td>
<td>3.65</td>
<td>2.17</td>
</tr>
<tr>
<td>17. Do you enjoy spending time with Other Party?</td>
<td>4.17</td>
<td>4.42</td>
<td>3.53</td>
</tr>
<tr>
<td>18. Do you consider Other Party’s point of view?</td>
<td>3.98</td>
<td>3.88</td>
<td>2.37</td>
</tr>
</tbody>
</table>

Cronbach’s Alphas for scale: Friends = .83; Good Customers = .81; Bad Customers = .85
TABLE 2
FACTOR ANALYSIS OF THE 12 ITEM TRQ SCALE FOR “FRIENDS”

<table>
<thead>
<tr>
<th>Items</th>
<th>Factor 1: Other’s Contribution</th>
<th>Factor 2: Own Contribution</th>
<th>Factor 3: Points of View</th>
<th>Factor 4: Time Enjoyment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Does Other Party identify things he/she likes about you?</td>
<td>0.653392</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Does Other Party talk to you about his/her problems?</td>
<td>0.643205</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Does Other Party want to spend time with you?</td>
<td>0.768487</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Does Other Party share information of a personal nature?</td>
<td>0.783128</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Does Other Party seek out counseling or advice from you?</td>
<td>0.610152</td>
<td>0.610152</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Does Other Party initiate contact with you in times of need?</td>
<td>0.625087</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Does Other Party consider your point of view?</td>
<td>0.796950</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Does Other Party tell you they are sorry when things go wrong?</td>
<td>0.610620</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Do you apologize to Other Party when things go wrong?</td>
<td>0.851303</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Do you talk to others in a positive way about Other Party?</td>
<td>0.774260</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17. Do you enjoy spending time with Other Party? (subsequently excluded from further analysis)</td>
<td></td>
<td></td>
<td>0.853004</td>
<td></td>
</tr>
<tr>
<td>18. Do you consider Other Party’s point of view?</td>
<td></td>
<td></td>
<td>0.782149</td>
<td></td>
</tr>
</tbody>
</table>
TABLE 3
MEANS OF SALESPERSONS PERCEPTIONS OF DIMENSIONS OF TRUSTING
RELATIONSHIP QUALITY BY RELATIONSHIP PARTY

<table>
<thead>
<tr>
<th>Dimension of Relationship Quality</th>
<th>Friend</th>
<th>Good Customer</th>
<th>Bad Customer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other’s Contribution</td>
<td>4.23**</td>
<td>3.61*</td>
<td>2.51</td>
</tr>
<tr>
<td>Own Contribution</td>
<td>4.38</td>
<td>4.27*</td>
<td>3.03</td>
</tr>
<tr>
<td>Point of View</td>
<td>4.16</td>
<td>4.28*</td>
<td>3.26</td>
</tr>
</tbody>
</table>

**Friend > Good Customer, significant at p<0.05
*Good Customer > Bad Customer, significant at p<0.05
3.3 Article Three: Personal Acquaintances and Salespeople in Financial Services: Differences Between Customers and Friends

This section presents the third article as it was submitted in 2008 to the *Journal of Financial Services Marketing*. 
PERSONAL ACQUAINTANCES AND SALESPEOPLE IN FINANCIAL SERVICES:
DIFFERENCES BETWEEN CUSTOMERS AND FRIENDS

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DIFFERENCES BETWEEN CUSTOMERS AND FRIENDS

Abstract

The existence, benefit, and management of customer-salesperson relationships in the marketing of financial services are topics of increasing interest. Much of the sales and marketing literature implies that, due to time spent together, salespeople and some of their customers develop close relationships that are akin to friendships. Evidence from social psychology confirms that strong relationships are founded in the deep knowledge of others gained over long periods after sharing personal information. This paper reports on the results of a study of salespeople’s assessments of their personal acquaintance with customers and friends in a financial services setting. The results indicate that salespeople do not classify customers as friends in all the dimensions of personal acquaintance. Furthermore, the nature of personal acquaintance differs between “good” customers (those whom salespeople enjoy serving) and “bad” (those whom they don’t), with the exception of the personal acquaintance dimensions of interaction frequency and personal disclosure. We discuss the implications for practice and make recommendations for future research.
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PERSONAL ACQUAINTANCES AND SALESPEOPLE IN FINANCIAL SERVICES:
DIFFERENCES BETWEEN CUSTOMERS AND FRIENDS

Friends, Customers, and Marketing Relationships

Good customer relationships, in which salespeople and their clients interact frequently and personally, develop into close friendships according to the marketing literature (e.g., Price and Arnould, 1999; Swan et al., 2001; Heide and Wathne, 2006; Grayson, 2007). This is especially true when these relationships run over extended periods—as they might in the marketing of financial services—during which the parties exchange information about each other. The fact that friendships exist between clients and salespeople is generally unquestioned, following the thought that “[o]verall, sheer frequency of interaction and outcome dependency, whatever the setting, promote friendship” (Price and Arnould, 1999, p. 51). Viewing customers as friends arguably provides insights into how these relationships can be managed most effectively to the firm’s advantage (e.g., Swan et al., 2001). Employees—and salespeople in particular—are encouraged to treat customers like their best friends in the practitioner marketing literature (Geller, 2006) and build relationships upon friendship instead of transactions (Tan and Steinberg, 2007). This behavior, it is contended, impacts positively on firm performance (Swan et al., 1999).

Marketing scholars such as Heide and Wathne (2006) and Grayson (2007) argue that intrinsic and instrumental orientations are not mutually exclusive in the case of business friendships. For example, a person can enjoy hosting friends at a book club meeting while simultaneously expecting such hospitality to be reciprocated in the future. Overall, it is understood that close business friendships can and do exist (Swan et al., 1999); indeed, the
relationship marketing literature appears to consider salesperson-customer friendships as given (Price and Arnould, 1999).

However, scant attention has been paid to assessing whether salespeople perceive there to be differences between the relationships they hold with friends and those they hold with customers. Such investigation could indeed be done across a range of relationship quality measures. This paper focuses on the use of Starzyk and colleagues’ (2006) concept of “personal acquaintance”—that is, the degree to which one is familiar with or has knowledge about another person.

This paper is structured as follows. First, it explores the dimensions of business friendships and the relationship between acquaintance and friendship. It then outlines and presents the results of a study, comparing sales relationships between good and bad customers and a salesperson’s friend using the Personal Acquaintance Measure (PAM) of Starzyk and her colleagues (Starzyk et al., 2006) as a means of contrast. Our focus is on the selling of financial services. We conclude by discussing the implications of the study and its limitations as well as identifying directions for future research.

**Business Relationships: A Function of Time Spent Together**

The existence, benefit, and management of customer-marketer relationships have been given increasing academic attention over the last decade (Price and Arnould, 1999; Swan et al., 2001; Heide and Wathne, 2006; Grayson, 2007). Many authors indicate that customer relationships are more than just commercial transactions—that they are similar to the relationships that exist between friends. Therefore, marketers should understand the nature of these relationships (Butcher, Sparks and O’Callaghan, 2002).
In previous studies, researchers have found evidence of customer intimacy (Fournier, Dobscha and Mick, 1998) and feelings of friendship (Goodwin and Gremler, 1996; Gwinner, Gremler and Bitner, 1998; Reynolds and Beatty, 1998). Descriptions of friendships like “We got along quite well, had a lot in common, [were] fairly close in age, [and] had gone to a couple of football games together” (Swan et al., 2001, p. 31) seem to mirror many researchers’ findings of how salespeople view their relationships with their customers.

Different types of friendships between customers and service providers/marketers have been described. Price and Arnould (1999) categorized the relationships that developed between customers and service providers as “commercial friendships [which], similar to other friendships, involve affection, intimacy, social support, loyalty and reciprocal gift giving” (p. 50). Swan and colleagues (2001) indicated that many salespeople and their customers developed relationships that incorporated “intimacy, sharing casual conversation and joint leisure” (p. 32) usually associated with personal friendships. Butcher et al. (2002) conducted interviews with customers, asking them how they would describe their relationship with the service provider, what social activities occur between them, and what they think of the employee when they are being served. They found that the relationships appear to be a social relationship that can be distinguished by the same characteristics that describe friendship, thereby supporting the notion that the encounter between the customer and employee is primarily a social exchange.

Research by Swan and colleagues (2001) and Price and Arnould (1999) has revealed that only a minority of salespeople considered it inappropriate to form friendships with their customers (Grayson, 2007). Grayson (2007) suggested that because of “intimate self-disclosure” (p. 134) between many salespeople and their customers, friendships were bound to occur.

Heide and Wathne (2006) proposed that, although research suggests that the role “archetypes” of friend and businessperson are separate, these roles not only coexist, but that
“switching among them is both possible and likely” (p. 90). Grayson (2007) states that “several studies have specifically examined the causes and effects of combining friendships with business relationships, and many suggest that the effects are generally positive” (p. 121), citing evidence that friends make more loyal business partners (Price and Arnould, 1999; Beatty et al., 1996) and have a desire to be useful to each other (Reohr, 1991). He adds that “friendships and business relationships frequently co-occur” simply due to the time salespeople spend with customers they like. This research into the relationships formed by network marketing agents revealed that many salespeople naturally built friendships with customers after paying them intense personal attention.

Evidence of the business friendships between salespeople and customers has led to the development of several recommendations as to how relationships should be managed. Price and Arnould (1999) argue that since there is a strong correlation between friendship and loyalty the formation of commercial friendships should be encouraged. Swan and colleagues (2001) stress the need to develop training for salespeople that focuses on relationship management rather than on closing deals. Grayson (2007) defends the “capitalization on social relationships in order to achieve commercial aims…as evidence supports that [business friendships] can enhance sales and profitability” (p. 134).

The Personal Acquaintance Measure (PAM)

Starzyk and colleagues (2006) developed a metric called the Personal Acquaintance Measure (PAM) to enable researchers to distinguish between types of relationships based on “degree of familiarity.” PAM assesses levels of relationships and the degree to which individuals
like one another, since “acquaintance is positively related to relationship satisfaction” (Starzyk et al., 2006, p. 833).

Acquaintance and—more specifically—closeness have been hypothesized to be a function of the quantity and quality of time that two individuals spend together. Starzyk and colleagues (2006) posit that acquaintance depends on more than just the length of time that two individuals have known one another; the quality of this time is also important. Their work expands on Paunonen’s (1989) research on acquaintance as a function of “closeness,” which indicates the degree of “familiarity, intimacy and extent of contact” between two people.

Starzyk and colleagues’ (2006) findings are supported by Hays (1985) and Hornstein and Tuesdall (1988), who proposed that the quality and quantity of self-disclosure are what separate friends from acquaintances. Over time, individuals acquire more information about each other. Self-disclosure involves revealing information about oneself in “verbal, nonverbal, and environmental ways” (p. 835). How close individuals become is influenced by how long they have known each other and how often they interact. How well they come to know each other is a function of self-disclosure. Starzyk and colleagues (2006) emphasize the importance of self-disclosure in relationship development, stating that the development of closeness is largely dependent on the amount of self-disclosure that takes place between individuals. Rubin and Shenker (1978) propose that self-disclosure and closeness are causally linked.

PAM looks beyond motivations for relationships forming and instead examines how well people know each other. The instrument focuses on what it means to know a person, construing acquaintance as consisting of six dimensions—namely, duration, frequency of interaction, knowledge of goals, physical intimacy, self-disclosure, and social network familiarity (Starzyk et al., 2006). PAM has a high correlation with other similar scales, implying that individuals who score high on PAM (thereby revealing that they have known a target for a long period of time
and thus have disclosed more about themselves) feel a closeness and strong liking toward the target individual (Starzyk et al., 2006).

A number of these dimensions (i.e., intimacy, social support, and self-disclosure) correspond with those identified by marketing scholars. Price and Arnould (1999) found evidence of intimate self-disclosure between service providers and their customers as well as voluntary social interaction. Swan and colleagues (2001) reported the existence of intimacy and self-disclosure between their participants. Crosby and colleagues (1990) describe reciprocal self-disclosure within a service environment. Similar conditions mentioned by Starzyk and colleagues (2006)—namely, frequent opportunities for sociability and outcome dependency—were identified in marketing contexts as prerequisites for relationship development (Fehr, 1996; Price and Arnould, 1999).

The Argument against Mixing Business with Pleasure

As mentioned, much literature confirms the existence of business friendships (e.g., Grayson, 2007; Heide and Wathne, 2006). The work reveals that friendships do originate and evolve in settings that promote self-serving ends (Fine, 1986; Gouldner and Strong, 1987; Allan, 1989). Grayson (2007) proposes that, despite the fact that individuals engaged in business friendships experience a certain degree of conflict, business friendships indeed develop. However this conflict—usually arising from salespeople expecting friends to help them achieve commercial ends—has led some scholars to question whether friendships and business can truly co-exist (Grayson, 2007; Desiraju and Moorthy, 1997).

Arguments against the formation of business friendships are grounded in the notion that friends and customers want contradictory outcomes; therefore, it is unlikely that these same expectations would be able to co-exist in a friendship. Friends want the best for each other, for
no other reason than because they are friends (Grayson, 2007)—where “partners love each other for themselves, cherishing each other for their characters” (Pangle, 2003, p. 43), out of “concern for the good of the friend for his own sake” (Blum, 1980, p. 43). This is known as an intrinsic orientation. An instrumental orientation, on the other hand, is the expectation that a relationship will provide value outside friendship in which participants would share an implicit understanding that they were contributing to the relationship in order to get something in return—often referred to as “quid pro quo” or “tit for tat” (Grayson, 2007). In other words, friendships would tolerate a “minimum or non-existent instrumental orientation” (Grayson, 2007, p. 9).

These views suggest that salespeople who felt positively toward clients were most resistant to forming friendships with them so as to avoid feeling as if they were abusing the friendship by bringing instrumental motives to the relationship (Grayson, 2007). Heide and Wathne (2006) suggest that “establishing friendship requires such effort and time that it is difficult to turn a [customer] into a friend” (pp. 97-98). Moreover, Desriaju and Moorthy (1997) add that “friendships are expected to nurture mutual self-disclosure, while exchange partners in business often gain important advantages by maintaining information asymmetries” (in Grayson, 2007, p. 36). Grayson (2007) further acknowledges that good business relationships should exhibit trust and mutual respect; however, this does not mean salespeople and clients need always be friends.

Salespeople, Friends and Customers: A PAM Study in a Financial Services Setting

Swan and colleagues (2001) called for a quantitative measure of salesperson-customer relationships. Their work and similar marketing literature refer to the business friendships previously identified herein as including similar characteristics to those gauged by PAM. The
study described in the current paper uses PAM to test whether personal friendships and customer relationships are similar by surveying 119 salespeople in a financial services setting about their relationships with personal friends, good customers, and bad customers.

According to the work of Price and Arnould (1999) and Swan and colleagues (2001), customers regarded as business friends are those with whom salespeople spent significant amounts of time—both during work hours and socially—and as people from whom the business received much business. In simple terms, work friends and good customers appear to be similar. Therefore, we hypothesize that good customers should be scored similarly to friends on the PAM scale by salespeople as follows:

\[ H_1: \text{Salespeople's assessments of friends, measured using the Personal Acquaintance Measure (PAM), will not be different from those of good customers.} \]

Very little research exists on “bad” customer relationships; however, much has been said about the differences between voluntary self-disclosure, voluntarily spending time together, and mutual gift-giving with regard to salespeople and the customers they like and dislike. Therefore, it is likely that salespeople would score good and bad customers differently when it comes to measures of personal acquaintance:

\[ H_2: \text{Salespeople's assessments of good customers, measured using PAM, will be different from those of bad customers.} \]

Clearly, we also expected personal acquaintance measures between friends and bad customers to be very different:

\[ H_3: \text{Salespeople's assessments of friends, measured using PAM, will be different from those of bad customers.} \]
Instrument, Sample, and Methodology

The primary measure used in this study was PAM (Starzyk et al., 2006), which is designed to measure the construct of acquaintance, defined as “the degree to which one is familiar with or has knowledge about another person” (p. 833). The scale was constructed to simultaneously gauge both the quantity (observed through duration of acquaintance) and quality (revealed through knowledge of goals, frequency of interaction, social network familiarity, level of self-disclosure, and degree of physical intimacy) of a relationship with another person. Specifically, these dimensions can be defined as follows. Duration relates to the amount of time that the relationship has endured. Frequency of interaction concerns how regularly and often the relationship partners interact. Knowledge of goals gauges how well the respondent understands the goals and interests of the target person. Physical intimacy concerns the extent to which the parties make physical contact, such as shaking hands, hugging, and touching. Self-disclosure has to do with the extent to which the target party is perceived to make his/her true feelings known to the respondent. Finally, social network familiarity has to do with the extent to which the respondent interacts with and is familiar with the target party’s friends. In Starzyk and colleagues’ (2006) scale development work, the PAM instrument was found to be both a reliable (Cronbach’s alpha = .90) and valid tool for measuring acquaintance. PAM consists of 18 items (3 for each dimension), scored on a 5-point Likert-type scale, anchored on 1 = strongly disagree through 5 = strongly agree.

The instrument used in the present study was structured as follows. Two versions were created, each with a common first section that gauged the respondent’s acquaintance with a good personal friend, but differing in the second section in that one anchored the respondent on a “good” customer and the other on a “bad” customer. The “friend” was conceptualized by asking
the respondent to “think of a person with whom you have a close and positive personal friendship. This could be a spouse or partner, a close family member, or a good friend.” A “good customer” was conceptualized by asking the respondent to “think of a good customer with whom you have a close and positive personal relationship. This will be a good customer that you really enjoy, or have really enjoyed serving.” Finally, with regard to a “bad customer,” the respondent was asked to “think of a customer with whom you have a close personal relationship, even though you might really dislike this customer for one reason or another and the relationship might not be positive. This will be a customer that you really don’t enjoy, or have really not enjoyed, serving.” The PAM instrument was also modified slightly to reflect more closely the kind of personal acquaintance relationships salespeople would have with customers. Specifically, the items that measure the physical intimacy dimension were reworded somewhat (the original items read as follows: 2 = Other party and I are physically affectionate; other party and I have been physically intimate; 16 = Other party and I often hold hands when we walk together).

In order to test the three hypotheses; a survey was undertaken of the sales force of a large Swedish company in the financial services industry. The firm employs 198 salespeople. The questionnaires were distributed to all salespeople in the company via internal mail, accompanied by a letter from management explaining the purpose of the study, that participation would be anonymous, and that it was important to answer all the items in the questionnaire. All of the respondents received the items that asked them to consider PAM for someone they would describe as a “good friend” (as previously defined). One half of the respondents then completed the same items for someone they would describe as a “good customer” (as previously defined), and the other half then completed the questionnaire by being anchored on a customer they would describe as a “bad customer” (as previously defined). Respondents were asked to submit all responses directly to the researcher so that management would not be able to see any individual
responses, even though responses were anonymous. One reminder message from management was sent to all respondents.

The number of usable responses received was 119 salespeople, for an effective overall response rate of 60.1 percent. Of these 119 responses, 60 salespeople completed the questionnaire for “good” customers, and 59 completed the questionnaire for “bad” customers.

Results

Table 1 summarizes the mean responses to the items for the salespersons’ perceptions of the PAM items with “friends” (completed by all respondents), with good customers (completed by approximately one half of the respondents), and bad customers (completed by approximately the other half of the respondents). The Cronbach’s alphas for the entire scale for the friends and bad and good customers responses were .88, .92, and .91, respectively, which are in line with the alpha (.91) achieved in the scale’s original development process.

In order to investigate the dimensionality of the scale, the data for the “friends” responses were subjected to a principal components factor analysis using varimax rotation. Using the eigenvalues > 1 as the cutoff criterion, five clear factors emerged, with all the items loading appropriately onto the 6 dimensions proposed by Starzyk and colleagues (2006) with the exception of items 4, 10, and 14 (the social network familiarity dimension), which—while loading onto the same factor—did not load strongly. We therefore proceeded to sum the three items that comprise each dimension of PAM to obtain an overall score for each of the six
dimensions for use in further analysis. Table 2 summarizes the results of this procedure. The maximum that a respondent could score on any one of the dimensions would be 15, as the 3 individual items scores making up the dimension were summed. Table 2 further indicates that the Cronbach’s alphas all exceed the customary 0.7 acceptance level for all the dimensions in all relationship categories, with the exception of the social network familiarity dimension in the case of friends, which was only .53. Thus, the dimensions that form the PAM scales also possessed good internal consistency in this research setting.

The differences between the three relationship categories (friends and good and bad customers) in terms of the PAM dimensions were explored using a simple series of ANOVA procedures (see Table 3). In order to further test the significance of these, the Tukey-Kramer HSD (honestly significant difference) test was conducted. This test is an exact alpha-level test if the sample sizes are the same and conservative if the sample sizes are different. The ANOVAs are also illustrated graphically in Table 3, using confidence interval means diamond plots of the relationship categories for each PAM dimension. The line across each diamond represents the group mean. The vertical span of each diamond represents the 95-percent confidence interval for each group. Each pair of group means can be compared visually by examining how the comparison circles intersect. Circles for means that are significantly different either do not intersect or intersect slightly so that the outside angle of the intersection is less than 90 degrees. If the circles intersect by an angle of more than 90 degrees or if they are nested, the means are not significantly different. Finally, letter-coded reports are provided in the table for each PAM dimension; where means not sharing a letter are significantly different.
As Table 3 demonstrates, friends are perceived by salespeople as being significantly different from both good and bad customers on all PAM dimensions. This leads to the rejection of H₁ (that friends are viewed as no different than good customers on all PAM dimensions) and the acceptance of H₃ (friends are viewed as different than bad customers on all PAM dimensions). Salespeople perceive themselves to have more knowledge of friends’ goals, to interact with friends more frequently, to have a greater familiarity with social networks of friends, to engage in more self-disclosure with them, to be more physically intimate with them, and to have relationships with them that are of a longer duration than with either good or bad customers.

When comparing salespeople’s perceptions of the PAM dimensions in the case of good and bad customers, some significant differences emerge; however, in this case, some perceived similarities also exist. Although good customers score higher than bad on all PAM dimensions, these differences are only significant in the case of knowledge of goals, social network familiarity, physical intimacy, and duration. Salespeople do not perceive their frequency of interaction with good and bad customers or their level of self-disclosure to differ significantly, resulting in the partial acceptance of H₂.

PLACE TABLE 3 HERE APPROXIMATELY

Managerial Implications, Limitations, and Directions for Future Research

The results of this study indicate that salespeople in the financial services industry do not perceive their relationships with friends to be similar to their relationships with customers in terms of the six dimensions of personal acquaintance. In the case of each of the PAM
dimensions, friends score significantly higher than both good and bad customers; in simple terms, not even good—let alone bad—customers are perceived in the way friends are by salespeople. Although the marketing and sales literature might argue for managing relationships with customers as if they were friends, the salespeople in this study do not appear to have accepted such counsel. When it comes to the dimensions of personal acquaintance, friends and customers are significantly different.

Salespeople in financial services have a significantly higher knowledge of the goals of their good customers than bad ones. They are also more informed as to the social networks of good customers than bad and will be more physically intimate with good customers than bad. The duration of the relationship with good customers is significantly longer than that with bad—in plain terms salespeople have known their good customers longer than they have known their bad. However, no significant difference exists with regard to the frequency of interaction between salespeople and good versus bad customers (salespeople relate with bad customers as frequently as they do with the good). This is probably to be expected; in financial services selling, salespeople would be expected to call on customers according to some predetermined frequency, which should ideally not be determined by whether the customer was regarded as good or bad. Finally, salespeople perceive that their bad customers disclose their goals as much as the good ones do (but of course both groups of customers are perceived to disclose far less than friends do).

The findings of this study have implications for the practice of personal selling as well as for those who manage the activity, particularly in the financial services industry. Sales managers will first want to determine how to strengthen some aspects of personal acquaintance in their sales force—at least if they want salespeople to develop stronger, more friendship-like relationships with customers. More specifically, they will want to assist their salespeople in
developing better levels of personal acquaintance with bad customers, getting them to disclose their goals more clearly. At the same time they might want to consider the fact that salespeople cannot always make friends with their customers—and might not want to. There may indeed be times when business and pleasure do not mix.

In order for a salesperson to be successful in developing and maintaining a relationship with customers, it is important for them to be aware of what to expect from customers in their interactions with them. This study indicates that, when it comes to all aspects of personal acquaintance in a financial services sales relationship, customers may differ fundamentally from friends. It may be that attempts by a salesperson to treat the customer as a friend—and indeed to rely on this—will be less successful. It might even make the customer suspicious about the salesperson’s behavior, which could have a negative effect on the trust between the two parties and be a source for miscommunication. No matter how good the relationship with the customer is, salespeople should rely on their professionalism as sellers. They need to be aware that the relationship with the customer is still more of a business relationship than a true friendship and that the customer will expect the salesperson to be the seller’s representative even more than a friend.

Although the differences between good and bad customers are not significant in this study, the possibility exists that salespeople will not interact as frequently with bad customers as with friends or good customers. Thus, salespeople should use the time available with customers wisely and frugally if the relationship is to be maintained and indeed attempt to increase interaction frequency. Any sales contact should therefore have a clear purpose and be well prepared in order to use the customer’s time effectively. Salespeople need to balance their time, as spending less time with the customer will also give the salesperson less time to discover
customer goals—which is a problem since the relationship with the bad customer might need more time to be developed in the right direction.

As this study provides evidence that some major differences exist when it comes to personal acquaintances between good and bad customers, selling organizations may require a systematic approach to pinpoint exactly what a “bad” customer means in the eyes of the salesperson. They will then need to develop strategies for dealing with them at both the organizational and salesperson levels. The issue of defining what a bad customer is and how to deal with such customers provides a challenge not only for practitioners, but also for academics seeking to contribute to the theoretical development in this area by researching more thoroughly what is meant by a bad versus good customer.

The study described here is obviously subject to a number of limitations. A clear constraint is that the PAM scale was not specifically designed for use in a commercial context, such as the one in which it was applied here. Although it seemed to retain the good psychometric properties reported in its original development and it appears to be a useful tool for gaining insight into personal acquaintance in financial services relationships, it may require further revision and refinement if its continued usage is to be recommended. Some of the questions might seem a little strange in a salesperson-customer setting and may also need revision and reformulation. The physical intimacy items are a case in point, but other changes might also be required.

The original PAM scale was developed to enhance understanding of the construct of acquaintance in order to explore the association between acquaintance and accurate personality judgment, which is of interest in the area of person perception. Although person perception is of obvious concern in the sales field, PAM was developed by anchoring the respondent to a target person much more specifically than in the current study. For example, they were asked to note
the person’s age, how long they had known the person, and so forth. In the current study, respondents were anchored simply to a “friend” and to a “good” or “bad” customer, as defined in the instructions on the questionnaire.

The sample, although adequate for such analysis as was conducted in the current study, is still rather small. The empirical data were collected from a Swedish company in the financial service industry, which of course sets limits as to how the results can be generalized to other situations. We are not able to generalize to other cultures or other sales settings, although the application of PAM in these environments would obviously present opportunities for future research. The results of the current study clearly need to be tested in other cultures and selling contexts if the findings are to be generalized at all. It is possible that various aspects of friendship and personal acquaintance might differ significantly in other cultures and that the nature of the selling context (such as its intensity, duration, and the length of a sales call) will affect friendship and the relationship. For example, Moon and Armstrong (1994) argue that a sales situation can differ in terms of novelty in the same way as a buying situation can differ. Sales situations can be classified according to type of product (ranging from standardized to complex products) and type of customer (ranging from temporary small customers to key customers of strategic importance) (Donaldsson, 1998). In addition, this study did not consider gender (for either respondent or target person) in any way. Starzyk and colleagues (2006) found that gender was a significant determinant of PAM, with females generally scoring higher. Future studies might therefore wish to determine gender effects in sales situations and attempt to identify the possible consequences of other demographics, such as age.

It would also be worth applying and studying the PAM scale on the other side of the sales dyad—namely, by using the customers of financial services as respondents in order to examine the degree of overlap between the nature of the personal acquaintance they enjoy with friends and those of “good” salespeople as well as compare their perceptions of personal acquaintance
between “good” and “bad” salespeople. The current study examined how salespersons view personal acquaintance with friends, good customers, and bad customers. Additional categorizations of customers are possible in similar studies, ranging from simple studies that compare customer demographics (e.g., gender and age) to more complex investigations of customers according to such variables as profitability and customer lifetime value as well as the role within the organization.

Finally, PAM can also be linked in causal studies to a wide range of other constructs, either as antecedents to or consequences of personal acquaintance. For example, research might investigate the relationship between other salesperson characteristics (such as their extent of sales orientation versus customer orientation on Saxe and Weitz’s (1982) SOCO scale and a salesperson’s perceptions of their personal acquaintance with customers. Similarly, the research could be focused on some perceptions that the salesperson holds of a customer—again based on a recognized measure and the salesperson’s perceptions of the personal acquaintance they have with that customer.
References


Geller, L. K. (2006), Lose the attitude, Target Marketing, 29(December), 21-23.


Tan, C. L. and Steinberg, B. (2007), Penney’s updated image, the sequel, *Wall Street Journal* (February 13), B6.


<table>
<thead>
<tr>
<th>ITEM</th>
<th>FRIEND</th>
<th>BAD CUSTOMER</th>
<th>GOOD CUSTOMER</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I have known Other Party for many years.</td>
<td>4.82</td>
<td>3.22</td>
<td>4.17</td>
</tr>
<tr>
<td>2. Other Party and I are physically affectionate (i.e., we might hug, shake hands, pat each other on the back).</td>
<td>4.54</td>
<td>1.47</td>
<td>2.60</td>
</tr>
<tr>
<td>3. I have known Other Party for a long time.</td>
<td>4.81</td>
<td>3.12</td>
<td>4.18</td>
</tr>
<tr>
<td>4. I have gone to parties with Other Party.</td>
<td>4.78</td>
<td>1.56</td>
<td>2.13</td>
</tr>
<tr>
<td>5. Other Party seldom hides his/her true feelings from me.</td>
<td>4.36</td>
<td>3.39</td>
<td>3.25</td>
</tr>
<tr>
<td>6. Seeing Other Party is part of my weekly routine.</td>
<td>4.45</td>
<td>1.51</td>
<td>1.95</td>
</tr>
<tr>
<td>7. I know what Other Party’s goals are.</td>
<td>4.29</td>
<td>2.90</td>
<td>3.97</td>
</tr>
<tr>
<td>8. Other Party never hides his/her true feelings from me.</td>
<td>4.18</td>
<td>3.17</td>
<td>3.15</td>
</tr>
<tr>
<td>9. Other Party has told me about his/her interests.</td>
<td>4.82</td>
<td>2.97</td>
<td>4.17</td>
</tr>
<tr>
<td>10. I have spent time with Other Party and his/her friends.</td>
<td>4.79</td>
<td>1.63</td>
<td>2.50</td>
</tr>
<tr>
<td>11. Other Party and I have hugged each other, or patted each other on the back, before.</td>
<td>4.71</td>
<td>1.69</td>
<td>2.15</td>
</tr>
<tr>
<td>12. Other Party never avoids showing his/her true feelings around me.</td>
<td>4.38</td>
<td>2.73</td>
<td>3.00</td>
</tr>
<tr>
<td>13. Other Party and I go way back.</td>
<td>4.59</td>
<td>2.58</td>
<td>3.52</td>
</tr>
<tr>
<td>14. I am familiar with Other Party’s friends.</td>
<td>4.57</td>
<td>2.24</td>
<td>2.68</td>
</tr>
<tr>
<td>15. I see Other Party a lot.</td>
<td>4.55</td>
<td>2.12</td>
<td>2.87</td>
</tr>
<tr>
<td>16. Other Party and I will often touch each other when we talk.</td>
<td>3.78</td>
<td>1.44</td>
<td>1.87</td>
</tr>
<tr>
<td>17. Seeing Other Party is part of my daily routine.</td>
<td>4.07</td>
<td>1.41</td>
<td>1.35</td>
</tr>
<tr>
<td>18. Other Party has told me what his/her goals are.</td>
<td>4.33</td>
<td>2.49</td>
<td>3.77</td>
</tr>
</tbody>
</table>

Cronbach’s Alpha for entire scale: .88 | .92 | .91
TABLE 2

Summary Statistics by PAM Dimension for Friends and Good and Bad Customers

<table>
<thead>
<tr>
<th>PAM DIMENSION</th>
<th>Friends</th>
<th>Good Customers</th>
<th>Bad Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Knowledge of Goals&quot; (Items 7, 9, 18)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>13.44</td>
<td>11.9</td>
<td>8.36</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>2.02</td>
<td>2.78</td>
<td>3.29</td>
</tr>
<tr>
<td>Cronbach’s Alpha</td>
<td>.81</td>
<td>.83</td>
<td>.73</td>
</tr>
<tr>
<td>&quot;Frequency of Interaction&quot; (Items 6, 15, 17)</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>13.06</td>
<td>6.17</td>
<td>5.03</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>3.45</td>
<td>2.92</td>
<td>2.61</td>
</tr>
<tr>
<td>Cronbach’s Alpha</td>
<td>.89</td>
<td>.75</td>
<td>.85</td>
</tr>
<tr>
<td>&quot;Social Network Familiarity&quot; (Items 4, 10, 14)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>14.14</td>
<td>7.32</td>
<td>5.42</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>1.33</td>
<td>3.96</td>
<td>3.15</td>
</tr>
<tr>
<td>Cronbach’s Alpha</td>
<td>.53</td>
<td>.87</td>
<td>.87</td>
</tr>
<tr>
<td>&quot;Self Disclosure&quot; (Items 5, 8, 12)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>12.91</td>
<td>9.4</td>
<td>9.29</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>3.24</td>
<td>2.92</td>
<td>3.32</td>
</tr>
<tr>
<td>Cronbach’s Alpha</td>
<td>.89</td>
<td>.75</td>
<td>.86</td>
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<tr>
<td>&quot;Physical Intimacy&quot; (Items 2, 11, 16)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>13.03</td>
<td>6.62</td>
<td>4.61</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>2.88</td>
<td>3.54</td>
<td>2.79</td>
</tr>
<tr>
<td>Cronbach’s Alpha</td>
<td>.85</td>
<td>.88</td>
<td>.90</td>
</tr>
<tr>
<td>&quot;Duration&quot; (Items 1, 3, 13)</td>
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<td></td>
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<tr>
<td>Mean</td>
<td>14.21</td>
<td>11.87</td>
<td>8.91</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>1.78</td>
<td>3.37</td>
<td>4.34</td>
</tr>
<tr>
<td>Cronbach’s Alpha</td>
<td>.83</td>
<td>.91</td>
<td>.75</td>
</tr>
<tr>
<td>PAM Dimension</td>
<td>R²</td>
<td>F-Ratio</td>
<td>Level</td>
</tr>
<tr>
<td>-------------------------</td>
<td>-----</td>
<td>---------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Knowledge of Goals</td>
<td>0.39</td>
<td>76.47</td>
<td>Friend=A, Good Customer=B, Bad Customer=C</td>
</tr>
<tr>
<td>Frequency of Interaction</td>
<td>0.59</td>
<td>170.77</td>
<td>Friend=A, Good Customer=B, Bad Customer=C</td>
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<tr>
<td>Social Network Familiarity</td>
<td>0.68</td>
<td>254.12</td>
<td>Friend=A, Good Customer=B, Bad Customer=C</td>
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<tr>
<td>Self-Disclosure</td>
<td>0.29</td>
<td>47.31</td>
<td>Friend=A, Good Customer=B, Bad Customer=C</td>
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<tr>
<td>Physical Intimacy</td>
<td>0.61</td>
<td>183.14</td>
<td>Friend=A, Good Customer=B, Bad Customer=C</td>
</tr>
<tr>
<td>Duration</td>
<td>0.35</td>
<td>62.06</td>
<td>Friend=A, Good Customer=B, Bad Customer=C</td>
</tr>
</tbody>
</table>

Comparisons for all pairs using Tukey-Kramer HSD $q = 2.36$; alpha 0.05 *Where letters are the same, no significant difference exists between relationship categories
4 CONCLUSIONS: DISCUSSION, LIMITATIONS, MANAGERIAL IMPLICATIONS AND AVENUES FOR FUTURE RESEARCH

4.1 Conclusions

In the first chapter, two problem areas were developed for this thesis: Study A focused on “Industrial selling in Swedish manufacturing small and medium-sized enterprises” while study B focused on “Relationships in selling in the financial services industry.” Chapter four will present the conclusions from study A and study B (in 4.1.1 and 4.1.2), respectively. Finally, 4.1.3 will present the overall conclusions for the entire thesis.

4.1.1 Conclusions from Study A

According to the literature, selling is assumed to be situation specific, which resulted in three selling tasks—namely, new selling task, modified selling task, and routine selling task—being included in the conceptual framework. Study A verifies this assumption. However, the study further reveals that selling also differs within the new selling task and modified selling task, perhaps indicating that the selling tasks are too broad to capture the specificity of selling.

When it comes to selling activities, the SMEs in study A perform activities in most of the groups of activities discussed by Moncrief (1986). Furthermore, their selling activities are complex and involve a variety of different activities—contrary to what theory suggests. In addition, study A revealed a new class of selling activities in two of the cases, referred to herein as developing the account—which, for example, in one of the cases meant that the studied company was engaged in activities such as helping customers outsource part of their production to eastern countries. Instead of identifying a lack of competence among SMEs, as suggested in previous research, study A points toward a high level of skills in the companies investigated when it comes to listening to the customer and understanding and utilizing knowledge about the customer and the customer’s environment. However, in line with previous research, study A also determined that some of the selling activities were fairly limited. For example, when finding new customers, the activities performed were limited; even the respondents themselves claimed that they performed poorly in this area. The companies in study A indicated that they conduct many of the traditional selling activities, such as sales presentations, customer visits, trade fairs, and customer entertainment, yet the purpose for such activities seems to be to have a reason to contact the customer and develop the relationship. Indeed, the activity itself seems less important. In addition, the actual sales transaction might also be aimed at developing the customer relationship.

“As we move from a transaction-based model of the exchange process, not only the selling task change but also who performs the task changes. The salesperson disappears and is replaced by a production-planning person or a relationship-management person” (Wilson, 2000, p. 53). According to the results of study A, the salespeople have not disappeared, but they do seem to have a rather obscured role in certain contexts. In some selling situations, individuals other than the salespeople seem to play a dominant role. Several individuals across several functions performed selling activities in the studied companies. The important role managers and/or owners seem to play in selling activities is worth noting as this
conclusion concurs with existing literature on SMEs. Moreover, in all four cases studied, the companies also involved external individuals in their selling activities.

The results from study A further indicate that selling to new customers in small companies is mainly transaction-driven, in which the relationship is simultaneously developed by the transaction itself. Meanwhile, when it comes to selling to existing customers in small companies, it is the relationship that drives the transactions. However, when the two medium-sized companies are selling to both new and existing customers, they do not engage with a customer if the cooperation does not have the potential to become long term, with several potential transactions as a possible outcome. In summary, when the two small companies are selling to new customers, the particular transaction drives the relationship, while it is the relationship that drives the transactions when selling to existing customers. In the two medium-sized companies, it is the relationship that drives the transaction regardless of whether they are selling to new or existing customers.

Finally, study A discussed two theoretical concepts: personal selling and salesmanship. Personal selling is usually defined as the seller’s face-to-face oral communication with one or more potential customers, with the intention of closing a deal (Persson, 1995). Salesmanship can be defined as the art of successfully persuading customers or prospects to buy products from which they can derive suitable benefits (Persson, 1999). In literature, salesmanship was found to be one aspect of and one of the skills used in personal selling (Still et al., 1988), limiting salesmanship to a skill used only in face-to-face oral communication. Taking into account the definition of selling developed in chapter one of this thesis and the selling activities identified in the four companies studied, the definition of salesmanship seems inadequate. It seems obvious that several of the selling activities found in study A are ultimately aimed at persuading a customer to buy, although the activities go beyond face-to-face oral communication. Therefore, it is reasonable to suggest that the findings from study A indicate that salesmanship should be a concept that expands beyond personal selling. In addition to face-to-face oral communication, salesmanship should involve non-oral and non-face-to-face activities, such as the activities included in this study. Thus, salesmanship should be one aspect of and one of the skills used in selling, instead of just personal selling.

4.1.2 Conclusions from Study B

The findings from the first article, “The Impact of Incentives on Interfunctional Relationship Quality: Views from a South African Firm,” provide evidence that small but significant differences exist in the perceptions of the fairness of incentives provided between members of the sales force and within other functions of the firm. Members of the sales force perceive the benefits offered to be fairer and better administered than members of other functional groups. However, the empirical data in this first article were collected from only one relatively small organization, which has some significant limitations with regards to the generalizability of the study.

The second article, “Trusting Relationships: How Salespeople View the Quality of Relationships with Friends and Customers,” and the third article, “Personal Acquaintances and Salespeople in Financial Services: Differences Between Customers and Friends,” both deal with relationships between salespeople and friends, salespeople and good customers, and salespeople and bad customers. The difference between the two articles is the scale used to measure the relationships. The second article is based on the Trusting Relationship
questionnaire developed by Mustillo et al. (2005) while the third article utilizes the Personal Acquaintance measure developed by Starzyk et al. (2006).

The second article demonstrated that salespeople do not perceive friends in the same way as they perceive customers. When it comes to contributing to the relationship, salespeople perceive that good customers are not all as willing to contribute to the relationship as a friend, which contradicts the literature, which recommends that customers be treated as friends. This is important for salespeople to consider as they certainly must be aware of what to expect from customers and what the customer is expecting from them. Similar conclusions can be drawn from the third article, which demonstrated that friends and customers are perceived significantly differently on all dimensions of personal acquaintance by salespeople.

In discussion good versus bad customers, the second article indicates that the quality of relationships with good customers is perceived to be significantly higher than that with bad customers. An important note here is that salespeople claim to consider the points of view of good customers, but not those of bad customers. Similarly, salespeople claim not to contribute nearly as much in relationships with bad customers as they do in relationships with good customers; likewise, bad customers do not contribute much to the relationships either. This leads to the following question: What effect does salespeople’s lack of effort have on their relationships with bad customers? The third article concurs with the second article in concluding that relationships with good customers differ from those with bad customers in certain dimensions based on the Personal Acquaintance Measure (PAM). However, in two of the PAM dimensions, significant differences could not be established. No significant difference is evident when it comes to the frequency of interaction between salespeople and good versus bad customers and salespeople’s claims that bad customers disclose their goals as much as good customers do. An interesting reflection can be made by comparing the findings from the second and third articles. Although respondents claim to contribute significantly less to the relationship with bad customers than with good customers, they still claim to interact as frequently with bad customers as they do with good customers. Salespeople would probably be expected to call on customers according to some predetermined frequency, which should ideally not be determined by whether it is a good or a bad customer. However, these findings lead to questions regarding what the interactions with bad customers involve as salespeople obviously claim to contribute less to such relationships than those with good customers.

4.1.3 Overall Conclusions

The overall scope of this thesis is selling, which in turn has been developed according to the two problem areas previously mentioned in this chapter. When analyzing the findings from the thesis, it seems clear that selling is a broad and boundary-spanning activity that cuts across both job and functional descriptions in organizations. Study A found selling to be cross-disciplinary, involving several different individuals in the sales process, which in turn meant that a sales effort should be organized and managed in a “non-functional” manner in many situations to be successful. This issue was also addressed from another perspective in the first article from study B, in which the perceptions of the fairness of incentives among the sales force and within other functions of the firm were studied; the study’s results revealed significant differences between these groups, indicating important implications to organizations for how to manage and motivate sales efforts. According to the findings, the traditional role of the salesperson is gradually changing, as confirmed by other scholars.
According to Sheth and Sharma (2008), the sales organization will be the “owner” of the customer relationships, thereby becoming a profit center instead of a cost center. In managing this situation, the salesperson will become more than a general manager, managing internal and external resources to satisfy customer needs and wants (ibid.). Sheth and Sharma (2008) further claim that the role of the salesperson will change from being a persuasion agent to becoming an education agent, which will certainly force salespeople to maintain and develop customer relationships in a different way. The second and third articles address the issue of customer relationships by attempting to characterize the relationships between salespeople and customers, comparing them to relationships to friends. The results from both articles indicate that salespeople perceive relationships with friends to be significantly different from those they have with customers.

4.2 Managerial Implications

This section presents the managerial implications for study A and study B.

4.2.1 Managerial Implications for Study A

Study A revealed that, in certain situations, the single sales transaction serves as a way to get in contact with and get to know a new customer. The true selling effort is performed “outside” the actual transaction, when the selling company has to develop the customer relationship through offers and added value. Consequently, this requires that the selling company have a clear picture of who the individuals involved in the selling process are, what their roles are, and what the objectives for each selling activity are. Each individual involved in the selling process needs to be aware of what is happening in the relationship and how to achieve the objectives of the selling activities, which will have consequences for companies similar to those in study A.

Based on the discussion and results of study A, it seems that several of the individuals performing selling activities are only implicitly aware of the fact that they are involved in selling. It might seem obvious that the selling company has to be fully aware of how selling is performed and by whom, yet the companies studied failed to indicate such awareness. It is important for the selling company to map the selling process in order to understand and design the process more effectively. It is reasonable to suggest that the individuals performing the selling activities determines the efficiency of the activities; thus, the individuals involved in selling are extremely important for the selling process. Therefore, the companies and individuals both have to know which individuals are involved in selling and what their roles are. The companies also have to recognize that several of the individuals involved often have dual roles, in which selling is considered secondary for many of them.

In light of this understanding, several recommendations can be made to help companies deal with the issues arising from study A.

- Redefine selling

  Considering the many selling activities performed by several individuals who are unaware that they are involved in selling, it is essential for the selling organization to clearly define selling. The definition of selling has clear implications for how selling should be performed and where the responsibility for selling should be located.
• **Systematize the selling efforts**
In order to deal with a number of different sales activities performed by several individuals, it is important to systematically work toward sales objectives to create a more conscious and efficient sales organization.

• **Develop individuals to become conscious and motivated actors in the selling process**
As evident in study A, industrial selling seems to involve many individuals from different functions in a company who are not necessarily aware of that they are a part of the selling process. Successful implementation, therefore, requires that an organization have knowledge of how selling is performed and the importance of facilitative behavior from everyone in the organization.

• **Create reward systems that support the selling process**
Study A reveals that an efficient selling process requires successful cooperation among various individuals in the selling organization. In order to facilitate such favorable behavior, it is important to reward behavior that will improve the selling process.

• **Develop selling objectives**
Selling objectives should be developed at both the organizational level and customer level. It is important for selling efficiency that individuals involved can clearly see and understand these objectives.

• **Provide the organization with feedback from the selling process**
The selling process clearly contains focal activities within SMEs. One way to pinpoint the importance of these activities might be to inform and provide feedback concerning the outcomes of the selling process on a continuous basis.

Despite some lack of understanding regarding how the selling process is performed, study A highlighted the impressive interface between SMEs and some of their customers. All studied companies engaged many individuals in selling activities, which makes their businesses less dependent on single individuals while creating commitment to customers among many employees. Ultimately, such interface also provides the selling companies with additional opportunities to interact (spend more time) with several individuals at different levels within the customer’s organization.

### 4.2.2 Managerial Implications for Study B

The first article in study B made it evident that the sales force perceives the benefits offered by the selling company to be fairer and better administered than members of other functional groups do. One problem with this might be that the relationship quality between the sales force and other functional members might suffer if resentment toward the sales force is built up. If this happens, the performance of the firm might be negatively affected as a result of the lack of support for the sales force from the rest of the organization. It is crucial that management take steps to overcome this situation, maybe through changes in the incentives system, but also through a more effective communication to members of the organization (i.e., internal marketing). In addition, the sales force should be reminded that they rely on
other members of the organization and that it is part of their responsibility to build and maintain relationships with others in the firm.

The findings from the second and third articles also have implications for the practice of those involved in selling. The two studies reveal that, in some dimensions, customers and friends differ fundamentally. In order for salespeople to manage and develop their customer relationships successfully, it is important to know what to expect from the customer and what the customer might expect from salespeople. For example, if salespeople attempt to treat customers like friends, they will probably be less successful—to the point that the customer might even be suspicious about such behavior. This could of course lead to negative effects on the trust between the two parties and be a source of miscommunication. Therefore, salespeople should rely on their professionalism as a seller and be aware that the relationship with the customer is more of a business relationship than true friendship. When it comes to relationships with bad versus good customers, the findings from both articles demonstrate that significant differences exist between bad and good customers. Salespeople interact just as frequently with bad customers as with good customers, yet they claim to contribute less to the relationships with bad customers. Thus, salespeople should consider how they use their time with bad customers to ensure that they are using their time as well as the customers’ time as effectively as possible. Any sales contact should have a clear purpose and be well prepared. In addition, it is important for the selling organization to define what exactly “bad” customers are and develop effective strategies for dealing with them.

4.3 Avenues for Future Research

“The change in the traditional sales process is, and will continue to be, dramatic” (Sheth & Sharma, 2008, p. 263). According to Sheth and Sharma (2008), little attention is given to the impact of changes in environment and sales organizations on the theory and practice on sales management. These authors also predict an increase in sales automation in the future. Study A explored activities and roles in selling. Given recent technological advances and the predicted increase in sales automation, a future study focusing on how selling activities are affected by sales automation would be worthwhile. In addition, researchers should examine how sales automation affects the different roles involved in selling as well as how new technology might affect salespeople’s requirements. Sheth and Sharma (2008) further conclude that the role of the salesperson will change. Salespeople will become education agents instead of persuasion agents. The sales organization will be the “owner” of the relationship to the customer and become profit centers instead of cost centers. The role of the salesperson will be more than that of a general manager; the salesperson will be responsible for managing internal and external resources to satisfy customer needs and wants (ibid.). Study A also revealed that selling companies involved both individuals and resources from different functions to satisfy customers. How this broadening of sales roles and responsibilities can be most favorably organized is certainly a crucial issue for many businesses. Is it possible to develop the entire organization with the selling process as a starting-point? This might be an area for fruitful future research.

The first article in study B examined the impact of incentives on interfunctional relationship quality, indicating that members of the sales force perceive the benefits offered by the selling company to be fairer than other members of the organization do. Considering the fact that team selling involves several individuals from different functions (as found in study A) and the suggested increase in team selling (Sheth & Sharma, 2008), the issue of incentives and
the impact on interfunctional relationships seem to be areas in which additional research is needed. For example, what are the incentives that best facilitate and take advantage of the changes in the sales organization as pictured by Sheth and Sharma (2008)? How does the incentive affect the relationships between salespeople and other members of the organization and how does this affect sales performance? In addition, it would be interesting to study the characteristics of relationships, as measured in the second and third articles from study B, between the salesperson and other members of the organization. This might provide useful insights for how to manage the total sales effort.

In study B, relationships in selling have been investigated from various perspectives. The second and third articles address the relationships between salespeople and customers. However, evidence from study A indicates that several individuals are involved in selling and the members of the selling team play different roles in the sales process. It would be interesting and worthwhile to repeat the studies from the second and third articles, studying the relationships between other members of the selling team and customers rather than the relationships between salespeople and customers. Perhaps the scores for the measures used in study B would turn out differently compared to what was found in this study. Could it be that the relationships between different members of the selling team and customers should differ to be optimal? Maybe the selling company should strategically use different members of the selling team to develop relationships that differ in characteristics to best satisfy the customer? These issues will have important implications for how to manage the total sales effort in a selling company. Both the second and third articles examined the relationships between salespeople and friends and salespeople and customers, with the second article relying on the Trusting Relationship questionnaire (Mustill et al., 2005) and the third article relying on the Personal Acquaintance Measure (Starzyk et al., 2006). Study B individually analyzed these results. However, if and how the results from the two separate questionnaires are correlated has not been part of this study; such a study would be very interesting for future research efforts.

Both study A and study B collected data from the sellers’ side of the dyad. According to Palmatier et al. (2008), some customers do not want deeper relationships; for them, the costs of a relationship might exceed the benefits. Obviously, studying relationships in selling from the buyers’ side would be beneficial, providing important knowledge on seller-buyer relationships.

Finally, both study A and study B investigated research areas in a limited setting; it would certainly be worthwhile to conduct similar studies among other cultures, organizations, and selling contexts. Furthermore, the second and third articles in study B contrasted the relationships with good and bad customers. Naturally, other possible categorizations of customers are possible (e.g., customer demographics, customer profitability, customer life time value). In addition, instead of categorizing customers, salespersons could be categorized. It would, for example, be interesting to see if the characteristics of the customer relationship differs between a good and bad salesperson.
REFERENCES


