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When should the customer really be king?

On the optimum level of salesperson customer orientation in sales encounters

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ABSTRACT

In today's age of relational selling, it is a key challenge for salespeople to determine to what degree customer-oriented behaviors also drive sales performance. Therefore, this study analyzes whether a salesperson's customer orientation in sales encounters has an optimum level with regard to sales performance and customer attitudes. Using triadic data from a cross-industry survey of 56 sales managers, 195 sales representatives, and 538 customers, the authors provide strong empirical support for a curvilinear, inverted U-shaped effect of a salesperson's customer orientation on sales performance, while the effect of customer orientation on customer attitudes is continuously positive. Moreover, the findings reveal that the optimum level of customer orientation with regard to sales performance is higher for salespeople selling individualized products, in firms pursuing a premium price strategy and in markets with a high degree of competitive intensity.

Keywords: personal selling, customer orientation, sales encounter, salesperson performance, customer satisfaction

CONTENTS

1 Introduction

Customer orientation has become a key construct in the marketing literature. On the one hand, researchers have studied the customer orientation of firms, where it is often subsumed under the larger concept of market orientation (e.g., Kohli and Jaworski 1990; Narver and Slater 1990). On the other hand, many studies look at the customer orientation of individual employees, especially salespeople (e.g., Hartline, Maxham, and McKee 2000; Franke and Park 2006).

The concept of salesperson customer orientation was introduced to the marketing literature nearly 30 years ago to oppose the prevalent selling orientation of many salespeople (Saxe and Weitz 1982). Since then, salesperson objectives have changed dramatically: "The salesperson's new imperative is to help forge relationships and heighten cooperation with customer firms" (Hunter and Perreault 2007, p. 16). In this new environment, customer-oriented behaviors, such as identifying customer needs and adapting the offer, have become key elements in building relationships (Cannon and Perreault 1999; Palmatier, Scheer, and Steenkamp 2007).

At the same time, adopting customer-oriented behaviors also requires substantial resources, both in terms of salesperson time (e.g., Saxe and Weitz 1982) and in terms of complexity costs arising from customizing products and processes to meet customer needs (e.g., Niraj, Gupta, and Niarasimhan 2001). In fact, based on their recent meta-analytic finding that there is no clear effect of salesperson customer orientation on sales performance, Franke and Park (2006, p. 700) warn that "the costs of implementing customer-oriented selling may be higher than salespeople realize". Thus, it becomes important for salespeople in today's sales environments to ask themselves "How Right Should the Customer Be?" (Anderson and Onyemah 2006, p. 59)

More formally, this amounts to the important question, whether there is an optimal level of a salesperson's customer orientation with regard to sales performance. Based on a rich set of survey data from 56 sales managers, 195 sales representatives, and more than 500 customers, this study addresses this question. In this context, three additional issues need to be considered.

First, it is highly likely that the magnitude of the optimum level of customer orientation will depend on product and market characteristics. For instance, Tuli, Kohli, and Bharadwaj

(2007) find that it is a key problem of many suppliers of highly individualized customer solutions that they still lack a proper understanding of their customer's businesses. At the same time, according to Verbeke et al. (2008) a deep understanding of a customer's needs may even reduce sales performance, if the sales task is highly structured (as is often the case for standardized products). Therefore, we test whether product individuality as well as product importance, price positioning, and competitive intensity affect the optimum level of customer orientation.

Second, due to today's importance of developing long-term customer relationships, the utility of using financial sales performance as outcome variable in sales research has generally been questioned (e.g., Hunter and Perreault 2007). In particular, it is feared that this may be a wrong measure in a relational selling context, because it neglects long-term customer reactions to a successful sale. Therefore, in this study customer attitudes are also considered as outcomes of customer orientation. Here, the existence of an optimum level is specifically not expected.

Third, scholars have criticized that the concept of salesperson customer orientation has remained somewhat vague and imprecise (e.g., Schwepker 2003). Probably for this reason, instead of studying the concept as a whole, recent research has focused on specific behaviors and traits that can be considered customer-oriented according to the original definition. Examples include a predisposition to meet customer needs (Brown et al. 2002), the tendency to build personal relationships with customers (Donavan, Brown, and Mowen 2004), or an employee's customer need knowledge (Homburg, Wieseke, and Bornemann 2009). In line with this development, this study focuses on salesperson customer orientation in the context of sales encounters, because sales encounters represent a supplier's most important points of contact with a customer in a business relationship (e.g., Verbeke and Bagozzi 2000).

2 Conceptual Background

2.1 Customer orientation in Sales Encounters

When they introduced the concept, Saxe and Weitz (1982) characterized salesperson customer orientation as commitment to understanding and meeting a customer's needs and interests and ensuring long-term customer satisfaction. Against this background, *salesperson customer orientation in sales encounters* can be defined as the degree to which a salesperson identifies and meets customer needs and interests in the different stages of a sales encounter.

This definition calls for further specification with regard to the different stages of a sales encounter. Typically, five major stages are considered (e.g., Jobber and Lancaster 2006): (1) the need identification stage, (2) the presentation stage, (3) the objections stage, (4) the negotiation stage, and (5) the closing stage. In each stage, a salesperson can behave more or less customer-oriented. Thus, as visualized in Figure 1, customer orientation in sales encounters can be thought of as a construct with five dimensions, each corresponding to one specific stage in the encounter.

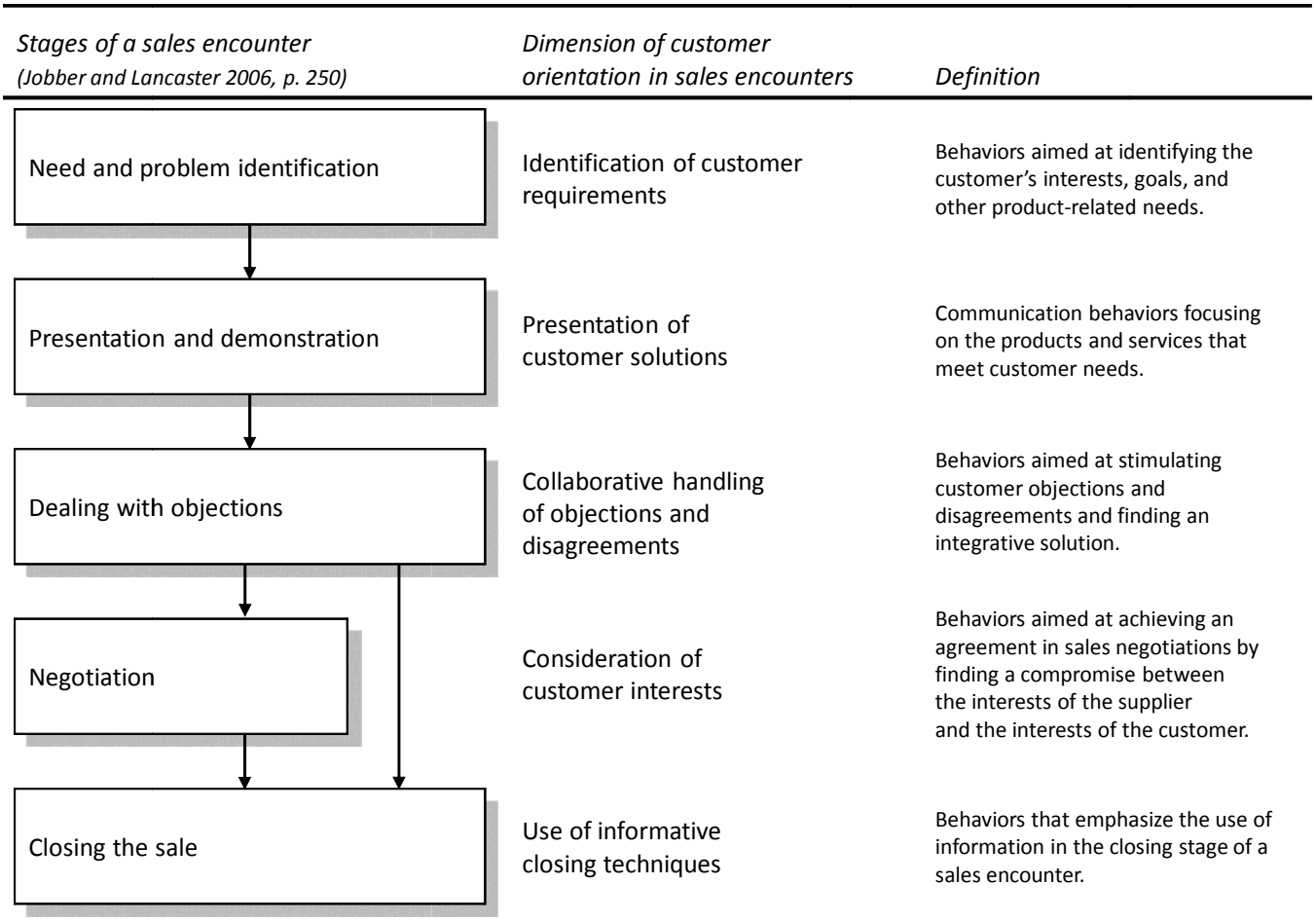


FIGURE 1 Dimensions of a Salesperson's Customer Orientation in Sales Encounters

First, in the need identification stage of a sales encounter, it is a key challenge for salespeople to precisely understand a customer's requirements. Thus, *identification of customer requirements* is the first dimension of customer orientation in sales encounters. It is defined as behaviors aimed at identifying the customer's interests, goals, and other product-related needs.

Second, in the presentation stage of a sales encounter, customer orientation manifests itself through offering products that correspond to specific customer needs while clarifying the customer's benefits (Dwyer, Hill, and Martin 2000). Therefore, we consider *presentation of customer solutions* as second dimension of customer orientation in sales encounters, defined as communication behaviors focusing on the products and services that meet customer needs.

Third, in the objection stage of a sales encounter, the conflict "inherent in buyer-seller relationships" (Malhotra 1999, p. 118) is likely to become apparent. Here, customer-oriented salespeople will employ a collaboration approach (Weitz and Bradford 1999) by actively

exchanging information and creatively identifying mutually beneficial alternatives. This *collaborative handling of objections and disagreements* is defined as behaviors aimed at stimulating customer objections and disagreements and finding an integrative solution.

Fourth, the collaboration approach cannot be applied to all conflicts of interest (Weitz and Bradford 1999), making it necessary to engage in compromising in the negotiation stage of a sales encounter. Here, customer orientation will manifest itself as *consideration of customer interests,* defined as behaviors aimed at achieving an agreement in sales negotiations by finding a compromise between the interests of the supplier and the interests of the customer.

Finally, for customer-oriented salespeople closing a sale becomes "relatively straightforward" (Brooksbank 1995, p. 62). Instead of needing to employ specific persuasion tactics that are often perceived as manipulative and reduce customer trust (Hawes, Strong, and Winick 1996), they rely on information (Saxe and Weitz 1982). Hence, in the closing stage of a sales encounter, customer orientation becomes apparent through the *use of informative closing techniques,* defined as behaviors that emphasize the use of information to close a sale.

2.2 Conceptual framework

In this study, salesperson customer orientation is linked to key outcome variables. Figure 2 presents an overview of the resulting conceptual framework.

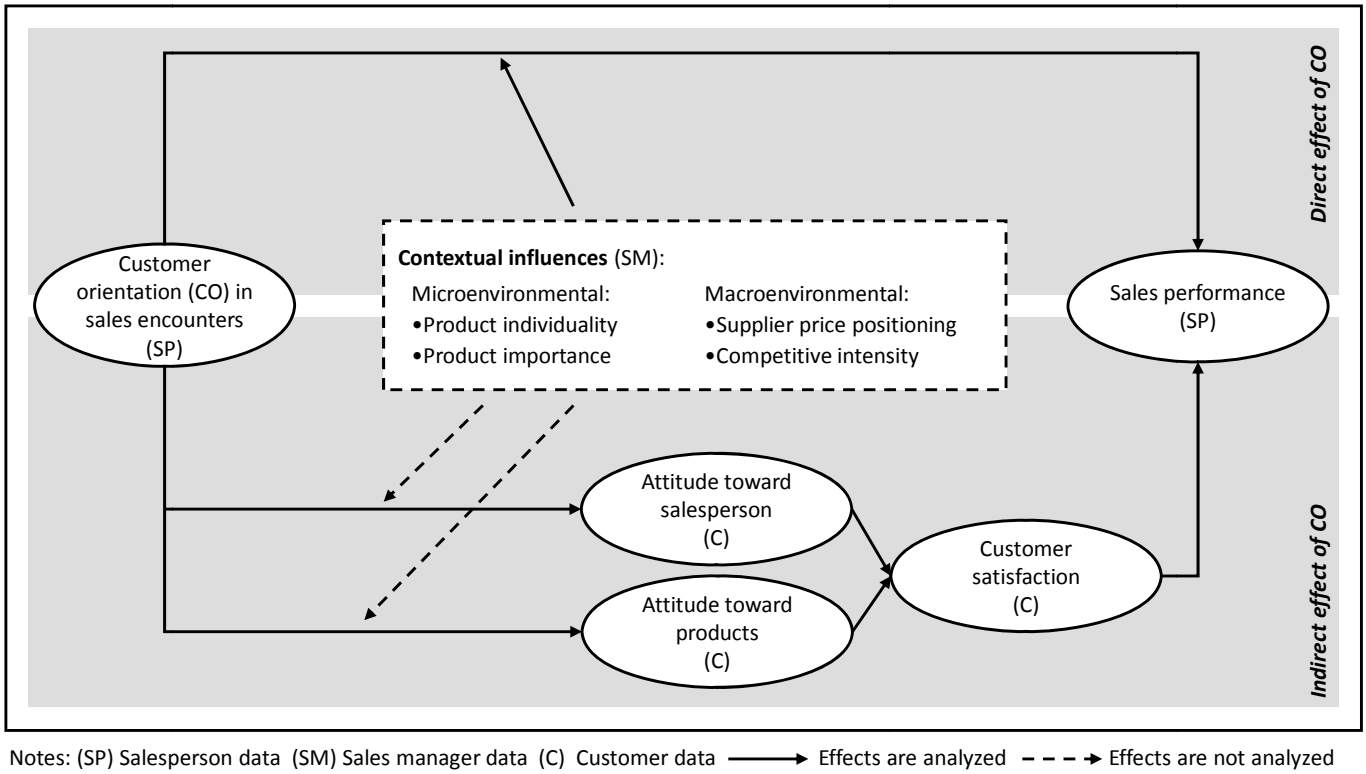


Figure 2 Conceptual Framework

Outcomes of a Salesperson's Customer Orientation in Sales Encounters. In relational sales environments, financial sales performance may not be a sufficient performance measure, because it neglects more long-term customer reactions (Hunter and Perreault 2007). Therefore, in this study two types of outcomes are considered. As financial outcome, *sales performance* is defined as the financial result of a salesperson's selling activities, for example, the achieved sales volume or contribution margin (Oliver and Anderson 1994). Regarding customer reactions, two attitudinal constructs are included. First, customers form an impression of the salesperson. Against this background, the research model includes *a customer's attitude toward the salesperson,* which is defined as the degree to which the customer exhibits a learned predisposition to respond in a favorable manner to the salesperson. Second, customers form judgments of a supplier's products. Hence, *a customer's attitude toward a supplier's products* is also considered, defined as the degree to which the customer exhibits a learned predisposition to respond in a favorable manner to the supplier's products. These constructs are then linked to *customer satisfaction*, defined as the customer's overall evaluation of purchase and consumption.

In turn, customer satisfaction is also linked to sales performance. Thus, in the model there is both a direct and an indirect link from salesperson customer orientation to sales performance. As will be explained in more detail in the hypothesis development section, generally these links reflect benefits and costs of customer orientation. More specifically, the indirect link from customer orientation via attitudes and satisfaction to sales performance captures one specific benefit of customer orientation. As mentioned before, this benefit is particularly important, because it addresses possible long-term effects of salesperson customer orientation. At the same time, it is highly likely that many other benefits of customer orientation are not covered by the indirect effect. For instance, Cronin, Brady, and Hult (2000) find that the degree to which services are adapted to the customers' needs (labeled in their study "service value") has a direct effect on loyalty intentions that is three times as strong as an indirect effect via customer satisfaction. The direct link from customer orientation to sales performance covers these remaining benefits as well as all the costs of customer orientation.

Contextual Influences. In his contingency framework for understanding salesperson performance Weitz (1981) has proposed that the effectiveness of salesperson behaviors strongly depends on macroenvironmental and microenvironmental variables. Thus, this study also analyzes how four contextual variables (two of every type) influence the effectiveness of salesperson customer orientation with regard to sales performance. In this regard, we focus on the direct link from customer orientation to performance. Thus, we assess whether the optimal level of customer orientation varies depending on the context of the sales encounter.

With regard to microenvironmental variables, we look at two characteristics of the customer buying task (Weitz 1981). *Product individuality* is defined as the degree to which a supplier offers individualized products. *Product importance* is defined as the general importance of a supplier's products and services for the customers. With regard to macroenvironmental variables we consider two facets of the firm's competitive position. *Supplier price positioning* is a supplier's relative price level, and *competitive intensity* is the degree of competition in a marketplace (Kohli and Jaworski 1990).

3 Hypotheses development

3.1 Effects of Customer Orientation in Sales Encounters

In the following, it is argued that a salesperson's customer orientation in sales encounters has a nonlinear, inverted U-shaped relationship with sales performance, whereas its relationship with customer attitudes is continuously positive. This implies that there is an optimum level of customer orientation with regard to sales performance but not with regard to customer attitudes.

Our argument is based on a distinction between two opposing ways in which salesperson customer orientation affects salesperson financial performance. On the one hand, customer-oriented behaviors trigger customer reactions that positively affect revenues and profits through increased sales volumes and higher prices. We will refer to these effects as benefits of customer orientation. On the other hand, customer-oriented behaviors require inputs in terms of salesperson resources and firm resources that may negatively affect revenues and profits and thus salesperson financial performance. We will refer to these effects as costs of customer orientation.

The reasoning behind our nonlinear hypothesis is based on the idea that the law of diminishing returns applies to the benefits of increasing customer orientation with regard to sales performance, whereas costs increase steadily. These ideas are now outlined in more detail.

Diminishing Benefits of Customer Orientation in Sales Encounters. By identifying and satisfying customer needs, customer-oriented salespeople create customer value (e.g., Brady and Cronin 2001; Franke and Piller 2004). This added value increases the attractiveness of a firm's offering and is thus a strong direct predictor of customer purchasing intentions (Cronin, Brady, and Hult 2000). Thus, customers are likely to respond to increases in customer value through customer orientation by purchasing more. These benefits of customer orientation have been studied quite extensively. Salesperson customer orientation has been shown to drive sales volume through increases in cross buying (Siders, George, and Dharwadkar 2001), customer retention (Dean 2007; Jones, Busch, and Dacin 2003), and immediate purchases (George 1991).

At the same time, customers also reward additional value of a supplier's products with a higher willingness-to-pay (Pihlström and Brush 2008). Consistent with this effect, Homburg, Wieseke, and Bornemann (2009) find that customers are willing to pay more, if the salesper-

son possesses a profound knowledge of their needs. Thus salesperson customer orientation will also translate into better salesperson financial performance through increased revenues and margins.

However, some recent studies suggest that customer-oriented behaviors are particularly effective in creating customer value, if they help customers to satisfy their core needs. Beyond that, increases in customer-orientation add less value for the customer. For instance, with regard to the first dimension, i.e., the identification of customer requirements, Verbeke et al. (2008) find that understanding the core needs of the customers is an important source of value creation, whereas understanding intricate details of the customer's needs is not. Likewise, regarding the second dimension (i.e., the presentation of customer solutions), Franke, Keinz, and Steger (2009) find that adapting a product to the customers' needs is much more valuable to customers if it concerns features they are highly involved with.

This logic also extends to the other dimensions of customer orientation. Regarding the third and fourth dimension (i.e., collaborative handling of objections and disagreements as well as consideration of customer interests), Weitz and Bradford (1999) argue that customers appreciate collaboration and compromising approaches to buyer-seller conflicts more if they concern issues perceived as important. Similarly, with regard to the use informative closing techniques (i.e., the fifth dimension), strategies such as summarizing the offer should focus on main benefits (e.g. Jobber and Lancaster 2006). Thus, the incremental benefits of increasing customer orientation are larger if the salesperson's initial level of customer orientation is low, which implies that there are diminishing benefits of customer orientation in sales encounters.

Costs of Customer Orientation in Sales Encounters. It has repeatedly been noted that increasing salesperson customer orientation is a resource-intensive endeavor (e.g., Franke and Park 2006; Kumar, Venkatesan, and Reinartz 2008). In particular, costs arise in terms of salesperson time and in terms of added complexity for the selling organization.

Implementing a customer orientation requires a lot of time (e.g., Saxe and Weitz 1982). This applies to all of its dimensions. For instance, regarding the first dimension (i.e., the identification of customer requirements), gaining insights into customer preferences is a lengthy process (Franke, Keinz, and Steger 2009). Also, adapting sales presentations to the needs of the customer instead of using a "one fits all"-style presentation (the second dimension) requires more preparation time. Likewise, with respect to looking for integrative solutions or compromises in conflicts between buyers and sellers instead of relying on persuasion and/or

pressure "involves the expenditure of considerable time and effort" (Weitz and Bradford 1999, p. 247).

These time requirements may affect financial salesperson performance, because they are associated with important opportunity costs. Salespeople wishing to increase their customer orientation need to reallocate how they spend their time. They are required to spend more time per customer, which reduces the total number of customers they can serve at all. Thus, increasing customer orientation means shifting resources from customer acquisition to customer retention, which does not necessarily improve performance (e.g., Reinartz, Thomas, and Kumar 2005). Additionally, in the remaining customer relationships salespeople will need to spend relatively more time on acquiring information and adapting their offer and less on traditional selling activities, such as promoting and persuading (Weitz and Bradford 1999). This may also result in fewer sales opportunities and thus reduced salesperson financial performance.

Additionally, customer-oriented salesperson behaviors result in offerings that are adapted to the specific needs of the customer. In fact, as Joshi (2010, p. 94) notes, salespeople are "preeminent among the individual-level drivers of product modifications within organizations." Consequently, salesperson customer orientation is likely to be associated with complexity costs for the selling organization. For instance, Tuli, Kohli, and Bharadwaj (2007) find that for firms offering their customers comprehensive product solutions, overcoming organizational complexity is a key challenge. In particular, to maintain the required flexibility for offering customized products, the efficiency of these organizations is reduced (Gilmore and Pine 1997). Such additional complexity results in "higher customer service costs and thus lower customer profits" (Niraj, Gupta, and Narsimhan 2001, p.7). Thus, it will reduce salesperson financial performance.

Optimal Level of Customer Orientation in Sales Encounters. In sum, salespeople seeking to increase their customer orientation need to focus on fewer customers while their offerings are more expensive to produce. Coupled with diminishing returns of customer orientation, this implies that the relationship between customer orientation and sales performance is shaped in the form of an inverted U, implying the existence of an optimum level. Accordingly, we hypothesize:

H_1: *The relationship between a salesperson's customer orientation in sales encounters and sales performance is curvilinear in the shape of an inverted U.*

Effects of Customer Orientation in Sales Encounters on Customer Attitudes. Other than with regard to sales performance, we expect that the effect of customer orientation on customer attitudes is continuously positive. With regard to attitudes toward the product, it is highly likely that the superior value of products and services sold by customer-oriented salespeople is reflected in more positive customer evaluations (e.g., Woodruff 1997). Additionally, several empirical studies already support the existence of a positive relationship between customer orientation and customer attitudes towards the offering (e.g., Brady and Cronin 2001; Goff et al. 1997).

In addition to enhancing product evaluations, customer-oriented behaviors are also likely to reflect well on the salesperson. Customers can be expected to appreciate those salespeople more that they perceive in sales encounter as being responsive to their needs. Again, several studies support the existence of a positive effect of salesperson customer orientation on customer attitudes towards the salesperson (e.g., Brady and Cronin 2001; Ramsey and Sohi 1997).

Thus, there is reason to expect a positive relationship between salesperson customer orientation and both types of attitudes. At the same time, there is little to suggest that increases in salesperson customer orientation are associated with any significant costs in terms of customer attitudes. Consequently, it seems unlikely that situations arise, where customer attitudes deteriorate as a result of increases in salesperson customer orientation. Thus, we hypothesize:

H_2: *The relationship between a salesperson's customer orientation in sales encounters and customer attitudes towards the salesperson is continuously positive.*

H_3: *The relationship between a salesperson's customer orientation in sales encounters and customer attitudes towards the supplier's products is continuously positive.*

3.2 Effects of Customer Attitudes

Consistent with previous research (e.g., Crosby and Stephens 1987), we expect customer attitudes to be strong drivers of overall customer satisfaction. Thus, we hypothesize a continuously positive relationship between the two specific customer attitudes and customer satisfaction. Similarly, as customer satisfaction is positively associated with outcomes such as increasing share of wallet (e.g., Keiningham, Munn, and Evans 2003), we predict that customer satisfaction has a positive impact on sales performance. As these proposed

relationships are well established in sales research, we summarize the corresponding hypotheses (H_4-H_6) in Table 1.

Investigated relationship	Expected effect	Basic rationale for hypotheses	Selected supporting literature
Customer's attitude toward a supplier's products ➔ Customer satisfaction	continuously positive (H_4)	- Customer satisfaction with the supplier represents an overall evaluation of the business relationship and is determined by various factors - In this context, a positive attitude toward the salesperson and toward a supplier's products represent two major antecedents of overall customer satisfaction - Empirical support for positive impact	Crosby and Stephens 1987; Goff et al. 1997; Humphreys and Williams 1996
Customer's attitude toward the salesperson ➔ Customer satisfaction	continuously positive (H_5)		
Customer satisfaction ➔ Sales performance	continuously positive (H_6)	- Customer satisfaction is a strong driver of customer loyalty - Thus, increasing customer satisfaction is associated with increasing willingness to pay, positive word-of-mouth, and future purchases - These benefits are reflected in salesperson performance - Empirical support for positive impact	Ahearne, Mathieu, and Rapp 2005; Anderson 1998; Keiningham, Munn, and Evans 2003

Table 1 Outline of Hypotheses 4-6

3.3 Hypotheses and Moderating Effects

It is likely that the optimum level of customer orientation with regard to sales performance varies with contextual influences. In this section, the impact of four such contextual variables on the optimum level of customer orientation is discussed: product importance, product individuality, a supplier's price positioning, and competitive intensity.

Product importance. According to the theory of perceived risk (e.g., Bettman 1973), customers perceive buying decisions as risky with regard to the issue of the product meets his or her requirements and the magnitude of adverse consequences when buying the wrong product (e.g., Dowling and Staelin 1994). In this regard, it can be expected that customer's perceived risk is higher for important products. In particular, with important products, the adverse consequences of buying a wrong product, such as monetary losses due to replacement costs or, in business-to-business settings, due to production downtimes, are more substantial (McQuiston 1989). As a result, to reduce perceived risk, customers have a higher need for information and assistance.

Thus, customer-oriented behaviors in the course of a sales encounter are likely to be more valued by customers buying important products. For instance, in the need identification stage, customers are likely to show more appreciation for any efforts aimed at understanding their specific needs. In the presentation stage, customers are likely to respond more positively to offerings adapted to their specific needs. Also, customer-oriented salespeople may be able to reduce perceived risk here by offering additional services such as specific guarantees. Likewise, a collaborative approach to handling disagreements will be more valuable, because it can be interpreted as non-opportunistic. As a consequence, the optimum level of customer orientation is likely to be higher with important than with unimportant products. Thus, we hypothesize:

H_7: *The optimum level of a salesperson's customer orientation in sales encounters with regard to sales performance is higher if a supplier's products are of high as opposed to low importance for the customer.*

Product individuality. In many industries, suppliers have turned to offering their customers highly individualized solutions, where products are customized to meet the customers' specific needs (Tuli, Kohli, and Bharadwaj 2007). Naturally, in this kind of selling environments, customer-oriented salesperson behaviors play a crucial role in determining the success of a solution supplier's products. In particular, salespeople are essential to understanding the specific customer needs and ensuring necessary product modifications (Joshi 2010). This is particularly so, because customers may not be aware of some of their needs (Simonson 2005). However, many solutions offered today are still ineffective in this regard, i.e., customers demand a better understanding of their needs, especially with regard to their own businesses (Tuli, Kohli, and Bharadwaj 2007). Thus, in environments where highly individualized products are offered, increasing salesperson customer orientation still appears to be a highly valuable strategy.

The situation is different with regard to standardized products. Verbeke et al. (2008) find that a salesperson's general mental ability (and consequently the ability to understand specific customer needs) is much more strongly related to sales performance in situations where highly individualized products are sold. Moreover for more standardized products their results indicate that "customers may perceive the development of highly complex and creative business solutions as inadequate" (Verbeke et al. 2008, p. 55). Thus, with standardized products, customer orientation seems to be much less valuable. This leads to the following

hypothesis:

H_8: *The optimum level of a salesperson's customer orientation in sales encounters with regard to sales performance is higher if a supplier's products are individualized as opposed to standardized.*

Supplier's price positioning. Furthermore, the optimum level of a salesperson's customer orientation in sales encounters is expected to vary depending on a supplier's price positioning. From a customer's point of view, a supplier's general price level indicates the quality of the supplier's products and accordingly the equivalent value a customer receives (e.g., Rao and Monroe 1989). Consequently, if a supplier's price level is substantially above the market average, customers expect additional benefits in return for accepting higher prices.

As a primary information source for the customer, salespeople have to be able to justify higher prices. On an overall basis, a salesperson's customer-oriented behaviors in the single stages of a sales encounter may strengthen a customer's benefit perceptions. For example,

through the definition of customer requirements and the presentation of appropriate customer solutions, salespeople may be able to create an equivalent value for the supplier's higher prices.

On the other hand, if a supplier's price level is clearly below the market average, salespeople most probably rely on lower prices in their argumentation and, as a consequence, a lower level of customer orientation in sales encounters may be sufficient to achieve a desired outcome. In other words, we expect the additional benefits of higher levels of customer orientation in sales encounters to be more substantial if a supplier's prices are clearly above as opposed to clearly below the market average. Thus, we hypothesize that

H_9: *The optimum level of a salesperson's customer orientation in sales encounters with regard to sales performance is higher if a supplier's price positioning is above as opposed to below the market average.*

Competitive intensity. Finally, we expect the optimum level of customer orientation in sales encounters to be higher in highly competitive markets compared to less competitive markets. In highly competitive environments, customers have greater relative market power than in less competitive environments (Appiah-Adu and Singh 1998). Accordingly, customers most likely have higher demands in highly competitive markets, for example with regard to product quality and service levels. Moreover, in highly competitive markets, the quality of products

and services of different suppliers is often quite similar, thus complicating differentiation.

As a consequence, in highly competitive environments, the salespeople are pressured to be a means of differentiation themselves, e.g., by establishing a relationship to the customer that is perceived as a value per se (Yim, Tse, and Chan 2008). Therefore, it can be supposed that high levels of a salesperson's customer orientation in the single stages of a sales encounter are more beneficial if competitive intensity is high. If competitive intensity is low and salespeople can more easily differentiate from competition, for example, in terms of the quality of a supplier's products and services, a lower level of a salesperson's customer orientation in sales encounters is likely to be sufficient. Against this background, we hypothesize that

H_{10}: *The optimum level of a salesperson's customer orientation in sales encounters with regard to sales performance is higher in highly competitive markets compared to less competitive markets.*

4 Methodology

4.1 Collection of Triadic Data

To test these hypotheses, we conducted a large survey among sales managers, sales representatives, and customers. In a first step, we asked chief executives who cooperate regularly with our university, whether they were interested in participating. This way, 47 companies from different industries were contacted. As incentives, they were offered an individualized report of the study results (including benchmark analyses) and a consulting workshop. Twelve companies mainly operating in B2B markets in six different industries (financial services, logistics, health care, machine building, chemicals, and information technology) agreed to participate (a response rate of 25.6%), most with multiple business units. Overall, 33 business units participated.

In these business units, we conducted two separate surveys among the sales managers and the sales representatives. After informing them about the goals of our research, we mailed questionnaires with a request for completion within four weeks. We obtained usable responses from 56 sales managers (a response rate of 84.9%) and 195 sales representatives (67.2%).

In a second step, we obtained the contact data of, on average, ten randomly selected customers per participating sales representative, which allowed us to survey multiple customers per sales representative. After informing these customers by mail about the goals of the study, we contacted them by telephone to obtain their responses to our survey questions, resulting in usable responses from 538 customers. Table 2 presents respondents' characteristics.

A. Industries according to salespeople surveyed	%
Financial services	32
Logistics	22
Health care	14
Machine building	2
Chemicals	17
Information technology	13
B. Sales experience of salespeople surveyed	**%**
< 5 years	14
5 - 10 years	31
11 - 15 years	21
16 - 20 years	19
21 - 25 years	5
26 - 30 years	5
> 30 years	5
C. Number of customers served by salespeople	**%**
1 - 10	20
11 - 20	16
21 - 50	22
51 - 100	17
> 100	25
D. Length of relationship between supplier and customer	**%**
< 2 years	5
2 - 5 years	8
6 - 10 years	11
11 - 20 years	26
21 - 30 years	16
31 - 50 years	20
> 50 years	14

Table 2 Sample Composition

Data from the three sources were matched using code numbers. As the unit of analysis in this study is the individual salesperson, data was matched at the salesperson level by averaging customer responses for each salesperson. As aggregation may be problematic if there is high variance in judgments related to the same salesperson, we computed the $r_{wg(J)}$ index (James, Demaree, and Wolf 1984) for the customer constructs. The $r_{wg(J)}$ values for the three focal constructs (i.e., attitude toward the salesperson, attitude toward a supplier's products, and customer satisfaction) are all above .89, indicating strong consistency (Brown and Hauenstein 2005). As a result, aggregating the customer responses for each salesperson is a viable strategy.

4.2 Measure Development

For item generation, we modified existing scales, with only very few items being completely new. The measures were further refined based on an intensive pretest. A complete list of items (including the new and the original wording) can be found in the Appendix.

As in previous research (Franke and Park 2006), *salesperson customer orientation in sales encounters* was assessed via salesperson self-reports (as opposed to customer assessments). Given the study objectives, this is adequate, as aspects related to costs of customer orientation, e.g., the degree to which an offer is customized, often cannot easily be observed by customers.

Items generally come from two sources. First, items from the original Saxe and Weitz (1982) scale were modified to match the specific context of sales encounters. Second, items are based on existing scales measuring specific behaviors relevant for the respective stage of the sales encounter. More specifically, to measure *identification of customer requirements* two items from the Saxe and Weitz (1982) scale are combined with three items referring to effective listening behaviors (Castleberry, Shepherd, and Ridnour 1999). With regard to the *presentation of customer solutions*, again one item from the Saxe and Weitz (1982) scale is combined with items referring to customer-oriented techniques in sales presentations identified by Dwyer, Hill, and Martin (2000). To measure *collaborative handling of objections and disagreements*, two new items were combined with Rahim's (1983) scale for measuring collaborative handling of conflicts. Similiarly two modified items from Rahim's (1983) compromising scale were combined with one item from the Saxe and Weitz (1982) customer

orientation scale to measure the *consideration of customer interests.* The two items for measuring the *use of informative closing techniques* are specifications of a broader item from the Saxe and Weitz (1982) scale.

Following Oliver and Anderson (1994), the participating salespeople had to rate their *sales performance* compared to that of their colleagues regarding orders, sales, and contribution margin. Thus, in line with recent sales research (e.g., Wieseke et al. 2009), performance is assessed through subjective (versus objective) self-report (versus supervisor-rated) measures.

A subjective (versus objective) sales performance measure was used, because otherwise the performance between salespeople from different companies cannot be compared (Behrman and Perreault 1982, p. 357). Also, there is empirical evidence that subjective measures "do a better job of tapping the content domain of the performance construct" (Rich et al. 1999, p. 52).

A self-report (versus supervisor-rated) sales performance measure was used, because to maintain employee trust many firms did not allow their managers to share individual performance information. Moreover, for at least three reasons it is likely that these self-report measures are valid. First, supervisor performance ratings may be biased by their perceptions of organizational citizenship behaviors of the salesperson, such as whether he or she "consumes a lot of time complaining" (MacKenzie, Podsakoff, and Fetter 1993). Second, previous research on the performance outcomes of customer orientation yielded consistent results with regard to self-reported and supervisor-rated performance (Brown et al. 2002). Third, a series of tests described in the results section establishes that our findings are not due to common method variance.

Using evaluations from the participating customers, a *customer's attitude toward the salesperson* is measured with three items adapted from a related scale employed by Ramsey and Sohi (1997). Likewise, a *customer's attitude toward a supplier's products* is measured with three modified items from a scale used by Miyazaki, Grewal and Goodstein (2005). *Customer satisfaction* is measured with four items from Homburg and Stock (2004).

Two control variables are included in the model. *Salesperson experience* (measured as the number of years the salesperson has worked in sales) is modeled as antecedent of sales performance. *Quality of services and customer-related business processes* is linked to the customer attitude constructs. It is measured using two items from Homburg and Stock (2004).

The moderator variables are measured through sales manager assessments. To measure *product individuality*, managers were provided with four new items asking them to evaluate the individuality of typical products sold by their business unit. Furthermore, *product importance* is measured with two items adapted from Porter, Wiener, and Frankwick (2003) and *competitive intensity* with five items adapted from Jaworski and Kohli (1993). Finally, the overall *price positioning* of their business unit in comparison to their competitors was assessed through a single item, because it refers to a concrete and singular concept (Bergkvist and Rossiter 2007).

4.3 Measure Assessment

Reliability and validity of the measures were assessed through confirmatory factor analyses for each factor. This included a higher order factor analysis (Brown 2006) with customer orientation in sales encounters as second order construct and its five dimensions as first order constructs. Thus, equivalent to item reliabilities, it is possible to compute the percentage of variance of the five dimensions explained through the underlying customer orientation construct.

Overall, the measures used exhibit good psychometric properties. All constructs exhibit composite reliabilities well above the recommended threshold of .70 (see Table 3). Both, for customer orientation and its outcomes, item loadings (as well as the coefficients linking customer orientation to its five dimensions) are all positive, high in magnitude, and statistically significant, indicating unidimensionality and establishing convergent validity (Anderson 1987).

Variable	Mean	SD	CR	AVE	1	2	3	4	5	6	7
1. Customer orientation in sales encounters (SP)	5.83	.55	.88	.60	1.00						
2. Sales performance (SP)	4.96	.93	.88	.71	.31	1.00					
3. Customer's attitude toward the salesperson (C)	6.13	.98	.93	.81	.23	.30	1.00				
4. Customer's attitude toward a supplier's products (C)	5.33	.94	.85	.59	.25	.09	.36	1.00			
5. Customer satisfaction (C)	5.67	.96	.94	.78	.07	.32	.51	.63	1.00		
6. Salesperson experience (SP)	13.30	8.36	n/a*	n/a*	-.02	.30	.02	-.19	.02	1.00	
7. Quality of services and customer-related business processes (C)	4.89	.61	.71	.56	-.13	.26	.36	.27	.54	.08	1.00

SP = Salesperson data
C = Customer data
* Construct measured through a single indicator, composite reliability and average variance extracted cannot be computed.

Table 3 Correlation and Measurement Information

Also, most item reliabilities are above the recommended value of .40 (Bagozzi and Baumgartner 1994; see Appendix). The most important exception concerns the consideration of customer interests dimension of customer orientation with a value of .37, which was kept in the model to preserve conceptual comprehensiveness. The few other exceptions concern items of the five dimensions of customer orientation. Again, deviations from .40 are rather small. Following suggestions to prioritize conceptual concerns in indicator selection (vs. maximizing internal consistency) we kept these items in the model (e.g., Little, Lindenberger, and Nesselroade 1999).

Additionally, it is important to assess whether the outcomes of customer orientation represent clearly distinguishable phenomena. According to Fornell and Larcker (1981), any pair of constructs exhibits discriminant validity, if the average item variance extracted (AVE) through both constructs is higher than their contribution to explaining the other construct (assessed through squared correlations). In a CFA model with all constructs, the outcomes of customer orientation meet this criterion (as well as the remaining constructs). In addition, the fit of the CFA model containing all constructs is satisfactory (χ^2/d.f. = 1.58; CFI = .94; RMSEA = .07).

5 Results

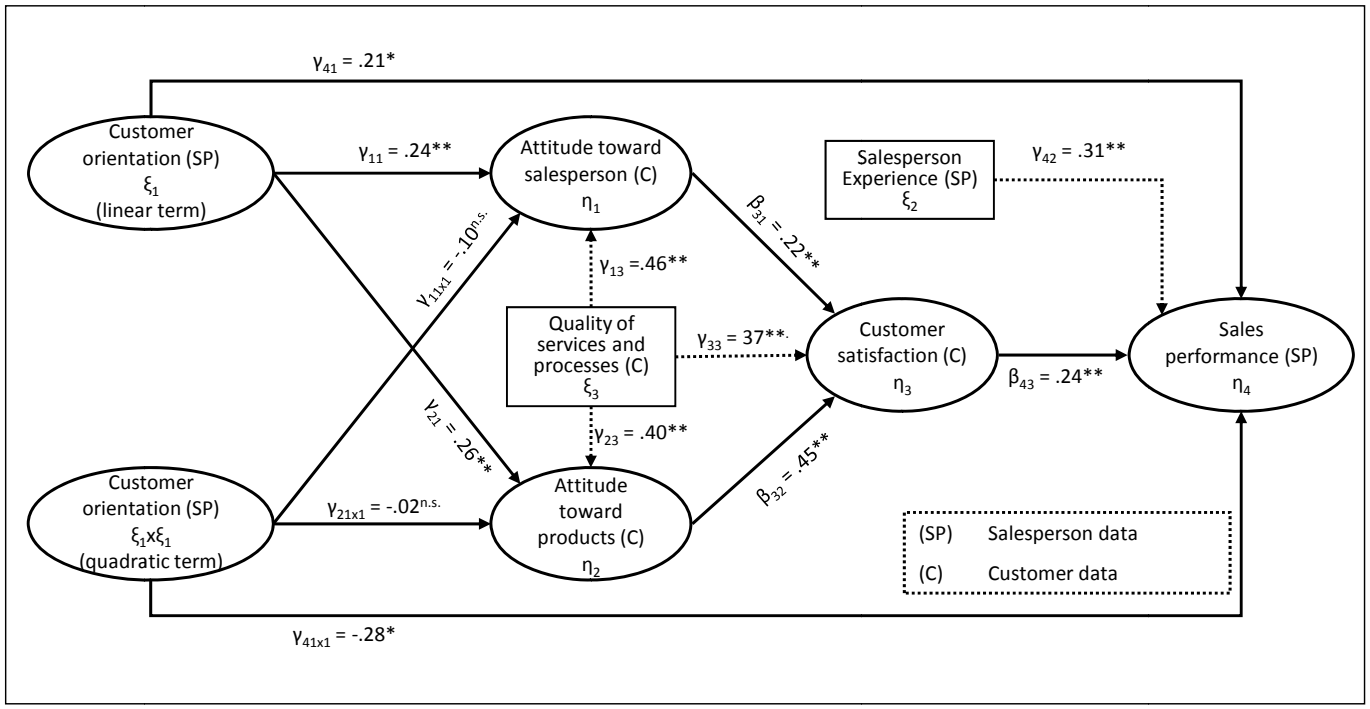
5.1 Results related to Main Effects

We employed structural equation modeling to test our hypothesized main effects (H_1-H_6) using Mplus 4.2 (Muthen and Muthen 2006). To keep the number of parameters in the model at a manageable level while preserving the multi-faceted nature of the customer orientation construct, it is measured through item parcels (Bagozzi and Edwards 1998), i.e., the averages of the items for each dimension serve as five indicators of customer orientation in sales encounters.

To analyze the potential nonlinear, inverted U-shaped effect of a salesperson's customer orientation on sales performance (H_1), we included the square of customer orientation ($\xi_1 \times \xi_1$) in our model. Using the unconstrained model specification proposed by Marsh, Wen, and Hau (2006), to measure the quadratic term we squared the five indicators of customer orientation. All indicators were mean-centered before creating the product indicators to enable model convergence (e.g., Lee, Song, and Poon 2004), while facilitating the interpretation of the path coefficients (e.g., Cohen et al. 2003) without altering the form of the relationship (Echambadi and Hess 2007). With mean-centered data the linear coefficient captures the relationship between customer orientation and the dependent variables at the mean level of customer orientation.

As in regression, H_1 is supported if $\gamma_{41\times1}$ linking the latent quadratic term $\xi_1 \times \xi_1$ to sales performance (η_4) is statistically significant and negative, indicating a curvilinear, inverted U-shaped effect. Other than hypothesized, we also link the quadratic term to customer attitudes. Here, nonsignificant path coefficients can be viewed as support that (as predicted by H_2 and H_3) the relationship between these constructs is indeed continuously positive (Cohen et al. 2003).

With regard to model fit, the ratio of chi-square value to degrees of freedom (χ^2/d.f. = 1.69) indicates good fit (Kline 2004), the comparative fit index (CFI = .90) suggests acceptable fit (Bentler and Bonett 1980; Kline 2004), and the root mean square error of approximation (RMSEA = .07) is a sign of reasonable fit (Browne and Cudeck 1993). Overall, the model satisfactorily fits the data. Parameter estimates are shown in Figure 3.



* $p < .05$; ** $p < .01$
Notes: Completely standardized coefficients are shown. n.s. = not significant.
The continuous lines indicate the effects of the major variables, while the dotted lines indicate the effects of control variables used in the model.

Figure 3 Dimensions of a Salesperson's Customer Orientation in Sales Encounters

Consistent with H_1, the quadratic term of customer orientation has a negative impact on sales performance ($\gamma_{41x1} = -.28$, $p < .05$), while the effect of the linear term is positive ($\gamma_{41} = .21$, $p < .05$). Thus, the overall effect is nonlinear in the shape of an inverted U and there is an optimum level of salesperson customer orientation. The positive coefficient of the linear term implies that at the average level of customer orientation, its effect is still positive.

We also find empirical support for H_2 and H_3. More specifically, the linear term of customer orientation has a positive impact on a customer's attitude toward the salesperson ($\gamma_{11} = .24$, $p < .05$) and a customer's attitude toward a supplier's products ($\gamma_{21} = .26$, $p < .05$). At the same time, the effects of the quadratic term of customer orientation on customer attitudes are not significant ($\gamma_{11x1} = -.10$, $p > .10$; $\gamma_{21x1} = -.02$, $p > .10$). Thus, a salesperson's customer orientation in sales encounters has a continuously positive effect on customer attitudes.

Also, consistent with H_4, H_5, and H_6, a customer's attitude toward the salesperson ($\beta_{31} = .22$, $p < .01$) and a customer's attitude toward a supplier's products ($\beta_{32} = .45$, $p < .01$) influence customer satisfaction, which in turn positively affects sales performance ($\beta_{43} = .24$, $p < .01$).

5.2 Results related to Main Effects

H_7 to H_{10} predict that contextual variables influence the optimum level of salesperson customer orientation. To test these hypotheses we rely on multi-group regression.

First, we determined the optimum level of customer orientation across the entire sample. In line with the matching structural equation in the SEM model (see Figure 3), sales performance (SPERF) was regressed on the linear (CO) and quadratic (CO^2) terms of a salesperson's customer orientation, on customer satisfaction (CS), and on sales experience (EXP):

$$[1] \qquad SPERF = \alpha + \beta_1 \times CO + \beta_2 \times (CO)^2 + \beta_3 \times CS + \beta_4 \times EXP + \varepsilon.$$

Using OLS estimates for this model, the optimum level of salesperson customer orientation in sales encounters (CO_{opt}) can be computed based on the first derivation of the regression equation as ($\beta_1/(-2\times\beta_2)$ =(.26/(-2×-.35)=.37). These values are based on the mean-centered variables, a transformation back to the original scale from 1 to 7 results in an optimum level CO_{opt} = 6.20.

Based on median splits, we created for each moderator subsamples with low values and with high values of the moderator. For every moderator, the model from equation (1) was then estimated in both subsamples. Then, it was possible to compare the optimal levels of customer orientation for low and high levels of the contextual variable. Results are presented in Table 4.

	Moderator variables							
	Product importance		Product individuality		Supplier's price positioning		Competitive intensity	
Parameters	low	high	low	high	low	high	low	high
Optimum level of a salesperson's customer orientation in sales encounters[a)]	.25	1.25	.13	2.52	.18	1.63	.22	1.99
Chow statistic	3.42		4.91		4.47		3.47	
p value	**.01**		**.00**		**.00**		**.01**	
Wald statistic	2.13		6.59		5.95		4.13	
p value	.14		**.01**		**.01**		**.04**	

[a)] Based on unstandardized coefficients for mean-centered variables.

Table 4 Impact of Moderator Variables on the Optimum Level of a Salesperson's Customer Orientation in Sales Encounters

Table 4 shows that, for each moderator, optimum levels of customer orientation differ strongly between groups. To test whether these differences are statistically significant, we first used a Chow Test to test the null hypothesis H_0: $B^{low} = B^{high}$, i.e., the equality of the vector of regression coefficients B^{low} in the group with low values of the contextual variable and the corresponding vector of the high values group B^{high}. As shown in Table 4, the Chow F statistic is highly significant for all moderators. Thus, regression coefficients differ significantly between subgroups, which indicates that the optimum levels of customer orientation differ as well.

Second, using a Wald test (Muthen and Muthen 2006) we tested more specific constraints forcing the optimum level $CO_{opt}{}^{low}$ of salesperson customer orientation in the group with low values of the moderator to be equal to the optimum level $CO_{opt}{}^{high}$ in the high-values group (i.e., H_0: $CO_{opt}{}^{low} = CO_{opt}{}^{high}$). Table 4 shows the resulting chi-square test statistics. They are significant for all contextual variables, except product importance. In sum, these analyses provide strong empirical support for H_8, H_9, and H_{10}, while H_7 is only partially supported.

5.3 Robustness Checks

Nested data. The data in this study is hierarchical in nature. Salespeople (the unit of analysis) are nested in sales units (represented by the 56 sales managers), which are nested in business units, which are nested in firms. Ignoring these dependencies may result in misleading statistical conclusions. Therefore, we also tested hypothesis H1 using the following model:

[2] $$SPERF_{ijkl} = \alpha_{jkl} + \beta_{1jkl}CO + \beta_{2jkl}CO^2 + \beta_{3jkl}CS + \beta_{4jkl}EXP.$$

This model takes the sample structure explicitly into account. The sales performance (SPERF) of the salesperson i in sales unit j, business unit k, and firm l is here explained through customer orientation (CO), the square of customer orientation (CO^2), customer satisfaction (CS), and salesperson experience (EXP). As indicated by the subscripts, this model is specified as a random coefficient model, i.e., the parameters are allowed to vary across all subgroups in the sample. HLM results regarding the average effects provide additional support for H1, as they replicate the SEM results ($\beta_{1jkl} = .16$, $p < .05$; $\beta_{2jkl} = -.37$, $p < .05$). Also, in random coefficient models, parameters are estimated for every subgroup. Consistent with H1, in all firms, business units, or sales units studied the resulting regression coefficients show that the relationship between customer orientation and sales performance is shaped in the form of an inverted U.

Common Method Bias. Customer orientation and sales performance are both measured using salesperson self-reports. Thus, common method variance (CMV) may bias the findings regarding H1 (Podsakoff et al. 2003). Although this risk is reduced, because H1 is non-linear (it implies that the relationship between both constructs has a different form in different subgroups of the sample), we conducted three tests to rule out the possibility of common method bias.

First, a Harman single factor test was employed (Podsakoff et al. 2003) to determine whether a single factor would account for a large part of the variance of all manifest variables based on salesperson self-reports. The single factor model yielded a chi-square of 226.1 (27df), whereas a model where all relevant constructs are specified individually leads to a significant improvement in fit ($\Delta\chi^2(2df) = 171.8$, $p < .01$). This suggests that CMV is not a serious threat.

Second, a common method factor was included in the structural model used to test H1. It loads on all items based on salesperson self-reports and thus controls for CMV in hypothesis testing. To achieve model convergence (Rindfleisch et al. 2008), all loadings of the method factor were specified as being of the same size, reflecting the assumption that all items are equally affected by CMV. Also, the method factor needed to be specified as uncorrelated with other constructs, reflecting the assumption that the degree of CMV is independent from the true magnitude of customer orientation and/or sales performance. Results regarding H1 are stable after the inclusion of the method factor, which also suggests CMV does not bias the results.

Third, we replicated the nonlinear effect of customer orientation using managerial performance information at the sales unit level. We regressed sales unit sales (reported by the managers) on the average customer orientation in the sales unit. Again, consistent with H1, the square of customer orientation negatively affects sales ($\gamma_{41\times1} = -.320$). The effect is only significant at the 10% level, but this seems acceptable given the small sample. Thus, H1 is supported using data from multiple sources, again suggesting that CMV is not a major threat.

5.4 Additional analyses of costs and benefits of customer orientation in sales encounters

The argument behind our focal nonlinear hypothesis H1 is based on two key propositions. (1) The benefits of increasing customer orientation follow the principle of diminishing returns. (2) Increasing customer orientation is costly. The preceding sections were devoted to testing

the

general implication of these ideas, i.e., the existence of a relationship between customer orientation and sales performance in the shape of an inverted U. This section looks more closely at some data regarding these two propositions. However, the analyses described here can only be considered tentative, as the empirical study was designed with the model in Figure 3 in mind.

Diminishing Benefits of Customer Orientation in Sales Encounters. Table 5 shows results from a nonlinear multilevel regression analysis that was designed to test whether the principle of diminishing returns applies to the benefits of customer orientation. We analyzed three models where the square root of customer orientation (reflecting diminishing returns) acted as antecedent to customer intentions to buy more, customer price insensitivity, and customer positive word of mouth (WOM). In all models customers were specified as being nested in salespeople (using HLM) and a number of control variables pertaining to relationship characteristics were included.

	Dependent Variables (Customer Data)		
Independent Variables	**Intention to Buy More[a)]**	**Price Insensitivity[b)]**	**Positive WOM[c)]**
Customer Orientation (Salesperson Data)			
Square Root of Customer Orientation	1.01^{+}	.60*	1.53*
Control Variable (Salesperson Data)			
Salesperson Experience	-.00	-.00	.02
Control Variables (Customer Data)			
Costs of Changing the Supplier [d)]	.08**	.00	.11**
Size of Customer Firm[e)]	-.05	-.09**	-.10*
Number of Alternative Suppliers	.27*	-.07^{+}	.09
Length of Firm Relationship with Supplier	-.00	-.00^{+}	-.01
Length of Respondent Relationship with Salesperson	.00	.01	.07*

Notes: Unstandardized coefficients are shown. $^{+}$: $p \leq .10$; *: $p \leq .05$; **: $p \leq .01$.

a) Measured through two Likert-scaled items (α=.75) asking customers to state their plans to expand the business relationship with the supplier.

b) Measured through single item (5 scale points) asking customers to state how much lower competitor prices would need to be (in percent of the current price of the supplier) to make them change the supplier.

c) Measured through two Likert-scaled items (α=.83) referring to positive WOM behavior.

d) Measured through four Likert-scaled items (α=.65) referring to four different aspects of costs for changing the supplier (contractual obligations, individualized products, specific investments, costs for ending the relationship).

e) Measured through closed question (12 scale points) asking for the revenues of the customer firm.

Table 5 Results of Multilevel Regression to Assess Diminishing Returns of Salesperson Customer Orientation in Sales Encounters

The square root of customer orientation is linked to all three outcomes, although the effect on intentions to buy more is only significant at the 10% level. Also, information criteria (AIC and BIC) indicate in all three cases that the nonlinear model is a better approximation to the data than its linear equivalent. Thus, these results confirm the idea that with growing levels of salesperson customer orientation, the incremental benefits of further increases become smaller.

Costs of Customer Orientation in Sales Encounters. To look at possible costs of customer orientation we used data regarding the customer structure and time use of the participating salespeople. In Table 6 the mean vales of these variables are listed for five salesperson groups, created through a quintile split along the values of the customer orientation construct.

Variable	Salesperson Customer Orientation in Sales Encounters				
	Lowest (n=38)	**Low (n=39)**	**High (n=38)**	**Optimal (n=40)**	**Too high (n=38)**
Customer Orientation	5.13	5.64	5.90	6.21	6.68
Sales Performance	4.67	4.86	5.05	5.36	5.21
# of Customers Served[a)]	104	86	117	111	67
# of Customers Served/Sales Unit Average[b)]	.91	.95	1.03	1.16	.95
% of Purely Informative Customer Interactions[a)]	50.45	50.52	47.83	49.95	54.81
% of Customer Interactions with Sales Elements[a)]	49.55	49.48	52.13	50.05	45.19

[a)] Measured through open question.
[b)] Average number of customers served calculated from responses from all participating salespeople in a sales unit.

Table 6 Descriptive Analysis of Costs of Salesperson Customer Orientation in Sales Encounters

Coincidentally, the mean customer orientation of group 4 equals almost exactly the optimum level of customer orientation derived earlier. Thus, group 5 with even higher values represents those salespeople that are too customer-oriented according to our results. As argued in the reasoning behind H1, to maintain a very high level of customer orientation salespeople are forced to spend more time with the customers they serve, requiring them to serve fewer customers in total. In line with this reasoning, the salespeople in group 5 serve the fewest customers if one looks at the absolute number of customers and rank fourth if one looks at the relative number of customers. At the same time, the salespeople in group 5 have more purely informative customer interactions (i.e., without any sales element) than any other group. Thus, Table 6 provides some evidence that very high levels of customer orientation may in fact be costly in terms of how salespeople allocate their time within and across customer relationships.

6 Discussion

Customer-oriented salesperson behaviors are key for building lasting buyer-seller relationships. At the same time, implementing a customer orientation requires time and increases complexity for the selling organization. Taken together with the lack of evidence supporting a positive effect of customer orientation on salesperson performance (Franke and Park 2006), the question arises, whether there is an optimal level of customer orientation and what factors determine its magnitude. Using survey data from 195 salespeople, 56 sales managers and more than 500 customers, this study addresses this issue. It has implications for researchers and managers.

6.1 Research Issues

First, in his review of the salesperson customer orientation literature, Schwepker (2003, p. 166) concludes that "research is needed to fully uncover the dimensions underlying customer-oriented selling". This study addresses this issue by acknowledging the multi-dimensional nature of the construct (Stock and Hoyer 2005). Salesperson customer orientation is conceptualized with five dimensions, each corresponding to behaviors in one of the five stages of a sales encounter.

It is worth noting that this conceptualization explicitly refers to salesperson conflict management behaviors (e.g., collaborative handling of disagreements). Thus, this study provides evidence that salesperson customer orientation cannot be reduced to being "simply a sales *presentation* approach", which is implied by earlier scales (Schwepker 2003, p. 165). At the same time, our construct does not comprise behaviors that aim at establishing a personal relationship with the customer, such as getting to know a customer personally (Donavan, Brown, and Mowen 2004). Future research could analyze, how our more functional understanding of customer orientation and our results relate to these purely relational aspects of customer orientation.

Second, this study explicitly takes a nonlinear perspective on studying performance outcomes of customer orientation. In particular, we find a curvilinear relationship between both constructs shaped in the form of an inverted U. Thus, we provide evidence that there is an optimum level of customer orientation in sales encounters with regard to sales performance. Although some might find this result to be consistent with their intuition, it severely contradicts scholarly and managerial practice. For instance, to the best of our knowledge,

none of the studies used in the comprehensive meta-analysis on outcomes of salesperson customer orientation by Franke and Park (2006) has tested nonlinear effects. But it is not only the salesperson customer orientation literature that limits itself to a "the more the better" perspective. For instance, this approach can also be found in recent studies on relational selling (e.g., Palmatier, Scheer, and Steenkamp 2007; Yim, Tse, and Chan 2008). Based on our study, it seems advisable that researchers in these fields routinely consider nonlinear relationships between key phenomena.

Against this backdrop, it needs to be emphasized that this study does not address *why* salespeople exhibit levels of customer orientation that are higher than optimal. As Franke and Park (2006) suggest, maybe salespeople underestimate the costs of customer orientation. Or they experience difficulties in identifying the appropriate time-horizon in a business relationship (e.g., Ganesan 1994) and thus focus too much on securing long-term outcomes. Finally, another possible reason could be an exaggerated commitment to the customer (e.g., Siders, George, and Dharwadkar 2001), maybe as a result of a personal friendship between customer and salesperson (Grayson 2007; Heide and Wathne 2006). Future research could look at this issue more closely. For instance, it would be interesting to better understand how salesperson commitment to specific customers influences their decisions in the selling process (e.g., regarding price concessions).

Third, there has been some discussion in the sales literature whether financial sales performance is the best performance measure in relational selling contexts. It has been objected that financial sales performance might not adequately account for more long-term customer reactions (e.g., Hunter and Perrault 2007). At the same time, firms adopting a customer-focused sales campaign still look at the bottom line to judge its results (e.g., Kumar, Venkatesan, and Reinartz 2008). Therefore, in this study two outcomes are considered simultaneously: financial sales performance and customer attitudes. Results show that customer orientation affects these outcomes differently. While it has a nonlinear effect on sales performance, the effect on customer attitudes is continuously positive. This also provides an integrating explanation to the mixed findings of previous research, where customer orientation is found to consistently to affect customer attitudes (e.g., Brady and Cronin 2001; Goff et al. 1997), whereas (linear) effects on sales performance are small at best (Franke and Park 2006).

Fourth, this study responds to calls to identify the influence of moderator variables on the

effectiveness of salesperson customer orientation (Franke and Park 2006). The optimum level of customer orientation in sales encounters is substantially higher with individualized products, in competitive environments, and for supplier firms that have adopted a premium price strategy.

These findings allow for an integration of diverging findings on salesperson customer orientation. For instance, the effect of product individuality explains why Howe, Hoffman, and Hardigree (1994) do not find an effect of salesperson's customer orientation on performance in insurance companies, whereas in a real estate context McIntyre et al. (2000) do.

6.2 Managerial Implications

A first important managerial implication of this study is that practitioners are urged to reconsider the link between salesperson customer orientation and sales performance. Particularly, while in the era of relational selling many salespeople ask themselves: "How right should the customer be?", they often only get an answer of the type: "The customer is always right". As the Wall Street Journal observed recently: "Perhaps the most often stated value of corporate leaders is some variant of 'We put customers first'" (Price 2009). Consider also the advice of UK's Marketing Week (2009) to "Put the customer first, then success will follow" or the recommendation of former Orange CEO Hans Snook to "make sure that everybody in the company understands the customer is king" (Tomkins 2005, p. 13). We find that this widely held belief is only partially true, as there is an optimum level with regard to customer-oriented behaviors in sales encounters. Thus, there are times, when the customer should not be king.

This finding is especially important in the ongoing economic crisis, where many sales managers look for ways to reduce costs while maintaining performance. Here, reducing the customer-orientation of salespeople who are "too customer-oriented" promises to be a viable strategy. In this context, it is worth emphasizing that the number of salespeople with customer orientation levels beyond the optimum may be quite high. For instance, in our sample, around 30% of the salespeople exhibit customer-orientation levels higher than the optimum of 6.20.

It is necessary to point out that reducing salesperson customer orientation is not a straightforward endeavor (Homburg, Droll, and Totzek 2008). In particular, as customers exhibit loss aversion, negative reactions to decreases in perceived service levels are likely to be stronger than the positive reactions to increases they experienced before. Thus, practitioners are

advised to "soften the blow" of reducing salesperson customer-orientation. For instance, Kumar, Venkatesan, and Reinartz (2008) find that improving the timeliness of sales calls can be a very effective way to maintain perceived customer orientation levels while reducing the costs of serving individual accounts.

Another word of caution is required. In our sample 70% of the salespeople have customer orientation levels that are optimal or lower. Thus, our study cannot be seen as an invitation to simply renounce salesperson customer-orientation as a whole. For many salespeople encouraging customer-oriented behaviors is still more the issue than discouraging them.

In this context, another important managerial implication of this study is to monitor individual salesperson customer orientation more closely. Here, this study provides managers with a new customer orientation scale to assess salesperson customer orientation. Additionally, the optimum level of customer orientation from this sample (6.20) can also serve as a benchmark. If salespeople score consistently higher than a 6 on this scale, this could be used as a potential warning signal that their behaviors may be potentially counterproductive. Additionally, based on our descriptive analysis regarding the costs of customer orientation two additional warning signals can be identified. First, salespeople that are too customer-oriented in our sample serve the fewest customers in absolute numbers. Second, salespeople that are too customer-oriented address sales-related issues in less than 50% of their customer interactions. Particularly when combined with a salesperson's customer orientation score, these indicators can be used as additional warning signs for problematic levels of salesperson customer orientation.

A third important managerial implication from this research is that for firms offering a broad product portfolio in heterogeneous markets a "one fits all" approach to salesperson-customer interactions and salesforce control systems leads to a substantial misallocation of resources. In particular, the results from this study suggest that customer orientation contributes much more strongly to sales performance in some market environments and less in others. Thus, managers are advised to develop different customer interaction models depending on the characteristics of the product and its specific market. For instance, in business units offering individualized products at a premium price in highly competitive environments the optimum level of salesperson is very high. In such a context, salesforce control systems will need to consist mostly of outcome controls, which are likely to strengthen salesperson focus on the customer (Anderson and Onyemah 2006). At the same time, in business units offering mostly standardized products in marketplaces with little competition, salesforce control systems

should focus on behavioral controls (e.g., a maximum number of follow-up calls with respect to a specific customer) to strengthen the firm focus of the salespeople.

6.3 Limitations

At least four limitations of this study need to be considered. They also provide avenues for further research. First, the multidimensional measurement model for salesperson customer orientation reveals that most items and dimensions have very good psychometric properties. However, only 37% of the variance of the consideration of customer interests dimension is explained through the customer orientation construct. Also, the properties of the items of the dimension "Use of informative closing techniques" are not entirely satisfactory.

Second, the overarching theme behind our prediction of a nonlinear effect of customer orientation on sales performance is that the law of diminishing returns applies to the benefits of customer orientation, whereas the costs of customer orientation increase steadily. While we describe several additional analyses that provide some evidence for this reasoning, in sum the data collected for this study does not allow us to fully test these ideas. Thus, future research is needed to better understand the mechanisms linking customer-oriented behaviors to performance.

Third, most buyer-supplier relationships covered in our sample are quite old, with less than 25% lasting for 10 years or less. However, the effectiveness of salesperson customer orientation might also depend on the specific stage of the buyer-seller relationship. For instance, customer-oriented behaviors could be more effective in earlier stages of a relationship with the customer. Unfortunately, hypotheses of this kind cannot be effectively studied using our data.

Finally, it needs to be noted that this study relies on data from a cross-sectional survey. This limits our ability to make causal inferences. Most importantly, as all our variables are measured at the same time, long-term effects of salesperson customer orientation are not completely covered. In particular, it may well be that customer attitudes affect sales performance more strongly in the long-run. Therefore, future research could complement this study by analyzing its focal hypotheses using longitudinal data (Rindfleisch et al. 2008).

APPENDIX 1: SCALE ITEMS FOR CONSTRUCT MEASUREMENT

Item used in this study	Item rel. [a)]	Original item	Source
I. Customer orientation in sales encounters			
Identification of customer requirements	.78[b)]	n/a	n/a
Presentation of customer solutions	.82[b)]	n/a	n/a
Solution-oriented handling of objections and disagreements	.62[b)]	n/a	n/a
Consideration of customer interests	.37[b)]	n/a	n/a
Use of informative closing techniques	.46[b)]	n/a	n/a
II. Facets of a salesperson's customer orientation in sales encounters			
Identification of customer requirements (salespeople); seven-point scale: "totally disagree" to "strongly agree"			
I ask my customers about their specific performance requirements.	.42	"I try to figure out what a customer's needs are."	Saxe and Weitz (1982)
I ask directed questions to determine the specific needs of my customers.	.58	"I ask probing questions."	Castleberry, Shepherd, and Ridnour (1999)
I actively involve my customers in meetings to determine their specific needs.	.69	"I try to get customers to discuss their needs with me."	Saxe and Weitz (1982)
I attentively listen to my customers to get a proper understanding of their specific needs.	.63	"I make an effort to understand the buyer's point of view."	Castleberry, Shepherd, and Ridnour (1999)
I summarize my customers' statements to get a proper understanding of their specific needs.	.36	"I summarize what the buyer has said."	Castleberry, Shepherd, and Ridnour (1999)
Presentation of customer solutions (salespeople); seven-point scale: "totally disagree" to "strongly agree"			
I particularly focus on functional information which is especially relevant for my customers.	.41	"Make a sales presentation that is customized or specifically tailored to each prospect."	Dwyer, Hill, and Martin (2000)
I focus on those benefits of our products and services which are of particular relevance for my customers.	.48	"Focus the sales talk on the product and the benefits it offers."	Dwyer, Hill, and Martin (2000)
I adapt my sales pitch very much to my customers' interests.	.73	"I offer the product of mine that is best suited to the customer's problem."	Saxe and Weitz (1982)
When presenting our products and services, I respond very individually to my customers' requirements.	.70	"Make a sales presentation that is customized or specifically tailored to each prospect."	Dwyer, Hill, and Martin (2000)
Collaborative handling of objections and disagreements (salespeople); seven-point scale: "totally disagree" to "strongly agree"			
I am very attentive to customer objections.	.36	Newly developed	n/a
I routinely ask my customers for the reasons behind their objections.	.49	"I try to work with X for a proper understanding of a problem."	Rahim (1983)
I am very committed to resolve disagreements between my customers and me.	.60	Newly developed	n/a
I actively create win/win situations to resolve disagreements between my customers and me.	.40	"I try to work with X to find solutions to a problem that satisfy our expectations."	Rahim (1983)
I bring all difference between my customers and me out in the open to resolve disagreements.	.46	"I try to bring all our concerns out in the open so that the issues can be resolved in the best possible way."	Rahim (1983)

APPENDIX 1: CONTINUED

Item used in this study	Item rel. [a)]	Original item	Source
Consideration of customer interests (salespeople); seven-point scale: "totally disagree" to "strongly agree"			
In sales negotiations, I extensively account for my customers' interests.	.30	"A good salesperson has to have the customer's best interest in mind."	Saxe and Weitz (1982)
I reconcile my interests with my customers' interests to achieve an agreement in sales negotiations.	.55	"I try to find a middle ground to resolve an impasse."	Rahim (1983)
I make compromises with my customers to achieve an agreement in sales negotiations.	.44	"I negotiate with my boss so that a compromise can be reached."	Rahim (1983)
Use of informative closing techniques (salespeople); seven-point scale: "totally disagree" to "strongly agree"			
I recommend my customers products and services that are appropriate from my point of view in a non-obliging way to facilitate their buying decision.	.49 [c)]	"I try to influence a customer by information rather than by pressure."	Saxe and Weitz (1982)
I summarize for my customers the major benefits of our offer in a non-obliging way to facilitate their buying decision.	.36 [c)]	"I try to influence a customer by information rather than by pressure."	Saxe and Weitz (1982)
III. Outcomes of salespeople's customer orientation			
Salesperson performance (salespeople); seven-point scale: "much worse" to "much better"			
How do you evaluate your sales performance in comparison with your colleagues, based …			
… on the achieved sales in the last 12 months?	.79	"Compared with other salespeople working for your company, how would you evaluate your overall performance?"	Oliver and Anderson (1994)
… on the achieved orders in the last 12 months?	.80		
… on the achieved total contribution margin in the last 12 months?	.55		
Customer's attitude toward the salesperson (customers); seven-point scale: "totally disagree" to "strongly agree"			
I consider my account manager at company X to be very customer-oriented.	.60	"In general, I am pretty satisfied with my dealings with this salesperson."	Ramsey and Sohi (1997)
Overall, I have a very positive opinion about my account manager at company X.	.96	Newly developed.	n/a
Overall, I am very satisfied with my account manager at company X.	.88	"I am satisfied with the level of service this salesperson has provided."	Ramsey and Sohi (1997)
Customer's attitude toward a supplier's products (customers); seven-point scale: "totally disagree" to "strongly agree"			
The products and services of company X are of high quality.	.69	This is a high quality product.	Miyazaki, Grewal and Goodstein (2005)
The products and services of company X extensively meet our requirements.	.81	Newly developed.	n/a
Compared to other suppliers, the products and services of company X are very good.	.50	The quality of this product is very good.	Miyazaki, Grewal and Goodstein (2005)
Customer satisfaction (customers); seven-point scale: "totally disagree" to "strongly agree"			
We are very pleased with the products and services of company X.	.61	"We are very pleased with the products and services of company X."	Homburg and Stock (2004)
We intensively enjoy collaborating with company X.	.76	"We enjoy collaborating with this company."	Homburg and Stock (2004)
On an overall basis, our experience with company X has been very positive.	.85	"On an overall basis, our experience with company X has been very positive."	Homburg and Stock (2004)
On an overall basis, we are very satisfied with company X.	.92	"On an overall basis, we are satisfied with this company."	Homburg and Stock (2004)

APPENDIX 1: CONTINUED

Item used in this study	Item rel. [a)]	Original item	Source
IV. Contextual influences on the optimum level of customer orientation			
Product individuality (sales managers); seven-point scale: "totally disagree" to "strongly agree"			
Our products and services are individually developed for our customers.	.57	Newly developed.	n/a
Our products and services are highly adapted to our customers' needs.	.89	Newly developed.	n/a
The major characteristics of our products and services are highly adjusted to our customers.	.73	Newly developed.	n/a
Our products and services are highly individualized.	.66	Newly developed.	n/a
Product importance (sales managers); seven-point scale: "totally disagree" to "strongly agree"			
Our products and services are of high importance for our customers.	.57 [d)]	"Our products are a very important purchase for the buyer's organization."	Porter, Wiener, and Frankwick (2003)
Our products and services provide an important contribution to the achievement of our customers' goals.	.93 [d)]	"The purchase of our product greatly influences other aspects of the buyer's organization.	Porter, Wiener, and Frankwick (2003)
Competitive intensity (sales managers); seven-point scale: "totally disagree" to "strongly agree"			
In our market, competition is very hard and intensive.	.37	"Competition in our industry is cutthroat."	Jaworski and Kohli (1993)
The number of our direct competitors is very high.	.54	Newly developed.	n/a
In our market, we hear of new campaigns from our competitors very often.	.63	"One hears of a new competitive move almost every move."	Jaworski and Kohli (1993)
In our market, the intensity of competitive campaigns is very high (e.g., customer acquisition campaigns, introduction of new products/services).	.71	"There are many promotion wars in our industry."	Jaworski and Kohli (1993)
In our market, competitors respond to new market developments very quickly.	.58	"Anything that one competitor can offer others can match readily."	Jaworski and Kohli (1993)
Supplier's price positioning (sales managers); seven-point scale: "much lower" to "much higher"			
How do you evaluate the overall price level of your products and services compared to competition?*	_ [e)]	Newly developed.	n/a
V. Control variables			
Salesperson experience (salespeople); open-ended question			
For how many years have you been working in sales?	_ [e)]		Levy and Sharma (1994)
Quality of services and customer-related business processes (customers); seven-point scale: "much worse" to "much better"			
How do you evaluate the service quality at company X compared to its competitors (e.g., quality of online services, call centers, or personal service of account managers)?	.61 [f)]	Relative to other suppliers, please evaluate the performance of this supplier with respect to service quality.	Homburg and Stock (2004)
How do you evaluate the quality of customer-related business processes at company X compared to its competitors (e.g., processing of orders, handling of complaints)?	.53 [f)]	Relative to other suppliers, please evaluate the performance of this supplier with respect to the quality of customer-related business processes.	Homburg and Stock (2004)

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