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“The New Sales Interaction: Empowered Consumers, Sales Influence Tactics, and Knowledge Brokers”

Submitted by:

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Abstract

Empowered Consumers (ECs) are characterized as having high levels of information, awareness, and power. To effectively sell to ECs, salespeople must develop new sales approaches. Yet, limited conceptual and empirical research explores this area. In short, despite its importance, the literature does not yet offer much insight on selling to ECs. Thus the current research “starts at the beginning” and tests the effectiveness of traditional sales influence tactics on objective EC purchase outcomes. Then, how salespeople can act as value creating knowledge brokers, by understanding EC’s determinant attributes to effectively communicate scarce knowledge, is explicated and empirically tested.

The New Sales Interaction: Empowered Consumers, Sales Influence Tactics, and Knowledge Brokers

Empowered Consumers (ECs) are characterized as having high levels of information, awareness, and power (Labrecque et al. 2013). To effectively sell to ECs, it is commonly accepted that salespeople must develop new sales approaches. Yet, limited conceptual (e.g., Jones et al. 2005; Rapp et al. 2014) and empirical (e.g., Leigh et al. 2014; Verbeke et al. 2011) research explores this area. In short, despite its importance, the literature does not yet offer much insight on selling to ECs. Thus, the current research “starts at the beginning” and tests the effectiveness of traditional sales influence tactics with ECs (S1). Then, how salespeople can act as value adding knowledge brokers, by understanding EC’s determinant attributes to effectively communicate scarce knowledge, is addressed, and empirically tested (S2).

Study 1

The marketing literature has not empirically established the “ineffectiveness” of sales influence tactics with ECs (found to be effective in other settings). Therefore, Study 1 tests established influence tactics with ECs and suggests that the tactics will have positive and negative effects based on the elaborative nature of ECs. The construct of informedness is used to measure consumer empowerment. Informedness is defined as “the customer’s perceived information level for a specific purchase decision prior to the given purchase event.” To study sales influence tactic effectiveness with ECs, customer reported informedness and salesperson influence tactics are tested on the objective outcome of purchase.

Theory Development. The theory of dual routes of persuasion, also referred to as the Elaboration Likelihood Model (ELM), explains how attitudes are formed and influenced based on consumer elaboration (Petty and Cacioppo 1986). The ELM assesses elaborative response to influence through two routes. The central route defines consumers who process and evaluate an influence message for merit. The peripheral route is a consumer perspective of evaluation based on heuristic cues. For elaborative ECs (high informedness), salesperson use of tactics that align with the correct route (central) is critical because using the wrong route (peripheral) is less likely to lead to successful influence. Therefore, salesperson use of elaboration inducing tactics (i.e., promoting central route processing) is expected to

strengthen the informedness to purchase relationship. While, salesperson use of elaboration inhibiting tactics (i.e., promoting peripheral route processing) is expected to weaken the relationship. To test the study's hypotheses, six established marketing influence tactics (McFarland et al. 2006) are grouped based on their elaboration inducing (central route) or elaboration inhibiting (peripheral route) qualities.

Hypotheses

- **H1:** Customer informedness will have a positive relationship with purchase.
- **H2 (a & b):** The elaboration inducing influence tactics of (a) Information Exchange and (b) Recommendations will strengthen the relationship of customer informedness and purchase.
- **H3 (a & b):** The elaboration inhibiting influence tactics of (a) Consequence/Incentive and (b) Ingratiation/Inspiration Appeal will weaken the positive relationship of informedness and purchase.

Research Methodology. 480 useable survey responses (47% response rate) from customers of a car dealership were collected. Informedness and the sales influence tactic moderators were measured using scales from existing literature and the data were found to be reliable and valid. The objective dependent variable of purchase (yes/no) was provided by the selling firm. The study's dichotomous dependent variable necessitated use of binary logistic regression for hypothesis testing.

Findings. The results (Table 1) indicate that H1 is positive, yet only marginally significant. The elaboration inducing hypotheses, H2a and H2b, were both not supported. Yet, the elaboration inhibiting hypotheses, H3a and H3b, were supported. In post-hoc analysis, customer informedness and *pre-interaction* willingness to buy was found to be positive and significant ($\beta = .57, p < .001, R^2 = .33$). The results indicate that the EC enters a sales interaction *intending to purchase*, yet the relationship with *purchase* is only marginally significant. Additionally, the elaboration inducing influence tactics *are not supported*, while the elaboration inhibiting influence tactics *are supported*. In short, the findings suggest that for ECs use of traditional sales influence tactics is not effective, or worse is detrimental. However, consistent with prior literature, post-hoc analysis revealed that the influence tactics did perform as expected in the absence of the informedness construct, which indicates that the traditional approach does still hold merit for non-empowered customers.

Table 1: Study 1 Logistic Regression Results

<u>Hypothesis</u>	<u>Relationship</u>	<u>Parameter Estimate</u>	<u>S.E.</u>	<u>Significance</u>		<u>Exp (B) Odds</u>	<u>95% C.I. for Exp (B)</u>	
				<u>Wald</u>	<u>p-value</u>		<u>Lower</u>	<u>Upper</u>
H1: marginally supported	Informedness → Purchase	0.78	0.42	2.19	0.06	2.186	0.956	4.99
H2a: not supported	INFL Info*Informedness → Purchase	0.11	0.08	2.15	0.143	1.119	0.96	1.30
H2b: not supported	INFLRecc*Informedness → Purchase	0.06	0.08	0.64	0.426	1.062	0.92	1.21
H3a: supported	INFL Incent/Cons * Informedness → Purchase	-0.17	0.07	6.44	0.01	0.823	0.68	1.00
H3b: supported	INFL Ingrate/Inspire*Informedness → Purchase	-0.20	0.10	4.04	0.04	0.823	0.68	1.00

Informedness DV Nagelkerke R² = .13

Study 2

The results of Study 1 support the idea that for salespeople to be effective with ECs they must change their approach. This notion is addressed in recent literature that suggests to be successful salespeople should act as knowledge brokers (e.g., Rapp et al. 2014). Knowledge brokers are salespeople that take a holistic view of the consumer’s situation, assess it, and add scarce (missing) knowledge to recommend a value creating solution (Rapp, et al. 2014). But, to be a knowledge broker, salespeople *must be able* to communicate their “scarce knowledge” to ECs. Hence, the findings of Study 1 are troubling as they demonstrate that EC purchases are *not* influenced by information exchange or recommendations, which are traditional ways that information (including scarce information) is exchanged. In response, Study 2 suggests that salesperson influence tactics are ineffective because of changes *to how and when* ECs gather information and form purchase decisions. For example, ECs are estimated to be 70% of the way through the buying process for complex products before meeting a salesperson. The current research contends that this change gives ECs a different goal focus than non-ECs when they meet a salesperson.

Theory Development. Regulatory focus theory (RFT) states that consumers have either a promotion or prevention focus based on their pursuit of goals (Higgins 1987; Xie and Kahle 2014). The promotion focused consumer treats goals as hopes and aspirations, making him/her eager for information and advice. The prevention focused consumer treats goals as duties or obligations to be fulfilled, making him/her vigilant not to be deterred from goal attainment. The current study suggests that ECs adopt a prevention focus during sales interactions. It is important to note that prevention focused ECs are less open to new information than promotion focused consumers (Avnet and Higgins 2006) and will depart

the interaction if they feel they cannot attain their goal (Vaughn et al. 2009). Hence, the EC's sales interaction goal is no longer gathering information, but rather it is to complete the purchase. This notion reflects the findings of Study 1. Fortunately, a mechanism underlies RFT which may help salespeople in selling to ECs. Prevention focused consumers are willing to elaborate on, and respond to, item-specific information such as information concerning their determinant attributes (Zhu and Meyers-Levy 2007). Determinant attributes are defined as "salient attributes that have a *direct* influence on alternative evaluation and final choice" (Berkman et al. 1997, 70). In light of RFT, the current essay suggests that to be effective in the role of knowledge broker salespeople must change their initial approach from needs analysis to "determinant attribute" analysis. Thus, the current essay advances, and tests, that presenting attribute-specific information will be effective in transforming salespeople into knowledge brokers. Then, combining attribute-specific and scarce knowledge will help knowledge brokers to add value through solutions (recommendations) that ECs are likely to accept.

Hypotheses

- **H1:** Informedness has a positive relationship with prevention focus.
- **H2:** ECs will a) be more *willing to buy* something ($WTB_{\text{something}}$), b) experience more *interaction satisfaction*, and c) spread more *positive word of mouth* when salesperson provided information is *attribute-specific* to the EC's determinant attributes, rather than *general*.
- **H3:** For the EC, *attribute-specific & high gap scarce knowledge* will result in higher *willingness to buy* the salesperson recommended product/service ($WTB_{\text{recommend}}$), than *general & low/high gap scarce knowledge* or *attribute-specific & low gap scarce knowledge*.
- **H4:** For the EC, *attribute-specific & high challenge scarce knowledge* will result in higher *willingness to buy* the salesperson recommended product/service ($WTB_{\text{recommend}}$), than *general & low/high challenge scarce knowledge* or *attribute-specific & low challenge scarce knowledge*.

Research Methodology. MANOVA is used for analysis of the 2 X 2 between-participants factorial design experiments. Essay 2 addresses B2C sales interactions for complex products, so adults 18-29 were studied because of their familiarity with smartphones. The study sample consisted of 379 cases which were equally distributed across the cells. The sample is 44% female with a mean age of 20.7 years. For Studies 1b and 1c, one of eight brief written/graphical/audio scenarios with independent

variable manipulations for attribute-specific information (general/specific), and either gap scarce knowledge (low/high) or challenge scarce knowledge (low/high) were presented to the participants.

Findings. The results of Study 1 provide support for all but one of the study's hypotheses. The findings should be of interest to scholars because they make three empirical contributions to the literature. First, the EC's perceived informedness level has a positive and significant relationship with prevention focus. Second, salespeople can effectively act in the role of knowledge broker by presenting EC attribute-specific information. Third, the interaction of attribute-specific information and scarce knowledge that challenges results in increased EC willingness to accept salesperson recommendations. Sales managers should also be interested in the findings of the current essay, which offer a starting point to realize why salespeople may be failing with ECs based on the EC's prevention focus. Overall, this study provides a useful perspective on the knowledge broker role and how salespeople can succeed in this role with ECs.

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