

Adaptive Selling or Agility Selling? The Role of Adaptability and Flexibility in Value Co-Creation with Customers

Aniefre Eddie Inyang, University of Texas at Arlington, USA
Juliana White, Louisiana State University, USA

ABSTRACT

In the contemporary business world, customers are increasingly demanding better products and services while salespeople are seeking new ways to meet a highly diverse set of buyer needs. One newly emerging yet critical element of meeting these ever-rising customer expectations is the notion of salesperson agility. Agility is not just flexibility, nor is it simply speed—agility captures a salesperson’s unique ability to respond effectively in a turbulent marketplace environment. This research explores salesperson agility as it compares to adaptive selling, and finds positive outcomes with value co-creation and overall selling performance.

Introduction

In the modern business environment where firms must constantly recalibrate their efforts to guarantee success, the notion of agility has emerged as an important advantage. Agility is broadly defined as a readiness to cope with continuous and unanticipated variability in the marketplace (Menor, Roth, and Mason 2001; Yusef, Sarhadi, and Gunasekaran 1999). While adaptive selling has been found to have a positive relationship with several different measures of salesperson performance (Franke and Park 2006; Weitz, Sujan, and Sujan 1986 p. 175), this research takes a closer look at the similar but highly distinct construct of salesperson agility.

Drawing from management literature, the impacts of agility can be seen at the supply chain level (Aitken, Martin, and Towell 2002), the manufacturing level (Goldman, Nagel, and Preiss 1995), and even the workforce level (Van Oyen, Gel, and Hopp 2001). However, there is scarce little research exploring how agility operates at the individual employee level. Chonko and Jones (2005) assert that an agile company needs agile people and their framework for agility selling offers a conceptual understanding of the construct at the salesperson level. This research advances a theoretical background for salesperson agility and provides empirical support for agility selling and its impacts in a sales organization. Results indicate that there are substantially different effects for agility and adaptive selling, with the findings being strongly in favor of agility selling’s ability to generate customer value.

The implications of this research are important for advancing knowledge on agility beyond a macro-organizational vantage point. It has long been known that organizational agility improves businesses operating in competitive marketplaces with unpredictable and ever-changing customer opportunities (Goldman, Nagel, and Preiss 1995), however an understanding of the individual operation of agility is warranted.

Salesperson Agility

Chonko and Jones (2005) were the first to voice a need for further study of agility in the context of sales and their work made substantial headway in building a comprehensive model of agility selling. Using conceptualizations of agility previously offered in the business literature (Dove 1996; Kidd 1994), Chonko and Jones (2005) begin their discussion of salesperson agility by noting two of its primary components: 1) The ability of the sales force to respond to changes in the environment properly and in a timely manner, and 2) The ability of the sales force to use these changes to their advantage so that they become opportunities rather than hindrances.

Dealing with marketplace turbulence and turning inherent environmental unpredictability into opportunity is a critical aspect of agility and one which makes the agile salesperson successful. Examples of such changes which may occur in the business environment include sudden deviations in customer preferences and accounts (Chonko and Jones 2005; Zhang and Sharifi 2000). Volatility in the marketplace, variations in supply and demand, and the emergence of disruptive technologies also represent environmental changes which can be mitigated by agility (Christopher 2000). An agile salesperson is able to respond to changes in the marketplace in a way that enhances value for customers.

Distinguishing Agility from Adaptive Selling

To better understand what agility is it is important to examine what it is not. A related but wholly distinct construct from salesperson agility is adaptive selling, which is defined as “the altering of sales behaviors during the customer interaction or across customer interactions based on perceived information about the nature of the selling situation” (Weitz, Sujan, and Sujan 1986). Extant literature demonstrates that adaptive selling can improve salesperson effectiveness (Weitz 1981) as it allows salespeople to customize and reformat their messages in accordance with the customer (Franke and Park 2006). While the notion of salespeople adapting to their individual consumers is certainly indicative of greater selling success, it does not bear the same components of anticipation, understanding, and above-all, speed that agility does.

Value Co-Creation

Consumers are increasingly seeking greater value from their interactions with business organizations (Prahalad and Ramaswamy 2004). Because of a salesperson’s considerable role in the buyer-seller relationship (Shepherd 1999), they are uniquely suited to anticipate and respond to evolving customer needs and in turn, enhance value. The emerging view is that value is not embedded in the products or services offered by selling organizations, but that value is co-created through the integration of resources and during interactions between buyers and sellers (Jaakkola and Hakanen 2013).

The notion of value co-creation originates in the process—the customers are active in the exchange and as such are co-creators of the value created by the exchange (Prahalad and Ramaswamy 2004). It is the customer’s entire experience with the firm that necessitates value

co-creation, not merely the static point of exchange. This puts much greater weight on employees (such as salespeople) who maintain close relationships with customers as they become key touchpoints for value co-creation.

This research compares two focal salesperson behaviors: salesperson agility and adaptive selling, investigating their relationships with value co-creation and ultimately overall performance. Because value can be co-created between the firm and the consumer, factors such as salesperson agility and adaptive selling which enhance these interactions are believed to be strongly related.

Customer Demandingness

While salesperson agility and adaptive selling are thought to bolster the salesperson-buyer relationship and enhance performance, certain customer characteristics may in fact detract from this relationship and in turn, diminish value co-creation. Customer demandingness is defined as the salesperson's perceptions of their buyers' expectations and needs with regard to various elements of the product or service (Wang and Netemeyer 2002). Not all customers are created equal, and some buyers do prove more challenging for salespeople to handle.

When buyers exhibit high levels of customer demandingness, it may be more difficult for salespeople to meet the customers' high requirements or unique needs for the product or service offering (Wang and Netemeyer 2002). We explore customer demandingness as a potential moderator of the relationship between value co-creation and salesperson performance.

Hypotheses Development

A highly agile salesperson is well in-tune with their customers' needs and will be better able to maintain meaningful customer interactions. Such customer interactions and experiences are the building blocks of value co-creation (Prahalad and Ramaswamy 2004). Because value co-creation by definition is dependent upon the interaction between the firm and the customer and salesperson agility enriches such interactions we hypothesize that:

H1: Greater salesperson agility leads to enhanced value co-creation with customers.

Given prior literature, it follows suit that adaptive selling will also be an important factor in the strength of the buyer-seller relationship and in turn, value co-creation (Franke and Park 2006; Goad and Jaramillo 2012). Small changes in behavior that are characteristic of adaptive selling (i.e. reactions to questions, comments, and adjustments in body language) can vastly improve the selling interaction (Franke and Park 2006). There is much evidence in sales research that adaptive selling behaviors improve customer relationships and ultimately performance (Boorum, Goolsby, and Ramsey 1998; Spiro and Weitz 1990; Weitz, Sujan, and Sujan 1986). This leads us to the second hypothesis:

H2: Greater adaptive selling behaviors lead to enhanced value co-creation with customers.

Collaboration to create value is at the heart of S-D Logic (Yngfalk 2013). The overall impacts of S-D logic and value co-creation on overall firm performance have been well-

documented in marketing literature (Bolton 2004; Payne et al. 2008; Gronroos 2012; Etgar 2008). We similarly propose that the strong link between value co-creation and meaningful salesperson-customer relationships will have an ultimate positive outcome on salesperson performance. We hypothesize that:

H3: Higher levels of value co-creation lead to greater salesperson performance.

Finally, the notion of customer demandingness must be considered as a variable which can potentially diminish the effects of value co-creation. Social cognitive theory provides a framework for understanding highly demanding customers by outlining their tendency to increase *task difficulty* (Wang and Netemeyer 2002). Task difficulty manifests for salespeople when customers have very unique needs for an offering, high expectations for an offering, or requirements for an offering which the salesperson is not aware of (Wang and Netemeyer 2002). All of these factors lead to more demanding and more difficult-to-satisfy customers. We therefore predict that there will be a moderating effect of customer demandingness on the relationship between value co-creation and salesperson performance such that:

H4: The higher the level of customer demandingness, the weaker the relationship between value co-creation and salesperson performance.

Method

For this research, we collected data from salespeople from a U.S. based Fortune 500 Company. The company manufactures products and provides engineering services to customers in the commercial, industrial and consumer markets. With the consent of management, data was collected from 202 salespeople, but 1 individual did not complete all survey items and was dropped, leaving a final sample of 201 salespeople. The demographic characteristics of the salespeople were, 175 males (87 percent), 22 females (10.9 percent), and 4 did not indicate any gender (2 percent). Salespersons ages ranged from 26 to 63 years with a mean age of 46.4 years (SD = 8.6). The tenure of the salespeople at the firm ranged from 1 year to 29 years with an average tenure of 19.8 years (SD = 9.3).

Measures

The measures used in this study include salesperson agility, adaptive selling, value co-creation, customer demandingness and salesperson outcome performance. All measures were adapted from existing scales. Due to space limitations, the scales used are not listed here, but are available from the authors upon request.

The reliability and validity of the measures used in this study were examined using average variance extracted (AVE), Cronbach's Alpha and composite reliability. Cronbach's alpha for all measures were above 0.70 (Nunnally 1978) and the composite reliabilities for all latent factors are greater than 0.60, thereby providing evidence of adequate reliability (Bagozzi and Yi 1998). We confirmed convergent and discriminant validity using the Fornell and Larcker (1981) criterion. The correlation matrix and tables with the results of reliability and validity testing are also available from the authors upon request.

Hypothesis Testing

Hypotheses were tested using partial least square analysis (Hair, Sarstedt and Ringle 2012). To determine if common method variance may be an issue in this study, we utilized the marker variable approach. The marker variable approach is utilized to isolate and remove any variance attributed to the common method (Lindell and Whitney 2001). In this study, two models were tested. One model without the marker variable and another model with the marker variable. The path coefficients of the hypothesized relationships remained significant in both models, which demonstrates that CMV is not an issue in this study (Lindell and Whitney 2001).

Results

The results show that salesperson agility is positively and significantly related to value co-creation with customers (*path coefficient* = 0.50, $p < 0.001$) in support of H1. Marginal support was found for the positive relationship between adaptive selling and value co-creation with customers (*path coefficient* = 0.08, $p = 0.08$), therefore H2 was partially supported. The PLS results also show that salesperson value co-creation with customers is positively and significantly related to salesperson performance (*path coefficient* = 0.35, $p < 0.001$) in support of H3. Finally, the moderator of customer demandingness had a negative effect on the relationship between salesperson agility and value co-creation (*path coefficient* = -0.16, $p = 0.003$), providing support for H4.

Discussion

The purpose of this research was to examine the relationship between salesperson agility and adaptive selling on value co-creation and its resulting impact on salesperson performance. In today's competitive business environment, being knowledgeable about customers' needs is no longer enough to satisfy customers—being agile and able to respond quickly to customers' needs and wants is also important. Customers will reward those organizations with their business; firms whose salespeople who are not only proficient in adapting their sales approach to each individual customer, but also are able to anticipate and respond rapidly to changes in customer's needs.

In long-term customer relationships, the way to create value and satisfy customers is ever-changing. To meet the challenge of today's demanding customers, firms and salespeople must be agile and respond to customer change quickly and frequently. This requires firms to train their sales force to have an understanding of the industries of the customers they are selling to, adapt their approach based on each customer's unique requirements and anticipate how customers' needs may evolve over time.

References

Available upon request.