THE CRITICAL ROLE OF AGENCY RELATIONSHIPS IN B2B EXCHANGE

A Dissertation Presented to the Faculty of the Committee: Lisa Scheer, Srinath Gopalakrishna, Detelina Marinova, Son Lam, and Ken Shaw

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By

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THE CRITICAL ROLE OF AGENCY RELATIONSHIPS IN B2B EXCHANGE

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ABSTRACT

The U.S. Census Bureau (2014) reports that from 1974 to 2014, the number of mid- to large sized firms in the United States grew at nearly twice the rate of small firms. As the average firm in the U.S. becomes larger and as corporations continue to displace small proprietorships in the marketplace, both salespeople and buyers are finding it more difficult to directly access decision makers within the other's organization. In effect, agency relationships, i.e., relationships where "one or more persons engage another person to perform some service on their behalf" (Jensen and Meckling 1976; p.5), are becoming increasingly prevalent. Through two independent essays, this dissertation investigates two common, yet understudied, forms of agency relationships found in today's business-to-business (B2B) markets.

Essay 1

My first essay emphasizes the salesperson's dual agency role in the customer-salesperson- seller firm triad. Prior marketing research has primarily focused on either salesperson-customer or seller firm-salesperson relationships**.** This research adopts a triadic approach to examine the salespeople's dual role**.** I conceptualize, measure and empirically examine a new construct, salesperson's customer advocacy, the salesperson's

actions to advocate for the interests of a specific customer to others within the seller firm. Although the salesperson's dual role as seller representative and customer advocate has long been acknowledged, prior research focuses on the seller representative role. Drawing from agency theory, I explicate the salesperson's dual role as agent for the seller and as agent for the customer and demonstrate the importance for researchers and practitioners to consider both aspects concurrently. A triadic dataset and complex triadic analysis reveals that both customers' and seller decision-makers' responses to salesperson actions directed specifically *to them* are moderated by the salesperson's actions *toward the other party*. A subsequent experiment confirms the theorized mediating mechanism—that salesperson representation of the principal's interests to the other party reduces perceptions of salesperson self-interest. This research introduces an important new construct, customer advocacy, extends traditional agency theory, and examines complex interrelationships among salesperson, seller and customer, offering new theoretical and managerial insights.

Essay 2

In Essay 2, I explore the behavior of buyer advocates, individuals who advocate on the supplier's behalf within customer buying centers, and the effects this form of B2B buyer behavior has on the supplier's customer-level financial outcomes. As buying centers continue to increase in size, so does the number of individuals involved in any given purchasing decision. In a recent study of B2B buying centers, Schmidt, Adamson, and Bird (2015) note that an average of 5.4 people now formally sign off on purchases in B2B settings and that these members represent a much wider variety of jobs, functions,

and geographies than ever before. In response, suppliers have begun to rely on advocates inside the customer organization to establish consensus among buyer decision-makers.

I present a new construct, buyer advocacy, defined as efforts by a buying center member to represent, support and defend a supplier during interactions with others within the buying center, and show how this form of B2B buyer behavior affects the supplier's customer-level outcomes. I theoretically justify and offer evidence of a positive effect of buyer advocacy on the supplier's sales while also providing theoretically grounded rationale for a countervailing mechanism, resulting in an inverted U-shaped relationship between buyer advocacy and the supplier's sales. An extremely high level of buyer advocacy risks raising suspicion from other members of the buying center. Second, relying on cognitive response theory, I test factors that moderate the inverted U-shaped relationship between buyer advocacy and the supplier's customer-level sales. Finally, I offer managerial implications, note limitations, and provide directions for future research.

CHAPTER 1 – INTRODUCTION

1.1: Motivation and Overview of the Research

The U.S. Census Bureau (2014) reports that from 1974 to 2014, the number of mid- to large sized firms in the United States grew at nearly twice the rate of small sized firms.[1] As the average firm in the U.S. becomes larger and as corporations continue to displace small proprietorships in the marketplace, both buyers and sellers are finding it more difficult to directly access decision makers within the other's organization. In effect, agency relationships, i.e., relationships where "one or more persons engage another person to perform some service on their behalf" (Jensen and Meckling 1976; p.5), are becoming increasingly prevalent. Through two independent essays, this dissertation investigates two common, yet understudied, agency relationships present in today's business-to-business (B2B) markets.

In my first essay, I explore the role that B2B salespeople play as agents for two principals, namely, customers and seller firm decision makers. While the salesperson's role as agent of seller firm decision makers is well studied in the marketing literature, the salesperson's role as agent of the customer has been almost completely overlooked. I attempt to fill this gap in the literature by conceptualizing and empirically investigating salesperson's customer advocacy, defined as efforts by the salesperson to represent and advance the interests of the customer during interactions with decision-makers within the seller firm. I take a triadic approach to studying the salesperson's role as mediator between the customer and seller firm decision makers. Nearly all prior empirical frontline employee (FLE) research has focused on variation in performance resulting either solely

[1] Small-sized firms are defined as those with < 250 employees.

from FLE's external relations with the customer, or solely from FLE's internal relations with others within the seller firm, failing to account for interdependence among these three focal parties. As Vedel, Holma, and Havila (2016) point out, "some articles focus on…a single actor out of three, that is, the unit of analysis is the actor. They do not examine the possible relations between the focal actor and the other two actors. Others focus on a single dyad, but without studying the relations linking the dyad to the third actor." As a remedy, Wuyts et al. (2004; p.479) suggest that researchers consider "shifting from a dyadic to a triadic perspective," and that while the addition of a third actor essentially changes the network of relations among actors, they "are not fundamentally altered by further expansion to four or more actors (Simmel 1908)." Yamagishi, Gillmore, and Cook (1988) describe an essential characteristic of a triad as "connectedness…[if] exchange between A and B to some extent affects exchange between B and C, and vice versa," without which the set of three is merely a pair of dyads. When interdependence among focal actors is suspected, as is the case in many FLE studies, failure to conduct triadic analysis may result in biased inference (Simmel 1908; Burt 1992; Vedel, Holma, and Havila 2016; Yamagishi, Gillmore, and Cook 1988). Therefore, in this research I seek to address an under researched aspect of the salesperson's role as agent for the customer, without neglecting consideration of the salesperson's well-studied role as agent for the seller firm.

My second essay explores the construct of buyer advocacy, defined as efforts by a buying center member (buyer) to represent, support and defend a supplier during interactions with others within the buying center to achieve consensus such that the supplier is positively evaluated. According to the 2017 Institute for the Study of Business Markets

(ISBM) research priorities, understanding the evolution of the B2B buying process is among the most pressing issues. This topic is closely related to the third-ranked 2016 – 2018 Marketing Science Institute (MSI) research priority, "B2B Decision Making." Specifically, MSI asks, "How is the B2B purchase cycle influenced by aspects of joint decision-making and committee decision-making? What is the influence of others in such joint decision-making? What is the path to purchase and what are the most appropriate marketing levers?" Clearly, questions about whether extant knowledge on buying centers and B2B buyer behavior is still valid are of extreme importance to both scholars and practitioners. Accordingly, in this research I attempt to shed light on these and other pertinent questions while exploring the buyer's role as agent of the seller firm to gain consensus among a growing number of buying center members.

1.2: Contributions of the Research

Essay 1. In Study 1 of the first essay, I show that salespeople's value based selling, customer advocacy, customer-seller ties jointly influence the behavior of seller firm decision makers and the customer. These three-way interactions underscore the importance of salesperson credibility either within the seller firm or externally with the customer. In Study 2, I reveal that salespeople's customer advocacy reduces customers' perception of salesperson self-interest, which makes the customer more receptive to the salesperson's value-based selling. Together, the findings extend the traditional dyadic approach in agency theory to a triadic approach wherein salespeople serve as agents for the seller firm and the customer, with important implications for managing salespeople's customer advocacy and value-based selling behavior.

Essay 2. My research in Essay 2 builds on extant literature examining B2B buyer behavior, making several contributions. First, I theoretically justify and offer evidence of a positive effect of buyer advocacy on the supplier's sales, while also providing theoretically grounded rationale for a countervailing mechanism, resulting in an inverted U-shaped relationship between buyer advocacy and the supplier's sales. I then take the three-step approach of Lind and Mehlum (2010) to empirically validate this relationship. I show that buyer advocacy exhibits a strong positive association with the supplier's customer-level sales, but only at low to moderate levels. High levels of buyer advocacy risk drawing suspicion from other members of the buying center. I find that, while suppliers should in general encourage and enable buyers to advocate on their behalf, there is danger in appearing overly optimistic about the supply relationship. This is an important cautionary note for supplier reps and buying center members as they seek to gain consensus among the various stakeholders within the buying center.

Second, drawing from cognitive response theory (Greenwald 1968), I propose several factors that moderate the inverted U-shaped relationship between buyer advocacy and the supplier's customer-level sales. I theorize and find evidence that when a buyer advocate places a low to moderate level of trust in the supplier, the way in which the buyer advocates for the supplier changes such that buyer advocacy is perceived by others in the buying center as being more balanced and practical, inducing fewer counterarguments. Interestingly, I find that when the buyer has low trust in the supplier, a "shape-flip" occurs such that the relationship between buyer advocacy and the supplier's sales is instead convex or U-shaped. Further, per the cognitive response model, I propose additional factors

that reduce counterarguments to the buyer advocate's message are (a) communicator expertise (i.e., buyer education and industry experience) and (b) circumstances that affect subjects' ability to form counterarguments (i.e., customer firm-supplier relationship dynamism and relationship length). I find that buyer expertise indeed magnifies buyer advocacy's effect on the supplier's sales as do factors that hinder the ability of others within the buying center to form counterarguments. By carefully explicating how the proposed moderators affect either the underlying linear or nonlinear mechanism, I provide a fine-grained analysis of the phenomena under study which lends strong support for my theory-based rationale.

1.3: Organization of the Dissertation

This dissertation consists of four chapters. Following the introduction chapter, the second chapter details the first essay exploring the role that B2B salespeople play as agents for two principals, namely, customers and seller firm decision makers and the construct salesperson's customer advocacy. The third chapter details the second essay investigating buyer advocacy. Finally, the fourth chapter offers a conclusion and various implications drawn from both essays.

CHAPTER 2 – EXPLORING THE SALESPERSON'S DUAL ROLE: THE COMPLEXITIES OF SALESPERSON'S CUSTOMER ADVOCACY AND VALUE BASED SELLING IN THE SALESPERSON-CUSTOMER-SELLER FIRM TRIAD

2.1: INTRODUCTION

Today's salesperson is a "bridge between the seller firm and its customers" (Gonzalez, Claro, and Palmatier 2014; p.78) and a "relationship manager working both sides of increasingly complex buyer-seller interfaces" (Plouffe and Barclay 2007; p.529). Acting as mediator between two parties, the salesperson serves a dual role as representative of the seller firm and advocate for the customer (Belasco 1966). Remarkably, prior research focuses almost entirely on the salesperson's representation of the seller firm to customers, neglecting to account for the salesperson's actions to advocate for the customer within the seller organization. I attempt to fill this gap in the marketing literature by conceptualizing and empirically investigating salesperson's customer advocacy, defined as efforts by the salesperson to represent and advance the interests of the customer during interactions with decision-makers within the seller firm.

Although there is little academic research on salesperson's customer advocacy, a recent H.R. Chally Group survey of 80,000 business-to-business (B2B) customers in fifteen major industries found that customers value most highly the salesperson's "ability to understand the customer's business" and "*customer advocacy* to protect [customer] interests *within the vendor organization*" (chally.com; emphasis added). "Customers

expect a salesperson to advocate for them inside the vendor firm, navigating through internal processes and bureaucracy to solve customer problems and meet customer needs" (Johnston and Marshall 2011; p.1). Not surprisingly, salespeople appear to have grasped the importance of salesperson's customer advocacy. Stevens and Kinni (2007; p.89) observe that B2B salespeople devote between "50 to 60 percent of their time" supporting customers' interests within the seller firm, suggesting that B2B salespeople are *primarily* "advocates and expediters, representing the best interests of the customer throughout the sales engagement and within the seller's organization" (p.40).

This research accounts for both components of the salesperson's dual role by integrating the salesperson's customer-directed actions as representative of the seller-firm and the salesperson's *internally-directed actions* within the seller firm as *advocate for the customer*. Salesperson's customer advocacy is, of course, expected to benefit the customer by resulting in special benefits and customization. Less intuitively, however, I theorize that the salesperson's customer advocacy efforts also impact the customer and its relationship with the salesperson, independent of any subsequent action of the seller firm. Drawing on agency theory (Jensen and Meckling 1976), I posit that the customer will respond more positively to value based selling, the salesperson's efforts to craft a market offering on behalf of the seller firm such that the seller firm's value proposition for the customer is effectively demonstrated (Terho et al. 2012; 2015), when the salesperson engages in customer advocacy.

Similarly, I theorize that the salesperson's value based selling will also impact seller decision-makers' receptivity to the salesperson's advocacy for that specific customer. Decision-makers are more likely to provide special benefits in response to the salesperson's customer advocacy when the salesperson is actively engaged in value based selling. As both salesperson's customer advocacy to seller firm decision-makers and value based selling to the customer are theorized to have complex effects on both the customer and seller firm, I take a *triadic* approach, simultaneously considering implications from the salesperson, customer, and seller firm perspectives. No previous study of which I am aware has engaged in a simultaneous examination of internally-directed and externally-directed salesperson actions and their effects on the behaviors of both the customer and the seller firm. This triadic approach acknowledges inherent interdependencies among these three parties with regard to the salesperson's dual role.

I test my hypotheses through the course of two studies. In Study 1, I use a complex dataset obtained in partnership with a *Fortune 500* wholesaler, consisting of several forms of archival secondary data as well as matched survey data from 240 customers and their salespeople. In Study 2, I perform an experiment involving B2B buyers to further examine the causal mechanism underlying a customer's response to the salesperson's internally- and externally-directed actions, as explained by agency theory.

My focal research question is: What are the performance implications of the salesperson's dual role as representative of the seller to the customer and as advocate for the customer within the seller firm? This question is subdivided as follows:

- Are the components of the salesperson's dual role inherently interdependent?
- Is the customer's response to the salesperson's representation of the seller firm dependent on the degree to which the salesperson also advocates for the customer within the seller firm?
- Is the seller firm's response to the salesperson's representation of the customer dependent on the degree to which the salesperson also represents the seller firm to the customer?
- What are the underlying theoretical mechanisms driving any observed interdependencies?
- How do the salesperson's actions as seller representative and customer advocate jointly affect the seller's customer-level sales and profit?

My research makes several meaningful contributions to the marketing literature. First, I introduce, conceptualize, and empirically test the importance of a new construct, salesperson's customer advocacy. This highlights a vastly under-researched component of the salesperson's dual role. I find that, although salesperson's customer advocacy leads to increased sales and cross-buying, its complex impact on profit indicates it is a tactic that must be wielded carefully. These findings offer insight into the struggle that managers face when determining how and when salespeople should advocate for customers internally. Managers lack understanding regarding (a) the nature of the salesperson's role as customer advocate and (b) the circumstances under which salesperson's customer advocacy results in positive outcomes for the seller firm. Accordingly, managers are unsure how salespeople should balance their time between

representing the seller firm to customers and advocating for customers to seller firm decision makers. Previous studies have recognized that this uncertainty is a primary source of the tension between the sales force and marketing (Simester and Zhang 2014). Kotler, Rackham, and Krishnaswamy (2006, p.1) note that, "In too many companies, sales forces and marketers feud like Capulets and Montagues. Salespeople accuse marketers of being out of touch with what customers really want or setting prices too high. Marketers insist that salespeople focus too myopically on individual customers and short-term sales at the expense of longer-term profits." My research sheds light onto the complex dynamic involving salespeople, internal decision makers, and customers, providing managers a better understanding of the importance of salesperson's customer advocacy and the situations under which the salesperson's actions as customer advocate lead to positive financial outcomes for the seller firm.

Second, I demonstrate that the salesperson's actions as agent of the seller firm and her actions as agent of the customer are indeed interdependent; that the degree to which customers and seller firm decision-makers are affected by salesperson actions directed specifically to them depends upon the actions the salesperson takes *toward the other party*. This finding underscores the importance for researchers and practitioners to jointly consider both aspects of the salesperson's dual role, as opposed to considering either in isolation. Interestingly, nearly all prior empirical sales research has focused on variation in performance outcomes resulting either solely from the salesperson's external relations with the customer, or solely from the salesperson's internal relations with others within

the seller firm, failing to account for potential interdependence among these three focal parties. Because of the interdependence among the relations under study, I take a *triadic* approach to my analysis and consider the network involving the salesperson, customer, and seller firm decision makers as an interconnected system.

Third, I identify and explore theoretically-grounded conditions under which the interaction between salesperson's customer advocacy and value based selling can be diminished, strengthened, or suppressed entirely, requiring the inclusion of several three-way interactions to the model. My findings stress the importance of the number of social ties between the customer and seller firms as a factor which forms an important boundary condition for managers and salespeople to consider.

Finally, I demonstrate that the salesperson as dual agent can (a) allay the customer's suspicion of the salesperson's self-interest by advocating the interests of the customer within the seller firm, and can (b) allay the seller firm's suspicion of the salesperson's self-interest by actively representing the seller firm to the customer. In doing so, I extend agency theoretic research by demonstrating how agency theory offers a valid framework for understanding not only the response of *agents* to the actions of *principals*, but also for understanding the response of *principals* to the actions of *agents*.

The remainder of the paper proceeds as follows. First, I discuss the motivation of the research which involves a review of prior literature. Second, I develop my conceptual model and offer research hypotheses. Third, I describe the data, measures, and multivariate hierarchical Bayesian model used to test my triadic framework. Fourth, I

conduct a controlled experiment to uncover the proposed causal mechanism. Finally, I discuss my findings, offer managerial implications, suggest limitations, and provide directions for future research.

2.2: LITERATURE REVIEW

2.2.1: Salesperson's Customer Advocacy

The salesperson performs the role of customer advocate when she acts as the customer's representative during interactions with decision-makers within the seller firm to ensure that the products or services the customer has purchased deliver the expected value. The process of performing the role of customer advocate takes place during the sale and delivery of the seller's value offering and, most importantly, where the customer has the least control – inside the selling firm (Stevens and Kinni 2007). Some of the objectives of the salesperson may include negotiating customer-specific pricing, working to tailor goods or services to fit the customer's need, or sharing customer feedback about performance breakdowns.

There are several concepts related to salesperson's customer advocacy which have been conceptualized at the salesperson level. These concepts are cast as traits that vary between salespeople, devoid of any customer-specific or time varying elements. One such example is customer orientation, or a salesperson's predisposition to meet customer needs in an on-the-job context (Brown et al. 2002; Donavan, Brown, and Mowen 2004). While I expect that a salesperson's level of customer orientation may affect that salesperson's tendency to engage in salesperson's customer advocacy, these constructs

are undoubtedly distinct. Similarly, Schepers et al. (2012) define customer stewardship control as a frontline employee's (FLE's) felt ownership of and moral responsibility for customers' overall welfare. The authors explain how FLE perceptions of stewardship and seller firm control mechanisms affect FLE performance of in-role and extra-role behaviors, and that customer stewardship control depends on drivers that reside at the FLE and team levels. Similar to customer orientation, customer stewardship control is conceptualized as operating exclusively at the salesperson level, implying that while customer stewardship control varies between salespeople, it is stable within salespeople (i.e., across the salesperson's portfolio of customers). Customer stewardship control and customer orientation may therefore act as antecedents to individual salesperson behaviors such as salesperson's customer advocacy, but they are distinctly separate concepts.

2.2.2: The Importance of a Triadic Framework

Nearly all prior empirical frontline research has focused on variation in performance resulting either solely from FLE's external relations with the customer, or solely from FLE's internal relations with others within the seller firm, failing to account for interdependence among these three focal parties. As Vedel, Holma, and Havila (2016) point out, "some articles focus on…a single actor out of three, that is, the unit of analysis is the actor. They do not examine the possible relations between the focal actor and the other two actors. Others focus on a single dyad, but without studying the relations linking the dyad to the third actor." As a remedy, Wuyts et al. (2004; p.479) suggest that researchers consider "shifting from a dyadic to a triadic perspective," and that while the

addition of a third actor essentially changes the network of relations among actors, they "are not fundamentally altered by further expansion to four or more actors (Simmel 1908)." While in agreement with these scholars, I do not suggest that all research involving salespeople or other FLEs should necessarily involve triadic analyses. Yamagishi, Gillmore, and Cook (1988) describe an essential characteristic of a triad as "connectedness…[if] exchange between A and B to some extent affects exchange between B and C, and vice versa," without which the set of three is merely a pair of dyads. However, when interdependence among focal actors is suspected, as is the case in many FLE studies, failure to conduct triadic analysis may result in biased inference (Simmel 1908; Burt 1992; Vedel, Holma, and Havila 2016; Yamagishi, Gillmore, and Cook 1988).

2.2.3: Triadic Perspective – Seller-Salesperson-Customer

Salesperson's customer advocacy shares some conceptual territory with other related concepts in the domain of intraorganizational frontline research. In Table 2.1, I compare my study to the most relevant extant literature involving boundary spanners' internally-directed actions. As depicted, mine is the only study to conceptually explicate and measure salesperson's customer advocacy. Further, while each of these studies involves interdependent relations among three parties (i.e., customer, salesperson, other seller firm actors), none but mine takes a triadic perspective to jointly consider the salesperson's internally- and externally-directed actions and their effects on the actions of both customers and seller firm decision-makers. Vedel, Holma, and Havila (2016; p.1)

note that in order to perform triadic analyses, the research must involve "information about three actors, the two or three relations that link them, and how these relations influence each other." Prior intraorganizational frontline studies rely primarily on data gathered from salespeople, with a few studies (i.e., Bolander et al. 2015; Gonzalez, Claro, and Palmatier 2014; and Plouffe et al. 2016) incorporating archival data measuring customer response (e.g., sales). Interestingly, though these studies involve salesperson behavior directed internally toward members of the seller firm, mine is the only study to incorporate outcomes measuring the consequent actions of seller firm actors. Other studies in this domain thereby implicitly assume that the effects of the salesperson's intraorganizational behavior on customer actions are independent of any effects the salesperson's intraorganizational behavior has on members of the seller organization, though due to their dyadic research design they are unable to rule out the alternative.

Table 2.1: Intraorganizational Frontline Employee Research Summary

Study	Theory	Salesperson Actions		Outcomes Examined		Data Sources		
		Intrafirm	*Interfirm (Customer-directed)*	Customer Response	Seller Response	Salesperson Survey	Customer Survey	Archival Data
This study	**Agency Theory**	✓	✓	✓	✓	✓	✓	✓
Bolander et al. 2015	Social Capital Theory	✓		✓		✓		✓
Gonzalez, Claro, and Palmatier 2014	Social Capital Theory	✓		✓		✓		✓
Plouffe et al. 2016	Stake-holder Theory	✓	✓	✓		✓		✓
Sleep, Bharadwaj, and Lam 2015	Job Demands Resources Theory	✓	✓	✓		✓		
Workman, Homburg, and Jensen 2003	Theory of the Firm	✓		✓		✓		
Plouffe and Gregoire 2011	Self-adaptation Theory	✓		✓		✓		

2.3: THEORY AND RESEARCH HYPOTHESES

Agency theory is "undeniably among the dominant theories in economic organization and management" (Bosse and Phillips 2016; p.276). In Jensen and Meckling's (1976; p.5) foundational article, the authors characterize an agency relationship as forming when "one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent." Over time, agency theory has broadened to encompass the ubiquitous agency relationship in which one party delegates work to another party who performs that work (Eisenhardt 1989). Agency theorists assume that all actors are self-interested, boundedly rational, that agents are more risk averse than principals, and that agents will seek to maximize their own utility at the expense of the principal in an imperfect labor market. As explained by Bosse and Phillips (2016), agents are able to operate in their own self-interest because of information asymmetry (e.g., salespeople, as mediators, have better information) and uncertainty (e.g., decisions about the best course of action tend to be subjective in nature and myriad factors contribute to outcomes). Any costs incurred by the principal in association with the agent's divergence from the principal's interests are known as agency costs. Traditionally, agency theory has dealt with principals' efforts to minimize agency costs by resolving two specific problems: (1) how to align the goals of the agent with those of the principal so that they are not in conflict, and (2) how to reconcile differences in risk tolerances between principals and agents. Broadly speaking, researchers have drawn from agency theory to

predict agents' responses to actions taken by principals (i.e., principals' employment of optimal control mechanisms).

Relying on the same assumptions, I draw from agency theory to instead explain the expected behaviors of principals in response to particular actions taken by agents. In line with prior conceptualizations of the salesperson's dual role (e.g., Belasco 1966; Johnston and Marshall 2011), I recognize that because both the customer and the seller firm delegate work to the salesperson, an agency relationship is formed between the salesperson and each party. In effect, the salesperson is a "dual agent" and the customer and seller firm are both principals. Further, I assume that both the seller firm (as principal) and the customer (as principal) suspect that the salesperson (as agent) is self-interested and is inclined to maximize her own utility at their expense. While Jensen and Meckling (1976; p.5) suggest that principals can limit divergences from their interests by establishing appropriate incentives, the authors caution that in spite of these efforts "there will be some divergence between the agent's decisions and those decisions which would maximize the welfare of the principal."

Therefore, even with appropriate incentive structures in place, when the salesperson engages in customer advocacy, decision makers within the seller firm may doubt that what the salesperson is advocating is truly in the seller firm's best interests. For example, decision makers in the seller firm are aware that customizing the offering reduces required selling effort, making it easier for the salesperson to close business (Simester and Zhang 2014). The customer is similarly apprehensive when the salesperson

engages in value based selling. The customer may suspect that the salesperson's value based selling is merely an attempt to influence the customer to buy more or to pay a higher price.

I propose that either principal's suspicion can be partially allayed when the agent demonstrates *allegiance to the interests of that principal*. When the salesperson actively engages in customer advocacy, the customer is less skeptical of and more receptive to the salesperson's value base selling efforts. Likewise, when the salesperson actively engages in value based selling to the customer, the seller firm is less apprehensive of and more receptive to the salesperson's customer advocacy. In both cases, when the principal believes the interests of the agent are more aligned with its own, the principal perceives fewer agency costs associated with the relationship, leading to greater perceived outcome value. In either case, when the salesperson exhibits alignment with the principal's interests, the agent's representation of the other party is met with less resistance and is, therefore, more effective at producing the outcomes the salesperson is seeking. For example, because seller firm decision makers perceive fewer agency costs and greater outcome value, they are more likely to be receptive to the salesperson's customer advocacy and grant price concessions when the salesperson indicates that they are necessary. Likewise, because the customer perceives fewer agency costs and greater outcome value, the customer is more likely to be receptive to the salesperson's value based selling and purchase more and/or a wider array of products.

In line with this reasoning, I propose that (a) the customer will respond more positively to the salesperson's value based selling when the salesperson advocates on the customer's behalf, and (b) seller decision-makers are more likely to provide special benefits in response to the salesperson's customer advocacy when the salesperson is actively engaged in value-based selling.

However, the principal can rarely directly observe the salesperson's other-directed actions. The salesperson's customer advocacy occurs within the seller firm, out of the customer's view. The salesperson's value-based selling to the customer is seldom observed by seller decision-makers. Although both customer and seller decision-makers may observe outcomes that result from the salesperson's other-directed actions (e.g., the customer may learn that the seller approved special benefits, the seller decision-makers may learn that customer purchases increased), the salesperson's other-directed actions themselves are generally concealed and their connection with the observed outcomes cannot be known with certainty. The principal's primary source of information about the salesperson's other-directed actions as agent for the principal is…the salesperson. The principal is likely to be suspicious of the salesperson's self-report, *unless the principal has sufficient reason to believe the salesperson*. I theorize that both the seller firm decision-makers and the customer will have greater confidence in the salesperson-agent's reported other-directed behavior when there are a greater *number of ties between the customer and seller*.

As the number of customer-seller ties increases, the structure of the seller-

salesperson-customer network changes in two key ways: (1) network density increases, i.e., there is an increase in the relative number of ties in the network that link actors together (Oliver 1991), and (2) the salesperson's degree of betweenness centrality decreases, i.e., the salesperson has less control over information exchange between the customer and seller (Freeman 1979). "As density increases (the number of ties between network members grows), communication across the network becomes more efficient. By virtue of having many ties, the network structure facilitates information exchange among all its regions" (Rowley 1997). Conversely, when the salesperson is the only link between the customer and seller, the salesperson acts as broker or gatekeeper and the sole facilitator of information exchange between the customer and seller (Scott 1991). As the number of customer-seller ties increases, the customer and seller acquire alternative channels to receive information. Greater customer-seller ties, in effect, provide a mechanism through which both the customer-principal and seller-principal can monitor the salesperson-agent. For example, a tie between the marketing department and the customer is a channel through which the customer can inquire if requests for price discounts have been transmitted via the salesperson and through which a marketing manager can ask if the salesperson has informed the customer about various ways the seller offers customer value.

While this scenario is certainly plausible, it's important to note that direct interaction between the customer and seller decision-makers does not actually need to take place for the ties to be consequential. The mere potential that the customer and seller

decision-makers *could* communicate directly without the salesperson's involvement or knowledge is sufficient incentive for the salesperson to provide accurate reports about her other-directed actions. Both the seller and customer therefore have greater reason to believe the salesperson's reports as the number of customer-seller ties increases.

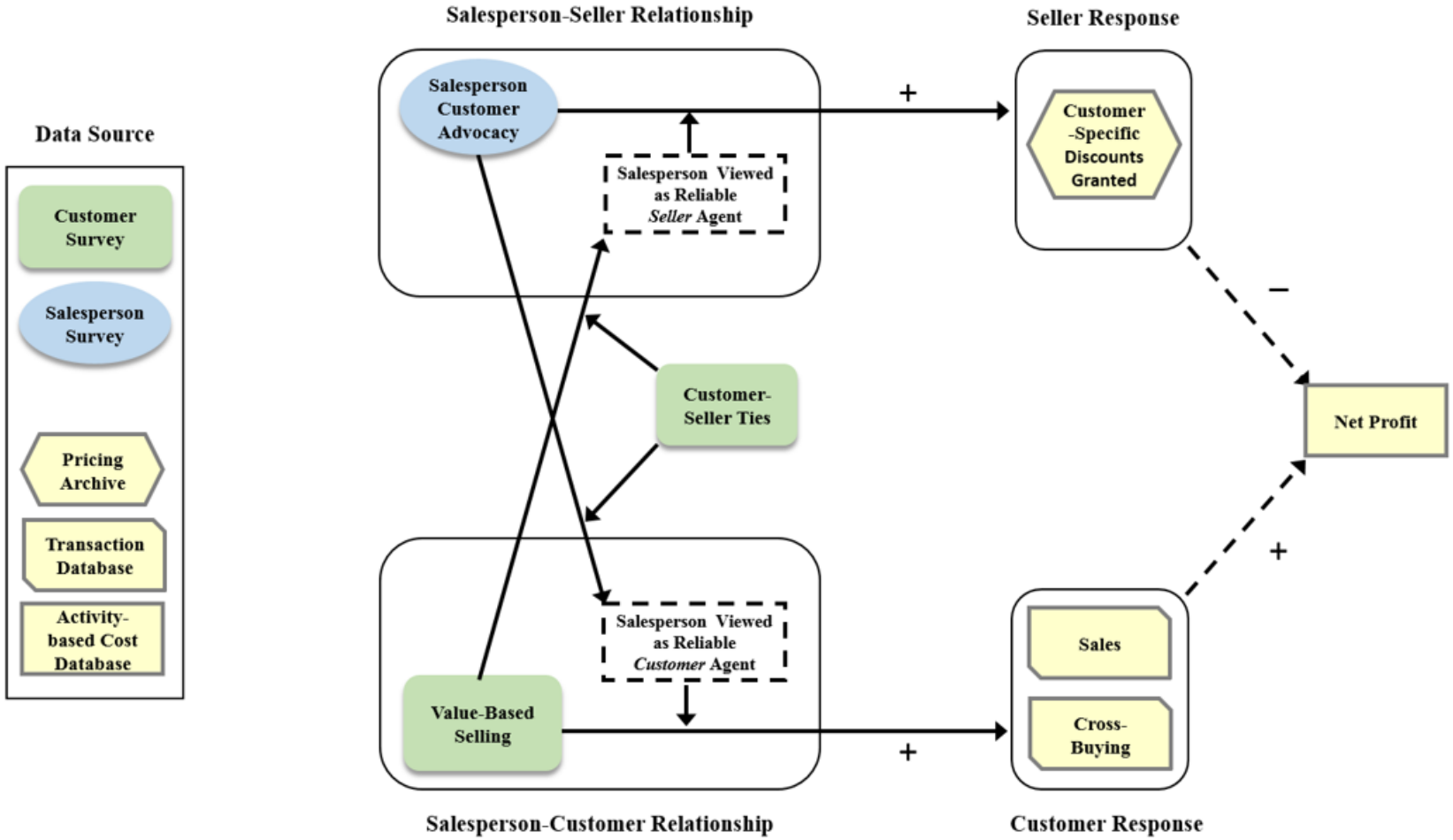
Thus, when the salesperson is the only source of information about other-directed behavior, the salesperson's reports are likely to be discounted by both the customer and seller decision-makers suppressing the theorized Customer Advocacy x Value-Based Selling interactions. I anticipate that the theorized Customer Advocacy x Value-Based Selling interactions will occur *when there are sufficient customer-seller ties*. I hypothesize:

H_1: Customer advocacy generates a more positive seller response (i.e., customer-specific discounts granted) when the salesperson also engages in greater value-based selling *and* there are more customer-seller ties.

H_2: Value-based selling generates a more positive customer response (i.e., customer-level sales and cross-buying) when the salesperson also engages in greater customer advocacy *and* there are more customer-seller ties.

Figure 2.1 summarizes my conceptual model and the research undertaken in this study.

Figure 2.1: Conceptual Model



2.4: STUDY 1: TESTING THE TRIADIC FRAMEWORK

2.4.1: Data Acquisition

The dataset in my first study was compiled through the collaboration of a *Fortune 500* wholesaler headquartered in the United States. This B2B seller serves a large, diverse portfolio of reseller customers that operate in numerous industries. The firm provides an ideal context in which to test my model as the customers associated with this firm show significant variation in seller financial outcomes and their relationship types and interactions with salespeople. My dataset consists of data from a survey of buyers, a survey of salespeople, and secondary data from corporate databases.

Customer survey. The customer survey was conducted first. When dealing with this seller firm, each B2B customer is represented by a single buyer who handles all purchasing vis-à-vis this seller. A link to the survey was emailed to the buyer for each of the seller's more than 20,000 customers, followed by two subsequent reminders each separated by one week. Nearly 2,500 buyers completed the online customer survey during the 2-week response time frame, for a response rate of 10.2%. The final customer sample is very representative of the seller's customer portfolio, with the percentage of each industry in the sample falling within five percentage points of that industry's share of all the seller's customers.

Salesperson survey. Because my objective was to gather data from salespeople regarding specific customers to which they were assigned, responding customers were

each matched to their specific salesperson. The average number of customer responses per salesperson was 14 and ranged from a low of 3 to a high of 37 customer responses per salesperson. As the company's segmentation is based primarily on customer size, customers were classified into five tiers based on total purchases (sales dollars) during the twelve months prior to the month the customer survey was launched. From the responding customers associated with a specific salesperson, I drew a stratified random sample of five customers (Homburg, Wieseke, and Torsten 2009), one from each of the customer segments. If there was no responding customer from a given segment, a non-responding customer was chosen at random from those assigned to that salesperson.

Two weeks after the customer survey concluded, all salespeople employed with the seller were surveyed. Salespeople were queried about their own behaviors and attitudes, their relationship with the selling firm, and their perceptions and attitudes about their relationships each of their five randomly-selected customers. Salespeople were informed that some, perhaps all, of those customers had already completed a customer survey, providing increased motivation for the salespeople to respond and carefully reflect on differences across those customers. 53 salespeople completed the survey during the subsequent 2 weeks, a response rate of over 90%.

Final data set. Matching customer and salesperson responses resulted in 240 customer-salesperson dyads with full information on the variables in this study. These 240 customers are assigned to 53 salespeople, with an average of 4.5 responding

customers per salesperson. Archival pricing and transactional data for the three months following the completion of the salesperson survey were drawn from the seller's database, aggregated and matched to each customer-salesperson dyad. Thus the final triadic data set used in my analyses comprises customer-provided, salesperson-provided, and selling firm archival data for 240 customers.

2.4.2: Measurement

I adapted published scales when appropriate and developed new measures when necessary. Reflective measures were used to operationalize the multi-item focal constructs in both the customer and salesperson surveys. Details are provided in Table 2.2.

Table 2.2: Constructs and Measurement

Construct	*Definition*	*Source (Scale)*	*Operationalization & Standardized Factor Loading*	
Salesperson's Customer Advocacy ($Advoc_{ij}$)	Efforts by the salesperson to represent and advance the interests of the customer during interactions with decision-makers within the selling firm	Salesperson Survey (Not at all accurate; entirely accurate)	I look out for this customer's interests when interacting with decision-makers within [seller firm].	.77
			I act as this customer's representative within [seller firm].	.95
			I work to get [seller firm] to do what is best for this customer.	.94
			I advocate for the cause of this customer when working with different departments within [seller firm].	.71
Value based Selling ($ValSell_{ij}$)	Efforts by the salesperson to craft a market offering in such a way that the seller's value proposition for the customer is effectively demonstrated (Terho et al. 2012; 2015)	Customer Survey (Not at all accurate; entirely accurate)	This salesperson works with me to find out what is needed to improve my company's performance.	.86
			This salesperson actively demonstrates how my company benefits financially from doing business with [seller firm].	.94
			This salesperson works to improve my company's bottom line.	.95
			This salesperson has a profound knowledge of my company's business.	.90
Customer-Seller Ties ($Ties_{ij}$)	The count of interactions between the customer and the seller firm. (in addition to the salesperson).	Customer Survey (# of interactions)	How many times have you personally interacted with [seller firm] personnel in the following departments?	
			Customer service, marketing, pricing, quotes, returns, sales, will-call warehouse	
Sales ($lnSales_{ij}$)	Seller's total sales from the customer during period	Transaction Database	The total sales during the period for customer i assigned to salesperson j.	
Cross-buying ($CrossBuy_{ij}$)	Number of unique SKUs purchased by customer during period	Transaction Database	Count of unique SKUs purchased by customer i assigned to salesperson j during the period	

Customer-Specific Discounts ($SpecDisc_{ij}$)	Count of price discounts approved by supplier for a customer during period	Pricing Archive	Count of price discounts granted by the supplier for customer i assigned to salesperson j during the period.	
Net Profit ($NetProfit_{ij}$)	Seller's total net profit from customer i assigned to salesperson j during the period	Activity-based costing Database	$Sales_{ij}$ – $COGS_{ij}$ – Operating $Expenses_{ij}$	
Controls and Instruments				
Customer Sales Growth ($Growth_{ij}$)	Customer-specific year-over-year growth rate	Transaction Database	($Sales_{ij}$ – Prior Year $Sales_{ij}$) / Prior Year $Sales_{ij}$	
Average Distance Between Salesperson and Customer ($Dist_j$)	The average distance (miles) between the salesperson's home office and the customer's location.	CRM Database	$\sum_1^n D_{ij}$ / n_j; where D is the distance between customer i and salesperson j and n is the number of customers assigned to salesperson j.	
Salesperson's Cross-selling Ability ($CrossSell_j$)	The salesperson's ability to sell a diverse set of items.	Transaction Database	Count of unique SKUs sold by salesperson j during the period.	
Salesperson's Customer Orientation ($CustOr_j$)	Captures the extent to which employees' job perceptions, attitudes, and behaviors are guided by an enduring belief in the importance of customer satisfaction (Thomas, Soutar, and Ryan 2001).	Salesperson Survey (Not at all accurate; entirely accurate)	When dealing with my customers I try to influence customers by informing rather than pressuring them.	.53
			When dealing with my customers I try to find a solution that helps solve the customer's problems.	.79
			When dealing with my customers I am very customer-oriented.	.90

Customer Tenure ($CustTenure_{ij}$)	The length of time (days) the customer has transacted with the seller.	Customer Archive	ln(Count of days since customer's first transaction)	
Buyer's Exchange Inefficiency ($ExcIneff_{ij}$)	The "buyer's assessment of the time, effort, and resources wasted in the interaction with the salesperson" (Palmatier et al. 2008).	Customer Survey (Not at all accurate; entirely accurate)	Time is wasted when dealing with this salesperson.	.57
			My interactions with this salesperson are efficient. [r]	.85
Salesperson's Perceived Customer Advocacy Incentives ($CAIncent_j$)	The degree to which the salesperson perceives that customer advocacy efforts are embraced by the seller firm	Salesperson Survey (Not at all accurate; entirely accurate)	[Seller firm] encourages me to represent my customers' interests to others within our company.	.87
			[Seller firm] expects me to protect the interests of my customers when dealing with others within our company.	.84
			I am rewarded for advancing my customers' initiatives within [seller firm].	.55
Heckman's (1979) Inverse Mills Ratio (λ_{ij})	A monotonic decreasing function of the probability that each customer responded	Transactional Database & Customer Survey	exp(-.5*â²)/(sqrt(2*π)*F(â); where â is the point estimate of the first-stage probit, and F() is the cumulative normal distribution.	

Customer advocacy. As I am the first to empirically examine the construct of customer advocacy (*Advoc*), I used a multi-step procedure to develop this measure. First, I interviewed 11 seller sales managers. The interviews lasted between 30 to 90 minutes, were audiotaped, and relevant statements were later transcribed and documented. I was particularly interested in the sales managers' observations regarding the importance (or lack thereof) of salespeople representing their customers when interacting with other seller personnel. I asked them to recall their own experiences as frontline salespeople as well as their observations of their salespeople. I probed what they believe customers expect of salespeople, what seller management expects of salespeople, how expectations for these actions may vary across customers, and how salesperson engagement in these actions might vary across customers. These interviews verified that customer advocacy is not a salesperson-level construct, but that it is a salesperson behavior that varies across customers.

Next, I developed an initial set of 12 items based on information obtained from the interviews. After removing synonymous and overlapping items, I sought additional manager feedback regarding the most important aspects of salesperson's customer advocacy with the seller. I developed a customer advocacy scale consisting of four items that focus on looking out for this customer's interests, acting as this customer's representative, working to do what is best for this customer and advocating for the cause of this customer.

Other variables drawn from surveys. The customer's report of the salesperson's

value-based selling (*ValSell)* is captured with four items modified from Terho et al. (2015) to align with my conceptualization of this construct as a salesperson behavior that varies across customers. The number of customer-seller ties (*Ties*) is the customer's report of past interactions with other personnel from the seller's seven functional departments, ranging from one (contact with one department) to seven (contact with all seven departments). I control for customer orientation (*CustOr*) with a scale adapted from Thomas, Soutar, and Ryan (2001).

Variables from seller databases. Seller response to the salesperson's customer advocacy is assessed by examining the total number of new customer-specific discounts (*SpecDisc*) offered to the customer during the three months following the salesperson survey. This is a conservative estimate of seller response, for the salesperson may advocate for a variety of seller benefits and customer-specific discounts constitute a subset of all customer benefits received. However, customer-specific discounts are frequently the objective of salesperson advocacy efforts for this seller and thus are a valid measure of seller response in the research context. Note that these are customer-specific discounts newly granted by the seller, regardless of whether the customer purchased those items during the focal three-month time period.

Customer response to the salesperson's value-based selling is reflected in the customer's purchasing behavior. All outcomes variables were rescaled for confidentiality. Specifically, I examine customer purchases, the natural logarithm of the total sales dollars for each customer during the three months following the salesperson

survey (*lnSales*), and cross-buying (*CrossBuy*), the count of different items (SKUs) the customer purchased during the three months following the survey (Kamakura et al. 2003).

The collaborating seller invests extensive resources to maintain its activity-based costing system, employing a team of financial analysts and accountants whose sole responsibility is to ensure that operating expenses are appropriately allocated to each customer in proportion to the resources expended for that customer. For example, customers that log more phone hours with customer service representatives are allocated a proportionally larger share of the expenses tied directly to the customer service representatives and other fixed costs associated with the call center. This provides us the rare opportunity to examine customer-level net profit. However, as extant theory is insufficient regarding potential effects on net profit, I offer no hypotheses. In exploratory analyses, I examine the effects of customer-specific discounts and customer purchasing behavior on the seller's customer-level net profit (*NetProfit*), the total dollar net profit for each customer during the three-month period following the salesperson survey. I also control for customer tenure with the seller (*CustTenure*), the natural logarithm of the number of days the customer had done business the seller at the time of the customer survey.

2.4.3: Measurement Model

I conducted a confirmatory factor analysis (CFA) of the survey measures in this study. The measurement fit indices are: $\chi^2_{(209)}$=681.58, comparative fit index (CFI) = .92,

Tucker-Lewis index (TLI) = .90, indicating that the model fits the data well (Bagozzi and Yi 2012; Tabachnick and Fidell 2001). Cronbach's alphas range from .71 to .97, indicating acceptable reliability for each scale (Table 2.2). I assess discriminant validity using the chi-square difference test (Anderson and Gerbing 1988); the differences range from 106.47 to 30,647, supporting discriminant validity. Convergent validity is also obtained, as all factor loadings' *t*-statistics meet the Hatcher (1994) criterion and the average variance extracted were between .52 and .89 (Fornell and Larcker 1981).

2.4.4: Response Bias

Survey response bias results when the outcome variables are observed only for a restricted, nonrandom sample. This can result when there are unobserved determinants of selection into the sample. Due to the high response rate to the salesperson survey (> 90%), salesperson response bias is not a concern. I control for potential customer response bias using Heckman's (1979) two-step procedure. I first estimate the probability of a customer responding to the survey using relevant information for all customers in the observation window, including: whether the customer receives advertising from the seller firm; customer tenure; the customer's credit limit with the seller firm; and the number of transactions the customer placed in the six months prior to the customer survey. I then created the inverse Mills ratio (λ) for each respondent, a monotonic decreasing function of the probability that each customer responded to the survey. The inverse Mills ratio is included in each of the four substantive equations in the model and controls for the effect of unobserved heterogeneity related to the selection process.

2.4.5: Endogeneity

I took several steps to address endogeneity concerns resulting from potential omitted variables, simultaneity, and reverse causality. First, I instrument for the key substantive variables. To account for potential endogeneity of salesperson's customer advocacy, I use the instrument: salesperson's perceived customer advocacy incentives (*CAIncent*), the degree to which the salesperson perceives that customer advocacy efforts are embraced by the seller firm. To account for potential endogeneity of value-based selling, I use the instrument buyer exchange inefficiency (*ExcIneff*), the buyer's assessment of time, effort, and resources wasted interacting with salespeople (Palmatier et al. 2008). A high level of exchange inefficiency indicates that the buyer perceives interpersonal exchange with salespeople as inappropriate and inefficient, leading the buyer to avoid salesperson interaction altogether. Both of these instruments will logically precede the endogenous variables and would impact the outcome variables in the model only through the endogenous variables. In order to evaluate instrument strength, I first assess the first-stage F-statistics and note that $F > 10$ in all cases for both instruments indicating that the null hypotheses, that the instruments are weak, should be rejected (Stock, Wright, and Yogo 2002). Further, I generate and assess the minimum eigenvalue statistics and find that, in all cases, the test statistics exceed the critical values with rejection rate < 5% (Cragg and Donald 1993; Stock and Yogo 2005). I therefore reject the null hypotheses of weak instruments in both cases.

In line with my triadic conceptualization, I control for seller response (customer-

specific discounts granted) in the equations with customer response as the outcome (sales and cross-buying), and I control for customer response in the equation with seller response as the outcome. I thereby mitigate a critical form of potential endogeneity, namely, that customer-specific discounts granted by the seller are merely a function of customer sales (customer size) or that customer purchases are merely a function of the customer-specific discounts granted by the seller. Controlling for customer response (seller response) when estimating the effect that salesperson actions have on seller response (customer response) ensures that the triadic analysis is properly specified and differentiates this research from prior studies in this domain (Table 2.1). Because the model involves three endogenous mediating variables with the potential for reciprocal causality, I identified three exclusion restrictions:

1. *Average distance between the salesperson and the salesperson's customers (Dist)* is the physical distance in miles between the salesperson and her customers. As customer-salesperson distance increases, face-to-face contact becomes more time-intensive, reducing the amount of contact a salesperson can have with each customer, impeding sales. However, the physical distance between the salesperson and customers should not directly affect the seller's decision to grant discounts to customers, nor the seller's customer-level profit.
2. *Salesperson's cross-selling ability (CrossSell)* is indicated by the total number of unique items sold by the salesperson in the period. A salesperson more skilled at cross-selling is more likely to persuade customers to engage in cross-buying, but cross-selling ability would not directly affect customer-level

sales or profitability.

3. *Customer-level sales growth (Growth)* is the year-over-year percentage increase in customer-level sales. The seller's management indicated that the seller may be more likely to grant discounts to customers with declining sales in an effort to win back business lost to competitors. However, customer sales growth should not directly affect customer-level dollar sales or profit.

These variables are included for identification purposes in the equations involving sales, cross-buying, and customer-specific discounts as outcomes.

2.4.6: Model Specification

The multilevel data set contains survey and archival data from 240 customer-salesperson dyads. In order to account for the anticipated relationships among the dependent variables, I conduct analysis using a multivariate hierarchical Bayesian approach to jointly model the equations for each of the four endogenous variables: number of customer-specific discounts granted by the seller for customer i associated with salesperson j ($SpecDisc_{ij}$); the natural logarithm of sales generated from customer i associated with salesperson j ($lnSales_{ij}$); cross-buying by customer i associated with salesperson j ($CrossBuy_{ij}$); and net profit generated from customer i associated with salesperson j ($NetProfit_{ij}$). A Bayesian framework is preferred in this case because Bayesian methods do not require large sample theory (Gelman et al. 2013; Carlin and Louis 2010) and allow for joint estimation of the random effects among all equations, while at the same time allowing precise specification of non-normally distributed

dependent variables ($SpecDisc_{ij}$, $CrossBuy_{ij}$). The substantive regressors are: salesperson's customer advocacy ($Advoc_{ij}$), value-based selling ($ValSell_{ij}$), and customer-seller ties ($Ties_{ij}$). All regressors are mean-centered and standardized to aid in interpretation (Aiken and West 1991; Echambadi and Hess 2007; Gelman 2008). I incorporate the salesperson's perceived customer advocacy incentives ($CAIncent_j$) as an instrument for customer advocacy and the buyer's exchange inefficiency ($ExIneff_{ij}$) as an instrument for value-based selling such that:

(1) $Advoc_{ij} \sim Normal(\mu_1, \sigma^2_1)$, where $\mu_1 = \alpha_{0j}$

such that,

$\alpha_{0j} \sim Normal(\eta_{1\_1}, \sigma^2_{1\_1})$, where $\eta_{1\_1} = \gamma_{1\_1\_0} + \gamma_{1\_1\_1}CAIncent_j$, and

(2) $ValSell_{ij} \sim Normal(\mu_2, \sigma^2_2)$, where $\mu_2 = \beta_{0j} + \beta_1 ExcIneff_{ij}$

such that,

$\beta_{0j} \sim Normal(\eta_{2\_1}, \sigma^2_{2\_1})$, where $\eta_{2\_1} = \gamma_{2\_1\_0}$.

As customer-specific discounts granted, $SpecDisc_{ij}$, is an over-dispersed count variable, it is modeled using the negative binomial PDF:

(3) $SpecDisc_{ij} \sim Negative\ Binomial(r,\varphi)$

where,

$$r = \exp(\zeta_{0j} + \zeta_1 Advoc_{ij} + \zeta_2 ValSell_{ij} + \zeta_3 Ties_{ij} + \zeta_4 Advoc*ValSell_{ij}$$
$$+ \zeta_5 Advoc*Ties_{ij} + \zeta_6 ValSell*Ties_{ij} + \zeta_7 Advoc*ValSell*Ties_{ij}$$
$$+ \zeta_8 lnSales_{ij} + \zeta_9 CrossBuy_{ij} + \zeta_{10} Growth_{ij} + \zeta_{11} CustTenure_{ij} + \zeta_{12}\lambda_{ij})$$

such that,

$\zeta_{0j} \sim \text{Normal}(\eta_{3\_1}, \sigma^2_{3\_1})$, where $\eta_{3\_1} = \gamma_{3\_1\_0} + \gamma_{3\_1\_1}\text{CustOr}_j$.

The natural logarithm of customer-level sales, lnSales_{ij}, is modeled using the normal PDF:

(4) $\text{lnSales}_{ij} \sim \text{Normal}(\mu_4, \sigma^2_4)$

where,

$$\mu_4 = \theta_{0j} + \theta_1\text{Advoc}_{ij} + \theta_2\text{ValSell}_{ij} + \theta_3\text{Ties}_{ij} + \theta_4\text{Advoc*ValSell}_{ij}$$
$$+ \theta_5\text{Advoc*Ties}_{ij} + \theta_6\text{ValSell*Ties}_{ij} + \theta_7\text{Advoc*ValSell*Ties}_{ij}$$
$$+ \theta_8\text{SpecDisc}_{ij} + \theta_9\text{CustTenure}_{ij} + \theta_{10}\lambda_{ij}$$

such that,

$\theta_{0j} \sim \text{Normal}(\eta_{4\_1}, \sigma^2_{4\_1})$, where $\eta_{4\_1} = \gamma_{4\_1\_0} + \gamma_{4\_1\_1}\text{Dist}_j + \gamma_{4\_1\_2}\text{CustOr}_j$.

As customer cross-buying, CrossBuy_{ij}, is an over-dispersed count variable, it is modeled using the negative binomial PDF:

(5) $\text{CrossBuy}_{ij} \sim \text{Negative Binomial}(r_2, \varphi_2)$

where,

$$r_2 = \exp(\pi_{0j} + \pi_1\text{Advoc}_{ij} + \pi_2\text{ValSell}_{ij} + \pi_3\text{Ties}_{ij} + \pi_{4j}\text{Advoc*ValSell}_{ij}$$
$$+ \pi_5\text{Advoc*Ties}_{ij} + \pi_6\text{ValSell*Ties}_{ij} + \pi_7\text{Advoc*ValSell*Ties}_{ij}$$
$$+ \pi_8\text{SpecDisc}_{ij} + \pi_9\text{CustTenure}_{ij} + \pi_{10}\lambda_{ij})$$

such that,

$\pi_{0j} \sim \text{Normal}(\eta_{5\_1}, \sigma^2_{5\_1})$, where $\eta_{5\_1} = \gamma_{5\_1\_0} + \gamma_{5\_1\_1}\text{CrossSell}_j + \gamma_{5\_1\_2}\text{CustOr}_j$.

Finally, customer-specific profit, $NetProfit_{ij}$, is modeled using the normal PDF:

(6) $NetProfit \sim Normal(\mu_6, \sigma^2_6)$

where,

$$\mu_6 = \psi_{0j} + \psi_1 Advoc_{ij} + \psi_2 ValSell_{ij} + \psi_3 Ties_{ij} + \psi_4 Advoc*ValSell_{ij}$$
$$+ \psi_5 Advoc*Ties_{ij} + \psi_6 ValSell*Ties_{ij} + \psi_7 Advoc*ValSell*Ties_{ij}$$
$$+ \psi_{11} lnSales_{ij} + \psi_{12} CrossBuy_{ij} + \psi_{13} SpecDisc_{ij} + \psi_{14} CustTenure_{ij} + \psi_{15} \lambda_{ij}$$

such that,

$\psi_{0j} \sim Normal(\eta_{6\_1}, \sigma^2_{6\_1})$, where $\eta_{6\_1} = \gamma_{6\_1\_0} + \gamma_{6\_1\_1} CustOr_j$.

Random intercepts α_{0j} (Equation 1), β_{0j} (Equation 2), ζ_{0j} (Equation 3), θ_{0j} (Equation 4), π_{0j} (Equation 5), and ψ_{0j} (Equation 6) are linked via a multivariate normal hierarchical prior. The estimation of the covariance matrix (Σ) of the random intercepts accounts for correlations between the dependent variables. I estimated the model using Markov chain Monte Carlo (MCMC), executing the sampler for a total of 220,000 draws. The first 20,000 draws were discarded as burn-in. Subsequently, 200,000 draws of the MCMC chain were thinned by a factor of 10, leading to 20,000 posterior draws for each parameter. I used non-informative priors for all parameters. Variance inflation factors are all below 3.5, well under the recommended threshold of 5 (O'Brien 2007), suggesting multicollinearity is not a concern. Using the Gelman-Rubin diagnostic, I assess convergence for all model parameters by producing multiple Markov chains with randomly dispersed initial values. I find that all potential scale reduction factors are

below 1.1 indicating that convergence has been reached (Brooks and Gelman 1997). Table 2.3 presents summary and reliability statistics and for all variables. Table 2.4 summarizes substantive estimation results and the posteriors (i.e., estimates) for the parameters in the multivariate model.

Table 2.3: Summary and Reliability Statistics

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
(1) Advoc	1.00													
(2) ValSell	.13*	1.00												
(3) Ties	.11	.27*	1.00											
(4) SpecDisc	.09	.07	.15*	1.00										
(5) Sales	.39*	.19*	.20*	.19*	1.00									
(6) CrossBuy	.16*	-.01	.13*	.32*	.33*	1.00								
(7) Profit	.12	.07	.13*	-.35*	.18*	.07	1.00							
(8) Dist	-.07	-.23*	-.16*	-.09	-.47*	-.14*	-.11	1.00						
(9) CrossSell	.09	.04	.07	.10	.40*	.25*	.07	-.57*	1.00					
(10) Growth	-.07	-.11	-.04	-.24*	-.06	-.14	.02	.13*	-.19*	1.00				
(11) CustOr	.38*	.01	.05	-.11	.01	.05	.15*	-.04	-.07	.06	1.00			
(12) CustTenure	.07	.11	.08	.22*	.24*	.15*	-.10	-.32*	.27*	-.32*	-.02	1.00		
(13) CAIncent	.26*	.04	.09	.02	.07	.01	.00	-.13*	.24*	-.06	.07	.15*	1.00	
(14) ExcIneff	-.15*	-.67*	-.19*	-.04	-.13	.08	-.04	.08	.02	.06	-.08	-.01	-.01	1.00
Mean	6.02	5.04	2.44	45.35	7.65	127.4	.00	460.7	4744.3	1.67	6.53	8.28	5.05	1.89
Std. Dev.	1.34	1.65	1.61	96.72	4.60	258.3	10.84	380.2	1848.0	4.06	.60	.81	1.27	1.04
Min.	1.00	1.00	1.00	.00	.00	.00	-78.48	1.00	275.0	-1.00	4.33	5.66	1.66	1.00
Max.	7.00	7.00	7.00	511.0	12.68	3541.0	16.64	1462.0	9328.0	15.00	7.00	9.12	7.00	6.00
Alpha	.90	.95	-	-	-	-	-	-	-	-	.71	-	.75	.79
AVE	.72	.83	-	-	-	-	-	-	-	-	.57	-	.73	.52

Table 2.4: Study 1 Estimation Results

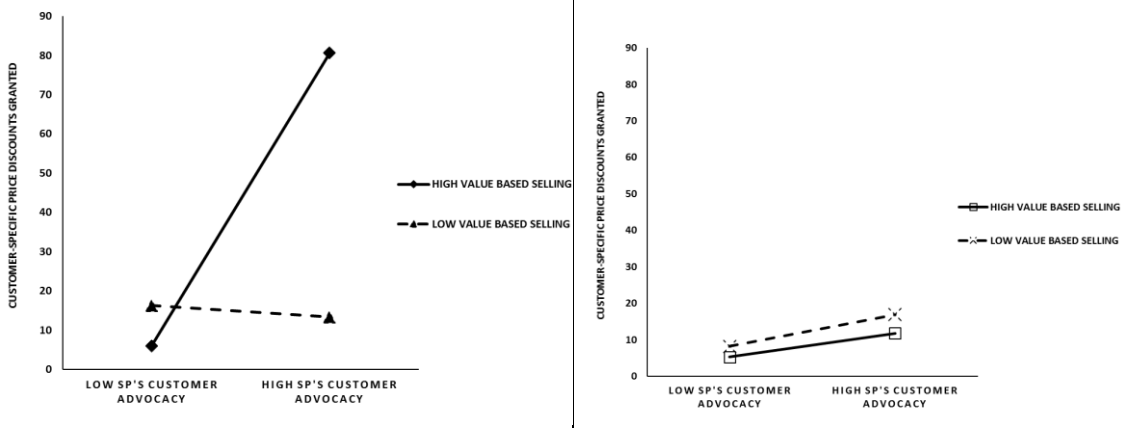
	SpecDisc				Sales				CrossBuy				Profit			
	Mean	SD	[95% CI]		Mean	SD	[95% CI]		Mean	SD	[95% CI]		Mean	SD	[95% CI]	
Advoc	.49*	.16	.17	.81	1.84*	.22	1.41	2.26	.61*	.13	.36	.87	.53	.70	-.87	1.91
ValSell	-.26	.14	-.55	.03	.05	.16	-.25	.38	.05	.10	-.17	.25	.04	.50	-.94	1.02
Ties	.32*	.13	.08	.60	.09	.18	-.26	.44	.11	.11	-.10	.33	2.20*	.48	1.24	3.15
Advoc * ValSell	.36*	.17	.02	.71	.10	.19	-.28	.48	.07	.11	-.15	.31	.21	.56	-.90	1.31
Advoc * Ties	.12	.20	-.28	.51	.02	.30	-.56	.64	.07	.15	-.23	.37	-1.11	.76	-2.62	.40
ValSell * Ties	-.20	.12	-.44	.04	-.05	.23	-.52	.40	.10	.11	-.11	.32	.95	.67	-.36	2.31
Advoc * ValSell * Ties	.34*	.16	.01	.66	.72*	.26	.19	1.25	.31*	.13	.05	.59	-.30	.66	-1.61	1.00
Mediator Variables																
Sales	.56*	.17	.22	.91									2.40*	.62	1.18	3.63
CrossBuy	.60*	.22	.19	1.09									1.35*	.65	.02	2.65
SpecDisc					.39	.22	-.04	.82	.41*	.10	.22	.61	-4.88*	.65	-6.13	-3.60
Covariates																
Growth	-.67*	.12	-.92	-.43												
Dist					-1.80*	.10	-1.99	-1.60								
CrossSell									.79*	.14	.53	1.09				
CustOr	-.38	.20	-.78	.00	-.77*	.25	-1.28	-.28	-.06	.13	-.31	.21	.58	.69	-.79	1.94
CustTenure	.46*	.13	.21	.73	.40	.23	-.06	.85	.10	.11	-.13	.33	-1.32*	.56	-2.42	-.21
Mills	-.19*	.09	-.40	-.01	.18	.24	-.29	.65	-.24	.16	-.56	.07	-1.62*	.61	-2.81	-.41
Constant	2.59*	.26	2.16	3.13	7.68*	.12	7.45	7.91	4.09*	.12	3.82	4.33	1.28*	.10	1.48	1.09

2.4.7: Results & Discussion[2]

I note significant effects of salesperson's perceived customer advocacy incentives on customer advocacy (b = .362) and buyer exchange inefficiency on value-based selling (b = -1.109), as expected. I find strong effects of salesperson's customer advocacy on seller and customer responses. Customer advocacy exhibits significant simple effects on customer-specific discounts granted (b = .49), sales (b = 1.84) and cross-buying (b = .61). As hypothesized, I find a significant three-way interaction among customer advocacy, value based selling, and customer-seller ties on customer-specific discounts (b = .34). As depicted in Figure 2.2a, customer advocacy is more effective in motivating seller response when the salesperson also engages in greater value-based selling *and* there are more customer-seller ties. H_1 is supported.

Figure 2.2: Seller Response to Salesperson Customer Advocacy & Value-Based Selling: Customer-Specific Discounts Granted

Panel 2.2a: High Customer-Seller Ties | **Panel 2.2b: Low Customer-Seller Ties**

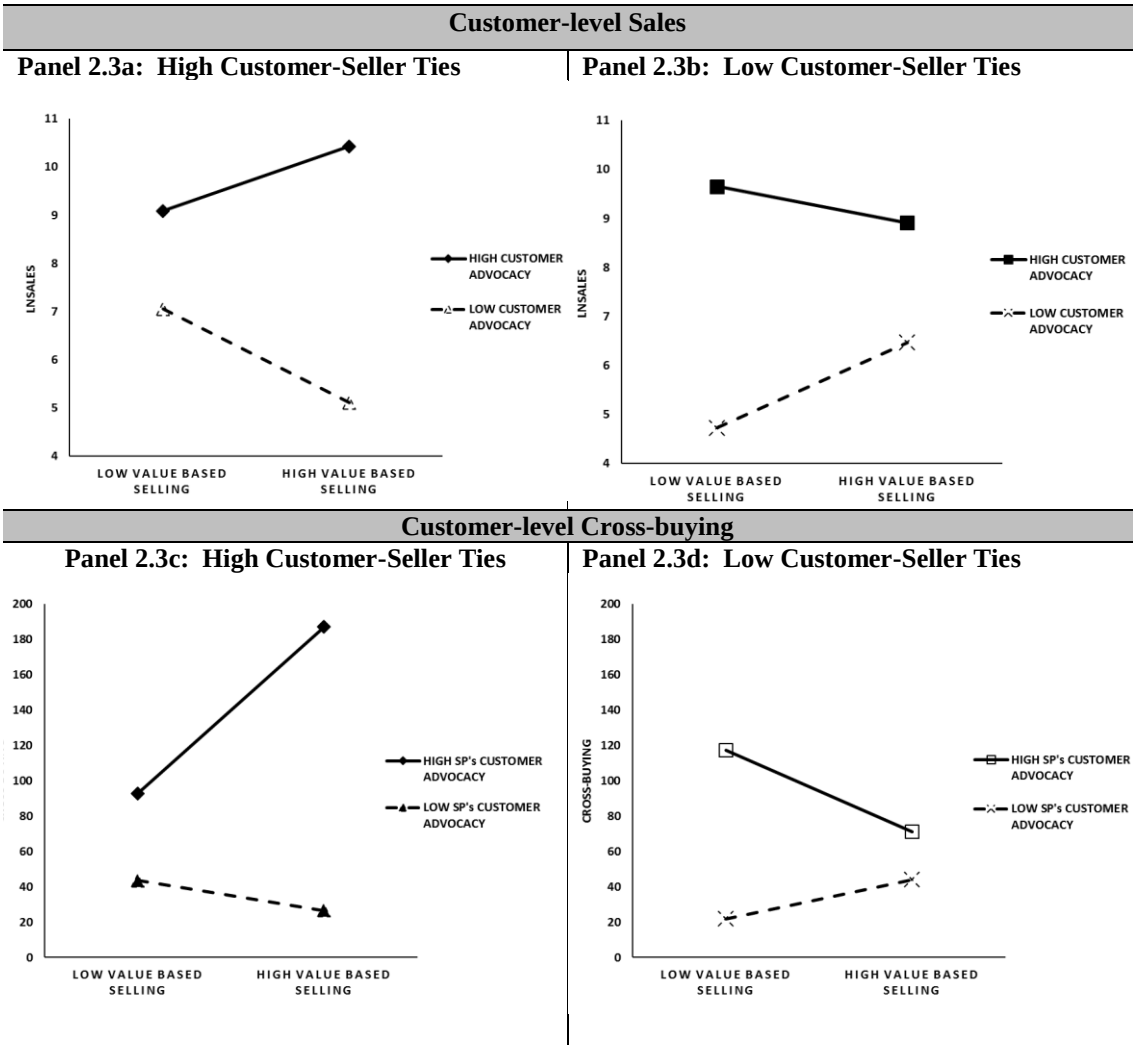


Note: High and low levels displayed at one standard deviation above and below the mean.

[2] All in-text parameter estimates are significant (i.e., 95% credible interval not containing zero).

Also as hypothesized, I find a significant three-way interaction among customer advocacy, value based selling, and customer-seller ties on sales (b = 0.72) and cross-buying (b = 0.31). As depicted in Figure 2.3a and 2.3c, value-based selling is more effective in motivating customer response when the salesperson also engages in greater customer advocacy *and* there are more customer-seller ties. When a salesperson engages in a high level of advocacy for a customer and the customer has some ability to verify the salesperson's actions, that customer responds to value-based selling by placing more purchases and buying a wider variety of items from the seller. It should be noted that value-based selling is particularly *counter*-productive in terms of motivating customer purchases when a salesperson does not also engage in greater customer advocacy and customer-seller ties are high (Figure 2.3a). This may be evidence of a betrayal effect; the customer-principal may conclude that the salesperson is very enthusiastically representing the seller via value-based selling, but not as energetically serving as an effective agent-advocate for the customer. H_1 is supported.

Figure 2.3: Customer Response to Customer Advocacy & Value-Based Selling



Note: High and low levels displayed at one standard deviation above and below the mean.

Finally, my analyses reveal a significant negative effect of customer-specific discounts granted on net profit (b = – 4.88) and significant positive effects of sales (b = 2.40) and cross-buying (b = 1.35) on net profit.

To summarize, I find support for my theory-based hypotheses—that there is a positive three-way interaction of salesperson's customer advocacy, value-based selling and customer-seller ties and on seller and customer response. I find that customer-seller

ties enable the interaction between customer advocacy and value-based selling on customer-specific discounts granted by the seller (H_1). I find that customer-seller ties also enable the interaction between customer advocacy and value-based selling on the customer's sales and cross-buying (H_2). In Study 2, I conduct an experiment to provide another test of the hypothesized effects on customer-response (sales) and to examine the theorized underlying agency mechanism.

2.5: STUDY 2 - DEMONSTRATING THE THEORETICAL MECHANISM

I conduct a second study to provide additional evidence for the hypothesized effects on the customer-response variables from Study 1 while drawing out the underlying causal mechanism as explained by agency theory. In Study 1, I observed a positive 3-way interaction of customer advocacy × value-based selling × customer-seller ties on customer-level sales, where the customer has greater confidence that the salesperson's reports of customer advocacy when there are greater customer-seller ties. In Study 2, I directly manipulate the customer's conclusions regarding the salesperson's customer advocacy, which corresponds to the situation in Study 1 where the salesperson engages in customer advocacy *and* there are greater customer-seller ties that reinforce the customer's belief in that advocacy. In Study 2, I therefore focus on the two-way interaction of the customer's conclusions regarding the salesperson's customer advocacy and value-based selling.

2.5.1: Method

Following the conclusion of Study 1, 158 randomly-selected customers of the collaborating seller who did not participate in Study 1 were recruited to participate in a brief online scenario-based experiment. After participating, four buyers indicated that they could not realistically envision the assigned scenario and two buyers failed attention checks, leaving 152 responses upon which to perform the analysis. Sample sizes range from 36 – 41 per cell. All participants read the following description:

Please envision that you are a customer of a fictitious supplier called Generic Wholesale, who has provided you a salesperson.

Next, I manipulated the buyer's perception of the salesperson's level of customer advocacy as follows:

You believe that your salesperson from Generic Wholesale has been **(1) very strong** / **(2) very weak** in representing your company's interests to decision makers within Generic Wholesale. You think your salesperson from Generic Wholesale is **(1) a very good** / **(2) not a very good** representative for you within his company;

and I manipulated the buyer's perception of the salesperson's value based selling:

At the same time, your salesperson from Generic Wholesale invests **(1) great effort** / **(2) very little effort** in demonstrating how Generic Wholesale's products and services can benefit your company financially.

Dependent Variables. My mediating and dependent variables were measured using 7-point semantic differential scales, with the dependent variable measured prior to

the mediating variable in order to minimize hypothesis guessing. After being assigned to one of the four treatment conditions, participants were asked to report their expected overall purchases (*Sales*) and perception of the salesperson's self-interest (*Self-interest*). Participants rated the salesperson from "Ralph has my interests at heart" to "Ralph is really only self-interested," with a higher value indicating greater perceived salesperson's self-interest.

I estimate two models in order to clearly demonstrate the underlying mediating process. Estimated coefficients for both models are provided in Table 2.5.

Table 2.5: Study 2 Results

	Model 1	**Model 2**	
Variables	Sales	Salesperson Self-Interest	Sales
Value-Based Selling (ValSell)	.699*	–0.608	1.189**
	(.302)	(.329)	(.247)
Customer Advocacy (Advoc)	1.833**	–1.207**	2.155**
	(.295)	(.321)	(.270)
Salesperson's Self-Interest			.472
			(.538)
ValSell * Advoc	1.117**	–1.071*	
	(.428)	(.466)	
ValSell * Salesperson's Self-Interest			–1.090*
			(.534)
Constant	1.923**	4.744**	1.618**
	(.211)	(.230)	(.304)
R^2	.51	.35	.47

Note: Continuous regressors standardized
Standard errors in parentheses
** p<0.01, * p<0.05

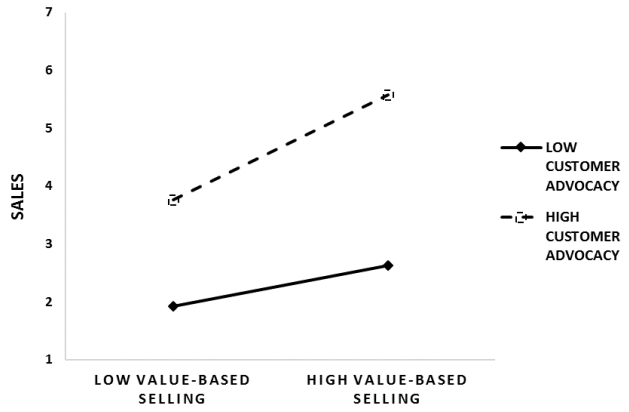
Model 1 specification. In Model 1, I regress sales on value based selling, salesperson's customer advocacy, and the interaction between the two, such that

(7) $Sales_i = \alpha_0 + \alpha_1 CA_i + \alpha_2 VBS_i + \alpha_3 CA*VBS_i + \varepsilon_{1i,}$

where CA and VBS are dummy variables indicating high or low salesperson's customer advocacy and value based selling conditions for customer i, respectively.

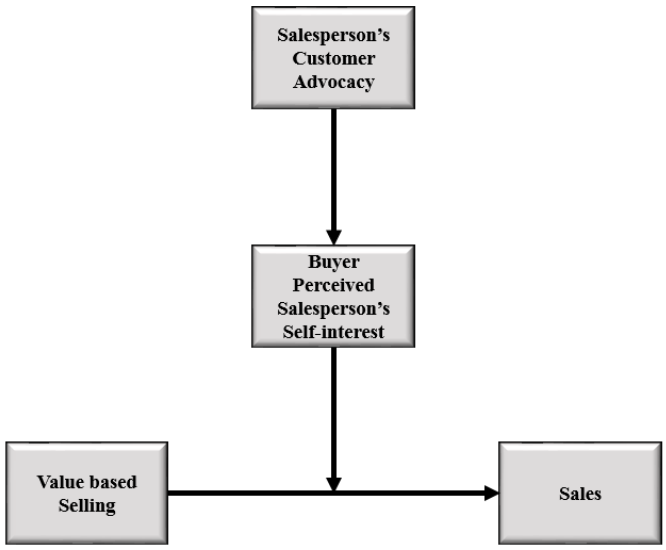
Model 1 results. I find significant simple effects of both value based selling (b = 0.699, $p<.05$) and salesperson's customer advocacy (b = 1.833, $p<.01$). Further, matching closely to the related results from Study 1, I observe a significant interaction between value based selling and salesperson's customer advocacy (b = 1.117, $p<.01$). As depicted in Figure 2.4, the effect of value-based selling on sales is enhanced as customer advocacy increases.

Figure 2.4: Value-based selling * Customer Advocacy → Sales



Model 2 specification. In Model 2, I extend Model 1 by incorporating the proposed mediating variable, buyer perceived salesperson's self-interest (*Self-interest*).

Figure 2.5: Conceptual Depiction of Equations 8 and 9



I estimate the two equations comprising the path model depicted in Figure 2.5 via three-stage least squares (Cameron and Trivedi 2005; Zhao, Lynch, and Chen 2010), such that

(8) $\text{Self-interest}_i = \beta_0 + \beta_1 CA_i + \beta_2 VBS_i + \beta_3 CA*VBS_i + \varepsilon_{2i}$

and

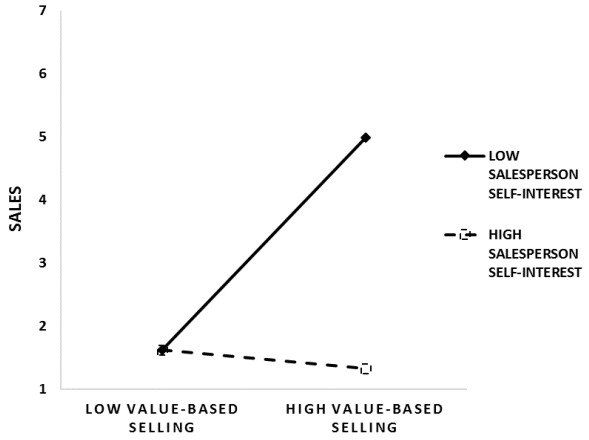
(9) $\text{Sales}_i = \gamma_0 + \gamma_1 VBS_i + \gamma_2 \text{Self-interest}_i + \gamma_3 VBS*\text{Self-interest}_i + \gamma_4 CA_i + \varepsilon_{3i}$.

Note that in Equation 9, I include the terms representing value based selling and the interaction between value based selling and salesperson's customer advocacy for identification purposes.

Model 2 results. I find a significant negative simple effect of salesperson's customer advocacy (b = 1.207, p<.01) on buyer perceived salesperson's self-interest, but no simple effect of value based selling. Interestingly, I find a significant interaction between value based selling and salesperson's customer advocacy on salesperson's self-

interest (b = -1.071, p<.05). Further, as expected, I observe a significant simple effect of value based selling (b = 1.189, p<.01) on sales, but no simple effect of salesperson's self-interest on sales. I also observe a significant simple effect of salesperson's customer advocacy on sales (b = 2.155, p<.01), suggesting partial mediation. Finally, as theorized, I observe a significant interaction between value based selling and buyer perceived salesperson's self-interest on sales (b = -1.090, p<.05). As depicted in Figure 2.6, this result confirms that the positive relationship between value-based selling and sales is enhanced as the buyer perceives the salesperson to be less self-interested.

Figure 2.6: Value-based selling * Salesperson's Self-Interest → Sales



Discussion. In Study 2, I replicate a portion of the results from Study 1 while also demonstrating the underlying causal mechanism, offering support for my theoretical rationale. As in Study 1, I find that the positive association between value based selling and sales is enhanced when the customer perceives the salesperson to engage in high customer advocacy. Extending further, I demonstrate that the moderating effect of

salesperson's customer advocacy is itself mediated by the buyer's perception of the salesperson's self-interest, in line with agency theory. Specifically, I observe that when the salesperson engages in high levels of customer advocacy, the buyer perceives the salesperson's interests to be more aligned with her own. When the buyer perceives greater alignment between her interests and the interests of the salesperson, she is less skeptical of the salesperson's value based selling efforts, thereby making these efforts more effective at generating increased sales.

2.6: GENERAL DISCUSSION

What are the performance implications of the salesperson's dual role as representative of the seller firm to the customer and as advocate for the customer within the seller firm? I find there are many implications of both aspects of the salesperson's dual role on customer and seller firm actions. In Study 1, I observe that salesperson's customer advocacy has significant positive simple effects on all three of the customer and seller outcome variables. This finding is a strong indication of the importance of the salesperson's customer advocacy to both the customer and the seller and suggests that there is a need for more research on this aspect of the salesperson's role. Further, because I control for the actions of the seller firm when estimating the impact of salesperson's customer advocacy and value based selling on customer actions, and I also control for the actions of the customer when estimating the impact of salesperson's customer advocacy and value based selling on seller firm actions, I am able to estimate the "direct" effects of the salesperson's externally- and internally-directed actions on the actions of customers and seller firm decision-makers. In other words, I am able to isolate the effects of

salesperson's customer advocacy and value based selling on the actions of customers, while holding constant the subsequent actions of the seller firm, and vice versa. I find that salesperson's customer advocacy indeed has a strong effect on the actions of customers, independent of any action taken by the seller in response to the salesperson's customer advocacy efforts. Similarly, I find that seller firm decision-makers are strongly affected by the salesperson's value based selling efforts, independent of how these efforts produce effects in customer behavior. By performing triadic analysis, I incorporate and control for the actions of both the seller and the customer to more accurately estimate the effects of salesperson's customer advocacy and value based selling on the outcomes of interest.

Are there inherent interdependencies between the salesperson's actions as agent of the seller firm and the salesperson's actions as agent of the customer? Yes. I observe that the customer's response to the salesperson's representation of the seller firm is indeed dependent on the degree to which the salesperson also advocates for the customer within the seller firm. I also find the seller's response to the salesperson's representation of the customer is dependent on the degree to which the salesperson also represents the seller firm to the customer. I find that focusing solely on the salesperson's externally-directed actions as representative of the seller firm may not capture the full impact of a salesperson's actions on customer-level sales and profit, underscoring the importance for researchers to jointly consider both aspects of the salesperson's dual role.

2.6.1: Theoretical Implications

The importance of the salesperson's customer advocacy. I conceptualize, study and empirically demonstrate the importance of a new construct, salesperson's customer advocacy. The construct captures the previously neglected salesperson role as representative of the customer to others within the seller. Customer advocacy has significant positive simple effects on both customer response (sales and cross-buying) and seller response (customer-specific discounts granted). Customer advocacy also interacts with value-based selling in determining customer response and seller response. It can also impact customer perception of salesperson self-interest, which in turn impedes the potential positive effects of value-based selling on customer response (Study 2). Customer advocacy affects both the customer and the seller in less-than-obvious ways, suggesting that customer advocacy is a construct deserving of future research attention.

When is a triadic approach advisable? Most prior sales-related research has focused either on the salesperson's interfirm relations with the customer or the salesperson's intrafirm relations within the seller firm, but not both. Depending on the specific hypotheses and constructs under investigation, triadic analysis may not be necessary. However, when there is interdependence among the seller, salesperson and customer, triadic analysis is advisable as it provides a more comprehensive examination of potentially complex effects. What the salesperson does in its interfirm relationship with the customer can affect not only the customer but also the seller and the salesperson's relations with the seller. What the salesperson does in its intrafirm activities within the seller can affect not only the seller but also the customer and the salesperson's

relationship with the customer. For these reasons, I simultaneously examine the dual roles salespeople play in the seller-salesperson-customer triad as an advocate for the customer within the seller and as a representative of the seller to the customer. My triadic analyses allows me to incorporate and control for the actions of both seller and customer to more accurately estimate the effects of salesperson's customer advocacy and value-based selling.

The relevance of agency theory in B2B relationships. I draw on agency theory as the underlying rationale for my hypotheses, find support for my core hypothesis in two complementary studies, and provide compelling evidence for the theorized mediating variable drawn from agency theory in support of the rationale. I submit that conceptualizing the salesperson in business-to-business relationships as an agent of the seller when representing the seller to the customer and as an agent of the customer when representing the customer to others within the seller can provide new insights. In this research, I draw on classic agency theory but apply it in a novel way. Typically, agency theory is used to understand how the principal can shape, influence, limit or motivate the actions of the agent. In contrast, I draw on agency theory to generate hypotheses regarding how the agent's actions can shape, influence, and impact the behavioral responses of the principal in ways that diminish the principal's control over the agent.

The salesperson's dual agency roles. I demonstrate that the salesperson's well-researched role as representative of the seller to the customer is inherently accompanied by the salesperson's under-researched role as advocate for the customer within the seller.

These roles as agent for the seller and agent for the customer are not independent, but are complementary and entwined in a complex manner. The responses of both the customer and seller decision-makers to salesperson actions directed specifically to them depends on the salesperson's actions directed *to the other party*. Focusing solely on the salesperson's interfirm actions as representative-agent of the seller may not fully capture the salesperson's impact on the customer-level sales and cross-buying, nor will focusing solely on the salesperson's intrafirm actions as advocate-agent for customer fully grasp the salesperson's impact on seller decisions to grant special benefits. Certainly, any assessment of the impact of salesperson activities such as customer advocacy or value-based selling on customer-level sales or profit would benefit from a more comprehensive examination of the salesperson's dual agency and both intrafirm and interfirm effects.

The potential dangers of value-based selling. Although value-based selling can be a very positive strategy in some business markets (Terho et al. 2015), there also is evidence that it can cause conflict and be counterproductive in some situations (Terho et al. 2012). My research provides one explanation for these mixed effects; value-based selling is likely to be ineffective in motivating customer response if it is not accompanied by salesperson customer advocacy. When the customer suspects that the salesperson's is acting out of self-interest, rhapsodizing about the ways the customer will receive value and benefit financially from doing business with the seller is likely to be met with skepticism and disbelief. However, value-based selling may nevertheless have a positive impact on the salesperson's relationship within the seller firm.

The importance of interfirm ties. My research confirms the criticality of considering network structure in B2B relationships. As the salesperson's customer advocacy occurs outside the customer's view, the customer relies primarily on salesperson reports about advocacy. Without sufficient means by which to monitor the salesperson and salesperson incentive to provide honest information, salesperson reports of customer advocacy will be doubted, discounted, or discredited. Value-based selling, even when accompanied by high customer advocacy, is less likely to obtain a positive customer response unless there are sufficient customer-seller ties. High value-based selling is very effective when the salesperson also engages in high customer advocacy and the customer has confidence in the salesperson's reports of such behavior. However, the other side of the coin is that value-based selling can be particularly counterproductive for a highly monitored salesperson, if customer advocacy is low. The salesperson's value-based selling efforts may be perceived by the customer as particularly irritating when the salesperson's motive is suspect.

2.6.2: Managerial Implications

My research provides some insight into why the feud between sales and marketing has been so vicious and longstanding. The fact that salesperson's customer advocacy simultaneously produces both positive and negative effects on the seller firm's net profit means that, in any given situation, an equally valid case may be made for or against the need to engage in salesperson's customer advocacy – in essence, both salespeople and marketers are right about their respective positions.

Further, in many cases the salesperson's rationale for engaging in salesperson's customer advocacy is based on weighing opportunity costs that are, by nature, difficult to validate retrospectively. If one argues that providing the proposed customization might lead to a significant reduction in seller profitability, a counterargument could be presented that the reduction to profitability is a more favorable outcome than if the customer were to be completely lost to a competitor. Because opinions about the best course of action are likely to differ in these circumstances, tensions between parties are elevated. My research provides salespeople and seller decision-makers with empirical insights into the situations under which the salesperson's customer advocacy may lead to positive outcomes for the seller firm.

To more fully address this debate, I performed a simple post-hoc analysis involving group mean comparisons. A mean-split of the sample reveals that, on average, high advocacy generates increased customer-level profit ($t = 2.05$), that the positive effect on sales indeed carries through to the bottom line. I also find that when salesperson's customer advocacy leads to the greatest level of customer-specific discounts (i.e., when value-based selling and interfirm ties are high), high customer advocacy has a positive effect on sales ($t = 2.34$) and no effect on profit ($t = .73$). That is, even when the salesperson's intrafirm actions to advocate for the customer generate the greatest level of concessions, the positive effect on sales is strong enough to wash out the negative effect on the seller's customer-level profit. These findings suggest that salespeople should in fact err on the side of engaging in high levels of customer advocacy

and that seller decision-makers should embrace such salesperson actions.

By conducting a simultaneous examination of internally- and externally-directed salesperson actions, I am able to uncover how the effects of both forms of salesperson actions on seller firm decisions and customer behavior are interdependent. These results provide guidance to salespeople as they adapt sales strategies in response to changing B2B buyer behavior. By acknowledging the salesperson's dual agency as representative of the seller firm and advocate for the customer, and by taking a triadic approach to examining the salesperson's dual role, I offer unique insight into how salespeople must adapt not only their sales approach directed externally toward buyers, but also how they must adapt their actions directed internally toward seller firm decision-makers. Utilizing advanced forms of B2B customer analytics and integrating CRM data, survey data, transaction data, activity-based costing data, and other types of objective archival data, I offer guidance to managers about ways to improve customer upsell and cross-sell opportunities in business markets. By leveraging this unique dataset, I also empirically explore how the salesperson's position as mediator in the buyer-seller network influences customer outcomes and I link prior literature on salesperson internal networks to factors affecting objective customer performance.

2.6.3: Limitations and Future Research Directions

While salespeople engage in customer advocacy in order to seek a wide range of outcomes for their customers, in this research I focus solely on price discounting. Narrowing my focus to price discounting has several advantages. First, because price

discounting has such strong implications for the seller's financial outcomes, the seller maintains highly descriptive logs about past and current prices offered to its customers. This allows for very accurate and objective measures of price discounting pertaining to the customers in the study. Second, while there are indeed many forms of customization that salespeople seek for their customers, price discounting is perhaps the most common. Simester and Zhang (2014) cite several examples of B2B companies where pricing discounts represent well over half of company sales. The ubiquitous nature of price discounting ensures not only that this is an outcome variable of great interest to managers, but also that sufficient variation in discounting exists across customers to perform my analysis. At the same time, I concede that there are other important outcomes of salesperson's customer advocacy that should be taken into consideration. For example, in addition to price discounting, I suggest that future research investigate the effects of the salesperson's internally- and externally-directed actions on other customization related to freight, delivery, payment terms, product or service rebates, and the like.

I conceptualize salesperson's customer advocacy as an episodic phenomenon exhibiting variation (1) between salespeople and (2) between customers and (3) within customers (i.e., over time). Based on this conceptualization, I suggest that this construct can be measured with increasing precision at the salesperson, salesperson-customer dyad, or episode levels (i.e., salesperson-customer dyad over time), respectively. Because my research design in Study 1 is cross-sectional, I operationalize salesperson's customer advocacy and value base selling at the salesperson-customer dyad level. I suggest that

future research measure both forms of salesperson behavior longitudinally at the salesperson-customer dyad level in order to more precisely operationalize these constructs and to determine whether the relationship between the salesperson's internally- and externally-directed behavior may change over time.

2.7: CONCLUSION

In summary, salesperson's customer advocacy is a fundamental aspect of the salesperson's role as mediator between the seller firm and the customer. Because extant marketing research has failed to account for this important aspect of the salesperson's dual role, this research fills an important gap in the literature. Relying on well-established assumptions grounded in agency theory, I offer evidence that the salesperson can allay the suspicion of both customers and seller decision-makers by demonstrating allegiance to the focal party. In doing so, I demonstrate the importance for researchers and practitioners to consider both aspects of the salesperson's dual role when considering frontline issues. The effects of the salesperson's actions to represent the seller to the customer and the customer to the seller are closely intertwined and interrelated, and focusing on either form of salesperson action in isolation could lead to inaccurate conclusions. My results indicate that salesperson's customer advocacy has complex effects on net profit, increasing discounting as well as customer sales and cross-buying. Salesperson's customer advocacy is a powerful and important tool for the salesperson, and I hope this research sparks increased study of this particular aspect of the salesperson's dual role.

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CHAPTER 3 – THE BRIGHT AND DARK SIDE OF BUYER ADVOCACY: EXPLORING ITS ROLE IN BUILDING BUYING CENTER CONSENSUS AND INFLUENCING SUPPLIER SALES IN B2B MARKETS

3.1: INTRODUCTION

According to the 2017 Institute for the Study of Business Markets (ISBM) research priorities, understanding the evolution of the B2B buying process is among the most pressing issues. This topic is closely related to the third-ranked 2016 – 2018 Marketing Science Institute (MSI) research priority, "B2B Decision Making." Specifically, MSI asks, "How is the B2B purchase cycle influenced by aspects of joint decision-making and committee decision-making? What is the influence of others in such joint decision-making? What is the path to purchase and what are the most appropriate marketing levers?" Clearly, questions about whether extant knowledge on buying centers and B2B buyer behavior is still valid are of extreme importance to both scholars and practitioners. Accordingly, in this research I attempt to shed light on these and other pertinent questions. I present a new construct, *buyer advocacy*, defined as efforts by a buying center member (buyer) to represent, support and defend a supplier during interactions with others within the buying center to achieve consensus such that the supplier is positively evaluated. I show how this form of B2B buyer behavior affects the supplier's customer-level outcomes. Specifically, I explore the role buyer advocates play

within the buying center and the effect these individuals' actions ultimately have on the supplier's customer-level sales.

As the size of buying centers continues to increase, so does the number of individuals involved in any given purchasing decision. In a recent study of B2B buying centers, Schmidt, Adamson, and Bird (2015) note that an average of 5.4 people now formally sign off on purchases in B2B settings and that these members represent a much wider variety of jobs, functions, and geographies than ever before. In response, suppliers have begun to rely on advocates inside the customer organization to reduce uncertainty and establish consensus among buyer decision-makers and stakeholders.

In this essay, my research questions are:

1) How does buyer advocacy affect the supplier's customer-level sales?
2) Is buyer advocacy always beneficial for the supplier? Are there conditions under which buyer advocacy may actually be counterproductive for the supplier?
3) What factors moderate the relationship between buyer advocacy and the supplier's customer-level sales?

I examine buyer advocacy's impact on the supplier's customer-level sales and test my conceptual model using hierarchical random effects regression analysis of a complex dataset compiled from survey and transactional archival data of 1,000+ B2B buyers of a collaborating *Fortune 500* wholesaler. I test my hypotheses on customer-level sales and, capitalizing on a rare data opportunity, provide additional model free evidence of the

association between buyer advocacy and a number of other important supplier financial outcomes (e.g., net profit).

My research builds on extant literature examining B2B buyer behavior, making several contributions. First, I theoretically justify and offer evidence of a positive effect of buyer advocacy on the supplier's sales, while also providing theoretically grounded rationale for a countervailing mechanism, resulting in an inverted U-shaped relationship between buyer advocacy and the supplier's sales. I then take the three-step approach of Lind and Mehlum (2010) to empirically validate this relationship. I show that buyer advocacy exhibits a strong positive association with the supplier's customer-level sales, but only at low to moderate levels. High levels of buyer advocacy risk drawing suspicion from other members of the buying center. I find that, while suppliers should in general encourage and enable buyers to advocate on their behalf, there is danger in appearing overly optimistic about the supply relationship. This is an important cautionary note for supplier reps and buying center members as they seek to gain consensus among the various stakeholders within the buying center.

Second, drawing from cognitive response theory (Greenwald 1968), I propose several factors that moderate the inverted U-shaped relationship between buyer advocacy and the supplier's customer-level sales. I theorize and find evidence that when a buyer advocate places a low to moderate level of trust in the supplier, the way in which the buyer advocates for the supplier changes such that buyer advocacy is perceived by others

in the buying center as being more balanced and practical, inducing fewer counterarguments. Interestingly, I find that when the buyer has low trust in the supplier, a "shape-flip" occurs such that the relationship between buyer advocacy and the supplier's sales is instead convex or U-shaped. Further, per the cognitive response model, I propose additional factors that reduce counterarguments to the buyer advocate's message are (a) communicator expertise (i.e., buyer education and industry experience) and (b) circumstances that affect message recipients' ability to form counterarguments (i.e., customer firm-supplier relationship dynamism and relationship length). I find that buyer expertise indeed magnifies buyer advocacy's effect on the supplier's sales as do factors that hinder the ability of others within the buying center to form counterarguments. By carefully explicating how the proposed moderators affect either the underlying linear or nonlinear mechanism, I provide a fine-grained analysis of the phenomena under study which lends strong support for my theory-based rationale.

Third, by examining variables that are readily available and familiar to most B2B practitioners, I provide managerially actionable insights.

The remainder of the paper proceeds as follows. I first discuss the theoretical foundations of my research, followed by my conceptual model and research hypotheses. Next, I describe the data, measures, and hierarchical regression model used to test my hypotheses. Finally, I discuss my results, offer managerial implications, note limitations, and provide directions for future research.

3.2: THEORY DEVELOPMENT

3.2.1: Buyer Advocates Inside Today's B2B Buying Center

Scholars have been conducting research on B2B buying centers for over 40 years, and while a vast literature has resulted, management of the organizational buying center has been noted as "one of the fastest-changing aspects of contemporary business and marketing" (Johnston and Chandler 2012). Sheth's (1973) foundational article established a model of organizational buyer behavior which captured the fundamental processes underlying behavior within B2B buying centers. The model is composed of three aspects: (1) the psychological world of the individuals involved in organizational buying decisions, (2) the conditions which precipitate joint decisions among these individuals, and (3) the process of joint decision making among decision makers. Sheth's model was developed during a time when buying centers were far less complex. Today, it goes without saying that nearly all B2B purchasing decisions are conducted jointly, with a vast array of individuals staking a claim, including: company executives, heads of HR, a range of end users, influencers, third-party consultants, and even potential partners (Adamson et al. 2015). The boundary of what constitutes a buying center has expanded to include: (1) gatekeepers, or those who control information flows, (2) influencers, those who supply technical specifications, (3) deciders, those who choose the product or service, (4) buyers, those who have formal authority to conduct transactions and submit purchases, and (5) users, those who actually put the product or service to use. Truly,

nearly anyone in the customer organization could be considered a member of the buying center, depending on the organization's specific procurement processes.

The most common B2B buying center model involves assigning specific buyers responsibility for managing relationships with specific suppliers. This works to facilitate relationship development, the ability to monitor buyer and supplier performance, and the ability to maintain a more efficient system of accountability. The buyer assigned to a specific supplier then acts as the "point person" or mediator between the supplier and the rest of the stakeholders in the buying center. This buyer is generally the most knowledgeable about the specific supplier and interacts most frequently with members of the supplier organization. Therefore, when a buyer advocate emerges, it is most often the person formally assigned to the focal supplier. Supporting this notion, Martilla (1971) argues that there are opinion leaders within industrial organizations who "are exposed to…sources of information more frequently and in greater depth than those whom they counsel." Therefore, though not always the case, buyer advocates tend to be those individuals within the buying center with formal responsibility to maintain the supply relationship and have the most interpersonal contact with supplier representatives.

3.2.2: Buyer Advocate: Representative, Supporter, and Defender

Buyer advocacy is defined as efforts by a buying center member to represent, support and defend a supplier during interactions with others within the buying center. Therefore, while advocating for the supplier, the buyer takes on one or more of three

roles: supplier representative, supplier supporter, and supplier defender. First, with respect to a buyer advocate's representative role, when others within the customer firm are looking to source items that the buyer knows the supplier carries, the buyer advocate recommends the supplier. In this way, the buyer advocate acts as a supplier representative, an extension of the supplier firm, when a supplier rep such as a salesperson is not present, and communicates positive messages about the supplier to others within the buying center. Having a representative within the buying center allows the supplier unprecedented access to all members of the buying center, something that would be difficult, if not impossible, without the collaboration of the buyer advocate. As supplier representative, the buyer advocate may direct messaging to any member of the buying center; she may inform a gatekeeper to allow the salesperson to make visits to the customer location, she may discuss technical specifications of the supplier's offering with influencers and users to gain buy-in, or she may informally drop in a good word for the supplier with deciders or buyers. Acting as representative of the supplier within the customer firm, the buyer advocate is uniquely positioned to gain consensus among the diverse members of the buying center.

Second, buyer advocates are supporters of the supplier to decision-makers within their organization. In this role, buyer advocates focus their messaging specifically to deciders and buyers within the buying center. The advocate seeks to influence both the person who chooses the product and the person with the formal authority to place orders.

He may do so directly by communicating information to these colleagues, or indirectly by feeding the supplier information about the customer firm's internal decision-making process, the sequence and timing of decisions to be made, or any additional information that would be helpful to overcome objections. Acting as supporter during the decision-making process, the buyer is an invaluable partner, especially during the later stages of the buying process when key decisions about supplier selection are made.

Third, the buyer advocate is a defender of the supplier to others within the buying center. In this way, the buyer advocate at times takes personal risks to vouch for the supplier. Schmidt, Adamson, and Bird (2015) note that buyer advocates take risks that are inherent to fighting for change and promoting consensus. Such risks include "losing respect or credibility in their organization if they push for an unpopular purchase or are unable to attract support, or if the purchase they backed turns out to be unwise." The authors further note that the decision to publicly defend the supplier may be driven by the buyer's belief that the value provided by the supplier is greater than the potential cost, or that the supplier is trustworthy to follow through on the buyer's promises or to make amends for occasional service failures.[3]

In each of the three roles, the buyer advocate seeks to reduce uncertainty among buying center colleagues to build confidence in the supplier and, ultimately, achieve

[3] While the antecedents to buyer advocacy are intriguing and managerially relevant, I set aside the examination of such factors as avenues for future research and instead focus on the consequences of buyer advocacy in this study.

consensus among the various members of the buying center such that the supplier is positively evaluated.

3.2.3: Cognitive Response Theory

The cognitive response model of persuasion attributes the most direct cause of persuasion to the "self-talk" of the persuasion target, rather than the content of the message (Kenrick, Neuber, and Cialdini 2009). Research supporting the model shows that persuasion is affected by the amount of self-talk that occurs in response to a message. Cognitive response theory postulates, "when a person receives a communication and is faced with the decision of accepting or rejecting the persuasion, he may be expected to attempt to relate the new information to his existing attitudes, knowledge, feelings, etc." (Greenwald 1968). In so doing, the person may actually encounter and process information that is not in the message itself. Any additional self-generated cognitions may agree with the proposals of the communicator, disagree, or be entirely neutral. To the extent that the communicator evokes responses that are in agreement with the message, the subject will tend to agree with the communicator, and vice versa.

Accordingly, the cognitive response model suggests that communicators seeking to persuade a message recipient should focus on factors that are likely to produce or constrain counterarguments, negative cognitive responses that prohibit persuasion (Greenwald 1968), as "the impact of the message may well be reduced if message recipients counterattack it with their own arguments" (Brock, Ostrom and Petty 1981,

p.14). Among others, the model suggests factors that reduce counterarguments include communicator expertise and circumstances that inhibit message recipients' ability to formulate counterarguments (Eagly and Chaiken 1993).

3.2.4: Theorizing U-shaped Relationships

According to Haans et al. (2016), "an inverted U-shaped relationship exists if Y first increases with X at a decreasing rate to reach a maximum, after which Y decreases at an increasing rate." Perhaps the most common way a U-shaped relationship is conceptualized is as two latent functions (i.e., two countervailing forces) jointly contributing to the U-shape. For example, an inverted U-shaped relationship may result from the additive combination of an underlying positive linear relationship between a focal variable and a mediator (e.g., a benefit), and a convex or exponential relationship between the focal variable and a second mediator (e.g., a cost), with each mediator having an opposite effect on the distal outcome of interest. Such an additive combination is illustrated in Figure 3.1. In this case, one might argue that while benefits to the outcome variable increase linearly with increases to the independent variable, costs tend to escalate rapidly (Haans et al. 2016). Subtracting costs from the benefits results in an inverted U-shaped relationship between the independent variable and the focal outcome variable. This can be demonstrated algebraically as follows:

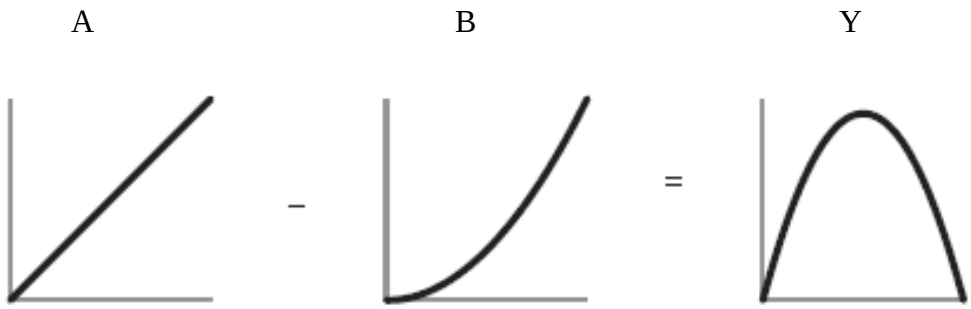
(1) $A = a_0 + a_1x$

(2) $B = b_0 + b_1x + b_2x^2$

(3) $Y = A - B = (a_0 - b_0) + (a_1 - b_1)x - b_2x^2$

where Equation 1 represents the linear benefit function, Equation 2 represents the convex cost function, and Equation 3 represents the resulting inverted U-shaped relationship between the focal independent variable (x) and the focal outcome (Y).

Figure 3.1: Additive combination of latent mechanisms resulting in an inverted U-shaped relationship (Reproduced from Haans et al. 2016)



A = latent linear mechanism

B = latent convex or exponential mechanism

Y = inverted U-shaped relationship between focal variable and distal outcome of interest

Corresponding algebraical representation:

$A = a_0 + a_1x$

$B = b_0 + b_1x + b_2x^2$

$Y = A - B = (a_0 - b_0) + (a_1 - b_1)x - b_2x^2$

3.2.5: Establishing Moderation of U-shaped Relationships

Moderation of a U-shaped relationship between a focal independent variable (x) and a focal outcome variable (Y) occurs when a moderating variable (z) affects one or both of the underlying latent mechanisms (Equation 1, Equation 2, or both). Extending Equation 3 to include moderator z results in the following:

(4) $Y = c_0 + c_1x + c_2x^2 + c_3z + c_4xz + c_5x^2z$

In Equation 4, moderation of a U-shaped relationship is present when either c_4 or c_5 is significantly different from zero. Changes in the level of the moderating variable may result in a horizontal shift of the turning point along the x-axis (i.e., when c_4 is significant), a flattening or steepening of the curve (i.e., when c_5 is significant), or both (i.e., when c_4 and c_5 are both significant). Therefore, a moderating variable can be theorized to affect the underlying linear mechanism, the underlying nonlinear mechanism, or both, depending on the specific circumstances at hand. To illustrate how a horizontal shift in the turning point of the U-shaped relationship results when c_4 is significant, consider the case where z moderates only the theorized underlying linear benefit function:

(5) $A = a_0 + (a_1 + z)x;$

and the convex cost function is unchanged:

(6) $B = b_0 + b_1x + b_2x^2.$

Subtracting Equation 6 from Equation 5 results in the following:

(7) $Y = A - B = (a_0 - b_0) + (a_1 - b_1 + z)x - b_2x^2.$

Taking the first derivative of Equation 7 with respect to x and setting it equal to zero results in:

(8) $x^* = (a_1 - b_1 + z) / (2b_2)$.

Equation 8 indicates how the turning point depends on the moderator (z). A unique turning point exists for each value of z such that if z is positive, the turning point shifts to the right, and if z is negative, the turning point shifts to the left. In this example, z does not affect x^2 so the curvature of the U-shaped relationship does not change (i.e., no steepening or flattening; Haans et al. 2016). One can easily extend equations 5 – 8 to include moderation of the underlying nonlinear mechanism (i.e., higher-order interaction x^2z), in which case the curvature of the U-shaped relationship would depend on z. Referring again to Equation 4, a significant c_4 would support the rationale that the latent linear mechanism is strengthened or weakened by the moderator, while a significant c_5 would support the rationale the that curvilinearity of the latent nonlinear mechanism is strengthened or weakened by the moderator.

3.3: CONCEPTUAL DEVELOPMENT

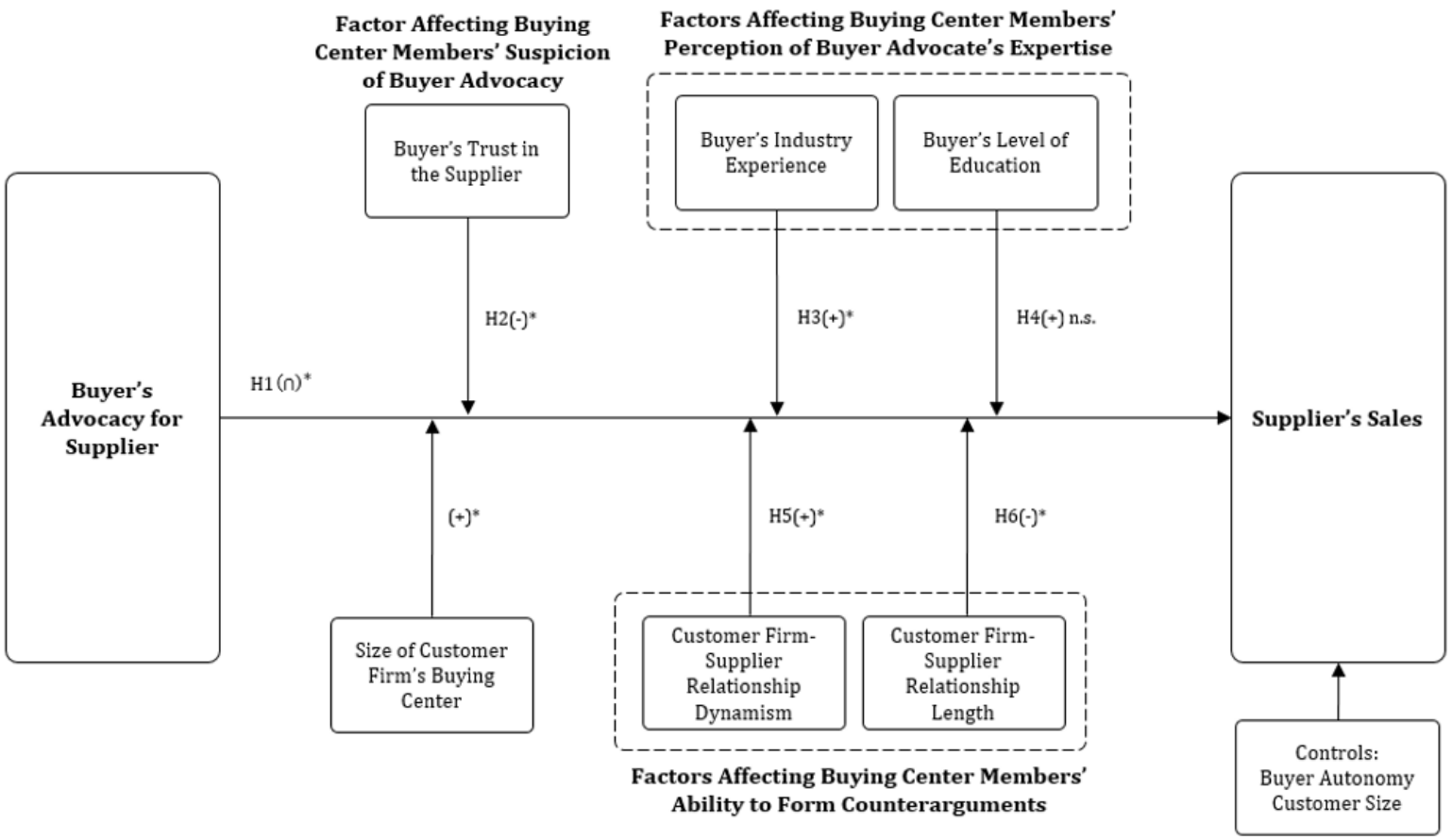
3.3.1: Theorizing an Inverted U-shaped Relationship between Buyer Advocacy and the Supplier's Customer-level Sales

Figure 3.2 summarizes my conceptual model of the effects of buyer advocacy on the supplier's customer-level sales. As mentioned, the primary goal of buyer advocacy is to positively affect the opinions of others within the buying center such that the supplier's

standing is improved or maintained. The process involves reducing uncertainty, building confidence and, ultimately, achieving consensus among the various members of the buying center such that the supplier is positively evaluated. Buyer advocacy generates positive messaging in support of the supplier within the buying center which further enhances expected quality (Hada, Grewal, and Lilien 2014; Kumar, Peterson, and Leone 2013) and reduces perceived risk (Vazques-Casielles, Suarez-Alvarez, and del Rio-Lanza 2013), positively influencing the buying center's decision to purchase from the supplier.

On the other hand, there are reasons to suspect that a countervailing mechanism may also be present; that at high levels, buyer advocacy may also produce negative outcomes. In general, members of B2B channel relationships (i.e., manufacturers, wholesalers, resellers, end-users) compete to maximize their share of the total value pie (Fang, Palmatier and Evans 2008). While it is true that value-adding partnerships among channel members can, in some cases, enhance the overall size of the value pie (Tescari and Brito 2016), in most B2B markets cost of production and retail pricing are fixed and together determine the total profit pie to be distributed among channel members. The result is a zero-sum, competitive game (Cachon and Netessine 2004). Channel members therefore attempt to maneuver and position themselves relative to other members such that they maximize their share of the total pie, according to well-established rules of power and interdependence (Kumar, Scheer and Steenkamp 1998).

Figure 3.2: Conceptual Model of the Effect of Buyer Advocacy on Supplier's Customer-level Sales



Therefore, even though channel members can and do benefit from forging strong bonds, channel members strive to remain objective and resist becoming enamored or enthralled by any given partner, because doing so creates conditions of vulnerability that allow a channel partner to act opportunistically (Anderson and Jap 2005). Gundlach and Cannon (2009) explain that when a customer is overly optimistic in its evaluation of a supplier, "the supplier may take advantage…and shirk on promises to deliver product on time, provide quality that meets expectations, charge 'market' prices, or keep agreed upon service obligations." Grant and Schwartz (2011) explain that, "at moderate levels, optimism provides confidence and increased planning, but very high optimism leads to inadequate preparation and the underestimation of risks." Further, Haaga and Stewart (1992) note that optimism "can be too extreme, leading to inappropriate complacency." Indeed, optimism bias is "one of the most consistent, prevalent, and robust biases documented in psychology and behavioral economics" and manifests when individuals overestimate the likelihood of positive events and underestimate the likelihood of negative events (Sharot 2011, p.1). The stakes are clearly raised when actors are involved in competitive endeavors, making optimism bias particularly destructive in business contexts. B2B customers therefore adopt a philosophy of "trust but verify" with respect to their suppliers (Gundlach and Cannon 2009), employing various checks and balances as safeguards to maintain objective and realistic perspectives of channel partners.

The growth in size of today's B2B buying centers has been recognized as a direct result of such safeguarding efforts. Adamson et al. (2015, p.5) assert that the number one

reason for the added number of individuals involved in the B2B buying process today is "a sustained and widespread aversion to risk among both individual customer stakeholders and organizations." Collaborative decision-making distributes buying authority, capitalizing on a broader bank of knowledge, consideration of a greater number of alternatives and diverse decision-making processes, together mitigating the risk of cognitive bias at the individual level (Osmani 2016). By adding more and differing perspectives to the purchasing decision process, customers hedge against risk that the cognitive biases of any single decision maker present a point of weakness.

For these reasons, buying center members must walk a fine line when advocating for a supplier. Those that overly advocate run the risk of appearing overly optimistic about a competitive channel member, signaling potential optimism bias. As members of the buying center process a buyer advocate's message, they evaluate the advocate's level of optimism and objectivity toward the supplier to determine whether the advocate's judgement may be compromised or clouded. Buying center members who overly advocate for a supplier risk raising suspicion about the reliability of the buyer advocate's message.

According to the cognitive response model, the degree to which a target of communication accepts a message depends on the amount of counterarguments that the target generates in response to a message (Brock, Ostrom and Petty 1981). As buying center members become increasingly suspicious of the reliability of the buyer advocate's

message, they form more counterarguments. I therefore expect that the degree to which buying center members form counterarguments to the buyer advocate's message increases rapidly with increasing advocacy, manifesting as a convex relationship. Combining the expected positive linear mechanism and the convex negative mechanism underlying the effects of buyer advocacy on the supplier's sales results in an inverted U-shaped relationship.[4] I therefore hypothesize:

H_1: There is an inverted U-shaped relationship between buyer advocacy and the supplier's customer-level sales.

3.3.2: The Moderating Role of Buyer Trust in the Supplier

I expect that as a buyer advocate signals greater objectivity regarding its evaluation of the supplier, the underlying nonlinear relationship between buyer advocacy and buying center member suspicion is attenuated. One such way a buying center member signals objectivity is by tempering the degree to which it trusts the supplier (Gundlach and Cannon 2009; Anderson and Jap 2005). When the buyer advocate maintains a low to moderate level of trust in the supplier, others in the buying center are likely to discern this and, in turn, its advocacy for the supplier is perceived as more balanced and practical. When the buyer advocate is perceived as more objective and presenting a more balanced message, buying center members are less likely to form

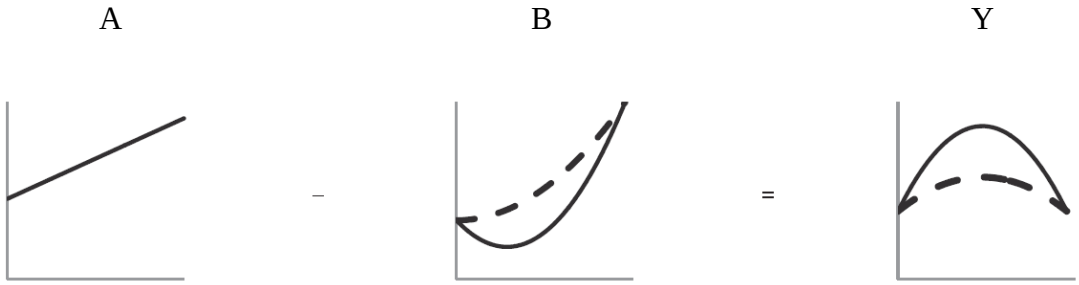
[4] Referring again to Figure 3.1, the theorized positive effects of buyer advocacy (i.e., consensus generation) on the supplier's customer-level sales is illustrated by plot A, while the theorized costs of buyer advocacy (i.e., buying center members' suspicion or perceived risk) are illustrated by plot B.

suspicions which produce counterarguments. Therefore, I expect that the relationship between buyer advocacy and buying center member suspicion is attenuated as the buyer is less trusting of the supplier. Because buyer trust in the supplier is theorized to have no effect on the underlying linear mechanism, but is rather expected to enhance the underlying nonlinear countervailing mechanism, I expect a *steepening (flattening)* of the inverted U-shaped relationship between buyer advocacy and the supplier's customer-level sales as the buyer's trust in the supplier increases (decreases). Therefore, I hypothesize the following:

H_2: The inverted U-shaped relationship between buyer advocacy and the supplier's sales is stronger (weaker) when the buyer advocate is more (less) trusting of the supplier.

Moderation such as that hypothesized in H_2 involving a strengthening or weakening of the nonlinear latent mechanism is illustrated in Figure 3.3.

Figure 3.3: Illustration of moderation of the latent linear mechanism (H_2)



*The dotted line illustrates the shift caused by moderation of the underlying nonlinear mechanism, with no effect to the underlying linear mechanism (Reproduced from Haans et al. 2016).

A = latent linear mechanism

B = latent convex or exponential mechanism

Y = inverted U-shaped relationship between focal variable and distal outcome of interest

Corresponding algebraical representation:

$Y = c_0 + c_1x + c_2x^2 + c_3z + c_4xz + c_5x^2z;$

where c_5 is significantly different than zero and c_4 is not.

3.3.3: The Moderating Role of Communicator Expertise

Following Martilla (1971), I make the general assumption that organizational opinion leaders are perceived by others as having superior knowledge and expertise about the focal topic. In the context of buyer advocacy, this means that the buyer advocate, in general, holds a higher base level of perceived expertise regarding issues pertaining to the supplier relative to the other members of the buying center. Nevertheless, the buyer advocate may be viewed as having more or less expertise depending on her direct training

(e.g., industry experience) and indirect training (e.g., education). Because a high level of communicator expertise has been shown to constrain counterarguments (Greenwald 1968), thereby enhancing the degree to which the target of the communication accepts the message, I expect that buyer advocacy is more effective at gaining consensus among the members of the buying center when the buyer advocate has more (a) education and (b) industry experience. Because buyer expertise is theorized to enhance the positive effect of buyer advocacy on the generation of consensus within the buying center (i.e., enhancing the underlying linear mechanism), and not necessarily the rate at which high levels of buyer advocacy produce suspicion among other members of the buying center (i.e., no theorized effect on the underlying nonlinear countervailing mechanism), I expect a *rightward* shift of the inverted U-shaped relationship between buyer advocacy and the supplier's customer-level sales as the buyer's expertise increases. Therefore, I hypothesize the following:

H_3: Peak customer-level sales will occur at higher levels of buyer advocacy when the buyer has more direct expertise (i.e., more industry experience);

H_4: Peak customer-level sales will occur at higher levels of buyer advocacy when the buyer has more indirect expertise (i.e. more education).

2.3.4: The Moderating Role of Customer Firm-Supplier Relationship Dynamism and Relationship Length

In addition, cognitive response theory predicts that as message recipients experience insufficient time or ability to process messaging, they are inhibited from developing counterarguments to a persuasive message (Eagly and Chaiken 1993). This is closely related to the well-established notion that cognitive resources are finite and are depleted as individuals attempt to process increasing amounts of information, or increasingly complex forms of information (Franconeri, Alvarez and Cavanagh 2013). Gutnik et al. (2006) state that, "high stress situations necessitate immediate response behavior, and perceptual cues may play a more prominent role in the decision process." Likewise, Kumkale, Albarracin, and Seignourel (2010) explain that increased information processing results in nonelaborative processing and a deferral to external sources. Therefore, other members of the buying center are more likely to defer to the buyer advocate in the presence of high levels of complexity or cognitive strain, and are less likely to invest cognitive resources to develop counterarguments. Increased complexity and cognitive strain are likely to develop in dynamic environments. Therefore, when the customer firm-supplier relationship is more dynamic, e.g., when the customer's requirements or needs of the supplier frequently change, buying center members will experience a greater degree of complexity in the decision-making process, inhibiting their ability to develop counterarguments to the buyer advocate's message. Therefore, I expect that as customer firm-supplier relationship dynamism increases, the role of buyer advocacy becomes more critical and more effective at generating consensus within the

buying center. Because customer firm-supplier relationship dynamism is theorized to enhance the positive effect of buyer advocacy on the generation of consensus within the buying center (i.e., enhancing the underlying linear mechanism), and not necessarily the rate at which high levels of buyer advocacy produce suspicion among other members of the buying center (i.e., no theorized effect on the underlying nonlinear countervailing mechanism), I expect a *rightward* shift of the inverted U-shaped relationship between buyer advocacy and the supplier's customer-level sales with increasing relationship dynamism. Therefore, in line with cognitive response theory, I hypothesize the following:

H_5: Peak customer-level sales will occur at higher levels of buyer advocacy when there is more variability in what the customer firm requires of the supplier (i.e., greater customer firm-supplier relationship dynamism).

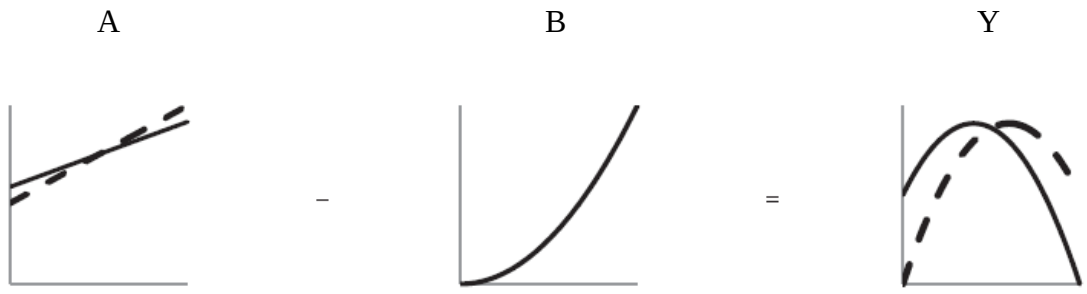
Just as cognitive response theory predicts that a decision maker's ability to form counterarguments is hindered by exposure to high levels of information and/or complexity, the model also predicts a similar outcome when decision makers face an absence of pertinent information (Eppler and Mengis 2004; Tushman and Nadler 1978). Kowert (2012, p.81) suggests that managers increasingly "rely on expert intuition in the face of doubt or uncertainty." Accordingly, Kumkale, Albarracin, and Seignourel (2010) note that when decision makers have established opinions about a topic formed on prior experience, those opinions are likely to provide readily available bases for a current evaluation of the topic. Therefore, when members of the buying center have greater

information from prior experience with a supplier, they (a) should have increased ability to develop counterarguments to the buyer advocate's message, and (b) be less likely to rely on information offered by the buyer advocate when arriving at a decision, as prior attitudes and knowledge about a topic are generally perceived as being more valid than information received from an external source (Eagly & Chaiken, 1993; Fazio 2000). Therefore, I expect there to be a negative relationship between the effectiveness of buyer advocacy at generating consensus within the buying center and customer firm-supplier relationship length. Because customer firm-supplier relationship length is theorized to *diminish* the positive effect of buyer advocacy on the generation of consensus within the buying center (i.e., attenuating the underlying linear mechanism), and not necessarily affecting the rate at which high levels of buyer advocacy produce suspicion among other members of the buying center (i.e., no theorized effect on the underlying nonlinear countervailing mechanism), I expect a *leftward* shift of the inverted U-shaped relationship between buyer advocacy and the supplier's customer-level sales as customer firm-supplier relationship length increases. Therefore, I hypothesize the following:

H_6: Peak customer-level sales will occur at higher levels of buyer advocacy when the customer firm-supplier relationship length is shorter.

Moderation such as that hypothesized in H_3 – H_6 involving a strengthening or weakening of the linear latent mechanism is illustrated in Figure 3.4.

Figure 3.4: Illustration of moderation of the latent linear mechanism ($H_3 – H_6$)



*The dotted line illustrates the shift caused by moderation of the underlying linear mechanism, with no effect to the underlying nonlinear mechanism (Reproduced from Haans et al. 2016).

A = latent linear mechanism

B = latent convex or exponential mechanism

Y = inverted U-shaped relationship between focal variable and distal outcome of interest

Corresponding algebraic representation:

$Y = c_0 + c_1x + c_2x^2 + c_3z + c_4xz + c_5x^2z;$

where c_4 is significantly different than zero and c_5 is not.

3.3.5: The Moderating Role of Buying Center Size

Scholars have stressed the importance of gaining a clearer understanding of the influence of buying center characteristics such as group size and structure (Johnston and Chandler 2012). Therefore, the question of whether buyer advocacy is more or less effective when conducted in smaller or larger buying centers is an important one, especially considering the wide diversity of buying centers across firms. On the one hand, buyer advocacy may become increasingly critical as the size of the buying center

grows, because consensus among buying center members becomes increasingly difficult to obtain with each addition to the buying center, because with each addition there is a greater probablility of encountering a dissenting opinion. In support of this position, Schmidt, Adamson and Bird (2015) claim anecdotally that the likelihood of a purchase drops sharply as the number of decision makers in the buying center increases. This line of reasoning would support the notion that buying center size positively moderates the relationship between buyer advocacy and the supplier's sales.

On the other hand, as the size of the buying center grows, buying center members may find it increasingly difficult to advocate in a way that appeals to the diverse perspectives of each additional member of the buying center, reducing the effectiveness of buyer advocacy. Buyer advocates are time-constrained and may be unable to communicate to all members of the buying center, depending on the count and geographic dispersion of the various members. As neither process considered is more compelling than the other, I offer no hypothesis and examine the moderating effect of buying center size as an empirical question.

3.4 METHOD

3.4.1: Data Acquisition

The dataset was compiled through collaboration with a *Fortune 500* wholesaler headquartered in the United States. This B2B supplier serves a large, diverse portfolio of reseller customers that operate in numerous industries. The firm provides an ideal context

in which to test my model as the customers associated with this firm show significant variation in supplier financial outcomes and buying center size (median = 5 individuals). My dataset consists of data from a survey of buyers coupled with secondary data from the partner's archival databases.

When dealing with this supplier firm, each B2B customer is represented by a buying center member who manages the relationship vis-à-vis this supplier. A link to the survey was emailed to the buyer for each of the supplier's ~20,000 customers, followed by two subsequent reminders each separated by one week. I received close to 1,300 responses to the items under study during the 2-week response period, for a response rate of approximately 7%. Where multiple respondents from the same customer firm responded, one respondent from each customer firm was chosen at random to be included in the study. Further, respondents indicating having "no impact" on purchases from the collaborating supplier and those failing attention checks were subsequently dropped, leaving a final sample of 1,014 customers. The sample is very representative of the supplier's customer portfolio, with the percentage of each industry in the sample falling within six percentage points of that industry's share of all the supplier's customers.

3.4.2: Measurement

I adapted published scales when appropriate and developed new measures when necessary. Reflective measures were used to operationalize the focal constructs in the study. Details are provided in Table 3.1.

Table 3.1: Constructs and Measurement

Construct	*Definition*	*Operationalization*	*SFL*
Buyer Advocacy ($Advoc_{ij}$)	Efforts by a buyer to represent, support and defend a supplier during interactions with others within the customer firm.	I am a supporter of [this supplier] to decision-makers within my company. (1 = Not at all accurate; 7 = Entirely accurate)	.83
		When others within my company are looking to source items that I know [this supplier] offers, I am quick to recommend [this supplier].	.89
		I am an advocate for [this supplier] within my company.	.94
		If [this supplier] makes a mistake, I am quick to defend this supplier to others within my company.	.77
Buyer's Trust in the Supplier ($Trust_{ij}$)	Degree to with the buyer trusts the supplier.	To what extent do you trust [this supplier] to be honest and sincere when dealing with you? (1 = No trust; 7 = High trust)	
Buyer's Industry Experience ($IndExp_{ij}$)	The level of experience a buyer has in industry.	How many years of experience do you have in your industry? Please enter a number (0,1,2…)	
Buyer's Level of Education ($Educ_{ij}$)	The degree of formal education the buyer has attained.	What is the highest degree or level of schooling you have completed? (1 = No schooling; 2 = Some high school, no diploma; 3 = High school graduate, diploma or the equivalent (e.g., GED); 4 = Some college credit, no degree; 5 = Trade/technical/vocational training; 6 = Associate degree; 7 = Bachelor's degree; 8 = Master's degree; 9 = Professional degree; 10 = Doctorate degree	
Customer Firm-Supplier Relationship Dynamism ($RelDynamism_{ij}$)	The degree to which the customer's requirements of the supplier changes.	What our company requires from [this supplier] changes often. (1 = Not at all accurate; 7 = Entirely accurate)	
Customer Firm-Supplier Relationship Length ($RelLength_{ij}$)	The length of time that the customer firm and supplier have engage in exchange.	Number of days the customer firm had transacted with supplier as of the time of the survey.	

Buying Center Size ($BCSize_{ij}$)	Those in the customer firm who are involved in purchasing decisions.	At your company, approximately how many people are involved in making purchasing decisions? Please enter a number (0,1,2…)	
Customer Size ($CustSize_{ij}$)	The size of the customer firm.	What is the total number of employees in your company? (1 = 1 – 19; 2 = 20 – 99; 3 = 100 – 499; 4 = 500 – 599; 5 = 1,000 – 4,999; 6 = 5,000 or more)	
Buyer Autonomy ($Autonomy_{ij}$)	A buyer's felt ability to determine the nature of its role and make decisions on its own (Wang and Netemeyer 2002).	I have significant autonomy in determining how to do my job. (1 = Not at all accurate; 7 = Entirely accurate)	.69
		I can decide on my own how to do my job.	.87
		This job allows me to use my personal judgment in carrying out my work.	.88
Sales $ ($lnSales_{ij}$)	Customer-specific sales in the period.	$\log(Sales_{ij})$	
Gross Margin $	Customer-specific gross profit in the period.	$Sales_{ij} – COGS_{ij}$	
Net Profit $	Customer-specific net profit during the period	$Sales_{ij} – COGS_{ij} – Operating\ Expenses_{ij}$	
Gross Margin %	Customer specific gross profit as % of sales during the period	$(Sales_{ij} – COGS_{ij}) / Sales_{ij}$	
Net Margin %	Customer-specific net profit as % of sales during the period	$(Sales_{ij} – COGS_{ij} – Operating\ Expenses_{ij}) / Sales_{ij}$	
Cross-buying ($CrossBuy_{ij}$)	Number of unique SKUs purchased by customer during period	Count of unique SKUs purchased by customer i assigned to salesperson j during the period	
Average Order Size	Customer-specific average size of order during the period	$Sales_{ij} / Orders_{ij}$	

Buyer advocacy. Being the first to empirically examine the construct of buyer advocacy (*BuyerAdvoc*), I sought to ensure that the three core dimensions of buyer advocacy were well represented. To capture the buyer's role as supplier representative, I developed the item, "When others within my company are looking to source items that I know [this supplier] offers, I am quick to recommend [this supplier]." This item reflects the degree to which the buyer represents the supplier, acting as an extension of the supplier organization when a supplier representative is not present. Further, by recommending the supplier, the buyer voices approval of the supplier resulting in positive messaging. This wording of this item ensures that the target of the communication is left open to broadly include any member of the buying center.

To capture the buyer's role as supplier supporter during the decision making process, I developed the item, "I am a supporter of [this supplier] to decision makers within my company." This item reflects the buyer's willingness to influence members of the buying center who choose the product and those with the formal authority to place orders. This measure leaves room for both direct and indirect forms of communication to decision making stakeholders.

The buyer's role as supplier defender is captured with the item, "If [this supplier] makes a mistake, I am quick to defend [this supplier] to others within my company." This item reflects the buyer's willingness to step out and take personal risks to vouch for the supplier (Schmidt, Adamson and Bird 2015). By defending the supplier following a

service failure, the buyer takes the risk of losing respect or credibility should failures recur in the future.

Finally, I included the item, "I am an advocate for [this supplier] within my company," as a global measure broadly reflecting the construct.

In summary, I developed the buyer advocacy scale to consist of four items that reflect the buyer's role as representative, supporter, and defender of the supplier, while including a fourth global item.

Other variables drawn from the survey. I measure buyer trust in the supplier (*Trust*) with a single item adapted from Palmatier et al. (2008). Because buyer trust in the supplier is expected to be highly correlated with buyer advocacy ($\rho = .65$ in my sample), I remove the shared variance between the two constructs by orthogonalizing buyer trust in the supplier (Liu, Sercu, and Vandebroek 2015).[5] To operationalize the buyer's expertise, I focus on both formal and informal types of expertise, namely education and industry experience, respectively. Each buyer reported its years of industry experience (*IndExp*) and level of education (*Educ*). Additionally, each buyer informed about the customer firm-supplier relationship length (*RelLength*), customer firm-supplier relationship dynamism (*RelDynamism*) and the size of the buying center within the customer firm (*BCSize*).

[5] I regress buyer trust in the supplier on buyer advocacy and take the predicted error terms from the first-stage equation (Liu, Sercu, and Vandebroek 2015).

Control variables. I include two important control variables. Each buyer reported its degree of autonomy, or felt ability to determine the nature of its role and make decisions on its own (*Autonomy*), adapted from Wang and Netemeyer (2002). Buyer autonomy is an important control variable accounting for the fact that buyers with total autonomy may have complete authority to purchase from the supplier. With extreme autonomy, buyer advocacy may become completely unnecessary as the buyer would effectively serve as the sole decision maker regarding purchases from the supplier. With the inclusion of buyer autonomy to the model, I am able to control for this potential issue.[6]

Each buyer also reported the number of employees within the customer firm, reflecting customer firm size (*CustSize*). Controlling for customer size is important for a number of reasons. Customers of different sizes are known to have many other differential characteristics that may have the potential to confound my results. Moreover, I control for customer size in order to ensure that my measure of buying center size is not simply serving as a proxy for customer size, as larger customers would naturally be expected to have larger buying centers. By including customer size as a control variable, I am able to isolate variation in buying center size while holding constant the overall size the customer firm.

[6] This issue is also partially addressed by the inclusion of the measure of buying center size. Buyer advocacy would also be unnecessary in a buying center of size = 1.

Variables from supplier databases. The supplier's customer-level sales are drawn from the supplier's transaction database and are captured by the natural logarithm of the total sales dollars for each customer during the three months following the survey (*lnSales*).

3.4.3: Measurement Model

I conducted a confirmatory factor analysis (CFA) of the multi-item survey measures. The measurement fit indices are: $\chi^2_{(13)}$=35.76, comparative fit index (CFI) = .99, Tucker-Lewis index (TLI) = .99, indicating that the model fits the data well (Bagozzi and Yi 2012; Tabachnick and Fidell 2001). As indicated in Table 3.2, Cronbach's alphas range from .84 to .92, indicating acceptable reliability for each scale. Convergent and discriminant validity is obtained, as all factor loadings' *t*-statistics meet the Hatcher (1994) criterion and the average variance extracted statistics were between .67 and .74 (Fornell and Larcker 1981).

Table 3.2: Summary and Reliability Statistics

	1	2	3	4	5	6	7	8	9	10
(1) Sales (ln)	1.00									
(2) Buyer Advocacy	.15*	1.00								
(3) Buyer Trust in the Supplier	.00	-.02	1.00							
(4) Buyer's Industry Experience	-.06	.00	.04	1.00						
(5) Buyer's Level of Education	-.02	-.11*	-.08	-.10*	1.00					
(6) Customer-Supplier Relationship Dynamism	.12*	.22*	-.01	.02	.00	1.00				
(7) Customer-Supplier Relationship Length	.09*	.13*	-.02	.11*	-.09*	.11*	1.00			
(8) Size of the Buying Center	-.09*	.03	.01	.05	-.04	.03	.17*	1.00		
(9) Customer Size	-.08*	.07*	-.03	-.06*	-.08*	.10*	.28*	.42*	1.00	
(10) Buyer's Degree of Autonomy	-.03	.09*	.15*	.10*	.12*	.00	-.11*	.00	-.16*	1.00
Mean	6.83	5.11	.00[1]	20.93	5.19	3.60	5757	72.26	2.13	6.13
Std. Dev.	4.13	1.38	1.00	11.95	1.64	1.69	2611	394.9	1.30	.91
Alpha	-	.92	-	-	-	-	-	-	-	.83
AVE	-	.74	-	-	-	-	-	-	-	.67

Notes: * $p < .05$; [1] post-orthogonalization; n = 1,014

3.4.4: Model-Free Evidence Demonstrating the Relevance of Buyer Advocacy

As a first step, I present model-free evidence demonstrating the economic significance of buyer advocacy to the supplier with respect to several highly relevant outcomes. I begin by grouping customers reporting buyer advocacy at greater than one standard deviation above the mean (i.e., those reporting a high level of buyer advocacy) and grouping customers reporting buyer advocacy at greater than one standard deviation below the mean (i.e., those reporting a low level of buyer advocacy). I then perform mean comparisons of several key financial outcomes of interest to suppliers in this industry between the two customer groups. Specifically, I compare mean differences in sales dollars, gross margin dollars, net profit dollars, gross margin percent (gross margin dollars / sales dollars), net profit percent (net profit dollars / sales dollars), cross-buying (count of unique items purchased), and average order size (sales dollars / number of orders placed) during the three months following the survey.

Figure 3.5: Histogram of Buyer Advocacy (range = 1 - 7)

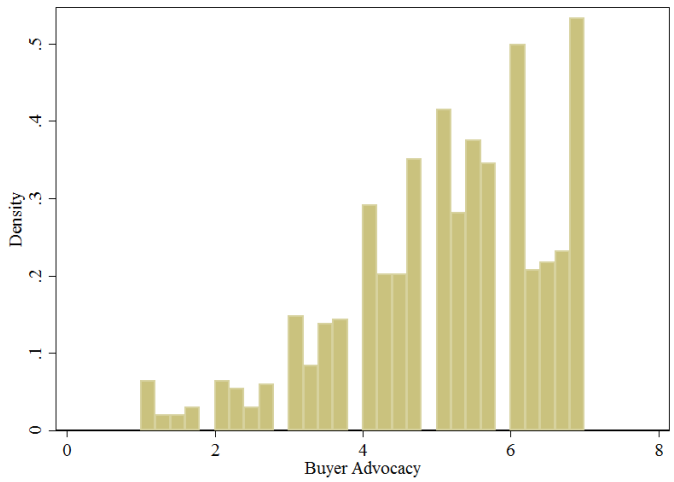


Figure 3.5 depicts a histogram of the distribution of buyer advocacy with an observed range between one and seven (on a seven-point scale). Table 3.2 presents summary and reliability statistics and for all variables, and Table 3.3 provides the results of the mean comparison t-tests.

Table 3.3: Mean Differences between Customer Groups with High and Low Buyer Advocacy

	Low Buyer Advocacy			High Buyer Advocacy			
	Obs.	Mean	S.E.	Obs.	Mean	S.E.	Mean Diff.
Sales $	135	9,397	1,930	173	24,819	3,337	15,421**
Gross Margin $	135	2,154	436	173	5,084	653	2,930**
Net Margin $	135	716	170	173	1,481	212	766**
Gross Margin %	135	13.72	.88	173	15.97	.66	2.25*
Net Margin %	135	1.34	.25	173	2.11	.26	.77*
Cross-Buying	135	50	9	173	110	14	60**
Average Order Size	135	384	41	173	616	49	232**

Notes: * $p < .05$, ** $p < .01$

Customers in the high buyer advocacy group on average exhibit greater sales (t = 3.72), gross margin dollars (t = 3.51), net profit dollars (t = 2.70), gross margin percent (t = 2.08), net margin percent (t = 2.11), cross-buying (3.42), and average order size (t = 3.49). Several conclusions can be drawn from this analysis. First, customers in the high buyer advocacy group are associated with *greater sales* for the supplier, and the greater sales appears to be driven by both a greater breadth of items purchased (greater customer cross-buying) and higher average order amounts. Both of these outcomes are very positive for the supplier as they reflect the average breadth and depth of customer purchasing. Further, customers in the high buyer advocacy group are also *more profitable*

for the supplier, both in real dollar terms and as a percent of sales. The increased profitability is apparent at both the gross and net margin levels indicating that customers in the high buyer advocacy group exhibit a higher willingness to pay and/or purchase higher-margin items (increased spread between price and costs-of-goods sold), and are less costly to serve (decreased customer-level operating expenses).

3.4.5: Model Specification for Hypothesis Testing

The multilevel data set contains survey and archival data for 1,014 customers assigned to 69 salespeople. In order to account for the nesting structure of the data (customers nested within salespeople), I conduct hierarchical random effects regression. Though factors related to specific customer-salesperson dyads are beyond the scope of this paper, because buyers interact with supplier sales representatives to varying degrees, and because these potential relationships or individual salesperson characteristics could confound the results of my analysis or violate key assumptions (i.e., independence of the error term), I estimate a random effect at the salesperson level to capture and control for any salesperson-specific heterogeneity.[7]

The outcome variable is the natural logarithm of sales generated from customer i associated with salesperson j ($lnSales_{ij}$). The substantive regressors are: buyer's advocacy ($BuyerAdvoc_{ij}$), buyer's trust in the supplier ($Trust_{ij}$), buyer's industry experience ($IndExp_{ij}$), buyer's level of education ($Educ_{ij}$), customer firm-supplier relationship

[7] A second study could explore customer-salesperson dyadic factors, such as any potential effect of salesperson's customer advocacy (e.g., a response surface analysis).

dynamism (*RelDynamism*$_{ij}$), customer firm-supplier relationship length (*RelLength*$_{ij}$), and buying center size (*BCSize*$_{ij}$). The latter six substantive regressors are represented in Equation 9 by the vector *Regressors*. Customer size (*CustSize*$_{ij}$) and buyer's degree of autonomy (*Autonomy*$_{ij}$) are control variables, represented in Equation 9 by the vector *Control*. All explanatory variables are mean-centered and standardized to aid in interpretation (Aiken and West 1991; Echambadi and Hess 2007; Gelman 2008). The hierarchical regression model is specified as follows:

$$(9)\ \ln Sales_{ij} = \alpha_0 + \alpha_1 BuyerAdvoc_{ij} + \alpha_2 BuyerAdvoc^2_{ij} + \sum_{m=1}^{6} \alpha_{2+m} Regressors_{ij} + \sum_{n=1}^{6} \alpha_{8+n} BuyerAdvoc_{ij} * Regressors_{ij} + \sum_{p=1}^{6} \alpha_{14+p} BuyerAdvoc^2_{ij} * Regressors_{ij} + \sum_{q=1}^{2} \alpha_{20+q} Control_{ij} + s_j + \varepsilon_{ij};$$

where s_j is the salesperson-specific random error capturing unobserved salesperson-level heterogeneity and ε_{ij} is the idiosyncratic error term. Standard errors are estimated with the Huber-White robust variance estimator to mitigate potential heteroscedasticity (Huber 1967; White 1980). Variance inflation factors are all below two, well under the recommended threshold of five (O'Brien 2007), suggesting multicollinearity is not a concern. Table 3.4 summarizes parameter estimates.

Table 3.4: Equation 9 Parameter Estimates

	lnSales	
	Coef.	Std. Err.
Buyer Advocacy (BuyerAdvoc)	.12	(.11)
$BuyerAdvoc^2$	-.26**	(.08)
Buyer Trust in the Supplier (Trust)	.20	(.12)
BuyerAdvoc * Trust	-.23	(.13)
$BuyerAdvoc^2$ * Trust	-.13*	(.06)
Buyer's Industry Experience (IndExp)	-.22*	(.10)
BuyerAdvoc * IndExp	.24*	(.10)
Buyer's Level of Education (Educ)	.00	(.10)
BuyerAdvoc * Educ	.17	(.10)
Customer Firm-Supplier Relationship Dynamism (RelDynamism)	.09	(.10)
BuyerAdvoc * RelDynamism	.17*	(.07)
Customer Firm-Supplier Relationship Length (RelLength)	.05	(.15)
BuyerAdvoc * RelLength	-.34**	(.09)
Buying Center Size (BCSize)	-.14	(.19)
BuyerAdvoc * BCSize	.60**	(.17)
Customer Size	-.56**	(.15)
Buyer's Degree of Autonomy	.13	(.12)
Constant	6.81**	(.39)
$Var(s_j)$	7.85**	(1.56)
Observations	1,014	
Number of groups	69	
R^2	.12	
rho	.42	

Notes: Standard errors in parentheses; ** p<0.01, * p<0.05. I first estimated a separate model including higher-order interaction terms (i.e., x^2z), one for each of the six moderators. The higher order terms for all but Trust were subsequently dropped as they were not significant and their inclusion or exclusion did not change the significance or magnitude of the estimated remaining interaction terms (i.e., xz). See the method section (p.27) for more detail.

3.4.6: Results

Assessing the presence of an inverted U-shaped relationship. I begin by taking the three steps suggested by Lind and Mehlum (2010) to establish whether an inverted U-shaped relationship exists between buyer advocacy and the supplier's customer-level sales. First, as expected, I note a significant and negative effect of $BuyerAdvoc^2$ ($b = -.25$; $p < .01$) on sales. Though necessary, this alone is not sufficient to establish a quadratic relationship. Therefore, as a second step, I explore whether the slope is sufficiently steep at both ends of the data range, in this case buyer advocacy = 1 and buyer advocacy = 7. This is accomplished by calculating the marginal effects of buyer advocacy at the low end of the range (X_L) and the high end of the range (X_H), while holding constant the standardized moderating variables at zero (i.e., at their mean). As expected, the slope at X_L, $\alpha_1 + 2\alpha_2 X_L$, is positive and significant ($b = 1.06$; $p < .01$) and the slope at X_H, $\alpha_1 + 2\alpha_2 X_H$, is negative and significant ($b = -.42$; $p < .05$). Results of the marginal effects analysis at each level of buyer advocacy are provided in Table 3.5.

Table 3.5: Marginal Effects of Buyer Advocacy on Sales

Panel A: Actual scale

Effect of Buyer Advocacy at:	dy/dx	Std. Err.
Buyer Advocacy = 1	1.06**	.29
Buyer Advocacy = 2	.81**	.21
Buyer Advocacy = 3	.57**	.14
Buyer Advocacy = 4	.32**	.08
Buyer Advocacy = 5	.07	.07
Buyer Advocacy = 6	-.18	.13
Buyer Advocacy = 7	-.42*	.20

Note: ** p<0.01, * p<0.05

Panel B: Standardized scale

Effect of Buyer Advocacy at:	dy/dx	Std. Err.
Buyer Advocacy = -3	1.63**	.44
Buyer Advocacy = -2	1.12**	.29
Buyer Advocacy = -1	.61**	.15
Buyer Advocacy = 0	.10	.11
Buyer Advocacy = 1	-.41	.23
Buyer Advocacy = 2	-.92*	.38
Buyer Advocacy = 3	-1.43**	.54

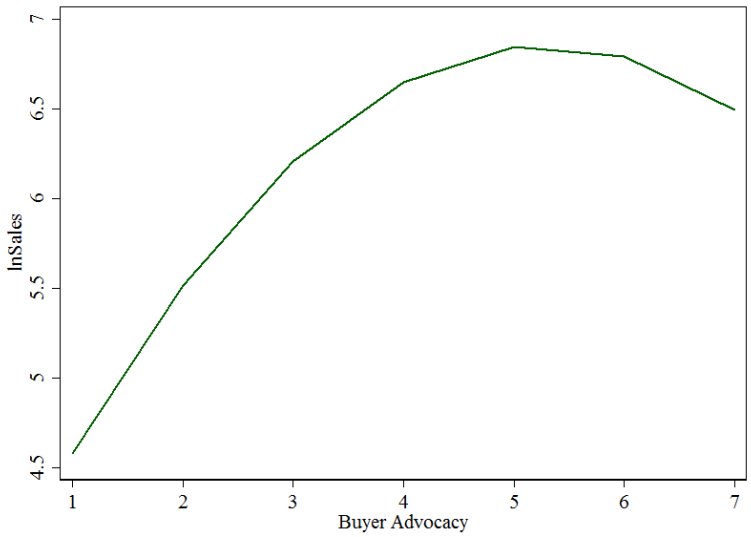
Note: ** p<0.01, * p<0.05

As a final step, I explore whether the turning point is located within the observed data range. Taking the first derivative of Equation 9 (again holding the moderators at their mean levels) and setting it equal to zero yields the turning point at $-\alpha_1/2\alpha_2$, or .23

standard deviations above the mean (i.e., buyer advocacy = 5.42).[8] This level is well within the data range. Figure 3.6 provides a visual depiction of the turning point with buyer advocacy represented by both the actual scale (1 to 7) and a standardized scale (-3 to 3). Because the results of each step confirm an inverted U-shaped relationship between buyer advocacy and the supplier's customer-level sales, H_1 is supported.

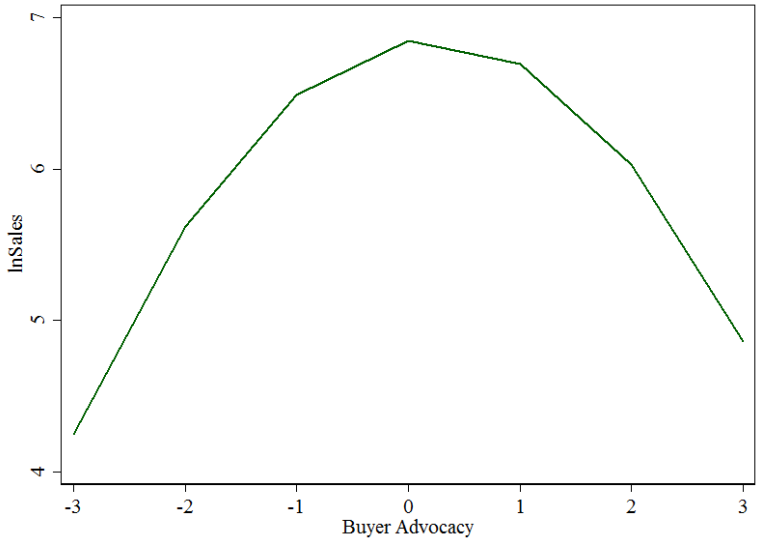
Figure 3.6: Buyer Advocacy Predictive Margins

Panel A: Actual scale (turning point = 5.44; moderators at mean values, equal to zero)



[8] Note: $-\alpha_1/(2\alpha_2)$ = -.12/(2*-.26) =.23 standard deviations from the mean.

Panel B: Standardized scale (turning point = .24 standard deviations)



Assessing the moderating effects of buyer advocacy on suppier sales. I find only one of the higher order interactions terms (x^2z) to be significant (buyer trust in the supplier). In the cases where no higher-order interaction terms were found to be significant, the higher-order terms were subsequently dropped for model parsimony, as their inclusion/exclusion does not substantially change the significance or magnitude of the other estimated terms in the model.

In support of H_2, the interaction between $BuyerAdvoc^2$ and buyer trust in the supplier is negative and significant ($b = -.13$; $p < .05$), while the lower-order interaction between BuyerAdvoc and buyer trust in the supplier is not significant. In support of H_3, the interaction between buyer advocacy and buyer's industry experience is positive and significant ($b = .24$; $p < .05$). However, counter to my expectation, the effect of the

buyer's level of education on sales is not significant (b = .17; p > .05), H_4 is rejected.[9] I therefore find mixed support for my contention that peak sales occur at higher levels of buyer advocacy when the buyer has greater expertise.

In line with my expectations, the interaction between buyer advocacy and customer firm-supplier relationship dynamism is positive and significant (b = .17; p < .05). H_5 is supported. Likewise, the interaction between buyer advocacy and customer firm-supplier relationship length is negative and significant (b = -.34; p < .01), in support of H_6. My contention that peak sales occurs at higher levels of buyer advocacy when the buying center members are inhibited from generating counterarguments to the buyer advocate's messaging is fully supported.

Finally, while not hypothesized, I find that the interaction between buyer advocacy and the size of the buying center is positive and significant (b = .60; p < .01).

3.5: DISCUSSION

In this research, I find compelling evidence of the relevance and importance of a newly conceptualized construct, buyer advocacy. My results illustrate the complex interplay between buyer advocacy, buyer trust in the supplier, buyer expertise, and customer firm-supplier relationship dynamism and relationship length on a supplier's customer-level sales. In the following discussion, I revisit my research questions.

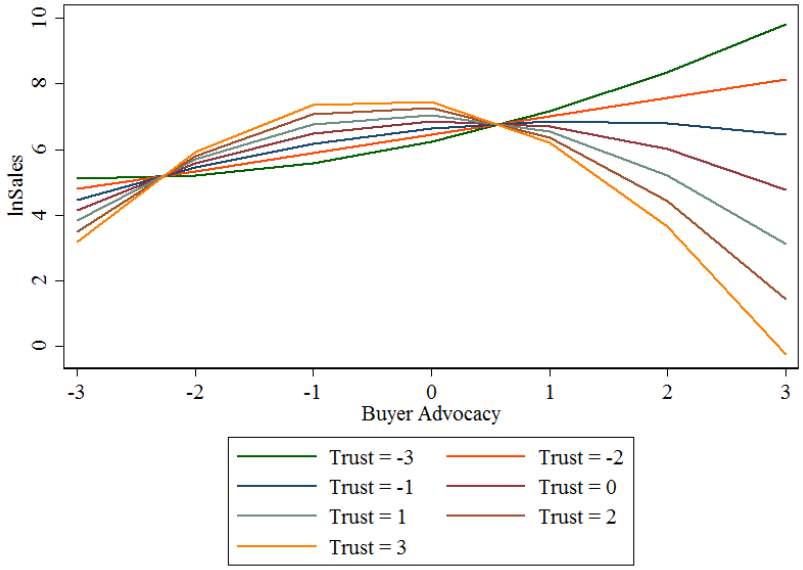
[9] Note: p = .066.

How does buyer advocacy affect the supplier's customer-level sales? Is buyer advocacy always beneficial for the supplier? Are there conditions under which buyer advocacy may actually be counterproductive for the supplier? I find that the B2B supplier in my study receives greater customer-level sales as a buyer engages in higher levels of buyer advocacy, but only to a point, after which additional buyer advocacy has a *negative* effect (Figure 3.6). Results of marginal effects analysis (Table 3.5) show that the magnitude of the positive effect of buyer advocacy on the supplier's customer-level sales decreases with increasing levels of buyer advocacy, reaching a turning point near buyer advocacy = 5. I find that buyer advocacy actually negatively affects the supplier's sales at buyer advocacy = 7, the most extreme positive condition. These findings support my theoretical rationale that a latent countervailing mechanism is present, namely that a buyer who overly advocates for a supplier risks being perceived by buying center members as having lost objectivity, lack of proficiency, or potentially suffering from cognitive bias, resulting in damaged credibility. Buying center members' perceived risk that the buyer advocate is overly optimistic about the supplier increases rapidly with increasing buyer advocacy, manifesting as a nonlinear, convex latent mechanism. As theorized, combining the expected positive linear effects of buyer advocacy on the supplier's sales and the convex negative effects of buyer advocacy on the supplier's sales results in an inverted U-shaped relationship.

3.5.1: The Moderating Role of Buyer Trust in the Supplier

What factors moderate the relationship between buyer advocacy and the supplier's customer-level sales? Drawing from cognitive response theory, I theorize that as the buyer advocate signals increasing objectivity regarding its evaluation of the supplier, the rate at which increasing buyer advocacy produces suspicion among the other members of the buying center is attenuated. Specifically, I propose that when the buyer advocate maintains a low to moderate level of trust in the supplier, is advocacy is perceived as more balanced and practical. I find strong empirical support for this rationale. Figure 3.7 illustrates how the inverted U-shaped relationship between buyer advocacy and the supplier's sales flattens as buyer trust in the supplier decreases, ultimately producing a "shape-flipping" effect (Haans et al. 2016). In other words, the relationship between buyer advocacy and the supplier's sales becomes U-shaped, or convex at low levels of buyer trust in the supplier.

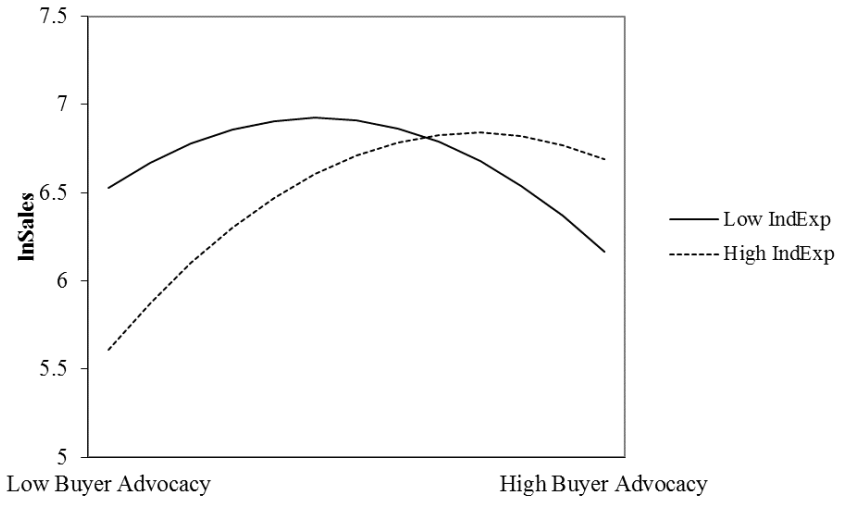
Figure 3.7: Moderating Role of Buyer Trust in the Supplier (-3 to 3 std. devs from mean)



3.5.2: The Moderating Role of Buyer Expertise

Further, I theorize that buyer advocacy is more effective at gaining consensus among the members of the buying center when the buyer advocate has more (a) education and (b) industry experience, factors that increase the buyer's expertise as perceived by other members of the buying center. For this contention, I find mixed support. While I indeed find a positive interaction effect between buyer industry experience and buyer advocacy on the supplier's customer-level sales, I find no significant interaction between buyer advocacy and buyer education. The reason may be that industry experience is the dominant indicator of buyer expertise in this context, and that formal education is perceived as less relevant to others within the buying center.

Figure 3.8: Moderating Role of Buyer Industry Experience (-1 to 1 std. devs from mean)



Interestingly, from the plot of the estimated marginal predictions (Figure 3.8), it is evident that when buyers have greater than average industry experience, the rightward shift of the inverted U-shaped relationship between buyer advocacy and the supplier's

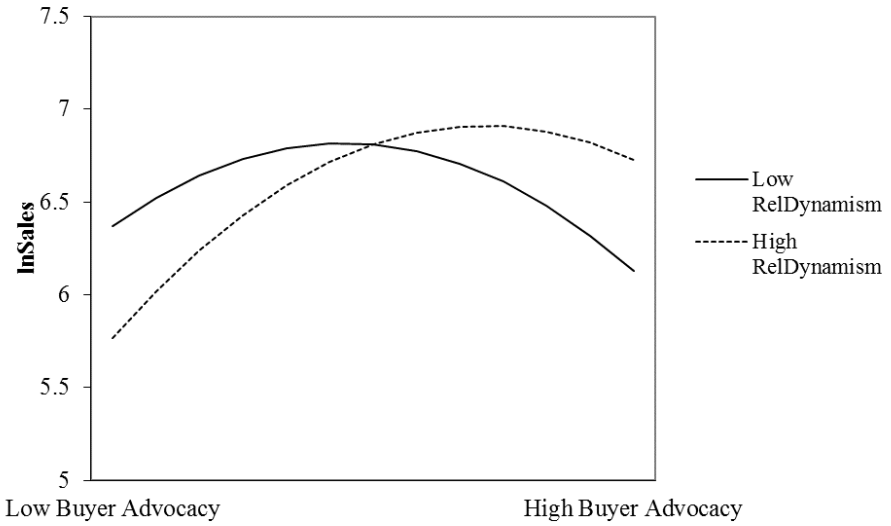
sales is significant enough to exclude any negative slope following the turning point from the observed range of buyer advocacy values. In other words, while the magnitude of the positive effect decreases with increasing levels of buyer advocacy, when buyer advocates have greater than average industry experience, there is no point at which buyer advocacy negatively affects the supplier's sales, a point confirmed with marginal effects analysis. At best, when the buying center member has high industry experience, the effect of buyer advocacy is positive, and at worst, buyer advocacy has no effect on the supplier's sales. Further, Figure 3.8 illustrates the extreme importance of buyer advocacy when the buyer has a high level of experience, for it appears that experienced buying center members' lack of advocacy for a supplier also sends a strong signal to the other members of the buying center, negatively affecting the supplier's sales.

3.5.3: The Moderating Role of Customer Firm-Supplier Relationship Dynamism and Length

Again, drawing from the cognitive response model, I theorize that buyer advocacy is more effective at gaining consensus among the members of the buying center when customer firm-supplier relationship dynamism is greater and relationship length is shorter, as each affects the degree to which buying center members are able to form counterarguments to the buyer advocate's message. I find full support for this contention. As relationship dynamism increases, the turning point of the inverted U-shaped relationship between buyer advocacy and the supplier's sales shifts rightward (Figure 3.9). Similar to the moderating effects of buyer industry experience, I find that when

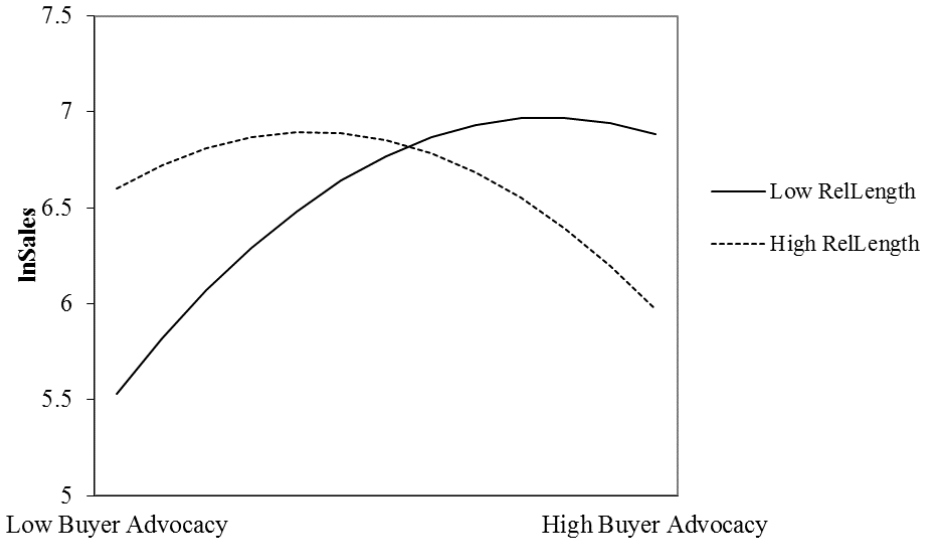
relationship dynamism is greater than average, the risk that buyer advocacy produces negative effects is mitigated such that buyer advocacy produces positive or neutral effects on the supplier's sales at all levels within the observed range.

Figure 3.9: Moderating Role of Customer Firm-Supplier Relationship Dynamism (-1 to 1 std. devs from mean)



On the other hand, in line with cognitive response theory, as relationship length between the customer firm and supplier increases, the turning point of the inverted U-shaped relationship between buyer advocacy and the supplier's sales shifts in the opposite direction, from right to left (Figure 3.10).

Figure 3.10: Moderating Role of Customer Firm-Supplier Relationship Length (-1 to 1 std. deviations from mean)



3.5.4: The Moderating Role of Buying Center Size

When considering the moderating effect of buying center size on the inverted U-shaped relationship between buyer advocacy and the supplier's sales, I presented two competing arguments. On the one hand, buyer advocacy may become increasingly critical for the supplier as the size of the buying center grows, because consensus among buying center members becomes increasingly difficult to obtain with each addition to the buying center. This line of reason would imply that buyer advocacy enhances the positive effect of buyer advocacy on favorable consensus generation. On the other hand, as the size of the buying center grows, buyers may find it increasingly difficult to effectively advocate in a way that appeals to the diverse perspectives of each additional member of the buying center.

The results of my analysis are consistent with the former line of reasoning, i.e., that the positive effect of buyer advocacy on the supplier's sales is enhanced with increasing buying center size, such that the turning point of the U-shaped relationship between buyer advocacy and the supplier's sales shifts to the right. Cognitive response theory may provide an explanation for these results as well. As the size of the buying center increases, there are an increasing number of individuals presenting messaging to the group. Therefore, each individual member of the group must process an increasing amount of information, resulting in cognitive strain, nonelaborative processing and deferral to external sources (Kumkale, Albarracin, and Seignourel 2010). Ultimately, these factors inhibit buying center members' ability to form counterarguments to the buyer advocate's message.

3.5.5: Theoretical Implications

Cognitive response theory has been shown to provide very accurate predictions of the results of my analysis. While marketing researchers have primarily tested the cognitive response model experimentally involving individuals in consumer settings, I find that it may also extend well to B2B settings to explain the cognitive responses of individuals involved in group decision making. As organizations increasingly rely on groups to make decisions (Osmani 2016), cognitive response theory may serve as an important theoretical framework for understanding B2B buying center dynamics.

Additionally, in this research I provide theoretical understanding of the inverted U-shaped relationship between buyer advocacy and the supplier's customer-level sales, and how two latent underlying mechanisms combine to produce the proposed pattern of effects. Additionally, I theorize how five moderating factors enhance or attenuate the underlying linear mechanism positively affecting the supplier's sales. In so doing, I answer the call by Haans et al. 2016 for researchers to further explore U-shaped relationships in the field of strategic marketing management while respecting the additional intricacies of such relationships compared to simple linear relationships.

3.5.6: Managerial Implications

The findings of this research offer practitioners many important takeaways. First is the warning that under certain circumstances, buyer advocacy at its extreme can actually have a negative effect on the supplier's customer-level sales. This finding underscores the importance for managers and salespeople of the supplier firm to carefully assess each buyer with which they are partnered on the basis of the buyer's expertise, as well as relationship length and dynamism of the customer firm of which the buyer is a member. These factors serve as important customer-level contingencies that, in my research context, determined the direction of the relationship between buyer advocacy and the supplier's sales. If proper considerations are taken, the risk that buyer advocacy will produce negative outcomes can be mitigated (Figures 7,8,9,10).

Further, examining the moderating effects of the buyer's industry experience (Figure 3.8), the negative effect of low buyer advocacy when industry experience is high is of great prominence. Managers should note that when buying center members with high experience are not advocating for the supplier, it may be producing especially harmful outcomes. This leads to the interesting notion that what influential members of the buying center *don't say* to others may be just as telling and impactful as what they do say.

Additionally, my analysis suggests that representatives from supplier firms should seek to enable and equip specific buyers to advocate on the supplier's behalf, including those who operate in large, dynamic buying centers with shorter histories transacting with the supplier. It is under these circumstances, that buyer advocacy is most critical and has the most positive effect on the supplier's financial outcomes.

3.5.7: Limitations and Future Research Directions

The limitations of my research are those associated with collaborations with a single firm. Nevertheless, as my data are drawn from a typical industrial wholesaler, my findings are generalizable to similar reseller contexts. Future research could explore the proposed underlying mechanisms based in cognitive response theory using an experimental approach in order to generalize the latent process beyond this single firm context.

Additionally, I conceptualize buyer advocacy as an episodic phenomenon

exhibiting variation between buying group members and over time. In this research, I operationalize buyer advocacy at the buyer level. However, I also posit that buyer advocacy could be examined by focusing on specific episodes of buyer advocacy and examining variation in buyer advocacy over time.

3.6: CONCLUSION

In this research, I shed light on the research priorities regarding evolving B2B buyer behavior as emphasized by both ISBM and MSI. I show the importance of buyer advocacy in B2B buying centers and its effects on supplier sales at the customer level. I theoretically justify and offer evidence of a positive effect on the supplier's sales while also uncovering an important countervailing mechanism, resulting in an inverted U-shaped relationship between buyer advocacy and the supplier's sales. An extremely high level of buyer advocacy risks damaging the buyer's credibility with other members of the buying center, a cautionary note for both suppliers and buying center members advocating on the supplier's behalf. Buyer advocacy is a powerful and important tool that can serve the intersecting interests of the customer and supplier and is worthy of future research attention.

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CHAPTER 4 – CONCLUSION

As the average firm in the U.S. becomes larger and as corporations continue to displace small proprietorships in the marketplace, both salespeople and buyers are finding it more difficult to directly access decision makers within the other's organization. Through two independent essays, this dissertation investigates two common, yet understudied, forms of agency relationships found in today's business-to-business (B2B) markets.

In Essay 1, I find that salesperson's customer advocacy is a fundamental aspect of the salesperson's role as mediator between the seller firm and the customer. Because extant marketing research has failed to account for this important aspect of the salesperson's dual role, this research fills an important gap in the literature. Relying on well-established assumptions grounded in agency theory, I offer evidence that the salesperson can allay the suspicion of both customers and seller decision-makers by demonstrating allegiance to the focal party. In doing so, I demonstrate the importance for researchers and practitioners to consider both aspects of the salesperson's dual role when considering frontline issues. The effects of the salesperson's actions to represent the seller to the customer and the customer to the seller are closely intertwined and interrelated, and focusing on either form of salesperson action in isolation could lead to inaccurate conclusions. My results indicate that salesperson's customer advocacy has complex effects on net profit, increasing discounting as well as customer sales and cross-buying. Salesperson's customer advocacy is a powerful and important tool for the

salesperson, and I hope this research sparks increased study of this particular aspect of the salesperson's dual role.

In Essay 2, I shed light on the research priorities regarding evolving B2B buyer behavior as emphasized by both ISBM and MSI. I show the importance of buyer advocacy in B2B buying centers and its effects on supplier sales at the customer level. I theoretically justify and offer evidence of a positive effect on the supplier's sales while also uncovering an important countervailing mechanism, resulting in an inverted U-shaped relationship between buyer advocacy and the supplier's sales. An extremely high level of buyer advocacy risks damaging the buyer's credibility with other members of the buying center, a cautionary note for both suppliers and buying center members advocating on the supplier's behalf. Buyer advocacy is a powerful and important tool that can serve the intersecting interests of the customer and supplier and is worthy of future research attention.

APPENDIX

A.1: IRB Approval for Customer Survey

Institutional Review Board
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irb@missouri.edu

June 1, 2017

Principal Investigator: Justin Michael Lawrence
Department: Marketing

Your Annual Exempt Form to project entitled Marketing Strategies and Customer Loyalty in Wholesaler-Buyer Relationships was reviewed and approved by the MU Institutional Review Board according to the terms and conditions described below:

IRB Project Number	2002933
IRB Review Number	226455
Initial Application Approval Date	July 01, 2015
Approval Date of this Review	June 01, 2017
IRB Expiration Date	July 01, 2018
Level of Review	Exempt
Project Status	Active - Open to Enrollment
Risk Level	Minimal Risk

The principal investigator (PI) is responsible for all aspects and conduct of this study. The PI must comply with the following conditions of the approval:

1. No subjects may be involved in any study procedure prior to the IRB approval date or after the expiration date.
2. All unanticipated problems and deviations must be reported to the IRB within 5 business days.
3. All changes must be IRB approved prior to implementation unless they are intended to reduce immediate risk.
4. All recruitment materials and methods must be approved by the IRB prior to being used.
5. The Annual Exempt Form must be submitted to the IRB for review and approval at least 30 days prior to the project expiration date. If the study is complete, the Completion/Withdrawal Form may be submitted in lieu of the Annual Exempt Form
6. Maintain all research records for a period of seven years from the project completion date.
7. Utilize all approved research documents located within the attached files section of eCompliance. These documents are highlighted green.

If you are offering subject payments and would like more information about research participant payments, please click here to view the MU Business Policy and Procedure:
http://bppm.missouri.edu/chapter2/2_250.html

A.2: IRB Approval for Salesperson Survey

Institutional Review Board
University of Missouri-Columbia

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Principal Investigator: Justin Michael Lawrence
Department: Marketing

Your Exempt Amendment Form to project entitled Marketing Strategies and Salesperson Value Perceptions in Wholesaler-Buyer Relationships was reviewed and approved by the MU Institutional Review Board according to the terms and conditions described below:

****NOTE: If you wish to recruit any more subjects you will need to submit an amendment to revise your recruitment material so that Andrew's name can be removed.**

IRB Project Number	2003565
IRB Review Number	217699
Initial Application Approval Date	September 14, 2015
Approval Date of this Review	July 19, 2016
IRB Expiration Date	September 14, 2017
Level of Review	Exempt
Project Status	Active - Open to Enrollment
Risk Level	Minimal Risk

The principal investigator (PI) is responsible for all aspects and conduct of this study. The PI must comply with the following conditions of the approval:

1. No subjects may be involved in any study procedure prior to the IRB approval date or after the expiration date.
2. All unanticipated problems, adverse events, and deviations must be reported to the IRB within 5 days.
3. All changes must be IRB approved prior to implementation unless they are intended to reduce immediate risk.
4. All recruitment materials and methods must be approved by the IRB prior to being used.
5. The Annual Exempt Form must be submitted to the IRB for review and approval at least 30 days prior to the project expiration date. If the study is complete, the Completion/Withdrawal Form may be submitted in lieu of the Annual Exempt Form
6. Maintain all research records for a period of seven years from the project completion date.
7. Utilize all approved research documents located within the attached files section of eCompliance. These documents are highlighted green.

A.3: Value-based Selling from Qualtrics Customer Survey

Based on your personal experience and observations, how accurate are the following statements regarding this salesperson's interactions with you and your company? (1 = Not at all accurate; 7 = Entirely accurate)

	Not at all accurate 1	2	3	4	5	6	Entirely accurate 7
This salesperson actively demonstrates how my company benefits financially from doing business with	○	○	○	○	○	○	○
This salesperson works to improve my company's bottom line.	○	○	○	○	○	○	○
This salesperson has a profound knowledge of my company's business.	○	○	○	○	○	○	○

A.4: Salesperson's Customer Advocacy from Qualtrics Salesperson Survey

I look out for this customer's interests when interacting with decision-makers within

	Never 1	2	3	4	5	6	Always 7
${e://Field/Cust1}	○	○	○	○	○	○	○
${e://Field/Cust2}	○	○	○	○	○	○	○
${e://Field/Cust3}	○	○	○	○	○	○	○
${e://Field/Cust4}	○	○	○	○	○	○	○
${e://Field/Cust5}	○	○	○	○	○	○	○

I act as this customer's representative within

	Never 1	2	3	4	5	6	Always 7
${e://Field/Cust1}	○	○	○	○	○	○	○
${e://Field/Cust2}	○	○	○	○	○	○	○
${e://Field/Cust3}	○	○	○	○	○	○	○
${e://Field/Cust4}	○	○	○	○	○	○	○

I work to get to do what is best for this customer.

	Never 1	2	3	4	5	6	Always 7
${e://Field/Cust1}	○	○	○	○	○	○	○
${e://Field/Cust2}	○	○	○	○	○	○	○
${e://Field/Cust3}	○	○	○	○	○	○	○
${e://Field/Cust4}	○	○	○	○	○	○	○
${e://Field/Cust5}	○	○	○	○	○	○	○

VITA

Justin M. Lawrence was born on December 7th, 1982 in Des Moines, IA. He received his Bachelor's of Science in Finance from Iowa State University, and his Master's in Business Administration with an emphasis in Finance from the University of Iowa. Prior to earning his Ph.D. from the University of Missouri in Business Administration with an emphasis in Marketing, he spent nearly ten years in industry. His most recent role was Director, Pricing for a *Fortune 500* industrial wholesaler. In the fall of 2017, he will be joining Utah State University as an assistant professor of Marketing.