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Two Essays on the Recommendation Behavior of Multi-line Salespeople

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TWO ESSAYS ON THE RECOMMENDATION BEHAVIOR OF MULTI-LINE SALESPEOPLE

DISSERTATION

A dissertation submitted in partial fulfillment of the
requirements for the degree of Doctor of Philosophy in the
College of Business and Economics
at the University of Kentucky

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ABSTRACT OF DISSERTATION

TWO ESSAYS ON THE
RECOMMENDATION BEHAVIOR OF MULTI-LINE SALESPEOPLE

This dissertation consists of two essays in which we examine the recommendation behavior of multi-line salespeople. Multi-line salespeople are those who are able to choose among overlapping, competing manufacturers' products to make a recommendation to their customers. In this dissertation, we seek to explain *why* and *how* multi-line salespeople may recommend particular products to their customers.

In the first essay, we examine *why* salespeople may recommend a particular product. Manufacturers frequently face the challenge of motivating distributor salespeople to focus efforts on *their* products rather than on their competitors'. Thus, manufacturers often rely on outcome (e.g., rewards) and behavior (e.g., training) controls. We refer to these as *external controls* because they reflect mechanisms by which one firm directs *another* firm's employees. External controls tend to raise concerns among salespeople about the appropriateness of being influenced by an outside firm, which can be alleviated by seeking cues about their managers' external controls. The results of a three-source, multilevel study suggests that manufacturers can *enhance* the ability of salesperson external controls to drive focused effort (i.e., recommendations) by increasing *similar* sales manager external controls; however, increasing *dissimilar* controls may reduce the positive impact of salesperson external controls on their focused effort.

In the second essay, we examine *how* salespeople may recommend a particular product. The process of how purchase decisions are made *by* customers is well-known in the literature (i.e., self decision-making); however, to date, there has not been a complementary understanding of how purchase decisions are made *for* customers (i.e., self-other decision-making). The results from a qualitative study involving 71 covert participant observation encounters with salespeople across 71 store locations of 3 retailers indicate a three-step recommendation process: goals, strategies, and recommendations. Drawing upon field observations and the decision-making literature, we show that salespeople emphasize different goals when recommending products than customers making decisions for themselves. We also complement prior research by expanding the scope of known decision-making strategies (self and self-other

lexicographic) and surfacing a new decision-making strategy (product homogenization). Finally, we identify three recommendation types, and link the steps in the process model via a set of integrating propositions.

KEYWORDS: salesforce, recommendation, focused effort, external controls, self-other decision-making

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April 27, 2015
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RECOMMENDATION BEHAVIOR OF MULTI-LINE SALESPEOPLE

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To Mark

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1 Introduction

This dissertation consists of two essays which examine the recommendation behavior of multi-line salespeople. Multi-line salespeople are those who are able to choose among overlapping, competing manufacturers' products to make a recommendation to their customer. For example, a business-to-business salesperson may have ten different printer manufacturers to choose from when recommending a printer to customers, or a business-to-consumer salesperson may have six different appliance manufacturers to choose from when recommending an electric range to customers. We take two approaches to understanding the recommendation behavior of multi-line salespeople: *why* products are recommended, and *how* products are recommended. In the first essay we draw upon primary, multi-level, multi-source, empirical data to examine external controls, and explain why salespeople recommend a particular manufacturer's products to customers. In the second essay, we draw upon observations from an inductive, covert, participant observation study to examine the process of how salespeople make recommendations for customers.

In the first essay, we examine the challenge faced by manufacturers in motivating distributor salespeople to recommend *their* products rather than their competitors' products. To address this challenge, manufacturers often rely on outcome (e.g., financial rewards) and behavior (e.g., product training) controls. Controls are defined as "an organization's set of procedures for monitoring, directing, evaluating, and compensating its employees" (Anderson and Oliver 1987, p. 76). Thus, manufacturer controls are referred to here as *external controls* because they reflect mechanisms by which one firm directs *another* firm's employees. Surprisingly, despite their pervasiveness in practice,

there is little research on external controls (for an exception see Coughlan and Joseph 2012).

External *outcome* control refers to the extent to which a manufacturer monitors and provides rewards and recognition for the sales of its products by another firm's employees (e.g., Challagalla and Shervani 1996). The most common financial rewards are distributor-approved SPIFs, which refer to commissions a manufacturer pays directly to the distributor's salesforce for sales of its products (Zoltners, Shinha, and Lorimer 2006). External behavior control refers to the extent to which a manufacturer provides direction to another firm's employees on the process of selling its products (e.g., Challagalla and Shervani 1996). Firms may focus on the process of selling by providing direction on the activities salespeople or their managers should engage in (e.g., number of sales calls to make) and/or by improving their capabilities through training and coaching.

External controls may be targeted to individuals within a single level (e.g., salespeople) or across levels (e.g., salespeople and sales managers). To date, however, most research has focused on within-level analysis. Furthermore, the few studies exploring external controls have focused on one type of control and within-level analysis. As such, we address an important gap in the literature by focusing on external outcome *and* behavior controls aimed at both salespeople *and* their managers (i.e., cross-level controls).

In contrast with internal controls (i.e., mechanisms to direct a firm's *own* employees), salespeople are not obligated to comply with external controls, thus, have the freedom to choose whether to accede to their influence or not. Salespeople may view

external controls as beneficial for achieving their own goals; however external controls may raise concerns about the appropriateness of being influenced by an outside firm. This research draws on the legitimacy literature and on social learning theory to suggest that salespeople are likely to look to legitimate authority figures (i.e., sales managers) (Ahearne et al. 2013) for cues which serve to alleviate concerns and guide their behavior (Bandura 1977; Tost 2011). We propose that an important cue to salespeople is whether their sales manager is *also* influenced by these external controls.

Combining the two types of external controls (outcome and behavior) with levels of external controls (salesperson and sales manager), yields two interactions in which salesperson and sales manager controls are *similar* (i.e., both salesperson and sales manager receive outcome control or behavior control) and two interactions in which salesperson and sales manager controls are *dissimilar* (i.e., salesperson receives outcome control and sales manager receives behavior control, or vice versa). We explore the impact of the interaction effects of external salesperson controls and external sales manager controls on a salesperson's *manufacturer-focused effort*, or the extent to which a salesperson pursues opportunities to sell the products of a particular manufacturer. It reflects the effort salespeople expend in proactively looking for opportunities, seeking customers, and making calls specifically to recommend a particular manufacturer's products. Although manufacturer-focused effort is important, manufacturers are also interested in knowing whether this increased effort towards recommendations manifests in greater sales of their products. Accordingly, we also examine the effect of focused effort on *manufacturer-focused performance*, which refers to the volume of sales a distributor salesperson obtains for a particular manufacturer's products.

The theoretical framework is tested using a unique data set from downstream distributor salespeople and their sales managers recruited from an international imaging products and solutions manufacturer with more than $4 billion in annual revenues. This setting is particularly suitable for the study because of the industry's (and particular manufacturer's) reliance on external controls. We collected the cross-level data in three stages. First, 2,111 downstream distributor salespeople were e-mailed a description of the study and a link to the online survey. Second, upon completion of the salesperson surveys, we linked individual distributor salespeople to their sales managers through the manufacturer's database, then e-mailed sales managers a link to an online survey. Each sales manager's survey was tailored to include a portion that assessed the focused effort of each of their salespeople who had previously completed a survey. Of the 2,111 distributor salespeople contacted, we received 434 responses (a 20.5% response rate). These 434 distributor salespeople reported to 211 unique sales managers. Of these unique sales managers, 102 responded (a 48.3% response rate). Managers reported on an average of 1.97 salespeople; therefore, our results reflect 201 unique salesperson–manager dyads. Third, we linked each dyad of survey responses to each salesperson's objective sales volume for the product category of interest from the participating manufacturer's sales database. Such a design accounts for the nested nature of salesperson–sales manager relationships, reduces concerns about common method bias, and affords the opportunity to test cross-level interactions.

The findings from our research suggest that manufacturers can *enhance* the ability of salesperson external controls (outcome and behavior) to drive focused effort (i.e., recommendations) by increasing *similar* sales manager external controls (outcome and

behavior); however, increasing sales manager external outcome control *reduces* the positive impact of salespeople's external behavior control (i.e., *dissimilar* controls) on their focused effort.

In the second essay, we examine the process of *how* salespeople make a recommendation to customers. The process of how decisions are made *for oneself* is well-known in the literature (i.e., self decision-making); however, to date, there has not been a complementary understanding of how decisions are made *for others*, as in the case of salesperson recommendations to a customer (i.e., self-other decision-making). The self-other decision-making research which has emerged to date (e.g., Beisswanger et al. 2003; Polman 2010; 2012; Wray and Stone 2005), tends to focus on contextual differences between self and self-other decision-making (Beisswanger et al. 2003; Wray and Stone 2005). For example, research compares self and self-other decision-making in terms of the amount of information sources consulted (Jonas, Schulz-Hardt, and Frey 2005), the indulgence of choices (Laran 2010), and the risk aversion of choice (Beisswanger et al. 2003). Importantly, although the literature has suggested that self and self-other decision-making are made via different processes, prior research has yet to explore these differences (Lu, Xie, and Xu 2012; Wray and Stone 2005).

The insights provided in this research are based on a grounded theory approach (e.g., Glaser and Straus 1967; Spiggle 1994; Strauss 1987; Strauss and Corbin 1990). In particular, the first author went undercover to assume the role of a customer and engaged in 71 selling encounters at 71 different locations with actual salespeople from large retailers, across three different retail chains and four different states. This study involved deception such that the retail salespeople believed that they were selling to a real

potential customer. Such an approach allows the salesperson-customer experience to unfold naturally (Belk, Sherry, and Wallendorf 1988), which affords a richer knowledge of the topic area and data that is not contrived (Wilson 2001). Moreover, this approach lends credibility to our findings by producing unfiltered, naturalistic data, which does not suffer from informants' limited memory recall (Finn 2001), discrepancies between reported and actual behavior, and a variety of desirability biases that may occur with surveys, off-site interviews, and focus groups (Friedrichs and Ludtke 1975). We covertly audio-recorded the 71 sales encounters with retail salespeople in their natural setting (i.e., retail stores) (Bradford 2015; Canniford and Shankar 2013; Schouten and McAlexander 1995) as well as the first author's observations immediately following each encounter (Canniford and Shankar 2013; Peñaloza 1994; Tumbat and Belk 2011). The audio recordings were transcribed by a third-party transcription service.

The findings from this research indicate a three-step recommendation process: goals, strategies, and recommendations. Drawing upon the participant observation study and the self and self-other decision-making literatures, we show that retail salespeople emphasize different goals when recommending products than customers do when making decisions for themselves. We also complement prior research by expanding the scope of previously known decision-making strategies (self-other lexicographic, self-other equal weighting) as well as surfacing a new decision-making strategy (product homogenization). Finally, we identify three types of recommendations. The steps of the process are then linked with a set of integrating propositions. Doing so provides customers with a "roadmap" for how salespeople may come to recommend the products

they do, such that customers can then determine the extent to which they integrate the recommendation into their own decision-making.

Through both essays of this dissertation, we aim to examine the recommendation behavior of multi-line salespeople; heretofore, an under-researched, yet highly prevalent practice. Thus, this dissertation is positioned to contribute to the sales and sales management marketing literature, as well as the self-other decision-making literature by forwarding the external factors which influence a salesperson's recommendation behavior, as well as the process model of how recommendations are made.

2 External Controls: How One Firm Governs Another Firm's Salesforce

2.1 Introduction

Distributors frequently carry similar products from competing manufacturers (e.g., Hughes and Ahearne 2010). For example, distributors in diverse industries such as electronics, industrial equipment, furniture, printers, and hospital equipment tend to sell competing products from multiple manufacturers. Consequently, distributor salespeople can focus their efforts on selling any of the competing manufacturers' products. A major challenge for manufacturers, therefore, is how to motivate distributor salespeople to focus their efforts on selling *their* particular products rather than on other manufacturers' products. This challenge is particularly daunting because it involves influencing *another* firm's employees (i.e., sales force).

Manufacturers often address this challenge by relying on *outcome* and/or *behavior controls* targeted at distributor salespeople. Outcome control refers to firms monitoring salespeople's sales results and rewarding them accordingly (Oliver and Anderson 1994). For example, manufacturers such as 3M, Sony, and John Deere provide financial rewards or special performance incentives funds (SPIFs) directly to distributor salespeople for selling their products (Zoltners, Shinha, and Lorimer 2006) (Table 2.1). In contrast, behavior control focuses on the process that salespeople use for generating sales (Cravens et al. 1993). For example, manufacturers provide distributor salespeople with product and/or sales skills training to motivate them to expend effort on selling their products. These manufacturer outcome and behavior controls constitute *external controls* because they reflect an outside firm's (i.e., manufacturer's) efforts at directing another firm's (i.e.,

distributor's) employees. Surprisingly, despite their pervasiveness in practice, there is little research on external controls (for an exception see Coughlan and Joseph 2012). Moreover, there is scant research on whether external controls serve their intended purpose—i.e., to focus distributor salesperson effort on a particular manufacturer's products. Consequently, research provides little guidance to manufacturers on whether their investments in these controls pay off.

This research makes two key contributions to the literature. First, we advance the concept of *external controls*, or mechanisms by which one firm directs *another* firm's employees, and elaborates on how they affect a distributor salesperson's manufacturer-focused effort. The sparse research on external controls is in stark contrast with the extensive literature on internal controls—that is, firms' use of outcome and/or behavior controls to direct their *own* employees (e.g., Anderson and Oliver 1987; Cravens et al. 1993). Unlike internal controls, which are legitimized by the employer–employee contract, external controls are outside of such a contract (French and Raven 1959; Johnson 1994; Tyler 2006). Thus, salespeople who receive external controls may question their legitimacy. Therefore, we argue that the effect of external controls is largely contingent upon salespeople being able to address these legitimacy concerns.

Our second contribution, therefore, stems from demonstrating nuanced and novel cross-level interactive effects of external controls. External controls may give rise to a tension between distributor salespeople's desire to respond to them (e.g., to a manufacturer's financial incentives and/or training) and their concerns about the appropriateness of doing so (Radin and Predmore 2002). To address this tension, salespeople are likely to assess the legitimacy of being influenced by these external

controls (e.g., Tost 2011). Specifically, salespeople are likely to look to legitimate authority figures (i.e., sales managers) (Ahearne et al. 2013) for cues to guide their behavior (Bandura 1977; Tost 2011). We propose that an important cue to salespeople is whether their sales manager is *also* influenced by these external controls.

Similar to those of salespeople, a sales manager's external controls can be of two types: outcome or behavior. Consequently, this raises the question whether the *type* of sales manager's external control is pertinent in influencing a salesperson's effort. We argue that it is. We predict that the degree of effort salespeople expend on a manufacturer's products will depend on whether their external controls are *similar* or *dissimilar* to those of their managers (Figure 2.2). Specifically, when distributor salespeople and their sales managers are recipients of *similar* external controls (e.g., both are recipients of external outcome [or behavior] control), salespeople should be motivated to expend greater effort on selling a manufacturer's products. However, when distributor salespeople and their managers are recipients of *dissimilar* external controls, the effects are nuanced. We predict that if a manager receives behavior control while a salesperson receives outcome control, salespeople will be motivated to expend *greater* effort; the reverse, however, *reduces* effort. To the best of our knowledge, prior studies on controls have not considered the interactive effects of controls *across* levels of analysis (e.g., salesperson and sales manager). Thus, the present research addresses calls from scholars to better understand the contingent effects of controls across multiple levels of the firm (e.g., Krafft et al. 2012; Miao and Evans 2013).

We test our theoretical framework using a unique data set compiled from three different sources (salespeople, sales managers, and manufacturer objective sales data)

across two hierarchical levels (salespeople and sales managers) and across many distributors. Such a design accounts for the nested nature of salesperson–sales manager relationships, reduces concerns about common method bias, and affords the opportunity to test cross-level interactions. The next section synthesizes the relevant literature on internal and external controls and legitimacy. Then, we present the hypotheses. We subsequently describe the sample, methodology, and results. Finally, we provide implications for theory and practice, address limitations, and offer guidance for further research.

2.2 Background

A control system is defined as "an organization's set of procedures for monitoring, directing, evaluating, and compensating its employees" (Anderson and Oliver 1987, p. 76). The literature on controls can be organized along two dimensions: source of the control (i.e., internal or external) and level at which these controls are used (i.e., within-level or cross-level) (Table 2.2). Internal controls refer to controls that a firm uses to govern its *own* employees, while external controls are controls that a firm uses to govern *another* firm's employees[1]. Internal and external controls may be targeted to individuals within a single level (e.g., salespeople) or across levels (e.g., salespeople and sales managers). To date, however, most research has focused on within-level analysis. Furthermore, the few studies exploring external controls (for a summary, see Table 2.3) have focused on one type of control and within-level analysis. As such, we address an

[1] Previous research suggests that manufacturers may also rely on external *firm-level* controls such as providing slotting allowances to distributors (Gilliland 2003). These firm-level external controls are targeted at distributor firms to carry their products rather than individuals within the firm and are, thus, not a focus of the study.

important gap in the literature by focusing on external outcome *and* behavior controls aimed at both salespeople *and* their managers (i.e., cross-level controls, bottom-right-hand corner of Table 2.2).

Examining external controls is important because they provide manufacturers a way to govern downstream salespeople who have a more direct and proximal influence on customer purchasing decisions than they do (Badrinarayanan and Laverie 2011). Importantly, they can be used to govern people at multiple levels within downstream relationships (e.g., salespeople and sales managers), thereby providing manufacturers with more opportunities for targeted influence within a downstream reselling firm. Thus, although it is possible for a particular manufacturer to target an individual salesperson with both behavior and outcome controls, the focus here is on the target of external controls across levels of individuals (i.e., salespeople and sales managers). Similar to internal controls, we suggest that external control systems consist of outcome and behavior controls, and we distinguish them in the following subsections.

2.2.1 External Outcome Control

External outcome control refers to the extent to which a manufacturer monitors and provides rewards and recognition for the sales of its products by another firm's employees (e.g., Challagalla and Shervani 1996). Manufacturers may provide financial rewards and recognition for achieving a particular sales target or on a transactional basis for individual sales of their products. The most common financial rewards are distributor-approved SPIFs, which refer to commissions a manufacturer pays directly to the distributor's sales force for sales of its products (Zoltners, Shinha, and Lorimer 2006).

SPIFs are typically offered as debit cards, gift cards, or checks sent directly to salespeople and/or their sales managers (Table 2.1 and Appendix A1.1). Prior research suggests that contingent rewards (e.g., SPIFs) enhance extrinsic motivation of recipients (e.g., Oliver and Anderson 1994) and, ultimately, focus greater effort on a particular manufacturer (Coughlan and Joseph 2012). This effort, which we call *manufacturer-focused effort,* reflects the extent to which a salesperson pursues opportunities to sell a particular manufacturer's products.

2.2.2 External Behavior Control

External behavior control refers to the extent to which a manufacturer provides direction to another firm's employees on the process of selling its products (e.g., Challagalla and Shervani 1996). Firms may focus on the process of selling by providing direction on the activities salespeople or their managers should engage in (e.g., number of sales calls to make) and/or by improving their capabilities through training and coaching. Distributors that carry products of competing manufacturers are highly unlikely to grant a particular manufacturer permission to monitor and guide the daily activities of their employees. Instead, distributors are more likely to allow manufacturers to provide coaching and training for selling their specific products (Gilliland 2003). Thus, we focus on external behavior control in terms of the coaching and training a manufacturer provides to a distributor's salespeople and sales managers.

Such training is often directed by manufacturer field representatives, who visit distributors and train salespeople on their products and sales methods, attend sales calls, and provide local resources as needed to aid in the selling process. It may also involve

training distributor sales managers on how to coach and train their salespeople on the manufacturer's products. This training develops distributor salespeople's and managers' manufacturer-specific skills and abilities, which is likely to increase their confidence and intrinsic motivation to sell the manufacturer's products and, ultimately, their manufacturer-focused effort (Anderson and Oliver 1987; Pettijohn, Pettijohn, and Taylor 2002; Román, Ruiz, and Munuera 2002).

2.2.3 External Controls: A Legitimacy Perspective

Prior research suggests that (internal) controls are likely to enhance effort (e.g., Miao and Evans 2013). Outcome control does so by stimulating extrinsic motivation, while behavior control does so by enhancing intrinsic motivation (Cravens et al. 1993; Oliver and Anderson 1994). However, there is an important distinction between internal and external controls that is likely to qualify these relationships. Employees are likely to view internal controls as stemming from an obligatory source. The reason is that employees recognize employers' or managers' right to prescribe actions per the terms of their employment (Ouchi 1980). Thus, employees are likely to feel *obligated* to comply with internal controls. In contrast, external controls are attempts by one firm to influence *another* firm's employees. Such controls lie outside the employer–employee contract. Thus, distributor salespeople are likely to perceive external controls as *nonobligatory influences* by an external firm (Ouchi 1980).

In the absence of obligation, distributor salespeople have the freedom to choose whether to accede to the influence of a manufacturer's external controls. On the one hand, distributor salespeople may view manufacturer outcome control (e.g., financial

rewards) and behavior control (e.g., training) as beneficial for achieving their own goals. On the other hand, nonobligatory influences often elicit concerns or questions about legitimacy (e.g., Fisher 2007; Wazana 2000). Legitimacy refers to "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions" (Suchman 1995, p. 574). Thus, distributor salespeople may question whether their decision-making has been compromised in favor of a particular manufacturer over the interests of their customers (Fisher 2007). Salespeople may raise questions such as, "Are these SPIFs clouding my judgment in doing the right thing for my customer?" or "Am I letting this manufacturer's training unduly influence me?" These questions give rise to a tension between being influenced by external controls and the appropriateness of doing so.

How do salespeople resolve this tension? Social learning theory suggests that people often search for cues from role models to address such quandaries (Bandura 1977). In particular, employees look to authority figures such as managers for signals on how to behave (e.g., Handfield and Baumer 2006) or to legitimize their actions (Tost 2011). Observing these cues leads people to adopt or avoid certain behaviors (Lam, Kraus, and Ahearne 2010). Indeed, research on social learning theory reinforces these arguments and finds that learning from referents (e.g., managers) influences the degree to which employees learn and adopt behaviors (Bandura 1977; Fullagar et al. 1995; Hartline, Maxham, and McKee 2000; Schillewaert et al. 2005). In particular, sales managers being recipients of external controls provides legitimacy to the controls and

alleviates salesperson tension (e.g., Tyler 2006).[2] Thus, we anticipate that the relationship between a manufacturer's external controls to distributor salespeople and their manufacturer-focused effort will be *contingent* on the external controls targeted to the sales manager.

2.3 Contingency Hypotheses

We explore the impact of the interaction effects of external salesperson controls and external sales manager controls on a salesperson's *manufacturer-focused effort*, or the extent to which a salesperson pursues opportunities to sell the products of a particular manufacturer. It reflects the effort salespeople expend in proactively looking for opportunities, seeking customers, and making calls specifically to sell a particular manufacturer's products. The emphasis on effort is consistent with recent research that highlights that (internal) controls enhance selling effort (Miao and Evans 2013). Moreover, effort is a key outcome variable in recent multi-brand (Badrinarayanan and Laverie 2011) and multi-manufacturer sales research (Hughes and Ahearne 2010). That being said, although manufacturer-focused effort (henceforth, focused effort) is important, manufacturers are also interested in knowing whether this effort manifests in greater sales of their products. Accordingly, we also examine the effect of focused effort on *manufacturer-focused performance* (henceforth, focused performance), which refers

[2] Sales managers are less likely to experience the same level of tension regarding external controls as their salespeople for two key reasons. First, sales managers are more likely to have approved the use of external controls (or have been a part of the approval process) within their firm. Second, they are an additional step removed from customers, which reduces their concerns about ramifications associated with being unduly influenced by external controls.

to the volume of sales a distributor salesperson obtains for a particular manufacturer's products. As such, this is an objective measure of performance.

Figure 2.2 presents two dimensions through which we explore the contingency effects in this study. The first dimension is the type of salesperson external control (outcome or behavior), and the second is the type of sales manager external control (outcome or behavior). Combined, these dimensions yield two interactions in which salesperson and sales manager controls are similar (i.e., both salesperson and sales manager receive outcome control or behavior control) and two interactions in which salesperson and sales manager controls are dissimilar (i.e., salesperson receives outcome control and sales manager receives behavior control, or vice versa).

2.3.1 Similar External Controls: Salesperson Outcome × Manager Outcome

Manufacturers that extend external outcome control tend to provide financial rewards (i.e., SPIFs) for selling their products. Sales managers' receipt of external outcome control provides a salient norm and legitimacy to salespeople who may be questioning the appropriateness of acting on their own extrinsic motivation stemming from external outcome control (Lam, Kraus, and Ahearne 2010). Furthermore, sales managers who are recipients of these financial incentives (i.e., external outcome control is high) are likely to be extrinsically motivated to promote the manufacturer's products (Anderson and Oliver 1987; Bradford et al. 2010; Oliver and Anderson 1994). This motivation is likely to manifest itself in explicit encouragement or additional tacit approval of the manufacturer's products to their salespeople. Such manager endorsement should mitigate doubts about legitimacy, thus encouraging salespeople to respond to their

own external outcome control by putting forth greater effort on selling the manufacturer's products.

Alternatively, when sales managers receive no financial incentives or recognition from manufacturers (i.e., external outcome control is low), they are less likely to endorse the manufacturer's products (e.g., Palmatier et al. 2009). Thus, salespeople are less likely to perceive cues from their manager in support of the manufacturer's products. Accordingly, salespeople's legitimacy concerns about responding to a manufacturer's external behavior control are likely to persist. In this case, salespeople are less likely to be influenced by a manufacturer's external outcome control.

H_1: An increase in sales manager external outcome control positively affects the relationship between salesperson external outcome control and focused effort.

2.3.2 Similar External Controls: Salesperson Behavior × Manager Behavior

Manufacturers that extend external behavior control attempt to intrinsically motivate distributor salespeople by providing guidance on the process of selling their products. This guidance is often in the form of coaching and training from local field representatives (Gilliland 2003). Salespeople who observe their sales manager attending training sessions or accepting coaching from a manufacturer receive a strong signal regarding the legitimacy of being influenced by these external controls (e.g., Tost 2011). These signals help alleviate salespeople's concerns about whether such training is unduly influencing them. Furthermore, managers who receive manufacturer coaching and training become more knowledgeable and confident about its products (Miao, Evans, and Zou 2007), which is likely to boost their intrinsic motivation to provide assistance to

salespeople in selling the manufacturer's products (Miao and Evans 2013). The receipt of supervisory assistance adds to the legitimacy of a manufacturer's external behavior control (e.g., Tyler 2006). These cues should alleviate salespeople's doubts about embracing a manufacturer's external behavior control and putting forth effort on selling its products (e.g., Palmatier et al. 2009).

Alternatively, when sales managers receive little training or coaching from manufacturers (i.e., external behavior control is low), salespeople's doubts about responding to their own external behavior control are likely to endure. Furthermore, managers are less knowledgeable about the manufacturer's products and therefore are less likely to provide assistance to or be supportive of their products (e.g., Palmatier et al. 2009). Thus, salespeople are likely to have legitimacy concerns about a manufacturer's external behavior control and are less likely to expend effort in response to the external outcome control.

H_2: An increase in sales manager external behavior control positively affects the relationship between salesperson external behavior control and focused effort.

2.3.3 Dissimilar External Controls: Salesperson Outcome × Manager Behavior

We now consider the case of dissimilar controls in which the salesperson receives external outcome control and the sales manager receives external behavior control. As we argued previously, sales managers' receipt of coaching and training from manufacturers (i.e., higher levels of external behavior control) should legitimize the external controls in the eyes of salespeople (Tyler 2006). Furthermore, sales managers who receive training from manufacturers are more knowledgeable about their products (Challagalla and

Shervani 1996) and thus are more likely to encourage and assist their salespeople in selling a particular manufacturer's products (Palmatier et al. 2009). Guidance from their manager reinforces salespeople's own extrinsic motivation (stemming from their external outcome control) to promote the manufacturer's products and lessens their concerns about the appropriateness of acting on this motivation (Lam, Kraus, and Ahearne 2010). However, at low levels of manager external behavior control, salespeople's doubts regarding being influenced by their own external outcome control persist.

> H_3: An increase in sales manager external behavior control positively affects the relationship between salesperson external outcome control and focused effort.

2.3.4 Dissimilar External Controls: Salesperson Behavior × Manager Outcome

In contrast with H_3, we expect that when the dissimilar types of controls are *reversed*, such that the sales manager receives external outcome control and the salesperson receives external behavior control, the focused effort of salespeople will *diminish*. Why might this be the case? When sales managers' external outcome control is higher, they are likely to be extrinsically motivated to push their salespeople to sell the manufacturer's products. Alternatively, salespeople who are governed by external behavior control are likely to be intrinsically motivated (Challagalla and Shervani 1996; Oliver and Anderson 1994). The motivation literature suggests that extrinsic motivational influences undermine people's intrinsic motivation (e.g., Deci, Koestner, and Ryan 1999). Thus, salespeople who are intrinsically motivated by a manufacturer's coaching and training are likely to resent pressure from their sales managers to sell the manufacturer's products primarily for their own (i.e., manager's) financial gain

(Offerman 2002; Samaha, Palmatier, and Dant 2011). Indeed, such financial gains resulting from another individual's efforts are often construed as unfair (e.g., Tyler 1997, 2006). These feelings of unfairness are likely to negatively affect salespeople's focused effort on a manufacturer's products, even when they believe such influence is legitimate.

Alternatively, when sales managers' external outcome control is lower, they will have less incentive to promote the products of a particular manufacturer. Thus, managers will provide few cues regarding their support of a manufacturer's products. In this case, although salespeople will remain uncertain about the legitimacy of their own external behavior controls, they will not feel undermined as in the case of greater manager external outcome control.

> H_4: An increase in sales manager external outcome control negatively affects the relationship between salesperson external behavior control and focused effort.

2.3.5 Focused Effort and Focused Performance

Focused performance refers to the volume of sales a distributor salesperson obtains for a particular manufacturer's products. We suggest a positive relationship between manufacturer-focused effort and focused performance for several reasons. Salespeople with greater focused effort proactively seek out prospects and are more aware of opportunities to sell a particular manufacturer's products. Such proactive effort and awareness are likely to manifest in more sales opportunities, which should increase the salesperson's performance with the manufacturer's products (Fu, Richards, and Jones 2009). Correspondingly, prior research suggests that (brand) effort is positively related to (brand) performance (Hughes and Ahearne 2010).

H_5: Focused effort is positively related to focused performance.

2.4 Method

2.4.1 Sample

This study includes data from downstream distributor salespeople and their sales managers recruited from a large international imaging products and solutions manufacturer with more than $4 billion in annual revenues (see Appendix A1.2 for IRB approval). The participating firm sells its higher-end products through a network of independently owned business-to-business multiline distributors and its lower-end products through big-box retailers. In this study, we focus on business-to-business sales of multifunction printers, a prominent product category for the manufacturer, through its distributor network. This setting is particularly suitable for the study because of the industry's and manufacturer's reliance on external controls. For example, the participating firm employs field-based representatives to train and coach distributor salespeople and managers about its multifunction printers and how to sell them. In addition, the firm offers distributor salespeople and sales managers SPIFs (i.e., financial rewards) and recognition for selling its printers.

We collected the cross-level data in three stages. First, the participating manufacturer provided us with the list of its 2,111 downstream distributor salespeople. We e-mailed them a description of the study, an endorsement letter from the manufacturer's vice president of sales, and a link to the online survey. We made it clear that respondents' answers would be submitted directly to the authors of the study. All distributor salespeople who completed the survey received a $10 gift card to a national

retailer of their choice. Second, on completion of the salesperson surveys, we linked individual distributor salespeople to their sales managers through the manufacturer's database. We then e-mailed sales managers a description of the study and a link to an online survey. Each sales manager's survey was tailored to include a portion that assessed the focused effort of each of their salespeople who had previously completed a survey. Sales managers also received a gift card for completed surveys. Of the 2,111 distributor salespeople contacted, we received 434 responses (a 20.5% response rate). These 434 distributor salespeople reported to 211 unique sales managers. Of these unique sales managers, 102 responded (a 48.3% response rate). Managers reported on an average of 1.97 salespeople; therefore, our results reflect 201 unique salesperson–manager dyads. Third, we linked each dyad of survey responses to each salesperson's objective sales volume for the product category of interest from the participating manufacturer's sales database.

The first and last survey completion date quartiles showed no significant differences on the study variables across both salesperson and sales manager data, suggesting that nonresponse bias is of minimal concern (Armstrong and Overton 1977). The average sales experience for salespeople and sales managers was 15.11 and 16.03 years, respectively. Men constituted 75% of salesperson and 87% of manager respondents, which is typical for this particular industry.

2.4.2 Construct Measures

We conducted eight hour-long round table meetings with selected managers, program coordinators, and field representatives of the participating firm to ensure the

appropriateness of our measures and approach. We adapted multi-item scales to the manufacturer context. Unless otherwise noted, all items were anchored by "strongly disagree" (1) and "strongly agree" (5). Appendix A1.3 reports the items, factor loadings, and Cronbach's alphas for each scale.

2.4.2.1 External Outcome and Behavior Controls of Salespeople and Sales Managers

Prior research on external outcome control suggests that manufacturers typically provide SPIFs and recognition to distributor salespeople for selling their products (e.g., Caldieraro and Coughlan 2007; Coughlan and Joseph 2012). These rewards parallel those that Challagalla and Shervani (1996) identify as (internal) output rewards, and thus we adapted the four items from their scale for our context. For example, the original scale asks salespeople about whether they are rewarded for achieving "market share targets." In our context, manufacturers typically do not set market share targets for individual distributor salespeople; thus, we changed this item to obtaining "compensation for selling the manufacturer's products." We dropped one item from the Challagalla and Shervani scale because it was irrelevant to the study context. This item pertained to promotion opportunities, which outside manufacturers cannot provide to distributor salespeople. The external outcome control scale for the sales managers is similar to that of salespeople. The main difference is that sales managers are typically rewarded by the manufacturer for their salespeople's sales, as managers do not generally generate their own sales.

Manufacturer behavior control includes providing coaching and training on products. This notion of coaching and training parallels Challagalla and Shervani's (1996) concept of capability information controls. Accordingly, we adapted their five

items to our context. Unlike the original scale, the adapted items are manufacturer specific (e.g., providing advice during joint sales calls). We excluded the item "My manager has standards by which my selling skills are evaluated" because manufacturers are likely not able or allowed to impose selling standards on another firm's sales force. In its place, we added two items that more explicitly capture training and coaching, which are important aspects of external behavior control. We collected external controls at two levels by having salespeople and their managers report on their own external controls from the focal manufacturer.

2.4.2.2 Focused Effort

We assessed focused effort using a scale that captures the salesperson's proactive behavior in searching for, seeking out, and making calls specifically for one manufacturer's products over other manufacturers' products. This scale is adapted from established salesperson effort scales (e.g., Rapp et al. 2010; Badrinarayanan and Laverie 2011; Bonney and Williams 2009; Brown and Peterson 1994; Hughes and Ahearne 2010). In line with Hughes and Ahearne (2010), we had sales managers assess salesperson effort. Having effort evaluated by sales managers rather than salespeople alleviates concerns with both social desirability and common method biases.

2.4.2.3 Focused Performance

We obtained objective sales volume data for each salesperson for the focal product category from the participating manufacturer's sales database. Consistent with prior research, we use sales volume during the one-month period in which the survey was administered (e.g., Hughes and Ahearne 2010).

2.4.2.4 Covariates

In this research, we focus on the interplay of external controls across levels of analysis rather than within levels. However, given recent research that examines within-level control system interactions (e.g., Miao and Evans 2012, 2013; Wang, Dou, and Zhou 2012), we also account for the interaction between salesperson external outcome and behavior controls. In addition, we draw from previous research to include covariates that are likely to influence a salesperson's focused effort on a particular manufacturer's products. These include the salesperson's perception of the manufacturer's reputation (Badrinarayanan and Laverie 2011) and the number of manufacturer products a salesperson is able to sell (Anderson and Weitz 1992; Frazier 1999; Hughes and Ahearne 2010). We also control for salespeople's sales experience (Franke and Park 2006; Fu, Richards, and Jones 2009), as well as their internal outcome and behavior controls (Challagalla and Shervani 1996). By including internal controls, we establish the impact of external controls beyond the traditional controls influencing salespeople.

2.4.3 Measurement Model

We conducted a confirmatory factor analysis to assess the validity of our measures (Gerbing and Anderson 1988). Although the chi-square statistic is significant, (χ^2 = 1086.17, p < .001, d.f. = 647), the model exhibits excellent fit (comparative fit index = .94; root mean square error of approximation = .06; standardized root mean square residual = .05) (Hu and Bentler 1999). Significant item loadings indicate convergent validity (i.e., t-values > 2). Coefficient alphas, composite reliabilities (CR), and average variance extracted (AVE) exceed recommendations (i.e., coefficient alpha > .70, CR >

.70, and AVE > .50), demonstrating both convergent and discriminant validity (Fornell and Larcker 1981) (Table 2.4).

2.4.4 Model Specification

We calculated the intraclass correlation coefficient (ICC) of focused effort, the outcome of the four hypothesized cross-level interactions. The ICC represents the percentage of total variance explained by the nested nature of salespeople within managers and resulted in an ICC of .53. As Figure 2.1 shows, the relationship between focused effort and focused performance is within Level 1 and therefore could be specified as a simple linear regression model. However, focused effort is a function of Level 1 variables (salesperson external outcome and behavior controls) and their interactions with Level 2 variables (manager external outcome and behavior controls). Multilevel modeling is a statistical approach that allows us to estimate the model with variables at both the individual and group level simultaneously, recognizing that salespeople working for the same manager may act similarly to each other and differently from other manager groups (i.e., partial interdependence) (Raudenbush and Bryk 2002). Predicting focused effort involves a two-step approach in which focused effort is regressed on Level 1 indicators:

$$(1) \qquad FE_{ij} = \beta_{0j} + \beta_{1j}(SEO)_{ij} + \beta_{2j}(SEB)_{ij} + r_{ij}.$$

Next, those intercept and slopes are regressed on the Level 2 variables:

$$(2) \qquad \beta_{0j} = \gamma_{00} + \gamma_{01}(MEO)_j + \gamma_{02}(MEB)_j + \mu_{0j},$$

$$(3) \qquad \beta_{1j} = \gamma_{10} + \gamma_{11}(MEO)_j + \gamma_{12}(MEB)_j + \mu_{1j}, \text{ and}$$

(4) $\beta_{2j} = \gamma_{20} + \gamma_{21}(MEO)_j + \gamma_{22}(MEB)_j + \mu_{1j}$.

2.4.4 Addressing Endogeneity

It is possible that the key exogenous variables in our model (i.e., salesperson external controls) are subject to issues of endogeneity. Specifically, a salesperson's drive to respond to a survey endorsed by a particular manufacturer may have been influenced by the strength of the relationship quality with that manufacturer's field representative involved in administering both outcome and behavior controls (e.g., Badrinarayanan and Laverie 2013). If so, this would result in self-selection of only particular types of salespeople into the study (i.e., those with high levels of relationship quality). If not addressed, this self-selection bias may cause an overestimation of the relationship between salesperson external controls and focused effort on the particular manufacturer (Bascle 2008). In line with Chakravarty, Kumar, and Grewal (2014) and Grewal, Chakravarty, and Saini (2010), to correct for this bias, we follow the steps Garen (1984) outlines and regress each of the salesperson external control measures on the potential driver (i.e., relationship quality). We regress salesperson external outcome control on the salesperson's perception of his or her relationship quality with the manufacturer's field representative, a three-item scale adapted from Anderson and Weitz (1992) and Palmatier (2008). This process yields the following predicted error equation:

(5A) $Z_1 = \beta_3 x_1 + \upsilon_1$,

where Z_1 is salesperson external outcome control, x_1 is relationship quality with the field representative, β_3 is the correction coefficient for relationship quality with field

representative, and υ_1 is the standard error. Salesperson external behavior control follows a similar pattern. This process yields the following predicted error equation:

$$(5B) \qquad Z_2 = \beta_4 x_2 + \upsilon_2,$$

where Z_2 is salesperson external behavior control, x_2 is relationship quality with the manufacturer's field representative, β_4 is the correction coefficient for relationship quality with the manufacturer's field representative, and υ_2 is the standard error. We then multiply the estimated error coefficients from Equations 5A and 5B by their respective salesperson external control variable, as each error coefficient may fluctuate for each continuous value of the external control. Thus, combining Equations 1–4, as well as the control variables and endogeneity bias correction coefficients, yields:

$$FE_{ij} = \gamma_{00} + \gamma_{01}(MEO)_j + \gamma_{02}(MEB)_j + \gamma_{10}(SEO)_{ij} + \gamma_{11}MEO_j(SEO)_{ij} + \gamma_{12}MEB_j(SEO)_{ij} + \gamma_{20}(SEB)_j + \gamma_{21}\,MEO_j(SEB)_{ij} + \gamma_{22}MEB_j(SEB)_{ij} + \mu_{0j} + \mu_{1j}(SEO)_{ij} + \mu_{1j}(SEB)_{ij} + \beta_{5j}(SEO{*}SEB)_{ij} + \beta_{6j}(REP)_{ij} + \beta_{7j}(NUM)_{ij} + \beta_{8j}(EXP)_{ij} + \beta_{9j}(SIO)_{ij} + \beta_{10j}(SIB)_{ij} + \alpha\upsilon_{1ij}\hat{\upsilon}_{1ij} + \alpha\upsilon_{Z1ij}\hat{\upsilon}_{Z1ij} + \alpha\upsilon_{2ij}\hat{\upsilon}_{2ij} + \alpha\upsilon_{2ij}\hat{\upsilon}_{Z2ij} + r_{ij},$$

where
FE_{ij} = focused effort of salesperson i,
SEO_{ij} = external outcome control of salesperson i,
SEB_{ij} = external behavior control of salesperson i,
MEO_{ij} = external outcome control of manager j,
MEB_{ij} = external behavior control of manager j,
REP_{ij}= reputation of manufacturer for salesperson i,
NUM_{ij} = number of manufacturers available for salesperson i,
EXP_{ij} = sales experience in years of salesperson i,
SIO_{ij} = internal outcome control of salesperson i,
SIB_{ij}= internal behavior control of salesperson i,
$\alpha\hat{\upsilon}_{1ij}$ = correction coefficient for external outcome control of salesperson i,
$\hat{\upsilon}Z_{1ij}$ = correction coefficient × external outcome control of salesperson i,
$\alpha\hat{\upsilon}_{2ij}$ = correction coefficient for external behavior control of salesperson i, and
$\hat{\upsilon}Z_{2ij}$ = correction coefficient × external behavior control of salesperson i.

We take a similar approach for predicting the outcome of focused effort on focused performance, controlling for all cross-level interactions and covariates.

2.4.5 Hypothesis Testing

To estimate the model, we use Mplus version 7 (Muthén and Muthén 2012) because of its ability to analyze complex hierarchical models using full maximum likelihood estimation. We first fit a baseline model with only the effects of salesperson external controls on focused performance through focused effort (Table 2.5, Model 1). We then create interaction terms by multiplying mean-centered salesperson external controls by mean-centered manager external controls (Aiken and West 1991). Then, we estimate the full hypothesized model, including the cross-level moderators (Table 2.5, Model 2). Standard fit indexes are not available for comparing nested models with Mplus; therefore, as is common practice, we compare the fit of these models using a log-likelihood difference test (e.g., Hughes and Ahearne 2010; Wieseke et al. 2012). The hypothesized model including cross-level moderators fits better than the nonmoderated model ($\Delta\chi^2 = 26.48$, Δd.f. [number of free parameters] = 16, $p \leq .05$), indicating that the inclusion of the Level 2 variables (i.e., manager external controls) into the model predicts the outcome variables better than a model with only within-level variables (i.e., salesperson external controls).

The results of the full hypothesized model indicate that manager external outcome control positively interacts with salesperson external outcome control to influence focused effort ($\beta = .07$, $p \leq .05$), providing support for H_1. H_2 is also supported; manager external behavior control positively interacts with salesperson external behavior control to influence focused effort ($\beta = .03$, $p \leq .01$). Manager external behavior control has little impact on the relationship between salesperson external outcome control and focused effort ($\beta = –.01$, n.s.); thus, H_3 is not supported. However, in support of H_4, the results

indicate that manager external outcome control negatively interacts with salesperson external behavior control to influence focused effort ($\beta = -.04$, $p \leq .05$). Finally, focused effort is positively related to focused performance, in support of H_5 ($\beta = .32$, $p \leq .05$).

The results of the control variables are mixed. The interaction between salesperson external outcome and salesperson external behavior controls is not significant ($\beta = -.01$, n.s.). In addition, manufacturer reputation ($\beta = .13$, n.s.), salesperson experience ($\beta = -.03$, n.s.), and salesperson internal outcome control ($\beta = .02$, n.s.) have no significant impact on focused effort. However, the number of manufacturers the salesperson is able to sell for ($\beta = -.02$, $p \leq .01$) and salesperson internal behavior control ($\beta = -.11$, $p \leq .01$) are negatively related to focused effort.

2.4.6 Cross-Level Interactions

A major goal of this research is to understand the impact of manager external controls on the relationship between salesperson external controls and focused effort. Therefore, to better understand the significant cross-level interactions, we employ the two-level hierarchical linear modeling simple slope generator provided by Preacher, Curran, and Bauer (2006). We plot these interactions at +/– 1 standard deviation from the mean for manager external controls. Figures 2.3–2.5 display each of the significant interactions.

The interaction plot in Figure 2.3 (H_1) shows that the relationship between salesperson external outcome control and focused effort is positive when sales manager outcome control is high, but negative when sales manager outcome control is low. This latter finding lends support to the argument that salespeople question nonobligatory

influences. In this particular case, salespeople might question, for example, whether a manufacturer is providing higher levels of incentives because of some underlying issue or problem with the product (e.g., pending product discontinuation, poor quality, inventory glut). As expected, Figure 2.4 (H_2) shows that increasing sales manager external behavior control positively impacts the relationship between salesperson external behavior control and focused effort. Figure 2.5 shows the interaction hypothesized in H_4—increasing sales manager external outcome control negatively impacts the relationship between salesperson external behavior control and focused effort. The relationship becomes less positive (and, indeed, turns slightly negative) as sales manager external outcome control increases. From a theoretical standpoint, this finding provides support for our contention that extrinsic rewards to one party (i.e., sales manager) may undermine the intrinsic motivation of *another* party (i.e., salesperson).

2.5 Discussion

Despite the prevalence of external controls in practice, prior research has mostly focused on internal controls. Accordingly, we complement and extend the existing controls literature by advancing the concept of *external controls*. In doing so, we highlight two primary forms—external outcome and external behavior control—that upstream firms (e.g., manufacturers) can employ at multiple levels in downstream firms (e.g., distributors). We draw on the legitimacy and social learning literatures to suggest that the impact of salespeople's external controls on their manufacturer-focused effort is nuanced and largely contingent on the type of sales manager external control.

2.5.1 Theoretical Implications

In doing this research, we make three main theoretical contributions. First, we contribute to theory and empirical research in the area of within-level control systems. Marketing scholars have made significant contributions to the within-level *internal* control systems literature (e.g., Anderson and Oliver 1987; Jaworski 1988) (Table 2.2). However, a complementary stream of research on within-level *external* control systems is missing. Although recent research has modeled the optimal level of external outcome control (e.g., SPIFs) on individual products within a manufacturer's product line (Caldieraro and Coughlan 2007) and has acknowledged the existence of external behavior control (e.g., training of distributor salespeople) as a tool for manufacturer field representatives (Badrinarayanan and Laverie 2013), such studies address these issues separately. Thus, we begin to coalesce theory on how one firm may govern *another* firm's employees by positioning these issues within the overall control systems literature. Doing so allows for an integrative understanding of both internal and external controls, and begins to lay a foundation for additional integrative research on within-level controls.

Second, although internal and external controls share some similarities, they differ in an important way. Internal controls stem from employers, which obligates salespeople to accede to their influence (e.g., Ouchi 1980). In contrast, external controls are nonobligatory influences from an outside source. Thus, the freedom to accede to the influence of external controls can give way to salespeople's concerns about their appropriateness and legitimacy. An important implication of our research, therefore, is that firms should not expect internal and external controls to have identical influences.

Third, we provide evidence that the impact of controls at lower levels of analysis (e.g., salespeople) largely depends on the *type* of control at higher levels of analysis (e.g., sales managers). This is because salespeople look to their manager for cues to alleviate the tension they experience from external controls. Correspondingly, we find that similar manager external controls have a reinforcing effect on the salesperson's external controls such that focused effort is enhanced. Notably, however, increasing sales manager external outcome control undermines the relationship between salesperson external behavior control and focused effort. This suggests that external rewards to *another person* (e.g., sales manager) can undermine one's *own* (e.g., salesperson) intrinsic motivation. Thus, we provide a potential "cross-level" extension to cognitive evaluation theory, which suggests parallel effects at the within-level of analysis (Deci, Koestner, and Ryan 1999). Taken together, these findings begin to address calls from the literature to better understand how control systems interplay at different levels of analysis (e.g., Coughlan and Joseph 2012; Krafft et al. 2012; Miao and Evans 2013).

2.5.2 Managerial Implications

This research suggests that an outside firm (i.e., manufacturer) is capable of influencing the behaviors of *another* firm's (i.e., distributor's) employees at multiple levels of analysis. A key implication of our research is that the impact of salespeople's external controls on their manufacturer-focused effort (the intended effect of investing in external controls), is largely contingent on the *(dis)similarity* of sales manager external controls. Thus, manufacturers should be cognizant of the interplay of external outcomes (e.g., financial incentives, recognition) and behavior controls (e.g., training) across distributor salespeople and their managers.

In particular, our results suggest that external *outcome* control directed at salespeople has little impact on their focused effort in and of itself; however, external outcome control directed at sales managers has a positive impact on their salespeople's focused effort. Thus, it may behoove manufacturers to allocate financial incentives and recognition efforts to downstream sales managers rather than to salespeople. Doing so appears to have spillover effects on salespeople's focused effort. If, however, manufacturers choose to provide external outcome control to downstream salespeople, they also need to provide substantial outcome control to sales managers. As our results suggest, not doing so can make the relationship between external outcome control directed at salespeople and their focused effort *negative* (i.e., the greater the SPIFs to salespeople, the lesser is their focused effort). Without external outcome control to their managers, salespeople have few cues to offset their concerns about the appropriateness of acting on these external influences. Moreover, salespeople may question the motives behind greater outcome control. Providing external outcome control to sales managers appears to alleviate these concerns. Indeed, our results suggest that when sales managers are provided with greater external outcome control, there is a *positive* relationship between external outcome control directed at salespeople and their focused effort.

Somewhat surprisingly, our results also suggest that external *behavior* control directed at salespeople and their sales managers has little impact on focused effort alone. However, there is a *positive* relationship between salespeople's external behavior control and their manufacturer-focused effort when their sales manager's external behavior control is higher. This implies that training programs should be targeted to both

salespeople *and* sales managers, with an emphasis on sales managers learning how to coach their salespeople on selling the particular manufacturer's products.

In addition, the relationship between salesperson external behavior control and focused effort becomes *less positive* as sales manager external outcome control increases. Thus, manufacturers should be cognizant that extrinsic rewards provided to managers (e.g., SPIFs) may undermine salespeople's intrinsic motivation normally associated with manufacturer training and coaching.

2.6 Limitations and Further Research Directions

This study has its strengths, but also has several limitations. Although we assessed salespeople's focused effort from their managers, thereby minimizing social desirability and common method biases (e.g., Podsakoff and Organ 1986), this measure is perceptual nonetheless. Thus, further research should attempt to capture focused effort more objectively (e.g., number of manufacturer-specific sales calls). This study also focused on a single manufacturer within one business-to-business industry. Doing so allowed for a tight conceptualization and analysis of the impact of external controls but also reduces the generalizability of our results. Thus, further research might examine external controls across manufacturers and/or industries. Furthermore, the salespeople in this study were business-to-business account managers working for various office equipment distributors. External controls are certainly not exclusive to this context. As Table 2.1 suggests, external controls are prevalent in business-to-consumer settings as well (e.g., power tools and equipment, appliances, electronics). Thus, research should consider similarities and differences between business-to-business and business-to-consumer settings.

This research also assumes that salespeople are aware of their managers' external outcome and behavior controls. This is likely to be the case for three reasons. First, prior research suggests that control systems elicit several signals and cues that others are likely able to discern (Cravens et al. 1993; Oliver and Anderson 1994). For example, salespeople can likely discern whether their manager is motivated by money or recognition (e.g., when observing a more aggressive selling style, with little consideration of customer needs). Second, salespeople are often aware of their manager's external outcome control (e.g., SPIFs) because the forms to participate in a manufacturer's reward program frequently ask whether a participant is a salesperson or sales manager. Third, manufacturer training and recognition is often conducted collectively with both salespeople and sales managers. Further research should, however, explore how explicit awareness of controls impacts the relationships presented here.

This research sets the stage for several fruitful research avenues in the area of external controls. The focus of this research was on the implications of external controls for *manufacturers*. However, external controls are likely to have important implications for *distributors* as well. For example, when should distributors allow manufacturers to provide external controls to their salespeople and sales managers? On the one hand, a distributor may be hesitant to allow external controls because it does not want to relinquish control of salesperson behavior (see Appendix A1.4 for a popular press article regarding this loss of control). Moreover, distributors may fear that sales force partiality toward one manufacturer might result in subpar customer solutions, lost profit, and alienation of their other upstream manufacturer partners. On the other hand, distributors can benefit from manufacturers' use of external controls because they provide

supplemental income and training to their employees, which may boost satisfaction and reduce turnover. Indeed, many hiring firms highlight the earning potential of SPIFs in job descriptions (Appendix A1.5). Thus, further research could address the trade-offs distributors face when considering whether or not to allow external controls.

Finally, to the best of our knowledge, customers are largely unaware of the use of external controls in both business-to-business and business-to-consumer contexts. While customers have a general sense that salespeople may have ulterior motives behind their recommendations, the source of the controls and the extent to which they are pursued by salespeople are typically unknown. Customers could uncover potential biases from their salespeople by inquiring into the amount of a salesperson's SPIF, with the hope of preventing salespeople from making improper product recommendations. Thus, further research could explore how customer awareness of external controls affects their receptivity to a particular product recommendation.

2.7 Tables and Figures

Table 2.1: Manufacturers' Use of Outcome Control
(i.e., financial reward or SPIFs)

Company	Product	Incentive
2/90 Sign Systems	Signage	$1 per unit (select models)
3M	Cleaning products	$50–$300 based on level of sales
AllSeating	Contract furniture	$1–$20 per unit
Amana	HVAC	$25–$75 per unit
Bio Ionic	Salon products	$25 per 2 units sold
Boost Mobile	Mobile phones	$55 per unit
Delsey Luggage	Luggage	$2–$8 per unit
Embassy House	Cabinetry	$10 per cabinet
EWS	Water systems	$75 per unit
GMC	Automotive accessories	$25
GMI	Electronics	5% of net sale
Grasshopper	Farm equipment	$60–$200 per unit
Great Openings	Contract furniture	$5–$10 per unit (select models)
GWD & Trane	Heating & cooling	$25–$175 per unit (select units)
Harter	Contract furniture	3% of net sales
Homer Laughlin Co.	China	$2–$10 per dozen dishes
Husqvarna	Outdoor power equipment	$10–$15 per unit (select models)
Indiana Furniture	Contract furniture	3% net sales
John Deere	Outdoor power equipment	$5–$90 per unit
JVC	Electronics	$50–$300 per unit
Kawai	Pianos	$25–$500 per piano
Kawasaki	Engines & power products	$10 per unit (select models)
La-Z-Boy	Contract furniture	$10 per unit
LG	Electronics	$10 per unit (select models)
PIDA	Pet products	$10 per unit & gift cards
Pioneer	Electronics	$150–$500
Silestone Sen	Kitchen countertops	$25–$75 per unit
Sony	Electronics	$50–$650 per unit
Southern Ice	Ice machines	$40 per unit
Swan	Granite	$10 per unit
Telus	Internet	Program points & $5–$10 per unit
Watermark	Faucets & trim	$10 per unit (select models)
Wilson Jones: Madeli	Home vanities/countertops	$5–$20 per unit
Workrite	Contract furniture	Up to 7% net (select models)
Zoom Seating	Contract furniture	$2.50–$20 per unit

Table 2.2: Controls Research Organized by Source and Level*

Level	***Source***	
	Internal Controls	**External Controls**
Within-Level (e.g., salesperson)	**Governance of individuals within a hierarchical level *within* the firm through the use of outcome and behavior controls** Anderson and Oliver (1987); Agarwal (1996); Basu et al. (1985); Celly and Frazier (1996); Challagalla and Shervani (1996); Cravens et al. (1993); Eisenhardt (1985; 1988); Jaworski (1988); Jaworski and MacInnis (1989); Joseph and Thevaranjan (1998); Kirsch (1997); Krafft et al. (2012); Miao, Evans, and Zou (2006); Oliver and Anderson (1994); Ouchi and Maguire (1975); Ramaswami (1996)	**Governance of individuals within a hierarchical level in *another* firm through the use of outcome and behavior controls** Caldieraro and Coughlan (2007); Coughlan and Joseph (2012); Gilliland (2004) (*see Table 3 for a summary of these studies*)
Cross-Level (e.g., salesperson and sales manager)	**Governance of individuals *across* hierarchical levels *within* the firm through the use of outcome and behavior controls** Research gap	**Governance of individuals *across* hierarchical levels in *another* firm through the use of outcome and behavior controls** Research gap ***-Focus of this paper-***

Table 2.3: Summary of the Extant External Controls Literature

Authors	Type of Analysis		Focus of Study		Level of Analysis		Brief Description
	Conceptual	Empirical	Outcome Control	Behavior Control	Within-Level	Cross-Level	
Caldieraro and Coughlan (2007)		•	•		•		Models the optimal product to SPIF within a manufacturer's product line, given either monopolistic or competitive environments.
Coughlan and Joseph (2012)	•		•		•		Identifies SPIFs as a method used by manufacturers to motivate downstream multi-manufacturer distributor salespeople to expend more effort on their particular products.
Gilliland (2004)	•			•	•		Identifies market development support from manufacturers, including joint sales calls and product demonstrations, as methods to motivate downstream partners.
Current study		•	•	•		•	Empirically examines *both* external outcome and external behavior controls *across* levels of analysis to suggest that the impact of salespeople's external controls on their manufacturer-focused effort is largely contingent on their sales manager's external controls.

Table 2.4: Construct Reliabilities and Correlations

	1	2	3	4	5	6	7	8	9	10	11
1. External outcome control (S)	1.00										
2. External behavior control (S)	.52**	1.00									
3. External outcome control (M)	.12	.14*	1.00								
4. External behavior control (M)	.09	.27**	.45**	1.00							
5. Focused effort	-.06	.08	.30**	.15*	1.00						
6. Focused performance	.00	-.01	.00	.03	.13	1.00					
7. Manufacturer reputation	.27**	.28**	.14*	-.04	.15*	-.01	1.00				
8. Number of manufacturers	.08	.02	-.06	-.05	-.06	-.02	.01	1.00			
9. Salesperson experience	-.09	-.09	.09	-.02	.04	.04	.13	-.12	1.00		
10. Internal outcome control (S)	.12	.21**	.03	-.04	.01	-.03	.28**	-.18**	-.05	1.00	
11. Internal behavior control (S)	.08	.13	-.03	-.09	-.08	.00	.23**	-.02	-.12	.40**	1.00
M	3.65	3.26	3.20	3.33	3.55	.75	3.98	4.31	15.11	3.68	3.80
SD	.75	.93	.82	.87	.79	2.34	.64	7.32	10.45	.85	.78
α	.79	.93	.80	.94	.89	--[a]	.89	--[a]	--[a]	.77	.93
ρ	.83	.94	.84	.95	.90	--[a]	.92	--[a]	--[a]	.79	.94
AVE	.62	.75	.63	.78	.75	--[a]	.78	--[a]	--[a]	.56	.76

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

Notes: S = salesperson; M = sales manager; α = Cronbach's alpha index of internal consistency, ρ = composite reliability index, AVE = average variance extracted, [a]= single-item measure.

Table 2.5: Model Results

Path from	Path to	H_0	H_0 Sign	Model 1	Model 2
Salesperson external outcome control (SEO)	Focused Effort			-.54	.03
Salesperson external behavior control (SEB)				.25	.09
Moderators					
Manager external outcome control (MEO)	Focused Effort			-	.29**
Manager external behavior control (MEB)				-	-.01
Interactions					
SEO × MEO	Focused Effort	H_1	+	-	.07*
SEB × MEB		H_2	+	-	.03**
SEO × MEB		H_3	+	-	-.01
SEB × MEO		H_4	-	-	-.04*
Covariates					
SEO × SEB	Focused Effort			-.01	-.01
Manufacturer reputation				.17*	.13
Number of manufacturers				-.03**	-.02**
Salesperson experience				-.03*	-.03
Salesperson internal outcome control				.02	.02
Salesperson internal behavior control				-.12***	-.11**
Addressing Endogeneity					
$\hat{v}_1$				.31	-0.30
$(\hat{v} \times Z)_1$				.01	-0.16
$\hat{v}_2$				-.21	-0.07*
$(\hat{v} \times Z)_2$				-.00	-0.00
Focused Effort	Focused Performance	H_5	+	.32**	.32**
Log-likelihood				-881.46	-868.22
Free parameters (d.f.)				29	45
–2LL change					26.48

*** $p \leq .001$, ** $p \leq .01$, * $p \leq .05$, n = 201.

Figure 2.1: Conceptual Model

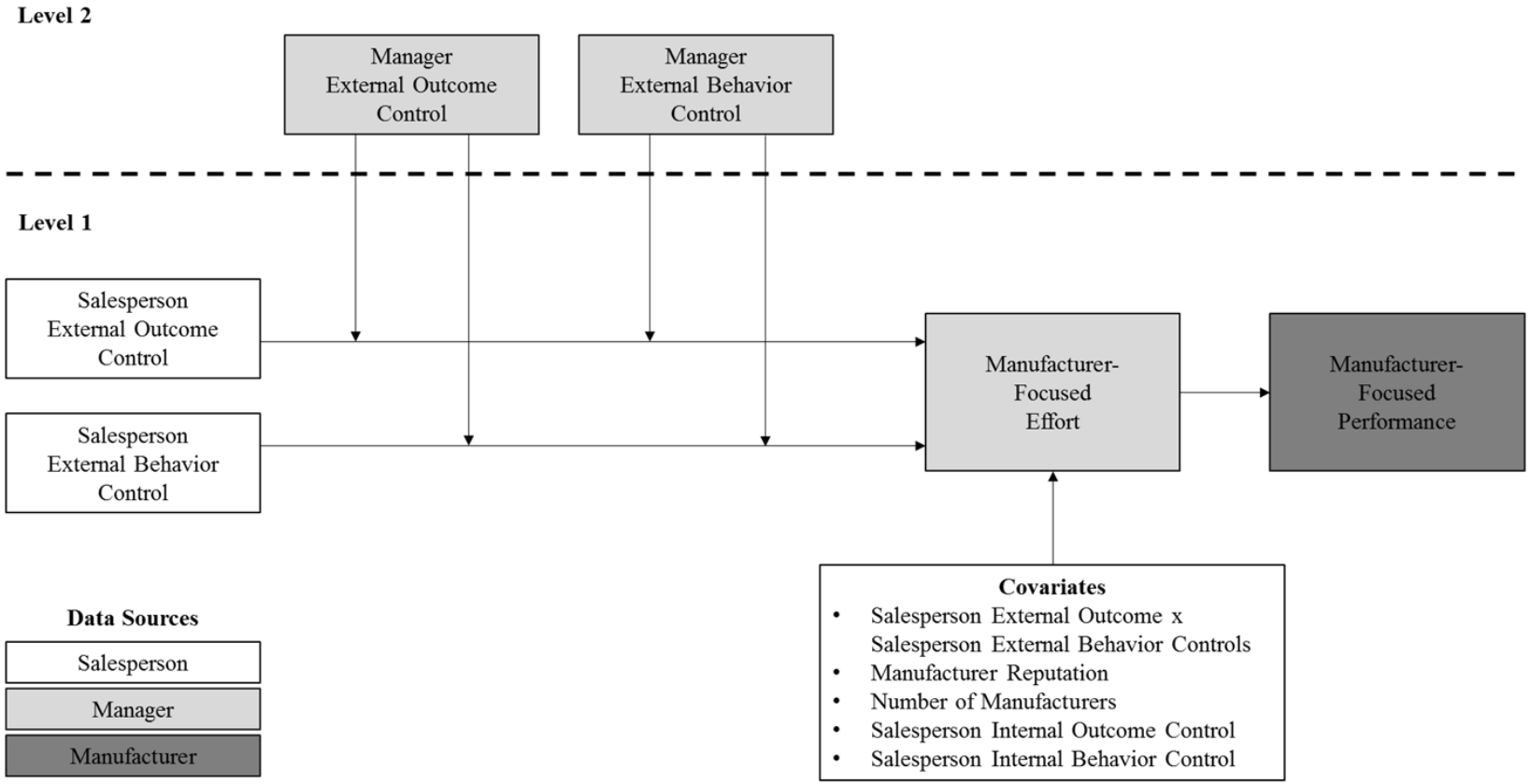


Figure 2.2: Contingency Effects

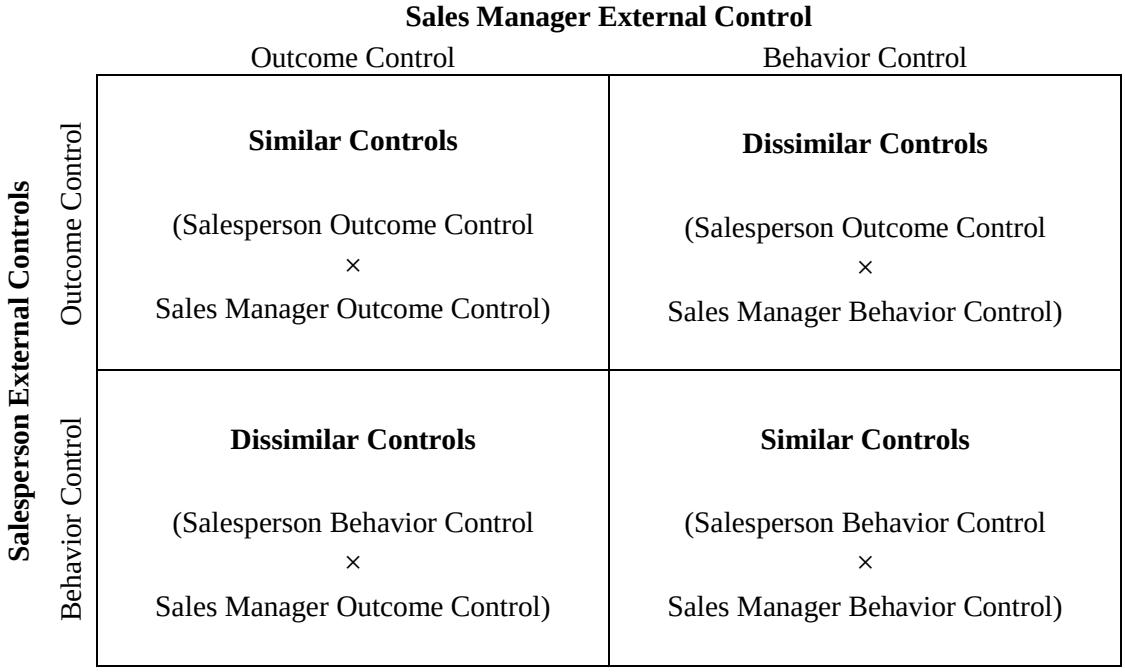


Figure 2.3: Interaction Plot for H_1

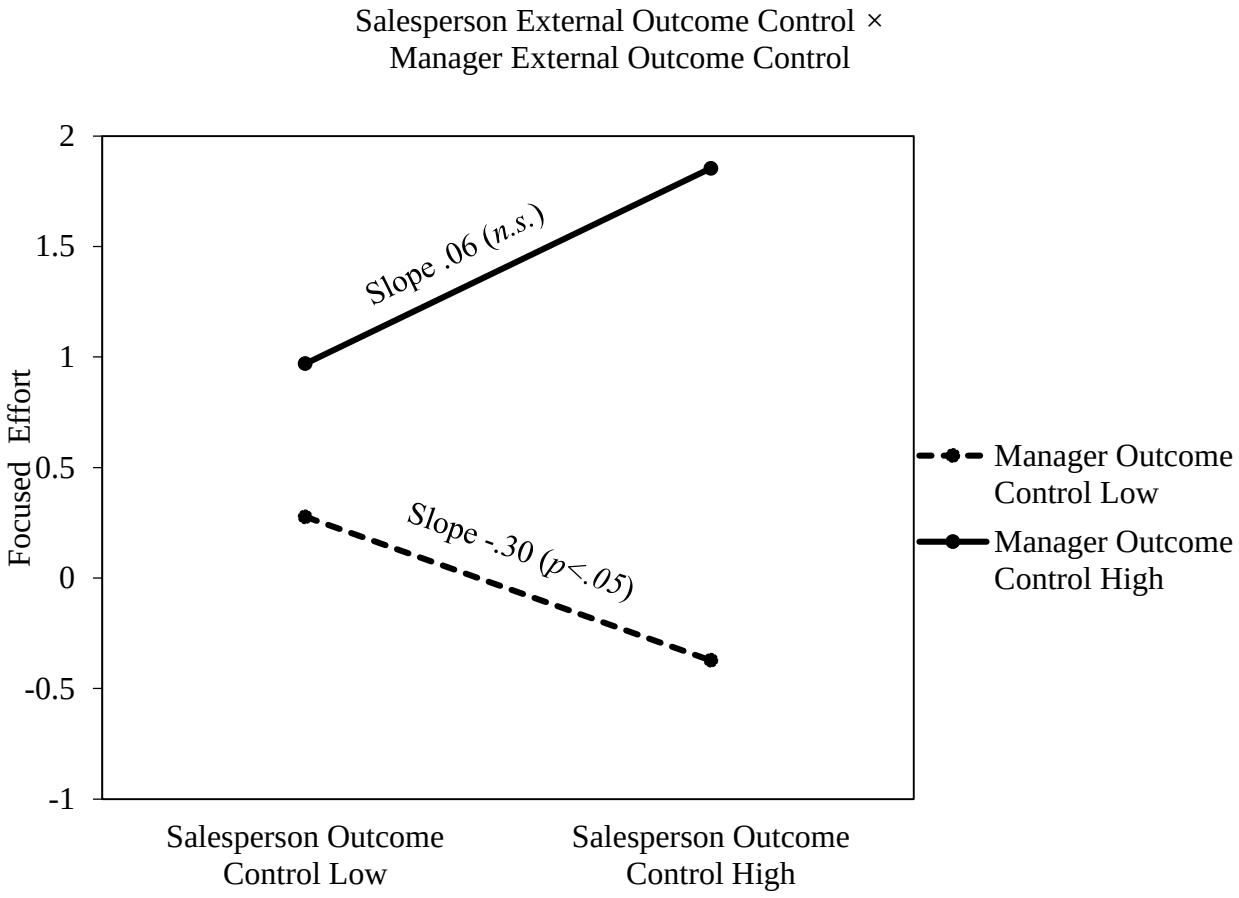


Figure 2.4: Interaction Plot for H_2

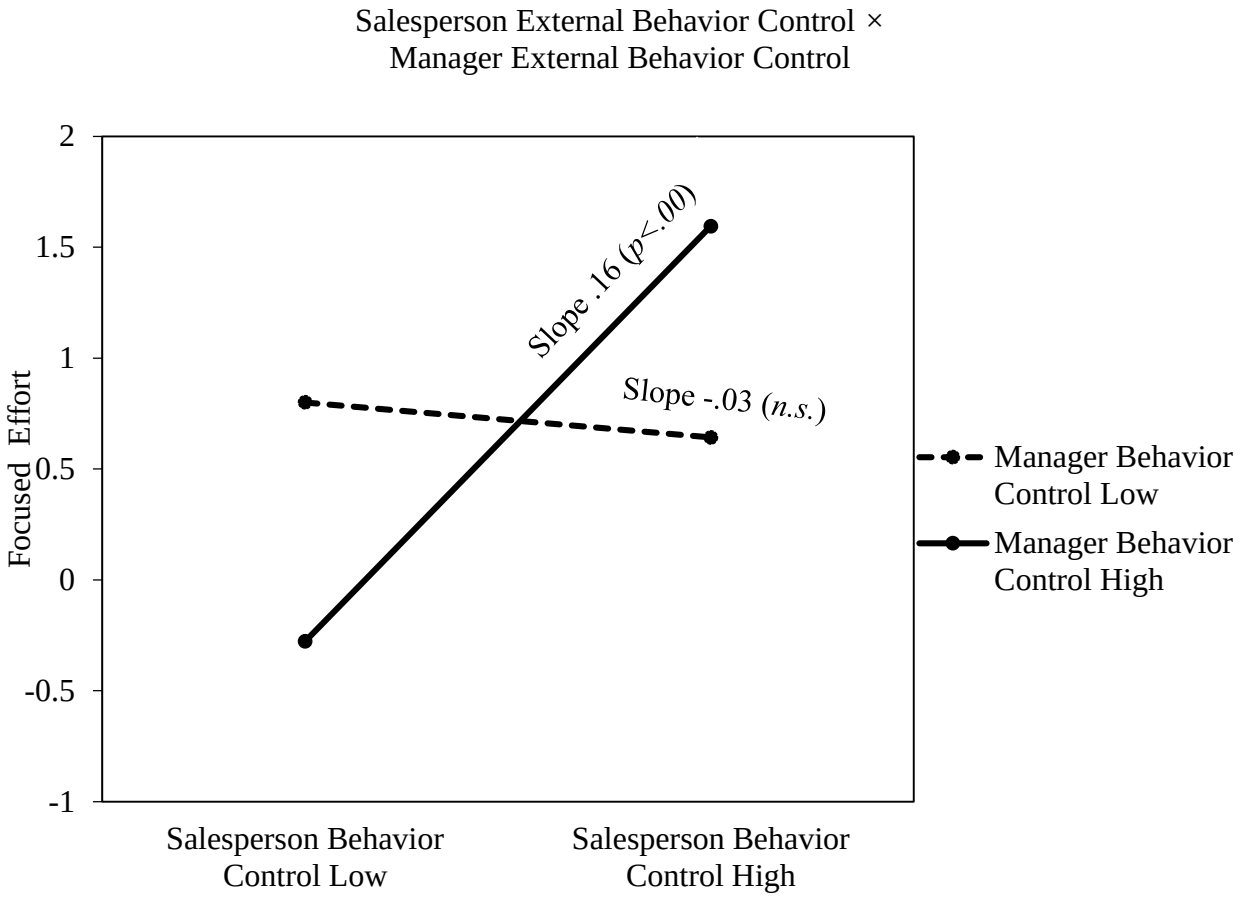
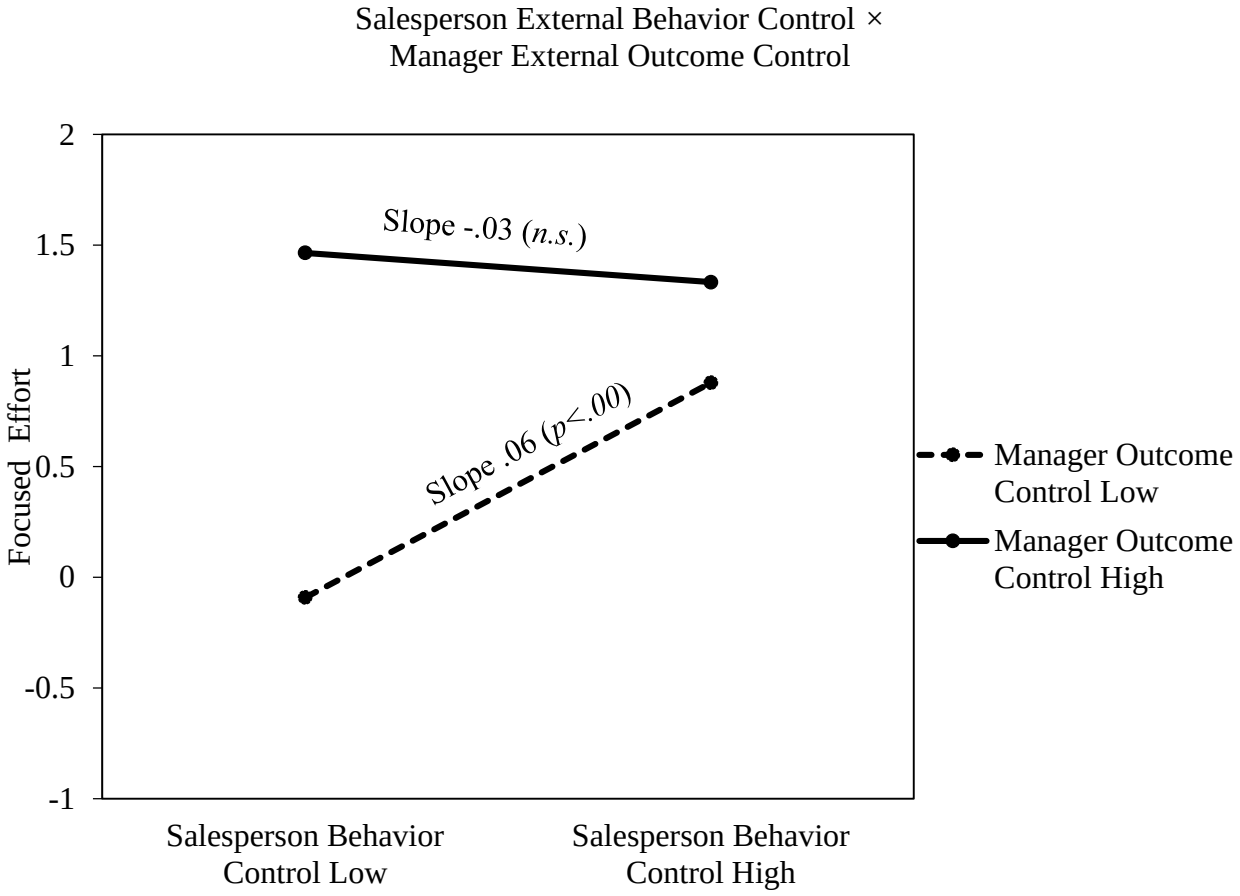


Figure 2.5: Interaction Plot for H_4



3 An Inductively-Generated Recommendation Process Model of Salespeople

3.1 Introduction

Imagine that Lucy, a thirty-something working professional, mother, and wife, walks into a home improvement retailer. She heads to the appliance department to inquire about a new range. After a brief exchange, the salesperson makes a recommendation, and she thanks him for his time. An hour later, Lucy walks into a different location of the *same* home improvement retailer. Again, she heads to the appliance department to inquire about a new range. After a brief exchange, the salesperson makes a *different* recommendation, and she thanks her for her time.

When we repeated such a scenario 71 times across three large home improvement retailers, we received 31 different product recommendations. Moreover, we encountered very different salesperson recommendation processes even within the same retailer. What these findings suggest is that a customer, whose needs stay the *same*, may very well be recommended *different* products depending upon which salesperson they happen to talk to. Why do different salespeople recommend different products to customers with the same needs? Why do salespeople differ in their sales recommendation processes despite (presumably) similar training? These questions remain largely unanswered to date, which is surprising given the important implications which can arise from providing such conflicting advice to customers. The purpose of this research, therefore, is to begin to address these questions and, in doing so, shed light on a salesperson's underlying recommendation process that customers can take into consideration when making a purchasing decision.

Customers frequently rely on the advice or recommendations of salespeople for several reasons. For example, salespeople are often privy to information that is not readily available to customers (e.g., product return statistics). Additionally, customers

may lack the time or knowledge to make the decision for themselves (Stone and Allgaier 2008). When customers rely on salespeople for advice and recommendations, they shift a portion of their decision-making responsibility to the salesperson (Jonas, Schulz-Hardt, Frey 2005). Thus, the decision shifts from *self* decision-making (i.e., making a decision for oneself) to *self-other* decision-making (making a decision for someone else) (Polman 2010).

Despite an extensive literature on self decision-making (e.g., Bettman, Luce, and Payne 1998), there is much less research on self-other decision-making. Whereas self-other research is beginning to emerge across disciplines (e.g., Beisswanger et al. 2003; Polman 2010; 2012; Wray and Stone 2005), it tends to focus on contextual differences between self and self-other decision-making (Beisswanger et al. 2003; Wray and Stone 2005). For example, previous research compares self and self-other decision-making in terms of the amount of information sources consulted (Jonas, Schulz-Hardt, and Frey 2005), the indulgence of choices (Laran 2010), and the risk aversion of choice (Beisswanger et al. 2003). Importantly, although the literature suggests that self and self-other decision-making are made via different processes, prior research has yet to explore these differences (Lu, Xie, and Xu 2012; Wray and Stone 2005).

In doing this research, we make three key contributions to the literature. First, to the best of our knowledge, we are the first to forward a process model of recommendations (self-other decision-making). This process model includes goals, strategies, and recommendations, and reflects the integration of a primary field study with the decision-making literature. The model complements and extends prior research on the self decision-making process in several ways. For instance, unlike the self decision-

making process which tends to emphasize maximizing accuracy or minimizing effort goals, the self-other decision-making process emphasizes different goals (i.e., minimizing negative emotions and maximizing ease of justifying a product). In addition, although we observed fewer self-other decision-making strategies than those advanced in the self decision-making literature, we distilled new strategies of self-other decision-making (e.g., product homogenization, self-other lexicographic).

Second, we contribute to the literature by highlighting the observable signals that salespeople provide for their unobservable recommendation goals and strategies. Drawing upon communication theory (e.g., Mohr and Nevin 1990) and our field research, we identify six facets of communication that signal the presence or absence of salespeople's goals (e.g., directionality, tone). In addition, our research surfaced several recommendation justifications that signal underlying information processing strategies. Thus, unlike prior research on self decision-making which infers goals from strategies (e.g., Bettman, Luce, and Payne 1998), our research provides evidence of novel signals for underlying recommendation goals and strategies.

Third, we provide an integrated framework of the recommendation process via a set of propositions which link the steps in the process. Doing so provides customers with a "roadmap" of how salespeople may come to recommend the products they do, such that customers can then determine the extent to which they integrate the recommendation into their own decision-making. Thus, we address calls from the literature to provide research which serves to better educate customers on how to make good purchasing decisions when incorporating other's advice (e.g., Bazerman 2001).

The insights we provide in this research are based on a grounded theory approach (e.g, Glaser and Straus 1967; Spiggle 1994; Strauss 1987; Strauss and Corbin 1990). In particular, we covertly audio-recorded 71 sales encounters with retail salespeople in their natural setting (i.e., retail stores). Such an approach allows the salesperson-customer experience to unfold naturally (Belk, Sherry, and Wallendorf 1988), which affords a richer knowledge of the topic area and data that is not contrived (Wilson 2001). Moreover, this approach lends credibility to our findings by producing unfiltered, naturalistic data, which does not suffer from informants' limited memory recall (Finn 2001), discrepancies between reported and actual behavior, and a variety of desirability biases that may occur with surveys, off-site interviews, and focus groups (Friedrichs and Ludtke 1975).

3.2 Background

The emerging self-other decision-making literature falls within the greater context of decision-making, which to date has emphasized why and how a decision is made for oneself (e.g., customers *or* salespeople deciding which product to purchase for *themselves*) (e.g., Bettman, Luce, and Payne 1998; Kahneman, Slovic, and Tversky 1982; Yates 1990). Decision-making is understood to be an adaptive and constructive process, even when facing familiar choices (Payne, Bettman, and Johnson 1993). Research in this area has explored the process by which customers make decisions (e.g., Bettman, Luce, and Payne 1998), the factors that influence the process (e.g., Pham 1998), and outcomes of the process (e.g., Greenleaf and Lehmann 1995; Tsiros and Mittal 2000).

Surprisingly, sparse attention has been given to the complementary stream of self-other decision-making, in which decisions are made for others (e.g., a salesperson deciding which product to recommend to a customer). The literature identifies two types of self-other decision-makers: *advisors*, who make a recommendation while the ultimate choice is left to the customer (e.g., a salesperson recommending a product) and *proxy decision-makers*, who make a choice on behalf of someone else without their final consent (e.g., a politician voting or doctor treating an unconscious patient) (e.g., Lu, Xie, and Xu 2012; Polman 2012). The present research focuses on self-other decision-makers in the 'advisor' role, as it is far more relevant to the role and duties of salespeople.

Research suggests that self-other decision-makers make different choices than self decision-makers (e.g., Bonaccio and Dalal 2006; Jonas, Schulz-Hardt, Frey 2005; Lu, Xie, and Xu 2012). For example, previous research has drawn upon regulatory focus theory (Polman 2012) and construal level theory (Lu, Xie, and Xu 2012) to suggest that, compared to making decisions for themselves, self-other decision-makers tend to consult more information sources (Polman 2010; Jonas and Frey 2003), make more indulgent choices (Laran 2010), have greater predecisional distortion (Polman 2010), experience different levels of emotion (Beisswanger et al. 2003; Kray 2000), and may make riskier choices (Stone and Allgaier 2008).

Thus, although prior research suggests a self decision-making process (Bettman, Luce, and Payne 1998) and compares aspects of the choices made in a self decision-making context to the recommendations made in a self-other decision-making context, to the best of our knowledge no research has attempted to establish nor illuminate the distinctive process by which self-other decisions are made. We begin to address this void

by drawing upon field data as well as literature from marketing, communication, psychology, and economics to generate a model of the self-other (recommendation) decision-making process.

3.3 Method

In order to gain initial insights into salesperson recommendation behaviors, the authors conducted an extensive, inductive qualitative study via covert participant observation (see Appendix A2.1 for IRB approval). Participant observation affords researchers the opportunity to observe and understand salesperson behaviors in their natural environment, from which themes, patterns, and anomalies emerge (e.g., Arnould and Price 1993; Bernthal, Crockett, and Rose 2005; Canniford and Shankar 2013; Celsi, Rose, and Leigh 1993; Coulter, Price, and Feick 2003; Peñaloza 1994; Schouten and McAlexander 1995; Tumbat and Belk 2011). Participation observation at the interaction site of interest (e.g., retailer) also allows the experience to unfold naturally (Belk, Sherry, and Wallendorf 1988), which allows researchers to develop a richer knowledge of the topic area and produces data that is not contrived (Wilson 2001). Furthermore, the data does not suffer from informants' limited memory recall (Finn 2001), discrepancies between reported and actual behavior, and a variety of desirability biases that may occur with retrospective surveys, off-site interviews, and focus groups (Friedrichs and Ludtke 1975). The first author conducted all participant observations. The second author was purposely excluded from the data collection to ensure independent cross-validation and reality-checking (Celsi, Rose, and Leigh 1993).

For this study, the first author went undercover to assume the role of a customer and engaged in 76 selling encounters with actual salespeople from three large retailers. A similar form of information gathering known as mystery shopping occurs regularly in practice as a means to assess service quality and employee performance (Wilson 2001). Mystery shopping is an emerging and valuable method of data collection in the marketing academic literature (e.g., Ainscough and Motley 2000; Bone, Christensen, and Williams 2014; Fin 2001) because it lends credibility to the findings by producing unfiltered, naturalistic data. Furthermore, mystery shopping in the actual retail location allows the researcher to capture evidence that would likely not be accessible via other methodologies (e.g., product counts, product availability by manufacturer, and conversation duration times). However, unlike previous research following this method, we audio-recorded the encounters to allow for in-depth analysis of the content and structure of the conversations.

3.3.1 Role of the Authors

The authors' preconceived perceptions of salesperson recommendation behavior may influence this work in several ways. Most importantly, both authors are typical customers involved in transactions with salespeople on a regular basis. In addition, both have at least five years of experience in corporate sales with different multi-line dealerships. In those positions, they were given full discretion over which particular manufacturers' products to recommend to clients, and are aware of several factors that influenced those decisions (e.g., fulfilment of personal financial goals). While all efforts are made to ensure objectivity, it is possible that some of the findings of this research are unconsciously influenced by the authors' knowledge and experience with the customer-

salesperson relationship from both perspectives. However, these experiences also lend credibility to the findings by providing the authors with a broader understanding of the topic area. Furthermore, this study makes use of audio-recording and transcription to limit the authors' undue influence on data.

3.3.2 Sample

Participants were recruited for this study via purposive sampling, which involves selecting participants according to the specific needs and criteria of the study (Berg 2009; Lincoln and Guba 1985; Miles and Huberman 1994). The key criterion for inclusion in this study is that the individual was an appliance salesperson at one of the three selected large retailers. Each salesperson was individually approached by the first author. In no instances did multiple salespeople approach the author, such that one had to be randomly selected. Of the 76 sales encounters, one salesperson did not provide consent to participate in the study, and four salespeople were unavailable to provide consent due to termination of employment and retirement prior to the debriefing date. This resulted in a final sample size of 71, with no individual store location or salesperson being included more than once.

Descriptive demographic information for each salesperson was recorded in the Encounter Log (Table 3.1), including their approximate age (under 30, 30-60, or over 60), gender, and ethnicity (White, African American, Hispanic, Asian) based on the first author's observation (Bernthal, Crockett, and Rose 2005; Bradford 2015; Canniford and Shankar 2013; Peñaloza 1994; Tumbat and Belk 2011). The sample consisted of 67%

males and 33% females, of which 15% were under 30 years old, 68% were 30-60 years old, and 17% were over 60 years old.

3.3.3 Procedure

This study involved deception (Christensen 1988) such that the retail salespeople believed that they were selling to a real potential customer. The sales encounters occurred over a one month period during the summer of 2013. The encounters took place across four states and included a total of 2,116 miles driven. Three large national retail chains were selected rather than small stores to allow for additional comparison of processes within one chain of stores – a distinction that would not be possible in stores with few locations (i.e., local appliance stores). The three retail chains were selected because they are of similar size, similar organizational structure, and offer the same manufacturers' products. All sales encounters occurred between the hours of 6:45am and 8:30pm on Tuesdays during non-holiday times to avoid the high-traffic weekend periods and the risk of sales efforts being dependent on promotional holiday pricing.

The first author entered each store wearing black shorts, an unmarked white t-shirt, white socks, gray tennis shoes, and a neon pink hat. Aside from the hat, the clothing was intended to be basic and neutral as to minimize stereotyping that could be elicited by branded clothing. She carried her keys, wallet, and a folded piece of notebook paper that had the appearance of a short shopping list containing the following items: "brush/rollers", "light bulb for front porch", and "stove?" (Figure 3.2). Upon entering the appliance department in each retailer (see Figure 3.3 for a typical appliance department layout), she purposefully stood in a 'neutral' location at the end of a row of electric

ranges so as to not appear to have already considered a particular model or be more interested in a particular model than others. When approached, she expressed to the salesperson that she and her husband were planning to purchase a range the following weekend, but had jointly decided that she would come in to meet with a salesperson beforehand[3].

Throughout the encounters, she responded to questions as asked and maintained the same set of responses via a predetermined set of question responses (Table 3.2). The predetermined responses were developed by pretesting them with three local retailers prior to the formal study to determine commonly-asked questions, and to ensure that every salesperson had information available to them to recommend an array of ranges. The predetermined set of responses was iteratively refined for accuracy and relevance to a natural sales encounter (Peñaloza 1994), and included responses for questions like the budget, the metal finish, and the amount of cooking done on a weekly basis. If an additional question arose during an encounter that did not have a predetermined response, the author answered the question honestly as she would in real life and maintained that same response if the question arose in another encounter. This ensured a programmatic and systematic approach to the encounters, and maximized the reliability of findings (Wilson 2001). She had a short interview guide (Appendix A2.2) (Coulter, Price, and Feick 2003) memorized with general questions that allowed her to ensure that each salesperson was given the opportunity to make a recommendation. She then allowed the sales encounter to unfold naturally. The author did not proactively provide her needs or

[3] A stipulation of IRB approval required that the author inform salespeople upfront that she would not be making a purchase that particular day so that they were not left with disappointment or concerns over their selling abilities when she indeed did not make a purchase.

preferences in any encounter, but reactively responded to every question using the response guide. Oftentimes, after a recommendation was provided, the salesperson offered a printout with the product information. If that did not occur, the author took a photograph on her cell phone (e.g., Schouten and McAlexander 1995) or wrote down the model number on her shopping list in order to verify final recommendations and later align them with objective rankings. At the end of each encounter, the author thanked the salesperson for their help and left the store without making a purchase. No purchase of any kind was made at any store across the 71 encounters. At some point during each sales encounter (typically before being approached by a salesperson), the author recorded the number of electric ranges on the floor that fell within a predetermined set of product responses (i.e., parameters; for example, $1000 budget, electric, stainless finish). This was to ensure that all salespeople were able to proceed through a recommendation process to choose a product to propose rather than having to recommend a particular product only because no other options were available. Indeed, in all encounters the number of products available on the floor within the set of parameters ranged from 6 to 21, with an average of 13.

The process of debriefing informants coincided with their right to confidentiality. The salesperson's first name was written down as a part of the Encounter Log (Table 3.1). Within two weeks of each sales encounter, the first author called the store's main phone number and asked to speak with that particular salesperson in the appliance department. This process ensured that she did not need to record or safeguard their full name or email address (which typically includes a full name). If the salesperson was not working, she attempted to contact them on a weekly basis. The Encounter Log was

updated regularly with the date of debrief call attempts, the date the debriefing actually occurred, and the salesperson's response to the debriefing. Once on the phone, she explained to them that she was recently in the store and had on a neon pink hat, which was a memorable, yet realistic item that served to help the salesperson recall the specific encounter. The author then debriefed the salesperson by following a prepared script (Appendix A2.3). As requested by IRB, all debriefing-related information was deleted from the files after consent was obtained or denied to protect the informants' anonymity.

3.3.4 Special Considerations

Special considerations were made throughout the entire data collection procedure to minimize risk or harm to the informants, retailers, product manufacturers, and author, as well as to ensure a systematic, scientific procedure. In safeguarding the salespeople, any potential loss of income as a result of participation in the study was mitigated by ensuring that the three large retail chains offer compensation plans based on salary rather than commission. This was verified by at least one salesperson from each of the three retail chains. Additionally, the author waited to enter the appliance area until it was clear of all other customers, and (although it never happened) was prepared to excuse herself immediately if another customer entered the area, such that any loss of potential store profits were mitigated. This meant that the store did not lose overall sales by having salespeople talk to the author rather than selling to other customers. No manufacturer documentation was accepted (e.g., manufacturer brochures, pamphlets, flyers) to mitigate the cost of this study to the manufacturers.

To enhance the validity of this study, an electric range[4] was chosen as the product of interest because it is a realistic item that a thirty-something married female would purchase. Furthermore, because appliances are involved, non-regular purchases, salespeople are oftentimes consulted before a customer choice is made. The stores were not informed of this study to mitigate the likelihood of management tipping off employees that the research may occur in their department, which would invalidate the data. Furthermore, store management may have steered the author towards, or only allowed access to, a particular set of stores to study (e.g., high-performing stores or low-performing stores), which would provide a biased sample of salespeople and stores.

3.3.5 Data

Within five minutes of each encounter's completion, the Encounter Log (Table 3.1) was updated and field notes were made by the first author. The field notes and sales encounters were audio recorded (Bradford 2015; Canniford and Shankar 2013; Schouten and McAlexander 1995). Audio recording, followed immediately by transcription, is the most thorough and complete form of field notes, and is in line with the verbatim principle, such that the researcher "must make a verbatim record of what people say" (Spradley 1979, p. 73). Audio recording ensures that the data is not filtered or translated through the researcher's perceptions of what is occurring, but rather is verbatim from the salesperson. Missing out on key details captured in the informant's wording can cause a loss of key data from the study. Recording conversations without dual consent is a legal

[4] The term 'range' is often used interchangeably with the terms 'oven' or 'stove'. All three retailers in this study, as well as Consumer Reports, refer to a cooking appliance which encompasses both an oven and a stovetop as a 'range'. Thus, we refer to it here as a 'range'.

practice in all four states where the study was conducted. The audio recording device used to record the conversations was an 8GB USB Pen Drive Digital Audio Voice Recorder, which was attached to the author's keychain during the time of the study (Figure 3.2). This device recorded at a speed of 128bps, capturing 898 total minutes (roughly 15 hours) of recorded data including both encounters and field notes. Each encounter was recorded as a .wav file, and was downloaded onto a computer via the integrated USB drive to allow for transcription via a third-party transcription service. The author's field notes were a separate recording which served to capture immediate thoughts and reactions immediately following each encounter (Canniford and Shankar 2013; Peñaloza 1994; Tumbat and Belk 2011). The first author also noted the date, time, recommendation, number of available models on the floor, and any additional details specific to that encounter that could be used to verify the transcriptions. The author's audio-recorded field notes were transcribed as described above.

3.3.6 Analysis

We independently read the entire set of transcripts to get a general sense for the nature of the encounters (Spiggle 1994). Over numerous meetings, we discussed emerging themes and patterns across the 71 encounters, and debated their distinctiveness and relevance to the topic (Canniford and Shankar 2013; Celsi, Rose, and Leigh 1993; Schouten and McAlexander 1995). As recommended by Spiggle (1994), we documented these discussions in an ongoing set of notes that both authors edited and contributed to. An initial, overarching recommendation process emerged which consisted of six large categories. Similar to Bone, Christensen, and Williams (2014), Holt (1995), and McQuarrie, Miller, and Phillips (2013), we used the iterative, constant comparison

procedure to contrast and differentiate the categories, as well as compare them to existing literature across disciplines (Glaser 1956). As a result of this procedure, the original six categories were collapsed into a three-step process model consisting of goals, strategies, and recommendations. We refined the dimensions of each step (i.e., the five different strategies within the strategy step) through reference to literature and our field study (e.g., Schilpzand, Hekman, and Mitchell 2014). Throughout this analysis, the identification of steps and dimensions within the encounters were organized using QSR International's NVivo 10 coding software. We met regularly to resolve any discrepancies via discussion, and to confer that all findings were grounded in the data (Bone, Christensen, and Williams 2014; Peñaloza 1994).

3.4 Recommendation Process Model

From our field study, a three-step process emerged by which salespeople make recommendations to customers (Figure 3.4). This recommendation process consists of (1) goals, (2) strategies, and (3) recommendations, with several dimensions within each step (e.g., four observed goals within the first step). In the following sections, we draw upon observations from the sales encounters and previous research to define and examine these steps, as well as construct propositions which integrate the recommendation process model.

3.4.1 Goals

Goals reflect the motivations driving a salesperson's recommendation (e.g., Bettman, Luce, and Payne 1998; Luce 1998). Previous research suggest that goals stem from various characteristics of the decision context, such as the timeline, availability of

feedback regarding the decision, and environment (Bettman, Luce, and Payne 1998). Our study suggests that salespeople are motivated by goals similar to those of individuals making decisions for themselves. However, as we will note, the prevalence with which each type of goal is pursued varies significantly between self and self-other decision-makers. Salesperson recommendation goals are: to maximize the accuracy of their recommendation, to minimize their effort in providing a recommendation, to minimize negative emotions they experience when providing a recommendation, and to maximize the ease of justifying their recommendation to the customer. These goals are not mutually exclusive and can occur simultaneously in varying degrees. Furthermore, goals are often constructed on-the-spot and fluctuate throughout a single sales encounter (Bettman, Luce, and Payne 1998; Dhar and Gorlin 2013; Payne, Bettman, Johnson 1993; Slovic 1995) as well as across multiple customers (e.g., Dhar and Novemsky 2008). Thus, a salesperson may be driven by one goal with their first customer of the day and a different goal with another customer.

The goals motivating a salesperson's recommendation are difficult to measure because they are internal and fluctuate (Bettman Luce, and Payne 1998). Therefore, we draw upon communication theory (Krone, Jablin, and Putnam 1987), as well as the channel communication literature (e.g., Gross, 1968; Mohr and Nevin 1990), to identify communication *facets* that may serve as signals for a salesperson's goals. Communication facets have been shown to underlie coordination and satisfaction within channel relationships (Mohr and Nevin 1990). We identify four facets which describe both the content and structure of these encounters: *duration* (i.e., length of the conversation measured in minutes), *directionality* as either unilateral (i.e., conversation dominated by

the salesperson) or bidirectional (i.e., conversation more evenly divided between the salesperson and the customer), *tone* as either formal (i.e., strictly professional and sale-related) or informal (i.e., personal questions and colloquial discussion), and *focus* on either features of the product itself (i.e., price) (Gross 1968) or evaluations of the product which could be gathered from a variety of sources (i.e., reference to ratings, reviews, other customers, previous sales). We observed two additional facets in the study: *objectivity* as either subjective (i.e., interjection of the salesperson's personal opinion) or objective (i.e., reliance on facts with no personal opinion) and *feature-need linkage* (whether or not the salesperson discusses features in terms of customer needs). We now discuss each of the recommendation goals through the communication facets framework (Table 3.3).

3.4.1.1 Maximizing Accuracy

We define the goal to maximize accuracy as the extent to which a salesperson is motivated to seek the best product for a customer based on their unique needs and preferences (e.g., Bettman, Luce, and Payne 1998). By best product, we are referring to the available product with the closest fit to customer needs. Past self-other decision-making research suggests that the amount and type of information discussed during a conversation results in a better understanding of the other's preferences (Jonas, Schulz-Hardt, and Frey 2005). Longer, bilateral encounters allow the salesperson to ask questions and listen for customer responses, which increases the amount and types of information received by the salesperson[5]. Not surprisingly, therefore, our findings

[5] Consistent with the consideration set literature, it is typical for a customer to initially remove irrelevant products from their list of potential alternatives before beginning the actual decision-making process (e.g.,

suggest that accuracy-driven encounters to be relatively longer and bidirectional. As the following illustrates, the nature of the conversation also tends to be more informal:

> *Salesperson*: Is it just you and the husband or is there a family…?
> *Customer*: I have a baby.
> *Salesperson*: How fabulous!
> *Customer*: She's 10 months old so I have some fun.
> *Salesperson*: My kids are 36 and 33 and I still -- my grandkids they are 10 and 6. I absolutely adore being in the kitchen. My six-year old grandson can make as good an apple pie as I can. He started little, like when she's -- little baby rolling and stuff and it just becomes first nature to them and they love it. Instead of sitting and watching TV whenever they come to my house, you can see in their faces, "Can we go bake? Let's go bake lady cakes…" So at 10 months she's ready to handle one and put that little roller in her hands and working with it and stuff and you'll go enjoy working with her later on in the kitchen. So convection is -- if that one had not had convection on it, I would step over and say take a look at convection, just in case you really are a homemaker or a baker.

This informal small-talk helps put the customer at ease, which builds rapport between the customer and salesperson. As the customer becomes more at ease, they are more honest, open, and forthcoming with information (Taylor and Bogdan 1984). The salesperson is able to uncover customer needs and preferences which were not explicitly requested, such as the customer's growing family in the example above. This particular salesperson used the information about the customer's family to not only recommend a product with convection baking because baking can be a fun family activity, but also to recommend a product with a large capacity to accommodate more dishes at one time. In

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Alba and Chattopadhyay 1985; Howard and Sheth 1969). For example, when purchasing a vehicle, the customer may eliminate vans and trucks before deciding among all available cars. In concert with this notion, it is typical that a salesperson ask the customer an initial set of 'qualifier' questions to identify the relevant product category. In the present study, the qualifier question typically referred to a focus on gas or electric ranges. This initial question did not signal the identification of a customer's unique needs and preferences within the product cateogry, but served to determine which (large) set of products were relevant to the conversation. Assessing customer needs beyond this initial 'qualifier' questions constitute the make-up of facets coded in this study.

another encounter, the salesperson casually asked about the customer's and her spouse's job while searching products online, which sparked the salesperson to show a product that preheated quickly for families in need of a shorter cooking time.

Previous research suggests that self-other decision-makers tend to seek information from more sources than self decision-makers (Jonas and Frey 2003; Polman 2010). Thus, a recommendation accuracy goal drives salespeople to present information based on both features (e.g., attributes of the products, pricing information, available promotions) and evaluations (e.g., ratings, performance reviews, past sales history). The following example demonstrates a salesperson's use of *both* feature-based information (i.e., burner size and heating element) and evaluation-based information (i.e., performance reviews) during their presentation of product information:

> *Salesperson*: (Manufacturer) makes wonderful stoves. This particular unit gets a lot of good reviews. One of the more basic features in terms of use is to get two different burner sizes is here. You have the hidden elements here. So, there are no coils on the bottom for things to fall down onto and to solidify. I think there is also the steam clean model if I'm not mistaken.

Additionally, Jonas and Frey (2003) suggest that, unlike self decision-makers, self-other decision-makers do not favor information that only confirms their recommendation. Rather, salespeople pursuing an accuracy goal provide balanced information (i.e., for and against a product), which ensures the customer is fully-informed for their final purchase decision, and signals that the salesperson is putting in the time to consider the strengths and weaknesses of each product. This is demonstrated in the following encounter, as a salesperson presents the positives *and* negatives of a product:

> *Salesperson*: This model has the steam clean. So, it makes the clean-up easier. But the drawback is, that you allow yourself for a little bit more time for heating up.

As products are being presented and demonstrated, a goal to maximize accuracy drives a salesperson to present information about products by linking features and information with the needs of the customer. Furthermore, while linking to customer needs, it is unlikely that the salesperson emphasizes his personal opinions. In the following conversation, a salesperson demonstrates these two communication facets by directly linking his discussion of convection fans to the customer's response regarding her oven use, without explicitly interjecting any of his own personal preferences towards convection fans:

> *Salesperson*: So, what kind of cook are you? Do you guys typically use the oven a lot for a lot of things?
> *Customer*: I use it four nights a week for dinner and I bake maybe once a month.
> *Salesperson*: You do a lot of cooking in the oven. Let's switch over here because I think that you could actually use a convection. It may be something that you're not used to, but it's one of the things that you will start to develop and may really like.

Based on the preceding arguments, we suggest the following proposition:

> P1: A recommendation goal to maximize accuracy is signaled by communication with (a) longer duration, (b) bilateral conversation, (c) an informal tone, (d) a focus on feature- and evaluation-based information, (e) objectivity from the salesperson, (f) and an emphasis on feature-need linkage.

3.4.1.2 Minimizing Effort

We define the goal to minimize effort as the extent to which a salesperson is motivated to reduce the time and energy expended towards seeking the best product for a

customer (e.g., Bettman, Luce, and Payne 1998). Prior research suggests that certain communication facets result in commitment within the channel, where commitment refers, in part, to the extent to which one channel member (i.e., salesperson) is willing to exert effort on behalf of another channel member (i.e., customer) (Mohr and Nevins 1990). Thus, the presence or absence of particular communication facets serves as a signal of a salesperson who is minimizing his effort.

Mohr and Nevins (1990) suggest that conversation duration is a component of effort, such that minimizing recommendation effort manifests itself in short conversations that are largely unilateral (i.e., salesperson-dominant). When a conversation is kept short, the salesperson does not take time to engage the customer or incorporate their feedback. The salesperson in the following exchange signals a goal to minimize effort by recommending a product right away without investing time or energy to determine unique customer needs:

> *Customer*: My husband and I want to buy a stove this weekend and just don't know much about them.
> *Salesperson*: Alright. Are you, do you cook a lot?
> *Customer*: Um, three to four times week.
> *Salesperson*: Okay, well, this is going to probably one of the best. [places hand on product in front of him]

As evidenced above, the tone of the conversation is usually formal[6], with little discussion outside of what is professionally required. Pursuit of this goal is further evidenced by the salesperson providing evaluation-based information regarding the product rather than feature-based information. Doing so lessens the amount of

[6] Although these conversations tend to be shorter and formal, there were no observations of any salespeople who appeared to be annoyed or curt during an encounter.

time and energy exerted to provide detailed feature-based product information to a customer. This observation is in line with the representative heuristic (Kahneman and Tversky 1972; Tversky and Kahneman 1971; 1974), which suggests that salespeople tend to believe that customers act similarly, such that they assume most customers shopping for a range will share the same preferences and be satisfied with the same product choice. Therefore, salespeople rely on evaluation-based feedback demonstrating that they assume the current customer will want the same product as other customers:

> *Customer:* Okay. Why would you consider these? What about them makes them the best?
> *Salesperson:* Mainly, it's just the feedback I hear back from customers.

Minimizing effort drives salespeople to offer few opinions or subjective preferences, which would require additional time, thought, and energy. While minimizing effort results in less discussion of features with a customer, when a salesperson *does* present features, they are unlikely to link to the customer's needs. This point is evidenced by the following exchange in which a salesperson discusses features of a product (convection fan and 6 cu. foot capacity) without prior knowledge of, or reference to, the customer's needs regarding convection or capacity:

> *Salesperson*: This [model] is a nice range. It's got the triple convection fan; it's got the bigger cavity. It's a 6 cubic foot cavity.
> *Customer*: That's big.
> *Salesperson*: And then there's the triple convection fan.

As a result of these observations, we offer the following proposition:

P_2: A recommendation goal to minimize effort is signaled by communication with (a) shorter duration, (b) unilateral conversation, (c) a formal tone, (d) a focus on evaluation-based information, (e) objectivity from the salesperson, (f) and minimal emphasis on feature-need linkage.

3.4.1.3 Minimizing Negative Emotions

We define the goal to minimize negative emotions as the extent to which a salesperson is motivated to reduce the uncomfortable feelings associated with the responsibility of recommending the best product to a customer (e.g., Luce 1998). Drawing upon Lazarus' (1991) theory of emotion elicitation, the first step in a salesperson generating emotions is assessing the level of his responsibility with a process. In the second step, he assesses the emotions he may feel after the recommendation process as either negative or positive. Finally, he identifies the exact emotion he may feel. Correspondingly, we argue that salespeople first recognize that they play a significant role in the recommendation process because the customer has sought their help. Then they recognize the potential for negative emotions if they recommend the wrong product, or positive emotions if they recommend the best product. They further identify these emotions as guilt and regret (Janis and Mann 1977), or satisfaction, respectively. Thus, the salesperson is driven to minimize the potential feeling of guilt associated with their responsibility if the best product is not recommended.

In contrast to self decision-making which suggests two methods for coping with negative emotions (i.e., problem-focused coping and emotion-focused coping) (e.g., Folkman and Lazarus 1988; Luce 1998), we observe that salespeople tend to cope with negative emotions via one method: emotion-focused coping in the form of minimizing

their responsibility. Thus, salespeople tend to focus on the negative emotion (i.e., potential guilt) and *avoid* it by reducing their responsibility in the recommendation process. Correspondingly, customer encounters tend to be shorter, unilateral, and formal because the salesperson is de-emphasizing the recommendation process altogether. One of our key findings is that salespeople tend to reduce their responsibility by *deflecting* it back onto the customer. For instance:

> *Customer*: Is there any particular one that you would recommend?
> *Salesperson*: I can't recommend anything. I could tell you what each one offers, like, their information. I can do that. The choice is ultimately yours.

In a different encounter, the salesperson deflects responsibility by reminding the customer that the choice is ultimately theirs (i.e., "whatever you choose"):

> *Salesperson*: Well, I mean to be honest with you, I never owned [that model] but I can tell you that whatever you choose, I know you are going to be happy with it.

By deflecting responsibility back onto customers, salespeople are essentially attempting to share blame if the wrong product is recommended or purchased. Dunning, Pecotich, and O'Cass (2004) suggest that sharing blame with a third party can reduce an individual's feelings of responsibility with a decision. Furthermore, previous self-other decision-making literature has suggested that the further someone removes themselves from the decision-making context, the more likely they are to think abstractly and generalized rather than focusing on fine details (Trope and Liberman 2003). Therefore, salespeople who are driven to minimize responsibility are less focused on detail-oriented

feature-based product information and are more likely to refer to evaluation-based information.

While minimizing responsibility makes it less likely that a salesperson offers a personal opinion, when they do, they are more likely to add a *disclaimer* to state that it may not reflect customer needs. In doing so, they downplay their role and indirectly place the responsibility back on the customer. This point is exemplified in the following salesperson's disclaimer that the information they are sharing regarding the price of the product is "just personal opinion". This salesperson implies that he should not be held responsibility for his personal opinions and the customer will need to form their own:

> *Customer*: So is there a particular manufacturer that you recommend?
> *Salesperson*: [Manufacturer] does good cooking. I feel they are little overpriced for some of the stuff that they do but it depends on what model you're looking at and that's just my personal opinion on their stuff. It's really based on your brand preference.

Based on the preceding arguments, we propose:

> P_3: A recommendation goal to minimize negative emotion is signaled by communication with (a) shorter duration, (b) unilateral conversation, (c) a formal tone, (d) a focus on evaluation-based information, (e) subjectivity from the salesperson, (f) and minimal emphasis on feature-need linkage.

3.4.1.4 Maximizing Ease of Justification

We define the goal to maximize the ease of justification as the extent to which a salesperson is motivated to recommend product(s) with the simplest explanation (e.g., Bettman, Luce, and Payne 1998). Salespeople with this goal attempt to make the

recommendation process as psychologically easy for themselves as possible by seeking a product to recommend because it has an easily-justifiable attribute (e.g., recommending the range with the lowest price) or attributes (e.g., recommending a range that has most of the features that customers typically like) (Zajonc 1980). Recommendations are self-other decisions that exist entirely in a social context with other people (i.e., customers). Thus, the salesperson is expected to be able to justify her recommendation to the customer requesting it. While this goal is often associated with minimizing effort, it may be a result of previous sales experience in which the salesperson has developed a heuristic of which products sell well (e.g., a particular manufacturer or a particular price point) compared to those that do not (Shafir, Simonson, Tversky 1993).

When a salesperson is pursuing a goal to maximize the ease of justifying her recommendations, she is making the process psychologically easy for herself by focusing on the *reasons* to recommend a product rather than focusing on the product itself (e.g., Dhar and Gorlin 2013; Shafir, Simonson, and Tversky 1993; Simonson 1989). For example, a salesperson perceives a product in terms of the many ways it can be justified (e.g., fewest customer returns or lowest price) rather than looking at a product as a whole set of feature-based and evaluation-based attributes. Oftentimes, the salesperson is excessively focused on the justifications of a product, such that they begin discussing justifications even before assessing customer needs (e.g., Shafir, Simonson, Tversky 1993). For example, in the following encounter a salesperson focuses on the justification of her recommendation (triple burner), before taking time to ask about customer needs and matching them to the products available:

> *Customer*: My husband and I plan to buy a range this weekend and don't know much about them.
> *Salesperson*: Do you cook a lot?
> *Customer*: Three to four times week.
> *Salesperson*: I would go with the GE just because I love the triple burner. You can use any sized-pan you want there and then you got the two standard here too.

Because the salesperson de-emphasizes customer needs, these conversations tend to be shorter in duration and unilateral in nature, with the salesperson doing most of the talking. The goal of maximizing ease of justification implies that the salesperson is aiming to simplify the process for themselves, which is better accomplished when the tone is informal so that the customer is comfortable and trusting without pushing back or arguing (Spradley 1979).

Bettman, Luce, Payne (1998) suggest that a goal to maximize ease of justification drives decision-makers to weigh the *outcome* of the decision (i.e., performance of the product) more heavily than the *process* leading to the decision (i.e., processing of attributes). Similarly, we suggest that a goal to maximize the ease of justification drives salespeople to rely more heavily on evaluation-based information sources that tend to emphasize performance of the product (e.g., customer returns, reviews or complaints after using the product) rather than feature-based information. This point is made explicitly clear in the following exchange:

> *Customer*: Why do you love [this model]?
> *Salesperson*: It works.
> *Customer*: It works, okay.
> *Salesperson*: You have very few service problems.

As a result of not taking the time to extensively uncover needs throughout the conversation, the salesperson is not able to link the justifications they are providing with the customer's needs or preferences. Thus, there is minimal feature-need linkage. Given the preceding observations, we suggest the following:

> P4: A recommendation goal to maximize ease of justification is signaled by communication with (a) shorter duration, (b) unilateral conversation, (c) an informal tone, (d) a focus on evaluation-based information, (e) subjectivity from the salesperson, (f) and minimal emphasis on feature-need linkage.

3.4.1.5 Goals Discussion

Drawing upon our field study and constant comparison to the literature, our research on *self-other* recommendation goals complements previous literature on *self* decision-making goals. However, there is a sharp contrast in the *prevalence* of the four goals. The self decision-making literature suggests that maximizing accuracy and minimizing effort are the two most prevalent goals, with the desire to trade-off between these two goals as the driving force for the rest of the decision-making process (Bettman, Luce, and Payne 1998; Dhar and Gorlin 2013; Johnson and Payne 1985; Payne 1982). Alternatively, findings that emerge from our observations indicate that the *least* prevalent goals observed among salespeople are maximizing accuracy and minimizing effort. Instead, there is strong evidence that minimizing negative emotion and maximizing ease of justification are the most commonly pursued goals by salespeople. This may be because the salesperson is employed to regularly apply effort towards helping customers choose the best product. With accuracy and effort expected by the nature of their employment, the salesperson then toggles between the desire to make the

recommendation process easier for themselves and minimize their negative emotions throughout the process.

In addition, unlike previous *self* decision-making research which suggests that decision-making strategies signal underlying decision-making goals, our research suggests that communication facets can serve as signals for underlying decision-making goals. Like prior self decision-making research, however, we observe that goals prompt different strategies that salespeople use in processing information about the products available. Next, we discuss the types of strategies that salespeople use in the recommendation process.

3.4.2 Strategies

A strategy is the information processing method a salesperson uses to evaluate product alternatives (e.g., Bettman, Luce, and Payne 1998). This includes the determination of which attributes are evaluated (e.g., price and burner size) and how the importance of those attributes are weighted (e.g., price is most important). Much like the recommendation goals discussed earlier, it is difficult to observe the information processing strategies used by salespeople unless they are explicitly manipulated (e.g., Kray 2000; Fischhoff 1992; Kray and Gonzalez 1999). Thus, in the same way that observable communication facets can signal unobservable goals, we suggest that observable *justifications* can signal unobservable strategies.

Prior research suggests that self-other decision-makers evaluate attributes of products differently than self decision-makers do (e.g., Kray 2000, Fischhoff 1992, Kray and Gonazales 1999; Tversky et al., 1988). Similarly, our findings suggest that only two

of the well-known 'self' strategies were observed among salespeople: lexicographic and equal weight[7]. Use of these simpler strategies by salespeople is consistent with previous research which suggests that as the decision-making process becomes more complex, the strategy used to process information tends to become simpler (Bettman, Luce, and Payne 1998). A recommendation made *for* a customer is more complex than a choice made *by* a customer due to difficulties in eliciting and decoding pertinent and accurate customer information as well as in integrating potentially conflicting preferences between salespeople and customers.

A lexicographic strategy emphasizes one attribute at a time, such that the salesperson processes information to determine which product ranks highest on a single attribute (Bettman, Luce, and Payne 1998). If there is tie among products on the most important attribute (e.g., price is most important and two products have the same low price), then those products are further evaluated on the second most important attribute. For example, among the two products with the same low price, the salesperson may evaluate them based on the number of burners such that the product with the most burners (and lowest price) emerges as the single dominant product. This is consistent with prior research on self-other decision-making (e.g., Kray 2000; Kray and Gonzalez 1999; Lu, Xie, and Xu 2012), which suggests that people making decisions for others tend to anchor on fewer attributes, while people making decisions for themselves tend to consider many attributes. We argue that use of a lexicographic strategy is evidenced by salespeople providing a *single justification* for the product they recommend.

[7] Salespeople may use more than these two strategies when processing information; however, our study surfaced use of only these two established strategies.

We find additional evidence that salespeople process information via an equal weight strategy. An equal weight strategy emphasizes more than one attribute at a time, such that the salesperson processes information to determine which product(s) rank highest on multiple attributes; however, those attributes are not weighted for importance (Bettman, Luce, Payne 1998). For example, a salesperson may evaluate products based on three attributes: the number of burners, price, and Consumer Reports ranking. Notably, we did not observe any instances in which salespeople explicitly weighted multiple attributes (e.g., valued price as the most important attribute, then number of burners, then Consumer Reports ranking). Thus, several products which have similar rankings for the three attributes may emerge as the dominant products. We argue that the use of this strategy is signaled by salespeople providing a *list of justifications* (typically three or more) without emphasizing any particular one.

Unlike prior research, our observations suggest that these two strategies can be further distinguished based on the *locus* of the strategy – either *self* or *self-other*. Here, self strategies are signaled by justifications emphasizing the *salesperson's* needs or preferences[8], while self-other strategies are signaled by justifications which largely reflect the *customer's* needs or preferences. We use the term "largely" because it is likely difficult for salespeople to completely remove their own preferences from their information processing.

[8] Throughout this research, "self" decision-making refers to decision-making for oneself. Thus, a self strategy used by salespeople refers to decision-making based on their preferences (i.e., self decision-making does not have to refer only to customer decision-making based on customer preferences).

Research from psychology suggests that decision-makers often act on intuitive, nonconscious processes (e.g., quickly applying rules of thumb or recommending products they are familiar with) rather than deliberate information-processing strategies (e.g., Kahneman 2003). Thus, despite sales training or management direction to listen to customer needs, it is possible that salespeople revert back to a reliance on particular attributes that are important to them (self strategies) rather than consciously processing attributes that are important to their customer (self-other strategies). Thus, the distinction of self and self-other strategies manifests itself in four distinct strategies: self lexicographic, self equal weight, self-other lexicographic, and self-other equal weight.

A key finding in this study is the emergence of fifth strategy of information processing: product homogenization. A salesperson using a product homogenization strategy emphasizes the similarities among the products rather than the differences. Interestingly, all self decision-making strategies highlight *differences* in alternative products in hopes that one of the alternatives emerges as dominant. For example, one's lexicographic strategy involves differentiating products based on one attribute such that the highest scoring product for that particular attribute emerges as the dominant choice. However, with the product homogenization strategy, salespeople are processing (i.e., looking for) the *similarities* in the alternative products rather than the differences. Next, we discuss each of the recommendation strategies and their justification signals (Figure 3.1).

3.4.2.1 Self Lexicographic

Use of a self lexicographic strategy is signaled by a salesperson providing one justification for their recommendation, in which the justification is an attribute of importance to the salesperson. The emphasis on salesperson, rather than customer, needs and preferences suggests that information processing can occur independently of the conversation with the customer, during which customer needs and preferences could have been uncovered. Use of one justification signals that the salesperson finds one attribute to be of utmost importance. This strategy is exemplified in the following encounter with the salesperson justifying her recommendation based on one attribute (capacity) that is important to her rather than the customer. She makes this clear by emphasizing that it's an attribute that *she* likes.

> *Customer*: You would recommend this one?
> *Salesperson*: Yeah. I like this one because there is a lot of room in there and you can put several things in there. I mean, it's really, really big capacity. I like that.

In a different encounter, the salesperson follows a similar self lexicographic strategy in processing information based on cleaning capabilities, which is important to her, but never discussed vis-à-vis her customer's needs:

> *Customer*: So, is this the one that you would recommend?
> *Salesperson*: [Manufacturer] has this one that I like for their cleaning. It's has the aqua clean technology. This is the one I recommend. The [manufacturer] with the aqua clean, I really do like that.

Use of the self lexicographic strategy implies that salespeople do not link their information processing with customer needs. This may be because a salesperson does not

invest time and energy to uncover customer needs, or that he seeks to simplify the process for himself by reverting to his personal preferences which are easier to justify. It is unlikely that a salesperson who is maximizing accuracy and spending time uncovering customer needs would ignore those needs completely and process information via this strategy. Furthermore, salespeople minimizing negative emotion seek to minimize the potential blame associated with recommending a particular product to a customer. Thus, it is unlikely that they would process information based on their own personal preferences which may not reflect customer needs and could increase the likelihood of customer blame. As such, we propose that salespeople who have not taken the time to uncover needs, or those that seek the easiest justification for a product, are more likely to process information via a self lexicographic strategy:

P_5: Salespeople who use a self lexicographic recommendation strategy are likely to have minimizing effort and maximizing ease of justification as underlying goals.

3.4.2.2 Self Equal Weight

Use of a self equal weight strategy is signaled by a salesperson providing multiple unweighted justifications for their recommendation, in which the justifications are of importance to the salesperson. Thus, similar to the self lexicographic strategy, the salesperson using a self equal weight strategy does not link justifications of a recommendation to the customer's needs or preferences. A self equal weight strategy may also be indicative of a salesperson with a list of unweighted justifications for why they believe a particular product is the best one, such that they have sought a product which will be easy to recommend due to its generally high scores across several equally

important attributes. In the following encounter, a salesperson processes information about the product alternatives using an equal weight strategy, signaled by a list of unweighted attributes (price, burner size, warming center, convection, hidden heating unit). However, because attributes are not linked to any needs or preferences of the customer, it implies that the justifications are important to the salesperson:

> *Customer*: Which one would you recommend?
> *Salesperson*: This one. It's usually $1,200.00 and it's on sale for $950.00. There's a big difference with this one. This gives you twelve, nine and six inch burner, and a warming center. This gives you the true European convection in here. It's actually got a double fan with the heating element wrapped around it and that gives you the uniform heat throughout. The heating unit for the oven is actually underneath that tray so if you spill something, it doesn't spill onto the heating unit.

Similar to the self lexicographic strategy, the self equal weight strategy implies that the salesperson has not uncovered customer needs, or simplifies the process for herself by reverting back to her personal preferences which are easy to justify. Thus, it is unlikely that a salesperson who is maximizing accuracy would process information via this self strategy. Additionally, salespeople minimizing negative emotion seek to minimize the potential blame associated with recommending a particular product and, therefore, would likely be hesitant to process information based on their personal preferences. As such, we propose that salespeople who have not taken the time to uncover needs, or those that seek the easiest justification for a product, are more likely to process via a self equal weight strategy:

> P_6: Salespeople who use a self equal weight recommendation strategy are likely to have minimizing effort and maximizing ease of justification as underlying goals.

3.4.2.3 Self-other Lexicographic

Use of a self-other lexicographic strategy is signaled by a salesperson providing one justification for their recommendation, in which the justification largely reflects the customer's needs and preferences. Due to the design of this study in which the author did not overtly anchor on one attribute, this strategy was unobserved. Although unobserved, it is certainly likely that salespeople may process information about products based on one attribute that is very important to the customer. For example, if a customer tells the salesperson that they are looking for the least expensive range, the salesperson will likely evaluate products based solely on price and recommend the least expensive range.

A self-other lexicographic strategy suggests that a salesperson has uncovered a need or preference of a customer and integrated it into the evaluation of products. Thus, it is likely that a salesperson who is maximizing accuracy may process information about the products available based on the most important attribute to a unique customer. Furthermore, incorporating customer needs into the evaluation and scoring of products allows the salesperson to share blame with the customer if the best product is not recommended. Thus, those salespeople who are maximizing accuracy or minimizing negative emotion are likely to use this self-other strategy. Alternatively, a salesperson who is minimizing effort or maximizing ease of justification simplifies the process for themselves and does not likely uncover customer needs and, therefore, would not evaluate products using a self-other strategy. Thus, we present the following proposition:

> P_7: Salespeople who use a self-other lexicographic recommendation strategy are likely to have maximizing accuracy or minimizing negative emotion as underlying goals.

3.4.2.4 Self-other Equal Weight

Use of a self-other equal weight strategy is signaled by a salesperson providing a set of justifications for their recommendation, in which the justifications largely reflect the customer's needs and preferences. Similar to self-other lexicographic, this strategy signals that the salesperson is recommending a product based on what will satisfy the unique needs of the customer. We find evidence that salespeople processing information with this strategy provide a set of justifications which incorporate the evaluation of many unweighted attributes rather than just one.

The salesperson in the following encounter signals that he processed information across several attributes (quality of materials, burner sizes/expandability, and warming center). Further, he links those attributes to a need or preference of the customer ("you said four nights a week you're doing your cooking on a cooktop"). This signals that the two products he recommends (both from the same manufacturer) ranked highest across several unweighted attributes that fit the customer's needs:

> *Salesperson*: [Manufacturer's] products are not, you know, plastic. Some of the other guys that I've seen out there who have plastic outside, and then, they just put metal on the inside just to keep it weighty. So, this is real metal. I mean it's—you said four nights a week you're doing your cooking on your cook top, you know, these have lots of expandability. So again, you can go from the small to medium size or from a medium to a large, it's also about the warming center. So, you can do things like keep things at a simmer.

Similar to the self-other lexicographic strategy, use of a self-other equal weight strategy suggests that a salesperson has uncovered multiple needs and preferences of a customer. Thus, it is likely that a salesperson who is maximizing accuracy would be

better equipped to process information via a self-other strategy. Furthermore, incorporating customer needs allows the salesperson to share blame with the customer if the best product is not recommended. Therefore, salespeople who are maximizing accuracy or minimizing negative emotion are more likely to use a self-other strategy than salespeople who are driven to simplify the process for themselves and do not uncover customer needs (i.e., minimizing effort, maximizing ease of justification). Based on the preceding arguments, we present the following proposition:

P_8: Salespeople who use a self-other equal weight recommendation strategy are likely to have maximizing accuracy as an underlying goal.

3.4.2.5 Product Homogenization

An additional strategy for information processing emerged from our study which is in sharp contrast to previous literature on decision-making strategies. A product homogenization strategy is signaled by a salesperson processing (i.e., looking for) the similarities among products rather than the differences, leading to justifications such "you can't go wrong with any of these," or "they're all good". Our results suggest that salespeople are surprisingly quick to homogenize the products they are selling and do so at various points of the encounter. Here, a salesperson homogenizes products at the very beginning of an encounter by stating that they all do the same thing (get hot):

Salesperson: Ranges don't do a whole lot. They just get hot.

In a different encounter, the salesperson homogenizes products towards the end of the conversation, when asked if there were any products to avoid:

> *Customer*: Are there any that we should stay away from, that you would not recommend?
> *Salesperson*: Well, they're all good. They all generally use the same technology.

Use of the product homogenization strategy signals that the salesperson is unwilling or unable to distinguish among the products available to sell to the customer. As it is unlikely that someone specifically trained to sell appliances is unable to recognize their differences, this strategy is more likely indicative of salespeople being *unwilling* to distinguish among the products. A goal to maximize accuracy involves fitting products to unique customer needs; thus, it is incongruent with a strategy which homogenizes the products and makes it more difficult to find a customer-product fit. A goal to maximize ease of justification suggests that a salesperson is driven to evaluate products based on how easy they are to justify (i.e., differentiate) to a customer; thus, by definition, this goal would not be indicative of homogenizing products. Alternatively, a minimizing effort goal is suited to a homogenization strategy because it involves little time or energy. Minimizing negative emotion is the manifestation of deflecting the responsibility, and potential blame, of making a recommendation. Thus, salespeople minimizing negative emotion may eschew the responsibility associated with evaluating or ranking the differences among products. Based on the preceding logic, we propose the following:

> P_9: Salespeople who use a product homogenization recommendation strategy are likely to have minimizing effort and minimizing negative emotion as underlying goals.

3.4.2.6 Strategy Discussion

Although there are some similarities between the strategies we surface and those identified in the self decision-making literature, there are also several notable differences. First, among those salespeople that integrated customer needs, there was a surprising lack of attribute weighting. Most known decision-making strategies involve identifying attributes of interest and the unique weighting of the *importance* of those attributes (Lu, Xie, and Xu 2012; Kray 2000; Kray and Gonzalez 1999), such that products can be scored and ranked. For example, a customer may evaluate a product based on the number of burners, presence of a warming drawer, and customer ratings, with customer ratings being the most important among those three (i.e., weighted adding strategy). Because all three attributes can exist on multiple similar products, it is important to determine which attribute is most important to the customer in order to reach a final recommendation. Surprisingly, there were *no* instances out of 71 encounters in which the salesperson asked the author which attribute was most important in purchasing a range (e.g., "What is the main thing you're looking for in a range?"). By ignoring which attributes are most important to the customer, the salesperson limits the use of the many known weight-based strategies (e.g., weighted adding, satisficing, etc.).

Second, the extant self decision-making literature tends to rely on *types of strategies* as the signal for the *goal* being pursued (e.g., Bettman, Luce, and Payne 1998). For example, use of a weighted-adding strategy signals an underlying goal to maximize accuracy. We take a similar approach, but suggest that the *locus* of strategies can signal underlying recommendation goals, more so than *type*. For example, we propose that maximizing accuracy gives way to both *self-other* lexicographic *and* equal weight

strategies because the salesperson incorporates customer needs, whereas minimizing effort gives way to both *self* lexicographic *and* equal weight strategies because the salesperson does not take time to uncover customer needs. This provides further evidence for the importance of understanding the locus of strategy in the recommendation process.

Third, the vast majority of salespeople we observed relied on self (reflective of their own preferences), rather than self-other (reflective of customer preferences), strategies. This is surprising given that these salespeople are employed to help customers choose the product that best fits the customer's needs. This suggests that, despite conversations with customers, salespeople often revert back to products that possess attributes of importance to themselves. The strategies used by salespeople to process information give way to the recommendation they ultimately provide. Next, we discuss the various types of recommendations provided by salespeople.

3.4.3 Recommendation

A recommendation is a salesperson's suggestion of a product or products to a customer. Three distinct types of recommendations emerged from our study: definitive recommendation (salesperson suggests a single product to the customer), narrowed recommendation (salesperson suggests a limited set of products to the customer), and recommendation refusal (salesperson is unable or unwilling to suggest a product or products to the customer). The addition of narrowed recommendations complements consumer research which identifies two types of choices: choice (i.e., customer purchases dominant product) or no choice (i.e., customer does not make a purchase or delays the purchase until more information can be evaluated) (Dhar 1997; Dhar and Simonson

2003). In consumer research, the choice and no choice options are typically assessed by presenting a subject with a choice decision and measuring their likelihood of purchasing a product or actual product selection (e.g., Dhar and Simonson 2003).

Observation of the narrowed and refusal recommendation types are consistent with prior research which suggests that having to justify an evaluation of products to other people, rather than just to oneself, results in a less selective decision (i.e., less definitive) (Bettman, Luce, and Payne 1998). For example, a salesperson needing to justify his recommendation to a customer may limit his willingness to make a definitive one. Thus, a salesperson may propose a set of products (narrowed recommendation) or recommend no products at all (recommendation refusal). In this study, we explicitly asked each salesperson for a recommendation.

3.4.3.1 Definitive Recommendation

Salespeople providing a definitive recommendation suggest a single product to the customer. Although salespeople may have demonstrated or shown preferences towards multiple products throughout the process, they ultimately recommend a single product (Biehal and Chakravarti 1983). Dhar (1997) suggests that the ability to arrive at a definitive choice is a result of being able to recognize the differences among the products, which is made easier when the products vary in their attributes and attractiveness (i.e., weighting) on those attributes. Trained salespeople should be able to recognize the differences among the products they sell, and weigh the importance of particular attributes based on self or self-other preferences. In the following encounter, the salesperson provides a definitive recommendation:

> *Salesperson*: You may want to read up on convection. This [manufacturer- *which has convection*] has a better price.
> *Customer*: The [manufacturer]?
> *Salesperson*: This [manufacturer] has a better price…This is my choice.

Similarly, in a different encounter, the salesperson had shown preference to a particular manufacturer's products throughout the conversation and consequently provided a definitive recommendation for a particular model from that manufacturer:

> *Customer*: Is there a particular [manufacturer] model that you recommend?
> *Salesperson*: Yeah, this one over here.

A definitive recommendation relies on one product emerging as the dominant alternative among a set of products. This implies that the salesperson evaluated the differences among the products, making it unlikely that they utilized a product homogenization strategy. Alternatively, processing via a lexicographic or equal weight strategy signals that a single attribute (lexicographic) or multiple attributes (equal weight) have been evaluated based on the salesperson's (self) or the customer's (self-other) preferences. Therefore, if a product ranks highest on a single attribute or outscores all other products across several unweighted attributes, then a dominant product can emerge among the set of all available products. Thus, we propose the following:

> P_{10}: Salespeople who process information via a self lexicographic, self equal weight, self-other lexicographic, or self-other equal weight strategy are likely to provide a definitive recommendation.

3.4.3.2 Narrowed Recommendation

A salesperson providing a narrowed recommendation suggests a limited set of products to the customer. This recommendation type emerged when salespeople suggested two to three products without preference to a single product, even if explicitly asked. We observed that salespeople were oftentimes able to differentiate products such that a small set was dominant relative to others, but were unable or unwilling to differentiate them any further. This was the case if the salesperson failed to ask the customer how they weigh the importance of individual attributes. One salesperson illustrates a narrowed recommendation type for two different products:

> *Salesperson*: Alright, I would probably go with this [*pointing to a range*] or that [*pointing to a different range*].

A different salesperson narrowed down her recommendation to two products from different manufacturers. She could potentially narrow her recommendation further based on the response to her statement about other appliances in the house, but glosses over it and ultimately reiterates her narrowed recommendation:

> *Customer*: Okay. Is this one that you recommend?
> *Salesperson*: I would. I mean I would recommend this one [pointing] or this one [pointing]. Depends on other appliances you have in the house. [Manufacturer A] is good. [Manufacturer B's] are actually good as well. You have your warming all up here. It pretty much works in the same way. Both of them are self-cleaned so no cleaning at all. This one here has three trays at the bottom. Then that one has these trays here.

A narrowed recommendation does not rely on the emergence of a single product as the dominant alternative. Instead, multiple products that possess similar scores across

the attributes of interest may be recommended. Processing via a self, or self-other equal weight strategy likely results in a set of products that contain similar scores on the multiple attributes of interest largely to the salesperson (self) or customer (self-other). However, when a lexicographic strategy is used, a single dominant product ultimately emerges. Thus, it is unlikely that a salesperson would recognize a single dominant product, yet recommend multiple. Furthermore, a narrowed recommendation signals that a set of products have emerged which may be similar to each other, but differ from other products; thus, it is unlikely that a salesperson processing information via a product homogenization strategy in which *several* products are deemed similar would provide a narrowed recommendation. Therefore, we propose the following:

P_{11}: Salespeople who process information via a self equal weight or self-other equal weight strategy are likely to provide a narrowed recommendation.

3.4.3.3 Recommendation Refusal

A salesperson refusing to provide a recommendation is unable or unwilling to suggest a product or products to the customer. Rational theory suggests when no dominant alternative emerges from a set, it can be difficult or unreasonable to make a choice (e.g., Dhar 1997; Karni and Schwarz 1977; Tversky and Shafir 1992). Likewise, a salesperson's unwillingness to propose a product, despite being asked to do so, may be the result of perceiving no dominant product(s) to recommend, or of avoiding the task of determining the dominant product(s). It is unlikely that trained salespeople are *unable* to recognize a dominant product or products to fit the customer's needs from among the

available products; however, it is likely that they may be *unwilling* to do so if they are avoiding responsibility. This point is made clear in the following encounter:

> *Customer*: Which one would you recommend?
> *Salesperson*: Well, I really, I couldn't make that decision for you.

In a different encounter, the salesperson spent several minutes demonstrating the features of a particular model offered by Manufacturer A. In fact, he did not look at, or make reference to, any other models throughout the conversation. However, when directly asked if that is the model he recommends, he ultimately refuses to make a recommendation, minimizes the differences between them, and deflects back to the customer:

> *Customer*: So then do you recommend this [manufacturer A]?
> *Salesperson*: Well, I don't really recommend anybody. It's your preference. They're all good. It's just a matter of your preference.

When a salesperson processes information via a product homogenization strategy, she minimizes the differences among the products such that no product appears to be better than any other. Therefore, the salesperson is likely unwilling to propose a product or products to the customer. Alternatively, lexicographic and equal weight strategies indicate that a salesperson processes information about the attribute(s) of interest for each product, resulting in either a dominant product or set of products. Thus, it is unlikely that a salesperson would recognize a dominant product or products and not recommend them to the customer. Based on this logic, we propose the following:

> P_{12}: Salespeople who process information via a product homogenization strategy are likely to provide a recommendation refusal.

3.5 Recommendation Accuracy

The development of a recommendation process gives rise to important questions regarding its use, such as, "Are there particular recommendation goals that are more likely to result in better recommendations? How can customers determine whether or not they are receiving a good recommendation?" Answers to these questions would help customers determine the value they place on a recommendation. As evidenced by the recommendation of 31 different products in this study, there is oftentimes a discrepancy between what a salesperson recommends and what they *should* have recommended based on the customer's needs. Thus, we define recommendation accuracy as the extent to which the product(s) suggested by a salesperson fits the customer's needs.

To the best of our knowledge, previous research on self-other decision-making has not linked recommendations to their objective accuracy. Therefore, we make an initial attempt to better understand the impact of the recommendation process on recommendation accuracy by linking the goals of a salesperson with third-party accuracy data. We emphasize the link of *goals* to accuracy rather than strategies or recommendation types for three reasons. First, goals are likely to be salient and identifiable to customers based on the communication signals we surface. Second, goals drive the rest of the recommendation process and, thus, are likely to have an underlying impact on the accuracy resulting from other steps of the process. Lastly, because recommendation accuracy can be a function of the path from goals to strategies to recommendations (i.e., 60 possible paths), it would be premature with our qualitative data to link accuracy to one or more of these paths.

We draw upon Consumer Reports as a third-party, objective assessment of recommendation accuracy (Appendix A2.4). The accuracy measure presented here is a reflection of whether or not the salesperson's recommendation fell within the list of top ten products generated by Consumer Reports. The top ten list was generated based on a set of product parameters entered by the authors, which mirrors the predetermined responses used in the participant observation encounters (Table 3.2). For example, if a salesperson asked for the budget, the author told them it was $1,000; thus, one of the parameters used to generate the list of products in Consumer Reports was a budget of $1,000. In total, these ten products were ranked one through six due to ties within the top ten (e.g., there were three products that tied for first place). Of the 71 encounters, 14 were removed from this analysis due to the salesperson refusing to provide a recommendation. Of the remaining 57 cases, we provide the total count of salespeople signaling a particular goal, along with the percentage of those salespeople who recommend a product in the top ten, and the percentage of salespeople who recommend a product that is not in the top ten (Table 3.4). If the salesperson provided a narrowed recommendation of two or more products, *both* products had to be in the top ten in order to be counted as a top ten recommendation. Note, some salespeople signaled more than one goal; thus, the total count of goal pursuance is greater than the total number of salespeople examined.

The summary statistics of recommendation accuracy are shown in Table 3.4. The results suggest that salespeople pursuing goals to maximize accuracy or minimize negative emotion have a higher percentage of top ten recommendations than salespeople pursuing goals to minimize effort or maximize ease of justification. It is not surprising that a goal to maximize accuracy has the highest frequency of top ten recommendations

given that they are driven to uncover the most accurate product. What is surprising, is that the frequency of top ten recommendations is not higher than observed (61%) among those salespeople. This indicates that of salespeople driven to recommend an accurate product, 39% did not reach the top *ten* products. Furthermore, the findings suggest that goals to minimize effort and maximize ease of justification resulted in top ten recommendations in 48% and 45% of the observations, respectively. This relatively high level of accuracy is surprising given that both of these goals are associated with spending less time uncovering customer needs. This finding may reflect a salesperson's luck in randomly selecting an 'accurate' product, or it may suggest that a salesperson's implicit, snap judgement of customer needs and product fit can be fairly reliable, as opposed to the more lengthy process of uncovering needs and matching them to products. A goal to minimize negative emotion resulted in a top ten recommendation in 56% of the observations, which is surprising given that these salespeople shy away from the responsibility of recommending to the point that they often deflect it back to the customer, yet were not far from the frequency of those salespeople maximizing accuracy.

Ideally, recommendation accuracy would be measured post-purchase by customers who bought the oven actually recommended by their salesperson to determine the extent to which the salesperson's recommendation fit their unique needs. Due to the design of the study in which no purchases were made, we used Consumer Reports as a proxy for recommendation accuracy. However, there are several limitations associated with using Consumer Reports. First, the process used by Consumer Reports to weight attributes in generating final rankings is not provided. The scores assigned per attribute and the weighting of attributes by Consumer Reports do not likely map perfectly onto a

customer's scoring and weighting of attributes (or the salesperson's interpretation of the customer's weighting). Second, the three retailers in the study sold all of the manufacturers' products generated by the Consumer Reports rankings; however, due to the design of the study, it was not possible to 'covertly' verify that each of the top ten products were present on the floor at the time of the encounter. Note, all definitive or narrowed recommendations were for products shown on the retail floor, despite an extensive inventory available online. Thus, presence on the floor is likely to influence the product(s) recommended by a salesperson. Third, a few salespeople directly referred to Consumer Reports throughout the encounter as a source of information regarding the products. This may skew their recommendations towards better approximating the accuracy provided by Consumer Reports rather than approximating what best fits customer needs. Lastly, the retailers had an average of 13 products on the floor (range of 6-21); therefore, if those floor models were selected by management based on Consumer Reports for a general set of popular parameters, then it is likely that by recommending any of the floor models, the recommendation would fall within the top ten.

3.6 General Discussion

In the opening vignette, we follow Lucy as she receives product recommendations from two salespeople from the same retail chain. Surprisingly, despite consistent product needs, product knowledge, and physical appearance, she is recommended two very different products. Why did that happen? What process did these two salespeople follow when making these different recommendations? The present research begins to address these heretofore unanswered questions and, in doing so, contributes to the self-other decision-making literature in the following ways.

This research inductively generates a self-other decision-making process with which salespeople provide a recommendation to a customer. Our observations suggest three steps in the process: goals, strategies, and recommendations. In the first step, salespeople are motivated by four recommendation goals: maximizing accuracy, minimizing effort, minimizing negative emotions, and maximizing the ease of justification. In comparison to the self decision-making process, our observations suggest that these goals differ with respect to their *prevalence*. Self decision-makers tend to be driven more often by maximizing accuracy or minimizing effort (Bettman, Luce, and Payne 1998), whereas our study indicates that self-other decision-makers are driven more often by minimizing negative emotions and maximizing ease of justification. Furthermore, unlike self decision-making in which goals are signaled by the use of particular strategies (Bettman, Luce, and Payne 1998), we propose that goals can be signaled by communication facets. Thus, we provide an additional way to infer underlying self-other decision-making goals.

In addition, we uncovered a novel way in which salespeople cope with a goal of minimizing their negative emotions. Retail salespeople were surprisingly quick to minimize their responsibility with the recommendation process and hence, minimize their negative emotions, by *deflecting responsibility back* to the customer. Unlike customer purchase decisions in which a customer knows they have full responsibility for the decisions they make (i.e., online purchasing, grocery shopping), customers approach a salesperson to shift partial responsibility of the decision-making process. Thus, it is somewhat surprising that salespeople, whose job it is to help customers make good choices, deflect responsibility back to the customer. Such deflection of responsibility can

complicate the process and confuse customers, such that the customer may be hesitant to make a purchase.

We also identify five strategies that salespeople use to process information. Lexicographic and equal weight strategies are consistent with previous research. However, our research suggests that these two strategies can be further categorized by their *locus* – as either self (processing based on the salesperson's preferences) or self-other (processing based largely on the customer's preferences). Interestingly, we frequently observed salespeople who *reverted back* to a "self" decision-making strategy, regardless of what occurred during the customer-salesperson encounter. For instance, despite discussing customer needs earlier in the conversation, a salesperson reverted back to recommending a particular product he preferred because of its modern 'look'. This implies that salespeople may substantially discount what customers say in favor of their own preferences (i.e., the salesperson's *self* decision-making process). Thus, salespeople can complicate the decision-making process for customers who are seeking recommendations based on their needs – *not* the salesperson's preferences. This finding is consistent with the false-consensus effect, which suggests that individuals overestimate the extent to which others hold the same beliefs and opinions as they do (Bauman and Geher 2002; Marks and Miller 1987; Ross, Greene, and House 1977). Thus, salespeople likely overestimate the extent to which others will prefer the same products they do and project their preferences onto the customer.

We also observed an additional recommendation strategy, product homogenization, which prior research has not identified. Surprisingly, our findings revealed that salespeople across all three retailers were quick to homogenize products

despite the wide range of products and manufacturers represented on the floor. Unlike self decision-making strategies in which customers attempt to *differentiate* products, the product homogenization strategy consists of salespeople attempting to make products seem more *similar*. Thus, this strategy also complicates the decision-making process by making it more difficult for customers to recognize a dominant product to purchase. In fact, customers may be less likely to purchase any product if they do not feel confident that the salesperson can recognize a dominant one to fit their needs.

The final step of the process involves the recommendation a salesperson provides to the customer. Our data suggest three types of recommendations: definitive (i.e., recommend a single product), narrowed (i.e., recommend a limited set of products), and refusal (i.e., no products are recommended). Surprisingly, we find that customers seeking a salesperson recommendation often fail to get one (as a result of a narrowed recommendation or recommendation refusal). Thus, customers are often left with the need to spend additional time considering products.

3.7 Implications

This research has implications for manufacturers, retailers, and customers. Given the frequency with which retail salespeople reverted back to decision-making strategies that reflect their personal preferences, manufacturers should (continue to) focus on training and familiarizing downstream retail salespeople with their particular products. Doing so should enhance salespeople's preferences for particular products which, not surprisingly, often manifests itself in a recommendation to customers. Furthermore, manufacturers can increase the likelihood of their products being differentiated from

competitors rather than homogenized with competitors by emphasizing unique attributes and innovative features through hands-on demonstrations and training that compares products rather than lists features of a particular product.

A conundrum occurs for retailers, however. Although retailers may appreciate the (free) manufacturer-specific training their salespeople receive, such a benefit may come at the expense of salespeople recommending products based on their product familiarity and personal preferences developed during training. Salesperson favoritism to a particular product or manufacturer may result in subpar recommendations for many customers, which can lower customer satisfaction and repeat purchases. Furthermore, salesperson favoritism toward particular products or manufactures may even disrupt retailers' relationships with upstream manufacturers who expect fair consideration from retail salespeople.

Retailers should also recognize the lack of consistency among and across salespeople making product recommendations to customers. Despite presumably consistent sales training by retailers, our research indicates that salespeople are likely to approach recommendations based on their own mental models (e.g., Wind 2006). Notably, salespeople from one of the retailers in this study had a worksheet to guide them through the sales process; however, those salespeople utilized self information processing strategies with the same frequency of salespeople from other retailers. This implies that training, or other instruments to improve the recommendation process (i.e., the worksheets), may be effective in teaching salespeople a *sales* process (e.g., what information to provide to customers), but not a *recommendation* process (e.g., what questions to ask, or how to incorporate customer needs into the recommendation

process). Thus, retailers should consider monitoring the extent to which a salesperson's customer encounters reflects their sales training. For example, retailers may incorporate mystery shopping into their regular evaluation process to examine how readily salespeople uncover customer needs and integrate them throughout the recommendation process.

Our research also suggests that retail salespeople frequently provide narrowed recommendations, or no recommendations at all. From a retailer's perspective, this can be problematic because it shifts decision-making responsibility back onto customers who may decide against making a choice altogether. Note, the salespeople across the three retailers in this study were not on commission. Thus, although customer concerns about recommendations based on higher commission products are reduced in our setting, salespeople may be less likely to make a recommendation when there is no financial motivation to do so. As such, non-commission retailers should reconsider the pros and cons of providing some form of bonus to salespeople (i.e., flat rate reward for selling any product). Doing so may help shift task-oriented sellers into more outcome-oriented sellers (e.g., Anderson and Oliver 1987; Cravens et al. 1993), thereby increasing the likelihood that retail salespeople make definitive recommendations, and customers make a choice.

Finally, customers should be cognizant that salespeople oftentimes make inaccurate recommendations, particularly when they are not linking the discussion of products and justifications of their recommendation to customer needs. Recommendations based on salesperson preferences rather than customer preference can result in conflicting recommendations among salespeople even within the same retailer. This suggests that simply by arriving ten minutes later, a customer may be approached by

a different salesperson and be provided a completely different recommendation. Customers can minimize this concern by being forthright with their preferences and needs, and taking steps to ensure that a true *self-other* recommendation is provided. For example, if a customer requests a recommendation by stating, "Based on our conversation, which product do you think would be best *for me*?", there is a greater chance of a self-other recommendation being provided than if a customer simply asks, "Which product do you recommend?"

3.8 Limitations and Further Research Directions

As with most studies, this study has its strengths as well as its limitations. For instance, the design of this study allowed the authors to surface only those things that the salesperson outwardly portrayed or discussed. Also, salespeople were not directly asked about their goals or motivations or how they processed information that lead to their recommendation. This information would likely have been heavily filtered if asked in a natural setting. Indeed, prior to "going undercover", we interviewed several retail salespeople about the recommendation process. Not surprisingly, each salesperson conveyed that their goal was to provide the best solution for a customer's needs (i.e., maximize accuracy).

In addition, the participant observations were designed to capture the salesperson's recommendation process when a customer has little knowledge of the products. This was necessary in order to observe salespeople's complete approach for evaluating all alternatives, presenting information, and recommending a product. However, it is common that customers have varying degrees of knowledge regarding the

products based on previous experience or product research. In that case, the recommendation process may shift from providing a recommendation based on depth and/or breadth of knowledge to the customer seeking confirmation that a choice that they have already made is the best one. For example, if a customer came in to purchase a particular range they had seen in Consumer Reports, they may ask the salesperson if that model is a good one. This would likely change the salesperson's recommendation process because they are now anchored on what the customer appeared to prefer. Additionally, a customer with prior product knowledge may lessen a salesperson's guilt associated with the responsibility of recommending a product because they sense that the customer is playing a more active role in the decision process and blame sharing. Thus, further research could explore how the customer's prior knowledge of the products, and the extent to which they have already made a choice, impacts the salesperson's recommendation behavior.

Along similar lines, our study design ensured that the customer (i.e., author) did not portray a particular goal. For example, while it is assumed that a customer is seeking the best possible product recommendation, the customer never explicitly said she was trying to make the best choice (i.e., maximize accuracy), minimize her effort with the choice, minimize the negative emotions she was experiencing with the choice, or find the easiest product to justify. Thus, this research does not capture the interplay of the salesperson's recommendation process and the customer's decision-making process. Dissimilar goals between customers and salespeople may lead to a less effective recommendation process, as well as customer frustration. For example, if a customer is driven to minimize her effort but a salesperson is driven to minimize his negative

emotions, the customer would likely grow frustrated when the salesperson deflects responsibility back to the customer, whose intention was to minimize her time and energy.

Similarly, this study does not capture the interplay of conflicting salesperson and customer strategies. A customer may process information about many attributes with varying degrees of importance (i.e., equal weight strategy); however, the salesperson may anchor on the importance of one attribute (i.e., lexicographic). For this study, we focus on understanding the salesperson's recommendation process and attempt to control for the customer decision-making process. However, further research should consider the interplay of these two processes.

Finally, this study emphasizes the recommendation process of retail (business-to-consumer) salespeople engaged in a one-time sales encounter with a customer. While we expect our research to generalize across contexts, previous research suggests that goals constantly fluctuate (Bettman, Luce, and Payne 1998). As such, the recommendation process may vary in the case of multiple sales encounters (e.g., three encounters with the same car salesperson) or long-term business-to-business relationships (e.g., weekly meetings over the course of a year for a large-scale project). Therefore, further research may consider the impact of encounter frequency (Mohr and Nevin 1990) on the recommendation process.

3.9 Tables and Figures

Table 3.1: Encounter Log

(Showing the first 24 Encounters)

Encounter ID	Retail Chain	Address	Salesperson	Age	Race	Sex	Date	Time	Options	Recommended Brand(s)	Recommended Model(s)
1	B	Virginia	Removed for annonymity	30-60	AA	F	18-Jun	7:18 AM	12	Removed for annonymity	Removed for annonymity
2	C	Virginia	Removed for annonymity	> 60	A	M	18-Jun	7:38 AM	15	Removed for annonymity	Removed for annonymity
3	B	Virginia	Removed for annonymity	30-60	W	M	18-Jun	8:24 AM	16	Removed for annonymity	Removed for annonymity
4	B	Virginia	Removed for annonymity	30-60	W	F	18-Jun	8:48 AM	10	Removed for annonymity	Removed for annonymity
5	C	Virginia	Removed for annonymity	30-60	W	M	18-Jun	9:35 AM	15	Removed for annonymity	Removed for annonymity
6	B	Virginia	Removed for annonymity	> 60	W	F	18-Jun	9:58 AM	10	Removed for annonymity	Removed for annonymity
7	C	Virginia	Removed for annonymity	30-60	AA	F	18-Jun	10:58 AM	10	Removed for annonymity	Removed for annonymity
8	A	Virginia	Removed for annonymity	< 30	W	M	18-Jun	11:49 AM	12	Removed for annonymity	Removed for annonymity
9	B	Virginia	Removed for annonymity	> 60	W	F	18-Jun	12:15 PM	10	Removed for annonymity	Removed for annonymity
10	C	Virginia	Removed for annonymity	30-60	W	M	18-Jun	1:02 PM	16	Removed for annonymity	Removed for annonymity
11	A	Virginia	Removed for annonymity	< 30	W	M	18-Jun	1:50 PM	13	Removed for annonymity	Removed for annonymity
12	B	Virginia	Removed for annonymity	30-60	AA	F	18-Jun	2:21 PM		Removed for annonymity	Removed for annonymity
13	C	Virginia	Removed for annonymity	> 60	W	M	18-Jun	2:51 PM	19	Removed for annonymity	Removed for annonymity
14	C	Virginia	Removed for annonymity	> 60	AA	F	18-Jun	3:28 PM	14	Removed for annonymity	Removed for annonymity
15	B	Virginia	Removed for annonymity	30-60	AA	F	18-Jun	4:15 PM		Removed for annonymity	Removed for annonymity
16	C	Virginia	Removed for annonymity	30-60	AA	M	18-Jun	5:06 PM	15	Removed for annonymity	Removed for annonymity
17	B	Virginia	Removed for annonymity	> 60	W	M	18-Jun	5:52 PM		Removed for annonymity	Removed for annonymity
18	C	Virginia	Removed for annonymity	> 60	W	M	18-Jun			Removed for annonymity	Removed for annonymity
19	A	Virginia	Removed for annonymity	< 30	W	M	18-Jun	6:39 PM	11	Removed for annonymity	Removed for annonymity
20	A	Virginia	Removed for annonymity	30-60	AA	F	18-Jun	8:23 PM	13	Removed for annonymity	Removed for annonymity
21	B	Virginia	Removed for annonymity	30-60	W	M	25-Jun	8:08 AM	10	Removed for annonymity	Removed for annonymity
22	C	Virginia	Removed for annonymity	30-60	W	M	25-Jun	8:52 AM	21	Removed for annonymity	Removed for annonymity
23	C	Virginia	Removed for annonymity	> 60	W	M	25-Jun	9:21 AM	10	Removed for annonymity	Removed for annonymity
24	B	Virginia	Removed for annonymity	> 60	W	M	25-Jun	9:50 AM	10	Removed for annonymity	Removed for annonymity

Table 3.2: Systematic Response Guide

Question	Systematic Response
Power (Electric vs. Gas)	Electric
Metal/Finish	Stainless Steel
Budget	Approximately $1000
Cooking Habits	4 times per week
Baking Habits	1 time per month
Large Family Meal Preparation	Only around holidays
Other appliances/ desire to match	No need to match existing (no other manufacturers mentioned) because all appliances will eventually be replaced, starting with the range
Prior knowledge about particular features	None
Current manufacturer	Relatively new home- hadn't paid attention to current model

Table 3.3: Communication Facets Signaling Recommendation Goals

			Goal			
			Maximize Accuracy (P_1)	**Minimize Effort** (P_2)	**Minimize Negative Emotion** (P_3)	**Maximize Ease of Justification** (P_4)
Communication Facet	Duration	Long	X			
		Short		X	X	X
	Directionality	Unilateral		X	X	X
		Bilateral	X			
	Tone	Informal	X			X
		Formal		X	X	
	Focus (*Emphasis on*)	Features	X			
		Evaluations	X	X	X	X
	Objectivity (*Emphasis on*)	Objective	X	X		
		Subjective			X	X
	Feature-Need Linkage (*Emphasis on*)	Linked	X			
		Unlinked		X	X	X

Table 3.4: Recommendation Accuracy Frequencies

		Top 10		Other	
Goal	**Total Count**	**Count**	**Percentage**	**Count**	**Percentage**
Maximize Accuracy	18	11	61%	7	39%
Minimize Effort	21	10	48%	11	52%
Minimize Negative Emotion	16	9	56%	7	44%
Maximize Ease of Justification	33	15	45%	18	55%

Figure 3.1: Recommendation Strategies

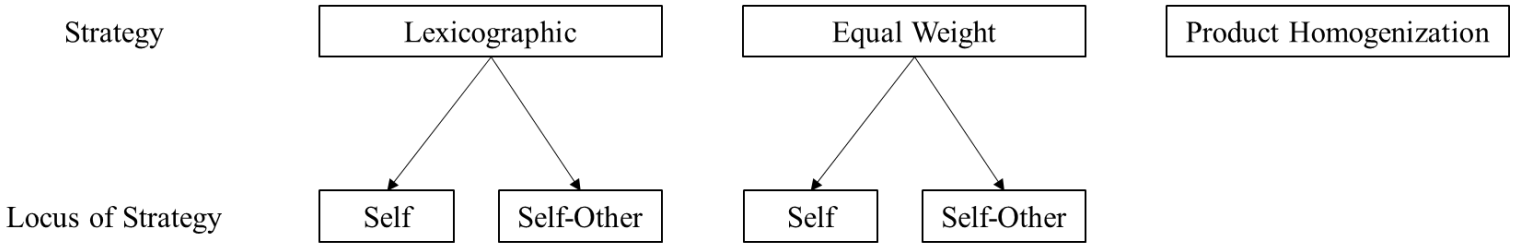


Figure 3.2: Disguise and Equipment

Neon pink hat:

Audio-recording device attached to keychain:

Shopping List:

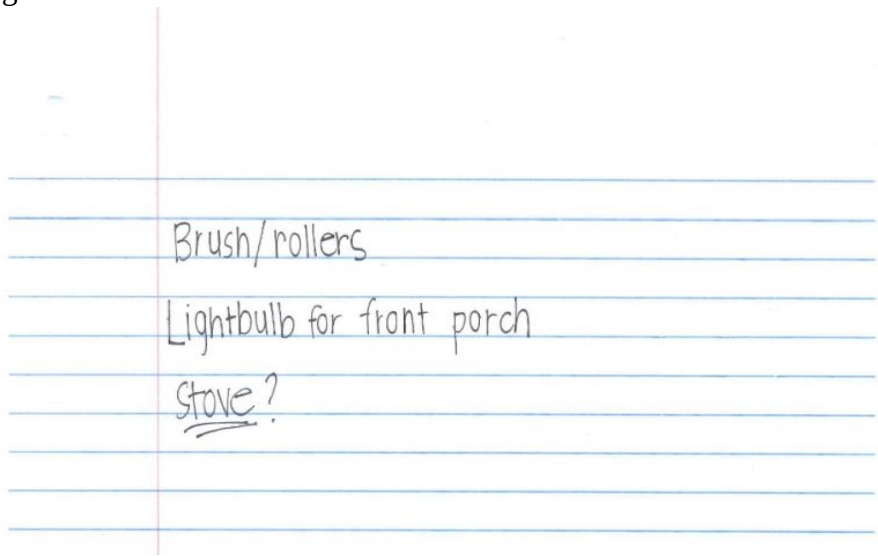
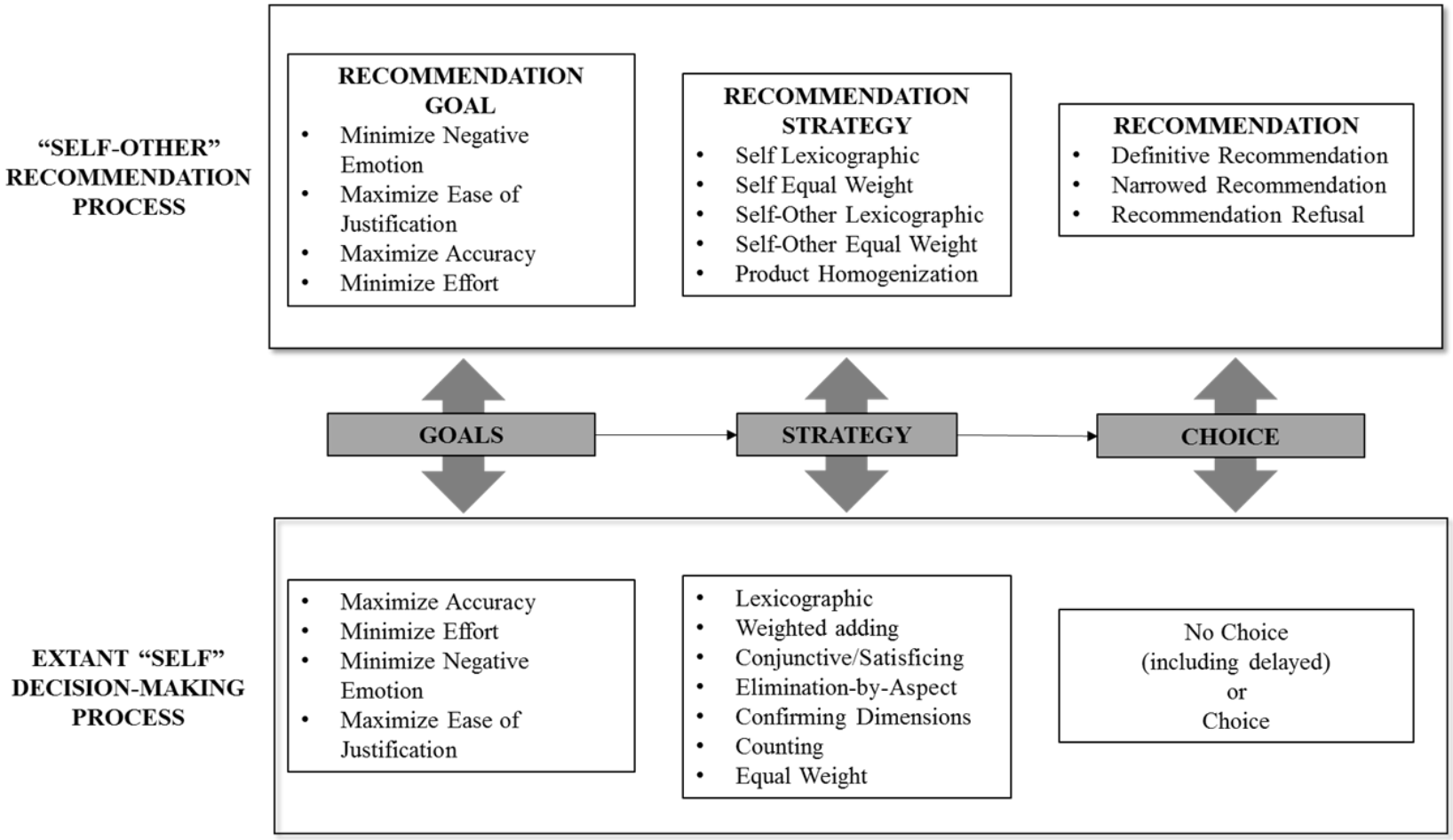


Figure 3.3: Typical Retail Layout

Figure 3.4: Recommendation Process Model



4 Conclusion

In this dissertation, we sought to contribute to the sales and sales management literature, as well as self-other decision-making literature by examining the recommendation behavior of multi-line salespeople. In the first essay, we draw upon the control systems framework, as well as the legitimacy literature and social learning theory to examine external controls and explain *why* salespeople may recommend a particular manufacturer's products to customers relative to competitors' products. In the second essay, we integrated field observations and previous literature across disciplines to examine the process of *how* salespeople make recommendations for customers.

The theoretical framework of the first essay is tested using a unique data set compiled from three different sources (salespeople, sales managers, and manufacturer objective sales data) across two hierarchical levels (salespeople and sales managers) and across many distributors. To estimate the model, we used Mplus version 7 (Muthén and Muthén 2012) because of its ability to analyze complex hierarchical models using full maximum likelihood estimation. We first fit a baseline model with only the effects of salesperson external controls on focused performance through focused effort (Table 2.5, Model 1). We then created interaction terms by multiplying mean-centered salesperson external controls by mean-centered manager external controls (Aiken and West 1991). Then, we estimated the full hypothesized model, including the cross-level moderators (Table 2.5, Model 2). Standard fit indexes were not available for comparing nested models with Mplus; therefore, as is common practice, we compared the fit of these models using a log-likelihood difference test (e.g., Hughes and Ahearne 2010; Wieseke et al. 2012). The hypothesized model including cross-level moderators fits better than the

nonmoderated model ($\Delta\chi^2 = 26.48$, Δd.f. [number of free parameters] = 16, $p \leq .05$), indicating that the inclusion of the Level 2 variables (i.e., manager external controls) into the model predicts the outcome variables better than a model with only within-level variables (i.e., salesperson external controls).

The results of the full hypothesized model indicated that manager external outcome control positively interacts with salesperson external outcome control to influence focused effort ($\beta = .07$, $p \leq .05$), providing support for H_1. H_2 is also supported; manager external behavior control positively interacts with salesperson external behavior control to influence focused effort ($\beta = .03$, $p \leq .01$). Manager external behavior control has little impact on the relationship between salesperson external outcome control and focused effort ($\beta = -.01$, n.s.); thus, H_3 is not supported. However, in support of H_4, the results indicate that manager external outcome control negatively interacts with salesperson external behavior control to influence focused effort ($\beta = -.04$, $p \leq .05$). Finally, focused effort is positively related to focused performance, in support of H_5 ($\beta = .32$, $p \leq .05$).

Despite the prevalence of external controls in practice, prior research has mostly focused on internal controls. Accordingly, we complement and extend the existing controls literature by advancing the concept of *external controls*. In doing so, we make three key contributions to the literature. First, we contribute to theory and empirical research in the area of within-level control systems. Marketing scholars have made significant contributions to the within-level *internal* control systems literature (e.g., Anderson and Oliver 1987; Jaworski 1988) (Table 2.2). However, a complementary stream of research on within-level *external* control systems is missing. Second, although

internal and external controls share some similarities, they we suggest an important way in which they differ. Internal controls stem from employers, which obligates salespeople to accede to their influence (e.g., Ouchi 1980). In contrast, external controls are nonobligatory influences from an outside source. Thus, the freedom to accede to the influence of external controls can give way to salespeople's concerns about their appropriateness and legitimacy. Third, we provide evidence that the impact of controls at lower levels of analysis (e.g., salespeople) largely depends on the *type* of control at higher levels of analysis (e.g., sales managers). This is because salespeople look to their manager for cues to alleviate the tension they experience from external controls. Correspondingly, we find that similar manager external controls have a reinforcing effect on the salesperson's external controls such that focused effort is enhanced. Notably, however, increasing sales manager external outcome control undermines the relationship between salesperson external behavior control and focused effort. This suggests that external rewards to *another person* (e.g., sales manager) can undermine one's *own* (e.g., salesperson) intrinsic motivation. Thus, we provide a potential "cross-level" extension to cognitive evaluation theory, which suggests parallel effects at the within-level of analysis (Deci, Koestner, and Ryan 1999). Taken together, these findings begin to address calls from the literature to better understand how control systems interplay at different levels of analysis (e.g., Coughlan and Joseph 2012; Krafft et al. 2012; Miao and Evans 2013).

The insights provided in the second essay are based on a grounded theory approach (e.g, Glaser and Straus 1967; Spiggle 1994; Strauss 1987; Strauss and Corbin 1990). In particular, we covertly audio-recorded 71 sales encounters with retail salespeople in their natural setting (i.e., retail stores), across 71 different locations of

three different retail chains and four different states. Such an approach allowed the salesperson-customer experience to unfold naturally (Belk, Sherry, and Wallendorf 1988), which affords a richer knowledge of the topic area and data that is not contrived (Wilson 2001). Moreover, this approach lends credibility to our findings by producing unfiltered, naturalistic data, which does not suffer from informants' limited memory recall (Finn 2001), discrepancies between reported and actual behavior, and a variety of desirability biases that may occur with surveys, off-site interviews, and focus groups (Friedrichs and Ludtke 1975). Audio-recordings of each of the 71 sales encounters were transcribed for further analysis.

We independently read the entire set of transcripts to get a general sense for the nature of the encounters (Spiggle 1994). Over numerous meetings, we discussed emerging themes and patterns across the 71 encounters, and debated their distinctiveness and relevance to the topic (Canniford and Shankar 2013; Celsi, Rose, and Leigh 1993; Schouten and McAlexander 1995). An initial, overarching recommendation process emerged which consisted of six large categories. Similar to Bone, Christensen, and Williams (2014), Holt (1995), and McQuarrie, Miller, and Phillips (2013), we used the iterative, constant comparison procedure to contrast and differentiate the categories, as well as compare them to existing literature across disciplines (Glaser 1956). As a result of this procedure, the original six categories were collapsed into a three-step process model consisting of goals, strategies, and recommendations. We refined the dimensions of each step (i.e., the five different strategies within the strategy step) through reference to literature and our field study (e.g., Schilpzand, Hekman, and Mitchell 2014).

This research inductively generates a self-other decision-making process with which salespeople provide a recommendation. Our observations suggest three steps in the process: goals, strategies, and recommendations. In the first step, salespeople are motivated by four recommendation goals: maximizing accuracy, minimizing effort, minimizing negative emotions, and maximizing the ease of justification. In comparison to the self decision-making process, our findings suggest that these goals differ with respect to their *prevalence*. Self decision-makers tend to be driven more often by maximizing accuracy or minimizing effort (Bettman, Luce, and Payne 1998), whereas our results indicate that self-other decision-makers are driven more often by minimizing negative emotions and maximizing ease of justification. Furthermore, unlike self decision-making in which goals are signaled by the use of particular strategies (Bettman, Luce, and Payne 1998), we propose that goals can be signaled by communication facets. Thus, we provide an additional way to infer underlying self-other decision-making goals.

Based on observation, we also identify five strategies that salespeople use to process information. Lexicographic and equal weight strategies are consistent with previous research. However, our research suggests that these two strategies can be further categorized by their *locus* – as either self (processing based on the salesperson's preferences) or self-other (processing based on the integration of the salesperson' and customer's preferences).

We also observe and identify a fifth recommendation strategy, product homogenization, which prior research has not identified. Surprisingly, our findings revealed that salespeople across all three retailers were quick to homogenize products despite the wide range of products and manufacturers represented on the floor. Unlike the

known self decision-making strategies in which customers attempt to *differentiate* products, the product homogenization strategy consists of salespeople attempting to make products seem more *similar*. Thus, this strategy complicates the decision-making process by making it more difficult for customers to recognize a dominant product to purchase. In fact, customers may be less likely to purchase any product if they do not feel confident that the salesperson can recognize a dominant one to fit their needs.

The final step of the process involves the recommendation a salesperson provides to the customer. Our data suggest three types of recommendations: definitive (i.e., recommend a single product), narrowed (i.e., recommend a limited set of products), and refusal (i.e., no products are recommended). Surprisingly, we find that customers seeking a salesperson recommendation often fail to get one (as a result of a narrowed recommendation or recommendation refusal). Thus, customers are often left with the need to spend additional time considering products.

Through both of these dissertation essays we examine the recommendation behavior of multi-line salespeople. In shedding light on this important topic area, several areas of further research emerge. First, the recommendation behavior of salespeople (in a business-to-business *or* business-to-consumer setting) is likely to have important implications for distributors (and retailers). For example, when should distributors allow manufacturers to provide rewards or training to their salespeople and sales managers? On the one hand, a distributor may be hesitant to allow a manufacturer to intervene because it does not want to relinquish control of salesperson behavior. Moreover, distributors may fear that a salesperson's partiality toward one manufacturer might result in subpar customer solutions, lost profit, and alienation of other upstream manufacturer partners.

On the other hand, distributors can benefit from manufacturers' intervention because they provide supplemental training and income to their employees, which may increase the likelihood of recommendations actually being made, boost employee satisfaction and reduce turnover. Thus, further research could address the trade-offs distributors (and retailers) face when considering whether or not to allow manufacturer intervention with their salespeople.

Second, distributors and retailers should recognize the lack of consistency with which their salespeople make product recommendations to customers. In this dissertation, we argue that two factors for this inconsistency may be external controls and variation in the recommendation process. The first essay argues that, despite presumably consistent sales training by the distributor, salespeople are influenced by external controls; thus, they recommend (and sell) the products for which they are rewarded or trained by the *manufacturer* to recommend. This finding suggests that recommendations may vary simply based upon which manufacturer offers the highest salesperson and sales manager SPIF that particular month. Furthermore, the second essay suggests that salespeople are likely to approach recommendations based on their own mental models (e.g., Wind 2006). This implies that training to improve the extent to which salespeople provide accurate recommendations may be effective in teaching salespeople a *sales* process (e.g., what information to provide to customers), but not a *recommendation* process (e.g., what questions to ask, or how to incorporate customer needs into the recommendation process). Thus, distributors and retailers should consider monitoring the extent to which salesperson recommendations reflect the desires of management.

Finally, customers should be cognizant that salespeople can make inaccurate recommendations, particularly when they are being influenced by manufacturers or are not linking the discussion of products and justifications of their recommendation to customer needs. Customers (both business-to-business and business-to-consumer) can minimize this concern by being forthright with their preferences and needs, taking steps to ensure that a true *self-other* recommendation is provided (i.e., asking "What product do you recommend *for me*?"), and uncovering potential biases which stem from external controls.

A Appendices

A.1 Chapter 2 Appendix

A1.1: SPIF Form Examples

AMANA WINTER 2013 SPIFF

HVAC DISTRIBUTORS, INC.
Partners For Success

Program Overview
The Retail Sales Person Spiff Program pays retail sales personnel spiffs on select high efficiency Amana brand equipment purchased and installed from November 15, 2013 through February 28, 2014.

Eligibility

Customer
This SPIFF is being offered by invitation only. Invitations will be sent from Trade One/Brand Muscle on behalf of Amana and HVAC Distributors. The invitation contains a link to a registration process that must be completed to enroll in the program.

Customers receiving Amana special pricing are not eligible to participate in the SPIFF. Customers participating in other HVAC Distributors Amana promotions are not eligible to participate in the SPIFF.

Products

Qualifying Products and Spiff Amounts*

Outdoor Units		Furnace Only		Air Handlers		Packaged Units	
Air Conditioners	Spiff Amount	Furnace	Spiff Amount	Models	Spiff Amount	Models	Spiff Amount
ASXC18	$40	AMVM96	$75	AVPTC	$25	APG15	$25
ASXC16	$30	ACVM96	$75			APH15	$25
ASX16	$25	AMVC96	$50			APD14	$25
		ACVC96	$50				
Heat Pumps	Spiff Amount	AMH95	$25				
ASZC18	$40	AMVC80	$25				
ASZC16	$30						
ASZ16	$25						

*Purchases and installations must be completed by February 28, 2014. All claims must be submitted within 10 business days of installation.

Program Requirements
1. Customer must review and accept the Program Guidelines, Qualifications, and Terms & Conditions of the SPIFF prior to registering to participate.
2. Dealer must receive pre-registration email to register for program. Dealers who have not been pre-registered for the program are not eligible.
3. Salesperson claiming the Spiff must be employed at the dealership for the full month during which the Spiff is claimed.
4. Customer must log qualifying equipment on www.amana-hac.com/2013spiffs within 10 days of installation using the process detailed in the Amana Program Guidelines.

Program Dates
November 15, 2013 – February 28, 2014
Last day to log purchases is March 15, 2014

Request for Invitation
Make requests for invitation to your Account Manager or by emailing marketing@hvacdist.com.
Restrictions apply. **Requests must be received by Friday, December 6, 2013.**

Rev. 11-23-2013

Clear Form | Submit via Email

9to5 seating

3211 Jack Northrop Ave, CA 90250
Phone: (888) 925-SEAT Fax: (866) 925-SEAT
Email: Sales@9to5Seating.com, Website: www.9to5Seating.com

SPIFF Registration Form

Please submit by Fax or electronically with the email button above

Please Fill Out COMPLETELY and LEGIBLY.
Incomplete forms will delay payment.

Spiff Recipient's information:

☐ Check here if THIS IS YOUR FIRST TIME REGISTERING for the 9 to 5 Seating REWARDS PROGRAM

☐ Check here if form indicates a CHANGE OF ADDRESS or other information.

Your Full Legal Name: _____

Your Social Security Number: _____

Your Dealership's Name: _____

Your Dealership's Address: _____

City: _____ State: _____ Zip. _____

Phone Number: _____ ext. _____ Fax Number: _____

E-mail Address: _____

Your Home Address: _____

City: _____ State: _____ Zip: _____

Order Information (optional):

If you have already submitted a PO please provide the information so that we may apply your new SPIFF ID. On future orders you need only add the SPIFF ID to the actual PO and SPIFF will automatically be paid.

PO #'(s): _____

Comments: _____

Terms and Conditions of the SPIFF Program

Participant must be an authorized dealer sales representative for 9 to 5 Seating products, 18 years or older, and a resident of the United States. Dealership accounts must be current with 9 to 5 Seating to receive timely payments. Chairs must be sold at 9 to 5 Seating's standard discount applied to 9 to 5 Seating's current price list. **This form must be received within 90 days of the order entry date**. Checks are issued for a single or cumalitive orders totaling a spiff of $50 or more. 9 to 5 Seating issues checks on the 10th calender day of every month (or the first business day thereafter). Invoices must be paid in full before processing SPIFF. All checks are mailed to your 9 to 5 Seating Sales Representative for local distributuion. Taxes are the sole responsibility of the participants.

Upon submitting a completed and valid SPIFF Registration Form, you will receive a letter from our office to confirm your registration in the Rewards Program and also to provide you with your unique SPIFF ID Number. Please be sure to submit this number with your purchase orders. Clearly note on all purchase orders "SPIFF ID NUMBER: ###### for" your name.

updated 12/21/2011

broadway + series

spec & collect promotion

receive a $100 Apple, iTunes, or Visa gift card for specifying Broadway+!

it's simple. just send an email with your name, number, and mailing address to b+promo@jaspergroup.us.com. a JSI representative will contact you to submit your broadway+ electronic specification for official qualification!

please note, submissions are for the broadway+ promotion only.
this promotion is valid until June 10, 2011.

JSI JASPER GROUP BRAND ™

furniture for business interiors ➤ jsifurniture.com/jsi_broadway_cg.php

A1.2: IRB Approval

UK
UNIVERSITY OF
KENTUCKY

Office of Research Integrity
IRB, IACUC, RDRC
315 Kinkead Hall
Lexington, KY 40506-0057
859 257-9428
fax 859 257-8995
www.research.uky.edu/ori/

Initial Review

Approval Ends
July 19, 2013

IRB Number
12-0446-P4S

TO: Sarah Magnotta (Russell)
455AF Gatton B & E
0034
PI phone #: (757) 406-1233

FROM: Chairperson/Vice Chairperson
Non-medical Institutional Review Board (IRB)

SUBJECT: Approval of Protocol Number 12-0446-P4S

DATE: July 23, 2012

On July 20, 2012, the Non-medical Institutional Review Board approved your protocol entitled:

An Exploration of External Controls

Approval is effective from July 20, 2012 until July 19, 2013 and extends to any consent/assent form, cover letter, and/or phone script. If applicable, attached is the IRB approved consent/assent document(s) to be used when enrolling subjects. **[Note, subjects can only be enrolled using consent/assent forms which have a valid "IRB Approval" stamp unless special waiver has been obtained from the IRB.]** Prior to the end of this period, you will be sent a Continuation Review Report Form which must be completed and returned to the Office of Research Integrity so that the protocol can be reviewed and approved for the next period.

In implementing the research activities, you are responsible for complying with IRB decisions, conditions and requirements. The research procedures should be implemented as approved in the IRB protocol. It is the principal investigators responsibility to ensure any changes planned for the research are submitted for review and approval by the IRB prior to implementation. Protocol changes made without prior IRB approval to eliminate apparent hazards to the subject(s) should be reported in writing immediately to the IRB. Furthermore, discontinuing a study or completion of a study is considered a change in the protocol's status and therefore the IRB should be promptly notified in writing.

For information describing investigator responsibilities after obtaining IRB approval, download and read the document "PI Guidance to Responsibilities, Qualifications, Records and Documentation of Human Subjects Research" from the Office of Research Integrity's Guidance and Policy Documents web page [http://www.research.uky.edu/ori/human/guidance.htm#PIresp]. Additional information regarding IRB review, federal regulations, and institutional policies may be found through ORI's web site [http://www.research.uky.edu/ori]. If you have questions, need additional information, or would like a paper copy of the above mentioned document, contact the Office of Research Integrity at (859) 257-9428.

M. Van Tuinen PhD/ah
Chairperson/Vice Chairperson

IRB Approval
12-0446
THIS FORM VALID
7/20/12 – 7/19/13

Sales Manager Survey

An Exploration of External Controls

My name is Sarah Magnotta and I am a doctoral student in the Department of Marketing at the University of Kentucky working with Dr. Brian Murtha, an Assistant Professor of Marketing at the University of Kentucky. We are conducting an important research study of 1,000 salespeople and managers on the relationship between manufacturers and salespeople. The following survey will take approximately 20 minutes. Of course, you have a choice about whether or not to complete the survey, and if you do participate, you are free to discontinue or skip questions at any time.

There are no known risks to participating in this study and your responses may help us and others understand more about manufacturer-salesperson relationships. In return for completion of the survey, you will be sent a $10 gift card.

Your individual responses to the survey will be kept confidential to the extent allowed by law and will be analyzed and reported to Lexmark only in aggregate form. There are circumstances in which we may have to show your information to other people (e.g., we may be required to show information which identifies you to people who need to be sure we have done the research correctly; these would be people from such organizations as the University of Kentucky). When we write about the study, neither you nor your firm will be identified. It is possible that we may want to utilize a direct quote from you but if we do so, we will not identify from whom the quote came. Please be aware, while we make every effort to safeguard your data once received from the online survey/data gathering company, given the nature of online surveys, as with anything involving the internet, we can never guarantee the confidentiality of the data while still on the survey/data gathering company's servers, or while en route to either them or us. It is also possible the raw data collected for research purposes may be used for marketing or reporting purposes by the survey/data gathering company after the research is concluded, depending on the company's Terms of Service and Privacy policies.

If you have questions about the study, please feel free to contact us (Sarah Magnotta: 859-257-2962, sarah.magnotta@uky.edu or Brian Murtha: 859-257-8082, brian.murtha@uky.edu). If you have any complaints, suggestions, or questions about your rights as a research volunteer, contact the staff in the University of Kentucky Office of Research Integrity at 859-257-9428 or toll-free at 1-866-400-9428.

If you are interested in participating in this research study, please continue. If you are not interested in participating, you may close this survey at anytime.

A1.3: Construct Measures

Focal Variables (loadings are in parentheses)

Salesperson external outcome control: collected from salesperson (α = .79); adapted from Challagalla and Shervani (1996); five -point scale ("strongly disagree/strongly agree")

(Manufacturer) and/or its field representative...
1. …provides me with significant compensation for selling its products. (.88)
2. …recognizes me when I do a good job selling its products. (.63)
3. …offers me substantial financial rewards for selling its products. (.83)

Salesperson external behavior control: collected from salesperson (α = .93); adapted from Challagalla and Shervani (1996); five-point scale ("strongly disagree/strongly agree")

(Manufacturer) and/or its field representative…
1. …provides me with extensive product training. (.85)
2. …coaches me on how to sell its products. (.91)
3. …provides me with sales advice when we go on sales calls. (.88)
4. …evaluates the skills I use to sell (manufacturer) products. (.79)
5. …provides me with helpful suggestions on how to demonstrate benefits of their products. (.90)

Sales manager external outcome control: collected from manager (α = .80); adapted from Challagalla and Shervani (1996); five-point scale ("strongly disagree/strongly agree")

(Manufacturer) and/or its field representative...

1. ...provides me with significant compensation when my salespeople sell its products. (.95)
2. ...recognizes me when my salespeople do a good job selling its products. (.68)
3. ...offers me significant financial rewards for sales of its products by my salespeople. (.74)

Sales manager external behavior control: collected from manager (α = .94); adapted from Challagalla and Shervani (1996); five-point scale ("strongly disagree/strongly agree")

(Manufacturer) and/or its field representative…

1. ...provides me with extensive product training. (.88)
2. ...coaches me on how to help my salespeople sell its products. (.91)
3. ...provides me with sales advice that I can use during sales calls with my salespeople. (.93)
4. ...evaluates the skills I use to help my salespeople sell its products. (.81)

5. ...provides me with helpful suggestions on how to demonstrate the benefits of their products to my salespeople. (.89)

Focused effort: collected from manager; based on Rapp et al. (2010), Badrinarayanan and Laverie (2011), Bonney and Williams (2009), Brown and Peterson (1994), Hughes and Ahearne (2010), (α = .89); five-point scale ("strongly disagree/strongly agree")

Relative to other manufacturers' products that s/he is able to sell, this salesperson…
1. …frequently looks for opportunities to sell (manufacturer's) products. (.86)
2. … proactively seeks out clients to whom they can propose (manufacturer's) products. (.95)
3. … make calls specifically to customers that might be interested in (manufacturer's) products. (.78)

Covariates

Manufacturer's reputation: collected from salesperson, adapted from Badrinarayanan and Laverie (2011) (α = .89); five-point scale ("strongly disagree/strongly agree")

1. (Manufacturer) is a well-respected brand. (.94)
2. (Manufacturer) has a good reputation. (.93)
3. (Manufacturer) is a reputable company. (.78)

Number of manufacturers: collected from salesperson; adapted from Hughes and Ahearne (2010)

1. How many different (product category) manufacturers' products are you able to sell?

Salesperson experience: collected from salesperson; adapted from Fu, Richards, and Jones (2009)
1. Years of sales experience.

Salesperson internal outcome control: collected from salesperson; adapted from Challagalla and Shervani (1996) (α = .77), five-point scale ("strongly disagree/strongly agree")

1. I would get bonuses if I exceed my sales volume (.75)
2. Promotion opportunities depend on how well I perform on sales volume. (.66)
3. I would be recognized by my company if I perform well on sales volume. (.83)

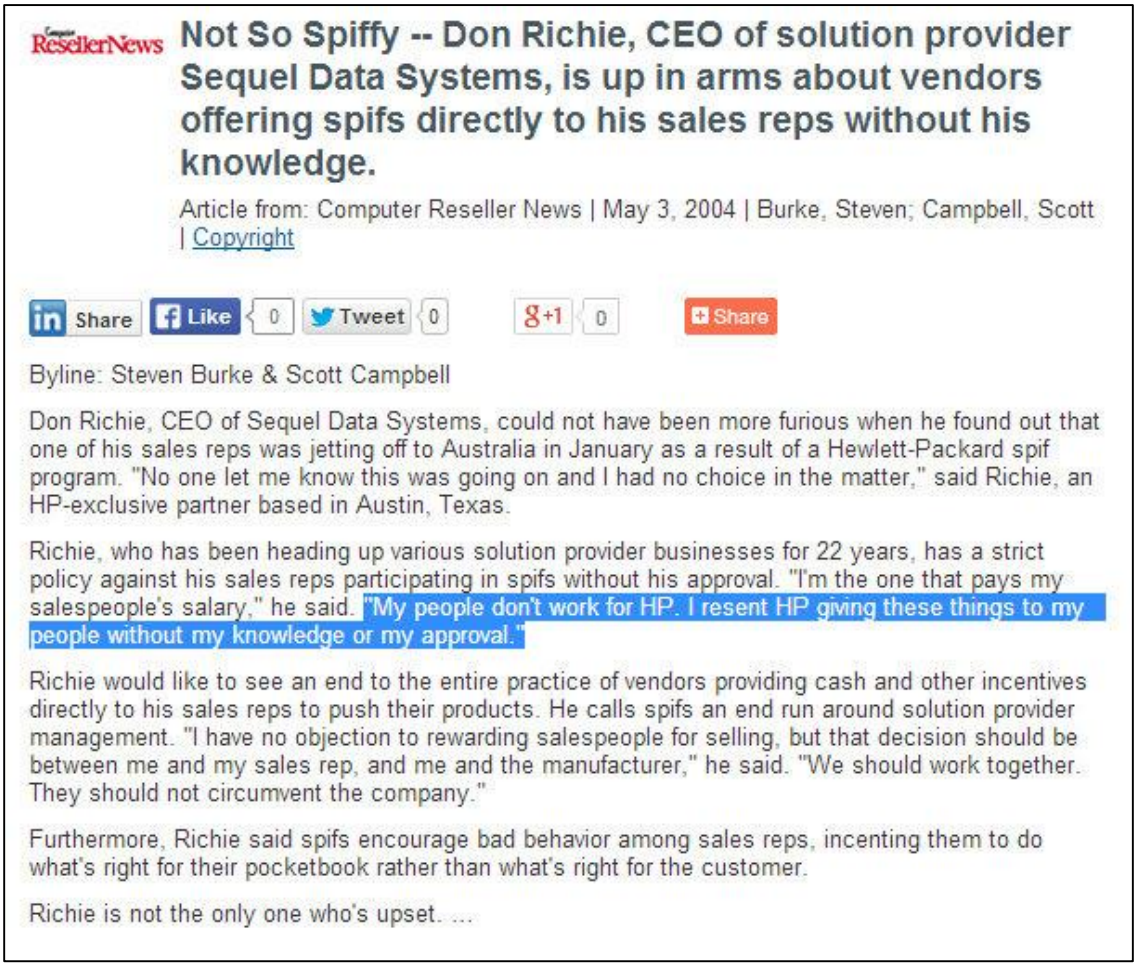
Salesperson internal behavior control: collected from salesperson; adapted from Challagalla and Shervani (1996) (α = .93), five-point scale ("strongly disagree/strongly agree")

1. My manager has standards by which my selling skills are evaluated. (.74)
2. My supervisor periodically evaluates the selling skills I use to accomplish a task (e.g., how I negotiate). (.91)
3. My manager provides guidance on ways to improve selling skills and abilities. (.90)
4. My supervisor evaluates how I make sales presentations. (.91)
5. My manager assists by suggesting why using a particular sales approach may be useful. (.89)

A1.4: Popular Press Article

Article located at:
http://business.highbeam.com/5338/article-1G1-116151839/not-so-spiffy-don-richie-ceo-solution-provider-sequel

Accessed: April 16, 2014



Computer Reseller News

Not So Spiffy -- Don Richie, CEO of solution provider Sequel Data Systems, is up in arms about vendors offering spifs directly to his sales reps without his knowledge.

Article from: Computer Reseller News | May 3, 2004 | Burke, Steven; Campbell, Scott | Copyright

Byline: Steven Burke & Scott Campbell

Don Richie, CEO of Sequel Data Systems, could not have been more furious when he found out that one of his sales reps was jetting off to Australia in January as a result of a Hewlett-Packard spif program. "No one let me know this was going on and I had no choice in the matter," said Richie, an HP-exclusive partner based in Austin, Texas.

Richie, who has been heading up various solution provider businesses for 22 years, has a strict policy against his sales reps participating in spifs without his approval. "I'm the one that pays my salespeople's salary," he said. "My people don't work for HP. I resent HP giving these things to my people without my knowledge or my approval."

Richie would like to see an end to the entire practice of vendors providing cash and other incentives directly to his sales reps to push their products. He calls spifs an end run around solution provider management. "I have no objection to rewarding salespeople for selling, but that decision should be between me and my sales rep, and me and the manufacturer," he said. "We should work together. They should not circumvent the company."

Furthermore, Richie said spifs encourage bad behavior among sales reps, incenting them to do what's right for their pocketbook rather than what's right for the customer.

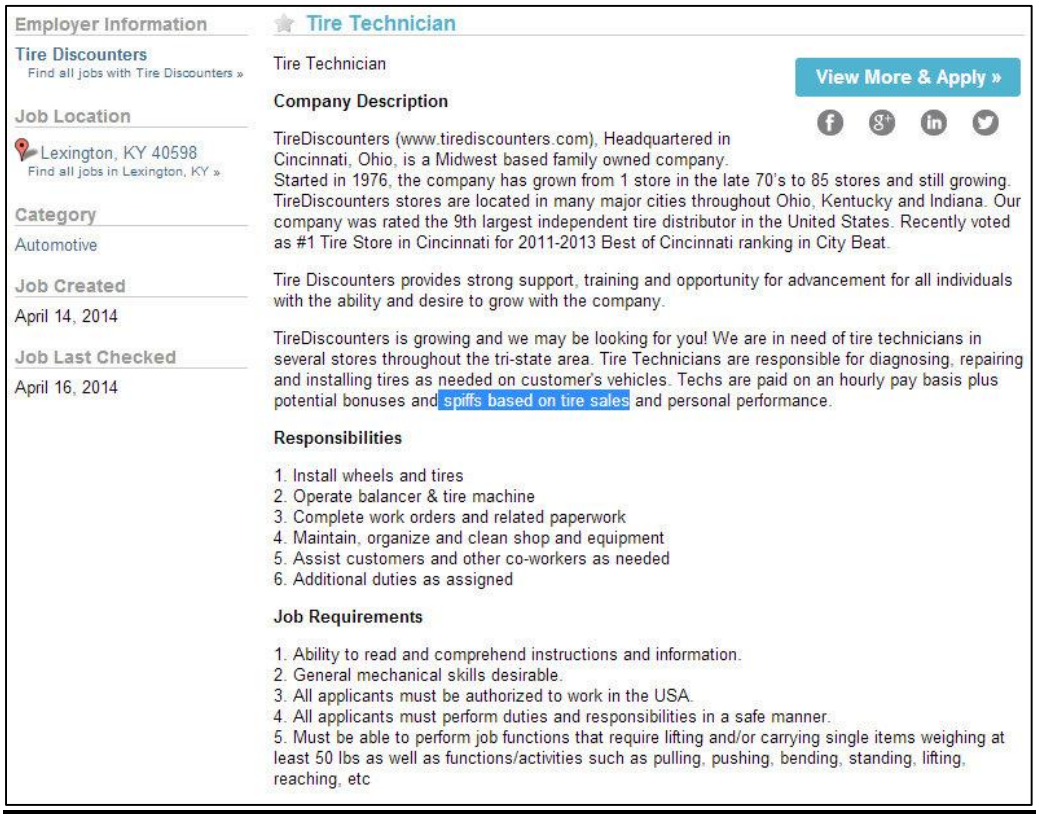
Richie is not the only one who's upset. ...

A1.5: Job Descriptions

Employer: TireDiscounters

Job Description located at:
http://www.linkup.com/job/ee12038fcb647ed163f7d36e5f112874e1ad/tire-technician-job-in-lexington-ky

Accessed: April 16, 2014



Employer Information

Tire Discounters
Find all jobs with Tire Discounters »

Job Location

Lexington, KY 40598
Find all jobs in Lexington, KY »

Category

Automotive

Job Created

April 14, 2014

Job Last Checked

April 16, 2014

Tire Technician

Tire Technician

View More & Apply »

Company Description

TireDiscounters (www.tirediscounters.com), Headquartered in Cincinnati, Ohio, is a Midwest based family owned company. Started in 1976, the company has grown from 1 store in the late 70's to 85 stores and still growing. TireDiscounters stores are located in many major cities throughout Ohio, Kentucky and Indiana. Our company was rated the 9th largest independent tire distributor in the United States. Recently voted as #1 Tire Store in Cincinnati for 2011-2013 Best of Cincinnati ranking in City Beat.

Tire Discounters provides strong support, training and opportunity for advancement for all individuals with the ability and desire to grow with the company.

TireDiscounters is growing and we may be looking for you! We are in need of tire technicians in several stores throughout the tri-state area. Tire Technicians are responsible for diagnosing, repairing and installing tires as needed on customer's vehicles. Techs are paid on an hourly pay basis plus potential bonuses and spiffs based on tire sales and personal performance.

Responsibilities

1. Install wheels and tires
2. Operate balancer & tire machine
3. Complete work orders and related paperwork
4. Maintain, organize and clean shop and equipment
5. Assist customers and other co-workers as needed
6. Additional duties as assigned

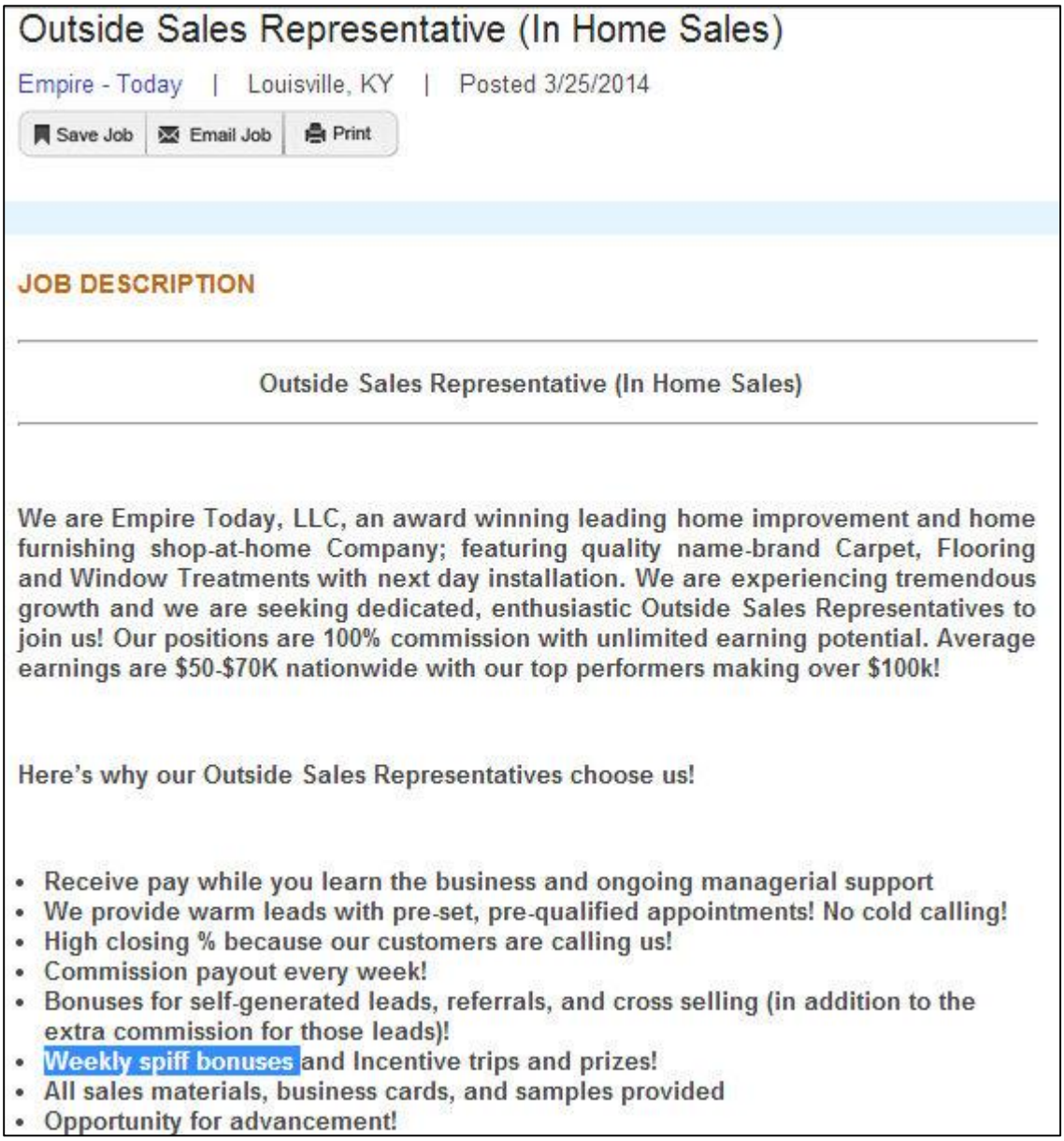
Job Requirements

1. Ability to read and comprehend instructions and information.
2. General mechanical skills desirable.
3. All applicants must be authorized to work in the USA.
4. All applicants must perform duties and responsibilities in a safe manner.
5. Must be able to perform job functions that require lifting and/or carrying single items weighing at least 50 lbs as well as functions/activities such as pulling, pushing, bending, standing, lifting, reaching, etc

Employer: Empire Today, LLC

Job Description located at:
http://www.careerbuilder.com/jobseeker/jobs/jobdetails.aspx?APath=2.21.0.0.0&job_did=JHS21M66QD62FCS98NG&sc_cmp1=js_jrp_jobclick&IPath=JRKV0A

Accessed: April 16, 2014



Outside Sales Representative (In Home Sales)

Empire - Today | Louisville, KY | Posted 3/25/2014

Save Job | Email Job | Print

JOB DESCRIPTION

Outside Sales Representative (In Home Sales)

We are Empire Today, LLC, an award winning leading home improvement and home furnishing shop-at-home Company; featuring quality name-brand Carpet, Flooring and Window Treatments with next day installation. We are experiencing tremendous growth and we are seeking dedicated, enthusiastic Outside Sales Representatives to join us! Our positions are 100% commission with unlimited earning potential. Average earnings are $50-$70K nationwide with our top performers making over $100k!

Here's why our Outside Sales Representatives choose us!

- Receive pay while you learn the business and ongoing managerial support
- We provide warm leads with pre-set, pre-qualified appointments! No cold calling!
- High closing % because our customers are calling us!
- Commission payout every week!
- Bonuses for self-generated leads, referrals, and cross selling (in addition to the extra commission for those leads)!
- Weekly spiff bonuses and Incentive trips and prizes!
- All sales materials, business cards, and samples provided
- Opportunity for advancement!

A.2 Chapter 3 Appendix

A2.1: IRB Approval

UK
UNIVERSITY OF
KENTUCKY

Office of Research Integrity
IRB, IACUC, RDRC
315 Kinkead Hall
Lexington, KY 40506-0057
859 257-9428
fax 859 257-8995
www.research.uky.edu/ori/

Initial Review

Approval Ends
June 6, 2014

IRB Number
13-0359-F4S

TO: Sarah Magnotta (Russell)
455AF Gatton B & E
0034
(757) 406-1233

FROM: Chairperson/Vice Chairperson
Non-medical Institutional Review Board (IRB)

SUBJECT: Approval of Protocol Number 13-0359-F4S

DATE: June 18, 2013

On June 14, 2013, the Non-medical Institutional Review Board approved minor revisions requested at the convened meeting on June 7, 2013 for your protocol entitled:

A Qualitative Approach to Selling Strategies

Approval is effective from June 7, 2013 until June 6, 2014 and extends to any consent/assent form, cover letter, and/or phone script. If applicable, attached is the IRB approved consent/assent document(s) to be used when enrolling subjects. **[Note, subjects can only be enrolled using consent/assent forms which have a valid "IRB Approval" stamp unless special waiver has been obtained from the IRB.]** Prior to the end of this period, you will be sent a Continuation Review Report Form which must be completed and returned to the Office of Research Integrity so that the protocol can be reviewed and approved for the next period.

In implementing the research activities, you are responsible for complying with IRB decisions, conditions and requirements. The research procedures should be implemented as approved in the IRB protocol. It is the principal investigator's responsibility to ensure any changes planned for the research are submitted for review and approval by the IRB prior to implementation. Protocol changes made without prior IRB approval to eliminate apparent hazards to the subject(s) should be reported in writing immediately to the IRB. Furthermore, discontinuing a study or completion of a study is considered a change in the protocol's status and therefore the IRB should be promptly notified in writing.

For information describing investigator responsibilities after IRB approval has been obtained, download and read the document "PI Guidance to Responsibilities, Qualifications, Records and Documentation of Human Subjects Research" from the Office of Research Integrity's Guidance/Policy Documents web page [http://www.research.uky.edu/ori/human/guidance.htm#PIresp]. Additional information regarding IRB review, federal regulations, and institutional policies may be found through ORI's web site [http://www.research.uky.edu/ori/]. If you have questions, need additional information, or would like a paper copy of the above mentioned document, contact the Office of Research Integrity at (859) 257-9428.

N. Van Tuinen, Ph.D. /ah
Chairperson/Vice Chairperson

A2.2: Interview Guide

1. Which range do you recommend?
2. Why should we buy that one?
3. Do you typically recommend that one?
4. Why should we not buy some of these others?

E2 0100

Form B: Nonmedical IRB Research Description

IRB Approval
13-0359
THIS FORM VALID
6/14/13 — 6/6/14

Appendix C

Debriefing Script

Hi, (*Alan*)! I was in your store (*yesterday*) and talked to you about ranges. I hope you remember me; I was wearing a really bright pink hat and an arm brace. *--allow pause for questions-comments--* My name is Sarah and I'm actually a student in the Department of Marketing at the University of Kentucky. I am doing a project to learn about the strategies that different salespeople are using to sell their products and our conversation was <u>really</u> helpful. *--allow pause for questions-comments--* I'd love to be able to use it as part of this project. I didn't want to tell you what I was doing ahead of time because it was really important that you just act natural and do what you always do- and you did a great job! So in order to transcribe what happened during our conversation word for word, I recorded our interaction. It's really the only way I can analyze the parts of our conversation that matter most to my research. Nothing about you personally is on the recording, and the tape is being destroyed in the next (24) hours whether I use it or not. Aside from your first name, I don't have any other identifying information, and if I'm able to use our conversation as part of my project, I won't identify you or your store specifically.

Our conversation could really help me, and other salespeople, understand more about sales strategies.

Would it be ok for me to incorporate our conversation into my project? *--allow pause for questions-comments--*

If "yes", thank you very much! Do you have any questions for me?- I'm happy to answer!
If "no", I appreciate your time, and will not use our conversation in my study! Thank you!!!

Additional Information

If asked for contact information, I will let the salesperson know that they are welcome to contact me, my advisor, or the staff in the University of Kentucky Office of Research Integrity. I am able to provide those phone numbers if they would like them.

Sarah Magnotta (Researcher- PI): (859) 257-2962
Brian Murtha (Advisor): (850) 257-8082
Office of Research Integrity: (859) 257-9428, or toll-free at 1-866-400-9428.

It is difficult to predict exactly what questions may be asked, but for all questions that are asked by salespeople, I will be open and honest regarding the nature and importance of the research, as well as how their involvement will benefit the overall study.

A2.4: Consumer Reports Appliance Testing Information

Source: http://www.consumerreports.org/cro/about-us/whats-behind-the-ratings/testing/appliances-home/index.htm
Accessed March 29, 2015

How we test: Appliances & Home products

Readers of *Consumer Reports* and **ConsumerReports.org** have plenty to say—last year, 127,887 of our readers called, wrote, or e-mailed our customer-relations department with comments and questions about the thousands of products we test each year. In the home-and-garden area, they wondered about refrigerators that don't keep food cold, dishwashers that drown out conversations, and funny-looking twisted light bulbs that claim to save energy.

The occasional rhetorical question arrives in our inboxes, as in "What the heck were you thinking?" (Actually, we get that genre of query pretty often, some of them not suitable to print here.)

Here we address some of the common inquiries we get about how we test products for the home. If you've got a question about a home-related product, send it to us at*home@cro.consumer.org*.

How do you pick the models you test?

We try to test models that represent the spectrum of products in a given market. Our analysts seek out products with new features and technological advances and a wide range of prices. After they analyze market share, marketing strategy, and advertising and promotional materials, they contact manufacturers to determine whether items will be available for at least three months after a report is published. The analysts then recommend a list of models that managers in our technical and editorial divisions review.

During the next step, staff shoppers buy the products at retail outlets throughout the Northeast—our offices are in the suburbs of New York City—or online, never revealing that the purchases are for *Consumer Reports*. (We want to ensure that we test the same products you'll buy.) When we need to buy best-selling regional brands, we use shoppers across the country. Most significant, and unlike most other publications, we buy everything we test.

In rare instances, when a product isn't in stores yet, we buy it from the manufacturer, revealing this in our report. We'll subsequently test a version that we buy at retail and report on those findings.

How do you test?

Our experts develop tests that re-create the experience you'll have with the product. They also consider industry standards for testing a particular product. Note that those tests usually gauge only a minimum level of performance while our tests aim to find the highest-performing products. We develop tests for those products that lack industry standards for ease of use.

In some cases, an industry models its tests on ours. For example, we developed an emissions test for vacuums that determines how much dirt and dust blows into the air when a model is running. The industry then devised its own test that's based on ours, and now that test is the industry standard.

What do you do if a product malfunctions or breaks during the test?

When either happens, we buy two more of the same product. If the new versions do not exhibit the same problem and we suspect the original problem was a quality-control issue, we base the results on the models that performed correctly. And we chalk up the problem to an isolated issue. If either or both of the new samples exhibits the same problems, we make a judgment on whether it is a flaw in quality control or design and factor that into our Ratings.

A product-design flaw means that most consumers will experience problems with this item, while quality-control issues—materials, assembly, packaging, shipping—should not affect all of the products. (Watch our home product testing videos)

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M.B.A. College of Business and Public Administration, Old Dominion University
Concentrations: Marketing, Management
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Honors and Awards

- AMA SalesSig Doctoral Dissertation Proposal Competition Winner, 2015
- AMA-Sheth Doctoral Consortium Fellow, 2014
- National Conference of Sales Management Doctoral Fellow and Research Grant Recipient, 2014
- William O. Bearden Doctoral Student Research Award Winner, 2014
- Doctoral Student Scholarship recipient and Best Team Presentation award, 2013 Sales Educators Academy
- Max Steckler Fellowship, 2014-2015
- Gatton College Graduate Studies Luckett Fellowship, 2012-2013 and 2013-2014
- Gatton College of Business and Economics Doctoral Fellowship, 2010-2011 and 2011-2012
- Research Challenge Trust Fund II Gatton Doctoral Fellowship, 2010-2011

Presentations

- Magnotta, Sarah, "A Longitudinal Analysis of Salesforce Integration Through a Merger: the Use of Big Data," Invited presentation at University of North Carolina, Charlotte Speaker Series, 2014.
- Magnotta, Sarah, "External Controls: How One Firm Governs *Another* Firm's Salesforce," 2014 National Conference in Sales Management, Miami, FL. Winner of Doctoral Fellow Award.
- Magnotta, Sarah and Brian Murtha, "Impact of Salesperson Solution Orientation on Manufacturer Competitive Strategies," Poster presented at 2013 American Marketing Association Summer Marketing Educators' Conference, Boston, MA.

Professional Service

- Reviewer, National Conference in Sales Management, 2015
- Reviewer, American Marketing Association Summer Marketing Educators' Conference, 2015
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Professional Affiliations

- American Marketing Association
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Professional Development

- 2014 Southeast Marketing Symposium, Fayetteville, AK
- 2013 Sales Educators Academy, Orlando FL
- 2012 Southeast Marketing Symposium, Knoxville, TN
- 2011 Southeast Marketing Symposium, Oxford, MS

Teaching Experience

- Marketing Research
    - Spring 2015 (2 sections)
    - Spring 2013 3.8/4.0 Teacher Effectiveness Rating
    - Fall 2011 3.9
- Services Marketing Management
    - Fall 2013 3.9
- Personal Selling
    - Fall 2014 3.9
    - Spring 2014 3.9
- TA: Principles of Marketing
    - Spring 2011
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Industry Experience

- Marketing Director, Maryland Office Interiors, 2009-2010
- Director of Marketing and Account Manager, Chasen's Business Interiors, 2005-2009