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## Examining Hotel Salespeople's New Membership Program Sales Performance

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### **ABSTRACT**

Promoting new membership programs can be a rewarding yet challenging task for hotels. However, high-performance sales teams can improve consumer perceptions of new membership programs in the market and allow hotels to remain competitive. Few studies have explored how hotel sales personnel approach the task of selling new membership programs, and studies examining the moderating influence of market orientation are also rare. The current study contributes to the hospitality sales management literature by using the goal orientation theory to examine the new membership programs sales performance of 168 salespeople. "Market orientation" was included as a variable that could moderate salespeople's performance. The results show that learning goal orientation and performance prove goal orientation positively influence salespeople's performance, but performance avoid goal orientation negatively influences sales performance. Furthermore, hotels' levels of market orientation (high or low) can moderate the relationship between goal orientation and sales performance.

**Keywords:** management, accommodation sector, goal orientation, market orientation

## **Author bio**

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## Examining Hotel Salespeople's New Membership Program Sales Performance

### **Introduction**

This research letter examines hotel salespeople's new membership programs sales performance in a business-to-consumer (B2C) context. Membership program is essential for hospitality service providers as it is linked with customer loyalty; however, the number of consumers holding hotel memberships has been in decline since 2008 (Jang, Mattila, & Bai, 2007; Tanford, Raab, & Kim, 2011). To retain existing members and to acquire new members, hospitality service providers have to put forth new membership programs on regular basis (McCall & Voorhees, 2012). Along with successful advertising campaigns, ensuring that salespeople are effective is one method for improving a new membership program's market prospects as salespeople interact with potential customers during sales transactions (Fu, Richards, Hughes, & Jones, 2010). Salespeople familiarize customers with a product's new features and benefits.

Current studies on new product promotion have primarily focused on physical, financial, and/or technology product sales (e.g., Fu, Richards, & Jones, 2009; Potosky & Ramakrishna, 2003). Few studies have examined sales of new intangible products, especially new membership programs. In particular, relatively little is known about the strategies used by hotel salespeople to promote new membership programs. Moreover, it is unclear whether hotels' levels of market orientation (high or low) can moderate salespeople's sales performance.

### **Research framework and hypotheses**

To narrow the gaps in the current hospitality literature, this study incorporates market orientation into the goal orientation theory. Goal orientation theory is rooted in the fields of psychology and education, but is gradually being applied to the field of management. This theory can be useful for examining the performance of

salespeople because it addresses the way individuals approach and react to new information or knowledge, such as selling new products (Kohli, Shervani, & Challagalla, 1998; VandeWalle, Cron, & Slocum Jr., 2001). No known study has applied this theory to explore goal orientation's influence on sales performance in a hospitality domain. Figure 1 shows the proposed framework for this research.

Goal orientation theory is rooted in the fields of psychology and education but has recently begun to be applied in the field of sales management. This theory can be useful for examining sales performance because it considers the ways individuals approach and react to new information or knowledge (VandeWalle et al., 2001). This research letter incorporates market orientation into its framework because organization's psychological climate has a significant influence on sales team's performance (Matear, Osborne, Garrett, & Gray, 2002). Furthermore, Narver and Slater (1990) suggest market orientation is the most effective and efficient organizational climate when building competitive advantages and providing superior value to potential customers.

\*Figure 1 about here.

According to Ames (1992) and Elliot and Church (1997), salespeople have one of three goal orientations when selling: a learning goal orientation, a performance prove goal orientation, or a performance avoid goal orientation. According to VandeWalle (1997), individuals with a learning goal orientation prefer to focus on developing competence by acquiring new skills and learning from experiences. Silver, Dwyer, and Alford (2006) have confirmed that salespeople with a strong learning goal orientation are likely to have better sales performance. Miao and Evans (2013) measured salesperson performance by evaluating salespeople's perceived achievement of sales objectives. In this current study's context, sales performance is salespeople's self-perceived achievement of how he / she contribute to the new

membership program sales objectives set by his / her department.

H1: There will be a positive relationship between a learning goal orientation and sales performance.

The second type of goal orientation is the performance prove goal orientation. Individuals with this orientation desire to demonstrate their capabilities and gain favorable evaluations from others (e.g., managers), as has been observed by Steele-Johnson, Beauregard, Hoover, and Schmidt (2000) and VandeWalle (1997). Silver et al. (2006) found that a performance prove goal orientation has a positive impact on sales performance; however, this factor's influence needs further examination because the research of Potosky and Ramakrishna (2002) and VandeWalle et al. (2001) has shown that this factor has an insignificant influence on employees' performances.

H2: There will be a positive relationship between performance prove goal orientation and sales performance.

The third type of goal orientation is performance avoid goal orientation. Individuals with this orientation desire to avoid having their lack of competence exposed and seek to avoid receiving negative evaluations from others (VandeWalle, 1997). Silver et al. (2006) found that employees who have a performance avoid goal orientation are less likely to perform their duties well.

H3: There will be a negative relationship between performance avoid goal orientation and sales performance.

In addition to goal orientation, market orientation is another important factor in sales performance (Matear et al., 2002). Morgan, Vorhies, and Mason (2009) defined market orientation as the extent to which an organization can generate, distribute, and respond to market information regarding the needs of future and current customers, competitor strategies, and the broader business environment. Additionally, Matear et

al. (2002) found that market orientation has a moderating effect on salespeople's performance. In light of these findings and considering that hotels have to make their staff members more effective, this research hypothesizes that salespeople's perception of their hotels' levels of market orientation (high or low) will moderate their sales performance.

H4: Market orientation can positively moderate the relationships between goal orientations and sales performance. Specifically, relationships among goal orientations (i.e., learning goal orientation, performance prove goal orientation, and performance avoid goal orientation) and sales performance are stronger for the high-market orientation group than for the low-market orientation group.

## **Methodology**

Postgraduate students were recruited to interview and gather data from salespeople working in Taiwan's hotels. Hotels that had promoted new membership programs within twelve months of their first contact with the researchers were considered eligible to participate in the study. The survey was completed by 168 salespeople. Among the respondents, 59.5% were female, and 30.3% were between 30 and 39 years of age. Measurement scales were designed to examine the target question: "What are the determinants of a hotel salesperson's new membership program sales performance?" The participants completed a survey that evaluated their goal orientation (Sujan, Weitz, & Kumar, 1994), sales performance (Miao & Evans, 2013), and market orientation (Matear et al., 2002) by asking them to rate their answers on a Likert-type scale. Multiple items were used to measure each variable (Table 1).

\*Table 1

## Data analysis and results

SPSS AMOS 20 was used to analyze the data. Following Anderson and Gerbing's (1988) two-step approach, a measurement model was first estimated using confirmatory factor analysis. The high factor loadings, composite reliability, and average variances extracted (AVE) for each construct were used together to confirm the reliability, convergent validity, and discriminant validity of the instrument.

The results gathered after using structural equation modeling showed a good fit between the data and the main model ( $\chi^2=229.54$ ,  $df=98$ ,  $p<0.001$ ,  $RMSEA=0.09$ ,  $CFI=0.945$ ,  $NFI=0.909$ ). These results provide support for the application of the goal orientation theory in the context of this study. On the basis of the statistical results, hotel salespeople's performance when selling new membership programs are positively affected by learning goal orientation and performance prove goal orientation. On the other hand, performance avoid goal orientation has a negative impact on sales performance (Figure 1).

To test the hypothesized moderating effects of market orientation, a multi-group invariance analysis was performed (Jurovski & Gursoy, 2004), and the procedure recommended by Bell and Menguc (2002) was followed. These methods allowed participants to be divided into two groups: those who perceived their hotels have higher levels of market orientation and those who perceived their hotels have lower levels of market orientation. The structural path coefficient indicated that there was a positive relationship between learning goal orientation and performance avoid goal orientation: both were significantly related to sales performance in the low market orientation group ( $\beta=0.27$ ,  $p<0.01$  and  $\beta=-0.16$ ,  $p<0.05$ , respectively). In the high market orientation group, the structural path coefficient revealed that performance prove goal orientation had a positive relationship with sales performance ( $\beta=0.56$ ,



$p < 0.001$ ) (Figure 2).

\*Figure 2

## **Discussion**

The number of consumers holding hotel memberships has been in decline since 2008 (Jang et al., 2007; Tanford et al., 2011). Hospitality service providers have been working hard to try to keep their existing members and to try to attract new members (McCall & Voorhees, 2012). Ensuring that salespeople are effective is one method for improving a new membership program's market prospects; however, relatively little is known about the strategies used by hotel salespeople to promote new membership programs. Furthermore, few sales management studies have examined sales of new intangible products, such as new membership programs. To narrow the gaps in the current hospitality literature, this study incorporates market orientation into the goal orientation theory.

In support of the theoretical framework proposed in this study, this research reveals that sales staff members' goal orientations are significantly linked to their sales performances. When promoting new membership programs, salespeople who are eager to sharpen their sales skills and gain positive evaluations from managers perform better. However, the fear of failure characteristic of performance avoid goal-oriented salespeople causes them to perform worse when selling new programs.

Based on this study's results of the invariance analysis, there are three additional issues worth further discussion. First, learning goal orientation only affected new membership program sales performance when hotels' market orientation is low. By definition, learning goal-oriented salespeople seek new knowledge about the product being sold and desire to sharpen their sales techniques (VandeWalle, 1997). It is possible that these salespeople's hotels' shortcomings (e.g., less responsive to market

environment and customers' needs) provide them the opportunity to learn and sharpen their skills; therefore, they perform better under challenging circumstances.

Second, performance prove goal-oriented salespeople only experienced positive sales performance when they perceived their hotels' market orientation is high. For these salespeople, promoting new membership programs is an opportunity to gain a positive evaluation from their managers because the chances of performing well increase as their employer respond to market environment, customers' needs, and competitors' strategies. Third, performance avoid goal orientation can negatively affect sales performance when they perceived their hotels' market orientation is low. Performance avoid-oriented salespeople desire to avoid situations that may expose their incompetence or lack of ability. They therefore do not perform well when their hotels are less responsive to market environment and customers' needs because it is generally known that selling new products is already a difficult task that involves a high degree of uncertainty (Fu et al., 2010; Krishnan & Zhu, 2006).

Hotel's sales and marketing managers can use these findings to employ their salespeople more effectively when a new membership program is being promoted. Without considering the influence of market orientation, hotel's sales team managers should use salespeople who are eager to sharpen their sales skills and gain positive evaluations from managers perform better. For hotels that are less responsive to market environment and customers' needs, managers could choose to assign this task to learning goal oriented staff members to sell new programs. Managers can choose to give this task to performance prove goal-oriented staffs if the hotel is highly market oriented. The task of selling new membership programs should not be given to salespeople who fear of exposing their weaknesses and / or receiving negative feedback. To identify the staff's goal orientations and hotels' levels of market

orientation, managers need to rely on their experience, observation, or assistance from a human resource department.

### **Limitations, future studies, and conclusion**

In conclusion, this study is the first to explore the influence of goal orientation on sales performance in a hospitality domain. The findings reveal the diverse strategies that hotel managers can use when selling new membership programs. Moreover, the results show that hotels' market orientation moderates their salespeople's sale performance. Managerial implications have been suggested based on the findings. Although it makes a contribution to the tourism and hospitality management literature, this research also has limitations. Its primary limitation is that it did not differentiate between selling to existing members and selling to non-members. Future studies should examine whether this study's framework can be applied to both scenarios. Second, this study only investigated the hospitality industry within a single country. Future scholars should apply this research framework to other countries.

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**Table 1. Descriptive Analysis of the Measures**

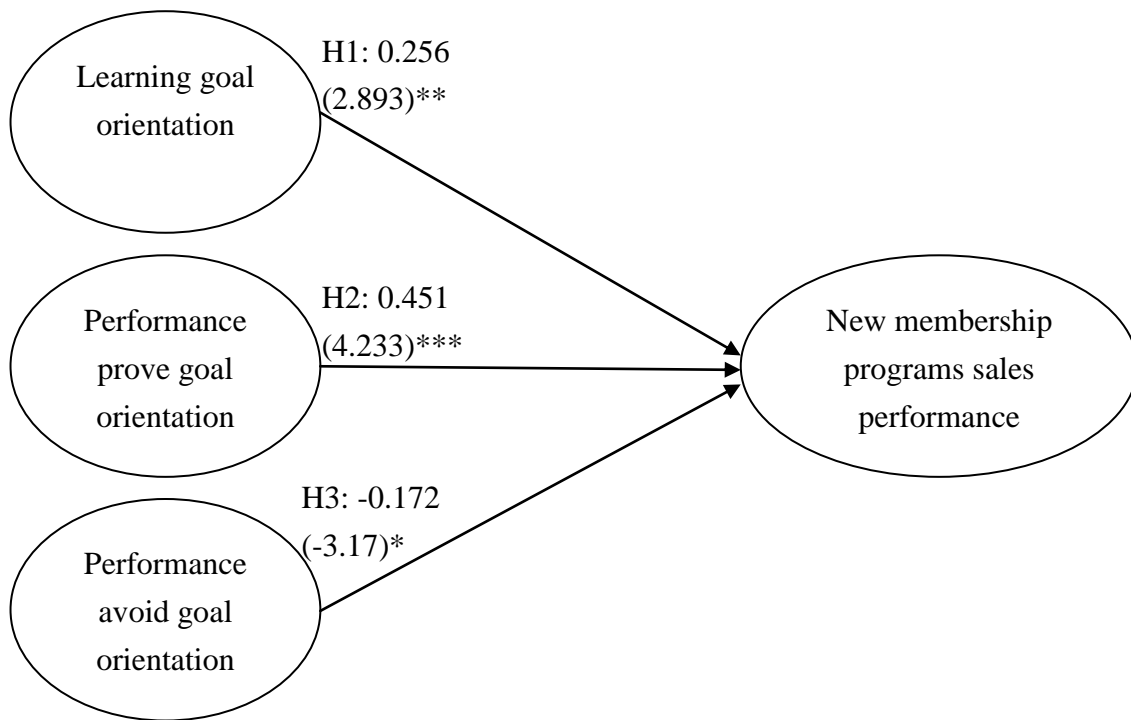
Construct	Items	Mean	SD	$\alpha$	AVE	CR
Learning goal orientation	1: It is worth spending a great deal of time learning new approaches for dealing with customers.	5.78	1.18	0.93	.79	.94
	2: An important part of being a good salesperson is continually improving your sales skills.					
	3: I am always learning something new about my customers and products (i.e., membership programs).					
	4: Learning how to sell new membership programs better is of fundamental importance to me.					
Performance prove goal orientation	1: I very want my colleagues to consider me to be good at selling new membership programs.	5.15	1.11	0.87	.67	.89
	2: It is very important to me that my supervisor sees me as a good salesperson.					
	3: I am concerned with showing that I can perform better than my colleagues.					
	4: I feel very good when I known I have outperformed other sales representatives in my company at selling new membership programs.					
Performance avoid goal orientation	1: I would avoid selling new membership programs if there was a chance that I would appear rather incompetent to others.	3.94	1.13	0.90	.70	.90
	2: I am concerned about taking on a task at work if my performance would reveal that I had low ability.					
	3: I prefer to avoid situations at work (e.g., selling new membership programs) where I might perform poorly.					

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	4: Avoiding a show of low ability at work is most important to me.					
	1: In this hotel, we do a lot of in-house market research.	4.81	1.12	0.86	.74	.92
	2: We periodically review the likely effect of changes in our business environment on customers.					
Market orientation	3: In this hotel, intelligence on our competitors is generated independently by several departments.					
	4: In this hotel, we try to find out what products / services (i.e., membership programs) they will need in the future.					
New membership programs sales performance	1: I generated a high level of dollar sales when new membership programs.	4.89	1.20	0.94	.79	.94
	2: I generated sales of new membership programs.					
	3: I sell high profit margin new membership programs.					
	4: I exceed sales targets when selling new membership programs.					

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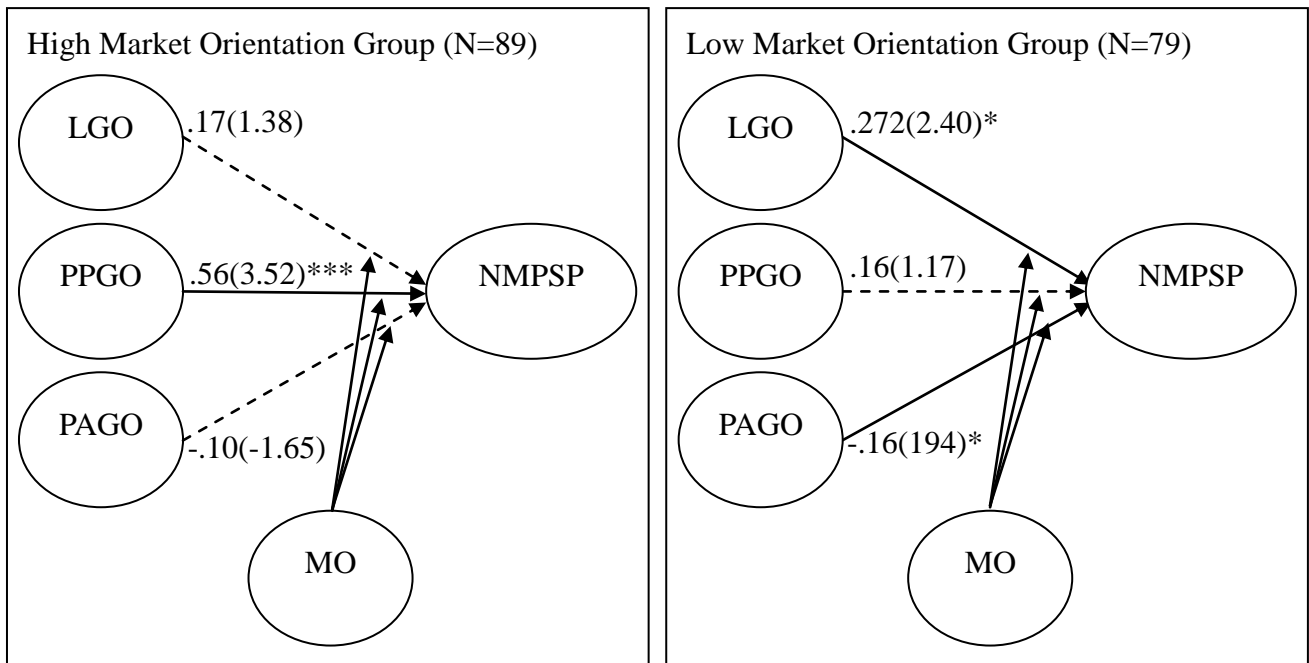
**Figure 1. Research Framework (N=168)**



Number on path: standardized parameter estimation, Number in parentheses: T-Value.  
Remark: \*Significant at  $p < 0.05$ ; \*\*Significant at  $p < 0.01$ ; \*\*\*Significant at  $p < 0.001$ .  
Model fit:  $\chi^2/df=2.013$ ,  $p < 0.001$ , RMSEA=0.08, CFI=0.914, NFI=0.846



**Figure 2. Market Orientation's Moderating Effect**



1. Number on path: standardized parameter estimation, Number in parentheses: T-Value.
2. Remark: \*Significant at  $p < 0.05$ ; \*\*Significant at  $p < 0.01$ ; \*\*\*Significant at  $p < 0.001$ .
3. Significant=  $\longrightarrow$  ; Insignificant=  $\dashrightarrow$
4. Model fit:  $\chi^2/df = 2.013$ ,  $p < 0.001$ , RMSEA=0.08, CFI=0.914, NFI=0.846
5. LGO: Learning goal orientation; PPGO: Performance prove goal orientation; PAGO: Performance avoid goal orientation; NMPSP: New membership programs sales performance; MO: Market orientation