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ORIGINAL EMPIRICAL RESEARCH

Customer-oriented salespeople's value creation and claiming in price negotiations

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Abstract

Although customer orientation is widely endorsed as a crucial salesperson characteristic, little is known about its effect in price negotiations with customers. This study rectifies this omission and argues for its ambiguous effects. While customer-oriented salespeople create value for customers that enables them to reduce price concessions, they may overly focus on customers' needs and, in doing so, hesitate to defend against such requests. Results of two quantitative studies and one preliminary qualitative study reveal that customer-oriented salespeople do not unconditionally benefit from their created value in price negotiations with customers. That is, salespeople effectively leverage their created value to negotiate prices with customers only if their sales managers instill confidence that high prices are justified. Furthermore, we find that profit-related incentives reduce undesired consequences of salespeople's customer orientation in price negotiations.

Keywords Customer orientation · Price negotiations · Personal selling · Sales management · Incentives · Leadership

In many industries, enforcing prices in customer interactions is a core task entrusted to the sales force. Price negotiations are prevalent in major U.S. retail industries such as jewelry ($33 billion in revenues in 2013), furniture ($53 billion), and automobile wholesaling ($489 billion) (Marks 2013; Alavi et al. 2020), and they are of particular importance in virtually all business-to-business markets, where prices vary from customer to customer and buyers are highly demanding (e.g., Anderson et al. 2004; Frenzen et al. 2010). While price enforcement is of utmost importance to firms' financial performance with price constituting the major driver of firms' profits (Marn et al. 2004), firms continuously and frequently report severe difficulties regarding the effective enforcing of prices (CSO Insights 2017).

Despite this apparent high practical relevance of negotiations and the rich stream of academic literature on the drivers of negotiation outcomes (e.g., Ganesan 1993; Sharma and Krishnan 2001; Jap et al. 2011), prior research scarcely accounted for the role of the key salesperson characteristic of customer orientation. Thus, this paper's main goal is to explore how salespeople's customer orientation shapes price negotiation outcomes. Customer orientation is "an employee's tendency or predisposition to meet customer needs" (Brown et al. 2002, p. 111) and has been shown to foster favorable customer attitudes toward the company, as well as sales success (e.g., Brady and Cronin 2001; Mullins et al. 2014; Habel et al. 2020). As a result, prior studies "urge practitioners to make [customer orientation] a criterion in their employee selection, retention, and compensation processes" (Zablah et al. 2012).

The reason for the positive view of customer orientation is that customer-oriented salespeople create value by fulfilling

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customers' needs (e.g., Homburg et al. 2009) and thereby foster positive customer consequences like satisfaction (e.g., Brady and Cronin 2001; Goff et al. 1997), trust (Swanson et al. 1998; Williams 1998), and perceptions of customer centricity (e.g., Habel et al. 2020). Essentially, these favorable consequences of customer orientation may also translate into salespeople's price negotiations. In price negotiations, customer-oriented salespeople may benefit from the value they have created for customers by realizing higher prices and thus achieving more profitable outcomes. More specifically, the more value salespeople create for customers, the more motivated salespeople should be to defend prices, thereby claiming higher value in price negotiations. However, whether customer-oriented salespeople actually benefit from their created value by realizing lower discounts has not been directly investigated by prior literature so that the link between customer orientation and price negotiation outcomes is not yet well understood.

When adopting the perspective of past negotiation research, customer-oriented salespeople's strong focus on *creating* customer value might not always and automatically be beneficial in price negotiations, as these salespeople might tend to neglect the *claiming* of value. Such a different perspective on the effects of customer orientation in price negotiations arises from customer-oriented salespeople's concern for others' needs. Other-concern is a key driver of negotiation outcomes, leading negotiators to set less ambitious negotiation goals, negotiate less assertively, and make greater concessions, thus achieving worse distributive negotiation outcomes (e.g., Greenhalgh and Gilkey 1993; Amanatullah et al. 2008; Schroeder et al. 2014). The negotiation literature agrees that a concern for the opposing party's needs poses a risk to negotiators' claiming of value in negotiations (e.g., Jap et al. 2013; Lawrence et al. 2021).

Thus, the consequences of salesperson's customer orientation on price negotiation outcomes might be ambiguous. In light of the limited knowledge on these effects, we provide a differentiated account of salesperson's customer orientation in price negotiations, considering the possibility that salesperson's tendency to meet customer needs may simultaneously pose an opportunity and a risk to price enforcement. That is, we seek to integrate the consequences of customer orientation on value creation and value claiming, and link these consequences to the negotiation of selling prices.

More specifically, drawing on dual-concern theory (Pruitt and Rubin 1986), we theorize that salesperson's customer orientation mitigates salesperson's price enforcement, but that this effect depends on the interplay of customer-oriented salespeople's other-concern and self-concern. In particular, we expect salesperson's customer orientation to exhibit beneficial effects through creating more value for customers, but also to entail harmful consequences in price negotiations through higher than necessary price discounts. We expect this latter effect to depend on salespeople's compensation plans. Specifically, if sales incentives are based on profit, salespeople should be more motivated to safeguard selling prices, limiting the extent to which they put their other-concern to action.

Importantly, practice evaluates salespeople's performance still largely on the basis of revenue-related variables (CSO Insights 2019). According to a recent survey, 89.5% of sales incentives are based on revenue (Alexander Group 2018)—and influential consulting firms such as McKinsey endorse such incentives (Hatami et al. 2018). Thus, utilizing profit-related incentives to prevent customer-oriented salespeople from granting exaggerated discounts is not common in practice, which speaks to our proposition's relevance.

To test our conceptual model, we initially conducted a study comprising data of 207 salesperson–customer interactions, including 40 salespeople and matched objective discounts. The study offers support for our suggestion that salesperson's customer orientation has the potential to increase average discounts, particularly if incentives are not based on profits. Furthermore, the study shows that salesperson's customer orientation increases salesperson's created value for customers, thereby fostering customers' purchase intention. We do not, however, find support for our prediction that their created value helps customer-oriented salespeople enforce selling prices.

In the next step, we sought to better understand the counterintuitive finding that customer-oriented salespeople do not unlock the potential of the value that they create for customers by negotiating lower discounts. To this end, we conducted a preliminary qualitative study, including three focus groups with eight experienced sales managers. These discussions revealed that customer-oriented salespeople often lack the mindset or are reluctant to leverage their created value to enforce prices. Instead, these salespeople focus on preserving the customer relationship along with sales opportunities. The managers also converged on the view that leaders might overcome these challenges by stimulating salespeople's feelings of entitlement to high prices as a reward for the value they created. We conceptualize this leadership strategy as *price confidence promotion* and introduce it as a novel, indigenous construct to the sales literature (Zeithaml et al. 2020). We then develop a survey scale to measure price confidence promotion and test this scale in Study 2, comprising a sample of 164 salespeople. The results indeed show that the more their leaders use such a price confidence promotion strategy, the more customer-oriented salespeople benefit from their created value in price negotiations.

Our findings contribute to marketing research in important ways. That is, we contribute to the significant literature field of salesperson's customer orientation by differentiating the ambiguous effects of customer orientation on value creation and value claiming (e.g., Saxe and Weitz 1982; Ganesan 1993; Homburg et al. 2011; Zablah et al. 2012). Whether the

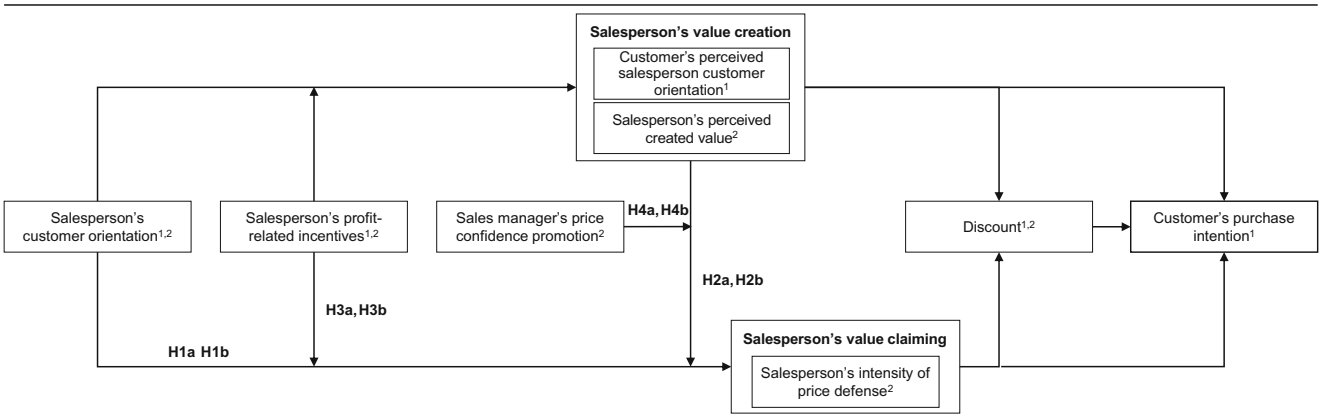
consequences of salesperson's customer orientation on claiming value are positive or negative strongly depends on whether sales managers instill confidence in their salespeople to utilize the created customer value as an argument in price negotiations and on whether they earn profit-related incentives.

Our findings provide direct guidance on how to manage customer-oriented salespeople in price negotiations. Specifically, sales managers should promote confidence among their customer-oriented salespeople to utilize the value they created for customers in price negotiations and link salespeople's compensation to profit-related incentives. As a result, customer-oriented salespeople will enforce prices more effectively while continuously creating value for customers, culminating in win-win situations for salespeople and customers alike.

Conceptual framework and development of hypotheses

Description of conceptual framework

Figure 1 illustrates our conceptual framework, which integrates the consequences of salesperson's customer orientation on salesperson's creation of value and claiming of value in price negotiations. In their boundary-spanning role, salespeople have the essential task to arrange agreements between customers and their company by creating value for customers and claiming value for the company. Customer value reflects the ratio between the benefits that customers receive from the offering of the company and the costs they have to sacrifice for it (Zeithaml 1988). Salespeople's consultation creates value for customers by increasing the benefits and decreasing the costs. Specifically, salespeople can identify customers' product-related and price-related needs and offer solutions that fulfill these needs (Cannon and Perrault 1999). Furthermore, salespeople's consultation can decrease customers' search costs and uncertainty regarding the product choice (Haas and Kenning 2014). In our studies, we operationalize created value in two ways. In Study1, we focus on customers' perceptions of salesperson's customer orientation (Stock and Hoyer 2005; Terho et al. 2012; Habel et al. 2020). Perceived customer orientation refers to the extent to which customers perceive salespeople to satisfy their needs—it is thus an adequate proxy of created value. In Study 2, we operationalize created value in terms of salespeople's perceptions of the value they create for customers. In addition to creating value for customers, salespeople must satisfy the interests of their company by claiming value for the company. In



Results of hypothesis tests	Study 1	Study 2
H1a: Salesperson's customer orientation has a positive effect on discount.	✓	
H1b: Salesperson's customer orientation has a positive indirect effect on discount via salesperson's intensity of price defense.		✓[3]
H2a: Salesperson's created value negatively moderates the effect of salesperson's customer orientation on discount. Specifically, the effect of salesperson's customer orientation on discount becomes less positive if salesperson's created value increases.	×	
H2b: Salesperson's created value negatively moderates the indirect effect of salesperson's customer orientation on discount via salesperson's intensity of price defense. Specifically, the indirect effect of salesperson's customer orientation on discount via salesperson's intensity of price defense becomes less positive if salesperson's created value increases.		×
H3a: Profit-related incentives negatively moderate the effect of salesperson's customer orientation on discount. Specifically, the effect of salesperson's customer orientation on discount becomes less positive if profit-related incentives increase.	✓	
H3b: Profit-related incentives negatively moderate the indirect effect of salesperson's customer orientation on discount via salesperson's intensity of price defense. Specifically, the positive indirect effect of salesperson's customer orientation on discount via salesperson's intensity of price defense becomes less positive if profit-related incentives increase.		✓
H4a: The joint effect of a salesperson's customer orientation and created value on salesperson's intensity of price defense is more positive if sales manager's price confidence promotion is high. Specifically, for salespeople that created high value the effect of salesperson's customer orientation on salesperson's intensity of price defense becomes more positive if sales manager's price confidence promotion increases.		✓
H4b: The joint effect of a salesperson's customer orientation and created value on discount via salesperson's intensity of price defense is less positive if sales manager's price confidence promotion is high. Specifically, for salespeople that created high value the effect of salesperson's customer orientation on discount via salesperson's intensity of price defense becomes less positive if sales manager's price confidence promotion increases.		✓

Notes: [1]Included in Study 1 (40 Salespeople and 207 salesperson-customer interactions); [2]Included in Study 2 (164 Salespeople); [3]Significant at the 10%-level of significance; ✓ = hypothesis confirmed, × = hypothesis not confirmed.

Fig. 1 Conceptual framework and results of hypothesis tests

price negotiations, salesperson's claiming of value manifests in the intensity of their price defense, which reflects the effort the salesperson invests in a price negotiation to refute the customer's discount demand (Hüffmeier et al. 2014).

We build on dual-concern theory to conceptualize how a salesperson's customer orientation influences their price enforcement, as well as to integrate salesperson's creation of value and claiming of value (Pruitt and Rubin 1986). According to dual-concern theory, negotiation behavior and outcomes depend on the extent to which negotiators focus on their own interest (self-concern) and the other party's interest (other-concern; Pruitt and Rubin 1986). Salesperson's customer orientation reflects "an employee's tendency or predisposition to meet customer needs" (Brown et al. 2002, p. 111) and relates to salesperson's other-concern (Saxe and Weitz 1982). We theorize that due to such other-concern, salesperson's customer orientation afflicts their price enforcement, implying a lower intensity of price defense and thus higher discounts. We furthermore propose that these effects depend on a customer-oriented salesperson's self-concern, such that a higher self-concern improves salesperson's enforcement of prices. Salespeople's self-concern should increase with the value that they create for customers—seeing that the more a salesperson invests in a customer relationship, the more he or she should expect in return—and with the level of profit-related incentives. Profit-related incentives reflect the extent to which a salesperson's variable compensation depends on the profit the salesperson generated.

In the following, we derive hypotheses for the influence of salesperson's customer orientation on discount and for how salesperson's intensity of price defense mediates this effect. Further, we derive hypotheses for how salesperson's created value and profit-related incentives influence the effect of salesperson's customer orientation on discount and the indirect effect of salesperson's customer orientation on discount via salesperson's intensity of price defense.

Consequences of salesperson's customer orientation on salesperson's value claiming

When integrating the concept of salesperson's customer orientation into the dual-concern framework, a high customer orientation primarily relates to a high other-concern, whereas a low customer orientation relates to a low other-concern (Saxe and Weitz 1982).[1] While the high other-concern of customer-oriented salespeople is beneficial for their creation of value, it might backfire in price negotiations. In price negotiations customers typically aim for high discounts, which inherently conflicts with the needs and interests of salespeople and their company. Therefore, pursuing their other-concern might pose a risk for customer-oriented salespeople's negotiation outcomes (e.g., Jap et al. 2013; Wieseke et al. 2014).

This perspective is in line with past negotiation research, which has identified concern for others as a key driver of negotiation outcomes (e.g., De Dreu and Van Lange 1995; Sorenson et al. 1999). Negotiators with a high concern for others tend to refrain from using dominating negotiation strategies and are more likely to use obliging strategies (Van de Vliert 1997; Sorenson et al. 1999). As they aim to establish and maintain relationships, they have lower negotiation goals, negotiate more defensively, are willing to make greater concessions, and thus achieve worse distributive negotiation outcomes (e.g., Greenhalgh and Gilkey 1993; Amanatullah et al. 2008; Schroeder et al. 2014). Consequently, customer-oriented salespeople's other-concern has the potential to impair salespeople's price enforcement, which manifests in a lower intensity of price defense and ultimately increased discounts. Therefore, we propose:

H1a Salesperson's customer orientation has a positive effect on discount.

H1b Salesperson's customer orientation has a positive indirect effect on discount via salesperson's intensity of price defense.

In line with dual-concern theory, the extent to which customer-oriented salespeople's other-concern influences salesperson's intensity of price defense and discounts should depend on their self-concern (e.g., Pruitt and Rubin 1986; Janssen and van de Vliert 1996; Grant 2008). That is, salespeople's self-concern should counteract their other-concern in negotiating prices. We argue that customer-oriented salespeople's self-concern increases with the value they create for their customers: The more value that salespeople create for their customers, the higher their interest should be in getting an appropriate price in return (Oliver and Swan 1989). Furthermore, basing customer-oriented salespeople's incentives on realized profit should trigger customer-oriented salespeople's self-concern. This, in turn, should motivate salespeople to more intensively defend prices and negotiate lower discounts. We elaborate on both propositions below.

Customer-oriented salespeople's integration of value creation and value claiming in price negotiations

Customer-oriented salespeople's concern for their customers' needs enables them to create higher value for customers by identifying and meeting customer needs (e.g., Brady and Cronin 2001; Goff et al. 1997). Thereby, they increase the attractiveness of the firm's offering and engender favorable

[1] Notably, customer-oriented salespeople's other-concern is not completely altruistic as it manifests in increased value for customers, which enables salespeople to reach their own goals. Therefore, other-concern reflects a means for customer-oriented salespeople to achieve own goals and, thus, to pursue their self-concern.

reactions from customers that positively affect revenues through increased purchase likelihood and volume (Cronin et al. 2000).

The more value that customer-oriented salespeople create for their customers, the higher should be their interest to profit in return for the value they have created (Oliver and Swan 1989). This is because individuals tend to strive for a fair equity between the inputs they provide and the outcomes they obtain (Adams 1965; Oliver and Swan 1989). In this respect, for salespeople, realizing higher selling prices constitutes an attractive, rewarding way to benefit from creating value, as this helps them achieving company goals. Thus, in price negotiations, the more value customer-oriented salespeople create for their customers, the higher should be their personal interest in granting lower discounts, leading them to defend prices more intensively.

Thereby, the created value provides customer-oriented salespeople with compelling arguments to defend the company's selling prices. That is, customer-oriented salespeople can counter discount requests by marshaling and leveraging the value that they have created for customers. As this endows salespeople with a stronger basis for refuting customer discount claims, we expect them to increase in their intensity of price defense and, thus, to negotiate lower discounts:

H2a Salesperson's created value negatively moderates the effect of salesperson's customer orientation on discount. Specifically, the effect of salesperson's customer orientation on discount becomes less positive if salesperson's created value increases.

H2b Salesperson's created value negatively moderates the indirect effect of salesperson's customer orientation on discount via salesperson's intensity of price defense. Specifically, the indirect effect of salesperson's customer orientation on discount via salesperson's intensity of price defense becomes less positive if salesperson's created value increases.

Customer-oriented salespeople's value claiming and profit-related incentives

In addition to salespeople's created value, we expect salespeople's compensation plans to determine salespeople's self-concern and thus to constitute a counterweight to excessive other-concern in price negotiations. Compensation plans are important and powerful mechanisms for influencing salespeople's behavior, sales, and profitability (Lopez et al. 2006; Patil and Syam 2018). Salespeople's compensation often comprises both fixed and variable elements that salespeople can achieve by fulfilling specific, incentivized company goals (Habel et al. 2021). Typically, salespeople are rewarded with incentives if they achieve revenue or profit goals (e.g., Joseph and Thevaranjan 1998).

We argue that profit-related goals are particularly instrumental in fostering self-concern and thus in preventing customer-oriented salespeople from overly accommodating customers' price-related needs. Profit-related incentives should ensure that negotiated prices are profitable because granting discounts would immediately reduce salespeople's compensation. Consequently, high profit-related incentives would make it harmful for customer-oriented salespeople to satisfy customers' price related needs. Therefore, we expect customer-oriented salespeople to exhibit a higher self-concern if their profit-related incentives are high (Deci et al. 1999; Ariely et al. 2009). As a result, customer-oriented salespeople's negotiation goals should become more ambitious, leading salespeople to defend prices more intensively and to grant lower discounts. This proposition aligns with research suggesting that to improve price enforcement, salespeople's compensation should depend on realized profit rather than on sales volume alone (Stephenson et al. 1979; Joseph 2001; Lo et al. 2011). We therefore suggest that profit-related incentives increase customer-oriented salespeople's intensity of price defense, which thereby decreases discounts.

H3a Profit-related incentives negatively moderate the effect of salesperson's customer orientation on discount. Specifically, the effect of salesperson's customer orientation on discount becomes less positive if profit-related incentives increase.

H3b Profit-related incentives negatively moderate the indirect effect of salesperson's customer orientation on discount via salesperson's intensity of price defense. Specifically, the positive indirect effect of salesperson's customer orientation on discount via salesperson's intensity of price defense becomes less positive if profit-related incentives increase.

Moreover, related to H3a and H3b, we do not expect profit-related incentives to undermine the effects of salesperson's customer orientation on their value creation for customers. Given that the value that salespeople create for customers should increase customers' intention to purchase, a lower value creation would undermine salespeople's sales volume. Therefore, it is unlikely that profit-related incentives and salespeople's entailing self-concern attenuate the positive effect of salespeople's customer orientation on their value creation.

Study 1: Customer-oriented salespeople's utilization of created value in price negotiations

In Study 1, we investigate the effects of salesperson's customer orientation on their creation and claiming of value. We test

H1a by examining the effect of salesperson's customer orientation on discount and H2a by investigating whether salesperson's created value influences the effect of salesperson's customer orientation on discount. Study 1 enables us to assess salesperson's value creation by asking customers about the extent to which the salesperson correctly identified and fulfilled their needs. We therefore assessed salesperson's value creation for customers by customers' perceived salesperson customer orientation (Stock and Hoyer 2005; Habel et al. 2020). Furthermore, we test H3a by examining how the degree to which salespeople are incentivized based on profit-related measures influences the effect of customer orientation on discount. Beyond testing these hypotheses, to account for further customer consequences of salesperson's value creation, we include the effect of created value on customers' purchase intention.

Data collection and sample

We collected data in cooperation with a furniture retail chain. Furniture retailers offer a suitable context for our study because the value that furniture salespeople create for their customers varies between different customer interactions (e.g., selling a kitchen vs. selling decoration items) and additionally salespeople usually negotiate prices with their customers. Furthermore, at furniture retailers salespeople are usually incentivized based on multiple measures including profit. Furniture retailers have also been the context of prior studies on interactions between salespeople and customers (e.g., Andreu et al. 2010; Reimann et al. 2010).

We collected our data from three sources. Data on salesperson's customer orientation, incentivization, and further control variables were collected by a salesperson survey. Customer data was collected by a survey that customers answered after their interaction with a salesperson. The survey included questions on the value that the salesperson created for customers, customers' purchase intention, and control variables. Additionally, trained research assistants unobtrusively observed the interactions between salespeople and customers and assessed the final discount that was negotiated between them.

We coded each questionnaire so that we were able to match salesperson, customer, and observer surveys. Our data set includes data from 40 salespeople and 207 salesperson–customer interactions, with a mean of 5.18 customer interactions per salesperson (ranging from 1 to 12 interactions per salesperson). The average age of salespeople was 35.38 years (SD = 10.97), the average tenure was 9.78 years (SD = 8.01), salespeople worked on average for 37.08 h per week (SD = 7.57), and 37.5% of salespeople were male. Customers were on average 38.86 years old (SD = 14.57) and 56% were male. The average discount level was 4.80% (SD = 3.61%).

Measures

We relied on well-established scales to measure the variables of our study (Appendix Table 6). We assessed salesperson's customer orientation using four items of the empirically validated measure of the short form of the SOCO scale (Saxe and Weitz 1982) developed by Thomas et al. (2001). We assessed salesperson's profit-related incentives by asking salespeople to what extent their variable compensation depends on their negotiation of profitable prices (Colbert et al. 2008). We measured salesperson's created value by asking customers for the extent to which salespeople correctly identified their needs, acted in their interest, and offered them solutions fulfilling their needs. To this end, we adopted four items from Thomas et al. (2001), which assess customers' perceptions of a salesperson's customer orientation. The extent to which the salesperson identified and met customers' needs appropriately describes the value the salesperson created for the customer (Stock and Hoyer 2005; Terho et al. 2012; Habel et al. 2020). Asking customers for the extent to which the salesperson created value for them should provide reliable information as customers can best evaluate the value they perceive (e.g., Goff et al. 1997; Homburg et al. 2011). Further, we asked customers about their intention to purchase the furniture item that they discussed with the salesperson. Research assistants recorded the final discount level in percent that customers received in their interaction with the salesperson (Wieseke et al. 2014).

In addition, as the study uses data of interactions between salespeople and customers, it allows us to include variables on the salesperson and on the customer level to address other potential causes that, if omitted, could confound our findings (e.g., Sande and Ghosh 2018; Hill et al. 2021). To control for variables on the customer level that might influence customers' negotiation intensity, we assessed customers' price perception of the product discussed with the salesperson (e.g., Alavi et al. 2016; Alavi et al. 2018) and customers' age and gender. On the salesperson-level, we accounted for salesperson's share of variable compensation, as it should determine the relevance of profit-related incentives (e.g., Lopez et al. 2006). Further, to account for salesperson's knowledge and experience, we included salesperson's tenure (e.g., Holmes et al. 2017). We also account for work hours because these differ across salespeople and include salesperson's age and gender as additional control variables.

Psychometric properties of measurement variables

Table 1 presents descriptive statistics, psychometric properties, and intercorrelations of the variables of Study 1. Results of the confirmatory factor analysis show that the measurement model fits the data well (RMSEA = .08; CFI = .98; TLI; = .95). No Cronbach's alpha value is lower than .88 and no

Table 1 Study 1: Correlations and psychometric properties of variables

	1	2	3	4	5	6	7	8	9	10	11	12	13
Variables on the salesperson-level													
1. SP's customer orientation	(.887)												
2. SP's profit-related incentives	−.049	–											
3. SP's share of variable compensation	.181**	.100	–										
4. SP's tenure	.086	−.083	.310**	–									
5. SP's work hours	.119	−.105	−.335**	.005	–								
6. SP's age	.125*	.157*	.196**	.643**	−.052	–							
7. SP's gender	.185*	−.164**	.298**	.023	−.288**	.196**	–						
Variables on the salesperson-customer-interaction level													
8. Customer's perceived SP customer orientation	.165*	.001	−.067	−.002	.065	.154*	.092	(.925)					
9. Discount	.149	−.193*	.099	.024	.144	−.071	.108	.073	–				
10. Customer's purchase intention	.032	−.038	−.242*	−.015	.159*	−.021	−.158*	.178*	.130	–			
11. Customer's price perception	.006	−.086	−.207**	−.088	.031	−.030	−.104	.255**	.235**	.435**	–		
12. Customer's age	.033	.026	−.025	−.021	.005	.107	−.064	.127	.052	.165*	.173*	–	
13. Customer's gender	.054	−.032	−.013	.112	−.049	.088	.028	.010	−.015	.009	.126	.054	–
Mean	6.28	3.11	13.23	9.78	37.08	35.38	1.38	5.61	4.80	5.57	5.55	38.86	1.56
Standard deviation	.76	1.71	25.97	8.01	7.57	10.97	.48	1.59	3.61	1.67	1.28	14.57	.50
Average variance extracted	.77	–	–	–	–	–	–	.72	–	–	–	–	–
Composite reliability	.93	–	–	–	–	–	–	.90	–	–	–	–	–

* $p < .05$, ** $p < .01$ (two-tailed)

Notes: Cronbach's (1951) internal consistency reliability reported on the diagonal; Discount in percent, Salesperson's work hours per week, Gender: 1 = male 2 = female; SP = Salesperson

average variance or composite reliability of our core variables falls below the recommended thresholds, thereby showing a sufficient reliability and validity of our measures (Bagozzi and Yi 1988; Nunnally and Bernstein 1994). Furthermore, our constructs exhibit discriminant validity (Fornell and Larcker 1981).

Analytical approach

Because the 207 salesperson–customer interactions are nested in 40 salespeople, we used a multilevel path model to test our hypotheses. As the design effect of our main dependent variable discount falls slightly under the threshold of 2 ($deff_{Discount} = 1.99$), it indicates that a multilevel model is appropriate to test our hypotheses. We centered all independent variables on the salesperson–customer interaction level on their group mean. We estimated two models: one main effects model and one model including the two-way interaction between salesperson's customer orientation and profit-related incentives on salesperson's created value and discount, as well as the two-way cross-level interaction between salesperson's customer orientation and created value on discount. To analyze the interaction effects on the salesperson-level, we calculated an interaction term by multiplying the mean-centered variables salesperson's customer orientation and profit-related incentives, and incorporated this interaction term as an additional predictor of discount and created value in our model (Aiken and West 1991). To estimate the cross-level effect of salesperson's customer orientation on the effect of created value on discount, we followed Hox et al. (2017) and modeled a random slope of created value on discount that was allowed to vary between salespeople. Additionally, we modeled the cross-level effect of salesperson's customer orientation on the random slope of created value on discount. Our modelling of an interaction effect between a moderator variable and this variable's own predictor follows prior literature (e.g., Preacher et al. 2007; Lawrence et al. 2019).

Results

Table 2 presents our results. Our results offer support for H1a as we find a significant and positive effect of salesperson's customer orientation on discount ($\gamma_{\text{salesperson's customer orientation} \rightarrow \text{discount}} = .925$; $p < .05$), which indicates that highly customer-oriented salespeople grant higher discounts than less customer-oriented salespeople.

In contrast to our expectations, we do not find a significant cross-level interaction effect of salesperson's customer orientation and customer's perceived salesperson customer

Table 2 Study 1: Results of multilevel path modeling

	H	Model 1		Model 2	
		Estimate	(S. E.)	Estimate	(S. E.)
Structural effects on the salesperson level					
SP's customer orientation → discount	**H1a**	.925*	(.399)	.702	(.444)
SP's customer orientation → cust.'s perceived SP customer orientation		.387*	(.176)	.403*	(.174)
SP's customer orientation → purchase intention		.101	(.165)	.096	(.166)
SP's profit-related incentives → discount		.013	(.216)	.017	(.168)
SP's profit-related incentives → cust.'s perceived SP customer orientation		−.018	(.061)	−.019	(.061)
SP's profit-related incentives → purchase intention		−.040	(.076)	−.040	(.075)
Structural effects on the customer interaction level					
Cust.'s perceived SP customer orientation → purchase intention		.141*	(.068)	.142*	(.066)
Cust.'s perceived SP customer orientation → discount		.125	(.215)	.147	(.244)
Discount → purchase intention		.038	(.037)	.034	(.037)
Two-way interaction effects on the salesperson level					
SP's customer orientation × salesperson's profit-related incentives → discount	**H3a**			−.758**	(.237)
SP's customer orientation × salesperson's profit-related incentives → cust.'s perceived SP customer orientation				.074	(.098)
Cross-level interaction effect					
SP's customer orientation × cust.'s perceived SP's customer orientation → discount	**H2a**			.083	(.153)
Control variables on the salesperson-level					
SP's share of VC→discount		.016	(.012)	.019	(.016)
SP's tenure → discount		.077	(.059)	.087	(.075)
SP's work hours → discount		.002	(.046)	−.022	(.043)
SP's age → discount		−.102*	(.041)	−.122**	(.044)
SP's gender → discount		.038	(.611)	.043	(.664)
SP's share of VC→cust.'s perceived SP customer orientation		−.005	(.007)	−.006	(.007)
SP's tenure → cust.'s perceived SP customer orientation		−.017	(.017)	−.017	(.017)
SP's work hours → cust.'s perceived SP customer orientation		.003	(.012)	.006	(.012)
SP's age → cust.'s perceived SP customer orientation		.027	(.017)	.028	(.017)
SP's gender → cust.'s perceived SP customer orientation		.282	(.366)	.285	(.362)
SP's share of VC→purchase intention		−.004	(.005)	−.004	(.005)
SP's tenure → purchase intention		.010	(.016)	.009	(.016)
SP's work hours → purchase intention		.007	(.020)	.007	(.020)
SP's age → purchase intention		−.002	(.013)	−.002	(.013)
SP's gender → purchase intention		−.343	(.286)	−.345	(.284)
Control variables on the customer interaction-level					
Customer's price perception → discount		.816**	(.191)	.822**	(.199)
Customer's age → discount		−.033	(.023)	−.038	(.025)
C ustomer's gender → discount		.423	(.424)	.422	(.396)
Customer's price perception → cust.'s perceived SP customer orientation		.288**	(.104)	.285**	(.105)
Customer's age → cust.'s perceived SP customer orientation		.009	(.008)	.010	(.008)
Customer's gender → cust.'s perceived SP customer orientation		−.109	(.199)	−.112	(.199)
Customer's price perception → purchase intention		.406**	(.103)	.409**	(.104)
Customer's age → purchase intention		.008	(.007)	.008	(.007)
Customer's gender → purchase intention		−.152	(.218)	−.145	(.221)

* $p < .05$ ** $p < .01$ (two-tailed)

Notes: We report unstandardized coefficients; H = Hypothesis; SP = Salesperson; Cust. = Customer; VC = Variable compensation

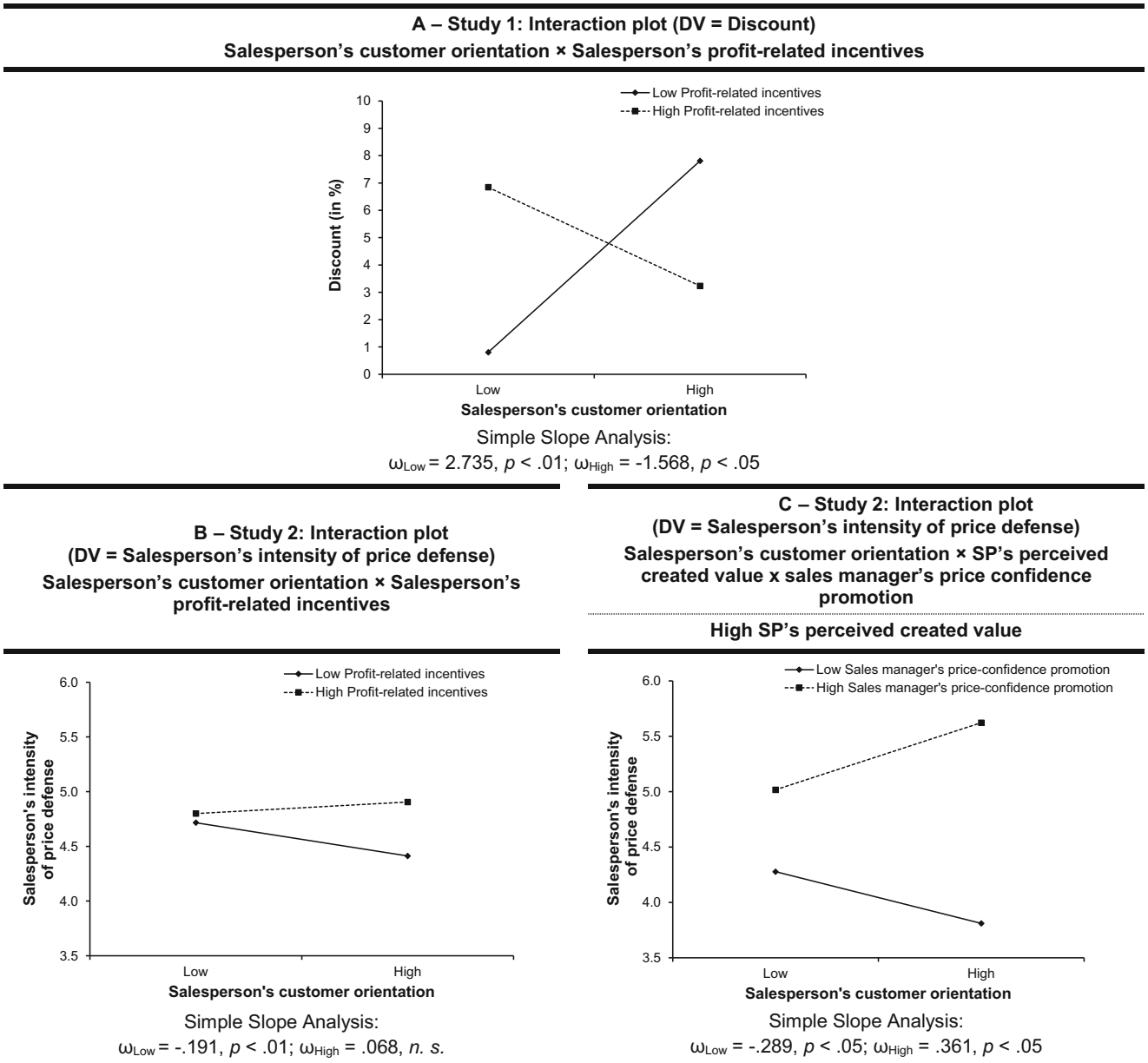
Coefficients of determination for the main effects model:

Salesperson-customer interaction-level: $R^2_{\text{discount}} = .121$; $R^2_{\text{customer's perceived SP customer orientation}} = .077$; $R^2_{\text{purchase intention}} = .199$

Salesperson-level: $R^2_{\text{discount}} = .585$; $R^2_{\text{customer's perceived SP customer orientation}} = .510$; $R^2_{\text{purchase intention}} = .261$

orientation on discount ($\gamma_{\text{salesperson's customer orientation} \times \text{customer's perceived SP customer orientation} \rightarrow \text{discount}} = .083$; *n. s.*). Consequently, we find no support for H2a as our results indicate that customer-oriented salespeople do not benefit from the value that they create for their customers by negotiating lower discounts.

Further, results of Study 1 offer support for our reasoning that profit-related incentives reflect an effective measure to manage customer-oriented salespeople in price negotiations with customers. Specifically, we find a significant and negative interaction effect of salesperson's customer orientation and profit-related incentives on discount ($\gamma_{\text{salesperson's customer orientation} \times \text{profit-related incentives} \rightarrow \text{discount}} = -.758$; $p < .01$) that offers support for H3a. Results of a simple slope analysis in Fig. 2.A provide further insights by showing that the effect of salesperson's customer orientation on discount is negative and



Notes: ω_{Low} and ω_{High} reflect the simple slopes for the corresponding effects; SP = Salesperson.
Simple slopes are calculated one and a half standard deviations below and above the mean.
We account for the distribution of the salesperson's customer orientation variable by plotting interaction effects from the 25%-quartile (low) to the 75%- quartile (high) of salesperson's customer orientation.

Fig. 2 Plot of interactions and simple slope analyses

significant if profit-related incentives are high ($\omega_{\text{High profit-related incentives}} = -1.568$; $p < .05$), whereas it is significant and positive if profit-related incentives are low ($\omega_{\text{Low profit-related incentives}} = 2.735$; $p < .01$). Therefore, our results reveal that customer-oriented salespeople grant higher discounts if they are not effectively incentivized based on profit. Importantly, our results indicate that incentivizing customer-oriented salespeople based on profit-related measures does not significantly undermine their creation of value for customers ($\gamma_{\text{salesperson's customer orientation} \times \text{profit-related incentives} \rightarrow \text{created value}} = .074$; *n. s.*).

Furthermore, in line with prior research on customer orientation, we find that customers perceive customer-oriented salespeople to create higher value for them ($\gamma_{\text{Salesperson's customer orientation} \rightarrow \text{customer's perceived SP customer orientation}} = .387$; $p < .05$), which in turn increases customers' intention to purchase ($\gamma_{\text{Customer's perceived SP customer orientation} \rightarrow \text{purchase intention}} = .141$; $p < .05$). Consequently, our results offer support for the positive

consequences of salesperson's customer orientation on created value.

Robustness checks

We conducted two robustness checks to ensure the validity of our findings. First, findings of prior research indicate that customer orientation may exhibit nonlinear consequences on its outcomes (for example, on salesperson's sales performance, as shown by Homburg et al. 2011). To test whether salesperson's customer orientation has a nonlinear effect on negotiation outcomes, we included the quadratic term of salesperson's customer orientation as an additional predictor of discount in our main effects model (Aiken and West 1991). Results show that salesperson's customer orientation has no significant quadratic effect on discount ($\gamma_{\text{salesperson's customer orientation (quadratic)} \rightarrow \text{discount}} = .184$; *n. s.*) and thereby indicate that a potential nonlinear effect is unlikely to endanger the validity of our findings. Second, given our sample size of 207 customers nested in 40 salespeople, we replicated Model 1 and 2 using a Bayesian estimator rather than a maximum likelihood estimator (Lee and Song 2004; Rouziou and Dugan 2020). We relied on non-informative priors and estimated the models using 4000 iterations. The scale reduction value of the model was 1.013 (<1.1; Muthén & Muthén 2017) and did not increase when replicating the model with 8000 iterations. Results, provided in Web Appendix WA1, align with results of our previous model and thus provide further validity for the robustness of our findings.

Why do customer-oriented salespeople not consistently benefit from created value in price negotiations—and what can companies do about it?

Our previous study disconfirms our expectation that customer-oriented salespeople benefit from the value that they create in terms of more effective price enforcement. This is surprising because the more value customer-oriented salespeople create for their customers, the higher their interest should be in profiting in return for the value they created (Oliver and Swan 1989). Further, the created value should provide customer-oriented salespeople with compelling arguments to defend the company's selling prices. Thus, to understand why customer-oriented salespeople do not consistently negotiate lower discounts, we conducted a preliminary qualitative theories-in-use study (Zeithaml et al. 2020). We performed three focus group interviews with eight experienced managers from different industries (Appendix Table 7). The interviews were facilitated by an experienced researcher and followed a semi-structured questionnaire. All interviews were audiotaped and transcribed verbatim. To analyze the interviews, we conducted a detailed, line-by-line evaluation of recorded words and phrases to generate descriptive codes. We then performed axial coding by grouping the open codes into related concepts and looking for the causal relationships between emerging categories. Lastly, we performed selective coding, which comprised streamlining the categories and forming a pervasive narrative (Saldaña 2013).

This process uncovered two potential reasons why customer-oriented salespeople do not consistently benefit from their created value by negotiating lower discounts. Specifically, salespeople's effective utilization of created value in price negotiations might be undermined by (1) their lack of a mindset to use the created value to defend prices, and (2) their reluctance to claim some of the value they created. We elaborate below and provide sample quotes from the interviews in Table 3.

First, the interviewees indicated that customer-oriented salespeople lack the mindset that they can utilize the value they previously created to negotiate lower discounts. Put differently, these salespeople see customer orientation as "detached from the price" (SM1), because they perceive the consultation stage and the price negotiation stage of the sales encounter as two separate stages of the selling process. Consequently, "the mindset of using value in negotiations has not really sunk in yet" (VS). This finding echoes prior research which has identified ambidexterity between service and sales tasks as an important challenge for salespeople (e.g., Jasmand et al. 2012; Rapp et al. 2017).

Second, almost all managers agreed that customer-oriented salespeople are reluctant to utilize their created value as an argument in price negotiations. The interviews suggest two reasons for this reluctance: (i) Salespeople dread that they might lose a deal—in the words of BD1, "there is a high risk to simply claim the created value right away." As a result, many salespeople are hesitant to defend the company's prices by highlighting their created value. The interviews indicate that this hesitance is particularly pronounced if the salesperson perceives the company as demanding high prices. (ii) Salespeople fear that using the created value as an argument to defend selling prices might endanger their relationship with customers (see also Wieseke et al. 2014). Specifically, claiming high prices as a reward for created value might hurt customers' emotional connection with salespeople, while salespeople perceive that "the most important thing is that the customer is satisfied" (SM1). The argument that customer-oriented salespeople may be reluctant to claim value is in line with prior research (e.g., Lawrence et al. 2021) and our reasoning on the link between customer orientation and other-concern (e.g., Greenhalgh and Gilkey 1993; Amanatullah et al. 2008; Schroeder et al. 2014).

When we turned the discussion toward potential remedies, all focus groups deemed it desirable for customer-oriented salespeople to enforce prices by utilizing the value they create. The discussions then converged on the role of sales managers in motivating customer-oriented salespeople to utilize their

Table 3 Findings of the preliminary qualitative Study

A. Key reasons why customer-oriented salespeople do not consistently benefit from their created value by negotiating lower discounts

1. Lack of mindset to use created value

1. "The mindset of using value in negotiations has not really sunk in yet" (VS).
2. "My mindset is that customer orientation is detached from the price" (SM1).
3. "I rarely have the feeling that I'm customer-oriented and that therefore my price is allowed to be high. I do not have this mindset" (SM2).
4. "The first thing that salespeople discount is their consultation. To salespeople it is unclear what the value [of their consultation] is. This needs to be clearly communicated" (VS).

2. Reluctance to claim created value

2.1 Aiming to secure the deal

1. "There is a high risk to simply claim the created value right away" (BD1).
2. "I solely work on the probability of closing the deal and not on the price" (BD2).
3. "Our prices are high and therefore I have to be even more customer-oriented to justify the prices" (SM2).
4. "I have to offer them something for their money. As they pay a lot, they will have high expectations. That is really difficult for me" (SM2).

2.2 Aiming to secure the relationship

1. "It does not matter how much money we get. The most important thing is that the customer is satisfied" (SM1).
2. "Customer-oriented salespeople have the interest to have a relationship with the customer that holds" (BD2).
3. "To me it is difficult to say that this is the price and a lower price is not acceptable. I would say this is solely emotional" (SM2).

B. Potential remedies that companies can use to enable their customer-oriented salespeople to utilize their created value as an argument in price negotiations

1. "Sales managers must be developed in the direction of clearly formulating the message and expectations [that created value needs to be utilized to defend selling prices]. They have to stand behind it, too. They have to internalize that. They have a critical role. This self-understanding [of salespeople] must be exemplified by the sales manager" (VS).
2. "You would have to create a culture that people go in [price negotiations] with a confidence that they deserve the prices" (SM2).
3. "[Sales managers have to show their salespeople] how much value is created by their services and that this value needs to be considered in the pricing" (MP).
4. "Sales managers have to coach their salespeople for price negotiations" (DS).

Notes: Appendix Table 7 assigns the statements to the participants of the study

created value. For example, VS noted that "sales managers must be developed in the direction of clearly formulating the message and expectations [that created value needs to be utilized to defend selling prices]." A further statement by SM2 revealed, "You would have to create a culture that people go in [price negotiations] with a confidence that they deserve the prices." MP added that sales managers have to show their salespeople "how much value is created by their services and that this value needs to be considered in the pricing," which allows sales managers to adequately "coach their salespeople for price negotiations" (DS). To accomplish this, VS highlighted the fact that sales leaders themselves need to buy into the argument that created value helps defend prices: "They have to stand behind it, too. They have to internalize that. They have a critical role. This self-understanding [of salespeople] must be exemplified by the sales manager."

The common notion across these quotes seems to be that leaders might be able to instill confidence in salespeople to defend prices based on the value they created. We label such instilling of confidence *sales managers' price confidence promotion* and define it as the extent to which sales managers stimulate salespeople's feeling of entitlement to high prices as a reward for the value they created. To gauge whether price confidence promotion is a novel academic concept, we conducted an extensive search within the negotiation, sales, and leadership literature. As we did not find a similar concept in prior literature, we propose price confidence promotion as a novel concept which is indigenous to the sales literature. Identifying such concepts is a key goal of the theories-in-use approach (Zeithaml et al. 2020).

At the same time, price confidence promotion is well connected with leadership theory. Leadership theory suggests that sales managers communicate the goals and values of the company to their subordinate salespeople and thus create an understanding among salespeople on how to achieve the goals that are desired by the company (e.g., Bandura 1986; Sharmir et al. 1993; Ahearne et al. 2005). Especially in price negotiations in which salespeople are confronted with conflicting interests of their customers, their company, and themselves, sales managers have the important task of decreasing salespeople's uncertainty by providing clear guidance on the relevant goals (House 1996; Alavi et al. 2018). Sales managers can provide such guidance by promoting confidence among their salespeople that they can achieve their goals (e.g., Bandura 1986; Ahearne et al. 2005), for example by providing words of encouragement and examples of models for success (Conger 1989; Arnold et al. 2000). Instilling confidence that salespeople deserve adequate selling prices in return for excellent service to the customer constitutes the essence of price confidence promotion.

Building on our focus group discussions, we expect price confidence promotion to alleviate the two main obstacles outlined in Table 3. First, price confidence promotion might evoke salespeople's mindset that the value they created for customers offers an opportunity to negotiate lower discounts. Second, price confidence promotion might reduce salespeople's reluctance to claim value, as it encourages salespeople to perceive their created value as an asset to the customer, which deserves a reward. For these two reasons, salespeople's self-concern in negotiations with customers should increase, counteracting their

other-concern. As a result, salespeople should leverage the value they create for customers more effectively, improving their price enforcement and, thus, establishing a win-win situation by receiving a fair compensation for the value that they created. These effects should be particularly pronounced for customer-oriented salespeople because these salespeople tend to create higher value for customers (e.g. Goff et al. 1997; Brady and Cronin 2001). Thus, we propose:

H4a The joint effect of a salesperson's customer orientation and created value on salesperson's intensity of price defense is more positive if sales manager's price confidence promotion is high. Specifically, for salespeople that created high value the effect of salesperson's customer orientation on salesperson's intensity of price defense becomes more positive if sales manager's price confidence promotion increases.

H4b The joint effect of a salesperson's customer orientation and created value on discount via salesperson's intensity of price defense is less positive if sales manager's price confidence promotion is high. Specifically, for salespeople that created high value the effect of salesperson's customer orientation on discount via salesperson's intensity of price defense becomes less positive if sales manager's price confidence promotion increases.

Study 2: Sales managers' price confidence promotion—scale development and hypothesis testing

Our goal in Study 2 is to investigate whether a sales manager's price confidence promotion leads customer-oriented salespeople to defend prices more strongly with the more value they create for customers. Furthermore, we aim to validate our findings from Study 1. More specifically, we investigate how salesperson's customer orientation influences salesperson's created value and intensity of price defense, and how these effects depend on salesperson's profit-related incentives. Further, we investigate whether customer-oriented salespeople effectively utilize the value that they create for customers in price negotiations to defend prices more intensively, and how this effect depends on a sales manager's price confidence promotion. We assess salesperson's created value by asking salespeople about their perception of the average value that they create for their customers.

Data collection and sample

We relied on the crowd-sourcing internet platform Prolific to collect data from salespeople. To recruit salespeople as participants for our analysis, we screened for panelists who work in a customer-facing role and are engaged in price negotiations as part of their job. To ensure that participants were able to answer questions about their sales manager, we screened out participants that had no supervisor. We administered the survey in English, which a majority of participants on the platform are proficient in, which is reflected by 77% of our respondents being from countries where English is the primary language. Due to the screening of participants, 433 individuals who were registered at the platform were eligible for participation. Our data collection was active for two weeks, and we recruited data of 209 salespeople, resulting in a response rate of 48.3%. In our survey, we asked participants to refer to their sales job when answering questions on our core variables and additional control variables.

We excluded 37 participants who indicated that there are no price negotiations in their industry and at their company. Further, we excluded 8 participants who failed to respond to our two attention checks correctly ("please select 'do not agree at all'"; "please select 'totally agree'") and thereby revealed that they did not answer the survey carefully. Our final sample comprised 164 salespeople from 20 different countries. Salespeople were employed in 21 industries. The average age of salespeople was 35.66 years (SD = 10.04), the average sales experience was 7.50 years (SD = 6.24), and 52% of the salespeople were female. Thus, our sample is diverse in terms of industry and demographics, which allows us to test the generalizability of our findings.

Scale development: Sales manager's price confidence promotion

Web Appendix WA2 provides a detailed description of the scale development. In accordance with our definition and theorizing, we developed a scale to measure sales manager's price confidence promotion as perceived by salespeople. We aimed for parsimony, readability, and simplicity of the measurement items, and followed well-established scale development procedures (e.g., Churchill 1979; Gerbing and Anderson 1988). We generated an initial item pool by deducing items from academic literature (e.g., Ahearne et al. 2005; Harvey and Martinko 2009; Harvey and Harris 2010) and our focus-group interviews with managers. In addition, we initiated discussions with four marketing academics of several institutions and asked them to suggest items for the measure of sales manager's price confidence promotion. After dropping redundant items (DeVellis 2003), the scale converged to five items. We then refined the scale by testing its construct and convergent validity based on the data of Study 2. We excluded two items because their factor loadings were smaller than .36. The Cronbach's alpha value of the revised scale is .88 and thus exceeds the critical value of .7 (Cronbach

1951), so that internal consistency is given. Furthermore, all factor loadings on the single extracted factor with an eigenvalue greater than one were greater than .71. Finally, results of a confirmatory factor analysis indicated that the composite reliability was .89 and the average variance extracted was .73, thus exceeding the recommended thresholds (Bagozzi and Yi 1988).

Measures

Appendix Table 6 provides a list of all measures of our studies. We assessed salesperson's customer orientation by adapting Stock and Hoyer's (2005) scale on attitudinal customer orientation. We assessed salesperson's intensity of price defense using three items from Alavi et al. (2018). We measured discounts by asking salespeople for the level of the average discount they grant to their customers and for the average discount level in the industry. To increase the comparability of the discount levels between companies and industries, we divided salespeople's discounts by the average industry discount. In Study 2, we assessed salesperson's value creation by asking salespeople about their perceived created value for customers. To assess salesperson's perceived created value, we relied on Mullins et al. (2020a, 2020b) and Terho et al. (2012), and asked salespeople to provide the extent to which customers achieve monetary savings, increase in their satisfaction, and are willing to pay higher prices due to their consultation. We operationalize created value as the mean value across these scores. Due to relying on cross-industry data on the salesperson-level, we measured value creation by assessing a salesperson's perception of their average creation of value across several value creation parameters (i.e., increases in satisfaction due to consultation, increases in willingness to pay due to consultation). Considering multiple value creation parameters enables us to account for different ways in which the outcome of salespeople's value creation emerges so that our measure effectively assesses salespeople's creation of value for customers across different industry contexts. To assess profit-related incentives, we asked salespeople to provide the share of their variable compensation that depends on profit. We assessed sales manager's price confidence promotion by the scale that we developed in this study.

We account for the effects of several variables that might reflect other causes that explain salespeople's consultation and negotiation (e.g., Sande and Ghosh 2018; Hill et al. 2021). Specifically, salesperson's share of variable compensation should determine the relevance of their profit-related incentives and salesperson's restriction of autonomy should influence the extent to which they are allowed to determine discounts on their own (Frenzen et al. 2010). Salespeople's job type (i.e., whether they assume the role of a hunter or a farmer) influences the structure of customers that they are serving and thereby should affect salespeople's degree of consultation and discounting behavior (e.g., Lam et al. 2019). Furthermore, we consider salespeople's sales experience and product knowledge (as these might influence the extent to which salespeople can create value for customers) and their skills and expertise in negotiations with customers (e.g., Holmes et al. 2017). Additionally, we account for salespeople's gender. Furthermore, we account for differences in the creation and claiming of value between different sales jobs and industries. Therefore, we include the extent to which salespeople's average sales interactions consist of consulting of and negotiating with customers. To account for idiosyncrasies of different industries, we control for industry fixed effects.

Psychometric properties of measurement variables

Table 4 presents descriptive statistics, psychometric properties, and intercorrelations of the variables of Study 2. Results of the confirmatory factor analysis show that the measurement model fits the data well (RMSEA = .08; CFI = .94; TLI; = .92; SRMR = .06). No Cronbach's alpha value was lower than .87, no average variance extracted was lower than .68, and all composite reliabilities of our core variables were higher than .87, thereby meeting the recommended thresholds (Bagozzi and Yi 1988; Nunnally and Bernstein 1994). Furthermore, our constructs exhibit discriminant validity (Fornell and Larcker 1981).

Analytical approach

To analyze our model, we relied on a path modeling approach. Because the salespeople are nested in different countries but ICCs and design effects for our dependent variables are relatively low ($ICC_{Discount}$ = .021; $deff_{Discount}$ = 1.15), we employed a maximum likelihood estimator that is robust against non-independence of observations and non-normality of variables (Muthén and Satorra 1995; Muthén and Muthén 2017). We estimated three models: a main effects model, a model including two-way interaction effects, and a model including three-way interaction effects. To reduce potential multicollinearity issues and to facilitate the interpretation of interaction effects, we centered all predictor variables on their grand means (Hofmann and Gavin 1998). To analyze the interaction effects, we calculated interaction terms by multiplying the mean-centered variables and incorporated the interaction terms as additional predictors of intensity of price defense and salesperson's created value in our model (Aiken and West 1991). Modeling an interaction effect between a moderator variable and this variable's predictor follows specifications in prior research (Preacher et al. 2007; Lawrence et al. 2019). In addition to the hypothesized three-way interaction effects, we estimated potential additional three-way interaction effects to

Table 4 Study 2: Correlations and psychometric properties of variables

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. SP's customer orientation	(.913)													
2. SP's perceived created value	.194*	–												
3. SP's intensity of price defense	−.051	.090	(.866)											
4. Discount	−.096	−.177*	−.106	–										
5. SP's profit-related incentives	−.053	.013	.176*	.022	–									
6. SM's price confidence promotion	.189*	.119	.275**	−.165*	.196*	(.877)								
7. SP's share of variable compensation	−.026	.026	.038	.037	.150	−.114	–							
8. SP's job type	−.065	.018	.108	.026	.100	.159*	.041	–						
9. SP's restriction of autonomy	−.027	.070	−.031	−.037	.001	−.028	−.063	−.158*	(.939)					
10. SP's sales experience	.217**	−.106	−.018	.066	−.031	.013	.017	.152	−.143	–				
11. SP's product knowledge	.379**	.168*	−.053	−.107	.135	.143	−.033	.033	−.132	.237**	–			
12. SP's gender	−.173*	−.042	.001	.048	.133	−.021	.162*	.131	.041	.034	−.107	–		
13. SP's share of consultation	.173*	.018	.095	.150	−.003	.018	−.004	.035	.002	.091	.011	−.090	–	
14. SP's share of negotiation	.005	.112	.034	.116	.135	−.044	.150	−.072	.093	−.091	−.033	.143	−.176*	–
Mean	5.78	25.60	4.27	.91	4.61	5.34	17.77	3.55	3.98	7.50	5.99	1.52	41.02	12.15
Standard deviation	1.12	14.36	1.32	.48	1.99	1.27	16.66	1.62	1.88	6.24	.97	.50	21.91	11.69
Average variance extracted	.68	–	.70	–	–	.73	–	–	.84	–	–	–	–	–
Composite reliability	.87	–	.88	–	–	.89	–	–	.94	–	–	–	–	–

* $p < .05$, ** $p < .01$ (two-tailed)

Notes: Cronbach's (1951) internal consistency reliability reported on the diagonal; SP's perceived created value, profit-related incentives share of variable compensation, share of consultation, and share of negotiation measured in percent, Discount weighted by the average discount in the industry, Gender: 1 = female 2 = male; SM = Sales manager; SP = Salesperson

ensure that omitting these effects does not endanger the validity of our findings.

Results

Table 5 shows the results. Regarding the consequences of salesperson's customer orientation in price negotiations, our findings show that salesperson's customer orientation has a negative and nonsignificant effect on salesperson's intensity of price defense ($\gamma_{\text{SP's customer orientation} \rightarrow \text{SP's intensity of price defense}} = -.083$, *n. s.*). Our results further show that incentivizing customer-oriented salespeople by profit-related measures leads them to defend prices to a greater extent. Specifically, profit-related incentives positively moderate the effect of salesperson's customer orientation on their intensity of price defense ($\gamma_{\text{SP's customer orientation} \times \text{profit-related incentives} \rightarrow \text{SP's intensity of price defense}} = .043$, $p < .05$). Figure 2. B provides further insights by showing the results of simple slope analyses. Whereas the effect of salesperson's customer orientation on salesperson's intensity of price defense is negative and significant if profit-related incentives are low ($\omega_{\text{Low profit-based incentives}} = -.191$, $p < .01$), this effect is positive and not significant if profit-related incentives are high ($\omega_{\text{High profit-based incentives}} = .068$, *n. s.*). Therefore, results provide further support that profit-related incentives are an effective measure to make customer-oriented salespeople defend prices more intensively and, thus, to grant lower discounts.

In line with our finding in Study 1, the results of Study 2 show that customer-oriented salespeople do not defend prices to a greater extent if they perceive creating higher value for their customers. Specifically, we do not find a significant interaction effect between salesperson's customer orientation and salesperson's perceived created value on salesperson's intensity of price defense ($\gamma_{\text{salesperson's customer orientation} \times \text{salesperson's perceived created value} \rightarrow \text{salesperson's intensity of price defense}} = .006$; *n. s.*).

We additionally examine whether a sales manager's price confidence promotion enables customer-oriented salespeople to negotiate lower discounts the more value they create. We find a significant and positive three-way interaction effect of salesperson's customer orientation, salesperson's perceived created value, and sales manager's price confidence promotion on salesperson's intensity of price defense ($\gamma_{\text{salesperson's customer orientation} \times \text{salesperson's perceived created value} \times \text{sales manager's price confidence promotion} \rightarrow \text{salesperson's intensity of price defense}} = .006$; $p < .01$), which offers support for H4a. Figure 2.C offers further insights into this interaction effect by showing that at high levels of salesperson's perceived created value,

Table 5 Study 2: Results of path modeling

	H	Model 1		Model 2		Model 3	
		Estimate	(S.E.)	Estimate	(S.E.)	Estimate	(S.E.)
Structural effects							
SP's customer orientation → SP's intensity of price defense		−.083	(.057)	−.062	(.042)	−.021	(.038)
SP's customer orientation → SP's perceived created value		1.497*	(.624)	1.449*	(.648)	1.825**	(.517)
SP's customer orientation → discount		−.021	(.040)	−.021	(.040)	−.021	(.040)
SP's perceived created value → SP's intensity of price defense		.007	(.006)	.004	(.005)	.001	(.005)
SP's perceived created value → discount		−.004	(.002)	−.004	(.002)	−.004	(.002)
SP's intensity of price defense → discount		−.045*	(.018)	−.045*	(.018)	−.045*	(.018)
SP's profit-related incentives → SP's intensity of price defense		.057	(.045)	.038	(.036)	.043	(.045)
SP's profit-related incentives → SP's perceived created value		−.397	(.208)	−.597*	(.278)	−.579*	(.291)
SP's profit-related incentives → discount		.009	(.010)	.009	(.010)	.009	(.010)
SM's price confidence promotion → SP's intensity of price defense		.323**	(.040)	.276**	(.040)	.272**	(.039)
SM's price confidence promotion → SP's perceived created value		1.053	(1.025)	.644	(.526)	.715	(.391)
SM's price confidence promotion → discount		−.031	(.024)	−.031	(.024)	−.031	(.024)
Two-way interaction effects							
SP's customer orientation × SP's perceived created value → SP's intensity of price defense				.006	(.004)	.003	(.004)
SP's customer orientation × SP's profit-related incentives → SP's intensity of price defense				.043*	(.020)	.036*	(.018)
SP's customer orientation × SM's price–value confidence promotion → SP's intensity of price defense				.053	(.039)	.048	(.048)
SP's perceived created value × SM's price–value confidence promotion → SP's intensity of price defense				−.002	(.005)	.001	(.005)
SP's profit-related incentives × SM's price–value confidence promotion → SP's intensity of price defense				−.048*	(.020)	−.056*	(.017)
SP's perceived created value × SP's profit-related incentives → SP's intensity of price defense				−.003	(.002)	−.004*	(.002)
SP's customer orientation × SP's profit-related incentives → SP's perceived created value				.172	(.373)	.117	(.280)
SP's customer orientation × SM's price–value confidence promotion → SP's perceived created value				2.332**	(.410)	2.426**	(.487)
SP's profit-related incentives × SM's price–value confidence promotion → SP's perceived created value				.553**	(.135)	.342**	(.153)
Three-way interaction effects							
SP's customer orientation × SP's perceived created value × SM's price confidence promotion → SP's intensity of price defense	**H4a**					.006**	(.002)
SP's customer orientation × SP's profit-related incentives × SM's price confidence promotion → SP's intensity of price defense						.038**	(.010)
SP's customer orientation × SP's perceived created value × SP's profit-related incentives → SP's intensity of price defense						.001	(.003)
SP's customer orientation × SP's profit-related incentives × SM's price confidence promotion → SP's perceived created value						.516**	(.096)
$R^2_{\text{SP's Intensity of Price Defense}}$		.248		.272		.287	
$R^2_{\text{SP's perceived created Value}}$		.245		.303		.317	
R^2_{Discount}		.199		.199		.199	
Control variables							
SP's share of variable compensation → SP's intensity of price defense		.001	(.004)	.002	(.005)	.001	(.005)
SP's job type → SP's intensity of price defense		.054	(.038)	.063	(.041)	.063	(.045)
SP's restriction of autonomy → SP's intensity of price defense		−.028	(.077)	−.023	(.080)	−.014	(.084)
SP's sales experience → SP's intensity of price defense		.005	(.025)	.008	(.023)	.007	(.020)
SP's product knowledge → SP's intensity of price defense		−.127	(.142)	−.096	(.138)	−.115	(.146)
SP's gender → SP's intensity of price defense		−.100	(.135)	−.165	(.111)	−.147	(.094)
SP's share of consultation → SP's intensity of price defense		.068**	(.021)	.064**	(.020)	.061**	(.019)
SP's share of negotiation → SP's intensity of price defense		.065	(.094)	.081	(.094)	.090	(.096)

Table 5 (continued)

	H	Model 1		Model 2		Model 3	
		Estimate	(S.E.)	Estimate	(S.E.)	Estimate	(S.E.)
SP's share of variable compensation → SP's perceived created value		.085*	(.044)	.065	(.037)	.065	(.037)
SP's job type → SP's perceived created value		.481	(.636)	.443	(.591)	.442	(.632)
SP's restriction of autonomy → SP's perceived created value		.865*	(.380)	1.024**	(.323)	1.160**	(.285)
SP's sales experience → SP's perceived created value		−.486**	(.121)	−.431**	(.114)	−.449**	(.120)
SP's product knowledge → SP's perceived created value		2.682**	(.664)	2.688**	(.627)	2.418**	(.555)
SP's gender → SP's perceived created value		−1.327	(1.194)	−2.690*	(1.192)	−2.564	(1.315)
SP's share of consultation → SP's perceived created value		.514	(.555)	.180	(.591)	.121	(.623)
SP's share of negotiation → SP's perceived created value		1.709*	(.860)	1.821	(1.046)	1.882	(.964)
SP's share of variable compensation → discount		.001	(.001)	.001	(.001)	.001	(.001)
SP's job type → discount		.006	(.023)	.006	(.023)	.006	(.023)
SP's restriction of autonomy → discount		−.014	(.020)	−.014	(.020)	−.014	(.020)
SP's sales experience → discount		.007	(.005)	.007	(.005)	.007	(.005)
SP's product knowledge → discount		−.043	(.046)	−.043	(.046)	−.043	(.046)
SP's gender → discount		.001	(.055)	.001	(.055)	.001	(.055)
SP's share of consultation → discount		.047**	(.010)	.047**	(.010)	.047**	(.010)
SP's share of negotiation → discount		.062**	(.020)	.062**	(.020)	.063**	(.020)

$p < .05$ ** $p < .01$ (two-tailed)

Notes: We report unstandardized coefficients; H = Hypothesis; SM = Sales manager; SP = Salesperson

salesperson's customer orientation exhibits a positive and significant effect on salesperson's intensity of price defense, if a sales manager's price confidence promotion is high ($\omega_{\text{High salesperson's perceived created value; high sales manager's high price confidence promotion}} = .361$, $p < .05$). If a sales manager's price confidence promotion is low, this effect is negative and significant ($\omega_{\text{High salesperson's perceived created value; low sales manager's high price confidence promotion}} = -.289$, $p < .05$). Further, we do not find significant slopes for the effect of salesperson's customer orientation on salesperson's intensity of price defense at low levels of salesperson's perceived created value, if sales manager's price confidence promotion is low ($\omega_{\text{Low salesperson's perceived created value; low sales manager's high price confidence promotion}} = .066$, *n. s.*) and if sales manager's price confidence promotion is high ($\omega_{\text{Low salesperson's perceived created value; high sales manager's high price confidence promotion}} = -.222$; *n. s.*). Consequently, results suggest that sales manager's price confidence promotion leads customer-oriented salespeople to benefit from their created value by negotiating lower discounts.

In addition, as in Study 1, we find that salesperson's customer orientation has a positive and significant effect on created value ($\gamma_{\text{salesperson's customer orientation → salesperson's perceived created value}} = 1.497$; $p < .05$). Furthermore, as we did not find a significant interaction effect of salesperson's customer orientation and profit-related incentives on salesperson's perceived created value ($\gamma_{\text{SP's customer orientation × profit-related incentives → salesperson's perceived created value}} = .172$, *n. s.*), there is no indication that profit-related incentives harm customer-oriented salesperson's creation of value for customers. Further, our results show that salesperson's intensity of price defense is a meaningful predictor of salesperson's discount, as it has a negative and significant impact on discount ($\beta_{\text{SP's intensity of price defense → discount}} = -.045$, $p < .05$).

Mediation analysis

To examine whether salesperson's intensity of price defense mediates the relationship between salesperson's customer orientation and discount, we conducted tests of mediation. We find that the indirect effect of salesperson's customer orientation on discount via salesperson's intensity of price defense is positive and significant at the 10%-level ($c_{\text{salesperson's customer orientation → intensity of price defense → discount}} = .004$, $p < .1$), thereby showing some support for H1b. Furthermore, we find additional support for our findings of Study 1 by investigating the conditional indirect effect of salesperson's customer orientation on discount via salesperson's intensity of price defense for low and high levels of salesperson's created value and profit-related incentives. Specifically, we do not find significant conditional indirect effects of salesperson's customer orientation on discount via salesperson's intensity of price defense for low ($\omega_{\text{Low salesperson's perceived created value}} = .003$, *n. s.*) and high levels of created value ($\omega_{\text{High salesperson's perceived created value}} = -.002$, *n. s.*) and thereby no support for H2b. In addition, we

find that salesperson's customer orientation decreases salesperson's intensity of price defense and thus increases discounts if profit-related incentives are low ($\omega_{\text{Low profit-based incentives}} = .006, p < .05$). If profit-related incentives are high, we do not find a significant conditional indirect effect of salesperson's customer orientation on discount via salesperson's intensity of price defense ($\omega_{\text{High profit-based incentives}} = -.004$, *n. s.*). These results offer support for H3b.

Further, we examined the conditional indirect effects of salesperson's customer orientation on discount through salesperson's intensity of price defense for the three-way moderation of salesperson's customer orientation, salesperson's perceived created value, and sales manager's price confidence promotion. Our results show that customer-oriented salespeople who create high value and who perceive a high level of sales manager's price confidence promotion negotiate lower discounts due to their elevated intensity of price defense ($\omega_{\text{High salesperson's perceived created value; High sales managers' price confidence promotion}} = -.016, p < .05$). In contrast, we do not find that salesperson's customer orientation decreases discounts due to a higher intensity of price defense for salespeople who create high value, but perceive a low level of sales manager's price confidence promotion ($\omega_{\text{High salesperson's perceived created value; Low sales managers' price confidence promotion}} = .013$, *n. s.*). Further, we do not find significant conditional indirect effects for low and high values of sales manager's price confidence promotion at low levels of salesperson's created value. Therefore, results of the moderated mediation analysis provide support for H4b.

Robustness checks

We conducted three robustness checks to ensure the validity of our findings. First, as in Study 1, we investigated nonlinear consequences of salespeople' customer orientation. We therefore incorporated the quadratic term of salesperson's customer orientation as an additional predictor in our main effects model and investigated its influence on salesperson's intensity of price defense. Our results indicate that salesperson's customer orientation has no significant quadratic effect on salesperson's intensity of price defense ($\gamma_{\text{salesperson's customer orientation (quadratic)} \rightarrow \text{salesperson's intensity of price defense}} = .099$; SE = .051; *n. s.*) and thereby offers support for our approach to investigate the linear effect of salesperson's customer orientation on intensity of price defense. Second, as we rely on multiple control variables to account for potential omitted causes, we tested whether the inclusion of these control variables endangers the validity of our findings. We therefore estimated the model by solely including our core variables, the industry dummy variables, and salesperson's job characteristics (i.e., salesperson's share of consultation and salesperson's share of negotiation in an average interaction with a customer) as independent variables. Results of this model show that the exclusion of control variables does not influence the direction and significance of our hypothesized effects. Third, as we used the same survey to collect our core variables, we tried to minimize the potential of common method variance biasing our findings. Therefore, we structured our questionnaire according to the recommendations of Hulland et al. (2018) and spatially separated the measures for independent and dependent variables in the questionnaire. Further, we analyzed the effect of common method variance using a single unmeasured latent method factor (Podsakoff et al. 2003). We included the method factor in our confirmatory factor analysis and constrained all factor loadings of the method factor to be equal. Incorporating the method factor in our confirmatory factor analysis model did not change the model fit significantly (Δ-2log-likelihood = 3.249, *n. s.*).

Discussion

Despite the high practical relevance of negotiations and the rich academic literature on it (e.g., Ganesan 1993; Sharma and Krishnan 2001; Jap et al. 2011), prior research scarcely accounted for the influence of customer orientation on salespeople's negotiation outcomes. This study integrates consequences of customer orientation on value creation and value claiming and, for the first time, investigates the effect of salesperson's customer orientation on the negotiation of selling prices. Findings show that customer-oriented salespeople create more value for customers, but interestingly do not consistently benefit from this created value when negotiating prices. We therefore developed the leadership strategy price confidence promotion, which fosters customer-oriented salespeople's utilization of the value that they create for customers in order to negotiate lower discounts. Furthermore, we find that profit-related incentives reduce undesired consequences of customer orientation in price negotiations. Importantly, such profit-related incentives do not undermine the positive consequences of salesperson's customer orientation on the creation of value for customers.

Theoretical implications

Our study contributes to marketing and negotiation research in three ways. First, our study contributes to literature on customer orientation. Whereas the positive consequences of customer orientation on salesperson's value creation and customer consequences are well understood (e.g., Saxe and Weitz 1982; Brown et al. 2002), consequences of customer orientation on salesperson's value claiming have been unclear. This study is among the first to theoretically and empirically investigate consequences of salesperson's customer orientation on their value creation and value claiming. Findings show that customer-oriented salespeople do not consistently benefit from their created value by negotiating lower discounts.

Furthermore, if customer-oriented salespeople are not effectively managed by profit-related incentives, their customer orientation even imposes a risk to price negotiation outcomes. Thereby our findings confirm the notions of prior literature that consequences of salesperson's customer orientation might not consistently create positive consequences for companies (e.g., Saxe and Weitz 1982; Ganesan 1993; Homburg et al. 2011; Zablah et al. 2012).

Second, we add to the significant research stream of salesperson's value creation. Works in this field showed that salesperson's customer orientation increases value creation for customers and improves relationships with them (e.g., Goff et al. 1997; Brady and Cronin 2001; Stock and Hoyer 2005). One might assume that customer-oriented salespeople also use this created value to improve price enforcement in negotiations. However, our findings uncover a more nuanced picture, showing that customer-oriented salespeople might lack the mindset of using this value in price negotiations and might be reluctant to use this value because they aim to secure the deal and their relationships with customers. Whether salespeople benefit from their created value by negotiating lower discounts therefore fundamentally depends on sales manager's price confidence promotion. Price confidence promotion stimulates salespeople's entitlement to high prices as a reward for the value that they created. This finding expands prior research on salespeople's service-sales ambidexterity—that is, salespeople's engagement in both service and selling activities (Jasmand et al. 2012; Panagopoulus et al. 2020). Specifically, we add that ambidexterity between salespeople's service-related and negotiation-related objectives reflects an important ambidextrous capability that extends salespeople's service-sales ambidexterity. Furthermore, we identify a leadership strategy that fosters customer-oriented salespeople's engagement in both providing consultation to customers and defending prices for companies. By creating the best value for their customers through their consultation while creating acceptance among customers for the company's prices, customer-oriented salespeople create win-win situations for customers, themselves, and their companies. A potential avenue for further research could be to explore the specific negotiation behaviors stimulated by sales manager's price confidence promotion. For example, it would be interesting to examine the effect of this leadership strategy on salespeople's perception of their own and customers' best alternative to a negotiated agreement (BATNA), their aspiration price, and their responses to customers' counter-offers (e.g., Ganesan 1993; Malhotra and Bazerman 2008; Hüffmeier et al. 2014).

Third, we contribute to research on salespeople's price negotiations (e.g., Wieseke et al. 2014; Alavi et al. 2018; Lawrence et al. 2021) by illuminating how the tension between customer-oriented salespeople's self-concern and other-concern influences their price negotiation outcomes. Building on dual-concern theory, we propose that salesperson's customer orientation fosters their other-concern, which poses a risk to their claiming of value in negotiations (e.g., Jap et al. 2013; Wieseke et al. 2014; Lawrence et al. 2021). We advance prior research by identifying two management levers that increase customer-oriented salespeople's self-concern and, thus, counteract their other-concern in price negotiations: (a) Stimulating salespeople's confidence to benefit from the value that they created by negotiating lower discounts and (b) aligning salespeople's compensation to profit-related incentives. Both management levers lead customer-oriented salespeople to negotiate lower discounts. Importantly, neither of the management levers undermines the beneficial effect of salesperson's customer orientation on the creation of value for customers. These findings provide intriguing avenues for future research. For example, future research might delve deeper into the specific interplay between salespeople's self-concern and other-concern and examining how sales manager's leadership affects it. For example, by exploring how the interplay of self- and other-concern influences individuals' performance in sales teams (e.g., Bolino and Grant 2016), salespeople's cross-selling and up-selling (e.g., Jasmand et al. 2012), or salespeople's proactive behaviors (Grant et al. 2011).

Managerial implications

CEOs of leading companies like thyssenkrupp (2017), General Electric (2017), and Daimler (2017) regard customer orientation as a key priority, and customer-focused investments of U. S. companies increased by nearly 50% in the last decade (Lee et al. 2015; Crecelius et al. 2019). However, our findings raise awareness that salesperson's customer orientation is a double-edged sword. In addition to its favorable customer consequences, it can increase discounts when salespeople are not effectively regulated in price negotiations with customers. We therefore urge companies to consider that a strong focus on customer orientation might not only evoke the creation of value, but it may also entail the risk that salespeople claim lower value in price negotiations. Consequently, to unleash the full potential of customer orientation, managers should counteract its potential to increase discounts by (1) utilizing price confidence promotion and (2) using profit-related incentives. Below, we discuss these two possible pathways.

First, price confidence promotion entails stimulating salespeople's entitlement to high prices as a reward for the value they created. Therefore, sales managers should foster a mindset among salespeople that their customer orientation creates value, which is an important asset for customers, and which they can use to outline the reasonability of a company's list prices. Sales managers might foster this mindset through

continuous communication and role-modeling (e.g., Alavi et al. 2018). In addition, they could provide salespeople with information on the value of their consultation by, for example, listing salespeople's consultation as a benefit in value proposition statements, offers, or contracts. In essence, establishing a corporate culture which reflects pride in own's value creation (Hughes and Ahearne 2010) and prices increases the likelihood for conceiving more win-win situations in price negotiations by salespeople creating superior customer value so that customers increase in their acceptance of a company's prices.

A second lever for managing consequences of salesperson's customer orientation in price negotiations is to offer attractive profit-related incentives. Such incentives lead customer-oriented salespeople to defend prices in negotiations with customers. This recommendation may be particularly relevant, seeing that to date sales organizations rarely use profit-related measures to evaluate salesperson performance (CSO Insights 2019) and salespeople are merely incentivized based on revenue (Alexander Group 2018). Given that companies frequently adjust the sales force compensation system, implementing profit-related sales incentives seems to be a highly actionable and promising initiative (Zoltners et al. 2012). Profit-related incentives should be especially useful to manage customer-oriented salespeople in two conditions: (1) in a sales context in which salespeople cannot fully benefit from their created value to defend selling prices or (2) when sales managers cannot instill confidence among them that the created value deserves to be rewarded by customers' acceptance of list prices. Furthermore, our findings reveal that profit-related incentives increase customer-oriented salespeople's claiming of value while not affecting customer-oriented salespeople's creation of value. In this respect, our results show that neither the implementation of profit-related incentives nor sales managers' price confidence promotion counteract salespeople's value creation, rendering both strategies effective tools for improving salespeople's performance in price negotiations.

Limitations and avenues for further research

Our study exhibits several limitations that provide avenues for future research. First, we focused on price negotiations to test consequences of salesperson's customer orientation on salesperson's value claiming. Future studies should examine consequences of salesperson's customer orientation on other forms of value claiming. For instance, one further important sales activity that demands salespeople to claim value for their company is the closing of a sale (e.g., Homburg et al. 2011). Second, we focused on a selected set of managerial actions to manage customer-oriented salespeople in price negotiations (i.e., sales manager's price confidence promotion and profit-based incentives). Future studies may examine further remedies that sales managers can apply to consistently benefit from salesperson's customer orientation. Third, our study and prior research have shown that mean values for measures of salesperson's customer orientation are often relatively high (e.g., Homburg et al. 2011; Mullins et al. 2014). Considering that we have collected data from salespeople who continuously work with customers, high levels of customer orientation may be plausible. Therefore, further research should examine consequences of salesperson's customer orientation for employees who have had fewer touch points with customers and thus potentially developed a lower customer orientation. Fourth, in Study 1, we relied on customers' perception of the salesperson's customer orientation as a proxy for assessing salesperson's value creation. Although we did not explicitly measure salesperson's value creation for customers, customer's perceived salesperson customer orientation assesses customer's perceptions of the extent to which the salesperson identified and met customer needs, which should highly correlate with created value. However, in order to establish a measure for value creation, future research should examine how to measure a salesperson's value creation. Fifth, in Study 2, we used the same sample we used for our analysis to assess the reliability and validity of our measure for sales manager's price confidence promotion. Future research should further assess the scale's validity and examine its reliability and should test its generalizability across different sales jobs and industries. Finally, although our study provides evidence for our propositions across two studies and multiple industries, future research might test the generalizability of our findings in further contexts. For example, it might be interesting to explore whether salespeople's utilization of created value as an argument in price negotiations varies between different sales contexts in which salespeople's value creation is appreciated to a lesser or to a greater extent. Customer's appreciation of salesperson's value creation could depend on the complexity of the product or service and, thus, for example, might be more appreciated for financial services when compared to utility providers. Furthermore, as we particularly focused on sales settings where price negotiations are common, researchers might advance our findings by examining consequences of salesperson's customer orientation in sales settings where price negotiations are less common or are mostly integrative.

Appendix

Table 6 Measurement scales

Variable	Definition	Studies	Items	Source
Salesperson's customer orientation	An employee's tendency or predisposition to meet customer needs	1 2	• I try to figure out what a customer's needs are. • I have the customer's best interests in mind. • I offer products to customers, which satisfy his/her needs. • I recommend products or solutions to customers, which are ideally suited to solve customers' problems. • I consider myself to be very customer-oriented. • I enjoy interacting with customers. • Customer orientation is one of my personal goals. • Customer orientation is very important within my job. • I always have the customers' best interest in mind.	Saxe and Weitz (1982); Thomas et al. (2001) Stock and Hoyer (2005)
Salesperson's created value	The extent to which a salesperson succeeds in helping customers by fulfilling their needs in their joint interactions	1 2	Customer's perceived salesperson customer orientation: • The salesperson was trying to figure out my customer needs. • The salesperson had my best interests in mind. • The salesperson was trying to figure out which products fit me best. • The salesperson was offering me solutions, which fulfill my customer needs. Salesperson's perceived created value: Due to on my consultation, customers typically... • …achieve monetary savings worth approx. (in %). • …increase their customer satisfaction by approx. (in %). • …are willing to pay prices that are higher by approx. (in %).	Saxe and Weitz (1982); Thomas et al. (2001) Terho et al. (2012); Mullins et al. (2020a), Mullins et al. (2020b)
Salesperson's profit-related incentives	The extent to which a salesperson's variable compensation depends on the profit the salesperson generated	1,2	• Study 1: Please indicate to what extent your variable remuneration depends on your achieved enforcement of prices (in %). • Study 2: Please indicate to what extent your variable remuneration depends on your achieved profit (in %).	Colbert et al. (2008)
Sales manager's price confidence promotion	Leadership strategy that stimulates salespeople's entitlement to high prices as a reward for the value they created	2	My leader frequently reminds me that because of our customer service effort… • ...we deserve it that customers pay full prices for our products. • ...we are entitled to receiving the full prices for our products. • ...we are worth the prices we list for our products.	Own operationalization
Discount	The concession a customer receives on the list price of a product	1,2	• Study 1: Discount granted in corresponding salesperson-customer interaction (in %). • Study 2: Average discount level granted by the salesperson weighted by the average discount level of the industry (in %).	N.A.
Salesperson's intensity of price defense	The effort the salesperson invests in a price negotiation to refute the customer's discount demand	2	In price negotiations with customers, I am generally… • …Very tough. • …Very hard. • …Very persistent.	De Dreu and van Kleef (2004); Hüffmeier et al. (2014)
Purchase intention	Intention to purchase the product after the interaction with the salesperson	1	• It is very likely that I will purchase the product.	N.A.
Salesperson's share of variable compensation	The share of salespeople's income, as fixed in the work contract, that can be attained by achieving sales goals	1,2	• Please indicate the share of variable compensation (in %) of your total compensation if you fully achieve your goals.	Krafft et al. (2004)

Table 6 (continued)

Variable	Definition	Studies	Items	Source
Salesperson's restriction of autonomy	Extent to which a salesperson is restricted in deciding what tasks to do and how to do them	2	• My supervisor restricts me in my freedom to handle difficult decisions on my own. • My supervisor restricts me in my freedom to make decisions on my own. • My supervisor restricts me in my freedom to independently and flexibly decide how to do my job.	Stock and Hoyer (2005)
Salesperson's job type	Whether salespeople assume to be a hunter or a farmer	2	• Would you describe yourself rather as a hunter (i.e. acquiring many new customers) or as a farmer (i.e. making revenue with many existing customers)? (1 = "Farmer" to 7 = "Hunter").	N.A.
Share of consultation	Average share of the consultation phase in the sales encounter	2	• Please provide the share of the time that you spend in customer interactions to consult your customers (in %).	N.A.
Share of negotiation	Average share of the negotiation phase in the sales encounter	2	• Please provide the share of the time that you spend in customer interactions to negotiate with your customers (in %).	N.A.
Salesperson's tenure	Years the salesperson works for the company	1	• For how many years have you been working for this company?	N.A.
Salesperson's product knowledge	Salesperson's knowledge on the products/services that he/she sells	2	• How do you evaluate your knowledge on the products and/or services that you are selling?	N.A.
Salesperson's work hours	Average work hours per week	1	• How many hours do you work on average per week?	N.A.
Sales experience	Number of years employed as a salesperson	1,2	• For how many years have you been working as a salesperson?	N.A.
Customers' price perception	Customers' perceptions of the price of the product of the interaction	1	• The price–value ratio of the product is very good.	Dodds et al. (1991)

Notes: We measured all items on seven-point Likert scales anchored with "strongly disagree" and "strongly agree" unless indicated otherwise

Table 7 Description of the participants of the focus group interviews

Position	Gender	Age (Years)	Industry	Tenure (Years)
Managing Partner (MP)	Male	35–40	Professional Services	1–5
Senior Consultant (SC)	Male	30–35	Professional Services	5–10
Director Sales (DS)	Male	30–35	Manufacturing	1–5
Vice President Sales (VS)	Male	35–40	Manufacturing	5–10
Sales Manager (SM1)	Female	35–40	Professional Services	10–15
Sales Manager (SM2)	Male	50–55	Professional Services	10–15
Business Unit Director (BD1)	Male	55–60	Professional Services	15–20
Business Unit Director (BD2)	Male	55–60	Professional Services	15–20

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Declarations

Conflict of interest The authors declare that they have no conflict of interest.

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