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Ronald A. Clark
Missouri State University, RonClark@MissouriState.edu

James J. Zboja
The University of Tulsa, jim-zboja@utulsa.edu

Clay M. Voorhees
Michigan State University, voorhees@bus.msu.edu

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Ronald A. Clark
James J. Zboja
Clay M. Voorhees

AUTHOR INFORMATION

Ronald A. Clark
Missouri State University
(417) 836-4115
RonClark@MissouriState.edu

James J. Zboja
The University of Tulsa
(918) 631-2954
jim-zboja@utulsa.edu

Clay M. Voorhees
Michigan State University
(517) 432-6469
voorhees@bus.msu.edu

ABSTRACT

The findings of this research underscore the relative importance of loyalty to the salesperson, when compared with retailer trust and satisfaction, on outcomes such as loyalty to the retailer and a consumer's willingness to pay price premiums. This research also demonstrates that loyalty to the salesperson has a diminished effect on both outcomes when the merchandise is perceived as being high quality. The findings suggest that managers need to be aware of potential contingency factors that may affect relationships within the service profit chain. Moreover, the results reveal that consumers make holistic evaluations of services and consider both the physical goods and service provided by employees when determining their loyalty to the retailer.

INTRODUCTION

Given the current competitive and economic climate, the need to maintain and enhance customer relationships has never been more vital for services. Many iconic retail names in the U.S. have recently closed their doors (e.g., Borders, Circuit City, KB Toys, Linens 'n Things, Goody's, etc.). Additionally, several well-known retailers such as Dillards, J Crew, and The Gap have faced the very real possibility of bankruptcy (Farfan, 2009). Even retail stalwart Starbucks closed 566 stores in 2009, in an effort to weather the economic storm (Van Riper, 2010). As the need for enduring customer relationships has gained attention, both academicians and practitioners alike have increased their efforts to understand how buyer-seller relationships can best be managed for generating premium revenue. Several studies from the marketing literature suggest that customer loyalty can have a significant impact on bottom line outcomes for businesses (e.g., Zeithaml et al., 1996). Meanwhile, satisfaction has been described as a necessary yet insufficient means of attaining customer loyalty (Oliver, 1999). Meanwhile, other variables, such as merchandise quality and trust in the retailer, may interact to help achieve desirable outcomes for the services. Of primary interest to this research is the role of loyalty to the retail salesperson. In retail, as in all services, the heterogeneous nature of the experience (Parasuraman et al., 1985) underscores the importance of

Journal of Applied Marketing Theory
Vol. 3 No. 1, Page 1 - 19, October 2012
ISSN 2151-3236

the frontline contact employee. The retail salesperson is often *the* face of the retailer in the mind of the consumer.

Customers often have stronger and more long-term relationships with their salespeople than they do with the seller firm itself (Gwinner et al., 1998; Iacobucci and Ostrom, 1996). Recent research has underscored the importance of the salesperson's role, and the customer's relationship/loyalty with them in a business-to-business setting (Bendapudi and Leone, 2002; Palmatier et al., 2007). Meanwhile, Folkes and Patrick (2003) recently reported a positivity effect in which positive feelings toward one service employee can transfer to others in the organization, lending additional credence to the importance of the individual employee. These results notwithstanding, the fact that the relative impact of the retail salesperson still has not yet been sufficiently delineated, has inspired this effort. While loyalty to the retailer is, in itself, a noble goal, it is not necessarily enough to generate premium revenues from consumers. There are likely instances where very loyal customers are not necessarily profitable for retailers based on their loyalty alone. For example, customers whom are loyal due to low prices only are often not the most profitable, and may even represent negative value to the retailer from a bottom-line perspective. Therefore, in addition to retailer loyalty, we are also focused on the consumer's willingness to pay a price premium as a desirable outcome in our study.

This research seeks to increase our understanding of the role of the retail salesperson in helping to generate premium revenues from consumers. Specifically, an examination of the relative effects of the salesperson versus the retail store itself on generating loyalty and for generating premium revenue, operationalized as the consumer's willingness to pay price premiums, will be tested within a comprehensive model (see Figure 1). This examination will provide a demonstration of the dominant effects of the consumer's loyalty to the salesperson in generating premium revenues, when compared to effects of satisfaction with and trust in the retailer. Additionally, superior merchandise quality is hypothesized to reduce the impact of the retail salesperson on these desirable retail-level outcomes. The ultimate goal is to further our understanding of how best to manage consumers for retail loyalty and for generating premium revenue from consumers. The results of studies such as this can help to provide guidance to retailers that can help them focus their limited resources in a manner that will maximize bottom-line impact and provide the desired premium revenue from consumers.

THEORETICAL BACKGROUND

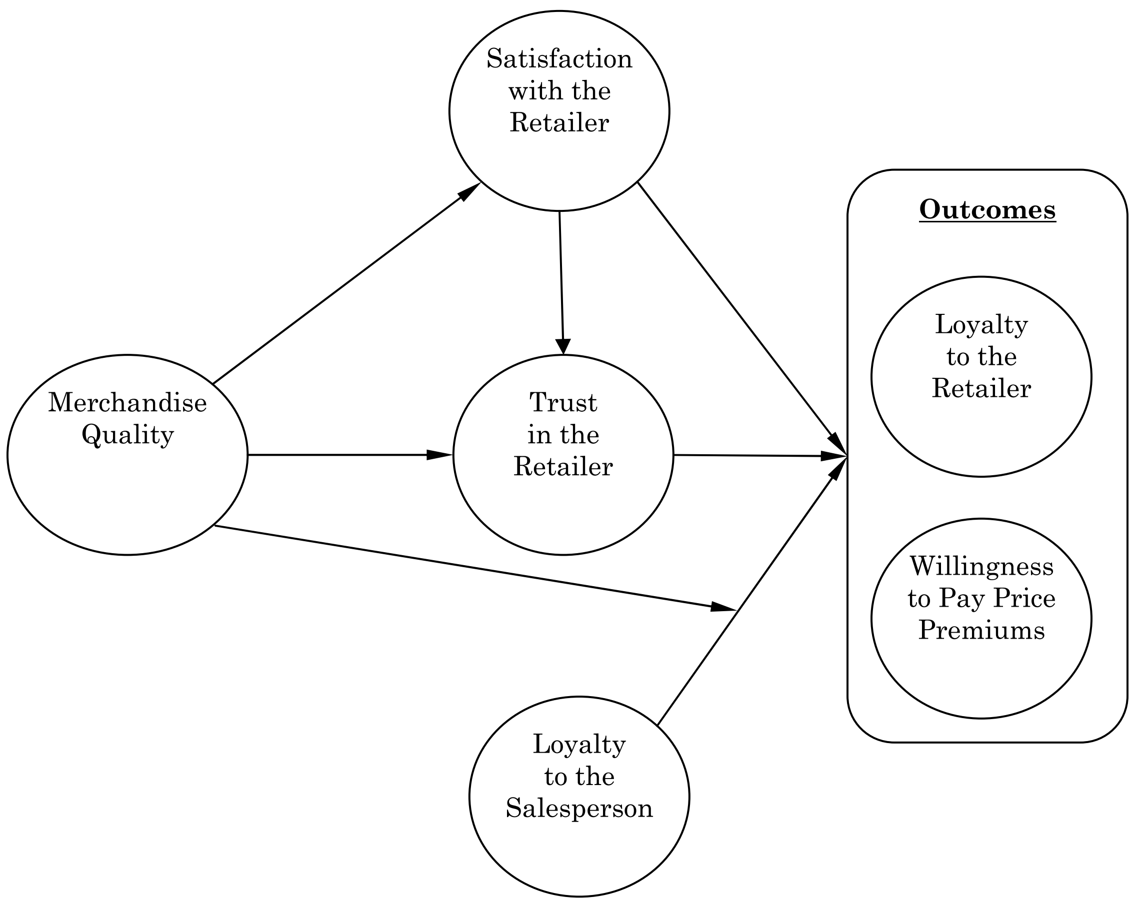
As a theoretical basis for our model, we look to Oliver's seminal work on satisfaction and loyalty (1997, 1999). Oliver characterizes the development of loyalty as a series of steps in which consumers become increasingly loyal while the basis of that loyalty escalates, in a sense. More specifically stated, loyalty develops along a cognitive-affective-conative framework (Jacoby and Chestnut, 1978). That is, the consumer first becomes loyal in a cognitive sense, due to brand attribute information which indicates that one brand is preferable to others. In our model, the exogenous variable of merchandise quality serves as a proxy for this cognitive loyalty. The consumer's appraisal of merchandise quality is generally objective and based on informational, rather than emotional, sources. The next level of loyalty, affective loyalty, is of an emotional nature; a liking based on satisfying experiences. The middle of our model represents this type of loyalty with the constructs satisfaction with and trust in the retailer, as well as loyalty to the salesperson. While this level of loyalty represents a deeper connection, it is still not immune to consumer switching. Finally, the consumer reaches the conative stage of loyalty, represented by behavioral intentions. "Conation, by definition, implies a brand-specific commitment to repurchase," (Oliver, 1999, p. 35). Our outcome variables of loyalty to the retailer and consumer willingness to pay a price premium represent this intentional stage of loyalty. Although this represents an increasingly stronger sense of loyalty, this "motivated intention" must ultimately be transformed to a "readiness to act" known as action loyalty.

Journal of Applied Marketing Theory
Vol. 3 No. 1, Page 1 - 19, October 2012
ISSN 2151-3236

We argue that the most effective way to do so is by leveraging the relationship building capabilities of the retail salesperson.

Our model examines two separate routes to the generation of premium revenues for retailers- the two primary drivers representing the cognitive/tangible (merchandise quality) and the affective/intangible (loyalty to the salesperson). The first route begins with merchandise quality and is mediated through satisfaction with and trust in the retailer. The second route is realized directly through loyalty to the retail salesperson. Although we hypothesize this route to have a stronger impact on behavioral intention outcomes, interestingly, this impact is also hypothesized to be moderated by merchandise quality.

Figure 1
Conceptual Model



CONCEPTUAL DEVELOPMENT AND RESEARCH HYPOTHESES

Consistent with Oliver's (1999) cognitive-affective-conative framework, the logical starting point for the hypothesized model is the consumer's perception of merchandise quality. For this study, the authors concur with the viewpoint represented by Babakus et al. (2004), that the customer is the most appropriate source of quality judgments. Therefore, we have adopted Zeithaml's (1988) definition of perceived merchandise quality as the consumer's judgment about the extent of superiority or excellence of the product. Perceived quality has been linked to retailer loyalty both directly (Brady and Cronin, 2001) and as mediated via perceived value (Sirohi et al., 1998). Perceived merchandise quality has been found to impact overall consumer satisfaction (e.g., Parasuraman et al., 1994). Meanwhile, merchandise quality has also been found to impact trust directly in an online retail setting (Chen, 2003) and indirectly through reduced perceived risk (Sweeney et al., 1999). Finally, merchandise quality has been found to predict loyalty, though not as critically as interaction quality. As the starting point for our comprehensive model, and in concert with some previous findings on the subject, we will seek to replicate previous results by setting forth:

H1: Merchandise Quality has a direct, positive effect on satisfaction with the retailer, and
H2: Merchandise Quality has a direct, positive effect on trust in the retailer.

At the firm level, there is evidence that both trust and satisfaction with the retailer have impacts on customer loyalty, independent of customer evaluations of the sales personnel. However, confusion still remains in the literature surrounding the relationship between satisfaction and trust when investigated at the firm level. One of the questions under study is whether satisfaction not only leads to desired outcomes in and of itself, but also through trust. The positive relationship between trust and satisfaction is well documented in the marketing literature. For example, in a meta-analysis of satisfaction in the setting of marketing channels, Geyskens et al. (1999) found that satisfaction proceeds trust. Similar results have also been found in retail settings (Bloemer and Oderkerken-Schröeder, 2002), in the context of brand trust (Delgado-Ballester and Munuera-Alemán, 2001; Zboja and Voorhees, 2006), and in services by Singh and Sirdeshmukh (2000). Meanwhile, however, trust has also been found to be a precursor to satisfaction (Andaleeb, 1996). Although complete agreement on the order of the constructs is not evident in the literature, the more prevalent view (i.e., the view with more empirical support in the literature) of satisfaction as an antecedent to trust was employed in our model. Therefore, we adopt the following viewpoint regarding the relationship of satisfaction and trust at the retailer level:

H3: Satisfaction with the retailer has a direct, positive effect on trust in the retailer.

Other research has focused on the direct impact of satisfaction and trust on customers' behavioral intentions. Satisfaction has been linked to favorable customer behaviors in many research efforts (e.g., Cronin et al., 2000; Brady and Cronin, 2001; Mittal and Kamakura, 2001). In their study of organizational buyers and sellers, Liu and Leach (2001) found a strong positive relationship between satisfaction and loyalty behaviors. The current study's focus on consumers precludes an investigation into enhancing the scope of the relationship, which is considerably more appropriate when studying under a business-to-business context. Most similar to the current study, Reynolds and Beatty (1999) found retailer satisfaction to be positively associated with loyalty to the retailer. Meanwhile, Garbarino and Johnson (1999) in a study of theater customers found that satisfaction was the primary driver of behavioral intentions (in this case, future attendance, intention to subscribe, and intention to donate) for occasional customers, while trust was the key driver of intentions for consistent customers. Further, Ranaweera and Prabhu (2003) found that both trust and satisfaction lead to customer retention. On the other hand, many recent studies have found trust to be the key driver of behavioral intentions (Doney and Cannon, 1997; Delgado-Ballester and Munuera-Aleman, 2001). The key point to remember here, however, is that there is disagreement in the literature on the effects of satisfaction and trust on behavioral intentions such as loyalty and willingness to pay a

Journal of Applied Marketing Theory
Vol. 3 No. 1, Page 1 - 19, October 2012
ISSN 2151-3236

price premium. The present study contends that while firm satisfaction precedes trust, they both contribute to the salient behavioral intentions. Given this contention, we set forth the following hypotheses:

H4a: Satisfaction with the retailer has a direct, positive effect on loyalty to the retailer,
H4b: Satisfaction with the retailer has a direct, positive effect on the consumer's willingness to pay price premiums to the retailer,
H5a: Trust in the retailer has a direct, positive effect on loyalty to the retailer, and
H5b: Trust in the retailer has a direct, positive effect on the consumer's willingness to pay price premiums to the retailer.

Once a salesperson gains the commitment of a customer, the firm only benefits if these enduring feelings can be transferred to the firm itself. Customer evaluations about the salesperson are often projected onto the organization. In a similar manner, we would expect that behaviors that are the result of attitudes toward the salesperson would also be projected onto the firm, assuming that the salesperson remains with the firm. Likewise, both Macintosh and Lockshin (1997) and Reynolds and Beatty (1999) demonstrated that loyalty to a salesperson is an antecedent to loyalty to the store. Therefore, a customer that intends to purchase again from a salesperson logically intends to purchase again from the retailer, assuming that the salesperson is still employed by the retailer. Likewise, a customer that is loyal to a salesperson likely extends that loyalty to include the firm.

Additionally, the very premise of loyalty suggests a desire to continue with a buyer-seller relationship with an existing retailer and/or salesperson. Gwinner et al. (1998) discussed three distinct types of relational benefits customers enjoy from loyal service relationships. These benefits include confidence benefits (which provide comfort and confidence), social benefits (a relationship in the most true sense), and special treatment benefits (e.g., getting good deals from a service provider). While these specific benefits and their impacts are beyond the scope of the current study, their existence provides a rationale for a customer's willingness to pay a price premium. That is, the benefits gained from a loyal relationship with a service provider, in this case the salesperson specifically, are often seen as a better value than a potentially lower price from a competitor. Based on these arguments, we set forth the following hypotheses:

H6a: Loyalty to the salesperson has a direct, positive effect on loyalty to the retailer, and
H6b: Loyalty to the salesperson has a direct, positive effect on the consumer's willingness to pay price premiums to the retailer.

Many studies at the organizational level have examined the role of trust and satisfaction on loyalty (Geyskens et al., 1999), independent of evaluations of the sales personnel. While satisfaction, trust and salesperson evaluations all have a positive effect on customer loyalty to a firm, their relative effects are unknown. It is clear, however, that trust in and satisfaction with a retailer will have a significant impact on consumer behavioral intentions. However, in many sales situations, the sales personnel are *the* representatives of the firm, a source of added value and customer satisfaction through their interactions with and efforts to build and maintain relationships with customers (Cravens, 1995; Wortruba, 1991). Any evaluations attributed to the salesperson will likely be directly attributed back to the firm and even directly affect the behavioral intentions of customers. In fact, customer satisfaction evaluations of customer encounters with salespeople have been shown to have a dominant effect on their future behavioral intentions with the firm (Humphreys and Williams, 1996; Lambert et al., 1997).

Oliver (1997) argues that loyalty to the salesperson is more substantial to the customer than other types of loyalty (e.g., loyalty to the firm), perhaps due to its "interpersonal" nature. In addition to similar results reported earlier, Beatty et al. (1996) found loyalty to the retail sales associate to be a precursor to loyalty to the firm. Their respondents also reported that, while their loyalty to the

Journal of Applied Marketing Theory
Vol. 3 No. 1, Page 1 - 19, October 2012
ISSN 2151-3236

salesperson did transfer to the firm, their primary loyalty was with the salesperson. Furthermore, Reicheld (1994) described customers' bonds of trust and expectations as built with employees, not companies. These bonds, by the way, are often broken if the employee leaves the company. Taken together, these findings suggest that customer loyalty to the salesperson may likely be the single most important relationship that can be forged by an organization, underscoring the crucial role provided by salespeople to the customer-centric firm. Therefore, the contention of the authors is that customer loyalty to the salesperson will be the most powerful driver of customer loyalty to the firm. Thus, we propose:

H7: The effects of loyalty to the salesperson on customer outcomes will be significantly stronger than the effects of retailer satisfaction and trust.

Despite the fact that there was a transference effect of salesperson loyalty to the retailer, the consumer respondents of Beatty et al. (1996) also indicated that they would follow their salesperson to another location. However, there was a condition to this response. That is, they would follow, but only "as long as the merchandise was equivalent." This finding has yet to be tested empirically. As such, we seek to test the moderating role of product quality on the relationship between loyalty to the salesperson and the outcomes of loyalty to the retailer and willingness to pay price premiums. Taking the argument one step further, one could infer that the higher the merchandise quality, the lesser the impact of the salesperson on the salient outcomes of this study. Hence:

H8a: Perceptions of merchandise quality moderate the effects of salesperson loyalty on loyalty to the retailer to the extent that the effect of loyalty to the salesperson will be lower when merchandise quality is high, and
H8b: Perceptions of merchandise quality moderate the effects of salesperson loyalty on the consumer's willingness to pay price premiums to the extent that the effect of loyalty to the salesperson will be lower when merchandise quality is high.

METHOD

Data Collection

Data for this research were collected using trained interviewers who recruited respondents at various locations in a metropolitan area in the Southeastern Region of the United States. Interviewers approached consumers and asked them to participate in the research study by reflecting on their most recent retail purchase experience where they relied on a sales representative during the decision making process. In total, 315 consumers completed the entire survey instrument. The majority of consumers reflected on a recent audio/video or electronics purchase (60%) and the balance identified an experience involving a variety of industries. Following the data collection, a sub-sample was contacted again to verify their responses and description of the experience. The demographic characteristics of the sample can be found in Table 1.

Journal of Applied Marketing Theory
Vol. 3 No. 1, Page 1 - 19, October 2012
ISSN 2151-3236

Table 1
Demographics of Sample

	Overall Sample
Sample Size (n)	315
Age	Mean = 34.03 Std. Dev. = 13.11
Gender	
Male	46.0%
Female	54.0
Ethnic Status	
Caucasian	77.0%
African-American	7.9
Hispanic	8.5
Asian-American	3.5
Native American	0.9
Other	2.2
Education	
Less than high school	1.9%
High school graduate	12.7
Some college	43.2
College graduate	30.2
Some post graduate work	1.9
Graduate degree	10.2
Income/Year	
Less than $20,000	25.6%
$20,000 to $39,999	19.7
$40,000 to $59,999	17.0
$60,000 to $79,999	13.8
$80,000 to $99,999	9.2
More than $100,000	14.4

Measurement

All constructs were measured using multi-item 7-point scales adapted from previously published studies. The scale for merchandise quality consisted of five items based on scales introduced by Brady and Cronin (2001) and Baker et al. (2002). Customer satisfaction items were based on Oliver's (1997) consumption satisfaction scale. Trust in the retailer was defined as the consumer's expectation that a service provider is dependable and can be relied upon to deliver on its promises (Morgan and Hunt, 1994). Based on this definition, we adopted a subset of the items proposed in the literature (Morgan and Hunt, 1994; Sirdeshmukh et al., 2002). Loyalty has been conceptualized as a deeply held commitment to consistently repatronize from a provider (Oliver 1997). Based on this definition and existing measures of consumer loyalty in the literature, a three item scale of consumer loyalty to the salesperson/retailer was adopted for this study based on Zeithaml et al., (1996). Finally, Oliver (1999) suggests that firms should strive to generate "action loyalty" or a state where consumers are willing to overcome obstacles to do business with a provider. One of the obstacles referenced by Oliver (1999) is the willingness to pay price premiums. Based on items introduced by

Journal of Applied Marketing Theory
Vol. 3 No. 1, Page 1 - 19, October 2012
ISSN 2151-3236

Zeithaml et al. (1996), we measured willingness to pay price premiums with three items. A complete listing of all items is presented in the Appendix.

Factor Structure

The measurement model was assessed via confirmatory factor analysis. All items were tested in the same model and forced to load on their respective factors. The measurement model fit the data well, [χ^2 (*df* = 260, N = 315) = 654.05, RMSEA = .069, CFI = .98, NNFI = .97]. All items loaded highly and significantly on their intended factors. Scale statistics, including correlations, construct reliabilities, and average variances extracted are provided in Table 2.

Table 2
Means, Standard Deviations, Correlations, Construct Reliabilities (CR), and Average Variance Extracted

Construct	M	SD	CR	1	2	3	4	5	6
1. Merchandise Quality	5.84	1.33	0.95	**(.79)**					
2. Satisfaction with the Retailer	5.58	1.40	0.96	.49**	**(.83)**				
3. Trust in the Retailer	5.25	1.23	0.90	.42**	.71**	**(.60)**			
4. Loyalty to the Salesperson	3.57	1.71	0.96	.10	.41**	.39**	**(.89)**		
5. Loyalty to the Retailer	4.19	1.63	0.92	.26**	.58**	.53**	.58**	**(.80)**	
6. Willingness to Pay Price Premiums	3.79	1.55	0.75	.17**	.36**	.34**	.45**	.66**	**(.52)**

Notes: Intercorrelations (two-tail) are presented in the lower triangle of the matrix. The average variance extracted for each scale is depicted in parentheses and bold face along the diagonal.
* $p < .05$ ** $p < .01$

Convergent validity was evaluated through an examination of both the significance of the t-values and the average variance extracted (Fornell and Larcker, 1981). All of the t-values were significant ($p < .01$) and all of the average variances extracted were greater than .50 (Fornell and Larcker, 1981), thus providing evidence of convergent validity. Discriminant validity was tested and supported by means of Fornell and Larcker's (1981) criteria, as the explained variance of each construct exceeded the shared variance between the construct and other variables in the model.

Assessment of Direct and Interaction Effects

A moderated structural equation model (MSEM) as suggested by Ping (1995) was estimated to evaluate the direct and interaction effects proposed in the research model. The MSEM provided good fit to the data [χ^2 (*df* = 284, n = 315) = 863.94, RMSEA = .079, CFI = .97, NNFI = .96]. Merchandise quality significantly affected satisfaction with and trust in the retailer, providing support for H1 and H2. Moreover, satisfaction significantly affected trust in the retailer, supporting H3. With respect to H4 and H5, both satisfaction with and trust in the retailer were significant drivers of loyalty to the retailer, providing support for H4a and H5a, respectively. However, neither variable significantly affected a customer's willingness to pay price premiums, thus failing to support H4b and H5b. Loyalty to the salesperson affected both outcomes, supporting H6a and H6b. Table 3 provides complete results of the model testing including path estimates, and R^2 estimates.

Journal of Applied Marketing Theory
Vol. 3 No. 1, Page 1 - 19, October 2012
ISSN 2151-3236

Table 3
Results of Model Testing

Hypothesized Paths	CS	R^2
H1: Merchandise Quality → Satisfaction with the Retailer	0.52**	0.27
H2: Merchandise Quality → Trust in the Retailer	0.11*	0.54
H3: Satisfaction with the Retailer → Trust in the Retailer	0.68**	
H4a: Satisfaction with the Retailer → Loyalty to the Retailer	0.24**	0.47
H4b: Satisfaction with the Retailer → Willingness to Pay Price Premiums	0.11	0.31
H5a: Trust in the Retailer → Loyalty to the Retailer	0.24**	
H5b: Trust in the Retailer → Willingness to Pay Price Premiums	0.13	
H6a: Loyalty to the Salesperson → Loyalty to the Retailer	0.48**	
H6b: Loyalty to the Salesperson → Willingness to Pay Price Premiums	0.43**	
H8a: Merchandise Quality*Loyalty to the Salesperson → Loyalty to the retailer	-0.10*	
H8b: Merchandise Quality*Loyalty to the Salesperson → Willingness to Pay Price Premiums	-0.19*	

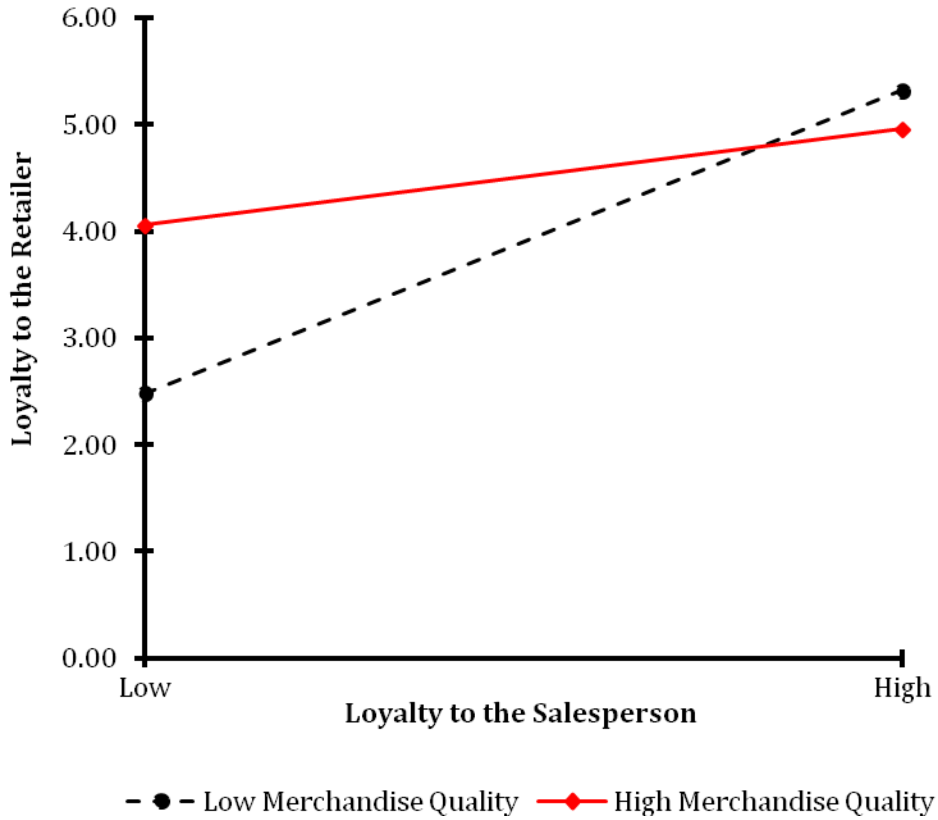
Note: * $p < .05$ ** $p < .01$

Probing the Interaction Effect

To better understand the effects of the significant interaction between Merchandise Quality and Loyalty to the Salesperson (H8a & H8b), we probed the interaction in accordance with Aiken and West (1991) by conducting simple slopes analysis using high and low levels (+/- 1 standard deviation) of merchandise quality. The results of the post-hoc probing provided additional support for the interaction effect as the impact of salesperson loyalty was weaker when merchandise quality was high and stronger at low levels of merchandise quality. Specifically, at low levels of merchandise quality, the effect of salesperson loyalty was stronger on retailer loyalty ($\beta = .91$, $p < .05$). At high levels of merchandise quality this effect dropped substantially ($\beta = .16$, $p > .05$). The effects of the interaction are presented graphically in Figure 2.

Journal of Applied Marketing Theory
Vol. 3 No. 1, Page 1 - 19, October 2012
ISSN 2151-3236

Figure 2
Loyalty to the Retailer Regressed on Loyalty to the Salesperson and Merchandise Quality



Note: +1 SD for merchandise quality would result in an estimate that would exceed the range of measurement (1 – 7), so simple slopes were calculated at the high value of the scale range (7).

Likewise, similar results were found for the impact of merchandise quality as a moderator, where the outcome of the consumer's willingness to pay price premiums was concerned (H8b). Specifically, at low levels of merchandise quality, the effect of salesperson loyalty was stronger on willingness to pay price premiums ($\beta = .90$, $p < .05$). At high levels of merchandise quality this effect again dropped substantially ($\beta = .44$, $p < .05$). We present these results graphically in Figure 3.

Journal of Applied Marketing Theory
Vol. 3 No. 1, Page 1 - 19, October 2012
ISSN 2151-3236

Figure 3
Willingness to Pay Price Premiums Regressed on Loyalty to the Salesperson and Merchandise Quality

Relative Effects of Loyalty to the Salesperson

In order to assess the relative effects of loyalty to the salesperson as proposed in H7, we conducted nested model comparisons, by comparing the results of four constrained models (independent models where the paths from satisfaction and trust to the outcomes were constrained to be equal to the effects of loyalty to the salesperson) to the reported results of the research model. If the constrained models provide a worse fit ($\Delta\chi^2 > 3.84_{(\Delta df = 1)}$) to the data than the research model, then the results support the contention of H7 that the effects of loyalty to the salesperson on the two outcome variables are significantly stronger than the effects of satisfaction with and trust in the retailer.

The results of these tests, provided support for H7 as constrained models predicting loyalty to the retailer ($\Delta\chi^2/\Delta df{=}1_{Satisfaction} = 13.78$ and $\Delta\chi^2/\Delta df{=}1_{Trust} = 8.42$) and the customer's willingness to pay price premiums ($\Delta\chi^2/\Delta df{=}1_{Satisfaction} = 48.65$ and $\Delta\chi^2/\Delta df{=}1_{Trust} = 39.47$) all offered significantly worse model fit than the research model. These results confirm that loyalty to the salesperson has a significantly stronger effect on both outcomes than both retailer satisfaction and trust.

Assessment of Common Method Bias

Journal of Applied Marketing Theory
Vol. 3 No. 1, Page 1 - 19, October 2012
ISSN 2151-3236

Because the data were collected from single sources at a single point in time, there is a risk that common method bias could affect the results. The results provided evidence of both full mediation and moderation in the research model, logically suggesting that method bias cannot be significantly affecting the data. If it were present, its effects would be present even in indirect paths (Blalock, 1964; 1971). In addition to the conceptual evidence that method bias was not a significant threat to the data, we also conducted tests to verify that method bias has not affected the results. First, we conducted a Harmon One Factor Test, which revealed that a single factor did not capture the majority of the variance among the constructs, suggesting that method bias is a not a significant threat. Next, we conducted a CFA-based one factor test (McFarlin and Sweeney, 1992). This test revealed that the single factor model offered significantly worse ($p < .01$) worse fit to the data than the measurement model ($\Delta\chi^2 = 3700.39$, $\Delta df = 15$). Taken together, these results suggest that single source data is not biasing the interpretation of the results introduced in this research.

DISCUSSION

As mentioned in the introduction, the fact that the relative impact of the retail salesperson on desirable retail outcomes still has not yet been sufficiently delineated has provided inspiration for this research effort. More specifically stated**,** this study conceptualized and tested a comprehensive model of the relative effects of loyalty to the salesperson and satisfaction with and trust in the retail store itself on generating loyalty to the retailer and, more importantly for generating premium revenue, the consumer's willingness to pay price premiums. The results of this study demonstrate the dominant effects of the consumer's loyalty to the salesperson in generating premium revenues, when compared to the effects of satisfaction with and trust in the retailer. This finding underscores the importance of the frontline employee in services. Additionally, superior merchandise quality was found to diminish the effect of the retail salesperson on these retail-level outcomes, indicating that the impact of the salesperson on desirable outcomes may be mitigated in some contexts. Finally, the fact that neither satisfaction with nor trust in the retailer significantly affected the consumer's willingness to pay price premiums indicates that these affective loyalties just are not enough to command premium revenue from consumers and provides additional support for the importance of the salesperson.

IMPLICATIONS AND APPLICATIONS FOR MARKETING PRACTITIONERS

The results of this study provide some general guidance to retail managers concerning the appropriation of limited resources towards desirable customer attitudes and behaviors. The study provides more specific guidelines to the retail manager on increasing the probability of premium revenues from retail customers. Moreover, the guidelines can be generalized to all services that rely on frontline employees to provide the face of the firm. As mentioned above, and as has been reported in both empirical and conceptual papers alike, the importance of the frontline service employee really cannot be overstated where the customer is concerned. The findings emphasize that consumer loyalty to the salesperson has an even stronger effect on consumer loyalty to the retailer and willingness to pay price premiums than satisfaction with and trust in the retailer do. Provided with this knowledge, the retail manager is advised to focus on the frontline employee (e.g., salesperson) as the key to the eventual bottom-line goals of the service firm. This underscores the importance of internal marketing and proper employee reward strategies. Adding to this concern is the potential for the customer's loyalty to the salesperson to motivate them to follow that person to another firm. This potential defection adds even more credence to the importance of developing, rewarding and, ultimately, retaining the frontline. On this very subject, Bendapudi and Leone (2001, p. 108) suggest these tips to strengthen your customer relationships: "don't let customers become attached to only one employee," "develop steady performers alongside superstars," and "don't let employee turnover catch customers by surprise."

Journal of Applied Marketing Theory
Vol. 3 No. 1, Page 1 - 19, October 2012
ISSN 2151-3236

While these suggestions speak directly to the concern that employees may leave and possibly take their customers with them, other specific recommendations may be helpful for practitioners to ensure that that they are taking every measure necessary to improve the quality of the service provided by their front-line employees and their relationship building ability. One is to focus on ways in which these retail salespeople can add value to the customer. The majority of our respondents reported shopping for electronics. For potentially complex products such as these, a salesperson can set him or herself apart from the competition by becoming an expert on the products he or she sells. Management can help facilitate this sort of specialization by organizing the sales team by specific products sold (within reason), or at least choosing two to three product categories in which each employee can become an "expert." Providing incentives to do so could be helpful. In some cases, simple recognition "ceremonies" could be all it takes to motivate salespeople to put in the extra time to become especially competent in any given category. While it has been standard operating procedure in b-to-b settings for some time, another way to add value would be for the retail salesperson to truly become a consultant to the customer. This term is thrown around pretty loosely, however, to be effective from the customer's viewpoint, the salesperson must truly treat each customer as individual with a unique problem to be solved. Once they have assessed the problem via a brief interview with the customer, the salesperson can then become the "point person" for the customer- adding value by providing world-class service and applying his or her expertise to help find the best solution. Both of these efforts can result in the two primary outcomes of this study. Loyalty to both the salesperson and, in turn, the retailer will be achieved because of the relationship that has been developed. Meanwhile, the customer will be more willing to pay a price premium because of the perceived value of the level of service that has been received.

The results of the study also provide something of a caveat to the above discussion of the importance of the frontline employee. Specifically, the impact of salesperson loyalty on retailer loyalty and the consumer's willingness to pay price premiums was moderated by the level of merchandise quality. In particular, the impact of salesperson loyalty was mitigated for merchandise of higher quality. Therefore, in some cases of high quality merchandise, the role of the frontline employee will be lessened. Obviously, this cannot be generalized to all services, but only to retailers that merchandise and sell physical goods. This is because, in less tangible services, the merchandise quality and frontline employee providing the service are inseparable. One would expect this to occur more frequently with retailers that provide exclusive distribution of a prestige product that cannot be sourced elsewhere. In this case, the customer has little choice in the matter except to travel long distances to shop elsewhere. Another potential reason for this finding may be the customer's level of involvement for a particular product category. For instance, a customer who is looking for a high-quality (and most likely, high price) product would likely either take more time doing their own due diligence. That is, they would likely do more internet research on the product before going to a store. Further, a customer that is shopping a higher-end brand (such as Bose speakers, to use our electronics example) is likely to be an innovator in the category in which they are shopping (e.g., an "audiophile"). In this situation, many salespeople would be lucky to have a commensurate level of knowledge and general excitement for the category, rendering them relatively unnecessary.

Finally, while satisfaction with and trust in the retailer were found to significantly impact loyalty in the retailer (albeit significantly less than salesperson loyalty), neither had a significant impact on the customer's willingness to pay price premiums. This finding helps to put a finer point on the relative importance of the salesperson. While, the attitudes and affectations toward the retailer can impact loyalty, unlike loyalty to the salesperson, they do not necessarily translate to (or may be insufficient for) a customer's willingness to pay price premiums. In other words, it may take the personal relationship of the frontline employee to get the customer to the next step toward the generation of premium revenues. Fundamentally, the consumer's loyalty to the individual supersedes any loyalty to the firm and only that interpersonal relationship can add sufficient value to achieve desired outcomes for the retail firm.

Journal of Applied Marketing Theory
Vol. 3 No. 1, Page 1 - 19, October 2012
ISSN 2151-3236

LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH-

As with all research, there are both limitations inherent in the present effort and potential additional avenues of study. First of all, this study was limited by the constructs chosen for inclusion in the comprehensive model. In particular, the model could have benefitted from antecedents to salesperson loyalty. Inclusion of how this loyalty to the salesperson is formed, while beyond the scope of the present effort, could be beneficial to service providers in managing its development with customers. Specifically, which is more important, the relationship or the perceived expertise? While ideally, you would cultivate both of them, it may be that one is more vital than the other to cultivating loyalty from the customer. Also, inclusion of additional outcomes, such as positive word-of-mouth would have further enriched the results. Perhaps, in addition to the outcomes in our study, customers whom are loyal to their salesperson are more likely to speak well of both the salesperson and the company, which is an excellent method of inexpensive promotion that could benefit any service. The study is also limited by the retail consumer sample enlisted for data collection. Although many of the results could likely be generalized for more pure services, some likely would not (e.g., the moderating role of merchandise quality). A slightly modified model could then be used to replicate these findings in services in varying positions along the tangible/intangible continuum. Moreover, no effort was made to differentiate the effects of demographics on loyalty or willingness to pay price premiums. Future researchers may want to investigate the role of education, income or other demographic variables on these constructs. The authors hope that the study results will provide both an additional link to the services marketing literature as well as some worthwhile feedback for retail practitioners alike.

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Journal of Applied Marketing Theory
Vol. 3 No. 1, Page 1 - 19, October 2012
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ABOUT THE AUTHORS

Ronald A. Clark (Ph.D., Florida State University) is an Assistant Professor of Marketing at Missouri State University, Springfield, MO. His research interests are consumer psychometrics, social influences on consumers, consumer models of social response, consumer personality and consumer perceptions of sales pressure. His work has been published in the *Journal of Consumer Behaviour*, *Journal of Social Psychology, Psychology & Marketing, Journal of Marketing Theory and Practice, Cornell Hospitality Quarterly* and several other peer-reviewed outlets.

James J. Zboja (Ph.D., Florida State University) is an Assistant Professor of Marketing at The University of Tulsa, Tulsa, OK. His research interests include interpersonal influence in both selling and organizational contexts, consumer perceptions of sales pressure, nonprofit marketing, and consumer coupon use. His work has been published in *Journal of Nonprofit and Public Sector Marketing, Journal of Services Marketing, Journal of Retailing and Consumer Services*, and *Journal of Relationship Marketing*.

Clay M. Voorhees (Ph.D., Florida State University) is an Assistant Professor of Marketing at Michigan State University, East Lansing, MI. Clay's research focuses on explaining and managing the dynamics of social exchange and social influence (attitude change and behavior change). His research has been published or is forthcoming in the *Journal of Marketing, Strategic Management Journal, Cornell Hospitality Quarterly, Journal of the Academy of Marketing Science, Journal of Retailing, Journal of Service Research,* and the *Journal of Services Marketing.* Clay's research has also been featured in media outlets as: USA Today, National Public Radio, Associated Press, CNBC, and numerous other domestic and international periodicals.

Journal of Applied Marketing Theory
Vol. 3 No. 1, Page 1 - 19, October 2012
ISSN 2151-3236

APPENDIX
Measurement

All scales, except for Merchandise Quality, were measured using 7-point Likert-Type Scales, where "1" = "Strongly Disagree and "7" = "Strongly Disagree."

Merchandise Quality

Poor	1	2	3	4	5	6	7	Excellent
Inferior	1	2	3	4	5	6	7	Superior
Low Quality	1	2	3	4	5	6	7	High Quality
Low Standards	1	2	3	4	5	6	7	High Standards

Satisfaction with the Retailer
I am satisfied with my decision to visit this retailer.
My choice to visit this retailer was a wise one.
I think that I did the right thing when I visited this retailer
I am not happy that I visited this retailer.
I truly enjoyed my visit to this retailer.

Trust in the Retailer
The retailer…
Can be trusted at all times.
Cannot be depended on to do what is right.
Has high integrity.
Is not competent.
Is very dependable.
Is unresponsive.

Loyalty to the Salesperson
I am loyal to this salesperson.
I consider this salesperson as my first choice when I purchase this type of product.
I am dedicated to doing business with this salesperson.

Loyalty to the Retailer
I am loyal to this retailer.
I consider this retailer as my first choice when I purchase this type of product / service.
I am dedicated to doing business with this retailer.

Willingness to Pay Price Premiums
I would take my business to a competitor that offers better prices (reverse coded).
I would continue to do business with this reseller if its prices increase somewhat.
I would pay a higher price than competitors charge for the benefits that I currently receive with this reseller

