When should the customer really be king? On the optimum level of salesperson customer orientation in sales encounters (by Christian Homburg, Michael Müller and Martin Klarmann, Journal of Marketing, March 2011)

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Introduction

It is highly likely that the magnitude of the level of customer orientation depends on product and market characteristics. This study analyses whether a salesperson’s customer orientation in sales encounters has an optimal level with regard to sales performance and customer attitudes.

The authors show support for a curvilinear, inverted U-shaped effect of a salesperson's customer orientation on sales performance, whereas the effect of customer orientation on customer attitudes is continuously positive. The concept of customer orientation was introduced long ago. One might think that the more customer oriented a salesperson is, the better it is for a company. However, people might underestimate the cost to increase customer orientated behavior.

In this article customer orientation is seen as the degree to which a salesperson identifies and meets the customer needs and interests in the different stages of a sales encounter.

For the sales conversation the following 5 stages are considered:

1. Need and problem identification (identify customer requirements)
2. Presentation and demonstration (presentation of customer solutions)
3. Dealing with objections (collaborative handling of objections)
4. Negotiation (consideration of customer interests)
5. Closing the sale (use informative closing techniques)

Conceptual framework

Salesperson customer orientation is linked to key outcome variables. In relational sales environments, financial sales performance may not be a sufficient performance measure, because it neglects more long-term customer reactions. As a financial outcome, sales performance is defined as the financial result of a salesperson’s selling activities - for example, the achieved sales volume or contribution margin.

Regarding customer reactions, two attitudinal constructs are included. First, customers form an impression of the salesperson. Against this background, the research model includes a customer’s attitude toward the salesperson, which is the degree to which the customer exhibits a learned predisposition to respond favorably to the salesperson. Second, customers form judgments of a supplier’s products. Therefore, a customer’s attitude is considered toward a supplier’s products, which is the degree to which the customer exhibits a learned predisposition to respond favorably to the supplier’s products. These constructs are then linked to customer satisfaction, which is defined as the customer’s overall evaluation of purchase and consumption.
4 types of outcomes:

- Sales Performance: as the financial result of selling activities
- Two attitudinal constructs on customer reactions:
  a) attitude towards the sales person
  b) attitude towards the products
- The attitudinal constructs are linked to customer satisfaction
- Customer satisfaction links also to sales performance

The effectiveness of salesperson behaviors with regard to sales performance strongly depends on micro-environmental and macro-environmental variables:

Micro-environmental (characteristics of the customer buying task):
- Product individuality (degree to which a supplier offers individualized products)
- Product importance

Macro-environmental (facets of the firm’s competitive position):
- Supplier price positioning
- Competitive intensity

Research issues

First, more research is needed to fully uncover the dimensions underlying customer orientation selling. This study shows customer orientation is multi-dimensional and approached it with 5 behaviors corresponding to 5 stages of a sales encounter.

Second, the authors take a nonlinear perspective on performance outcomes of customer orientation. So, there is evidence that there is an optimum level of customer orientation with regard to sales performance but not with regard to customer attitude.

Third, Financial sales performance might not be an adequate performance measure in relational selling contexts.

Fourth, the study calls to identify the influence of moderator variables on the effectiveness of salesperson customer orientation. The optimum level of customer orientation in sales encounters is substantially higher with individualized products, in competitive environments, and for supplier firms that have adopted a premium price strategy.
Managerial Implications

Reconsider the link between salesperson customer orientation and sales performance (in a time of relational selling). This might put a different perspective on 'putting the customer always first'. There are times when the customer should not be king.

Monitor more closely individual salesperson customer orientation, some salespeople might be too customer oriented. In addition, the optimum level of customer orientation can serve as a benchmark. If salespeople score consistently higher than a certain level, managers could use this as a potential warning signal that their behaviors may be potentially counterproductive. First, salespeople who are too customer oriented serve the fewest customers in absolute numbers. Second, salespeople who are too customer oriented address sales related issues in less than 50% of their customer interactions.

Firms offering a broad product portfolio in heterogeneous markets, a one-size-fits all approach to salesperson customer interactions and sales force control systems leads to a substantial misallocation of resources. Advice: develop different customer interaction models depending on the characteristics of the product and its specific market.