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UNIVERSITY

WEATHERHEAD SCHOOL OF MANAGEMENT

Unraveling Adaptive Selling: An Empirical Analysis of Underlying Relational Behaviors

EDM Research

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Research Showcase
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Research Question

Context: B2B (industrial) selling of complex, configurable solutions.

Practice: Diverse sales behaviors exhibited by sales people.

- Estimated WW annual licenses on sales force automation software is \$1.6b.
- Sales force controls are based on end-results and/or sales activities only.
- Sales behaviors are considered as 'individual' selling capabilities.

Challenge: Need to

- Understand how sales people approach different selling situation, since it might be a better lead indicator than monitoring activities).
- Align individual sales behaviors to organizational selling strategies.

Literature Review

Theory: Adaptive selling behavior

- Defined as *a sales practice in which salespeople vary their behaviors depending on selling situations* (Spiro & Wietz, 1990; Giacobbe, et al, 2000; Franke & Park, 2006).
- Despite 25+ years of research, work is still required to add specificity, define its antecedents, examines its outcomes, and empirically measure adaptive selling (Park & Holloway, 2003).

Research question:

- What are the specific sales behaviors that enable salespeople to adapt to different customer needs.

Revised Conceptualization & Empirical Measurement Of Adaptive Selling

Relational behaviors:

- Ingredients of relational marketing of trust and customer value (Sheth & Parvatiyar, 2008; Sirdeshmukh, et al, 2002; Ulaga & Eggert, 2007)
- Prevalent sales methodologies are relationship selling & solution selling.
- Relational behaviors can be, therefore, seen as trust building & value creating efforts by the salespeople.**

Adaptive selling:

- Qualitative research showed that sales craft their behaviors based on relationships with their buyers.
- Buyer seller relationships can be categorized using March's (1994) *Decision logics* (of appropriateness & logic of consequences) (Heide & Watne, 2006; Johnson & Selnes, 2007; Haytko, 2004).
 - *Personal friendships, partners, business relationships & transactional relationships*
- Adaptive selling can therefore be measure as different in these 2 relational behaviors across the customer categories.**

Research Design, Data Collection & Analysis

Measurement: Used a combination of existing measures with the exception of new reflective scales for value creating behaviors and relationship sales effectiveness.

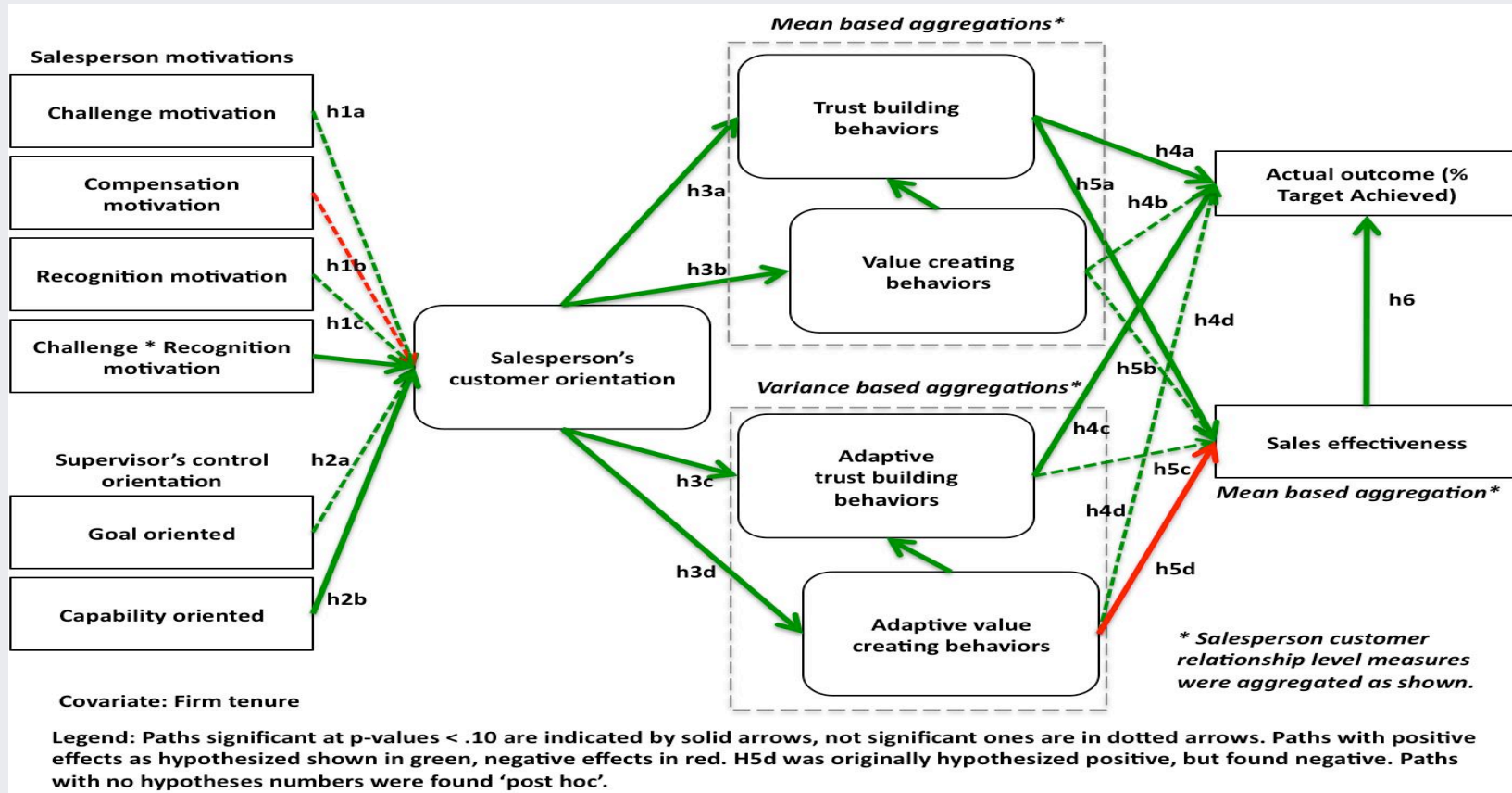
Research design: Used **nested** two units of measurements (i.e. variables at a salesperson level and for 3 customer relationships each):

- Unit of analysis: Aggregated the nested level data '*within salesperson*' as a (1) mean to indicate representative and as (2) *variances* to indicate variability or adaptive behaviors.

Sample: Survey sponsored by US based company with \$5b in annual revenue, providing technology and back office operational services to the financial services company.

- Sample size was 124. Got 90% response rate in 3 weeks.
- Levene's test and t-test showed no differences in means and variances between early and late responders.

Final Model and Data Analysis



Model fit: χ^2 (df) = 48.67 (25), Sig. = .00, SRMR = .08, IFI = .95, TLI = .91, CFI = .95, RMSEA = .07, LO90-HI90 = .05-.13, Pclose = .40

Findings

- Individual dimensions of intrinsic and extrinsic motivations did not have a significant effect on salesperson's customer orientation. However, a combination of challenge and recognition orientation positively influenced customer orientation.
- Supervisory capability orientation encourages salesperson to be customer oriented.
- Customer orientation had positive effects on both relational behaviors (i.e. trust building and value creating efforts). Customer orientation also had positive effects on salesperson practicing adaptive selling, by varying the relational behaviors appropriate to the relationships they maintain with their buyers.
- Higher levels of trust building positively resulted in both outcomes measured. Adaptive trust building led to salesperson's overall performance, but had no significant effect on sales effectiveness.
- Higher levels of value creating had a positive effect on trust building efforts, and therefore an indirect effect on both business outcomes measured.
- Adaptive value creating efforts had a negative effect on sales effectiveness, indicating higher efforts to customize offerings may have associated costs.

Implications and Future Work

Research Implications:

- Extended conceptualization of relational selling behaviors as trust building and value creating efforts.
- Empirically measured adaptive selling capability as variations in relational behaviors across customer categories.
- Established differential validity between the two behaviors.

Managerial Implications:

- Relational behaviors framework might enable managers to monitor and manage salesperson's capabilities.
- This framework might also be used to align individual selling strategies to organization's customer segment specific positioning strategies.

Future work:

- Requires some scale refinement work.
- Value creating behaviors play a subordinate role? Is it generalizable?



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Questions?

Thank You!