

Role of the salesperson in sustaining the buyer-seller relationship in a B2B dyad

Punyaslok Dhall
XIM
India

Abstract

This research paper attempts to expand the current understanding of buyer-seller long-term relationship by conceptualizing a model which incorporates antecedent factors of relationship dimensions of buyers and sellers in Small and Medium Enterprises (SME) in emerging economy. The comprehensive model is based on the previous studies done in the areas of relationship marketing, customer relationship management, supply chain management etc. The study explores the major antecedent factors of buyer-seller relationship sustainability, with vendor's salesperson in focus, in the context of SMEs and the model is tested in multi industry environment so that the results can contribute to the advancement of knowledge in this area and also can be meaningfully utilized by practicing managers. The result highlights the importance of interpersonal trust, framed as trust in the salesperson, in sustaining long term relationship in SME sector. It was observed that greater trust in salesperson is associated with higher relationship sustainability. As expected, expertise ($\beta=0.384$), likeability ($\beta=0.115$) and similarity ($\beta=0.217$) of salesperson did have significant effect on trust in the salesperson. Selling to business buyers requires considerable understanding of buyer's business and the salespersons need be thorough with his/her company products and the competitor's offerings along with the substitutes available. This is evident from the study result where buyers place maximum importance to the expertise of the salesperson. In our study out of three constructs affecting trust in the salesperson likeability contributes the least ($\beta=0.115$), which can be interpreted as even though likeability is a necessary condition to develop trust, it might not be the sufficient condition for long term relationship sustainability with the firm.

Keywords: trust in salesperson, relationship sustainability, likeability, expertise, similarity

Overview

This research paper is based on the research work that empirically tests a model of buyer-seller relationship to substantiate the role of the salesperson affecting the long-term relationship sustainability in B2B environment.

This paper explores and examines the buyer's trust on supplier salesperson as a major antecedent factor of buyer-seller relationship sustainability in the context of Small and Medium Enterprises (SME).

The fundamental research questions in this study can be described as, "How important is the role of the salesperson in developing and sustaining the buyer-seller relationship in a B2B dyad?"

The findings of this research paper will be quite significant for SMEs in emerging economies in terms of reassessing their long-term relationship sustainability with their suppliers. The supplying firms may, accordingly strategize their sales force orientation for higher value adding interface.

Scope

The focus of the research presented in this paper is on SMEs. Though the study covers the dyadic business relationship aspects between buyers and sellers and covers the factors that influence the sustainability of such long-term relationships, the study captures the perception of buyer only. The study has concentrated on single buyer-supplier relationship as unit of analysis and ignores the impact of portfolio of relationships. The study has focused on buyer's trust on supplier salesperson in SMEs as an aggregator model of analysis.

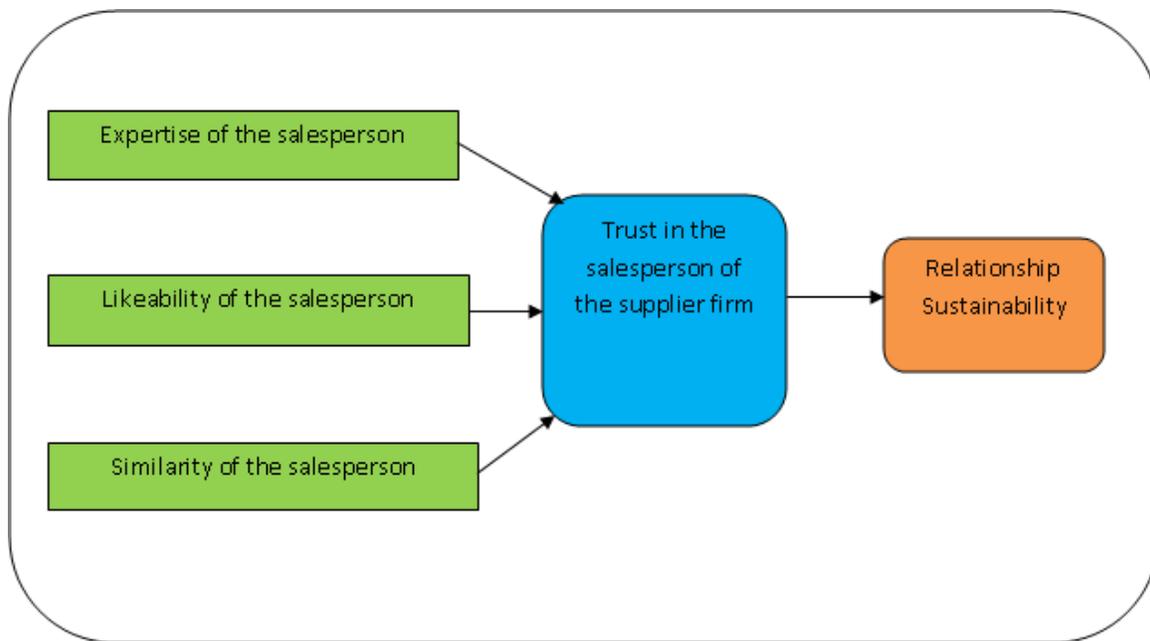
Model conceptualization

The inter-organizational trust based factors are broadly sub divided into *trust in the supplier firm* and *trust in the supplier salesperson*. However, this paper only highlights the ***trust in the supplier salesperson***.

Buying firms believe that the salesperson's behaviour is a reflection of supplier firm's values and attitudes. In B2B scenario the salesperson's behaviour is greatly influenced by supplier firm's culture, reward system, training programs and outlook. Doney and Cannon (1997) found that the trust on the supplier's salesperson has a positive effect on trust of selling firm. Therefore, when a customer has limited experience with the supplier firm, the trust on the firm can be inferred on the basis of perception of salesperson's trustworthiness. Hence, it can be inferred that members of the sales force (who are close and well known to the buyer) provide a basis for inferring the extent to which the buyer can trust the supplier firm.

Buyer's trust on the salesperson is influenced by the *expertise* of the salesperson, *likeability* of the salesperson, *similarity* to the members of the buying firm (Doney and Cannon, 1997). Busch and Wilson (1976) found that buyers view salespeople with higher level of perceived expert power as more trustworthy. Hawes, Mast and Swan (1989) observed that buyers fix positive trust earning value to supplier's representatives who are more likeable. Buyers who recognize salespersons to be similar to them could expect such salespersons to hold similar viewpoint about what behaviour, policies and goals are right. Trust can develop as buyer feels closer to the salesperson and feels easier to assess salesperson's intentions. Better understanding of the salesperson makes it easier for the buyer to envisage the salesperson's future behavior, hence the long-term relationship with the supplier's firm. The final conceptual framework is pictorially depicted in Figure 1.

Figure 1: Hypothesized model



Hypothesis development

Our initial hypothesis can be formally stated as:

H1: Relationship sustainability between buying firm and supplying firm will be positively related to buyer's *trust* in the salesperson of the supplying firm.

Subsequent hypotheses involving the factors influencing the trust on salesperson can be stated as below:

H2: Buying firm's trust in supplier firm's salesperson is positively related to buyer's perception that the salesperson has the *expertise*

H3: Buying firm's trust in supplier firm's salesperson is positively related to the *likeability* of salesperson

H4: Buying firm's trust in supplier firm's salesperson is positively related to the *similarity* of salesperson to the buying firm's employees

Methodology of the Study

Research design

In this research we have used a cross-sectional design. This kind of design is appropriate for studies that seek to analyze a problem, phenomenon, attitude, situation, or issue by considering a cross section of the population at one point of time. Cross-sectional design involves the collection of information with any given sample of population elements only once (Malhotra, 2004).

Type of study

This study analyzes the role of supplier's salesperson affecting the relationship sustainability between the supplying firm and the buying firm. The study also highlights the cause effect relationship between the factors in the model. Hence, the study is both correlational and causal.

The study setting

This study is conducted in non-contrived settings, where the respondents, primarily the senior managers of purchase division participated in the study in their natural work environment.

Unit of analysis

For this study, the unit of analysis is an organization. The researcher treated each response collected from the specialized managers (purchase managers) as individual data source.

Extent of researcher interference with the study

This research work was conducted in the natural environment of the organization of the respondent with minimal or no interference by the researcher in terms of manipulation of the variables and influence over respondents.

Locale of the study

The study was undertaken in one of the emerging economies with focus on small and medium manufacturing enterprises. The researcher had tried to cover all four zones in the country, and response was taken from varied industries to add robustness to the study.

Research instrument

Multiple items for each construct were prepared to allow comprehensive evaluation of the construct. The items were adopted from different landmark studies in the business to business relationship domain.

The data for the research was collected by questionnaire method. The development of questionnaire involved multiple steps, including translation of research model into questions, finding a suitable structure, formulating the questions in a suitable language and testing the questions.

Operationalization of variables

The variables are operationalized to make them amenable for quantitative measurement. The response pattern for each construct was decided based on operational definitions, and was primarily of Likert type agreement continuum where the respondents were asked to choose the answer of their choice. A uniform, five-point response pattern was followed for measuring the variables.

Sample selection and analysis

To test the conceptual model and the hypotheses, data were collected from 306 purchase managers in SMEs. Structural Equation Modeling (SEM) was chosen to analyze the data.

SEM is a multivariate technique, which combines aspects of multiple regression (examining dependence relationships) and factor analysis (representing unmeasured concepts-factors with multiple variables) to

estimate a series of interrelated dependence relationships simultaneously (Hair et al., 1998). The SEM examines a set of relationships between one or more observed independent variables, either continuous or discrete, and one or more dependent variables, either continuous or discrete; both of which can either be factors or measured variables (Jodie, 2000) by combining factor analysis and path analysis (Kaplan, 2000). Using SPSS 17.0 and AMOS 16.0 the validity and reliability of measurement items were methodically assessed. The structural equation model was estimated and research hypotheses were tested using AMOS 16.0. The results obtained from various analyses confirmed that the constructs are valid and reliable. The fit indices revealed that the hypothesized model provides a decent fit to the data and hence should be accepted.

Result

The relationships between the constructs are represented by the unstandardized regression coefficients (β) or path coefficient. The positive sign of the path coefficient indicates the direct relationship and negative sign of path coefficient indicates the inverse relationship. Higher the value of β indicates higher the intensity of relationship. The result of the path analysis is provided in the Table 1.

Table 1: Structural model results

Hypothesis	β value	p value	Direction	Inference
H1	0.438	<0.001	+	Supported
H2	0.384	<0.001	+	Supported
H3	0.115	<0.01	+	Supported
H4	0.217	<0.001	+	Supported

Hypothesis 1: H1 predicted that greater trust in salesperson is associated with higher relationship sustainability. The results (Table 1) indicate that the effect of trust in salesperson is in the hypothesized direction and is significant ($\beta=0.438$ at $p<0.001$). Hence, the hypothesis is strongly supported.

Hypothesis 2: H2 states that buying firm's trust in supplier firm's salesperson is positively related to buyer's perception that salesperson has the expertise. The results (Table 1) indicate that effect of expertise of the salesperson on trust in the salesperson is positive and significant ($\beta=0.384$ at $p<0.001$). Hence, the positive effect of expertise the salesperson possesses on trust in the salesperson is strongly supported. Consequently, the hypothesis is supported.

Hypothesis 3: H3 states that buying firm's trust in supplier firm's salesperson is positively related to the likeability of the salesperson. The results (Table 1) indicate that effect of likeability of the salesperson on trust in the salesperson is positive and significant ($\beta=0.115$ at $p<0.01$). Hence, the positive effect of likeability on trust in the salesperson is strongly supported. Therefore, the hypothesis is supported.

Hypothesis 4: H4 envisages that buying firm's trust on supplier firm's salesperson is positively related to the similarity of salesperson to the buying firm's employees. The results (Table 1) indicate that effect of similarity of the salesperson on trust in the salesperson is in the hypothesized direction and significant ($\beta=0.217$ at $p<0.001$). Hence, the positive effect of similarity of the salesperson on trust in the salesperson is supported. Thus, the hypothesis is supported.

Conclusion and implications

In SME sector in the emerging economy under the study, the salesperson represents the supplier firm and mostly the transactions are carried out based on the comfort level of purchase manager with the salesperson. Selling to business buyers requires considerable understanding of buyer's business and the salespersons need be thorough with his/her company products and the competitor's offerings along with the substitutes available. This is evident from our study result where buyers place maximum importance to the expertise of the salesperson. This result also corroborates the study finding of Boles et al. (2000).

Literature points out that salesperson is responsible for ensuring that the initial contacts are sufficiently rewarding to buyer so that the buying firm will expand the scope of their business with the supplier (Crosby et al., 1990). Literature also highlights that salesperson because of the closeness to the customer, is central to development of strong buyer-seller relationship (Levitt, 1983; Macintosh et al., 1992). Considering our study results, it is surprising that relatively few studies have examined the role of salesperson in establishing strong trust based relationship in detail.

Past studies have reported significant positive effect of affective characteristics like likeability, similarity on trust in the salesperson. Doney and Cannon (1997) report positive effect of salesperson characteristics like likeability, similarity and expertise on trust in the salesperson. Nicholson et al. (2001) find positive direct effect of likeability of salesperson and indirect effect of similarity of business values on trust in the salesperson. Our study draws support from these two studies and confirms the positive effect of salesperson's characteristics on trust in the salesperson in small and medium enterprises in emerging markets. However, in a recent study in banking industry, Guenzi and Georges (2010) find that salesperson likeability has no effect on customer's trust in the salesperson. In our study out of three constructs affecting trust in the salesperson likeability contributes the least ($\beta=0.115$), which can be interpreted as even though likeability is a necessary condition to develop trust, it might not be the sufficient condition to institute a sustainable relationship with the firm.

One of the important finding of this study is the role of salesperson's trustworthiness and his/her affective characteristics in building sustainable long-term relationship. The salesperson through his/her behaviour can enhance or erode the trust level between the buyer and seller. Trust has a huge implication in small and medium enterprises, and can act as an important transaction specific asset that may increase perceived and/or real switching cost for the buyers.

The supplying firm should invest in training the salesperson to enhance his/her expertise, so that he/she will act as a consultant to the buyer to solve the buyer's problem, instead of being a mere supplier of products. The soft skills of the supplier salesperson should be honed, to have greater acceptability in buying firm. Similarity of the salesperson to the buyer may also drive on the switching cost for the buyer high enough, to discourage shifting to alternate supplier because of the comfort factor of friendly working atmosphere.

References

- Boles, J.S., Johnson, J.T., and Barksdale (Jr.), H.C. (2000), How Salespeople Build Quality Relationships: A Replication and Extension, *Journal of Business Research*, Vol.48, pp.75-81.
- Busch, P. and Wilson, D. T. (1976), An Experimental Analysis of Salesman's Expert and Reference Bases of Social Power in Buyer-Seller Dyad, *Journal of Marketing Research*, Vol.13, pp.3-11.
- Crosby, L. A., Evans, K. R. and Cowles, D. (1990), Relationship Quality in Services Selling, An Interpersonal Influence Perspective, *Journal of Marketing*, Vol.54, pp. 68-81.
- Doney, P.M. and Cannon, J. P. (1997), An Examination of the Nature of Trust in Buyer-Seller Relationships, *Journal of Marketing*, Vol.61, pp. 35-51.
- Guenzi, P. and Georges, L. (2010), Interpersonal Trust in Commercial Relationships, *European Journal of Marketing*, Vol.44, No. 1/ 2, pp. 114-138.
- Hawes, J.M., Mast, K E., Swan, J.E. (1989), Trust Earning Perceptions of Sellers and Buyers, *Journal of Personal Selling and Sales Management*, Vol.9, pp.1-8
- Hair, J.F., Anderson, R.E., Tatham, R.L. and Black, W.C. (1998), *Multivariate Data Analysis with Readings* (5th Ed), Upper Saddle River, NJ: Pearson Education Inc.
- Jodie, B. U. (2000), Structural Equation Modeling, In: Tabachnick, B.G. & Fidell, L.S. (Eds.), *Using multivariate statistics* (4th Ed.). Needham Heights, MA: Allyn and Bacon [Salleh, 2005].
- Kaplan, R.M., and Saccuzzo, D.P. (1997) *Psychological Testing: Principles, Applications, and Issues*. Brooks/Cole, Pacific Grove, CA.
- Levitt, T. (1983), After the Sale is Over, *Harvard Business Review*, Vol.61, pp. 95-102.
- Macintosh, G., Anglin, K.A., Szymanski, D.M. and Gentry, J.W. (1992), Relationship development in Selling: A Cognitive Analysis, *Journal of Personal Selling and Sales Management*, Vol.12, pp.23-34.
- Malhotra, N. (2004), *Marketing Research* (4th Ed.), Pearson Publication.

Nicholson, C.Y., Compeau, L.D. and Sethi, R. (2001), The Role of Interpersonal Liking in Building Trust in Long-Term Channel Relationships, *Journal of Academy of Marketing Science*, Vol.29, pp. 3-15.