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Listening and Perseverance - Two sides to a Coin in Quality Evaluations

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Listening and Perseverance - Two sides to a Coin in Quality Evaluations

ABSTRACT

Customer evaluation of service provider's offer quality (OQ) can vary even when there is no tangible difference in quality. This is because a customer's assessment of quality also depends on their attitude toward the salesperson (AS) and their perception of the extent to which the salesperson is involved in active empathetic listening (AEL), and in sales perseverance (SP). We use three multi method data samples to provide support for this including - dyadic data that matches salesperson and customer perceptions of a banking service, an experiment and an implicit association test. Our findings suggest that when AS is positive, greater levels of AEL can lead to higher OQ, while higher levels of SP can be detrimental. Further, we also show using the implicit association test, that greater familiarity with the salesperson can lead to greater associations with empathetic learning and weaker associations with sales perseverance.

Keywords: Service Quality Evaluations, Attitude toward the salesperson, Listening, Perseverance

As the contact persons for the service organization, salespeople play a pivotal role in shaping customer's attitudes and perceptions of quality (Miao, Hughes, Richards, and Fu 2016). Serving the customer requires salespeople to simultaneously and effectively perform sales and service functions which ultimately drive customer perceptions and sales (Jasmand, Blazevic, and de Ruyter 2012). In today's competitive environment, where product differentiation is almost negligible, the salesperson plays an important role in helping the firm achieve sales targets through customer induced behaviors.

The sales and service literature have recently focused on explaining how salesperson's actions affect customer perceptions about the salesperson and the organization. As Román (2014) asserts, "the role of salespeople in service contexts is uncontested" (p. 630). By meeting and exceeding service expectations from customers, boundary spanning employees can influence customer perceptions about the quality of the services provided by the organization (Bitner 1990). This study uses precepts from persuasion knowledge theory (Friestad and Wright 1994) to help explain how salesperson actions can affect customer attitudes towards the salesperson and perceptions of quality. We specifically focus on active empathetic listening and persistency as possible enablers of positive product quality evaluations from customers.

When salespeople and service personnel listen to their customers, they can better understand customer requirements, are able to be *"in sync* with them" (Pryor, Malshe, and Paradise 2013, p. 193), and are thus more capable of providing value added services. Recent studies have provided ample support for the long held notion that listening skills one of the most important competencies to become successful in sales (Anaza, Inyang, and Saavedra 2018). As expected, our review of the listening literature shows that salesperson's listening is related to customer attitudes towards the salesperson in the form of satisfaction with the salesperson and trust in the salesperson (e.g., Ramsey and Sohi 1997; Ruyter and Wetzels 2000). Recent findings also demonstrate that salesperson's listening affects customer perceptions of the organization, namely service quality (e.g., Itani and Inyang 2015; Park, Chung, Gunn, and

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Rutherford 2015). By influencing customer perceptions of the salesperson and the organization, salesperson listening is an important predictor of purchase intentions and future sales (e.g., Román 2014).

During their interactions with customers, salespeople in service organizations can choose between engaging in an active *talking role* and a less aggressive listening to the customer position. The listening literature clearly favors a listening rather than talking behavior. However, from another perspective, the *effort* literature posits that success in sales requires higher effort which is manifested through persistency, "We consider the key manifestation of salespeople's overall level of effort to be their persistence –in terms of the length of time devoted to work and continuing to try in the face of failure" (Sujan, Weitz, and Kumar 1994, p. 40). Persistency or related concepts like tenacity and perseverance typically rank as top determinants of sales success (Keck, Leigh, and Lollar 1995; Marshall, Goebel, and Moncrief 2003).

Sales perseverance is an important aspect of effort which should generally explain higher performance (e.g., Sujan, Weitz, and Kumar 1994). Salespeople who, "do not give up easily when [they] encounter a customer who is difficult to sell," also report higher performance levels (Jaramillo and Mulki 2008, p. 43). However, sales perseverance also refers to, "attempts to actively press ahead with the sale despite one's feelings of anxiety" (Belschak, Verbeke, and Bagozzi 2006, p. 411). Sales perseverance also entails confrontational and approaching behaviors like, "If the customer is about to refuse my offer, I ask why, counter his arguments, and make a new proposition" (Belschak, Verbeke, and Bagozzi 2006, p. 416). From a customer perspective, salesperson's perseverance may be thus viewed as unwanted sales pressure that may ultimately damage the customer's view of the salesperson and the organization. To our knowledge, research linking sales perseverance to customer attitudes towards the salesperson is almost nonexistent.

We therefore draw on research in consumer behavior that shows (Morales, 2005) that the extra effort that a firm (or a salesperson in a firm) is mostly likely to increase overall evaluations and choice, even when the actual quality of the product is unchanged. However, when consumers infer that the effort is motivated by persuasion, then persuasion knowledge (Friestad and Wright, 1994) is activated, and consumers no longer reward high effort. The assessment of effort by the salesperson (passively as a

listener or actively as a talker) therefore is likely driven by attributions made by the consumer of the salesperson's motives. DeCarlo (2005) finds in a series of experiments that when the consumer suspects an ulterior persuasion motive (i.e., motivated by commission) the salesperson's tactics will be processed negatively than if the salesperson is perceived as ulterior non-persuasion motive (i.e., motivated to help). Further, when the ulterior persuasion motive is salient, as is likely with a persistent salesperson, then the salesperson's offer is evaluated as insincere (Campbell and Kirmani, 2000), under certain situations.

It is this assessment of an offer by a salesperson in a service organization that is of central interest in this research, and drawing on earlier cited research on persuasion knowledge, we examine the impact of sales listening vs perseverance on customer perceptions of the salesperson and the product/service offer. To not diminish the focus on persuasion knowledge and its effect on consumer perceptions, we also control for the overall satisfaction with the firm. Figure 1 depicts the proposed conceptualization.

----- Insert Figure 1 here -----

2. Conceptual Background and Hypotheses

2.1 Attitude toward the Salesperson in service organizations and Evaluation of a Specific Offer

The salesperson plays an important role in influencing customer perceptions about the service organization and its products. Satisfaction with the salesperson is an important antecedent to customer satisfaction with the product (e.g., Goff, Boles, Bellenger, and Stojack 1997; Homburg, Muller, and Klarmann 2011). Customers are satisfied and enjoy interacting with salespeople deemed competent (e.g., Kennedy, Ferrell, LeClair 2001), professional (e.g., Lee, Comer, Dubinsky, and Schafer 2011) and caring (e.g., Widmier and Jackson 2002). The above discussion clearly indicates that customer attitudes towards the salesperson in a service organization are a key determinant of satisfaction with the offer. However, both satisfaction with the customer and satisfaction with the offer constitute an affective state that may also lead to a cognitive evaluation like quality perceptions (Bitner 1990; Bolton and Drew

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1991). A retail study shows that customer evaluations of product quality were higher when the buyer perceived that the retail employee was helpful and knowledgeable (Sweeney, Soutar, and Johnson 1997).

Our review of the literature also indicates that salespeople play an important role in customer quality evaluations. In developing the service quality construct and measure (SERVQUAL), Parasuraman, Zeithalm, and Berry (1988) posit that customer ratings of quality include five aspects: 1) tangibles, "physical facilities, equipment, and appearance of personnel", 2) reliability, "ability to perform the promised service dependability", 3) responsiveness, "willingness to help customers and provide prompt service", 4) assurance, "knowledge and courtesy of employees and their ability to inspire trust and confidence," and 5) empathy, "Caring, individualized attention the firm provides its customers" (page 23). In our opinion, all of the above described elements of service quality can be influenced by customer perceptions about the salesperson or other service employees.

The services quality literature highlights the role of boundary spanning employees in influencing customer quality perceptions. Brady and Cronin (2001) propose a hierarchical approach to service quality. They posit that quality perceptions involve an assessment of the interaction, the environment, and the outcome. Interaction evaluations occur at the customer-employee interphase and are composed of customer perceptions of employee attitudes, perceptions of employee behaviors, and perceptions of the employee expertise. Brady and Cronin (2001) show that interaction quality had a direct impact on service quality. Bettencourt and Gwinner (1996) posit that boundary spanning employees can influence customer quality perceptions through 'interpersonal adaptation' which pertains behaviors aimed at creating a customized bundle of service attributes in response to individual consumer needs. Baker, Grewal, and Parasuraman (1994) show that customer opinions of the salesperson affect customer ratings of merchandise quality, service quality, and ultimately store image. In their study, prestige-image (as opposed to discount-image) perceptions were more likely to occur when salespeople great their customers and dress-up. The above discussion suggests that customer attitudes towards the salesperson may also influence their quality perceptions. Therefore:.

H1: Attitude toward the salesperson in service organizations has a positive effect to offer on quality evaluations.

2.2 Self vs Other Focus: Listening and Perseverance

A positive evaluation of a salesperson in a service context does not always translate to a positive evaluation of a specific offer about the service. While we know a lot about overt choices a salesperson makes (e.g. engaging in customer oriented attitude, as cited in Stock and Hoyer 2005) in making a sales offer, we know little about the effect of a salesperson's engagement in either listening or in perseverance on a consumer's perception of the sales offer. We draw on a stream of research in psychology on how attributions about another individual's actions as being self-focused or other-focused (e.g., Polman 2012), guides individual reactions.

Salespersons high on perseverance are likely to be driven by self- or task orientation goals (Williams and Spior, 1985) and hence are more likely to be perceived as self-focused by others as suggested by research on self-interest by Thibaut and Walker (1975). A self-focused salesperson is expected to be preoccupied with himself/herself in an interaction, and thus be more concerned about their own welfare and is perceived to be less empathetic toward other person (Williams and Spior, 1985).

On the other hand, individuals high on empathy—that is the ability to discern another person's thoughts and feelings with some degree of accuracy—are seen to be sensitive to other people's feelings, and are often perceived as other focused (Comer and Drollinger 1999). One such trait often perceived as other-focused in individuals is the trait of being a good listener, which enhances feelings of trust among individuals (McBane, 1995).

Determining whether a sales person is self-focused or other-focused in their actions, can induce persuasion knowledge among customers as a reaction. Persuasion knowledge is the knowledge that a consumer develops when they perceive that a sales person is engaging in persuasive techniques that are perceived as either self-serving for the salesperson or of benefit to the customer (Friestad and Wright, 1994). In this research we propose that when a consumer perceives that a salesperson is *empathetically*

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listening to them they perceive greater other-focused intentions among the salesperson, reducing resistance to any sales offers. On the other hand, a salesperson high on *perseverance* might be seen as self-focused, increasing the need for persuasion knowledge to act as a filter in judging sales offers. Below, as shown in Figure 1, we provide a brief review of the listening and perseverance literature leading up to the two hypotheses on the moderating effect of persuasion knowledge on the attitude to salesperson and offer quality evaluations.

2.3 Active Empathetic Listening (AEL)

Listening has received increased attention in the sales and services literature and is universally viewed as critical in developing buyer-seller relationships (e.g., Itani and Inyang 2015; Park, Chung, Gunn, and Rutherford 2015; Pryor, Malsche, and Paradise 2013). In today's highly developed markets where the large majority of buyers are knowledgeable and informed, salespeople can no longer rely on their product knowledge or sweet-talk abilities to sell their products to customers and build relationships with them (see Akerlof 1970). Both practitioners (Pink 2013) and academicians (Marshall, Goebel, and Moncrief 2003) have thus recognized that successful salespeople are those who listen rather than talk the most.

The highest level of listening is active empathetic listening (AEL). AEL requires a high level of engagement, where the listener 1) attends and reacts to the verbal and non-verbal elements of the message, and 2) understands "the subtle emotions and feelings of the buyer" (Dollinger and Comer 2013, p. 51). AEL has a positive and direct impact on relationship quality (e.g., Itani and Inyang 2015) and salespeople's trust (e.g., Dollinger and Comer 2013). AEL also enhances the salesperson's ability to understand customer needs and help the customer achieve their goals (Román 2014). Therefore, AEL should also augment the positive impact of attitude toward the salesperson on offer quality evaluations.

Other-orientation refers to the extent to which employees value and experience concern for the well-being of other people (De Dreu & Nauta, 2009). Research indicates that other-oriented employees are motivated to take actions that contribute to other people and the organization (e.g., Grant & Mayer, 2009). In sales settings, other-oriented employees are more likely to engage in customer oriented

behaviors and adaptive selling (Goad and Jaramillo 2014). Considering the other-focused nature of active empathetic listening we propose,

H2: The relationship between attitude toward the salesperson in a service organization and offer quality evaluations is stronger at higher levels of active empathetic listening.

2.4 Sales Perseverance (SP)

Sales perseverance is an important aspect of effort, often referred to as 'working hard' in the sales literature, "I do not give up easily when I encounter a customer who is difficult to sale" (Sujan, Weitz, and Kumar 1994, p. 46). Using an input-output framework, researchers have argued that working hard is a necessary condition for achieving higher salesperson performance (Holmes and Srivastava 2002; Jaramillo and Mulki 2008). Research demonstrates that working hard is an important predictor of both self-reported (e.g., Sujan, Weitz, and Kumar 1994) and company record measures (e.g., Rapp, Ahearne, Mathieu and Schillewaert 2006) of a salesperson performance.

In spite of the clear perseverance to performance link, the effect of perseverance on customer perceptions remains unclear. From one perspective, a higher level of perseverance could help the salesperson become more responsive to customer and provide better customer service, "the importance of the boundary-spanning employee in the attainment of customer service is evidenced by the relationship between working hard and customer service" (Rapp, Ahearne, Mathieu and Schillewaert 2006, p. 289). However, from another perspective, the customer may feel uncomfortable in dealing with an overly persistent salesperson.

Highly persistent salespeople in service organizations are likely viewed by the customer as representing the stereotype of the *pushy* used car salesmen – constantly smiling, loud, very direct, argumentative, and highly obnoxious (Babin, Boles, and Darden 1995). In an attempt to close on the sale, the exceedingly persistent salesperson may "actively press ahead with the sale" (Belschak, Verbeke, and Bagozzi 2006, p. 411) even when "he/she knows the product is not right [for the customer]" (Román and Ruiz 2005, p. 442). A focus on closing the deal by means of utilizing sales pressure and overcoming customer resistance is also incompatible with value co-creation and a service-centric business model

 (Ulaga and Loveland 2014). Salespeople should thus use caution in following Churchill's (1941) advice on never giving in when interacting with prospects and customers. Sales perseverance may thus hinder the salesperson's role in instilling positive offer quality evaluations.

H3: The relationship between attitude toward the salesperson in a service organization and offer quality evaluations is weaker at higher levels of perseverance.

2.5 Control Variables

The proposed conceptualization, firstly controls for the effect of customer satisfaction with the company on offer quality evaluation. Research shows a strong positive association between customer satisfaction and offer quality perceptions (e.g., Homburg and Stock 2004). In keeping with Bitner (1990) and Bolton and Drew (1991), satisfaction with the company is treated as an antecedent of offer quality evaluation.

3. Study 1: Dyadic data from Salespersons and Customers

3.1 Method and Procedure

Data was collected with survey responses from salespeople and their customers in an investment banking and mutual fund company in Chile. Responses from both groups were completed online with Survey Monkey. Both groups were assured confidentiality and academic use of the data. The data was collected from May 2015 to November 2015. Neither the salesperson nor the customers received monetary compensation for their participation.

A survey study was submitted to all 46 salespeople working for the organization. We received a total of 27 completed surveys, rendering a 58.7 percent response rate. Each salesperson in this sample manages an average portfolio worth 20 million US dollars. All salespeople were females. Their average age was 49.9 years and the mean of company tenure was 9.5 years.

Salespeople in this organization managed a portfolio that includes 2,569 non-institutional customers. The survey instrument was sent to all customers from this group and a total of 169 customers completed the survey. The final response rate was 6.58 percent for the customer sample. The customer sample was reduced to 150 responses as 19 responses corresponded to incomplete surveys and customers

served by salespeople who did not respond to the survey. This process rendered dyadic data involving 150 customers matched with 28 salespeople.

As shown in Appendix 1, our sample includes a diverse population of customers in terms of length of the relationship and number of meetings with the salesperson. Some customers are new to the company and some have established relationships with the organization (Mean = 6.8 years, SD = 6.5 years, Range 33 years) and their salesperson (Mean = 4.96, SD = 4.8, Range 33 years). Among the customers, a significant proportion of the participants reported that they had zero (34.7 percent) or one (20.4 percent) annual meeting with their salesperson, while the rest (45%) had more than one annual meeting with the salesperson (Average = 2.2, SD = 3.1, Range 12). To assess non-response bias we compared several characteristics of this sample (age, gender, length of the relationship, and size of the account) to the customer portfolio of the firm. This comparison rendered no significant differences. A similar procedure was followed to evaluate non-response bias involving the sales sample.

3.2 Measures

Appendix 2 shows all items used in the study. The survey instruments were translated from English to Spanish and back translated from Spanish to English to assure that the meaning of the scale items remained unaltered (Brislin 1986). The survey instrument was evaluated for content by five experienced sales supervisors. All constructs were measured using published instruments with sevenpoint Likert-type scales with endpoints ranging from '1 = strongly disagree' to '7 = strongly agree'. Appendix 1 reports the details of constructs, measures, reliabilities and item loadings. As shown in appendix 1, composite reliabilities and average variance extracted indicators are adequate.

Salesperson Survey. Salespeople responded to survey questions pertaining to active empathetic listening, and perseverance. Active empathetic listening is measured with 5 items reported in Drollinger and Comer (2003). Perseverance was assessed with 3 items from Belschak, Verbeke, and Bagozzi (2006).

Customer Survey. The customer survey included attitude toward the salesperson, offer quality evaluation, and customer satisfaction with the company. Offer quality evaluation was measured using three items from Blocker, Flint, Myers, and Slater (2011), while attitude towards the salesperson was

 measured using three items drawn from Homburg, Muller and Klarmann (2011). Satisfaction with the company was measured using four items reported in Yim, Chan and Lam (2012).

3.3 Hierarchical linear modelling and Results

This study employs two HLM models to test hypotheses 1, 2 and 3. Model 1 focuses on the influence of attitude to salesperson (AS) on offer quality evaluation (OQ), controlling for satisfaction with the company (SATCOMP). Model 1 depends entirely on the customer level (level 1) and does not include any construct from the salesperson level (level 2). Model 2 is based on model 1 and includes likely moderators of persuasion knowledge at the salesperson level. This model focuses on (1) active empathetic listening (AEL) and sales perseverance (SP) as influences of persuasion knowledge. HLM is typically regarded as the preferred method for evaluating relationships involving nested dyadic data (Raudenbush and Bryk 2002) like customers served by salespeople.

Model 1 – Main Effect Model. In order to test the influence of AS on OQ, this study regresses OQ on the customer-level predictor variable AS, and includes SATCOMP as a control variable. The equation of the customer level model is presented below. Both the core variable and the control variable were mean centered.

$$\begin{aligned} OQ_{ij} &= \beta_{0j} + \beta_{1j} (AS_{ij}) & (Core \ variable) \\ &+ \beta_{2j} (SATCOMP_{ij}) + r_{ij} & (Control \ variable) \end{aligned}$$

Model 2 – Persuasion Knowledge Model. Based on model 1 at the customer level (level 1), this study extends to the salesperson level (level 2) and combines the two levels into model 2. In order to test the influences of persuasion knowledge on OQ, the interception parameter β_{0j} in model 1 is set as the dependent variable and active empathetic listening (AEL) and perseverance (SP) as independent variables. Similarly, in order to examine the moderator effect of regulation of emotions on the AS-OQ relationship, parameter β_{1j} in model 1 is regressed on AEL and SP. The salesperson level includes the following equations:

$$\beta_{0j} = \gamma_{00} + \gamma_{01} \left(AEL_j \right) + \gamma_{01} \left(SP_j \right) + u_{oj} \qquad (Core \ variable)$$

$$\beta_{1j} = \gamma_{10} + \gamma_{11} (AEL_j) + \gamma_{11} (SP_j) + u_{oj}$$

 $\beta_{2i} = \gamma_{20} + u_{2i}$

(Control variable)

As in previous analyses, model variables were mean centered. In Table 1 we provide results of the HLM model run using the software program HLM7. The model converged and was significant.

----- Insert Table 1 here -----

Model 1 represents the base model while Model 2 represents the restricted model with the core variable and the moderators included. A significant effect of AS on OQ ($\gamma_{10} = .287, p < .001$) provides direct support for Hypothesis 1. The 'main effect' model shows that higher levels of attitude to salesperson will result in higher levels of perceptions of offer quality. Further, a significant effect of listening ($\gamma_{01} = .184$, p < .001) on the intercept suggests that offers from salespeople who listen more are by themselves likely to be perceived as higher quality. In addition we find the moderation effect of listening and perseverance on the AS-OQ relationship. A positive effect of listening on β_1 ($\gamma_{II} = .0607$, p < .001) provides support for H2 and a negative effect of perseverance on β_1 ($\gamma_{II} = -.050, p < .001$) provides support for H3. Taken together this suggests that higher levels of listening magnify the effect of AS on OQ, and higher levels of perseverance diminishes the effect of AS on OQ. Figure 2 presents a Ciro pictorial view of the moderation effects.

----- Insert Figure 2 here -----

4. Study 2: Experiment evidence of moderating effect of AEL

4.1 Participants, Design, and Procedure

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While Study 1, offers us a chance to look at and study relationships in a natural framework, it is still unclear if empathetic listening and sales perseverance will indeed moderate the relationship between AS and OQ. In this study we externally manipulate empathetic listening and sales perseverance, by providing them as ratings of the salesperson by other customers. Further, to generalize results we conducted this study in the US and among customers who would be from both genders.

To test this we recruited one hundred and fifty-eight Mturk workers (80 men; M age = 39.03, SD = 13.13) who participated in an online study in exchange for a small payment. In this study, we examined the effect of two factors in a 2 ("salesperson characteristic (SC)": AEL vs. SP) \times 2 ("attitude to salesperson (AS)": positive vs. negative) between-subjects design.

The cover story of the scenario asked all individuals to imagine that they were customers of a fictitious investment firm (with a salesperson as their contact) which was managing their total savings of ten thousand dollars. AS was varied by asking half the sample to imagine a positive attitude towards the salesperson (i.e., were satisfied with her/him, had a positive opinion and thought she/he was customer oriented), while the other half were told asked to imagine a negative attitude towards the sales person (i.e., were dissatisfied, had a negative opinion and thought the salesperson was not customer oriented).

The second factor, SC, was varied by telling individuals that ratings from other customers about the salesperson for the previous year showed that the salesperson had been rated as either higher than average on empathetic listening (i.e., was focused on the other person's needs and perspectives) or was rated as higher than average on sales perseverance (i.e., was focused on completing the sales irrespective of the obstacles). After reading about the above scenario, they were told that after looking at the previous year's investment portfolio the salesperson had recommended that the customer reallocate their current portfolio (75% steady income funds and 25% high-growth funds) to a new one (25% steady income funds and 75% high-growth funds).

After reading about the salesperson and the offer, customers were asked to evaluate the offer quality (OQ) on three scales taken from Study 1 (e.g., at this moment, I feel the investment firm exceeds my expectations of service quality), and provided ratings on items that served as manipulation checks for

AS (e.g., 'I consider James Carver to be customer oriented') and SC on four listening scales (e.g., 'I expect James Carver will sense why I feel the way I do') and three sales persistence scales (e.g., 'If I refuse his offer, James Carver, will ask why, and counter my arguments, and make a new proposition').

4.3 Results and Discussion

As expected, participants assigned to a positive-AS condition had a more positive opinion (M = 5.01) of the salesperson, as measured by average of three items measuring this construct (α = .95), as compared to those in the negative-AS condition (M = 2.78, t (158) = 8.06, p < .01). Further to check if the manipulation worked for SP, we took a composite of the five AEL items (α = .951) as measuring empathetic listening, and a composite of the three SP items (α = .642) as measuring sales perseverance. We then calculated a net AEL minus SP index score. The index was positive and higher for the condition where we manipulated empathetic listening while it was negative and lower for the condition where we manipulated selling perseverance (M = 1.30 vs M = -0.98 vs, t (158) = 2.07, p < .02). This served as a manipulation check for the second salesperson characteristic factor.

To test our prediction that the effect of AS on OQ would strengthen under AEL and not under SP, we ran a two-way ANOVA with AS and SC as independent variables and OQ as dependent variables. Only the main effect of AS is significant (F (1, 158) = 20.99, p < .01) with positive AS leading to higher OQ $(M_{positive} = 4.48, SD = 1.41 \text{ vs. } M_{negative} = 3.37, SD = 1.66; t (158) = 4.51, p < .01)$. The main effect of SC was not significant (F (1, 158) = .336, p = .56). However more importantly the interaction effect of AS and SC is significant (F (1, 158) = 4.92, p < .01). Among those individuals that had a positive AS, there was a significant difference with higher values under the empathetic listening condition than in the persistent selling condition ($M_{AEL} = 4.82$, SD = 1.13 vs. $M_{SP} = 4.14$, SD = 1.58; t (81) = 2.21, p < .05). However, among individuals that had a negative AS, there was no significant difference between AEL and SP ($M_{AEL} = 3.17$, SD = 1.93 vs. $M_{SP} = 3.57$, SD = 1.34; t (77) = 1.04, p = .29). We present this visually in Figure 3 below. Findings from this experiment, supported the results from Study 1 in that we found that active empathetic listening can and does strengthen the AS-OQ relationship.----- Insert Figure

3 here -----

5. Study 3: Implicit Associations Test

In study 3, we wanted to see if AEL and SP are naturally associated with salesperson familiarity, a characteristic that could be influenced by the length of the relationship the salesperson has with the customer. To see if individuals held implicit attitudes about AEL and SP we conducted an IAT (Greenwald, McGhee, & Schwartz, 1998; Greenwald, Nosek, & Banaji, 2003), an established tool for measuring the strength of associations between concepts (e.g., relationship with salesperson) and evaluations (e.g., good listener, bad seller) or stereotypes (e.g., athletic, clumsy) that might be associated with a person or object. We predict that familiar salespersons would be more closely associated with empathetic listening while unfamiliar salespeople would be more associated with aggressive selling.

5.1 Materials and Procedure

Twenty two customers of the investment banking and mutual fund company in Chile who completed the first study were contacted ($M_{age} = 49$ years, SD = 5.13) to complete a second implicit association test (IAT). The IAT measures participants' implicit associations between concepts by measuring the amount of time it takes to categorize a specific concept (e.g., familiarity with the salesperson) to an assigned attribute ("empathetic listening" or "aggressive selling"). The logic behind the IAT is that when individuals have strong associations between a specific concept and attribute, it will take them less time to correctly categorize them. The IAT consisted of presenting participants with words from two concept categories (familiar salesperson vs. unfamiliar salesperson) and two attribute categories (empathetic listening vs. aggressive selling) in the middle of their computer screens and asking them to categorize them into labels on the left and right. The words used for the familiar salesperson category were "*Familiar salesperson*", "*Relation with salesperson*", "*old salesperson*" and "*Experience with salesperson*"; for the unfamiliar salesperson, "*unfamiliar salesperson*", "*no relationship with salesperson*" and "*no experience with salesperson*"; for the empathetic listening. "paying attention to customer", "be all ears to customer", "hear out customer" and "be attentive to customer"; for the attribute of aggressive selling, "selling your proposal", "pitch the proposal", "close the deal" and "make a sale". We followed the standard experimental protocol for IAT studies (Greenwald et al., 2003), using Inquisit 5 software (http://www.millisecond.com).

5.2 Results and Discussion

The key aspect of IAT is that the speed of response in categorizing words into different categories is faster. The key metric used is a *d*-score with positive scores suggesting stronger associations between "familiar salesperson" and "empathetic listening" and between "unfamiliar salesperson" and "aggressive selling" structures, while negative *d*-scores support a stronger association between "familiar salesperson" and "aggressive selling" and between "unfamiliar salesperson" and "aggressive selling" and between "unfamiliar salesperson" and "empathetic listening" than for the opposite pairings. We followed the revised IAT scoring algorithm (Greenwald et al., 2003), which resulted in a final sample of 21 participants who satisfied all criteria. A one-sample t-test was then conducted on the *d* scores, revealing a mean *d* score of .31 (t(21) = 4.07, p < .01), indicating a positive significant association between familiar salespersons with empathetic listening and unfamiliar salesperson with aggressive selling than for the opposite pairings.

6. General Discussion

This manuscript makes an important contribution to the literature with findings the salesperson plays a fundamental role in offer quality evaluations from customers. During service encounters that involve a conversation with customers, the salesperson in service organizations can use various persuasion knowledge strategies, namely active empathetic listening and perseverance. Research findings clearly indicate that active empathetic listening is conducive to offer quality perceptions. Active empathetic listening affects offer quality perceptions both directly and through moderation. Customers are satisfied and have a positive opinion of salespeople in services who are receptive to customer ideas and input and who understand and care about customer's position. As shown in Figure 2, higher levels of active empathetic listening are conducive to higher quality evaluations, regardless of the initial level of customer attitude towards the salesperson. These findings are consistent with precepts from perception

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knowledge (Friestad and Wright 1994) in that active empathetic listening *decreases* undue persuasion attributions and thus *increases* the chances of a positive evaluation from customers.

The dyadic nature of our findings brings strong support for the long held notion that listening is critical in building relationships with customers (Ramsey and Sohi 1997). In spite of the critical role of listening to customer-salesperson relationships, listening is a profoundly neglected skill that has received very little attention in training and education. It appears that not much has been done in respect to listening, decades after Adler's (1983) observation; "Is anyone anywhere taught how to listen? How utterly amazing is the general assumption that the ability to listen well is a natural gift for which no training is required. How extraordinary is the fact that no effort is made anywhere in the whole educational process to help individuals learn how to listen well ... What makes these things so amazing and extraordinary is the fact that the two generally untaught skills speaking and listening well, are much more difficult to acquire and more difficult to teach than the parallel skills of writing and reading" (page 5). In light of our findings, we call for listening training in selling organizations.

We corroborate findings from the dyadic data with a controlled experiment where we show that salespeople should engage in higher levels of empathetic listening (i.e., not taking the customer for granted), especially when the customer has a positive assessment of them. We show that customers implicitly associate familiarity with the salesperson with more active listening and less with sales perseverance. So building familiarity, without perseverance, would be important for sales persons to enhance customer perceptions of quality.

Our research findings also demonstrate that under certain conditions, perseverance is not a desirable strategy during service encounters with customers. When customer attitude towards the salesperson in service organizations is at a low level, a low level of perseverance will result in stronger offer quality evaluations. However, when customer attitude towards the salesperson is at a high level, a high level of perseverance renders better results. These findings have important implications for salespeople in service organizations. Being somewhat pushy and perseverant may be desirable to deal

with customers that already hold the salesperson in high regards. Positive opinions about the salesperson would likely occur when the relationship has already being established.

Conversely, persevering at initial stages of a relationship, when satisfaction with the salesperson in services is still low, may backfire and affect overall perceptions about the quality of an offer. Under these conditions, perception knowledge (Friestad and Wright 1994) is likely activated and the salesperson attempts to pressure the customer are counterproductive and may damage customer perceptions about the offer. Attempts to push a customer to buying a product are damaging and will likely result in customer resistance, particularly when the customer doesn't have a favorable view of the salesperson. Training salespeople, particularly the rookies, on 'not giving up' as a strategy to achieve sales objectives may be detrimental to achieving positive evaluations from customers.

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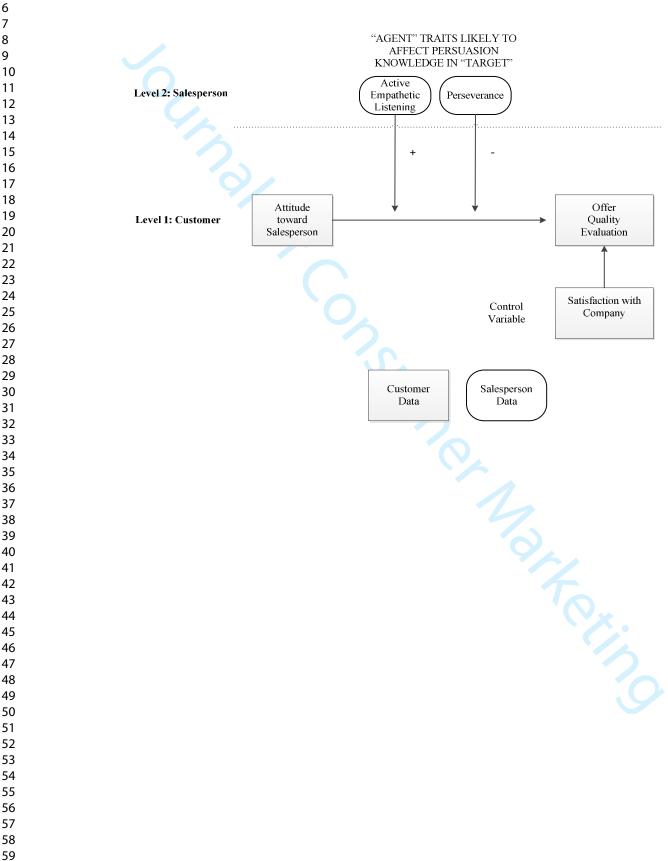
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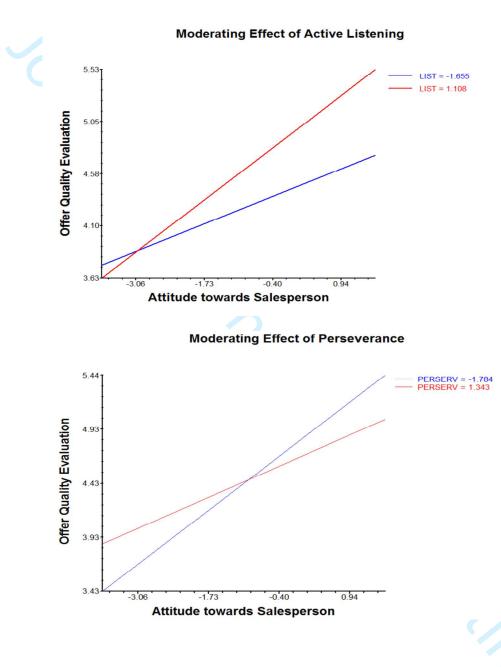
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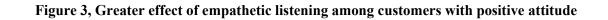
Figure 1, Conceptual Model

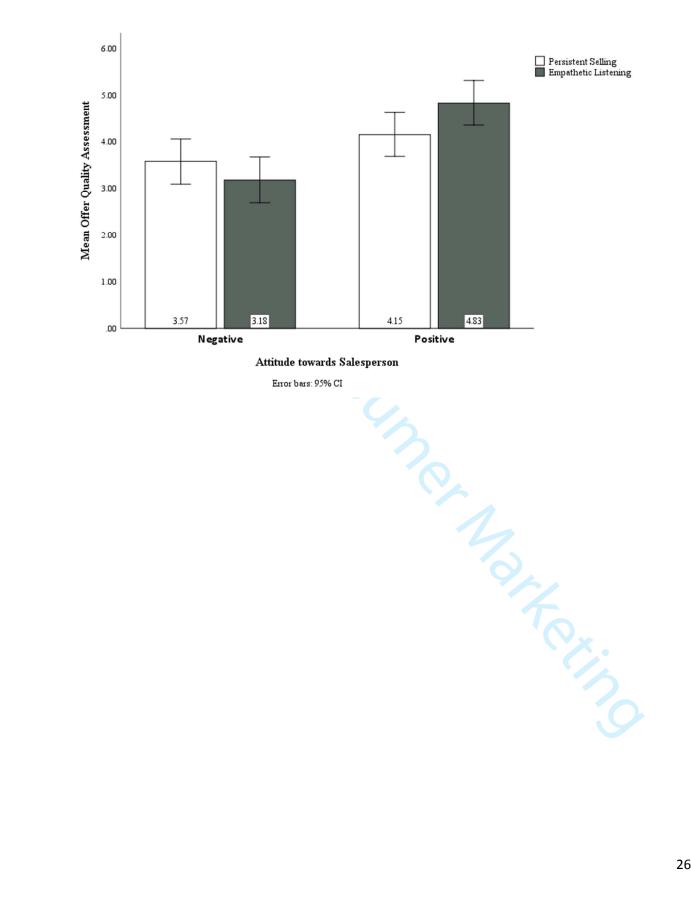






Note: Attitude to salesperson, active empathetic listening and perseverance are mean centered. So, positive numbers indicate value above mean, and negative numbers indicate values below mean on that particular construct. Therefore .94 on attitude to salesperson means that when you consider a salesperson who has a higher than average (by .94 points) attitude among consumers, a higher than average level (by 1.08 points) of listening leads to higher quality of offer evaluation, while a higher than average level of perseverance (by 1.343 points) leads to a lower quality of offer evaluation.





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Table 1: Estimation Results - HLM Model – Offer Quality Evaluation

| | Model Results |
|------------------------------|---------------|
| For Intercept β ₀ | |
| Intercept γ_{00} | 4.760** |
| AE Listening γ_{01} | 0.184* |
| Perseverance γ_{02} | -0.049 |
| For ATTSALES β_1 | |
| Intercept γ_{10} | 0.287** |
| AE Listening γ_{11} | 0.061** |
| Perseverance γ_{12} | -0.050** |
| For SATCOMP β_2 | |
| Intercept γ ₂₀ | 0.617** |
| Deviance | 383.27 |
| Variance Component u0 | .20** |
| Variance Explained | 56.9% |
| AIC | 395.3 |
| BIC | 413.2 |
| | |

** p < .01* p < .05@ p < .10

All coefficients are unstandardized coefficients estimated using restricted maximum likelihood

Independent variables are centered around the grand mean Dependent variables are centered around the group mean

Appendix 1

| | Ν | Range | Minimum | Maximum | Mean | Std. Deviation |
|--|-----|-------|---------|---------|------|-------------------|
| Customer number of years with firm | 168 | 33 | 0 | 33 | 6.83 | 6.4 |
| Length of relationship with salesperson | 153 | 33 | 0 | 33 | 4.96 | 4.79 |
| Age of customer | 177 | 63 | 24 | 87 | 51.2 | 14.23 |
| Number of visit between customer and salesperson | 167 | 12 | 0 | 12 | 2.24 | 3.09 |
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Appendix 2

Salesperson in Service Organization Survey

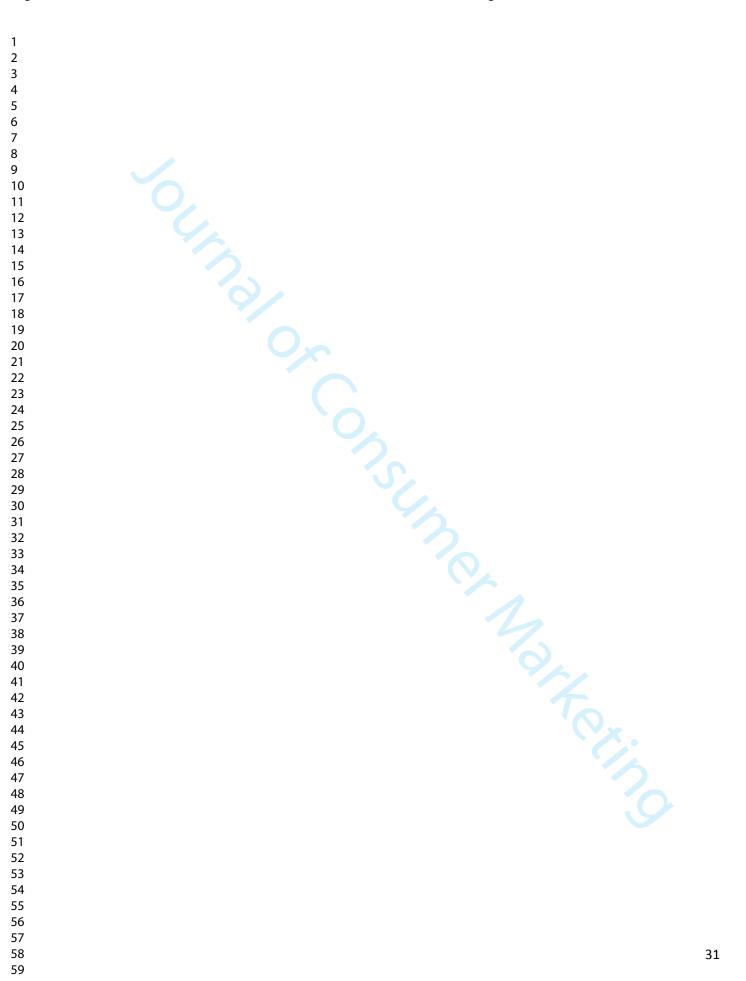
| Active Empathetic Listening (Dollinger and Comer 2013) | Standardized |
|---|------------------------|
| | Loadings |
| | $AVE^1 = 0.81, CR^2$ |
| | =0.95 |
| I listen for more than just the spoken words. | 0.84 |
| | |
| I assure my customers that I am receptive to their ideas. | 0.90 |
| I ask questions that show my understanding of my customers' position. | 0.90 |
| | |
| I show my customers that I am listening by my body language (e.g., Head | 0.07 |
| nods). | 0.97 |
| I sense why my customers feel the way they do. | 0.88 |
| | |
| Perseverance (Belschak, Verbeke, and Bagozzi 2006) | $AVE^1 = 0.67, CR^2 =$ |
| | 0.86 |
| In difficult situations (for instance in closing), I do not give in but try to find a | |
| way to influence the customer. | 0.73 |
| If a customer uses negative language or speaks up against me, I am not afraid | 0.83 |
| of asking them for the reasons. | |
| If the customer is about to refuse my offer, I ask why, counter his arguments, | 0.89 |
| and make a new proposition. | 0.07 |
| | |
| | |
| Customer Survey | |
| | |
| | Standardized |

Customer Survey

| Attitude Toward the Salesperson (Homburg, Muller, and Klarmann 2011) | $\begin{array}{ c c c } \hline Standardized \\ \hline Loadings \\ AVE^1 = 0.97, CR^2 = \\ 0.99 \end{array}$ |
|---|---|
| I consider my account manager at [company name] to be very customer oriented. | 0.98 |
| Overall, I have a very positive opinion about my account manager at [company name]. | 0.99 |
| Overall, I am very satisfied with my account manager at [company name]. | 0.99 |
| Offer Quality Evaluation (Blocker, Flint, Myers, and Slater 2011) | $AVE^1 = 0.85, CR^2 = 0.95$ |
| [Company name] exceeds our standards for quality products and services. | 0.92 |
| [Company name] consistently provides quality products and services to us over time. | 0.94 |
| [Company name] provides us with excellent quality products and services. | 0.91 |

| Customer Satisfaction with the Company (Yim, Chan, and Lam 2012) | $AVE^1 = 0.91, CR^2 =$ |
|--|------------------------|
| | 0.98 |
| I am satisfied with the services provided by [company name]. | 0.95 |
| [Company name] is a good company to do business with. | 0.93 |
| The service of [company name] meets my expectations. | 0.97 |
| Overall, I am satisfied with [company name] service. | 0.97 |

Notes: ¹Average Variance Extracted, ²Composite Reliability. A Spanish version of the constructs is raine ... available from the authors upon request.



MS#: JCM-11-2016-2000 Title: Listening and Perseverance – Two sides to a Coin in Quality Evaluations

Dear Professor Norberg,

Thank you very much for inviting us to submit a revised manuscript to JCM. The comments and suggestions we received from you, and the anonymous reviewer is truly constructive in helping us improve the quality of the paper. As you have suggested, we strived to collect new data and to address the questions raised by you and the reviewer.

We have collected two additional data sets

 First, we ran an experiment on mTurk by asking individuals to respond to a scenario that closely mirrored the banking customer context. In this new experiment, we invited participants only in the US to be a part of the study. This enabled us to provide corroborating evidence to the HLM model of the dyadic survey data.

2) Second, we realize that the issue raised by the reviewer (that of the length of the relationship between the salesperson and the customer might have a part to play in the role of listening/perseverance) is an important one. Although our initial data includes customer responses involving relationships at different stages (zero to 33 years), in our revision we added experimental data to further investigate the role of familiarity on listening outcomes. What we did was that we created an implicit association test, and had some of the same customers who responded to the first study complete it. What this enabled us to understand is that indeed, familiarity with the salesperson does lead customers to associate salespersons with more empathetic listening and less with sales perseverance.

This is truly interesting in that, while listening and sales perseverance have been examined as trait variables, what our finding suggests is that customer perceptions towards those trait variables too can vary. Further, in today's world where companies such as <u>https://www.dealerrater.com/</u> are funneling customer ratings of salespeople online it is truly becoming an exogenous variable that one can get from external sources and from other customers. If this is indeed true it makes our study findings even more important and relevant for both sales people and for service providers.

We provide detailed responses to questions raised by the reviewer and the Editor below.

RESPONSES TO EDITOR COMMENTS

The reviewer is concerned about the sample, as the relationship with the account managers averages 6.7 years. Please respond to this concern.

We wish to thank the reviewer and the editor for raising this issue. Before we address the specifics of how we address this, at a broad level, the relationship between the customer and the

firm is 6.8 years (SD = 6.4, range 33 years). Please note that in the earlier version of the document we had mentioned 6.7, which we correct to 6.8 in this version of the document.

The relationship between the salesperson and the customer is an average of 4.8 years (SD = 4.8, Range 33 years) years. In our revised version of the document, we also added detailed information about the number of annual interactions customers had with their salesperson (Appendix 1). Our sample included customers who met zero or only once with the customers and also customers who met 10 or more times with the salesperson. We believe that this distribution is adequate for studying effect sizes involving customers at initial and later stages of their relationship with the salesperson and the company.

As mentioned in the earlier section we collected data from the same customers in the form of an implicit association test to further shed light on this. This has been included as Study 3 in the revised version of the document.

The reviewer asks, did respondents understand the definition of an account manager

Thank you for pointing this out. We address this in detail in our response to the reviewer

Why do you conceptualize empathy and perseverance as being moderators and not mediators? I am also not convinced that the two variables of interest moderate the attitude toward salesperson/offer quality evaluation relationship. Couldn't empathetic listening and perseverance influence attitude toward salesperson, which then impacts offer quality evaluation? Might this differ by length of relationship (e.g. a first time customer versus one with an established relationship)?

Thank you for these questions.

In response to your question, yes indeed, both active empathetic listening could influence attitude toward the salesperson. Theoretically, what you say is feasible, in that there are direct effects of empathetic listening and perseverance on customer attitudes towards the salesperson. Here, studies have reported a significant relationship between active empathetic listening and customer attitudes toward the salesperson and relationship quality (e.g., Aggarwal, Castelberry, Ridnour, and Shepherd 2005; Drollinger and Comer 2013). Also, perseverance is one of the dimensions of effort (working smart) which affects customer service and customer satisfaction (Rapp, Ahearne, Mathieu, and Schillewaert (2016).

There are three reasons for why we address active empathetic listening and perseverance as moderators. Firstly, we do not have a large enough sample to test this due to the hierarchical nature of the data. Our sample while it contains more than a 100 customers, has much fewer salespeople. However, this does not reduce the contribution or the relevance of our moderator.

Like mentioned earlier companies such as <u>https://www.dealerrater.com/</u> are channeling salesperson ratings and are making it available to customers. Similar to how professor ratings from previous students are available to new students and ratings of sellers on Amazon are

available to new buyers, technology and peer reviews, are enabling these measurements to be seen as exogenous rather than endogenous.

Finally, in our HLM model you will note that while we have a hierarchical effect on slope i.e., listening and perseverance affect attitude to the salesperson; it also affects the intercept i.e., that listening significantly affects quality assessment. So what we show is that even controlling for this effect there is a moderating effect of listening and sales perseverance.

RESPONSES TO REVIEWER COMMENTS

As I read the manuscript I imagined a single service encounter or a first time service encounter with a salesperson as the context. However, the data collection throws off that perspective since the respondents in the study are customers with an average of 6.7 years of relationship with the investment company.

We would like to thank the reviewer for all the insightful comments raised.

As a reply to the question raised, our sample includes a diverse population of customers in terms of length of the relationship and number of meetings with the salesperson. Some are new to the company and some have established relationships (Mean = 6.8 years, SD = 6.5 years, Range 33 years). In our revised version we also include additional demographic information related to length of the relationship with the salesperson (Mean = 4.96, SD = 4.8, Range 33 years and also number of annual meetings with the salesperson (Average = 2.2, SD = 3.1, Range 12). A significant proportion of the participants reported that they had zero (34.7 percent) or one (20.4 percent) annual meetings with their salesperson. Only 6.6 percent of the customers had 10 or more annual meetings with the salesperson. Additional demographic information was added to the revised version of our manuscript. We believe that this distribution is adequate for studying the effect sizes involving customers at initial and later stages of their relationship with the salesperson and the company.

In the table below we provide a more grained response on the frequency distribution of the length of relationship.

| | | | | Valid | Cumulative |
|----------|--------|-----------|---------|---------|------------|
| | | Frequency | Percent | Percent | Percent |
| Number | 0 | 58 | 24.9 | 34.7 | 34.7 |
| of years | 1 | 34 | 14.6 | 20.4 | 55.1 |
| | 2 | 33 | 14.2 | 19.8 | 74.9 |
| | 3 | 10 | 4.3 | 6.0 | 80.8 |
| | 4 | 6 | 2.6 | 3.6 | 84.4 |
| | 5 | 5 | 2.1 | 3.0 | 87.4 |
| | 6 | 5 | 2.1 | 3.0 | 90.4 |
| | 7 | 3 | 1.3 | 1.8 | 92.2 |
| | 8 | 2 | .9 | 1.2 | 93.4 |
| | 10 | 2 | .9 | 1.2 | 94.6 |
| | 12 | 9 | 3.9 | 5.4 | 100.0 |
| | Total | 167 | 71.7 | 100.0 | |
| Missing | System | 66 | 28.3 | | |
| Total | | 233 | 100.0 | | |

RELATIONSHIP DURATION WITH CUSTOMER

As can be seen it is indeed a spread.

However, we would like to point out that we have the taken the spirit of your question into mind, and have run Study 3: Implicit Association among sales person familiarity and listening.

The authors fail to discuss how the constructs are therefore relevant in determining service quality evaluation, perception of organization etc. when they are dealing with the same account manager repeatedly for years.

This is an important issue. We agree we should have been clearer on this aspect, and thank the reviewer for raising this issue. In this version of the document we address it.

As indicated in our earlier response, our data includes customers at different stages of the relationship with the customer; some customers are new to the company "zero years" and some have been with the company for up to 33 years. In their meta-analytic review of service quality research, Carrillat, Jaramillo, and Mulki (2009) posit that "a consensual view among marketing scholars is that service quality results from customers' comparisons of their expectations about a service encounter with their *perceptions* of the service encounter" (p. 96). It is reasonable to assume that customers who purchased mutual fund products had performance expectations about the product/service and could also evaluate whether these expectations were met.

We include in the front end the following

"Our review of the literature indicates that salespeople play an important role in customer quality evaluations. In developing the service quality construct and measure (SERVQUAL),

Parasuraman, Zeithalm, and Berry (1988) posit that customer ratings of quality include five aspects: 1) tangibles, "physical facilities, equipment, and appearance of personnel", 2) reliability, "ability to perform the promised service dependability", 3) responsiveness, "willingness to help customers and provide prompt service", 4) assurance, "knowledge and courtesy of employees and their ability to inspire trust and confidence," and 5) empathy, "Caring, individualized attention the firm provides its customers" (page 23). In our opinion, all of the above described elements of service quality can be influenced by customer perceptions about the salesperson or other service employees.

In our conceptualization (level 1) we posit that customer attitude toward the salesperson has a positive impact on offer quality evaluations. In our study, customer attitude toward the salesperson is measured with 3 items from Homburg, Muller, and Klarmann's (2011) measure: "I consider my account manager at [company name] to be very customer oriented," "Overall, I have a positive opinion about my account manager at [company name]", and "Overall, I am very satisfied with my account manager at [company name]." It is reasonable to believe that customers who have a positive opinion of their account manager and are satisfied with her/his service will also rate the products and services provide by his company as 'high quality.' "

In an investment banking and mutual fund company who exactly is an accounts manager? Is he the salesperson? Were the customers explained that by accounts manager, the questions are asking about the salesperson who had sold them the investment product initially? Does an account manager in investment banking not refer to the one managing a person's investment portfolio with whom we often have no interactions at all? I may be mistaken but were the respondents clear on the term? Were respondents asked to think of their first encounter with the accounts manager? Are account managers the only ones interacting with the customers at different situations during the last 6-7 years regarding money matters?

Thank you for the above question.

As clarification, in the participation institution customers are assigned one executive to serve as their account manager. The job official this investment executive is "ejecutivo de inversions" (investment executive). This individual is responsible for recruiting customers, selling the account, opening their account, advising customers on products, making changes in the account, and servicing the accounts. As such, this individual performs numerous selling responsibilities. In cases where a customer calls and this person is not available, the person's assistant directs the call. Survey questions directed to the customer specifically ask about interactions with their account manager.

According to the definition of perseverance on page 3 and PKM theory on page 6, does the model even hold if the respondents have had a long relationship with the salesperson?

As indicated in our response to comment 1, the sample included customers at distinct stages of a relationship with the salesperson and the company (range was zero to 33 years).

Another aspect is that we do know that the length of the relationship has been shown to increase trust (which would predict lesser resistance and hence lower persuasion knowledge). What we show in Study 3 is that familiarity (a proxy for length of relationship) could affect perceptions of

listening and perseverance; trait variables as examined in the Sales survey. So that extent we greatly appreciate the reviewers comment and insight. We note in the discussion section of the document further notes on this issue.

I would also like to see a bit more discussion on your measures. Please provide descriptives.

We thank the reviewer and we have included the same as Appendix 2 of the revised document.

The constructs in the model have been discussed. However, I would like to see a short review of other factors that have been researched in relation to salesperson's role in affecting offer quality evaluation in the service context.

Thank you for this.

We have added text to further explain the role of the salesperson in customer quality evaluations. We also summarize research involving the salesperson's role in affecting quality evaluations.

"Our review of the literature indicates that salespeople play an important role in customer quality evaluations. In developing the service quality construct and measure (SERVQUAL), Parasuraman, Zeithalm, and Berry (1988) posit that customer ratings of quality include five aspects: 1) tangibles, "physical facilities, equipment, and appearance of personnel", 2) reliability, "ability to perform the promised service dependability", 3) responsiveness, "willingness to help customers and provide prompt service", 4) assurance, "knowledge and courtesy of employees and their ability to inspire trust and confidence," and 5) empathy, "Caring, individualized attention the firm provides its customers" (page 23). In our opinion, all of the above described elements of service quality can be influenced by customer perceptions about the salesperson or other service employees.

The services quality literature highlights the role of boundary spanning employees in influencing customer quality perceptions. Brady and Cronin (2001) propose a hierarchical approach to service quality. They posit that quality perceptions involve an assessment of the interaction, the environment, and the outcome. Interaction evaluations occur at the customer-employee interphase and are composed of customer perceptions of employee attitudes, perceptions of employee behaviors, and perceptions of the employee expertise. Brady and Cronin (2001) show that interaction quality had a direct impact on service quality. Bettencourt and Gwinner (1996) posit that boundary spanning employees can influence customer quality perceptions through 'interpersonal adaptation' which pertains behaviors aimed at creating a customized bundle of service attributes in response to individual consumer needs. Baker, Grewal, and Parasuraman (1994) show that customer opinions of the salesperson affect customer ratings of merchandise quality, service quality, and ultimately store image. In their study, prestige-image (as opposed to discount-image) perceptions were more likely to occur when salespeople great their customers and dress-up. "

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