ACTIVELY CRAFTING CUSTOMER VALUE OR MERELY REPRESENTING A SOLUTION

Linking value-based selling to salesperson performance

Master´s Thesis
in Marketing

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1   INTRODUCTION

The function of selling is to close sales (Jobber & Lancaster 2009, 4). Sales are vital not only to generate revenue but also to develop competences in alliances with external actors (e.g. Teece, Pisano & Shuen 1997, 516). As companies continually attempt to outperform their competitors, the key question is how to make sales that improve strategic position of the company in order to close more valuable sales in future.

Even a simple selling strategy tends to actualize as a complex set of activities. Selling encompasses a wide variety of informational tasks and it requires extensive personal skills (Jobber & Lancaster, 4). Personal selling is costly, especially compared to electronic business which has decreased transaction costs for remote sales. E-business also allows for adaptations in the marketing message between different customers. This means that the unique position of the salesperson being the only "communication vehicle in which the marketing message might be adapted" (Weitz, Sujan, Sujan 1986, 174) is dwindling.

However, there are apparent strengths in personal selling. Jobber and Lancaster (2009, 4) contend that the salesperson is able to answer questions and overcome objections, presentations can account for customer needs, and sales arguments can be more fine-grained and relationships can be built. They also point out that personal selling presents pronounced opportunities to close a sale. Thus, sales encounters can still be seen as the supplier's most important points of customer contact.

The debate surrounding personal selling suggests that the nature of sales jobs is gradually changing. Rackham and DeVincentis (1998, 37–38) posit the view that ongoing deregulation, globalization, financial restructuring and an explosion of information availability have refined purchasing behaviors which reciprocally call for changes at selling behaviors. Verbeke, Dienz and Verwaal (2011, 425) suggest that "salespeople will take on more of a knowledge brokering role, transferring know-why (science behind products/services) and know-how (what salespeople learn when a market segment uses products/services) to customers". This prediction would set a salesperson into a formidable customer-centric position where he or she is able to generate more customer value than in traditional customer-oriented selling where activities concentrate on 'merely presenting a solution' (Schwepker 2003, 166).

Before going on to look at value-based selling, it is important to consider that selling is a part of marketing (Jobber & Lancaster 2009, 37). This is not to say that other marketing activities would be somehow superior to selling which can frequently rise as the most valuable activity in marketing. However, as selling is framed by marketing, the developments in the marketing concept also affect to the selling concept. Early marketing thought concentrated on mass markets of tangible products (Grönroos 1994, 7). Product centricity was strongly challenged starting from Shostack's study in 1977 alt-

hough there were earlier vanguards as well (e.g. Alderson 1957). Consequently, the current paradigm of marketing emphasizes services and interaction in which the supplier and the salesperson are able to participate in co-creating customer value (Vargo & Lusch 2004; Grönroos 2011). American Marketing Association (2007) proposes that marketing activities aim to generate 'value for customers, clients, partners, and society at large'. Implicit in the current paradigm of marketing is the understanding that salespeople "will have to create value for customers if they are to be successful" (Rackham and DeVincentis 1998, 66). However, understanding how to create value for a particular customer is a resource-consuming task for the salesperson. Thus, the value creation potential needs to be high in order to cover the costs for value-based selling. High value potential is more common in business-to-business environments because sales are frequently larger, more complex and span over long time periods. As a consequence, this thesis concentrates only on business-to-business sales management.

This thesis attempts to establish a link between value-based selling and salesperson performance. Value-based selling is defined as salesperson behavioral mode which concentrates on generating superior customer value. These research choices lead to three important implications. Firstly, the research questions are discussed and the results are reported on salesperson level. Secondly, salesperson activities are the focal point of this thesis. Finally, salesperson activities that aim to generate customer value are hypothesized to induce salesperson performance: the purpose of this thesis is to confirm the distinctiveness and positive outcomes of value-based selling behavioral mode. A direct link from value-based selling to salesperson performance is the ultimate goal of this thesis. In order to attain the purpose, also other customer-oriented selling behaviors are measured and compared to value-based selling as it is necessary to rule out that other selling behaviors explain the performance of value-based selling. Having established the importance of value-based selling, this thesis develops further depth for the value-based selling concept by delving into the relations between value-based selling and selling skills and motivational orientations. The two latter characteristics are more permanent qualities that are researched as antecedents (i.e. preceding conditions) of value-based selling. Based on the above-mentioned purpose, the research questions of the thesis are formulated as follows:

- How does salesperson performance in value-based selling contrast with other selling behaviors?
- How selling skills relate to salesperson performance in value-based selling?
- How motivational orientations relate to salesperson performance in value-based selling?

Harri Terho, Wolfgang Ulaga, Andreas Eggert and Alexander Haas have recently created a measurement scale for value-based selling. The VBS-scale is still unpublished when this thesis went to press in 2013. The scale allows for quantitative comparative

analysis of value-based selling scale and other scales. To discover relevant information that match with the research questions, a cross-sectional survey research data is collected from salespeople in 25 companies. The inquiry is delimited to large and medium-sized business-to-business companies that are preliminarily perceived to either practice value-based selling excellently or to be currently on their way to develop these activities. The selected companies have their headquarters or at least a considerable amount of activity in Finland.

This thesis contributes to the sales management field which was presumably first explored with scientific methods by Oschrin in 1918. Jobber and Lancaster (2009, 15–16) note that the tasks of sales managers include determining salesforce objectives, forecasting, organization and selection and motivating the salesforce. As Walker, Churchill and Ford (1977) observe, sales managers strive to increase sales, profitability and generate superior customer value but the means to do it can be elusive. According to them, sales managers inherit and partly formulate their own guiding principles for leading a group of salespersons. This thesis aims to offer knowledge to sales managers. It sets out to demonstrate that salespeople who take the role of co-creating value with their customers will increase their performance.

The structure of this thesis follows the preferred pattern in Turku School of Economics (cf. Tammi, Koskimies, Sjöblom, Leino, Marjanen & Valve 2011, 15–17). The next chapter outlines a theoretical framework for value-based selling (Ch. 2.1 and 2.2) and other concepts (Ch. 2.3–2.6) of this study. Central relations of these concepts are depicted in the thesis framework model (Ch. 2.7). The operationalization of these concepts for survey is developed in the chapter 3 for research design. Chapter 4 reports the empirical results and it is followed by discussion and conclusions of the results and the summary.

2 SALESPERSON PERSPECTIVE ON VALUE-BASED SELLING

2.1 From value generating process to salesperson activities

Before the discussion of value-based selling can be extended, the theoretical basis for value requires explanation. The protagonist in Making Money (Pratchett 2007, 296) illustrates the ambiguity of the concept of value by questioning: "What is the worth of a gold coin compared to the dexterity of the hand that holds it?" One definite implication of the question is that the traditional product-centered view on economic value is challenged by the service-centered logic. While product-centered view emphasizes material wealth, Vargo and Lusch (2004, 15) recognize that the pertinent unit of exchange in service-centered view "is perhaps the application of competence, or specialized human knowledge and skills, for and to the benefit of customer." They speculate that it was the monetary economy, growing organizations and easily calculable monetary measures that masked the fundamental unit of exchange in economics and in early marketing thought. Economic theory started to follow the product-centered value after Adam Smith's Wealth of Nations (1937) although his Theory of Moral Sentiments reveals that Smith himself appreciated service-centered economic value (Smith 1976, IV.1.3–4). Also marketing science initially adopted product-centered value from economics even though service-centered value theory was already in development. As Ramirez (1999, 53) notes, de Bosquilbert proposed an economic model based on interdependence of market actors as early as 1707. He goes on to say that in the 19th century economists such as J. S. Mill and Frédéric Bastiat further refined the service-centered view.

Current marketing literature supports the service-centered logic (Vargo & Lusch 2004; Grönroos 2011). Thus, the service-centered view is a solid foundation for this research, and it has been frequently used in comparable business-to-business marketing research. Service-centered value can be used to study e.g. how economic actors collaborate in innovative relationships, how value creation systems are formed and how customers are managed as assets (Ramirez 1999, 62), all of which are arguably a part of value-based selling. However, value creation in a late-modern society with a multitude of actors with their unique valuations is impossible to determine. Moreover, the suppliers generate value to customers in networks which are constantly re-configuring themselves (e.g. Normann & Ramirez 1993; Normann 2001; Kowalkowski 2011). Understandably, the theoretic framework needs simplifications to produce meaningful generalizations. This thesis moves away from the network approach and concentrates on value-based selling in a supplier-consumer dyad (Evans 1963; Bonoma & Johnston 1978,

223). In the dyadic value-generating process, the supplier's role is to co-create value in customer interactions.
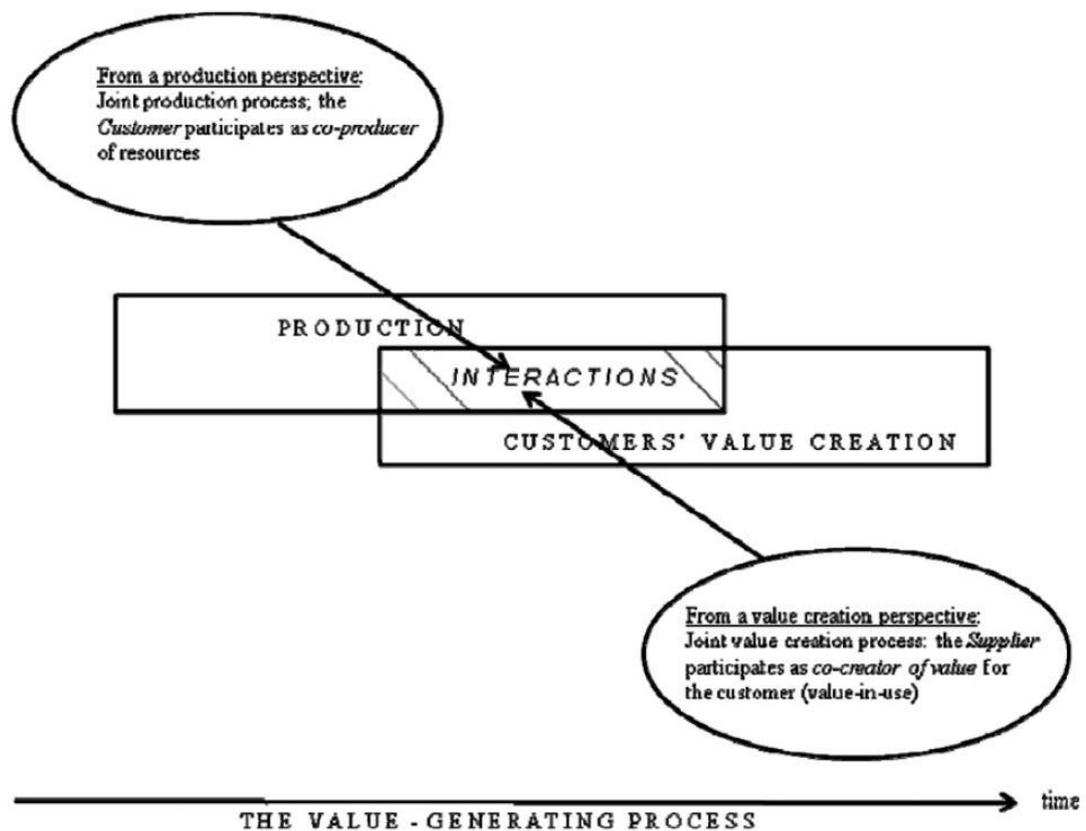
Figure 1: The value generating process (Grönroos 2011, 244).

A process is a set of activities executed in a particular order (Rackham & DeVincentis 1998, 188). Consequently, sales activities form into sales processes which, in turn, are a subset of the overall value-generating process. Mattson and Parviainen (2011, 58) postulate that "sales processes are a set of activities that transfer and transform information between customers and sellers". According to Shipley and Palmer (1997) and Moncrief and Marshall (2005), a salesperson usually carries out or at least co-ordinates the bulk of these informative activities. Typically the salesperson performs informative activities with lots of variations and not necessarily in any pre-determined sequence. This aspect reduces the usefulness to research the salesperson's sequential process patterns in this thesis. Therefore, process becomes mostly a redundant concept after this section and most attention is drawn to behavior: selling behavior is defined as a range of activities conducted by the salesperson. It contrasts with the concept of selling process because it avoids the discussion about the sequence of the salesperson's activities.

According to Grönroos (2011, 244), all value is created in customer use. Moreover, he states that the customer is also able to participate in the supplier's production process

as a co-producer of resources, for example information. This enhances the ability of the supplier to co-create value for the customer. "Value for customers means that they, after having been assisted by the provision of resources or interactive processes, are or feel better off than before", and more specifically: "Value in business markets is the worth in monetary terms of the economic, technical, service, and social benefits a customer firm receives" (Grönroos 2008, 303; cf. Vargo, Maglio, & Akaka, 2008, 149; Grönroos, 2011, 242). Anderson, Narus and Narayandas (2009, 6) define benefits as net benefits which include all of the sacrifices made by customer *except purchase price*. Therefore, price is not part of the value construct in this thesis. To put it differently, customer value is not affected by an increase or a decrease in the purchase price of the offering. To contradict this, there are also value constructs which include purchase price in their definition (e.g. Ulaga & Eggert 2006; Töytäri, Brashear, Parvinen, Ollila & Rosendahl 2011, 494). The main difference between these value constructs is how the purchase price is taken into consideration later in the research. Anderson et al. (2009) definition avoids venturing into salesperson pricing authority discussion while Ulaga and Eggert (2006) definition endorses it.

This paragraph reviews insights from the selected authors about the purchase price in order to elaborate on the reasons why the purchase price has been left out from the value construct. Firstly, the purchase price is not a central concern since setting the purchase price is often out of salesperson's direct control in many higher-price, higher-value offerings. This is to avoid suboptimal tradeoffs between price and effort where salespeople take path of least resistance by discounting rather than spending extra effort on value creating activities (Joseph 2001; Stephenson, Cron & Frazier 1979). Nonetheless, there are some companies that choose to give some or all pricing authority to the salesperson because they expect that salespersons have more information on their customer's willingness to pay or that salespersons gain trustworthiness when customer believes they have more power in supplier organization (Joseph 2001). However, the research of Yuksel and Sutton-Brady (2006) supports the notion that salespeople use their pricing authority just to close a sale. They conclude that a salesperson's pricing authority 'causes lower gross margins' which helps to explain why salesperson pricing authority is limited in many companies. Moreover, value-based selling is not dependent on value-based pricing (rather it is vice versa since one needs to understand customer value creation before one is able to mark the value price). That is to say that the supplier can exercise value-based selling whether or not it has committed to value-based pricing.

The difference between the total value and the purchase price is simply the 'customer's incentive to purchase a market offering' without any link to the value construct (Anderson et al. 2009, 6). In contrast, there is a proverb that if you want to buy cheaply, you have to buy twice. However, this proverb is a patent oversimplification. Despite the fact that the high-value offerings are often highly priced, there is always a chance that

the seller does not know how valuable the services are to the customer. Also, the supplier might have a conscious need to increase a customer's incentive to purchase a market offering. For instance, the supplier might be in need of a good reference customer. As mentioned before, this study does not attempt to justify a connection between value-based selling and pricing. All in all, concentrating on the purchase price after this brief analysis would unduly take attention away from a salesperson's behavioral efforts to increase the total value of interaction instead of plainly reducing the supplier's profits.

2.2   Value-based selling

Since value-based selling is nearly unfounded concept in the academia, several consulting sources have been used in elaborations of value-based selling to attain descriptive breadth in the theoretical analysis. Value-based selling has been broadly studied by marketing and selling consultancies for almost twenty years: they have been trumpeting the positive effects of adopting a selling behavior which is based on customer value and writing books that address value-based selling (e.g. Kaario, Pennanen & Storbacka 2008; Rackham & DeVincentis 1998; Mattson & Parvinen 2011). As a result, many business-to-business firms already recognize the common concepts and practices of value-based selling.

Value-based selling behavior of a salesperson is interesting to research in firms that have a strategic customer value orientation. Mattson and Parvinen (2011, 256) ask the central questions that decide whether value orientation is a good strategy for a firm:

- What if a firm could support its sales efforts with real, tangible evidence of the value it can deliver to its customers?
- What if a firm could show its customers upfront just how much an offering will improve operational efficiency or cost efficiency?
- Or at least, what if a firm would be able to understand its customer value and develop and communicate its offering with customer in mind?

Some firms decide to become more value-oriented than others. Similarly, some salespersons show more value-oriented behavior than others. As an agent of the firm, the salesperson is in an excellent position to act with customer in mind. Therefore, the main hypothesis of this thesis is that salesperson value-based selling behavior will lead into increased salesperson performance. This is researched in business-to-business companies that have existing value-based selling practices or that are in the process of developing them. The combination of salesperson value-based selling behavior in a setting which discourages customer value focus is omitted.

As mentioned briefly in the introduction, value-based selling is a salesperson behavioral mode which concentrates on generating superior customer value. Operationaliza-

tion of the still unpublished VBS-scale by Terho et al. throws light on value-based selling behavioral aspects. According to it, a value-focused salesperson "works with the customers to find out what is needed to improve their performance". The salesperson focuses on actively identifying opportunities that improve the customers' performance. The salesperson also considers it important to demonstrate to the customers how his or her firm's services improve their company's performance. In essence, he or she is selling the financial value rather than product features to his or her customers.

Kaario et al. (2008, 73) point out that sales managers sometimes claim that the main impediment for embracing the value focus is 'wrong salespeople'. They posit the view that value-based selling requires skills that some salespeople do not possess. Motivational factors, like learning orientation, determine whether salespeople are interested in developing these skills (e.g. Dweck & Leggett 1988). The role of salesperson in value-based selling, as seen by his or her sales manager, is to develop customer base – the most important asset of the firm (Kaario et al. 2008, 161). The value of the customer base is dependent on the total value that the firm can generate to its customers. Thus, the salesforce becomes an active agent for finding new opportunities which create customer value.
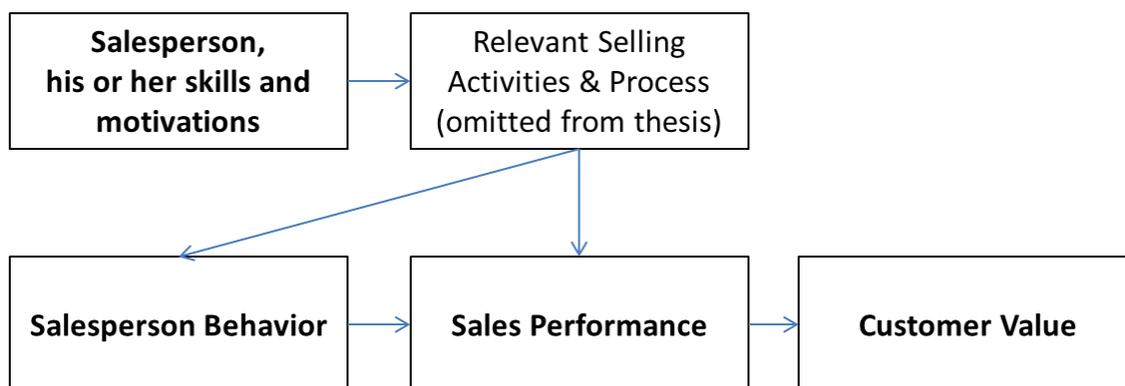
Figure 2: Determinants of salesperson performance and customer value, adapted from Walker, Churchill and Ford (1977) and Plank and Reid (2001, 44)

Whilst this study explicitly focuses on salesperson level analysis, it is implicitly recognized that formal organizational processes, for example structured sales methodies in Customer Relationship Management (CRM) systems, control some salesperson activities and therefore affect salesperson behavior. Plank and Reid (1994, 43) assert that "the crux of this model is that actual sales behaviors – the day to day behaviors salespeople engage in – act as a mediating variables between various, personal, organizational, and environmental variables, and sales performance". Good formalized sales processes generate institutional value when they actualize in selling behavior (Rackham & DeVincentis 1998, 219). To put it differently, formalized sales processes cannot deter-

mine salesperson's overall selling behavior but they are (hopefully) designed to help the salesperson realize an appropriate selling behavior. To sum, this thesis excludes but is not incompatible with organizational level examination of customer value focus.

2.3   Key selling behaviors parallel to value-based selling

Other key selling behaviors were selected to this study on the basis that they have at least moderate resemblance with value-based selling. Similarities were found in six selling behaviors: adaptive selling, agility selling, consultative selling, customer-oriented selling, partnering-oriented selling, and relationship selling (Terho et al. 2012, 4). As agility, consultative and partnering-oriented selling behaviors do not have an existing quantitative measurement scale in the literature (ibid.), measuring these behaviors are expected to lead to construct validity problems. As a result, they are omitted from the study and only the three salient selling behaviors are included, namely customer-oriented selling, adaptive selling and relationship selling.

It is expected that a substantial proportion of value-based selling overlaps with other key selling behaviors. Researchers have usually applied only one selling perspective in their study. According to the analysis of Plouffe, Hulland and Wachner (2009, 432), there have been no theoretical reason to combine examination of different selling perspectives and the benefits of a simultaneous analysis are considered limited. Deviating from this logic, however, the results of Plouffe et al. (ibid.) lead them 'to recommend the simultaneous use of multiple scales in sales performance research.' In case that value-based selling is capable of explaining a significant amount of the variance in salesperson performance, it becomes especially important to test that other selling behaviors do not diminish the link of value-based selling to salesperson performance. In fact, value-based selling is theoretically positioned to dilute the links of other selling behaviors to salesperson performance. Although other selling behaviors have parallels with customer value, value-based selling is established on the subject matter most profoundly. The following hypotheses are set forth:

H_1: Value-based selling is a distinct behavioral mode that differs from other selling behaviors.

H_2: Value-based selling has similarities with other key selling behaviors.

H_3: Link between value-based selling and salesperson performance cannot be explained by other key behaviors.

2.3.1 *Customer-oriented selling*

The early proponents of customer-orientation stressed that customer satisfaction is important in addition to purchase orders (e.g. Strong 1925). Peter Drucker (1973, 79) gives weight to the same idea by stating that 'to satisfy the customer is the mission and purpose of every business'. Early on, customer orientation was seen to counterbalance sales orientation (Homburg, Müller & Klarmann 2011) whereby the focus is myopically on the production and on the value chain. In contrast to sales-oriented selling, Saxe and Weitz (1982) define customer-oriented selling as "the degree to which salespeople practice the marketing concept by trying to help their customers make purchase decisions that will satisfy customer needs". Saxe and Weitz (1982) further characterize customer-oriented selling as:

1. The desire to help customers make satisfactory purchase decisions
2. Helping customers assess their needs
3. Offering products that will satisfy those needs
4. Describing products accurately
5. Adapting sales presentations to match customer interests
6. Avoiding deceptive or manipulative influence tactics
7. Avoiding the use of high pressure sales techniques.

Alongside the definition of customer-oriented selling, Saxe and Weitz (1982) developed a sales orientation – customer orientation (SOCO) scale to measure the level of salesperson customer orientation. There are numerous authors (eg. Keillor, Parker & Pettijohn 2000; Schwepker 2003) who have argued that customer orientation has a positive effect on salesperson performance. Later, Franke and Park (2006, 694) demonstrated that customer-orientation relates positively to salesperson performance only if salespeople have the necessary skills to help the customer. Plouffe et al. (2009) point out that even these positive results to salesperson performance have been extracted 'as a self-reported measure from the salesperson themselves'. Homburg et al. (2011) propose 'salesperson customer orientation in sales encounters' as the degree to which a salesperson identifies and meets customer needs and interests in the different stages of a sales encounter. Taking everything into account, "it is not yet clear whether customer-oriented selling is a selling style, an aspect of performance, or if it even affects sales effectiveness" (Schwepker 2003, 163).

Customer orientation has a range of similarities with value-based selling. Customer orientation is more time-consuming than sales orientation (Homburg et al. 2011; cf. Weitz & Bradford 1999). It concentrates on the customer instead of the supply chain. It helps customers to assess their needs and adapt sales presentations to match customer interests (by definition). Homburg et al. (2011) even posit the view that customer orientation drives cross-selling, customer retention, immediate purchases and willingness to

pay for additional value produced by the supplier. Nevertheless, customer-oriented selling falls short of the value paradigm by underemphasizing the role of interaction (e.g. Vargo & Lusch 2004). Most importantly, Schwepker (2003, 166) notes that SOCO scale does not measure activities beyond 'merely presenting a solution' to the customer. In other words, the salesperson engages only the easily perceived customer needs whereas value-based selling emphasizes reciprocity in which the supplier and customer often notice new and enhanced opportunities to create value. Although many customers are willing to pay more if salesperson has a profound knowledge of their needs (Homburg, Wieseke & Bornemann 2009), even a surface scan of needs and salesperson aligning actions according to those easily perceived needs might lead to better outcomes. To sum, if salesperson customer orientation translates into better salesperson performance, it is also plausible to expect that this effect mediates through value-based selling which is grounded to the needs of the customer more profoundly:

H$_{4a}$: The performance of customer-oriented selling is explained by value-based selling.

2.3.2 *Adaptive selling*

The limited ability of customer-oriented selling to explain salesperson performance led to the development of adaptive selling (Spiro & Weitz 1990, 61). According to Jobber and Lancaster (2009, 247), adaptive selling is becoming more popular behavior to conduct sales encounters. As between customer-oriented selling and value-based selling, there are also similarities between customer-oriented selling and adaptive selling. This is clearly revealed by the Saxe and Weitz (1982) definition of customer-oriented selling which includes adapting sales presentations to match customer interests as one of the main characteristics of customer-oriented selling. However, adaptations are not meaningfully measured or expounded in customer-oriented selling whereas adaptive selling concentrates both explicitly and empirically on adaptations: adaptive selling ultimately measures the level of adaptations by the salesperson. Weitz, Sujan and Sujan (1986, 175) define adaptive selling as "the altering of sales behaviors during a customer interaction or across customer interactions based on perceived information about the nature of the selling situation". For example, not every purchasing department wants to buy value. Perhaps the customer has a strict purchasing protocol which is hostile to improvements in the offering. By recognizing this, the salesperson can take it in account and change his or her behavior accordingly.

A variance in behaviors is measured as a sign that the salesperson works smarter and tries to take unique aspects of the customer in account. To put it differently, frequent

adaptations in sales encounters indicate a high level of adaptive selling. Therefore, increased customer value or salesperson performance is not inbuilt in adaptive selling since there is always a possibility that a salesperson makes ineffective adaptations (Spiro & Weitz 1990, 62–63). However, Jaramillo, Locander, Spector and Harris (2007) postulate that salespeople adaptations have a positive effect to fulfilling and exceeding sales quotas. Franke and Park (2006) go even further by showing that adaptive selling has 'stronger effects than customer-oriented selling on salesperson performance and satisfaction'. According to Giacobbe (1991), adaptive selling accounts for up to 20 % of the variance in salesperson performance although Plouffe et al. (2009) have refuted the result based on several inconsistencies. Weitz, Sujan, and Sujan (1986) suggest that there are four conditions under which the benefits of adaptive selling are likely to result in improved salesperson performance:

- Salespeople encounter a wide variety of customers with different needs.
- The typical sales situation involves large orders.
- The company provides resources to facilitate adaptation.
- The salespeople have the capability to adapt effectively.

Adaptive selling implies subjective customer value since it is based on subjective treatment of customers. However, the adaptations which create value cannot be derived from the construct of adaptive selling: variance in customer interactions does not necessarily lead to value-based selling although the successful adaptations might correlate with value-based selling (Terho et al. 2012, 176). Based on the discussion of this section, it is interesting to analyze whether the performance of adaptive selling can be explained by value-based selling:

H_{4b}: The performance of adaptive selling is explained by value-based selling.

2.3.3 Relationship selling

Rackham and DeVincentis (1998, 81) are confident about the meaningfulness of relationships by asking "aren't [they] important in every type of sale?" They posit the view that purchasing people tend to avoid buying from people they do not like. On the other hand, purchasing people might buy an inferior product just because the salesperson is likable but only if they perceive the better qualities of the competing product relatively indifferent (ibid.). Crosby, Evans and Cowles (1990) coin relationship selling as "a behavioral tendency exhibited by some sales representatives to cultivate the buyer–seller relationship and see to its maintenance and growth." In order to generalize findings about relational outcomes, Crosby et al. (1990) assign a three-dimensional approach for measuring relationship selling: relationship selling can be divided into spheres of co-

operative intentions, mutual disclosure and intensive follow-up. Firstly, customer is helped in situations where salesperson does not perceive any benefits for the supplier company. Secondly, salesperson tells a lot about himself or herself and his or her job in the spirit of mutual disclosure although the benefits would not be apparent. Finally, salesperson is in contact to the customer more frequently than closing the sale requires just to maintain the relationship. Boles, Brashear, Bellenger and Barksdale (2001) intimate that relationship selling significantly explains salesperson performance. Their analysis supports the view that mutual disclosure and intensive follow-up behaviors relate positively to salesperson performance.

Relationship selling accentuates a long-term approach to selling (Beverland, 2001) just like value-based selling does. Several studies also link relationship selling to customer value (eg. Jolson 1997; Weitz & Bradford 1999). For instance, Jolson (1997) states that relationship selling "focuses on the building of mutual trust within the buyer/seller dyad with a delivery of anticipated, long-term, value-added benefits to buyers." However, he does not drill-down on the value by modifying the measurement scales for relationship selling (Terho et al. 2012, 176). Instead, relationship selling for Jolson (1997) focuses on nurturing the relationship by a plethora of means without a clear perspective on customer value. This thesis uses a relationship selling scale based on Jolson (1997) but modified by Terho, Ulaga, Egger and Haas. As relational behavior is connected to value-based selling with both approaches having a high level of interaction with the customer, it is empirically tested whether the value-based selling has power to explain how relationship selling relates to salesperson performance:

H_{4c}: The performance of relationship selling is explained by value-based selling.

2.4   Selling skills in value-based selling

In addition to behavioral modes discussed earlier, people have more persistent qualities which they have developed over time. The relevant factors for successful interaction in sales are called selling skills. Acquiring selling skills require experience. As Rentz, Shepherd, Tashchian, Dabholkar and Ladd (2002, 13) state, "selling skills are learned proficiency at performing tasks necessary for a sales job. They are among the most important predictors of sales performance." That is to say, selling skills involve knowing how to do certain things and having internalized important information (Szymanski 1988), especially related to interactional situations as they are the major factors that influence industrial purchasing decisions (Bonoma & Johnston 1978, 215). Selling skills are examined as antecedents of value-based selling. To put it differently, this thesis empirically observes whether selling skills enable a salesperson to adopt customer

value focus in his or her behavior. If there is a statistically significant link from a skill to value-based selling, then it is considered as an antecedent of value-based selling.

Marshall, Goebel and Moncrief (2003, 251) asked sales managers to identify skills which indicate a successful salesperson. They recognized that the success factors with the highest level of importance were almost exclusively interactional skills such as listening skills, follow-up skills, verbal communication skills and proficiency in interacting with people at all levels of a customer's organization. The result should not be interpreted too strongly: there is a misplaced notion that a salesperson has an ideal set of skills which makes him or her excellent everywhere. Rackham and DeVincentis (1998, 65–66) view this kind of 'selling is selling' as deeply ingrained in many companies which have spent substantial resources to find a correct formula for a perfect salesperson. Instead, they identify that different selling behaviors require different skill sets. They (ibid., 182) suggest that the skill set of an excellent value-based salesperson is similar to the skill set of a good business manager. For example, a person who has occupied a role of a creative consensus manager should have good chances of succeeding in value-based selling as well. The most important skills in value-based selling as elaborated by Kaario et al. (2008, 74) are divided into four categories: knowledge of customer business, knowledge of available resources, the ability to recognize opportunities of customer process development and the ability to demonstrate business impact of cooperation to customer. Terho et al. (2012) narrow the list down to three categories which form the sub-sections 2.4.1–2.4.3 and which are used as part of the value-based selling scale to evaluate the impact of selling skills:

- Knowledge of the customer's business model; the ability to focus on identifying key drivers of customer's earning logic.
- Skills to craft the value proposition; the ability to build up quantified evidence about the size of the market offering's value opportunity in terms of its impact on the customer's business.
- Ability to communicate the value; the focus on convincing customers that the proposed offering would impact their profit statement.

2.4.1 Customer knowledge

Kaario et al. (2008, 59) propose that the focus of value-based selling is more on the need to understand the customer than in other selling behaviors. Placing yourself in your customer's role is a good thought experiment to begin understanding your customer. They are trying to manage a business, they have customers which they serve and seek to provide them superior value and they certainly have a business model whether it is formalized or not. Business model helps to understand customer business more pro-

foundly. The business model ontology of Osterwalder and Piqueur (2010) takes value construct in consideration by placing the value proposition in a central role. According to them (ibid., 14), a business model "describes the rationale of how an organization creates, delivers, and captures value." Therefore, if the business customer has realized that it is buying value from the supplier and onwards to its own customers, it should be extremely beneficial for the supplier's salesperson to be capable of evaluating the business models of his or her customers. Here the concept of the business model is clarified with the Osterwalder and Piqueur (2010) business model ontology (see figure 3).
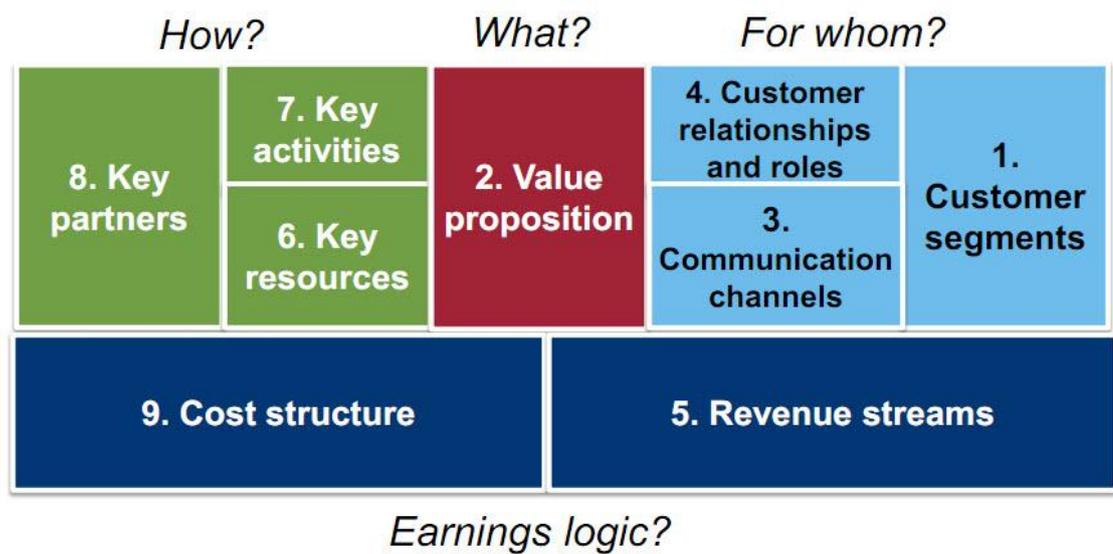
Figure 3: Ontology of business models (Osterwalder & Piqueur 2010)

As a key partner, the salesperson needs to develop understanding of the key activities and key resources that can be provided for the customer. Salesperson can capture facets of information by long-term interaction with the customer. Finding out more about customer's customer segment, customer relationships and roles and communication channels enables salesperson to make higher-value offerings and communicate more effectively. Furthermore, the knowledge of revenue streams and the cost structure of the customer's business model are the key to create persuasive value quantifications.

Reinartz and Ulaga (2008, 122, 131, 133) have identified key supplier's six customer value drivers: product quality, delivery performance, service support, personal interaction, know-how and shorter time-to-market span. They maintain that product quality and delivery performance are a 'must-have'. However, since most competitors also have product quality and delivery performance they are merely threshold variables for having long-term customers. This leaves four competitive value drivers. Firstly, the know-how which manifests as supplier experience and joint service innovation projects for customer's customer. Secondly, customers appreciate getting their own service to market faster with the help of supplier compared with in-house option. Finally, both service

support and person interaction were most appreciated by the customer. To put it differently, when more persistent qualities of experience and know-how are diffused with service interaction, the performance of sales activities should increase. As an executive in value-based selling company aptly describes: "Nowadays, we really need professional sales people who of course know the customer but also understand the customer's business, and they are really supposed to have an in-depth understanding of the customer's earning logic: that decides how we can hopefully come in and add value to the business" (Terho et al 2012, 6). Therefore, I hypothesize:

H_{5a}: Customer knowledge enables value-based selling.

2.4.2 Value proposition crafting skills

Customer knowledge establishes a position for the salesperson where he or she is able to employ value proposition powerfully. Empirical evidence supports the notion that the service quality can increase the purchase price (Menon, Homburg & Beutin 2005, 22). Therefore, it can be in supplier's interests to provide superior value as long as it is believably demonstrated before the sale. Reliability of the value proposition increases with the risk that the seller is willing to take. For example warranties and pay-for-performance show that the seller is committed to the offering. Some other methods used by value-based sellers include ROI studies, simulations and lifecycle calculations (Terho et al. 2012, 180; Narayandas 2005). According to Kaario et al. (2008, 107–110), value proposition is usually designed to describe the financial impact of the service. They go on to say that linking the value to financial performance of the customer is arguably the most effective method of the value proposition. It suits especially to outsourcing propositions as the reduction of fixed costs can be highlighted. More elaborate value propositions also require more elaborate cash flow calculations. Net present value of the value proposition is calculated with the help of cash flow forecasts which are discounted with weighted average cost of capital or internal rate of return (ibid.).

Without quantifiable benefits value proposition is prone to fail (see Table 1). Instead, customers will be prepared to pay for distinct but indirect signs of value like reputation, convenience and brand. Furthermore, the softer approaches of relationship building and driving customer loyalty will prevail and communication of expectations and exceeding those expectations will become the paramount tactic for the seller. According to Anderson, Kumar and Narus (2007), there are a lot of suppliers which depend mainly on relationships selling although their market structure would also allow for value-based selling. They speculate that the reason behind relying strongly on relationship selling is that only "few sellers have means to quantify the value proposition" (Anderson et al. 2007).

Table 1: When is value-based selling relevant (Narayandas, 2005)

When is value-based selling relevant?		
Offering has	Distinct benefits	Indistinct benefits
Quantifiable benefits, ie. Apparent € effect.	Easy for customer to tender offers. Seller price war.	Competitive advantage with value-based selling. Seller needs to win customer confidence. Value research, references, warranties, pay-for-performance.
Non-quantifiable benefits, ie. non-apparent € effect.	Customers pay for reputation, convenience and brand.	Value-communication is difficult. Seller needs to drive for loyalty and use relationship marketing, support the customer, communicate expectations and exceed expectations.

According to Narayandas (2005), another important aspect of the markets of a successful value-based seller is that the benefits of the offerings are not apparent. He maintains that value-based selling requires heterogenous services to demonstrate superior value to the customer. If the market consists of standardized services, their benefits are the same and there is no need for value proposition. The benefits are apparent to the customer, translating into value-based salesperson's inability to add customer value just by stating the obvious. In this scenario, customers would have no other reason than cost to select a service and the resources consumed by the value-based selling would only increase the purchase price and deteriorate sales outcomes. This thesis includes a survey of business-to-business markets which has been sampled using convenience sampling which includes enterprises that knowingly practice value-based selling and/or are interested to strengthen their value-focus. Therefore, it is assumed that the salespeople in these companies can fortify their performance with skills to craft a value proposition. Therefore, I put forward a following hypothesis:

H_{5b}: Value proposition crafting skills enable value-based selling.

2.4.3 Value communication ability

Even with value proposition crafting skills, there are outlying challenges with communicating the value proposition to the customers. As the customers are not usually experts on the supplier's field and the benefits of an offering are subjective, there is a possibility that "an excellent product may pass unnoticed unless its benefits and features are explained to customers" (Jobber & Lancaster, 2009, 13). One of the most difficult components in salesperson activities is not to promise too fast timetable or exaggerate the size or certainty of customer value (Kaario et al. 2008, 98). A salesperson might be

tempted to boost the value proposition to compensate for customer bias to initially appreciate price more than quality. This is due to the fact that customers are more certain of the price than the benefits of the offering (Håkansson & Wootz, 1975; Anderson, Thomson & Wynstra, 2000; Anderson & Wynstra 2010). Price is usually seen as certain disincentive to purchase while the benefits are more or less doubted 'goods'.

Anderson and Wynstra (2010) suggest a concept of value evidence as a non-monetary means of reducing ambiguity about superior value. Even if salesperson cannot provide value evidence, it is still worthwhile to try to elaborate the size of the value opportunity of the offering and make a value claim. Respondents of a qualitative study on value-based selling emphasized widely having a reliable range for total value generation is more important than trying to quote the most precise numbers (Terho et al, 2012, 180). According to Kaario et al. (2008, 102), communicating the value pays off even with all the challenges. In communicating the value, the supplier and the salesperson:

- Bring forth the thorough understanding of customer's business and financials
- Address the impact of the value proposition to customer's business
- Find the selling points that are relevant to customer's situation
- Create a steady contact to customer's top management by 'talking their language'
- Give material that is needed by the customer as a part of their decision-making process which also accelerates decision-making and shortens the selling-cycle.

These insights point to the following hypothesis:

H_{5c}: Value communication ability enables value-based selling.

2.5 Motivational orientations

Maslow (1943, 3) describes motivational orientations as undercurrents of behavior. He goes on to say that while behavior is almost always motivated, behavior is also directly affected by situational and cultural factors. For salesperson, these include formalized sales processes, re-compensation system and expectations of others. Motivational orientation is more permanent, rather a characteristic of a person than a behavior. There are also more than one motivation. Motivations manifest themselves in activities (ibid.). An important distinction for researching motivations is that they must always be set in the context of goals (ibid.). To put it differently, a survey question about motivation must include a goal. For example, does the salesperson agree (or disagree) that he puts a great deal of effort in order to learn something new about selling? The goal in this example is to learn about selling.

Including the motivational orientations as part of value-based selling research can lead to a cultivated perspective of the psychological origins of performance in value-based selling. Two recognized motivational orientations that might lead salesperson to practice value-based selling and increase his or her performance are learning and performance orientations (Dweck & Leggett 1988). These orientations 'are related to working smart and hard' (Lancaster & Jobber 2009, 405). Sujan, Weitz and Kumar (1994, 39) found that "learning goal orientation motivates working both smart and hard, whereas a performance goal orientation motivates only working hard." Learning orientation stems from a sense of intrinsic achievement, Sujan et al. (1994, 39) postulate, while performance-oriented salespeople use work as means to achieve external ends. Moreover, they also claim (ibid., 44), supported by other studies (e.g. Ames & Archer 1988; Meece, Blumenfeld & Hoyle 1988) that performance orientation and learning orientation are two different dimensions although they are sometimes artificially coupled in laboratory settings.

Previous sales management literature has researched motivations in multiple settings. The survey conducted by Sujan et al. (1994, 39) posits the view that salesperson performance is affected by both learning and performance orientations. According to Kohli, Shervani and Challagalla (1998), Silver, Dwyer and Alford (2006), Porath and Bateman (2006), performance orientation explains salesperson performance more strongly than learning orientation. Meanwhile, Ahearne, Lam, Mathieu and Willy (2010) emphasize the learning orientations time dependency to salesperson performance. Therefore, as it is anticipated that value-based selling also affects salesperson behavior, it is interesting to study how the motivational orientations relate to salesperson performance in value-based selling. Therefore, I hypothesize:

H_{6a}: Learning orientation relates to salesperson performance through value-based selling behavior.

H_{6b}: Performance orientation relates to salesperson performance through value-based selling behavior.

2.6   Salesperson performance

As the previous sections have examined key behaviors, skills and orientations that potentially relate to value-based selling, this section introduces salesperson performance as an outcome variable for these activities, competences and motivations. Explaining salesperson performance has been the major objective in sales management research since Walker et al. (1977, 157) suggested that more attention should be given to finding an exhaustive set of factors that relate to it. Surprisingly, thirty-five years later salesper-

son performance is still an outcome variable that can be only modestly explained by existing sales management research although it has been a top priority for the managers and the academics (Plouffe et al. 2009, 422–423). According to Kaario (2008, 149), there are two prevalent means in measuring salesperson performance: evaluating salesperson's impact to sales, and measuring the sales activities. Evaluating the salesperson activities leads to a general impression of the salesperson which is then subordinated to the measurement of sales impact. An instance where the general impression of salesperson obfuscates is when an increased number of sales calls have not lead to better sales results (ibid.). However, it is still important to evaluate both competences and activities. "Measuring the activities enables management to find possible bottlenecks and improve the sales process. In addition, different technologies can provide many ways to simplify and improve the sales process" (Mattson & Parvinen 2011, 59). Usually some form of compound measure is used to determine salesperson performance (Jobber & Lancaster 2009, 496–505).

There are subjective and objective measures of salesperson performance. The salesperson himself or herself evaluates the sales performance in subjective analysis. In objective analysis, it is typically either the customer or the salesperson's supervisor who acts as an evaluator of salesperson performance. Despite the value-based supplier's original goal to generate customer value, emphasized by Slater (1997, 165), linking salesperson behavior directly to customer value is too complex to be analyzed in a quantitative study. Firstly, this would require an additional data point from the customers which would grow the sample size disproportionately since each salesperson may have tens of customers. Secondly, extracting reliable information about value creation of large customer enterprises requires several data points as no single actor in the customer company might not be sufficiently aware of the created value. Finally, a quantitative survey may prove insufficient tool for determining customer value and more resource intensive interviews would be needed. This is nicely summarized by Donaldson (2007, 263): "Monitoring and measurement of what is really important in sales and sales force effectiveness is difficult, time consuming and costly"

Taking the scope of this thesis into consideration, salesperson performance is measured indirectly with subjective performance scale which has frequently appeared in marketing research papers, for instance in Journal of Marketing, Journal of Academy of Marketing Science and Industrial Marketing Management. Generally speaking, it is expected – although not pursued – that salesperson performance relates positively to customer value. Rackham and DeVincentis aptly call subjective salesperson performance and similar easy-to-use performance measures as 'value creation proxies' (290–291). The salesperson performance measures that are easily available take a seller perspective to performance. Typical measures in sales activities listed by Kaario et al. (2008, 154) are the number of sales calls and the number of propositions. Also length of the sales

cycle, hit-rate and selling costs are common. Sales outcome measures include sales volume, sales discounts, sales margins and cash flow. Common non-financial outcome measures are market share, customer retention rate and customer satisfaction index. Salesperson performance is also affected by other factors such as "the nature of the sales territory, the level of competitive activity, the commitment of customers to the firm's offering and luck (Weitz et al. 1986, 174)". As these factors are beyond salesperson's control, they are omitted in salesperson performance measurement scale.

2.7   Theoretical model

Value-based selling is an independent variable in this thesis. In statistics, the independent variable is expected to change the dependent variable whenever it is altered (Webster's 2001, 534). Value-based selling forms the main construct of the thesis with salesperson performance (see figure 4). Salesperson performance is a dependent outcome variable and it is subjectively measured by the responses of salespeople themselves. In other words, a salesperson's performance answers are compared with the performance answers of other salespeople to determine the relative performance outcome.

Research question 1

Selling behaviors
•*Customer-oriented selling*
•*Adaptive selling*
•*Relationship selling*

Research question 2

Selling skills
•*Customer knowledge*
•*Value proposition crafting*
•*Value communication*

Research question 3

Motivational orientations
•*Learning orientation*
•*Performance orientation*

Main Construct:

Independent variable
•*Value-based selling*

Dependent variable
•*Salesperson performance*

Figure 4: Theoretical model

In sum, this thesis aims to provide a fundamental understanding of the factors that may alter the relationship between value-based selling and salesperson performance. Motivational orientations are potential enablers of value-based selling which might also reflect positively to salesperson performance. In addition to motivations, other key sales behaviors and selling skills are constructed. Key selling behaviors that have been included in the research framework are customer-oriented selling, adaptive selling and relationship selling. Other key selling behaviors can either accentuate or diminish the importance of value-based selling depending on their interaction with value-based selling variable. Selling skills are modeled based on the Terho et al. (2012) qualitative research on value-based selling. These are customer knowledge, skills to craft a value proposition and value communication ability. Selling skills are examined as enablers of value-based selling behavior.

3   RESEARCH DESIGN

"A research design is a framework or blueprint for conducting a marketing research project. It details the procedures necessary for obtaining the information needed to structure or solve marketing research problems. Although a broad approach to the problem has already been developed, the research design specifies the details – the practical aspects – of implementing that approach." (Malhotra & Birks 2007, 64)

3.1   Quantitative research

Quantitative research is often compared with qualitative research. Qualitative research can probe the subject matter more deeply and use broad perspectives to explore the phenomenon. However, a quantitative study about value-based selling is a plausible choice since Terho et al. (2012) have only recently finished a qualitative study about value-based selling with distinct suggestions for performing a quantitative study. The overall choice between qualitative and quantitative research methods depends on the nature of the study. Williams & Monge (2001, 5) accentuate that the quantitative research is generally an apt choice when

- measurement can offer a useful description and relationships of whatever one is studying
- one wishes to make certain descriptive calculations about the measures
- one wishes to calculate probabilities

Quantitative research produces numerical results of the phenomenon that is researched. The data that is collected is also quantified and statistics are used to produce the results. Quantitative research originates from philosophy of positivism and history of statistics (Malhotra & Birks 2007, 159). Hirsjärvi, Remes and Sajavaara (2009, 130) recommend to evaluate scientific philosophies such as positivism from four different perspectives, namely ontological, epistemological, logical and teleological. According to positivist ontology, the world exists independently of human existence. Taking a step further and adopting a positivist epistemology means that it is also believed that one can make objective and true observations of this independently existing world – one weakness of the positivist research tradition according to subjectivism. Not only epistemologic considerations face criticism, but also positivism logic to 'establish causality' with empirical research (e.g. Malthotra and Birks 2007, 159) should be approached with caution. As empirical research always leads to simplifications and leaves out variables, their relationships and/or their temporal effects, the results can become misleading. The teleology (ie. the reason) for committing to empirical research and to establishing causality is to increase objective knowledge about the reality. Within posi-

tivist philosophy, scientific methods are capable of objectifying the observations and that is why the positivist philosophy is often described as objectivist, scientific, experimentalist and quantitative (Malhotra & Birks 2007, 158). The main competing paradigm within marketing research is interpretivism (Hussey & Hussey 1997) which emphasizes human interaction, subjectivism and qualitative research. However, a large-scale quantitative survey does not accommodate high-levels of interpretivism. To put it differently, it is assumed that the respondents are able to acknowledge their behavioral patterns, skills and motivations and they take the effort to truthfully answer to the questionnaire.

Tuomi (2007, 43–44) postulates that positivism upholds that a theory consists of logically formed set of claims that contains the truth. He also asserts that in positivism existing theories are tested and new theories developed with empiric research. Theoretical claims are converted to empirical statements (hereafter called items) with the assistance of formal operationalization. He continues that the ideal of formality has been relaxed in the contemporary positivism and there is not any one model for operationalization. What is essential is that an enlightened reader will understand the conversion from theory to empirical statements. It is the operationalization table in appendix 2 that functions as a proper conversion table in this thesis.

3.2   Sampling

The sampling process was conducted by Harri Terho from Turku School of Economics in the Q2 and Q3 of 2012. The selection method was a convenience sample which does not allow the generalization of the results as the randomness of the sample is compromized. By resorting to convenience sample it was possible to choose companies that already practice value-based selling or are in the process of adopting value-based selling. The companies selected were practicing their business mainly in four GICS-sectors: IT, energy, industrials and materials. The data that is collected will be used for example to journal articles in addition to this thesis work.

Due to several reasons sampling was chosen instead of observing the entire population. Firstly, population size of the salespeople is large and there was no existing data that could have been used as a secondary data source to keep the costs and the time frame of the survey in manageable levels. Secondly, there was a risk of increasing non-sampling errors which consist of non-response error and response error. Non-response error arises when a large part of the initial respondents do not answer the query; response errors are accentuated when responses are inaccurate (Malhotra & Birks 2007, 84). Finally, variance in the characteristics was expected to be relatively small which translates into increased reliability of the sample.

The main challenge for collecting a sample is to uphold a capability to generalize phenomena to overall population. An objective generalization requires that the sample is specified from the population randomly. While simple random sampling (SRS) promises projectable results, there can be difficulties with constructing the sampling frame (Malhotra & Birks 2007, 422). Constructing the SRS sample frame for business-to-business salespeople is much more complicated than collecting a sample with a non-probabilistic sampling technique. For instance, it would be extremely difficult to find out all salespeople in all companies and randomly collect single salesperson answers that are scattered to different companies. Consequently, a non-probabilistic sampling method known as convenience sampling (also purposive or judgmental sampling) was used even though convenience sampling creates a random sampling error which is defined as "the variation between the true mean value for the sample and the true mean value of the population (Malhotra & Birks 2007, 83)". It sets a constraint on generalizing the results by contributing to the total error of sampling. Nevertheless, the strengths of convenience sampling are prevalent. In convenience sampling, the sampling frame is constructed according to the judgment of the researcher. Therefore, convenience sampling is fast and inexpensive. Furthermore, the random sampling error which is typical for convenience sampling can be alleviated by the researcher's expertise and creativity (Malhotra & Birks 2007) in selecting the sampling frame and the initial sample size.

Harri Terho took the list of 200 largest firms in Finland as a starting point for the sampling process. Only internationally acting B-to-B firms in the list who were either systematically developing or currently practicing value-based selling were qualified. A total of 43 companies qualified. After 5 months of personal negotiations with the top management a majority of the 43 companies promised to participate to the study. The benefit offered for participation consisted of a benchmark report, a managerial summary and respondent anonymity. Moreover, value-based selling was a relevant subject for many top managers. One top manager even had a title 'head of value-based sales'. Some companies participated to the study with more than one independent business unit. Even though the firms were initially contacted in Finland, in most cases, the firms participated with their international (e.g. European sales organization) or global sales organizations. The recruitment process involved marketing material about the survey (see Appendix 3), personal negotiations with the top management and constant reminders to provide the salespeople e-mail addresses to be used in the internet survey.

The primary contacts in the participating companies were usually sales directors. The contact person in the company was requested to determine preferably over 30 salespeople from his/her company to participate in the study (see Appendix 4). The actual number of salespeople e-mail addresses received varied between 7 and 130 per company. The aim was at an initial sample size of 1.200 salespeople and a 50 % response rate which translates at a final sample size of 600 salespeople. These figures were exceeded

with initial sample size of 1.229 salespeople and 730 respondents. Also a lower number of respondents would have sufficed for this thesis. Heikkilä (2008, 45) suggests that at least a hundred respondents is a sufficient sample size if results are not going to be scattered in smaller observation groups. However, the survey material will probably be used for other studies which require a higher sample size for effective generalization of the findings.

3.3 Internet survey administration

The survey was conducted with Webropol (http://w3.webropol.com/int/). It is a cloud-based survey application which provides a web operating system for the survey administrator to encode a questionnaire and publish it on the Internet. A standard feature in the application is to structure questions in a fashion that the answer will always be in the correct form. There are also tools to make the lay-out more aesthetic for the respondent and ensure a higher response rate.

The advantages that come with Internet survey include speed, low cost, data quality and removal of interviewer bias (Malhotra & Birks 2007, 275). Furthermore, the pervasiveness of computers in companies translates into a high reach of the selected sample. Therefore, it is not surprise that the conducting Internet surveys are becoming a prevalent form of questionnaires. Moreover, the amount of technical problems is limited because Webropol survey application is compatible with the newest updates of all the major Internet browsers. Conversely, there are only few disadvantages which are alleviated by the structure of value-based selling research. Three disadvantages allotted for Internet surveys are sampling frames, access to the web and technical problems (Gorman 2000). Sampling frames mean that it is difficult to control sampling process if it is accessible by anyone in the target population (Malhotra & Birks 2007, 275). This was not a concern in the Webropol internet survey since it could only be accessed by a personal link that was sent directly to the salesperson's e-mail address. As there was no public link available to the questionnaire, gathering the sample was a controlled exercise and only the specified salespeople were able to access the questionnaire.

The invitations and reminders of the questionnaire were sent with e-mail which contained a personal link to Webropolsurveys.com domain where the questionnaire was located. Moreover, the questionnaire could only be filled once with the personal link that was sent to each participant for two reasons: to avoid duplicates and to prevent outsiders responding to the survey in an occasion where a specified salesperson accidentally forwards his/her e-mail. The survey was coded into HTML-form in Webropol at the beginning of November 2012. There were a total of five batches in English that were sent to the respective subset of the survey participants on five subsequent Tuesdays be-

tween 13 November and 11 December 2012. Moreover, there was one extra batch in Finnish language that was sent to survey participants in 20 November.

Table 2: Batch information

Batch no.	Send date	Language	Initial sample	Responses	Response rate
1	13-Nov	English	575	388	67%
2	20-Nov	English	227	101	44%
3	20-Nov	Finnish	84	66	79%
4	27-Nov	English	141	59	42%
5	04-Dec	English	31	23	74%
6	11-Dec	English	170	93	55%

Reminders were sent to ensure a high response rate. Only about a quarter of the salespeople replied after the first e-mail (see appendix 5). There were two types of reminders. First reminder was sent one week and the second reminder was sent two weeks after the initial request to participate to the study. In addition to an e-mail reminder to salesperson (see appendix 6), another e-mail was sent to the sales director of the company (see appendix 7) at the same time which stated that all salespeople that have not yet answered the survey. The reminder requested the sales director to contact those salespeople and clarify the importance of the value-based selling survey. The dual approach to reminders proved effective and the overall response rate climbed to a highly satisfactory level (59,40 %).
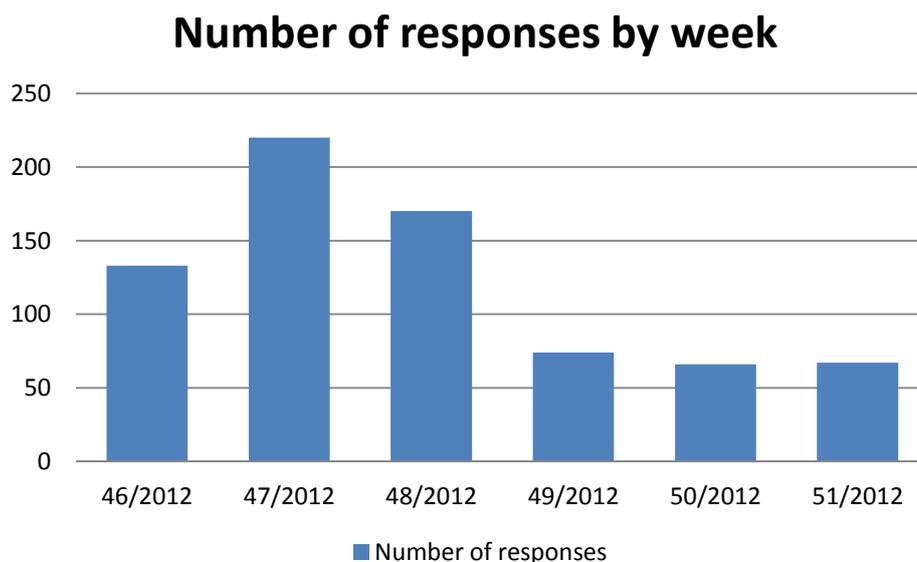

Figure 5: Number of questionnaire responses by week

Responses scattered over six weeks (see figure 5). Most of the responses came from the second and third week (47–48/2012) of the data collection which was expected as the batch 1 sent on week 46 was by far the largest.

3.4   Survey validity

There were also complications which prevented the response rate to rise even further. Firstly, there were four reports from salespeople that they had faced technical errors while filling the questionnaire. A case about the errors was opened to Webropolsurveys technical assistance. However, the search for errors was inconclusive. The most plausible explanation is that the browsers used were incompatible with the survey application. Secondly, over one tenth of the salespeople opened the survey but never finished it. A part of this might be explained by those salespeople who had a problem with their browser. Additionally, it is expected that some were frustrated by the survey consisting of three long pages with an estimated total finishing time of 20 minutes. Finally, some sales directors reported their employees had not either received the questionnaire or the questionnaire was flagged as junk mail. The junk mail problem was diverted by sending the reminders from a different type of address than the initial questionnaire e-mails. As Malhotra and Birks conclude (2007, 273), there is no certainty that all survey sampling units are reached with email. On the other hand, the high response rate translates into valid sample.

Validity is also affected by missing data. Hair, Black, Babin & Anderson (2011, 42) intimate that "rarely does the researcher avoid some form of missing data problem." Despite their concern for the matter, in this study the data problem is mostly averted. Most of the responses were properly completed although no questionnaire validation rules were used to enforce the responses. The solution for respondents who gave missing data was simply to rule them out of the further analysis. If the respondent gave more than one missing response in any construct, the entire response was discarded. A total of forty-two responses were weeded out because of insufficient information. This represents 5.8 % of all responses. Furthermore, all companies with less than 10 responses were disqualified for two reasons. Firstly, companies chi, omega and digamma were disqualified to prevent low response rates from a single company. Low response rates can lead into distortions in the sample, also known as unit non-response (Heikkilä 2008, 43). Secondly, company psi was removed because it has a very small salesforce. The psi would not have lead to any more generalizability to smaller companies if it had been included. These four companies do not affect the results whether included or excluded from the analysis and there was also a possibility to validate all these responses for analysis. However, the imputation was conducted since it leads to easier data handling

in quantitative analysis. Altogether four companies with 19 responses were removed from the data analysis, representing 2.6% of all responses and leading to 669 total valid responses (see table 3 below).

Table 3: Valid responses by companies

Company alias	Valid responses	Responses	All	Response%
alpha	79	91	163	55,83
beta	70	76	138	55,07
gamma	68	71	120	59,17
delta	52	54	64	84,38
epsilon	44	46	55	83,64
zeta	39	40	49	81,63
eta	35	36	49	73,47
theta	33	35	73	47,95
iota	27	27	50	54,00
kappa	23	25	52	48,08
lambda	23	24	27	88,89
xi	22	22	26	84,62
mu	21	23	31	74,19
omicron	19	19	35	54,29
nu	18	22	29	75,86
pi	17	18	27	66,67
rho	17	17	26	65,38
sigma	17	17	32	53,13
tau	15	16	23	69,57
upsilon	15	16	24	66,67
phi	15	16	25	64,00
~~chi~~	8	8	43	18,60
~~psi~~	6	6	7	85,71
~~omega~~	3	3	11	27,27
~~digamma~~	2	2	50	4,00
TOTAL	688	730	1229	N/A
AVERAGE	28	29	49	59,40
Valid responses of companies with over 10 total responses: 669 pcs				

The validated 669 answers produce that final data set which is used in the following analyses. The 669 answers are a valid convenience sample for several reasons. Firstly, sales directors provided the list of salespeople e-mails in their company. Secondly, respondents answered via personal links which are very unlikely to be forwarded to other salespeople. Thirdly, the response rate was very high (59,40 %). Finally, salespeople left very few blanks to their questionnaires which indicate high motivation for respond-

ing the survey. All things considered, the respondents are certainly the same salespeople that were selected in convenience sampling.

3.5   Statistical methods

The items that are asked from a salesperson are structured as a seven-step Likert scale which limits the depth of the answers but allows the use of statistical methods. The items relating to constructs were coded with a scale from 1 to 7 to SPSS. This means that the following three scales were changed from -3 to 3 scale: Understanding the customer, crafting and communicating the value proposition and salesperson performance. This does not affect the results. Although Likert scale is an ordinary measurement scale, statistical methods for interval measurement scale are used as part of the study, like correlation and regression analyses. The definition for correlation analysis is that it measures the dependence between variables (Heikkilä 2008, 295). However, correlation is in a smaller role than regression in this thesis. Thus, the next paragraphs concentrate on the methods for regression analysis.

Regression analysis measures the dependent variable with one or more independent variables (ibid., 297). To put it differently, regression analysis investigates the direction of the relationships between variables and correlation merely informs whether there exists a relationship in the first place. This thesis is more interested in directions of the relationships between two or more variables. There is always at least one independent variable and one dependent variable in regression analysis. Regression analysis examines whether the dependent variable changes with the change of independent variable. The strength of the relationship between variables in regression analysis is measured with t-value. T-value is a "numerical value of the parameter estimate directly associated with an independent variable; for example, in the model $Y = b_0 + b_1X_1$ the balue b1 is the regression coefficient for the variable X_1 (Hair et al. 2010, 159)." In addition to t-value, results are reported with beta-value which is essentially a standardized t-value. It allows for comparisons between independent variables (ibid., 158).

Three goodness-of-fit tests are conducted in thesis before making the regression analysis: Analysis of variance (ANOVA) F-test, multicollinearity test and homoskedasticity test. These three goodness-of-fit tests provide a secondary confirmation for the regression models. The primary confirmation is the overall construct validity test in section 4.1. Validation of the overall construct reflects that also the regression models in later sections should pass F-test and multicollinearity test. ANOVA F-test is a "statistical technique used to determine whether samples from two or more groups come from populations with equal means (Hair et al. 2010, 440)." A successful ANOVA F-test is an indication that the regression model fits the data. ANOVA-test result is ex-

pressed as an F-number which indicates the ratio of between-group variability and within-group variability (Markowski & Markowski 1990, 323). Multicollinearity expresses trhe relationship of a single variable to 'a set of other independent variables' (Hair et al. 2010, 156). High multicollinearity value translates into low goodness-of-fit of the variable into the regression model. High multicollinearity VIF-value inflates the standard error of the variable by the amount of square root of the VIF-value (ibid., 204). The common threshold for multicollinearity is 10 but Hair et al. (ibid.) note that it is too high and in some cases problems can arise with a VIF-value of 3 or over. Thus, an acceptable VIF-value in this thesis is below 3. The third and final goodness-of-fit test for regression model is homoskedasticity test. The goodness of fit for the regression necessitates that the regression standardized residual is homoscedastic, i.e. "the variance of the error terms (e) appears constant over a range of predictor variables (Hair et al. 2010, 35)." This can be observed from a scatterplot chart and if the residuals are randomly scattered over the data range, homoskedasticity for the data is supported.

Having elaborated the goodness-of-fit tests for this thesis, next I will clarify the relational concepts of the regression analysis. The literature (e.g. Baron & Kenny 1986) makes a clear distinction between two main relationships in regression analysis: mediation and moderation. These types of relationships are designed to answer a question what can happen when an addition variable is introduced to the existing independent-dependent variable model. The interpretation of mediators and moderators is highly restricted by the theorical framework which means that regressing should be employed carefully.

While analysis is centered on the independent variable and dependent variable which are usually value-based selling and salesperson performance in this thesis, introducing an additional variable in the regression model leads to elaboration of the analysis. One of the most cited scientific article on the regression is social sciences is Baron and Kenny's (1986) "The moderator–mediator variable distinction in social psychological research". Before the article the terms moderation and mediation were frequently used interchangeably. However, here the terms are defined separately. Baron and Kenny (1986, 1177) note that it requires three regressions to test for mediation. Firstly, mediator is regressed on the independent variable. Secondly, the dependent variable is regressed on the independent variable and finally the dependent variable is regressed on the independent variable and the mediator.
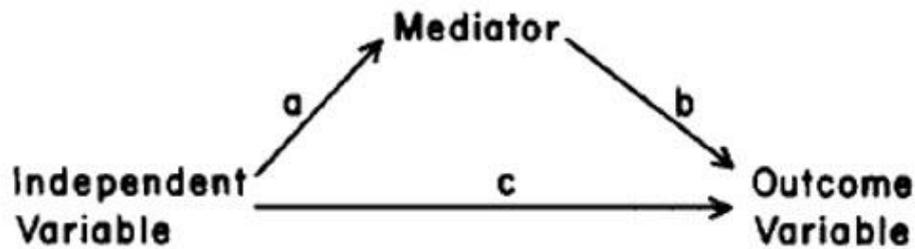
Figure 6: Mediating variable (Baron & Kenny 1986, 1176)

Whereas mediators clarify 'how or why' effects occur, moderators explain 'when certain effects will hold' (Baron & Kenny 1986, 1176). Moderators are compound variables. They are used to test whether the effect in the main construct is affected by another independent variable (Hair et al. 2010, 180). The independent variables are called predictor variable and moderator variable. A simple method of creating interaction variables for testing moderation is to multiply the standardized predictor and moderator variables (Busemeyer & Jones 1983) which according to Baron and Kenny (1986, 1176) assumes a linear moderation between the variables.
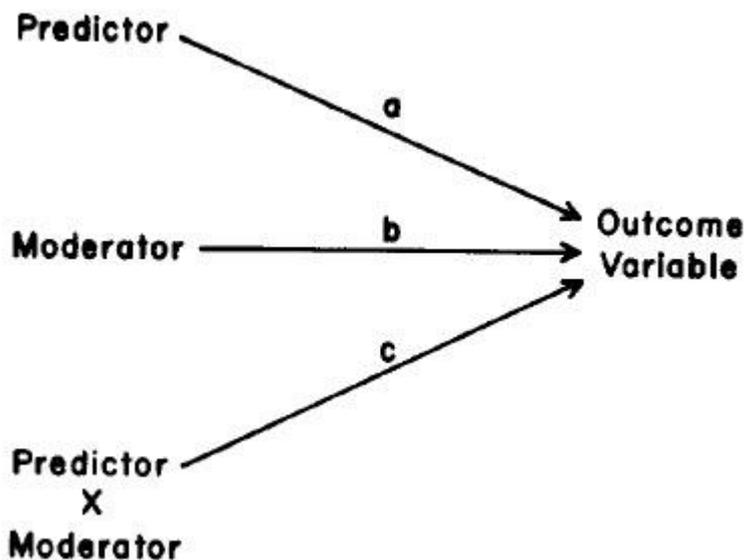
Figure 7: Moderating variable (Baron & Kenny 1986, 1174)

Moderation is tested by introducing the interaction variable as an additional independent variable to the regression analysis. This thesis only tests moderation effect amongst continuous variables. Interaction variable is composed with the Busemeyer & Jones (1983) method: the predictor and moderator variables are first standardized and then combined with multiplication. This approach also translates into results which only find a moderation if it is linear.

4 SURVEY RESULTS

4.1 Construct validity

This section aims to clarify the empirical construct validity. Three analyses are used for this purpose. Firstly, confirmatory factor analysis (CFA) examines external coherence of constructs. Secondly, cronbach's alpha (CRA) pursues to establish the internal coherence of constructs. Finally, common method variance (CMV) is used to detect whether the variance is caused by the constructs or by the survey methods.

CFA establishes value-based selling as a distinct concept. There were a total of 11 constructs included in the factor analysis which produced a total of 10 factors (see appendix 2 for CFA scores). Statistical significance is determined by factor loading of over 0.4 on one factor and no other factors with a loading over 0.4. Hair et al. (2010, 117) have calculated that in order to reach 0.05 significance level with a factor loading of 0.4, the sample size should be at least 200. This level is clearly exceeded with 669 valid responses.

Value proposition crafting skills and value communication ability merged to the same factor. The theory related to value-based selling offers an insight for the empirical result that value proposition crafting skills and value communication ability items loaded into the same factors. Despite value-based selling is based on interaction with the customer, value propositions have originally been understood as a one-way process. To put it differently, it has been assumed to be produced by the salesperson for the customer. Later, it has frequently been labeled as a two-way process which can resolve complex supplier-customer tensions: "What is obvious is that each party is seeking an equitable exchange. Reciprocal value propositions may be informal in their communication which can lead to a simple transaction, or take the form of a negotiated co-created agreement with longer term relational consequences." (Ballantyne et al. 2011, 203–204). "An effective value proposition cannot be crafted by the seller alone but requires at least some mutuality and participation from the customer based on dialogue, customer specific data, and other customer inputs." (Terho et al. 2012, 7) For example, the interviews conducted by Terho et al. (2012, 7) highlighted two-way value propositions: "How I've done it is that I have a calculation based on the assumptions I have, I correct it every time I see a customer so it becomes more precise every time." Another interviewee manifested that "when you have that trust you can define the value together. That's the way to define it, together." Therefore, the ability to craft a value proposition crafting skills and the ability to communicate value are practically so interwoven that they cannot be separated. The empirical result for internal consistency (CRA = 0,913) supports this inference.

The number of factors was determined using the Kaiser method which includes only the factors with an eigenvalues over 1.0. The confirmatory factor analysis was rotated with Varimax and the total variance of the confirmatory factor analysis explains 68% of the variance in the data.

Table 4: Total variance explained by confirmatory factor analysis

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative%	Total	% of Variance	Cumulative%	Total	% of Variance	Cumulative%
1	15,3	27,8	27,8	15,3	27,8	27,8	7,3	13,3	13,3
2	5,0	9,0	36,9	5,0	9,0	36,9	5,4	9,8	23,1
3	4,0	7,2	44,0	4,0	7,2	44,0	4,5	8,2	31,3
4	3,1	5,6	49,7	3,1	5,6	49,7	4,2	7,6	38,8
5	2,3	4,1	53,8	2,3	4,1	53,8	3,4	6,2	45,0
6	2,1	3,8	57,6	2,1	3,8	57,6	3,2	5,8	50,8
7	1,6	3,0	60,6	1,6	3,0	60,6	3,0	5,5	56,3
8	1,6	2,9	63,4	1,6	2,9	63,4	2,4	4,4	60,8
9	1,3	2,4	65,8	1,3	2,4	65,8	2,4	4,3	65,1
10	1,2	2,1	68,0	1,2	2,1	68,0	1,6	2,8	68,0

In addition to the loading of two constructs into the same factor, some single items did not sufficiently load into the expected factor. These items were removed before the final confirmatory factor analysis which determined the final factor loadings for other items. The items that were rejected consisted of one value-based selling item, one item from adaptive selling and two items from crafting the value proposition. They are presented in table 5.

Table 5: Invalid items in the survey

Abbr.	Questions	CFA
VBS1	I work with my customers to find out what is needed to improve their performance.	R
AS5	I try to understand how one customer differs from another.	R
SC1	Identifying sales opportunities with substantial value potential in customers' business	R
SC2	Finding "execution gaps"/"business challenges" that have substantial value potential for my customers' business, based on consultative sales work	R

As confirmatory factor analysis confirms the external consistency of the constructs, the next step to validate the data is to test the internal consistency of the construct. The internal consistency of value-based selling (and all the other constructs) was tested with

Cronbach's Alpha (CRA). In CRA, "measure of reliability ranges from 0 to 1, with values over .60 to .70 deemed the lower limit of acceptability (Hair et al. 2010. 92)." These are not specific goodness values for CRA since higher number of items in the factor can inflate the value of CRA (Cortina 1993). CRA for value-based selling was 0.892 which leads to the conclusion that value-based selling is internally consistent construct. Additional tests for internal consistency are considered superfluous. To sum, the CRA's in this survey data is sufficiently high for all constructs (see table 6).

Table 6: Internal consistency fitness test with Cronbach's alpha

Component no.	Scale	CRA	Standardized CRA	N of items
1	Salesperson performance	,940	,940	11
2	Crafting and communicating the value proposition	,913	,913	8
3	Performance orientation	,923	,923	6
4	Value-based selling	,892	,900	7
5	Customer-oriented selling	,826	,840	5
6	Learning orientation	,846	,852	5
7	Adaptive selling	,881	,881	4
8	Customer business	,896	,897	3
9	Relationship selling	,765	,771	4
10	Prioritization	,721	,729	2

However, even after confirming the external and internal consistencies of the constructs, there are still doubts about the origin which has caused the variance in the items that form the constructs. To validate the results indicated by CFA and CRA, the data needs to be tested against the possibility that the variance is caused by the survey instead of the value-based selling scale. Podsakoff, McKenzie and Lee (2003, 882) categorize reasons for common-method variance (CMV) to four biases: common rater, the manner that items are presented to respondents, the context of items and the surrounding context. Specific examples drawn from Podsakoff et al. (ibid.) of possible CMV factors relevant for this survey are

- grouping of items. Refers to the fact that items from different constructs that are grouped together may decrease intraconstruct correlations and increase interconstruct correlations.

- Common scale formats. Refer to artifactual covariation produced by the use of the same scale format (e.g., Likert scales, semantic differential scales, "faces" scales) on a questionnaire.
- Common scale anchors. Refer to the repeated use of the same anchor points (e.g., extremely, always, never) on a questionnaire.
- Predictor and criterion variables measured using the same medium. Refers to the fact that measures of different constructs measured with the same medium may produce artifactual covariance independent of the content of the constructs themselves.

Harman's one factor test is used to counter suspicion against the CMV. In Harman's one factor test, the idea is that if one unrotated factor explains over 50 % of the variance, then the majority of the model is explained by the method, ie. the method operates as the dominating factor. Harman's one factor test resulted in 27,834 % of variance thus emphasizing the explanation power of the constructs – not the methods. However, according to Podsakoff et al. (2003, 889), Harman's one factor test has several limitations with the most important being that the method effects are not controlled by any variables. Despite the deficiencies in the test for common method bias, further tests are not pursued. Harman's test works as a sufficiently reliable guidance in the scope of this thesis that the common method bias is controlled. As the danger of common method bias is alleviated, it has become equally more probable that the variance of the results is caused by the constructs.

With the goodness of fit tests completed, there is a sufficient scale validity to state that value-based selling is an externally distinct and internally coherent construct which differs from other selling behaviors such as adaptive selling, customer-oriented selling and relationship selling. Therefore, the survey data support hypothesis:

H_1: Value-based selling is a distinct behavioral mode that differs from other selling behaviors.

4.2   Descriptive statistics

The respondents represent the following sectors in GICS-industry classification: energy, IT, industrials and materials. A total of 246 respondents are from industrials sector, followed by 165 in the IT sector. Smaller groups participating to this survey include 136 respondents from energy sector and 52 respondents from materials sector (see table 7).

Table 7: GICS industry classification

Industry	Number of respondents	Percent
N/A	70	10.5
Energy	136	20.3
IT	165	24.7
Industrials	246	36.8
Materials	52	7.8
Total	669	100.0

Salespeople who participated to the survey had an average of 14 years of experience, including 12 years of experience in their territory of sales (see table 8). They had spent on average of 11 years in their company. The reliability of the salesperson's experience is cast into doubt by maximum values for experience. Is it plausible that there are salespeople that have been 45 years of experience in sales, 51 years in the company or, most strikingly, 59 years in the same sales territory? There are two plausible reasons for extremely high experience values: either a couple of salespersons have used months while expressing the data or they have used a comma/point and then left it out when the Webropol survey application has not allowed decimal numbers. However, these outliers do not change the fact that this sample consists of very experienced salespeople on average.

Table 8: Salesperson experience

Salesperson experience	N	Minimum	Maximum	Mean	Std. Deviation
Years in sales	661	0	45	14	9
Years in the company	660	0	51	11	9
Years in this territory	652	0	59	12	10

Next, this thesis concentrates on examining the constructs that were validated in the previous section (see table 9). The constructs were formed by creating a non-weighted average value of all the validated items relating to the constuct. For instance, adaptive selling had four validated items and one discarded item and the adaptive selling of a salesperson is calculated as a mean of those four validated items.

Table 9: Variable averages and standard deviations

Constructs	N	Minimum	Maximum	Mean	Std. Deviation
Learning orientation	669	1.20	7.00	5.79	0.87
Performance orientation	669	1.00	7.00	4.87	1.31
Value-based selling	669	1.71	7.00	5.55	0.90
Adaptive selling	669	1.50	7.00	5.23	1.06
Customer-oriented selling	669	1.00	7.00	6.23	0.67
Relationship selling	669	2.00	7.00	5.50	0.94
Customer Knowledge	669	2.00	7.00	5.49	0.93
Value proposition crafting and value communication ability	669	1.00	7.00	5.17	0.85
Salesperson performance	669	1.00	7.00	5.02	0.99

The salespeople responded very positively about their own characteristics: construct means ranging from performance orientation 4.87 to customer orientation 6.23. Fortunately, there was also a moderate level of deviation in survey answers to meaningfully analyze all constructs. The lowest standard deviation 0.67 was produced by customer-oriented selling while the highet (1.31) was achieved in performance orientation.

4.3   The effect of sales behaviors to salesperson performance

Having confirmed the support for the H_1 hypothesis, the data set also allows for the examination of other hypotheses. The second hypothesis postulates that other sales behaviors have similarities with value-based selling. The other key sales behaviors that have been included in this thesis are adaptive selling, customer-oriented selling and relationship selling. All of these sales behaviors concentrate, in varying terms and degrees, on the customer. Although correlation analysis cannot be used for determining causality, it is an excellent tool for determining the whether a construct has similarities with other constructs. Pearson correlation is used because the Likert-scale variables are assumed as interval scale variables although, to be precise, they are ordinal scale variables.

Table 10: Pearson correlation of sales behaviors

Pearson Correlation	VBS	AS	COS	RS
Value-based selling	1	.374[**]	.462[**]	.386[**]
Adaptive selling		1	.362[**]	.330[**]
Customer-oriented selling			1	.414[**]
Relationship selling				1
** Correlations are significant at the 0.01 level (2-tailed).				

As the table 10 reveals, the Pearson correlation analysis supports the notions by Terho et al. (2012) by finding that all the selling behaviors are interdependent with each other in a statistically significant level (p<0.01). Thus the hypothesis H_2 which states that "value-based selling has similarities with other key selling behaviors" is supported. Customer-oriented selling is the closest concept to value-based selling with the Pearson correlation of 0.462. This translates into 21 % explanation power between value-based selling and customer-oriented selling. Therefore, although the constructs are distinct, they also have similarities. Thus, this thesis supports that

H_2: Value-based selling has similarities with other key selling behaviors

Regression analysis provides a suitable statistical tool to continue for the third and the fourth hypotheses. Hypothesis three tests the whether the link between value-based selling and salesperson performance is not interfered by adaptive selling, customer-oriented selling or relationship selling. Vice-versa, hypotheses 4_{a-d} consider that value-based selling might explain the performance of other key selling behaviors. Due to the need to explain the direction of relationships, a regression model is created to test these hypotheses (see figure 8).

Regression models for behaviors
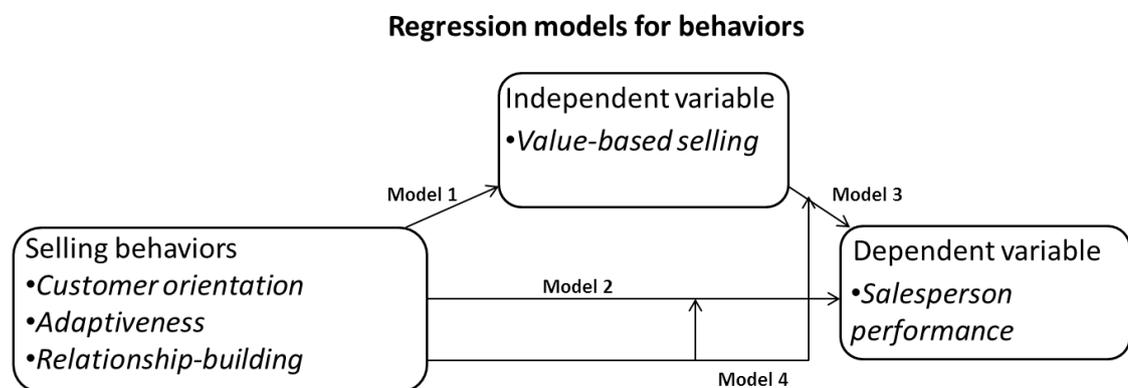
Figure 8: Regression models for sales behaviors

Altogether four regression models test the hypotheses about sales behaviors. On model one, the regression effects from other behaviors to value-based selling are clarified while the second model depicts their effects on salesperson performance. After introducing value-based selling in the third model, there is enough data to calculate the mediation effects. The mediation effects are calculated by subtracting the results of the second model from the third model. The fourth model investigates whether other key selling behaviors statistically significantly moderate the effect of value-based selling on salesperson performance. A goodness of fit test was conducted before the regression analysis. All sales behaveior regression models passed the ANOVA F-test ($p<0.01$). Multicollinearity was tested only with the model 4 because it is typical for multicollinearity to increase with an addition of variables. All constructs passed the multicollinearity tests ($VIF<3$). Also homoskedasticity was tested only with the model 4. Figure 8 below shows no sign of increase or decrease in residuals across the data range which supports the homoskedasticity hypothesis.

Table 11: Anova and multicollinearity tests for behavioral models

Anova	F	
Model 1	91.33**	
Model 2	33.16**	
Model 3	29.46**	
Model 4	11.95**	
Anova test **p<0.01		
Collinearity Statistics	**Tolerance**	**VIF**
Adaptive selling	.773	1.293
Customer-oriented selling	.562	1.778
Relationship selling	.735	1.360
Value-based selling	.686	1.458
Adaptive selling * Value-based selling	.590	1.695
Adaptive selling * Customer-oriented selling	.437	2.291
Adaptive selling * Relationship selling	.544	1.839
Customer-oriented selling * Relationship selling	.334	2.991
Customer-oriented selling * Value-based selling	.339	2.946
Relationship selling * Value-based selling	.497	2.012
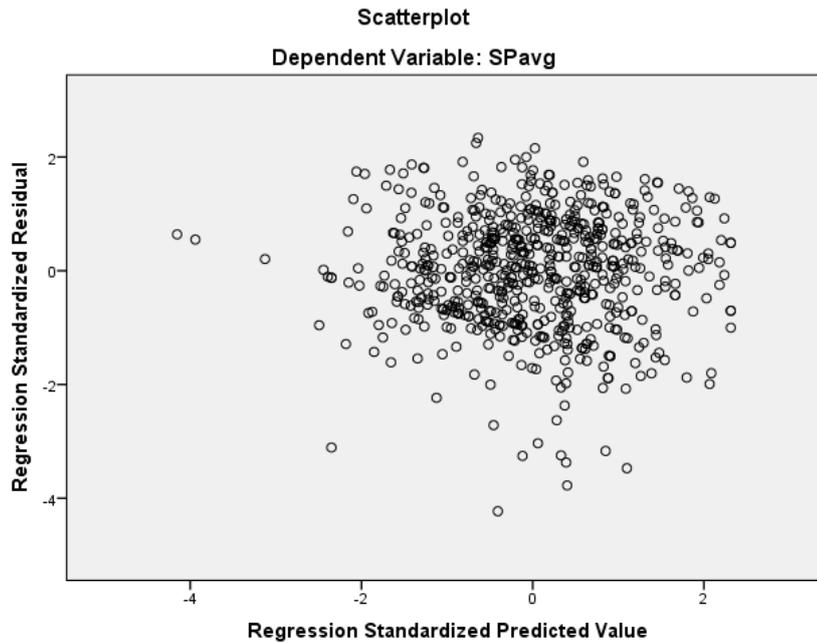
Figure 9: Homoskedasticity test for behaviors

Having evaluated the goodness of fit for the four behavioral models, the regressions can be analyzed. The results show that the model combining the key behaviors explains 15 % of the variance in salesperson performance. The most important finding in found in regression model four: the significance of value-based selling remains although other sales behaviors and their interaction effects are accounted for in the regression model. This confirms hypothesis three. However, value-based selling has a contender in the position for the selling behavior which relates to performance most. Relationship selling ($\beta=0.17$) explained salesperson performance almost as strongly as value-based selling ($\beta=0.18$).

Table 12: Regression analyses for sales behaviors

	Model 1: Main effects on value-based selling		Model 2: Main effects on performance		Model 3: Mediation effects on performance		Model 4: Interaction effects on performance	
	Beta	T-value	Beta	T-value	Beta	T-value	Beta	T-value
Main effects:								
AS	0.2	5.54**	0.15	3.87**	<u>0.12</u>	<u>2.98**</u>	0.12	3.03**
COS	0.31	8.35**	0.12	2.85**	<u>0.06</u>	<u>1.5</u>	0.06	1.23
RS	0.19	5.24**	0.2	4.93**	<u>0.17</u>	<u>4.08**</u>	0.17	4.06**
VBS					<u>0.17</u>	<u>4.01**</u>	<u>0.18</u>	<u>4.08**</u>
AS*VBS							0.05	1.12
AS*COS							0	0.01
AS*RS							0.01	0.17
COS*RS							0.04	0.68
COS*VBS							-0.05	-0.82
RS*VBS							-0.01	-0.29
	R^2 .29		R^2 .13		<u>R^2 .15</u>		R^2 .14	

R^2 is adjusted, **$p<0.01$, *$p<0.05$, +$p<0.1$, results determining the results for hypotheses have been underlined.

All key selling behaviors are antecedent variables for the main construct since they relate statistically significantly ($p<0.01$) both to value-based selling (see model 1) and salesperson performance (see model 2). In addition, the effect of customer-oriented selling to salesperson performance was found to diminish when value-based selling was added to the regression model (from $p<0.01$ to no statistically significant effect) which supports hypothesis 4_a. It was also hypothesized that relationship selling and adaptive selling would mediate through value-based selling. However, they retained their statistical significance ($p<0.01$) in model 3 in explaining salesperson performance. Therefore, hypothesis 4_b and 4_c were rejected and the following hypotheses are supported:

H_3: Link between value-based selling and salesperson performance cannot be explained by other key behaviors.

H_{4a}: The performance of customer-oriented selling is significantly explained by value-based selling.

The survey was collected from a range of industry sectors in business-to-business markets. Four major sectors in the survey were IT, energy, industrials and materials. MSCI (2013) describes the sector as follows:

- Energy sector comprises companies whose business are dominated by either of the following activities: the construction or provision of oil rigs, drilling

equipment and other energy related service and equipment, including seismic data collection. Companies engaged in the exploration, production, marketing, refining and/or transportation of oil and gas products, coal and other consumable fuels.

- Materials sector encompasses a wide range of commodity-related manufacturing industries. Included in this sector are companies that manufacture chemicals, construction materials, glass, paper, forest products and related packaging products, and metals, minerals and mining companies, including producers of steel.

- Industrials sector includes companies whose businesses are dominated by one of the following activities: The manufacture and distribution of capital goods, including aerospace & defense, construction, engineering & building products, electrical equipment and industrial machinery. The provision of commercial services and supplier, including printing employment, environmental and office services. The provision of transportation services, including airlines, couriers, marine, road & rail and transportation infrastructure.

- IT-sector covers the following areas of interest: software & services, technology hardware & equipment and semiconductors and semiconductor equipment.

The effect of sales behaviors to salesperson performance was regressed for every industry sector (see table 13). This analysis corresponds the model 3 analysis, the only difference is that the results have been grouped by industry sectors.

Table 13: Main effects of sales behaviors on performance by GICS sectors

Main effects to salesperson performance:	Beta	T-value
GICS industry: IT	R^2 .13	
Value-based selling	0.06	0.76
Adaptive selling	0.08	0.95
Customer-oriented selling	0	0.03
Relationship selling	0.33	4.18**
GICS industry: Energy	R^2 .14	
Value-based selling	0.2	2*
Adaptive selling	0.04	0.43
Customer-oriented selling	0.03	0.28
Relationship selling	0.23	2.48*
GICS industry: Industrials	R^2 .13	
Value-based selling	0.15	2.01*
Adaptive selling	0.18	2.73**
Customer-oriented selling	0.05	0.62
Relationship selling	0.13	1.88+
GICS industry: Materials	R^2 .16	
Value-based selling	0.36	2.26*
Adaptive selling	0.14	1.01
Customer-oriented selling	0.12	0.82
Relationship selling	0	-0.02
R^2 is adjusted, **$p<0.01$, *$p<0.05$, +$p<0.1$		

The relation between salesperson behaviors and salesperson performance was found to change depending on the sector. Despite value-based selling does not relate to salesperson performance in the IT sector ($\beta=0.06$), the connection to performance is still verified in other sectors ($\beta=2$ in energy, $\beta=2.01$ in industrials and $\beta=2.26$ in materials). Relationship selling rises as the most beneficial selling method in the IT sector ($\beta=4.18$) and adaptive selling accentuates in the industrials sector ($\beta=2.73$).

The salesperson performance measure contained 11 items. Although high level of internal coherency (Cronbach's Alpha = 0,94), there are two different aspects of performance inherent in the performance scale. Items SP1-SP4 and SP6 (see appendix 2 for description) emphasize final financial outcome for the seller whereas the relation of items SP5 and SP7-SP11 to customer value is more straightforward. These items address topics such as customer satisfaction, higher profit margins, selling new products and selling to major accounts. Thus, the salesperson performance scale is divided into two different scales to research how sales behaviors relate to these differing performance aspects.

Table 14: Main effects of sales behaviors grouped by financial and value-oriented performance

Main effects to salesperson performance:	Beta	T-value
Financial performance scale	R^2 .09	
Value-based selling	0.14	3.19**
Adaptive selling	0.09	2.12**
Customer-oriented selling	0.03	0.65
Relationship selling	0.15	3.74**
Value-oriented performance scale	R^2 .18	
Value-based selling	0.18	4.3**
Adaptive selling	0.16	4.16**
Customer-oriented selling	0.07	1.81+
Relationship selling	0.16	4.11**
R^2 is adjusted, **p<0.01, *p<0.05, +p<0.1		

The sales behaviors slightly interact with the divide of salesperson performance measures. Relationship selling seems to prevail for financial performance outcomes (β=0.15) although the difference to value-based selling performance is small (β=0.14). Value-based selling prevails for customer value outcomes (β=0.18). Customer-oriented selling seems to weakly explain value-oriented performance (p<0.1) but not at all financial performance items. All things considered, value-based selling seems like an upgraded version of customer-oriented selling. Value-based selling mediates the performance of customer-oriented selling, it explains value-oriented performance items and it is also strongly linked to financial performance items.

4.4 Selling skills as enablers of salesperson performance

This section throws light on the analysis of selling skills potentially related to value-based selling. The reader should notice that the skill sets are new constructs which have not been tested before in academic publications and the three skill sets that were suggested by Terho et al. (2012): customer knowledge, value proposition crafting skills and value communication ability. Moreover, the three skill sets loaded into two factors (see section 4.2) which make the nature of this section highly explorative. To put it differently, although this section employs exact statistical regression analysis, the results are taken as broad indications about the selling skills. The skills are analyzed as antecedents of value-based selling as described in figure 10 below.

Regression model for selling skills

Selling skills
•*Customer knowledge*
•*Value proposition crafting skills and value communication ability*

→

Dependent variable
•*Value-based selling*
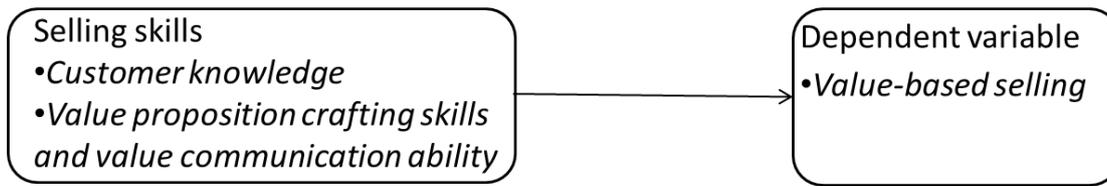
Figure 10: Regression models for selling skills

As hypotheses concerns the selling skills as enablers of value-based selling, the regression analysis treats selling skills as independent variables relating to the value-based selling which is a dependent variable. Although value proposition crafting skills and value communication ability constructs did not pass the confirmatory factor analysis as individual variables, the scales still loaded uniformly into the same factor. Therefore, this thesis is able to analyze a combined factor which is hereafter known as 'value proposition crafting skills and value communication ability' or a shorthand 'value proposition and communication skills'. An abbreviated form is SCQC which is combined from value proposition crafting skills (SC) and value communication ability (QC). All the abbreviations are listed on appendix 1. All the constructs in the selling skills regression model correlate with each other (see table 15).

Table 15: Pearson correlation of selling skills

Pearson Correlation	VBS	CB	SCQC
Value-based selling	1	,454**	,620**
Customer knowledge		1	,584**
Value crafting and value communication skills			1
**. Correlation is significant at the 0.01 level (2-tailed).			

The goodness of fit for selling skills regression models is determined by three analyses (see table X and figure X): ANOVA F-test, multicollinearity VIF-test and homoskedasticity scatterplot test. F-test is statistically significant ($p<0.01$), VIF-tests are also passed since VIF<3. Furthermore, there is no apparent increase or decrease in the scatterplot chart for regression residuals and models are considered fit for the regression analyses.

Table 16: Anova and multicollinearity tests for selling skills

Anova	F	
Model	220.065	
Anova test **p<0.01		
Collinearity statistics	Tolerance	VIF
Customer knowledge	.659	1.517
Value crafting and communication skills	.659	1.517
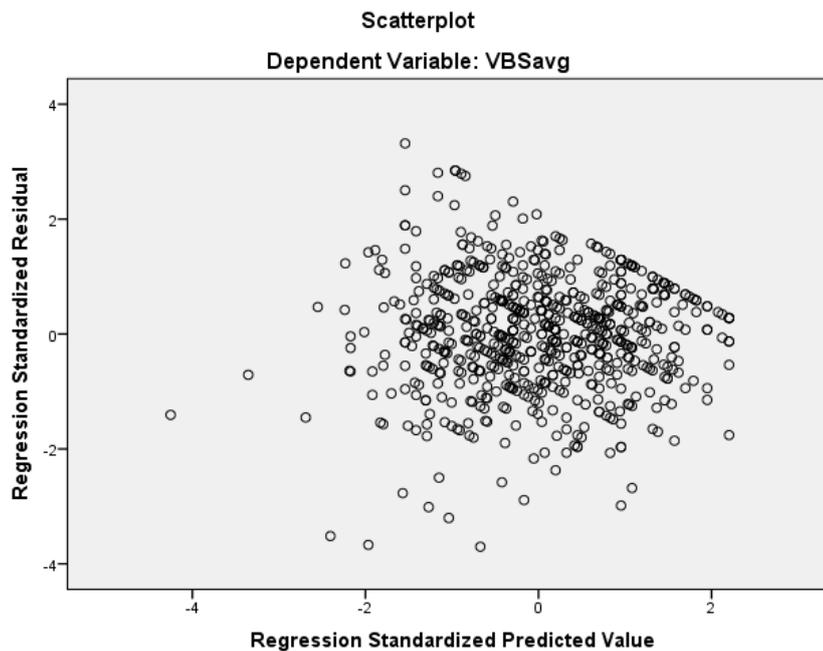
Figure 11: Homoskedasticity test for selling skills

The selling skills explain a handsome amount of value-based selling behavior (R^2 .4). Especially value crafting skills and value communication ability (β=0.54) is strongly inherent in value-based selling practices. This raises the question whether value crafting skills and value communication ability is an independent concept at all or simply one additional facet for measuring value-based selling. According to construct validity (section 4.1, value crafting skills and value communication ability is an independent construct. Moreover, the Pearson correlation of 0,620 supports this conclusion: value-based selling and value crafting skills and value communication ability explain only 38,4 % of each other's variance.

Table 17: Regression analyses for selling skills

	Main effects on value-based selling	
	Beta	T-value
Main effects:		
Customer knowledge	<u>0.14</u>	<u>3.78**</u>
Value crafting and communication skills	<u>0.54</u>	<u>14.6**</u>
	R^2 .4	
R^2 is adjusted, **p<0.01		
Results determining the results for hypotheses have been underlined.		

Ultimately, selling skills were recognized as important antecedents for value-based selling behavioral mode. This thesis supports the following hypotheses, with a reservation that H_{5b} and H_{5c} are essentially converged into one hypothesis:

H_{5a}: Customer knowledge enables value-based selling.

H_{5b+c}: Value proposition crafting skills & value communication ability enable value-based selling.

4.5   Motivational undercurrents of value-based selling

The theory consists of two main motivational orientations which are seen as a more persistent quality of a salesperson, for that matter, than behavior. Behavior is partly formed by our motivations and thus it is possible that motivations contribute to value-based selling behavior or the desired result of that behavior: salesperson performance.

**Regression models for motivational orientations**
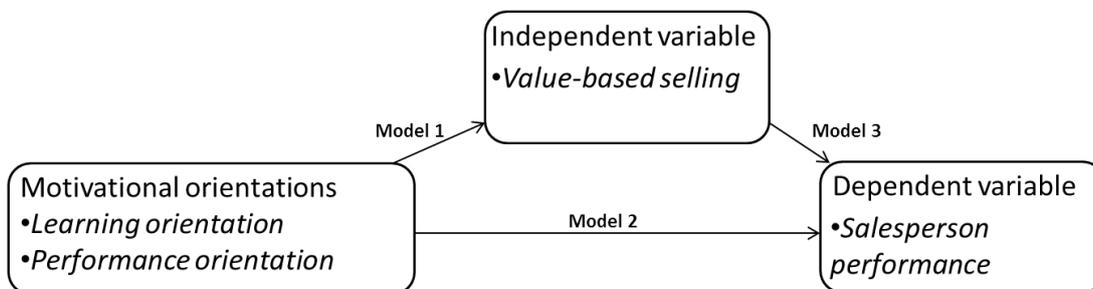
Figure 12: Regression models for motivational orientations

Motivational orientations are tested as an antecedent variable in models 1 and 2. The third model adds value-based selling as an independent variable to determine the possible mediation effects by the value-based selling.

Table 18: Pearson correlation of motivational orientations

Pearson correlation	LO	PO	VBS
Learning orientation	1	,317[**]	,402[**]
Performance orientation		1	,257[**]
Value-based selling			1
**. Correlation is significant at the 0.01 level (2-tailed).			

Independent variables in motivational orientation regression model correlate with each other. This overview of Pearson correlation shows the reasonability to continue for regression analysis specific goodness-of-fit tests: analysis of variance, multicollinearity and homoscedasticity.

Table 19: Anova and multicollinearity tests for motivational orientations

ANOVA	
Model	F
1	73.35**
2	28.64**
3	33.63**
**$p<0.01$	

Coefficients		
Model	Collinearity Statistics	
	Tolerance	VIF
VBS	0.819	1.22
LO	0.789	1.267
PO	0.88	1.137
Dependent Variable: Salesperson performance		
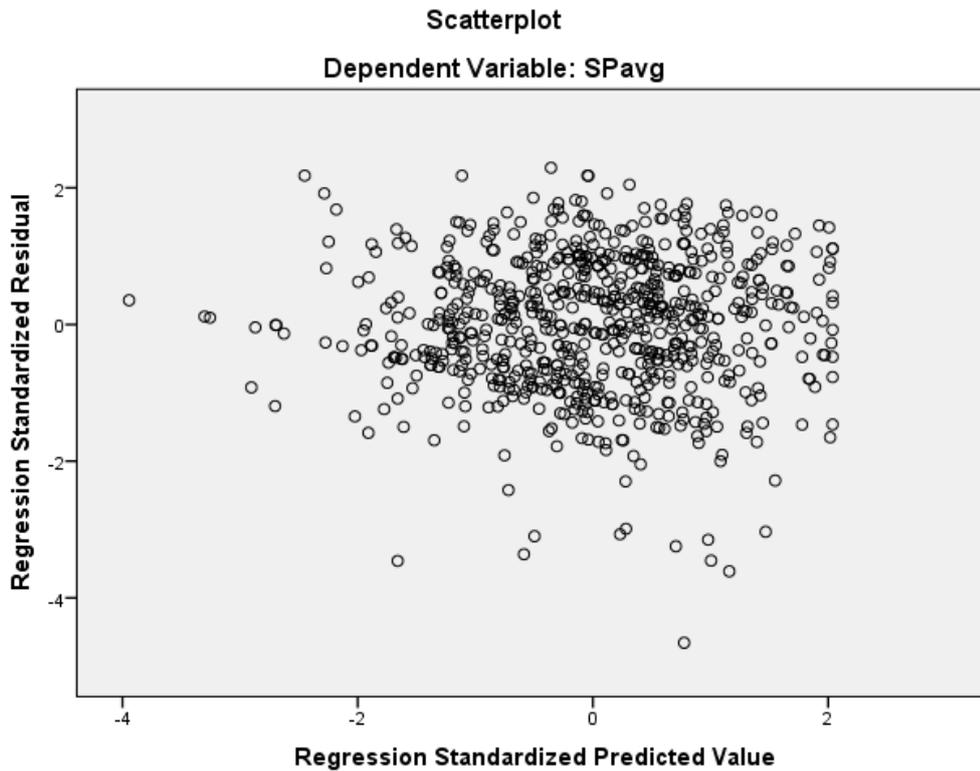
Figure 13: Homoskedasticity test for motivational orientations

The analysis of variance F-test and multicollinerity test indicate that the models are fit for regressing as all F-tests are significant (p<0.01) and all VIF values are below 3. Also scatterplot chart (see figure 13) does contain pattern of changes in the residual. This interprets as confirming the homoskedastic hypothesis of the variables. Having tested the goodness of fit for motivational orientations, the next step is regression of the models. The results are shown below in table 20.

Table 20: Regression analyses for motivational orientations

	Model 1: Main effects on value-based selling		Model 2: Main effects on performance		Model 3: Mediation effects on performance	
	Beta	T-value	Beta	T-value	Beta	T-value
Main effects:						
LO	0,36	9,65**	0,11	2,77**	0,02	0,45
PO	0,14	3,89**	0,23	5,8**	0,19	4,96**
VBS					0,25	6,34**
- adjusted:	R^2 .18		R^2 .08		R^2 .15	
**p<0.01, results determining the results for hypotheses have been underlined.						

Both learning orientation and performance orientation explain the change in variance of value-based selling and sales performance within models 1 and 2. However, model 3 shows almost full mediation of learning orientation via value-based selling to salesperson performance. Thus, the hypothesis H_{6b} is rejected while the following hypothesis is supported:

H_{6a}: Learning orientation relates to salesperson performance through value-based selling behavior.

5   DISCUSSION

While the previous chapters outlined theory and research design and tested the hypotheses for value-based selling, this chapter concentrates on the discussion about the empirical results and their meaning to the existing theory.

Table 21: Table of hypotheses

Research questions, hypotheses and the corresponding question set in the survey	Supported by data	Discussed in section
How does salesperson performance in value-based selling contrast with other selling behaviors?		
H_1: Value-based selling is a distinct behavioral mode that differs from other selling behaviors	Yes	4.1
H_2: Value-based selling has similarities with other key selling behaviors	Yes	4.3
H_3: Link between value-based selling and salesperson performance cannot be explained by other key behaviors.	Yes	4.3
H_{4a}: The performance of customer-oriented selling is explained by value-based selling.	Yes	4.3
H_{4b}: The performance of adaptive selling is explained by value-based selling.	No	4.3
H_{4c}: The performance of relationship selling is explained by value-based selling.	No	4.3
How selling skills relate to salesperson performance in value-based selling?		
H_{5a}: Customer knowledge enables value-based selling.	Yes	4.4
H_{5b}: Value proposition crafting skills enable value-based selling.	Yes	4.4
H_{5c}: Value communication ability enables value-based selling.	Yes	4.4
How motivational orientations relate to salesperson performance in value-based selling?		
H_{6a}: Learning orientation relates to salesperson performance through value-based selling behavior.	Yes	4.5
H_{6b}: Performance orientation relates to salesperson performance through value-based selling behavior.	No	4.5

Support was found for eight hypotheses – and four hypotheses were rejected. Hypothesis 1, the main hypothesis of this thesis, was supported. It posits that value-based selling is a distinct behavioral mode that differs from other selling behaviors. This result expands the influence of service logic (e.g. Vargo & Lusch 2004; Grönroos 2011) to sales management literature and gives weight to existing value-based selling studies

(Terho et al. 2012). Additionally, the role of customer value (Anderson et al. 2009; Ulaga & Eggert 2006) is fortified in the sales management discussion.

The support on the main hypothesis opens an avenue to further elaborations of value-based selling. Although a distinct concept, value-based selling correlates with other key selling behaviors such as adaptive selling (ρ=0.374**), customer-oriented selling (ρ=0.462**) and relationship selling (ρ=.386**). This was an expected result as value-based selling has common facets according to Terho et al. (2012): adaptive selling treats customers subjectively (Weitz et al. 1986, 175), customer-oriented selling engages with customer needs (Saxe & Weitz 1982) and relationship selling emphasizes mutual disclosure (Crosby et al. 1990). In sum, value-based selling is conceptually established near these key selling behaviors.

The proximity of other behavioral concepts requires concerted handling of all the variables to determine the relation of value-based selling to salesperson performance. According to Plouffe et al. (2009, 432), there have not been alluring reasons in the past to combine the examination of several behavioral scales. However, they go on to emphasize that more research is needed to understand the inter-relationships of the sales behaviors. Therefore, hypothesis 3 sets out a claim that the link between value-based selling and salesperson performance cannot be explained by other key sales behaviors. This hypothesis was supported. Value-based selling related statistically significantly to salesperson performance (β=0.18**), notwithstanding that other key sales behaviors were included in the model. However, hypotheses 4_{a-c} examined the situation vice versa and noticed that customer-oriented selling mediated via value-based selling to salesperson performance. This finding dimishes the importance of the customer-oriented SOCO-scale (Saxe & Weitz 1982) used in sales management literature. Customer-oriented selling seems to have an all-encompassing definition but the scale itself measures very narrowly on 'presenting a solution' to the customer (Schwepker 2003, 166). An additional contribution of this thesis is the performance of relationship selling. Relationship selling explained salesperson performance almost in par (β=0.17**) to value-based selling. Lastly, adaptive selling that is gaining more popularity in conducting sales (Jobber & Lancaster 2009, 247) also explained the variance of performance (β=0.12**). The results support the finding of Franke and Park (2006) who state that adaptive selling has 'stronger effects than customer-oriented selling on salesperson performance'. Furthermore, adaptive selling succeeded in explaining more of the salesperson performance (β=0.18**) than value-based selling (β=0.15*) in the industrials sector.

Industry specific results on sales behaviors elaborate the current understanding of value-based selling. Salespeople in some GICS-industry sectors such as energy (β=0.2*), industrials (β=0.15*) and materials (β=0.36**) realize greatly improved performance with value-based selling. Salespeople in the IT industry benefit mainly from relationship selling practices (β=0.33**). The strong link from relationship selling to salesper-

son performance is one of the most surprising results since relationship selling has largely been neglected in the recent academic discussion.

Present in all salesperson behavior are his or her more permanent characteristics (e.g. Maslow 1943, 3) such as selling skills. Customer knowledge, value proposition crafting skills and value communication ability were found as antecendents of value-based selling. This finding is in accordance with earlier selling skills research (e.g. Marshall et al. 2003, 251) that posits interactional skills to highest level of importance of success. However, selling skills were not found mediating or moderating the relationship between value-based selling and salesperson performance. Moreover, proposition crafting skills and value communication ability merged to the same factor in the confirmatory factor analysis. Therefore, the division of value-based selling to value proposition and value communication by Terho et al. (2012) is unsupported. This is in accordance with the previous theoretical notions that value proposition is a reciprocal communication process (Ballantyne et al. 2011, 203–204). To put it simply, a proposition requires communication – and along the same lines also a skill to craft a value proposal is deeply interwoven in the ability to communicate value.

Another more permanent aspect of salespeople in addition to their skills is their motivations. This thesis operationalized two motivational concepts suggested by Dweck and Leggett (1988): learning orientation and performance orientation. Both orientations were found as antecedents of value-based selling and, as suggested by Sujan et al. (1994, 39), motivations also enabled salesperson performance. However, only learning orientation mediated via value-based selling which means that the performance of learning orientation is actualized in value-based selling type of activities.

6 CONCLUSIONS AND SUMMARY

The purpose of this study was to examine the concept of value-based selling and link it to salesperson performance. The definition of value-based selling is ultimately based on service logic (Vargo & Lusch 2004; Grönroos 2011). Therefore, value-based selling is defined as a salesperson behavioral mode which concentrates on generating superior customer value. Behavior was defined as a range of activities where the order of activities is not pre-determined as with processes. Organizational value focus was omitted from the study and attention was drawn to salesperson level action including other key selling behaviors: adaptive selling, customer-oriented selling and relationship selling. In addition to researching human action, more persistent salesperson qualities, i.e. selling skills and motivational orientations, were researched as antecedents of value-based selling.

To develop insights into value-based selling practices, all variables were operationalized to a survey. The initial sample size was 1229 salespersons and the response rate climbed to 59.4 %. Salespeople were selected with convenience sampling methods from companies which were either practicing value-based selling or on their way to develop these activities. The survey was internet based and took about 15 minutes to fill. Because of the sampling method, survey results of value-based selling should not be hastily generalized. Instead, it is suggested that the results imply strongly that value-based selling is an important behavioral mode at least in a sub-set of business-to-business marketing environments, namely in energy, industrials and materials sectors. Value-based selling can be a relevant concept to salespeople in other kind of environments as well but it requires more research on the subject. Therefore, this thesis has demonstrated that many salespeople who take the role of co-creating value with their customers improve their performance.

This thesis resulted to three key findings for value-based selling. Firstly, value-based selling is established as a distinct behavioral mode that differs from other key sales behaviors. This is the first time that value-based selling scale was scientifically tested and validated in a large-scale survey although value-based selling has long been a recognized concept outside the academia. Secondly, value-based selling relates directly to salesperson performance ($\beta=0.18**$). Finally, value-based selling explained the link between customer-oriented selling and salesperson performance. These findings establish value-based selling as a prominent salesperson behavioral.

Moving on from behaviors to the more persistent qualities of salespeople, four skills and motivations were found to enable value-based selling: customer knowledge, value crafting skills and value communication ability, learning orientation and performance orientation. Of these antecendents, only learning orientation mediated via value-based selling to salesperson performance. This result can be taken as a managerial advice that

the salesperson learning orientation is actualized in value-based selling type of activities. On the other hand, performance orientation relates to salesperson performance directly. Although not confirmed from the data due to limitations of cross-sectional survey, the performance of learning oriented salespeople in value-based selling possibly grow with time and experience as suggested by Ahearne et al. (2010).

Instead of positing value-based selling as a new paradigm for sales management, this thesis emphasizes the complementary nature of value-based selling alongside adaptive selling and relationship selling behavioral modes. At the same time, this thesis gives weight to the prediction of Verbeke et al. (2011, 425) who suggest that "salespeople will take on more of a knowledge brokering role, transferring know-why (science behind products/services) and know-how (what salespeople learn when a market segment uses products/services) to customers". In some business-to-business sectors such as materials, energy and industrials, it seems that salesperson is set into a formidable customer-centric position where he or she is able to generate more customer value than in traditional customer-oriented selling where activities concentrate on 'merely presenting a solution' (Schwepker 2003, 166).

In sum, the establishment of value-based selling scale leads to many intriguing research possibilities. The data collected as a part of this thesis will possibly yield to many more insights with structural equation modeling. Possible future research paths in the salesperson-level analysis are to find an improved scale of selling skills that relate to performance through value-based selling or test the effects of motivational orientations to salesperson performance in value-based selling with a longitudinal research. In addition to the direct salesperson-level analysis, the indirect firm-level decisions and processes affect to the salesperson behavior and performance as well. How can companies implement their strategic value focus to the salesperson level? What are the moderators and mediators in the sales director's behavior to sales performance in value-based selling? Also customer-level analysis should be considered as customer is the focal point of value-based selling. How does practicing value-based selling appear and affect to the customer? How do more direct scales of measuring customer value change our understanding of successful sales behavior?

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APPENDIX 1 – ABBREVIATIONS

ANOVA	Analysis of variance
AS	Adaptive selling
CFA	Confirmatory factor analysis
CMV	Common method variance
COS	Customer-oriented selling
CRA	Cronbach's alpha
CRM	Customer relationship management
GICS	Global industry classification standard
IT	Information technology
LO	Learning orientation
N/A	Non-applicable
PO	Performance orientation
QC	Value communication ability
ROI	Return on investment
RS	Relationship selling
SC	Value proposition crafting skills
SCQC	Value proposition crafting skills and value communication ability
SOCO	Sales orientation – Customer orientation
SP	Salesperson performance
SPavg	Salesperson performance scale mean
SPSS	Statistical product and service solutions
SRS	Simple random sampling
VIF	Variance inflation factor
VBS	Value-based selling
+	$p<0.1$
*	$p<0.05$
**	$p<0.01$

APPENDIX 2 – OPERATIONALIZATION TABLE

The operationalization table is on pages 70–72. The operationalization table is summary table of all the concepts (i.e. factors) that are used in the empirical part of the thesis. It contains information about the survey, namely the items that have been asked from the respondents. Furthermore, confirmatory factor analysis (CFA) results have been added to indicate the factor loading of the items. Items with R as factor loading either failed to load over 0,4 or loaded over 0,4 to two factors.

Every concept in the operationalization table is measured by several items. These items reflect the concept in slightly different angles and create a composite measure of the concept. Every item has equal weight in forming a concept in the composite measures of this thesis. The operationalized concepts in this thesis are learning orientation (LO), performance orientation (PO), value-based selling (VBS), customer-oriented selling (COS), relationship selling (RS), customer knowledge (CB), value proposition crafting skills (SC), value communication ability (QC) and salesperson performance (SP).

Table 22: Operationalization table

Abbr.	Questions	CFA
Learning Orientation[1] (Silver, Dwyer & Alford 2006 JPSSM)		
LO1	An important part of being a salesperson is continually improving your sales skills	.757
LO2	It is important for me to learn from each selling experience I have	.699
LO3	It is worth spending a lot of time learning new approaches for dealing with customers	.764
LO4	Learning how to be a better salesperson is of fundamental importance to me	.804
LO5	I put in a great deal of effort in order to learn something new about selling	.692
Performance Orientation[1] (Silver, Dwyer & Alford 2006 JPSSM)		
PO1	I want to do well in my job to show my ability to my family, friends, supervisors, or others	.669
PO2	I am motivated by the thought of outperforming my peers in my firm	.810
PO3	It is important to me to do better than the other salespeople in my firm	.883
PO4	I am striving to demonstrate my ability relative to other salespeople in my firm	.875
PO5	It is important to me to do well compared to others in my firm	.867
PO6	My goal is to outperform most of the other salespeople in my firm	.854
Value-based selling[1], new scale based on Terho et al. (2012)		
To what extent do you agree with the statements concerning your sales approach to high potential customers		
VBS1	I work with my customers to find out what is needed to improve their performance.	R
VBS2	I actively demonstrate to my customers the financial impact of working with us.	.674
VBS3	I focus on proactively improving my customers' business performance.	.726
VBS4	I use a value-based selling approach.	.593
VBS5	Based on a profound knowledge of my customers' business, I show how our products/services will improve their company's performance.	.630
VBS6	I work towards improving my customers´ bottom line.	.767
VBS7	I focus on identifying opportunities to improve customers' business profits.	.748
VBS8	I am essentially selling financial value rather than product benefits/features to my customers.	.618
Adaptive selling[1] (Robinson et al. 2002 JPSSM)		
AS1	When I feel that my sales approach is not working, I can easily change to another approach.	.725
AS2	I like to experiment with different sales approaches.	.789
AS3	I am very flexible in the selling approach I use.	.835
AS4	I can easily use a wide variety of selling approaches.	.829
AS5	I try to understand how one customer differs from another.	R

Customer-oriented selling[1] (Thomas, Soutar & Ryan 2001 JPSSM)		
COS1	I try to figure out what a customer's needs are.	.670
COS2	A good employee has to have the customer's best interest in mind.	.533
COS3	I try to bring a customer with a problem together with a product/service that helps solve that problem.	.758
COS4	I offer the product/service that is best suited to the customer's problem.	.793
COS5	I try to find out what kind of products/services will be most helpful to a customer.	.796
Relationship selling[1], partly based relational sales behavior (Crosby et al. 1990)		
RS1	I invest a lot of time in developing long-term relationships with my customers.	.516
RS2	I contact my customers more often than I need to just for selling	.732
RS3	I help my customers even if there is nothing in it for me	.750
RS4	I tell my customers a lot about myself and my job to help develop personal relationships	.772
Customer knowledge[2], new scale based on Terho et al. (2012)		
In my job, I am recognized as being skilled in . . .		
CB1	Being particularly knowledgeable concerning customers' business	.782
CB2	Having a profound understanding of customers' business goals	.773
CB3	Having a deep understanding of customers' business processes and operations	.776
Value proposition crafting skills[2], new scale based on Terho et al. (2012)		
In my job, I am recognized as being skilled in . . .		
SC1	Identifying sales opportunities with substantial value potential in customers' business	R
SC2	Finding "execution gaps"/"business challenges" that have substantial value potential for my customers' business, based on consultative sales work	R
SC3	Identifying solutions that will add substantial value to my customers´ business	.610
SC4	Crafting high value solutions by transferring knowledge gained from working with other customers	.539
Value communication ability[2], new scale based on Terho et al. (2012)		
In my job, I am recognized as being skilled in . . .		
QC1	Creating particularly strong evidence for customers on the financial value of our offering	.694
QC2	Calculating the financial impacts for the customer of using our our offering	.737
QC3	Demonstrating to the customer the value of our offering relative to the next best competing alternative	.756
QC4	Credibly communicating the value of our offering to customers, using relevant key performance indicators	.768
QC5	Explaining transparently the assumptions underlying why our offering will impact the customer's business.	.779

QC6	Reducing customer perceived risk related to the value of our offering.	.732
Salesperson performance[3] (Established measures most used in JM & JAMS)		
Compared with other salespeople working for your company, how would you evaluate your overall performance?		
SP1	on achieved sales in the last 12 months?	.888
SP2	on achieved orders in the last 12 months?	.877
SP3	on the achieved total contribution margin in the last 12 months?	.828
SP4	on the achieved closing ratio in the last 12 months?	.828
SP5	on achieved customer satisfaction	.625
SP6	exceeding the sales targets and objectives that are assigned to me	.823
SP7	selling products with higher profit margins	.721
SP8	generating a high euro/dollar amount of sales in my territory.	.806
SP9	quickly generating sales of new company products.	.586
SP10	producing a high market share for my company in my territory.	.764
SP11	identifying and selling to major accounts in my territory.	.669
[1] strongly disagree (1) -- strongly agree (7)		
[2] less than average (-3) -- average level (0) -- exceptional level (+3)		
[3] much worse (1) -- much better (7)		

APPENDIX 3 – EXCERPT ON SURVEY MARKETING MATERIAL

The purpose of the research project:

We are conducting an international research project on the effective implementation of value-based selling. Our research team consists of internationally recognized top-level business-to-business marketing researchers. The study focuses on the relationship between value-based selling and performance based on the following guiding research questions:

- How can a firm's strategic value creation focus be effectively *implemented* into selling practice?
- What are the critical *firm level* and *salesperson level* factors that enable effective value-based selling?
- *When* and *under what circumstances* is value-based selling an effective selling strategy?

The focus and contribution of the current study:

The large scale data collection of the study will be carried out in five countries. We delimit our study to large, leading B-to-B companies that either already practice value-based selling excellently or are currently on their way to develop these activities. Our study will create *novel state-of-the-art knowledge of the key factors affecting the effectiveness of value-based selling* using benchmark logic. In order to create managerially interesting high impact research we tailor our study to the needs of the participating firms based on discussions with the management.

Data collection:

A survey study will be carried out in business unit level. Data will be collected in managerial and salesperson levels (plus customer level if desired so):

1. At *organizational level* the focus will be on the value-based selling strategy and the design of selling processes and on the related organizational capabilities and alignment needed for carrying out value-based selling effectively.
2. *At salesperson level* the focus lies on the salesperson behaviors, orientations and skills needed for high-performance selling together with the perceived organizational support for selling.
3. (If possible, *the customer level* responses will enable us to study what kinds of customers are willing to "buy value". Hence, if you want interesting, deeper going information when and for what kinds of customers the value-based selling is likely to be effective we recommend collecting customer data)

Participation in practice:

Our study does not require large investments from the participating firms in practice:

- We hope that several business units per company will participate to the study
- In order to create interesting results we need the responses of 1) one manager responsible for sales per business unit (organizational responses), 2) the salesperson responses in the business unit (>30). The questionnaire will be kept as short as possible with aimed response time around 20 minutes per respondent.
- Naturally, there are no financial costs in the study for the participating firms. All responses are strictly confidential and individual firms or responses cannot be identified from the results.

The value of the study for participating firms:

We believe that the topic and results of the study will be of high relevance and importance for you. In return for you time we will create novel, state-of-the-art knowledge about the key factors behind the effective implementation of value-based selling. More specifically:

- We will naturally report all the results of our research project including benchmark knowledge concerning the value-based selling process and the related activities
- We will write a summary of the key findings and managerial implications related to the critical firm and salesperson related issues for effective value-based selling
- We have carefully delimited out data collection to the leading B-to-B companies in high value-added, solution and service oriented businesses for securing interesting results.

APPENDIX 4 – EMAIL ADDRESS COLLECTION

Subject: Value-based selling study – data collection

Thank you one more time for your decision to participate in our study of the effective implementation of value-based selling. I promised to contact you in good time before the data collection. The data collection will be carried out in the beginning of November based on an internet based survey. We will send the questionnaire directly to the respondents e-mail. The next required steps in the study are:

1) We need the contact information of the respondents: this means one manager and preferably well over 30 salespersons per organization taking part into the study (target > 30 responses). Please send the salespersons e-mail addresses (and the manager's e-mail address if other than you) to our research assistant Otto Rosendahl otsaro@utu.fi

2) In order to create interesting and reliable results we kindly ask your support for getting the salespersons to fill in the survey. If possible, please communicate internally about the importance of participating to the survey for developing your sales practices. The response time will be around 20 minutes per respondent.

3) The survey will be carried out in English as the target group of the study consists of internationally operating firms / English is the typical company language.

4) If you prefer a later data collection time for some reason please contact us.

We want to emphasize that all responses are strictly confidential and no individual firms or responses can be identified from the results. We will create tailored benchmark reports about the value-based selling practices compared to other leading actors plus a managerial summary of the key findings for the development of effective value-based selling.

Please contact me if you have any further questions.

APPENDIX 5 – QUESTIONNAIRE COVER LETTER

Subject: Value-based selling study – data collection

Your firm has decided to participate to our international large scale study of value-based selling among leading B-to-B firms. We believe that your management has already been in contact to you about taking part into the study. We hope that this is an interesting topic for you professionally! The study will focus to the critical firm-level and salesperson level success factors for effective value-based selling (i.e. how sellers proactively demonstrate their role in improving customer's business usually in financial terms).

It takes about 20 minutes to answer to the questionnaire in the below link. <u>We want to emphasize that all responses are strictly confidential and no individual responses can be identified from the results</u>. For getting relevant and useful results try to answer the questions as objectively as possible. We will give all participants summaries of the results for helping to develop value-based selling practices further.

<u>We kindly ask you to fill in the online-questionnaire in the link below</u>. The deadline for answering to the questionnaire is [13 Nov / 20 Nov / 27 Nov / 4 Dec / 11 Dec] 2012.

Personal link to the survey: [#codelink]

APPENDIX 6 – REMINDER TO THE SALESPERSON

Subject: Reminder - Value-based selling study, data collection

We sent you a link for participating to value-based selling study [a week / two weeks] ago. Our records indicate that you have not yet answered to the survey. <u>We kindly ask you to fill in the online-questionnaire in the link below</u>. It takes only 15 minutes on average to answer to the questionnaire. The deadline for answering to the questionnaire is [20 Nov / 27 Nov / 4 Dec / 11 Dec / 18 Dec / 23 Dec] 2012.

Link to the survey: [#codelink]

We believe that your management has already been in contact to you about taking part into the study. We hope that this is an interesting topic for you professionally! The study will focus to the critical firm-level and salesperson level success factors for effective value-based selling (i.e. how sellers proactively demonstrate their role in improving customer's   business   usually   in   financial   terms).

<u>We want to emphasize that all responses are strictly confidential and no individual responses can be identified from the results</u>. For getting relevant and useful results try to answer the questions as objectively as possible. We will give all participants summaries of the results for helping to develop value-based selling practices further.

APPENDIX 7 – REMINDER TO THE SALES DIRECTOR

Subject: Request to contact the salespeople participating to value-based selling study

Dear YYYY,

We started the data collection of an international value-based selling study [a week / two weeks] ago. We kindly ask you to be in contact with the salespeople of your company who have not yet filled the value-based selling survey.

 Our objective is to collect a unique set of data which is based on the responses of hundreds of salespeople regarding sales activity, orientations, skill profiles and performance. A high response rate is important for you to benchmark the profile of your salespeople in relation with other companies. Similarly, more comprehensive database translates into more reliable results about the variables that lead to salesperson performance.

A list of the salespeople of your organization that have not yet responded:

[A list of salespeople that have not yet filled the survey]