Sequential Coherence as a Success Factor in Personal Selling

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Received: September 16, 2019    Accepted: March 7, 2020    Online Published: March 12, 2020
doi:10.5539/ijms.v12n2p13      URL: https://doi.org/10.5539/ijms.v12n2p13

Abstract

Personal selling, especially in knowledge intensive contexts, demands effective knowledge transfer between all the parties involved. In our study, we have developed a new conceptual model of sequential coherence that helps to better understand knowledge flows in personal selling. The model describes how social capital, contact intensity, trust and rewards influence sequential coherence. Sequential coherence refers to the reciprocal result of the pushing effects induced by individuals of a teaching firm and the pulling effects induced by individuals of a learning firm that enables knowledge to flow across the boundaries of firms (Yapa et al., 2019). The objective of this concept paper is to explain how sequential coherence can be used as a success factor in personal selling of technology products. Our contribution is useful to both scholars and practitioners.

Keywords: personal selling, knowledge transfer, sequential coherence, social capital, contact intensity, trust, rewards

1. Introduction

The old adage of nothing happens until a sale is made is still appropriate for today’s business organizations and how to convince the buyer remains as a challenge for sales employees. Perceived value is a primary factor influencing the purchase decision of buyers (Ku et al., 2020; Itani et al., 2019; Şen Küpeli & Özer, 2020; Chang & Wildt, 1994). A rational customer will make a purchase decision if the perceived value exceeds the cost of purchase (Chae et al., 2020; Dennis et al., 2020). Product knowledge is vital when making purchase decisions (Jefriansyah et al., 2018; McEachern & Warnaby, 2008). Wang and Hazen (2016) observed how product knowledge concerning cost, quality and green attributes affects consumer perception of value and risk which then influence the purchase decisions. In the case of such products as software, automobiles, chemicals, pharmaceuticals, engineering equipment, insurance plans, and investment banking the seller should transfer a wide array of detailed knowledge to the buyer to facilitate the purchase decision.

The combination of the different promotional channels that the seller is using is described as the promotional mix (Rowley, 1998). Such channels can include: advertising, publicity, direct marketing, personal selling and sales promotion. A versatile and balanced promotional mix is vital for a seller to succeed in sales. Personal selling building on a face-to-face contact process between the seller and the buyer enables the seller to achieve sales goals and build long-term relationships with customers (Kotler & Armstrong, 2018). Personal selling efforts increase consumer knowledge of the products enabling purchase decisions (Kotler & Keller, 2009). By personal selling, sales people convince prospective buyers of the advantages that the products have and eliminate consumer doubts about the products (Sridhar & Lyngdoh, 2019; Erevelles & Fukawa, 2013). However, extant literature does not discuss adequately how knowledge is transferred from the manufacturer to the buyer through the value chain to facilitate personal selling.

2. Objective of the Paper

The objective of this concept paper is to explain how sequential coherence can be used as a success factor in personal selling of technology products. We first present a literature review by highlighting scholarly work of prior researchers to establish connections between knowledge transfer and personal selling success. Next, we describe sequential coherence and its measurable dimensions. Factors that can influence sequential coherence in the context of personal selling are highlighted as the final section of the literature review. Then, we present a conceptual model with a brief note on operationalization followed by a discussion and a conclusion.
3. Significance of the Paper
Extant literature mostly covers upstream knowledge transfer where the focus has been on how organizations can acquire customer knowledge. However, our paper mainly discusses downstream knowledge transfer where the focus is on how product knowledge is transferred from the manufacturer to the end user. Furthermore, to our best of knowledge this is the first attempt in using sequential coherence as a concept in explaining knowledge needs in sales. The proposed conceptual model can assist researchers when they are empirically testing and validating the relevant knowledge flows.

4. Literature Review
4.1 Knowledge & Personal Selling
In the competitive business environment, sales play a vital role (Moradi et al., 2013). Knowledge management and sales are interconnected along the value chain (Schlegelmilch & Penz, 2002; Farhikhteh et al., 2020). As Davenport et al. (1998) define knowledge is information combined with experience, context, interpretation and reflection. Effective knowledge transfer enhances organizational performance measured by, for example, increased profitability and market share (Susanty et al., 2012). An organization’s capacity to learn is influenced by its prior related knowledge (Cohen & Levinthal, 1990). Troilo (2006) emphasizes three places where market related knowledge resides: localized knowledge with individual actors, interactions within a community of practice in the organization, and interactions of the marketing department of the organization with other departments and with external actors. Knowledge is useful to an organization when it is transferred to the organization, integrated with the existing knowledge of the organization and applied in practice (Yang et al., 2011). Arnette and Wittmann (2014) emphasize that sales benefit from tacit knowledge exchange about the markets. Customer relationship knowledge is mostly tacit and transferred via conversations (Bennett & Gabriel, 1999; Edvinsson, 1996).

Anderson (1983) has described procedural knowledge and declarative knowledge. Procedural knowledge includes knowledge and scientific theory. Declarative knowledge (Szymanski, 1988) takes in to consideration the contexts that organizations are embedded in when the organizations intend to operate rationally. Declarative knowledge is also called contextual knowledge. Knowledge transfer becomes difficult when the recipients do not see the source of the knowledge as reliable, trustworthy and knowledgeable (Szulanski, 1996). Prior knowledge helps organizations when they are making use of new information (Cohen & Levinthal, 1990; von Hippel, 1994). The type of the technology has a strong influence on personal selling. For example, selling of technology products that are based on sustainable technologies is relatively easy in comparison to selling products that are based on disruptive technologies.

Although some current trends such as e-commerce undermine importance of personal selling there are many other trends enhancing the importance of building strong relationships through personal selling (Arli et al., 2018). Palmatier et al. (2006) suggest that relationship selling is more effective when the relationships are built with an individual person than when the relationships are built with an organization. Business-to-business selling has evolved over the years more and more towards a consultative and solution-selling approach. In parallel, buyers have become better informed and more demanding (Paesbrugghe et al., 2018). To succeed in personal selling of technology products, Sharma et al. (2008) suggest a demand driven approach where the attention is on the strategies of the buying firm. Churchill (1985) has suggested that future research should focus more on ‘influenceable’ factors such as skill levels, role perceptions and motivation instead of enduring’ factors such as aptitudes and personal traits. Coletti and Tubridi (1993) have argued that the discrepancies within the sales people of the same organization increase as sales jobs are moving towards greater task specializations.

Personal selling can be described as personal communication of information to persuade a prospective customer to buy a product (Futrell, 1992; Santos et al., 2020). Due to the fact that face-to-face communication with customers happens in personal selling, the messages have to be more persuasive than in advertising or publicity (Jhonston & Marshall, 2003). Unlike multi-channel retailing which has received considerably increasing academic attention, there is a dearth of theoretical frameworks concerning business-to-business selling (Rodriguez et al., 2014).

Lehtimaki et al. (2008) emphasize the importance of knowledge management when selling projects. Loebbecke et al. (1999) describe the paradoxical situation in co-petition where knowledge shared for cooperation may also be used for competition. In a typical setting, the manufacturer should transfer knowledge to the reseller who would then transfer the knowledge to the distributor. The distributor transfers the knowledge to the retailer who in turn transfers the knowledge to the buyer. In case the end user is different there will be knowledge transfer from the buyer to the end user. In accordance, product knowledge is transferred along the value chain and each transferor
has to convince the respective transferee.

4.2 Sequential Coherence

Sequential coherence refers to the reciprocal result of the pushing effects induced by individuals of a teaching firm and the pulling effects induced by individuals of a learning firm that enables knowledge to flow across the boundaries of firms (Yapa et al., 2019a). Sequential coherence can be measured by the ability and willingness to teach by the individuals in the teacher firm and the ability and readiness to learn by the individuals in the student firm. The knowledge transfer can take place between individuals or between teams. Sequential coherence goes beyond the knowledge value chain (Chyi Lee & Yang, 2000). In the knowledge value chain, the focus is on the organization only; whereas sequential coherence covers the whole industry value chain. With an understanding of sequential coherence, managers can ensure smooth knowledge flows across the boundaries of firms and take corrective measures.

Complex information characteristically is more ambiguous (Ottesen & Gronhoug, 2004) and the complexity of information is a barrier to effective knowledge transfer (Simonin, 1999). Choices and attributes of information providers and information users can also be barriers to effective knowledge transfer. Furthermore, such barriers can be created because of volume and characteristics of the information itself (Von Hippel, 1994).

When using sequential coherence to understand knowledge flows across the boundaries of firms, the focus is shifted from observing the organizations to observing the individuals that facilitate the knowledge flows. It is the willingness and ability of individuals in the teacher firm and readiness and ability of individuals in the student firm that enable the smooth flow of knowledge. Although, sequential coherence was originally introduced to better understand knowledge flows across boundaries of firms, we see ample opportunities in using sequential coherence for increasing understanding in other business contexts, among others, is personal selling.

4.3 Factors that Can Influence Knowledge Flows

Social capital influences the success of selling especially in knowledge intensive contexts (Mangus et al., 2020; Ustuner, 2005; Chen et al., 2020). Social capital influences knowledge transfer and knowledge absorption which are important for effective selling (Yang et al., 2011; Kang et al., 2019). Nahapiet and Ghoshal (1998) describe three dimensions of social capital: structural, relational and cognitive. Kano (2018) emphasizes the importance of relational capital in enhancing global value chain efficiencies. Reagans and Zuckerman (2001) divide social capital into internal and external social capital. The internal network of a team represents internal social capital; and the external network of a team represents external social capital (Katz & Lazer, 2001).

The difficulty of evaluating the quality of the product prior to purchasing and consuming, and also in some cases even after consuming is a challenge in the relationship between the seller and the buyer (Tam & Wong, 2001). Crosby et al. (1990) define contact intensity as the duration and the frequency of interactions between the seller and the customer. We argue that contact intensity is a determinant of sequential coherence. In creating and maintaining personal relationships among parties, information disclosure is an important variable (Ritzen, 2020; Tam & Wong, 2001).

Adequate rewards should be made available to encourage people to share their knowledge (Sharma & Garg, 2020; Danthanarayana et al., 2020; Disester, 2003; Szulanski, 1996; Nguyen et al., 2019). According to Osterloh and Frey (2000) motivation to share knowledge is based on cost-benefit analyses. Knowledge sharing happens when the perceived benefits equal or exceed the corresponding costs (Kelly & Thibaut, 1978). Rewards and reciprocity are key benefits perceived when sharing knowledge (Ko et al., 2005; Lin, 2007).

Similarly, mutual trust is identified as an important factor in knowledge transfer (Wang et al., 2020; Zhang, 2020; Joia, 2006; Foos et al., 2006; Davenport & Prusak, 2003; Massaro et al., 2019). Fink and Kessler (2010), Welter (2012), Chae et al. (2020), Becerra et al. (2008), Geneste and Galvin (2013) also emphasize trust as a factor influencing knowledge transfer.

5. New Conceptual Model

Based on our literature review, we developed a new conceptual model of sequential coherence shown in Figure 1 that helps to better understand knowledge flows in personal selling. The model describes how social capital, contact intensity, trust and rewards influence sequential coherence.
We suggest conducting a quantitative study with an appropriate sample to validate the hypotheses of the conceptual model presented in Figure 1. The dimensions shown in Table 1 below can assist the researchers to identify the relevant indicators to measure the independent variables.

Table 1. Dimensions of the independent variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Dimensions</th>
<th>Authors/Year</th>
</tr>
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<tbody>
<tr>
<td>Social capital</td>
<td>Structural, cognitive and relational social capital</td>
<td>Chen et al., 2020; Mangus et al., 2020; Inkpen &amp; Tsang, 2005</td>
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<tr>
<td></td>
<td>Trust based ties</td>
<td>Mu et al., 2008; Kang et al., 2019</td>
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<tr>
<td></td>
<td>Strong cooperation agreements</td>
<td>Perez-Iano et al., 2011</td>
</tr>
<tr>
<td>Contact intensity</td>
<td>Duration of interactions</td>
<td>Wang et al., 2019; Ohiomah et al., 2019; Crosby et al., 1990</td>
</tr>
<tr>
<td></td>
<td>Frequency of interactions</td>
<td></td>
</tr>
<tr>
<td>Mutual trust</td>
<td>Personal relationships</td>
<td>Narayanan &amp; Raja, 2020; Zhang, 2020; Joia, 2006; Chae et al., 2020; Foos et al., 2006; Wang et al., 2020; Shrama &amp; Klein, 2020; Davenport &amp; Prusak, 2003; Roberts, 2000; Massaro et al., 2019; Fink &amp; Kessler, 2010; Welter, 2012</td>
</tr>
<tr>
<td></td>
<td>Information disclosure</td>
<td></td>
</tr>
<tr>
<td>Rewards</td>
<td>Cost-benefit analyses</td>
<td>Sharma &amp; Garg, 2020; Dister, 2003; Szulanski, 1996; Hansen et al., 1999; Leonard &amp; Senesiper, 1998; O’Del &amp; Grayson, 1998; Davenport &amp; Prusak, 2003; Nguyen et al., 2019</td>
</tr>
<tr>
<td></td>
<td>Perceived benefits and corresponding costs</td>
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</table>

6. Discussion and Conclusion

Customer purchase decisions are influenced by product knowledge and personal selling is an important source of such knowledge (Jefriansyah et al., 2018; Sridhar & Lyngdoh, 2019; Huang, 2019; Kasemsap, 2019). Hindrance to the required knowledge flows from one entity to another along the value chain may create problems in convincing the next party or even lead to a complete standstill in the sales dialogue. Therefore, the seller should be able to quickly scan the upstream and downstream participants in the value chain as regards to smooth knowledge flow. When appropriate, the seller should be equipped to take appropriate corrective actions. Given the time and effort exerted on selling technology-based products such as software, automobiles, chemicals, pharmaceuticals, engineering equipment, insurance plans, and investment banking it is of utmost importance to ensure that appropriate product knowledge is transferred in a convincing manner so that the purchase decision is made.

Increasing inter-organizational collaborations and distributive forms of organizations demand knowledge transfer among organizations where information about each other is asymmetric and incomplete (Lin et al., 2005). The necessity to pay attention to knowledge flows beyond the firm’s boundaries is essential. Wortuba (1991) suggests the evolution of selling over five stages: provider, persuader, prospect, problem-solver, and procreator. Reverse knowledge transfers (Kogut & Mello, 2017), co-creation (Paswan et al., 2014) and crowdsourcing (Fang et al., 2014) practices make it essential for organizations to understand technology trends
and market trends to retain competitiveness. Therefore, it is important to pay attention to sequential coherence in personal selling to ensure that knowledge transfer happens smoothly.

Sequential coherence allows knowledge to flow across the boundaries of firms, from one entity to another (Yapa et al., 2019b). Crossing the boundaries means changing the medium. It is like moving from one vessel to another. Product knowledge that is necessary for end users to benefit from the product and make purchase decisions (Jefriansyah et al., 2018; Farhikhteh et al., 2020) should essentially pass down from upstream players to downstream. This will also ensure transparency, ethical practices and sustainable relationships along the value chain.

As the purchase decision is made with an emphasis on comparing the perceived benefits with the corresponding costs (Itani et al., 2019; Silva et al., 2019; Chang & Wildt, 1994), the seller must pay much attention to how the seller can convince prospective buyers. Relevant product knowledge is needed by the buyer in order to make a rational decision. We argue that sequential coherence is a success factor in personal selling of technology-based products.

References


