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ABSTRACT OF DISSERTATION

William Jason Rowe

The Graduate School

University of Kentucky

2010

AN INVESTIGATION INTO THE UNINTENDED CONSEQUENCES OF
DOWNSTREAM CHANNEL ALLOWANCES

ABSTRACT OF DISSERTATION

A dissertation submitted in partial fulfillment of the
requirements for the degree of Doctor of Philosophy
in the College of Business and Economics
at the University of Kentucky

By
William Jason Rowe

Lexington, Kentucky

Director: Dr. Steven J. Skinner, Rosenthal Professor of Marketing

Lexington, Kentucky

2010

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ABSTRACT OF DISSERTATION

AN INVESTIGATION INTO THE UNINTENDED CONSEQUENCES OF DOWNSTREAM CHANNEL ALLOWANCES

Downstream channel allowances involve the practice of selling firms making payments to customers in exchange for distribution of a product. Such transactions occur most frequently in a business-to-business exchange. Although various forms of channel allowances have been investigated over the past three decades, the literature is lacking in guidance regarding whether or not, and to what extent, the salesperson should control these payments. Relying on the theoretical underpinnings of cognitive evaluation theory, this dissertation takes the initial step in understanding the effects of customer perceptions of salesperson control over allowances, with special attention to the impact on the customer-salesperson relationship. A key finding of this study is that high perceived salesperson control (from the customer's perspective) has moderation effects in relation to customer loyalty and salesperson performance. An explanation is offered for the unexpected findings followed by a discussion of the implications for theory, managers, and future research in the area of channel allowances.

KEYWORDS: Channel Allowances, Distribution Channels, Customer Loyalty, Salesperson Influence, Salesperson Performance

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DOWNSTREAM CHANNEL ALLOWANCES

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For my wife, Christina, and my sons, Callaway and Finnigan

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Most importantly and in no certain order, I want to thank my wife Christina, my sons Callaway and Finnigan and my mother Patricia. These are the four most important people in my life. Together, they provided the direction, accountability, and motivation to complete my doctoral work. At the most challenging times during my doctoral work I would look at Callaway and Finnigan. The responsibility of children is a powerful motivator and makes any amount of effort worthwhile. I look forward to helping Callaway and Finnigan develop and find their own passion and path in life.

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CHAPTER 1 INTRODUCTION

Downstream channel allowances, also referred to simply as ‘channel allowances’, occur when a seller makes a payment to a downstream channel partner, typically a buying firm, in exchange for distribution of a product or service. There is an ongoing debate as to the advantages and disadvantages of this pay-to-play practice. Although scholars have examined this phenomenon from both perspectives, very little, if any, work has focused on the unintended consequences that such payments may have in an exchange context. I propose the following dissertation as the initial step in understanding the undermining effect that downstream channel allowances may have on variables which are important to sales managers, salespeople, and the customers they serve.

BACKGROUND

The practice of sellers making payments to customers in order to gain access to a distribution channel is widespread. Therefore, this research is relevant to multiple industries and academic disciplines. Specifically, this research has relevance to the fields of marketing, economics, public policy, and ethics. Further, our current state of knowledge regarding these payments between channel partners is severely lacking. In particular, there is an absence of any guidance as to how these types of payments may be used effectively by selling firms. My research takes the initial step toward addressing this knowledge gap by investigating the unintended consequences of payments such as downstream channel allowances which may be present in the customer-salesperson exchange.

To date, scholars have examined the general practice of slotting fees (e.g., Bone, France, and Riley 2006), the ongoing debate over the channel effects of slotting fees (e.g., Bloom, Gundlach, and Cannon 2000; Marx and Schaffer 2007), the relevance of slotting fees to new product development (e.g., Rao and Mahi 2003; Sudhir and Rao 2006; Desiraju 2001; Richards and Patterson 2004), and the case of slotting fees from a public policy perspective (e.g., Wilkie, Desrochers, and Gundlach 2002). However, empirical research on slotting fees remains scarce. What knowledge is available tends to

focus on the case of powerful retailers requiring manufacturers to pay slotting fees to gain distribution of a new product. Little, if any, effort has been put into investigating the incidence of manufacturers *wanting* to pay slotting fees as a way to gain product distribution, develop brands, build market share, grow top line revenue, and improve bottom line results. Additionally, little is known about how and to what extent slotting fees may be factored into marketing strategy and sales processes.

There are more unanswered questions about slotting fees than could possibly be addressed here. Thus, the focus of this study is on a portion of the many questions which remain unanswered. Specifically, do firms undermine the efforts of salespeople when they use slotting fees as a component of marketing strategy even if these fees are not required by customers? What is the impact of applying slotting fees from a financial perspective (e.g., selling-firm financial outcomes) and from a relational perspective (e.g., salesperson-owned loyalty)? These questions will be systematically addressed by conducting a comprehensive literature review, analyzing secondary firm-level data, collecting survey data to bridge any gaps left after the initial data analysis, and using cognitive evaluation theory to guide the overall research effort. The findings of this study are certain to hold implications for scholars and practitioners concerned with marketing strategy and the role of slotting fees. Future research on slotting fees will continue to advance our understanding of this practice in marketing strategy as well as address issues relevant to ethics and public policy.

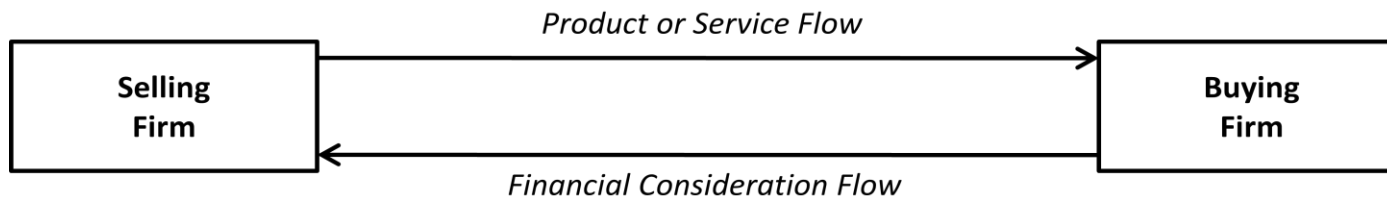
DOWNSTREAM CHANNEL ALLOWANCES CONCEPTUALIZATION

In a traditional customer-seller exchange a product or service flows from the seller to the customer while financial consideration flows from the customer back to the seller. This is a common type of exchange studied by marketing scholars. This type of exchange may take place between a business and a consumer or between two businesses. In the business-to-business exchange the practice of sellers paying customers to buy; or from a different perspective, sellers paying customers in order to sell; has become increasingly common. See figure 1-1 below.

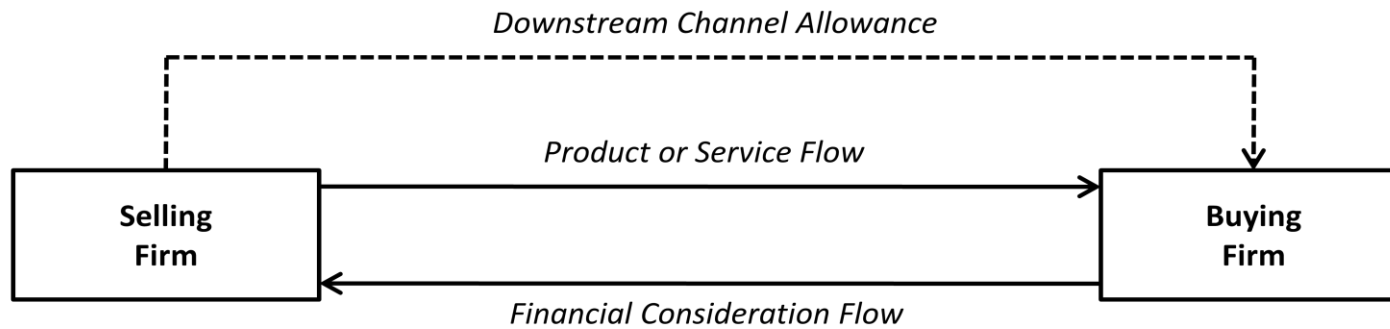
FIGURE 1.1
Customer-Seller Exchanges

Traditional Exchange vs. Pay-to-Play Exchange

Traditional Buyer-Seller Exchange



Pay-to-Play Buyer-Seller Exchange



This pay-to-play phenomenon goes by many names across multiple industries. Specific to the marketing literature, this practice is referred to as slotting fees, display fees, failure fees, pay-to-stay fees, presentation fees, and merchandising allowances among many others. However, there is a fundamental problem with using multiple descriptives, often in a generic way, to describe all such pay-to-play practices.

First, the most common of these terms, slotting fee, is outdated. Slotting fee was originally used in reference to manufacturers paying for ‘slots’ in the warehouse of a distributor. There were costs associated with adding products in the warehouse so a slotting fee was charged to the manufacturer as a way of transferring those costs. Today, the term slotting fee is used to describe many different arrangements such as paying for shelf space in a retail store or paying for product placement on a website.

Second, the term has become outdated from a legal perspective. For example, when the Federal Trade Commission (2003) questioned retail customers regarding the practice of slotting fees, customers frequently stated that their company did not charge nor accept slotting fees. While technically true, many of these companies did extract payments from sellers in other ways such as promotional and advertising allowances, failure fees, or charge-backs. While these practices are not technically “slotting fees”, they are effectively the same. That is, financial consideration being paid by the seller to the customer in exchange for either initial or continued access to a distribution channel.

Third, these fees and allowances are not solely being charged by customers to sellers. In fact, manufacturing firms frequently offer payment, in these many forms, as a way to gain access within a channel of distribution. For example, a consumer goods manufacturer may offer a merchandising allowance to a retailer in exchange for distribution or additional space in the retailer’s store. Similarly, an appliance

manufacturer may offer payment, in some form, to a home builder in exchange for placement of the manufacturer's appliances in model homes. The possible forms of payment are virtually endless and the exchange partners too numerous to count when attempting to investigate this pervasive phenomenon. Refer to table 1.1 for a sample of the many different definitions used to define slotting fees and related practices.

Thus, in an effort to combine all of these various payments into one concept and to allow for concise study, I propose the conceptualization of downstream channel allowances to describe any form of financial consideration flowing from a seller to a customer with the intended outcome of gaining access to a distribution channel controlled by the downstream channel partner (i.e., the customer). The focus of this dissertation is on the application of downstream channel allowances on the form monetary payment, as opposed in-kind gifts for example.

TABLE 1.1
Common Definitions of Slotting Allowances and Related Practices

Author(s)	Definition
Aalberts and Jennings (1999, p. 207)	“Slotting fees are fees manufacturers pay to retailers in order to obtain retail shelf space.”
Bloom, Gundlach, and Cannon (2000)	slotting fees and allowances' have been broadened to describe a family of marketing practices that involve payments and other incentives (e.g., free products or services) given by manufacturers to persuade downstream channel members to stock, display, and support their products (Bloom, Gundlach, and Cannon 2000 from Wilkie, Desrochers, and Gundlach 2002)
9 Bone, France, and Riley (2006, p. 224)	“Slotting fees, also known as slotting allowances, are up-front, lump-sum payments from manufacturers to retailers to obtain new product distribution.”
Cannon and Bloom (1991, p. 168)	<p>“A slotting allowance is a one-time payment paid by a manufacturer to a grocer or wholesaler as part of the terms required to distribute a new item.”</p> <p>“Slotting allowances differ from more traditional forms of trade promotion in three ways. First, slotting allowances are usually negotiated, and therefore vary from customer to customer. Second, the payments are often lump-sum, up-front cash, not based on actual purchases. The guidelines set forth by Robinson-Patman Act Section 2(d) require that promotional allowances be paid on proportionally equal terms across all customers.</p>

TABLE 1.1, CONTINUED

This has usually meant that trade allowances are based on actual dollar or unit volume purchased. Third, the magnitude of individual payments can be much greater than other forms of trade promotion.”

Desiraju (2001, p. 336)

“(Slotting) allowances are the controversial fees charged by retailers to allow shelf space for new products.”

Gundlach and Bloom (1998, p. 174)

“(Slotting allowances are) payments to retailers for stocking and displaying new products, or for other support services...”

Israilevich (2004, p. 143)

“Slotting allowances are lump-sum, up-front payments from a manufacturer to a retailer to have a new stock-keeping unit (SKU) carried by the retailer and placed on its shelves.”

“Pay-to-stay fees are charged for existing products to ensure continued presence on the shelf for some further period.”

Kelly (1991, p. 187)

“A slotting allowance is a fee paid by a grocery manufacturer to a grocery retailer at the time of the introduction of a product to the retailer's inventory, ostensibly to reimburse the retailer for the initial expenses it incurs by adopting the product.”

Laraviere and Padmanabhan (1997, p. 112)

“Slotting allowances (are) lump sum transfers from manufacturers to retailers for carrying new products.”

TABLE 1.1, CONTINUED

Marx and Schaffer (2007, p. 823)

“Upfront payments are fixed fees paid by manufacturers to retailers ostensibly to obtain access to shelf space, defray upfront costs, and support downstream promotional activities.”

“The term is descriptive of when these payments are actually made, that is, at the time the contract is signed and/or at the beginning of each year if the length of the contract spans several years.”

“Slotting allowances belong to this class of payments, as do so-called listing fees, pay-to-stay fees, and street money.”

Rao and Mahi (2003, p. 246)

“These allowances are lump-sum, up-front transfer payments from manufacturer to retailer when the manufacturer launches a new product.”

Rennhoff (2004, p. 1)

“Merchandising allowances are fees manufacturers pay retailers to encourage them to allocate certain in-store promotional activities to the manufacturers’ brand(s).”

Shaffer (1991, p. 120)

“Slotting allowances, also known as street money or placement allowances, are fees paid by manufacturers to obtain retailer patronage. They may be cash gifts or payments in kind, such as cases of free goods.”

Sudhir and Rao (2006, p. 137)

“Slotting allowances are lump-sum payments by manufacturers to retailers for stocking new products.”

TABLE 1.1, CONTINUED

Sullivan (1997, p. 461)

“Slotting allowances are fixed fees paid to retailers by manufacturers in return for stocking new products on a trial basis.”

Wang (2006, p. 68)

“Slotting allowances, also referred to as slotting fees, refer to the fees that manufacturers pay retailers in order to have their products being carried by the retailers. These fees include shelf-space fees, display fees, pay-to-stay fees, failure fees, etc.”

White, Troy, and Gerlich (2000, p. 291)

“...slotting fees typically refer to up-front cash payments to retailers for accepting new products, while introductory allowances reflect free or discounted orders for new products.”

“The main difference between the two are that slotting fees are negotiated in private, tend to vary across manufacturers, and are not based on actual purchases, while introductory allowances are based on purchases and tend to be consistent across manufacturers.”

RESEARCH GAP

Offering support for the notion that slotting fee occurrences are becoming more widespread, Wilkie, Desrochers, and Gundlach (2002) find that the practice continued to grow throughout the 1990's. Further, the authors find that this practice has moved beyond the grocery industry and into other areas of the marketplace such as airports, internet commerce, and textiles. With no resolution to the opposing schools of thought, and now a more widespread application of these payments, the debate over this practice has intensified. In a review of court rulings and case law, Balto (2002) suggests that interest in slotting allowances and related practices will continue to grow among scholars as well as public policy makers. However, knowledge gaps remain and scholarly work in this area is far from over.

One fruitful area of inquiry involves the unintended consequences that result from these payments. Beyond discriminatory and exclusionary effects which have legal implications and questions of fairness and equity within the marketplace which have ethical implications, there are questions to be answered regarding the effect that these payments have on the selling process itself. The current research proposal addresses a portion of this by asking whether or not downstream channel allowances harm a salesperson's ability to persuade a customer through influence methods and/or diminish the loyalty a customer holds toward the salesperson.

STUDY DESCRIPTION

The current study will explore the effect of customer's perceptions of salesperson control over downstream channel allowances in a business-to-business sales setting. Survey research will be used as the method in gathering data from a sample of customers. Secondary data will be collected at the firm-level from marketing managers to complete the data set. Careful attention will be paid to the sources of the data in an effort to avoid common method bias (Podsakoff et al 2003). The research model presented in chapter three will be empirically assessed using well-established methods of analysis. The hypotheses put forth will be addressed based on the outcome of the model testing process. Cognitive evaluation theory serves as the guiding framework for this proposal. However, in the event of unexpected results, other established theoretical perspectives may be relied upon to provide explanatory value.

PROBLEM STATEMENT

The central thesis of this research involves the unintended consequences to the salesperson resulting from the salesperson's perceived control, from the customer's perspective, of channel allowances to gain access to a downstream point of distribution. Specifically, a lack of control over these payments is hypothesized to undermine a salesperson's influence over the customer and the customer loyalty the salesperson accrues (i.e., salesperson-owned loyalty).

These relationships are explored from the perspective of cognitive evaluation theory which suggests that extrinsic rewards for a particular activity result in decreased intrinsic motivation to engage in the activity. The theoretical rationale is that, when the salesperson is perceived to lack control over these payments, downstream channel allowances act as an extrinsic source of motivation reducing the customer's intrinsic motivation to focus attention toward an interpersonal relationship with the salesperson. Thus, the salesperson's influence over the customer as well as the customer's loyalty toward the salesperson is reduced. In sum, the key variables of concern include the salesperson's perceived control of downstream channel allowances, salesperson influence, and salesperson-owned loyalty. The next chapter provides a review of the current literature in relation to each of these variables as well as a review of the application of cognitive evaluation theory in marketing.

CONTRIBUTIONS

The current dissertation will contribute to multiple research streams with relevancy across disciplines. First, this research will uncover any hidden effects that downstream channel payments may be having on key elements of the customer-salesperson relationship. This will more fully inform managers as to the cost and benefits of using these payments as part of a distribution strategy. Second, the conceptualization of downstream channel allowances will hopefully lessen confusion that surrounds such payments and offer a more concise approach to future research on the topic. Third, from a theoretical perspective, this research will apply cognitive evaluation theory in a new context (i.e., customer-salesperson relationships) and may further strengthen the theory through empirical testing.

Fourth, McFarland, Challagalla, and Shervani (2006) calls for further research using salesperson influence in various firms across different industries to further the generalizability of prior research. The proposed studies address the issue of generalizability by employing the salesperson influence construct in relation to channel allowances in a business-to-business context. Fifth, Higgins, Judge, & Ferris (2003) suggests that possible moderators exist between influence tactics and work outcomes. The current research may serve to further support this idea by showing perceived salesperson control of channel allowances acting as a suppression mechanism in the relationship between the explanatory and outcome variables in this study (e.g., salesperson influence and salesperson performance). In sum, the value of the current research is in the acquisition of knowledge in the area of downstream channel allowances in relation to outcome variables important to both the salesperson and the selling-firm.

CHAPTER 2 LITERATURE REVIEW

INTRODUCTION

The central thesis of this research involves the unintended consequences to the salesperson resulting from the customer's perception of the salesperson's control over channel allowances used to gain access to a downstream point of distribution. Specifically, a lack of perceived salesperson control, from the customer's point of view, over such payments is hypothesized to undermine a salesperson's influence over the customer and the customer loyalty the salesperson accrues (i.e., salesperson-owned loyalty).

These relationships are explored from the perspective of cognitive evaluation theory which suggests that extrinsic rewards for a particular activity result in decreased intrinsic motivation to engage in the activity. The theoretical rationale is that downstream channel allowances act as an extrinsic source of motivation when a lack of salesperson control is perceived by the customer thereby reducing the customer's intrinsic motivation to focus attention toward an interpersonal relationship with the salesperson. Thus, the salesperson's influence over the customer as well the customer's loyalty toward the salesperson (i.e., salesperson-owned loyalty) is reduced. In sum, the key variables of concern include the customer's perception of the salesperson's control over downstream channel allowances, salesperson influence, and salesperson-owned loyalty. This chapter provides a review of the current literature in relation to each of these variables as well as a review of the application of cognitive evaluation theory in marketing.

DOWNSTREAM CHANNEL ALLOWANCES

OVERVIEW

Marketing scholars often discover meaningful phenomena to study in attempts to acquire knowledge regarding marketplace exchanges. One type of exchange occurs between a selling firm and a buying firm. In a traditional customer-seller exchange a product or service flows from the seller to the customer while financial consideration flows from the customer back to the seller. This is perhaps the most common form of exchange studied in marketing. For example, this type of exchange may take place between a business and a consumer (business-to-consumer), between two businesses (business-to-business), or

between two individuals (peer-to-peer). In the business-to-business exchange the practice of sellers paying customers to buy or, from a different perspective, sellers paying customers in order to sell has become more common. This pay-to-play phenomenon goes by many names across multiple industries (See Table 2.1).

TABLE 2.1
Common Terms Used to Describe Downstream Payment Practices¹

Author(s)	Publication Outlet	Terminology
Bloom, Gundlach, and Cannon (2000)	Journal of Marketing	Display Fees Failure Fees Pay-to-Stay Fees Presentation Fees Slotting Fees
5 Gundlach and Bloom (1998)	Journal of Public Policy & Marketing	Appointment Fees Maintenance Fees Stocking Allowances
Jennings, Aalbert, and Happel (2001)	Journal of Law and Commerce	New Product Fees Stock Buy-Out Fees
Kelly (1991)	Journal of Public Policy & Marketing	Advertising Allowances
Marx and Schaffer (2007)	The RAND Journal of Economics	Upfront Payments

TABLE 2.1, CONTINUED

Rennhoff (2004)	Food Marketing Policy Center	Merchandising Allowances
Sullivan (1997)	Journal of Law and Economics	Promotional Allowances
White, Troy, and Gerlich (2000)	Journal of the Academy of Marketing Science	Introductory Allowances
Wilkie, Desrochers, and Gundlach (2002)	Journal of Public Policy & Marketing	Street Money
Wolburg (2003)	Journal of Consumer Affairs	Shelf Access Fees

¹These are examples of terms used to describe a payment made to a downstream channel member to gain or maintain distribution of a product or service offering. The list of terms is not exhaustive as other terms are also frequently used to describe this practice.

Although little attention was paid to slotting allowances and related practices prior to the mid-1980's, the controversial practice of sellers paying customers to gain access to a downstream distribution point is widespread in modern business (Laraviere and Padmanabhan 1997). In fact, Desiraju (2001) estimates that \$16-Billion are spent annually on slotting fees and related payments. Therefore, this research is relevant to multiple industries, government agencies, and academic disciplines. Specifically, the literature reviewed here includes work from the fields of marketing, economics, public policy, and ethics.

In the 20-plus years since Dagnoli and Freeman (1988) made reference to a truce in the use of slotting fees this practice has only continued to grow. Consumer welfare is in play; however, the government, at the state and federal level, has been hesitant to intervene. One reason for this lack of response is the absence of sufficient knowledge to make decisions and take appropriate action. Additionally, with little research it is difficult to predict the ripple effect that may result from these payments, including any unintended consequences which may result within the selling firm or the marketplace. Considering how little is known, it is not surprising that there is no agreement as to either the benefit or detriment of this practice to competitors, consumers, or other stakeholders within the marketplace. Thus, an unresolved debate exists with opposing views finding solace in two distinct schools of thought.

SCHOOLS OF THOUGHT

Bloom, Gundlach, and Cannon (2000) closely examined the different schools of thought regarding slotting allowances. From the perspective of a marketplace exchange, four stakeholder groups are affected in some way by slotting fees. These groups include the *selling firm* making the payment, the *buying firm* receiving the payment, *competitors* of the selling and buying firms, as well as the *consumers* buying the product. In general, there are two schools of thought on slotting allowances and related practices. One is known as the *efficiency school* which holds a positive view of the practice while the other is the *market power school* which holds a more pessimistic view.

The Efficiency School

The efficiency school presents several arguments in favor of these fees and allowances; here are three of the most common as suggested by Bloom, Gundlach, and Cannon (2000). First, in a retail context the fees are beneficial in that they are a highly efficient way for retailers to allocate scarce shelf space. Second, the fees shift some of the risk associated with product failure from the customer to the seller. The rationale for this benefit is that the new product failure rate is as high as 90% (Israilevich 2004). This necessarily exposes the retailer to a large amount of risk without some compensation arrangement in place between the customer and seller in the event of a product failure. Thus, these allowances provide a way to accomplish this and distribute the risk more efficiently across both parties.

Third, the fees allow sellers to signal unobservable characteristics of a product to customers. For example, willingness to pay a downstream channel allowance indicates that the seller believes in the product and will support it in the future. Support for this signaling theory can be found in the literature (e.g., Sullivan 1989, Kelly 1991, and Lariviere and Padmanabhan 1997). The logic is that in the presence of asymmetric information favoring the selling-firm, offering a payment for distribution can serve as a signal to customers that the seller is confident in the products expected performance. Likewise, customers can charge a fee to sellers as a way of screening out products in which sellers may be less confident or less willing to support beyond the initial distribution.

The Market Power School

The market power school has several arguments against these fees and allowances; here are three of the most common as summarized by Bloom, Gundlach, and Cannon (2000). First, the fees limit a consumer's access to competing products thereby controlling the individual's choice of product. Along with the forthcoming second argument, the choice limitation which is imposed by this practice is a key argument against slotting fees put forth by consumer advocates. Second, the fees increase the price of the products consumers buy because manufacturers are forced to increase prices to cover the slotting fees that are required by retail customers. Third, the fees act as an

anticompetitive mechanism that puts smaller sellers at a disadvantage in that they are unable to compete with the great financial resources of larger sellers. This final argument is the foundational element of the argument heard by the Federal Trade Commission (2003) prior to the agency's investigation into slotting fees and related practices. However, the conclusion of the FTC report was to refrain from intervening in this practice which left the government in the position of siding with the efficiency school by default.

In support of opponents of the market power school, Rao and Mahi (2003) find the magnitude (i.e., amount) of the slotting fee charged depends on the power of each exchange partner (e.g., more powerful retailers charge higher fees to less powerful manufacturers). In this instance, the use of fees has an overall negative impact on competition in the marketplace. In terms of competition, small sellers are unable to compete on the same level as large sellers when it comes to paying the fees charged by retailers. From the consumer's perspective, these fees have a real financial cost to sellers which must be accounted for in the wholesale price of the product which will ultimately affect the retail price.

MARKETING LITERATURE

Within the marketing literature, there is a minimal amount of work on downstream channel allowances (i.e., slotting fees and related practices). The literature which does exist is generally found within the contexts of new product introduction, competition, pricing, and consumer welfare. Each of these research areas are reviewed here while the economics literature and another popular domain for this research, public policy, is presented subsequently.

New Product Introduction

The application of downstream channel allowances to the context of new product development is a natural fit because these allowances are often used as a mechanism to gain initial distribution of a product (e.g., slotting fees). When used in this way these payments between channel members may supplement the efforts of the salesperson (e.g.,

make it easier for a salesperson to reach a quota), replace portions of the selling function (e.g., reduce the number of sales calls necessary to achieve distribution of a new product), or undermine relational elements which are important in the customer-salesperson relationship (e.g., reduce influence and displace loyalty).

When considering the many fine points involved in specific exchanges between customers and sellers, one can see evidence of why there is no clear consensus regarding the use of downstream channel allowances. For example, Laraviere and Padmanabhan (1997) find that slotting fees are not necessary in the presence of low retailer costs. In this situation selling firms can signal demand for a new product through wholesale price alone because the retailer has little concern over the cost associated with the particular transaction. That is, beyond the price being charged by the selling firm, cost within the distribution system is not a significant issue for retailers when putting new products on the shelf. Therefore, manufacturers can adjust the asking price for the product to signal unobservable attributes to the customer and avoid the use of downstream payments altogether.

In another example; White, Troy, and Gerlich (2000) find that retailers charge introductory allowances and slotting fees in an effort to minimize the perceived risk and cost associated with carrying a new product. In the previous example, Laraviere and Padmanabhan (1997) seem to only consider the cost of placing a product in distribution with little, if any, consideration for the risk and subsequent cost of product failure. White, Troy, and Gerlich (2000) suggest that retailers actually charge these fees in association with “new products”. The question remains as to why retailers would charge these fees for products which are already in distribution and have proven to be successful (e.g., pay-to-stay fees).

Adopting a different perspective, regarding the use of slotting allowances *offered* by manufacturers, as opposed to fees *charged* by retailers, Desiraju (2001) finds that when these allowances are used by sellers they should be offered on a brand-by-brand basis as opposed to being offered as a uniform allowance across all new product introductions. The brand-by-brand method of applying these payments allows the seller to address transaction specific elements such as costs and risks related to each new

product. This method is offered as a more efficient way for sellers to apply downstream channel allowances in an effort to gain distribution of new products.

Competition and Pricing

As knowledge of downstream channel allowance practices has grown and interest in this phenomenon from marketing scholars has increased, more attention is being paid to the effects of these payments on competition and pricing. Specifically, Wolburg (2003) provides support for the market power perspective by presenting a case study in which less powerful manufacturers are in fact disadvantaged through the use of shelf-access fees paid by more powerful manufacturers. In effect, the larger manufacturer has the ability to acquire and exert control over scarce shelf space which is akin to buying real estate in that there is a limit to its availability. Smaller sellers are left to compete for what is left over which may only be the the least desirable retail shelf positions (e.g., bottom shelf facings).

In contrast, Sudhir and Rao (2006) argue that slotting allowances and fees are efficiency enhancing, in part, because they provide a mechanism to lessen retail competition leading to a wider distribution of manufacturer's products. The logic is that sellers are able to use payments in a selective way and pick-and-choose distribution points in the marketplace essentially reducing competitive effort to a simple financial payment. Further, Kuksov and Pazgal (2007) find that slotting allowances occur more frequently and in greater magnitude in the presence of stronger retail competition, a more powerful retailer, and higher retailer costs.

Consumer Welfare

With the growing movement toward transformational consumer research (see Mick 2006) and the clear benefit to be found by focusing research effort toward the well-being of the consumer, some scholars have suggested a relevant tie between downstream channel payment practices and consumer welfare. Specifically, Israilevich (2004) studies the impact of 'side payments' made by manufacturers on supermarket product assortment. The author examined slotting allowances and pay-to-stay fees in the

supermarket industry. A key finding from this work is that supermarkets stock some products which are not profitable. However, manufacturers pay slotting allowances for these products thus subsidizing them and ensuring their continued distribution regardless of the retailer's profitability from the sale of the product. Israilevich (2004) also suggests that these products would be discontinued in the absence of slotting allowances therefore banning this practice would be detrimental to consumers. Absent the ability of sellers to subsidize the distribution of their less profitable products, consumer choice would be negatively affected. In opposition to this argument, Rennhoff (2004) finds that in the absence of merchandising allowances, manufacturers decrease wholesale prices in an effort to compete for shelf space which subsequently leads to lower retail prices. Thus, the presence of allowances has a deleterious effect on consumer welfare. This is yet another example of the unresolved nature of the discussion over the use of downstream channel allowances and such related payment practices.

ECONOMICS

New Product Introduction

Complementing the mixed results found in the new product marketing literature, Sullivan (1997) studies retail trends of the frequency of new product introductions and retailer profits finding support for the market power school of thought. Specifically, Sullivan (1997) suggests that slotting fees allow manufacturers to employ a signaling strategy when making new product offerings to customers. Retailers benefit from slotting fees as well in that the fees provide a mechanism for screening and eliminating less desirable product offerings which leads to a decrease in the consumer's search effort. Therefore, Sullivan (1997) concludes that slotting allowances are pro-competitive and enhance consumer welfare.

Exclusionary Effects

Marx and Schaffer (2007) suggest when multiple retailers require upfront payments from manufacturers; these manufacturers opt to distribute products through the dominant retailer at the exclusion of smaller retailers. This, in effect, means that these payments

mitigate competition among retailers because smaller retailers are unable to justify charging higher fees based on key drivers such as sales volume. The larger retailer likely to offer the manufacturer an outlet which will lead to higher sales of their products; thus, these retailers can justify charging a higher fee for distribution. In spite of the higher fee that must be paid, Marx and Schaffer (2007) find that manufacturers will opt for the larger retailer due to the expected benefits. However, this action leads to higher retail prices and decreased product selection across retail competitors, both of which harm consumer welfare.

Competition and Pricing

Shaffer (1991) puts forth a model which shows that in the presence of slotting allowances, competition among manufacturers intensifies and retailers realize greater profits; while at the same time, consumers pay higher prices. Therefore, slotting allowances are found to be beneficial to retailers but harmful to both manufacturers and consumers. In an earlier effort to explore slotting allowances, Toto (1990) finds that slotting allowances have efficiency enhancing effects through improved allocation of retail shelf space. In an effort to go beyond the immediate and obvious effects of slotting allowances, Wang (2006) investigates the ripple-effect that slotting allowances have within the marketplace. In particular, Wang (2006) finds that larger retailers charge slotting allowances which leads manufacturers to increase wholesale prices to the marketplace in an effort to cover these fees. Thus, smaller retailers are forced to pay these higher wholesale prices but lack the market power to levee slotting fees against the manufacturer. The anticompetitive result is smaller retailers, in comparison to larger retailers, experience lower profit margins and market share.

PUBLIC POLICY

Antitrust Issues

In an effort to understand the public policy implications of slotting fees and related practices, Cannon and Bloom (1991) conclude that the practice of charging slotting fees is increasing. However, the authors establish no basis for any harmful effects of these

fees to either competition or consumers. As a possible explanation for the increase in the occurrence of slotting fees, Kelly (1991) suggests that a rise in product innovation increased the demand for retail shelf space resulting in the use of these fees as a way to allocate shelf space. Further, Kelly (1991) suggests that in the absence of support for any harmful effects of slotting fees, signaling and risk-shifting may be reasonable justifications for using these fees. In a more recent effort; Bone, Francis, and Riley (2006) find that slotting fees are now used across multiple industries although the application of these payments varies based on industry norms. Additionally, the authors find no support for the efficiency enhancing effects of slotting fees. However, support is found in favor of the market power perspective which takes a negative perspective on such fees and allowances. In particular, large manufacturers were more likely to *pay* slotting fees while larger retailers were more likely to *demand* these fees.

Product Discrimination

In a review of the legal issues related to the increasing use of slotting fees in the late-1980's and early-1990's, Aalberts and Judd (1991) suggest that regulatory action may be forthcoming due to the discriminatory nature of this practice. However, the Bureau of Alcohol Tobacco and Firearms (BATF) did subsequently ban the practice; while the Federal Trade Commission, which is the governing body for products outside of the domain of the BATF, reviewed the use of slotting fees and related practices and took no action (see FTC 2003). The contradictory position held by the BATF and the FTC was explored by Gundlach and Bloom (1998). A possible rationale was offered to justify the opposite views of the FTC and the BATF. Specifically, the authors suggest that the BATF ruling which banned the use of downstream payments in the distribution and sale of alcohol is grounded in case law which came about shortly after prohibition. The FTC is unable to justify the same regulatory behavior because there is no such case law on which to draw from and the post-prohibition law cited by the BATF does not apply to non-alcohol related products.

General Policy Issues

Offering support for the notion that slotting fee occurrences are becoming more widespread, Wilkie, Desrochers, and Gundlach (2002) find that the practice continued to grow throughout the 1990's. Further, the authors find that this practice has moved beyond the grocery industry and into other areas of the marketplace such as airports, internet commerce, and textiles. With no resolution to the opposing schools of thought, and now a more widespread application of these payments, the debate over this practice has intensified. In a review of court rulings and case law, Balto (2002) suggests that interest in slotting allowances and related practices will continue to grow among scholars as well as public policy makers.

With careful attention to the ethical considerations surrounding slotting allowances and related practices, Aalberts and Jennings (1999) suggest that the current application of slotting fees is unethical on the grounds that "market access is controlled by something other than quality or demand" (p. 214). In addition, the authors suggest that this practice violates Fieser's (1996) fairness principle; that is, businesses are denied the chance to compete in the marketplace without retailers reviewing the product. The application of downstream channel allowances by sellers, as well as the charging of these fees by customers, offers a rich area of inquiry for scholars with an interest in business ethics. The current review of academic research uncovered a significant deficiency in the literature regarding the study of ethics in relation to slotting fees and other types of downstream payments made in the marketplace. Scholars have a great deal of work remaining in this area. Refer to table 2.2 below for a summary of the key findings from academic research across multiple contexts and disciplines.

TABLE 2.2
Key Studies of Downstream Channel Allowance Practices

Author(s)	Context & Rational	Finding(s)
MARKETING LITERATURE		
Laraviere and Padmanabhan (1997)	New Product Signaling Theory	Slotting fees are not needed in the presence of low retailer cost as manufacturers can signal demand of new products through wholesale price alone.
Bloom, Gundlach, and Cannon (2000)	Schools of Thought Efficiency Theory Market Power Theory	Mixed results: Retailers view slotting allowances as efficiency enhancing and manufacturers view the practice as an abuse of market power.
White, Troy, and Gerlich (2000)	New Product Shifting Cost-Sharing	Retailers use introductory allowances and slotting Risk- fees to minimize perceived risk and cost associated with carrying a new product.
Desiraju (2001)	New Product Asymmetric Information	Regardless of information asymmetry, manufacturer allowances should be offered on a brand-by-brand basis as opposed to offering a uniform allowance.
Rao and Mahi (2003)	New Product Signaling Theory Market Power	In support of the market power school, the magnitude of the slotting fee charged depends on the power of each exchange partner (e.g., more powerful retailers charge higher fees to less powerful manufacturers).

TABLE 2.2, CONTINUED

Wolburg (2003)	Competition Antitrust Power	Case study which indicates that less powerful manufacturers are disadvantaged through the use of Market shelf-access fees paid by more powerful manufacturers.
Israilevich (2004)	Product Assortment Consumer Welfare	Instead of discontinuing non-profitable products, retailers charge fees to subsidize the cost of continuing to carry the products. Thus, eliminating such fees would diminish product assortment and have a detrimental effect on consumer welfare.
Rennhoff (2004)	Pricing Competition Consumer Welfare	In the absence of merchandising allowances, manufacturers decrease wholesale prices to compete for shelf space which leads to lower retail prices. Thus, the presence of allowances has a deleterious effect on consumer welfare.
Gundlach (2005)	Competition Exclusionary Effects	A review of the Federal Trade Commission's framework on the use of slotting fees and related practices indicates that these fees can exhibit both pro-competitive and anti-competitive effects depending on the circumstances.
Sudhir and Rao (2006)	New Product Competition Efficiency Enhancing	Slotting allowances are efficiency enhancing (e.g., retail space allocation), shift risk of new product Signaling failure from retailer to manufacturer, reduce information

TABLE 2.2, CONTINUED

		asymmetry through signaling by manufacturers, and lessen retail competition leading to wider distribution of manufacturer's products.
Kuksov and Pazgal (2007)	Competition Market Power	Slotting allowances occur more frequently and in greater magnitude in the presence of greater retail competition, a more powerful retailer, and higher retailer costs.
ECONOMICS LITERATURE		
Toto (1990)	Competition Efficiency Enhancing	Slotting allowances have efficiency enhancing effects through improved allocation of retail shelf space.
Shaffer (1991)	Pricing Competition Consumer Welfare	In the presence of slotting allowances, competition among manufacturers intensifies and retailers realize greater profits while consumers pay higher prices. Therefore, slotting allowances are harmful to manufacturers and consumers.
Sullivan (1997)	New Products Signaling Screening Consumer Welfare	Slotting allowances allow manufacturers to employ signaling and retailers to screen products which minimizes consumer's search effort. Thus, slotting allowances are pro-competitive and enhance consumer welfare.

TABLE 2.2, CONTINUED

Wang (2006)	Competition Market Power	Larger retailers charge slotting allowances which leads to an increase in manufacturer's wholesale price to the marketplace. Smaller retailers are forced to pay higher wholesale prices but lack the power to levee slotting allowances. The result is smaller retailers experience lower profit margins and market share than larger retailers.
Marx and Schaffer (2007)	Competition Exclusionary Effects Consumer Welfare	When multiple retailers require upfront payments from manufacturers, these manufacturers opt to distribute products through the dominant retailer at the exclusion of smaller retailers. This leads to higher prices and decreased product selection, both of which harm consumers.
PUBLIC POLICY		
Aalberts and Judd (1991)	Legal Review Price Discrimination	Reviews legal issues related the increasing use of slotting fees in the late-1980's and early-1990's. The authors suggest that regulatory action may be forthcoming due to the discriminatory nature of these fees.
Cannon and Bloom (1991)	New Product Antitrust Issues	Although the authors conclude that the practice of charging slotting fees is increasing as of the late-1980's, they establish no basis for any harmful effects of

TABLE 2.2, CONTINUED

		these fees to either competition or consumers. They call for further research by marketing scholars on this phenomenon.
Kelly (1991)	Antitrust Issues Signaling Risk-Shifting	The author suggests that a rise in product innovation has increased demand for retail shelf space resulting in the materialization of slotting fees as a mechanism for shelf space allocation. The author also suggests that in the absence of support for any harmful effects of slotting fees, signaling and risk-shifting may be reasonable explanations for the use of these fees.
Gundlach and Bloom (1998)	Retail Alcohol Sales Policy Differences	The authors explore the different legal precedence which lead the Bureau of Alcohol, Tobacco, and Firearms to ban the use of slotting fees in the retail sale of alcohol while the Federal Trade Commission has not taken action in other segments of the retail marketplace. Note: It is prohibited by the BATF for suppliers of alcoholic beverages to pay slotting fees to retailers even though suppliers of other products competing for the same retail space are permitted to offer these payments.
Balto (2002)	Legal Review	In relation to slotting allowances, the author provides a review of recent court rulings, case law, and the Federal Trade Commission report in this

TABLE 2.2, CONTINUED

		practice. The concludes that the interest in slotting allowances from academia as well as public policy makers will continue to grow.
Wilkie, Desrochers, and Gundlach (2002)	Public Policy Channel Member Views	The authors find that the practice continued its rapid growth in the 1980's all through the decade of the 1990's. The practice of slotting fees not only continues to grow in the retail grocery industry but is now spreading to other industries (e.g., airports, internet commerce, textiles, etc). Analysis of survey data gathered from manufacturers wholesalers, and retailers indicate that the issue of slotting fees remains controversial.
Bone, France, and Riley (2006)	Public Policy Efficiency Theory Market Power Theory	Slotting fees are used across multiple industries although the application of this practice varies based on industry norms. No support is found for the efficiency enhancing effects of slotting fees however support was found in favor of the market power hypothesis as larger manufacturers were more likely to pay slotting fees and larger retailers were more likely to demand these fees.

TABLE 2.2, CONTINUED

ETHICS

Aalberts and Jennings (1999)

Competition,
Exclusionary Effects

The authors suggest that the current application of slotting fees is unethical on the grounds that “market access is controlled by something other than quality or demand” (p. 214). In addition, this practice violates Fieser’s (1996) fairness principle (i.e., businesses are denied the chance to compete in the marketplace without retailers reviewing the product).

SALESPERSON INFLUENCE

One of the responsibilities of a salesperson is to ensure that a customer makes a decision which is both appropriate for the buying organization while at the same time furthering the objectives of the selling organization. Multiple strategies and techniques exist that are intended to assist the successful salesperson in accomplishing this goal in an efficacious manner (e.g., adaptive selling, consultative selling, and relationship building). Without doubt, much progress has been made in the acquisition of knowledge related to the field of personal selling in the forty years since Frederick Webster (1968) commented that “one of the most frequently asked and incompletely answered questions in marketing” pertains to understanding what makes a “successful” salesperson. The current research takes an opposing view by asking what makes an *unsuccessful* salesperson. Specifically, may a sales manager or selling-firm engage in activities which appear to be beneficial but are unknowingly undermine the effectiveness of the salesperson?

Scholars have dedicated many years of thoughtful effort to the pursuit of answering the questions most relevant to personal selling. One example of such work is the inquiry into the role that influence tactics play in the salesperson-customer interaction (Spiro & Perreault 1979; Frazier & Summers 1984; Kholi & Zaltman 1988; Crosby, Evans, & Cowles 1990; Brown 1990; McFarland 2003; Borders 2006; McFarland, Challagalla, & Shervani 2006). Spiro and Perreault (1979) suggest that “the concept of influence implies an effort to move the attitudes or behavior of a target person (the customer) in a pre-specified direction” (p. 453). This would seem to be the main task salespeople face in convincing prospects that a certain product or service is best suited, above all others, for the needs of the buying firm. Refer to table 2-3 below for a summary of influence methods used by salespeople in an attempt to gain compliance from a customer.

TABLE 2.3
Prior Research Constructs of Salesperson Influence Methods

Influence Strategy	Description
Expert ¹	The salesperson discusses specific information about the offering and how it may be useful to the customer's firm.
Impression Management ¹	The salesperson attempts to maintain control over the views and opinions of the salesperson held by the customer.
Information Exchange ²	The salesperson discusses general issues and procedures to try to alter the customer's general perceptions without stating a request.
Ingratiation ^{1,3}	The salesperson engages in behaviors aimed at improving the salesperson's interpersonal attractiveness and improving rapport with the customer to gain compliance.
Inspiration Appeals ³	The salesperson makes statements intended to appeal to the customer's values and ideals thereby motivating the customer to make decisions which may not be in the customer's personal interest.
Legitimate ¹	The salesperson attempts to gain compliance by leveraging the positive opinions held by the customer (e.g., reputation, experience) toward the selling firm.
Promises ²	The salesperson promises the customer a reward if the customer complies with a request.

TABLE 2.3, CONTINUED

Recommendations ²	The salesperson predicts that the customer will be more profitable if the customer follows the salesperson's suggestions.
Referent ¹	The salesperson attempts to gain compliance by using the personal relationship that the salesperson has with the customer.
Threats ²	The source threatens the target with a future penalty if the target does not comply with a request.

Source: ¹Spiro and Perreault (1979)

²Payan and McFarland (2005)

³McFarland, Challagalla, and Shervani (2006)

Drawing partly on the work of French and Raven, and in combination with interviews conducted with salespeople across multiple industries, Spiro & Perreault (1979) focus research around five influence methods used by salespeople; expert, impression management, ingratiation, legitimate, and referent influence methods. Consistent with other scholars, the authors explicate these methods based on open-versus close-personal strategies (Brown 1990; Falbo 1977; Spiro and Perreault 1979; and Weitz 1981). An open strategy is one in which the salesperson's objectives are apparent to the customer and there is no hidden agenda. A closed-strategy is just the opposite; the objectives of the salesperson remain unknown to the customer.

Of the five influence methods offered by Spiro and Perreault (1979); expert, legitimate, and referent influence methods are considered open-strategies while ingratiation and impression management are closed-strategies. Although prior research has considered open influence strategies in selling, Spiro and Perreault (1979) took the initial look at the two closed-strategies mentioned. Salespeople are advised to use caution when using any influence tactic because even methods used by salespeople with no hidden objectives, but which is perceived by the customer as such, may likely lead to undesirable outcomes for the selling firm (Spiro and Perreault 1979 and Brown 1990).

In addition, Spiro and Perreault (1979) advanced the understanding of influence in selling by considering the ways in which salespeople use multiple strategies based on the sales situation (i.e., influence-strategy mixes). In this work, influence strategies and the way they are combined by salespeople were examined based a set of situational factors including both salesperson and customer characteristics, the interaction between the salesperson and customer, and select marketplace factors. As a result, Spiro and Perreault (1979) find that salesperson influence attempts increase in the presence of higher customer-involvement in the sales call. Further, they find that the more important a salesperson perceives the sale to be, the more likely s/he will employ influence methods. Of note, Spiro and Perreault (1979) find that when a salesperson is faced with a difficult situation (e.g., a difficult customer or a challenging negotiation), closed influence strategies (i.e., ingratiation and impression management) are more likely to be used. The authors point out that this exposes the selling-firm to certain risks in the event that the customer discovers the presence of hidden objectives in the salesperson's

influence attempts. Customers may find this to be manipulative and thus form a negative opinion of the salesperson and the selling-firm.

In a later effort, Frazier & Summers (1984) investigate interfirm influence methods based on a taxonomy of six influence strategies; information exchange, legalistic pleas, promises, recommendations, requests, and threats. They find that the information exchange method is used most frequently by salespeople. This strategy was used more than requests which were used second most and more than recommendations by a two-to-one margin. One explanation offered by the authors is that in the presence of frequent information exchange it becomes decreasingly necessary for a salesperson to make recommendations. Although over time an information exchange strategy can require greater expenditure of selling resources (e.g., time), by providing information which will shape the prospect's opinion in favor of the selling-firm's offering, a recommendation is often not needed (Frazier and Summers 1984). In terms of frequency, the influence methods of promises, threats, and legalistic pleas ranked in this order. Additionally, a positive correlation was found between information exchange and request which the authors suggest is an indication that these two strategies are complimentary in nature.

Noteworthy and of special interest to channel's researchers, a negative correlation was found between the desirable variable of interfirm agreement and the frequency of requests (Frazier and Summers 1984). Frazier and Summers (1984) point out that this is contradictory to findings regarding the use of promises in social psychology. Upon closer review of the analysis of the data in this study, the logic for such a finding becomes more apparent. Promises and threats were highly correlated with each other which is an indication that both strategies share something in common. That is, both strategies involve either the giving, or the holding back from giving, of something that the prospect desires (Frazier and Summers 1984). In sum, Frazier and Summers (1984) suggest that salespeople are best advised to focus primarily on using information exchange in conjunction with requests, use recommendations sparingly and only when necessary, and avoid using promises, threats, or legalistic pleas.

Along these same lines; Venkatesh, Kohli, and Zaltman (1995) provide a study of influence strategies in an inter-organizational context. The authors use a similar set of influence strategies from prior research (i.e., information exchange, legalistic pleas,

promises, recommendations, requests, and threats) and categorize each strategy based on coercive intensity, task orientation, and instrumentality. In support of Frazier and Summers (1984), Venkatesh, Kohli, and Zaltman (1995) find that information exchange, requests and recommendations are the most frequently used while promises, threats and legalistic pleas are used far less often.

In yet another example of how one may delineate and categorize influence strategies, McFarland (2003) provides a dichotomy of influence methods based on the concepts of persuasion and coercion (see also Barron and Staten 1995). Persuasive influence methods aim to alter the customer's attitude toward the offering leading to the realization that the salesperson's product is in fact the best choice available. Such influence methods include information exchange, requests, and recommendations (Payan and McFarland 2005). Coercive influence methods aim to gain compliance through reward or punishment and include such influence strategies as promises, threats, and legalistic pleas. McFarland (2003) finds that when a salesperson engages in coercive influence strategies s/he subsequently experiences an increased level of both physical and mental stress. So, why do salespeople continue use these methods of influence (e.g., Barron and Staten 1995)? There may be a power imbalance between the buying and selling firm which favors the seller or the salesperson may be under intense pressure to perform which leads the salesperson to identify coercive influence tactics as the optimal strategy (McFarland 2003).

In support of prior research, Payan and McFarland (2005) investigate the use of influence strategies in gaining compliance from channel members. Similar to other scholars, the authors use the tactics of information exchange, promises, recommendations, requests, and threats. However, the influence method of rationality is added and subsequently found to be the most effective in gaining channel member compliance. The authors describe the rationality strategy as "... (when a salesperson) presents reasons accompanied with supportive information for a target to comply with a request" (Payan and McFarland 2005, p.68). Further, Payan and McFarland (2005) find that non-coercive influence strategies are more effective at gaining channel member compliance than the coercive tactics such as promises and threats.

While adopting a different perspective of the customer-salesperson dyad and drawing on the work of other scholars such as Dwyer, Frazier, McFarland, and Cialdini;

Borders (2006) puts forth a conceptual framework of influence methods referred to as “Customer Initiated Influence Tactics” or CIIT. This taxonomy consists of ingratiation, requests, promises, and threats. Although offering nothing new to the list of influence methods discussed elsewhere in this review, the idea that these influence methods can be used by the *customer* as a compliance gaining attempt over the *salesperson* does provide a rare insight and an intriguing direction for further inquiry. Certainly, there is much to be gained by studying the strategies and behaviors that firm-level customers use in dealing with industrial salespeople.

Previous research has also explored the relationship between the influence tactics used by salespeople and the customer orientations of prospects which results in two key findings (McFarland, Challagalla, & Shervani 2006). First, although customers are quite complex, salespeople can use a particular influence tactic which, based on the orientation of the customer, will lead to a more effective means of persuasion. Second, salespeople studied in the work by McFarland et al (2006) were able to identify which influence tactics were most appropriate based on the customer’s orientation. Taken together, these findings indicate that disparate customers can be persuaded and salespeople can be trained to select the appropriate influence tactic(s) to persuade these customers. In related research on customer orientation, Williams and Spiro (1985) find that assessing customer orientation based on the three categories of task-, self-, and interaction-orientation is “significant” in terms of the amount of variance explained in a sales exchange. McFarland, Challagalla, and Shervani (2006) built upon this previous work in showing that customer orientation is a worthwhile consideration in making a choice of influence tactic.

Customers with a task orientation “focus on the task at hand”, prefer that sales interactions be “as efficient as possible”, and are “highly goal oriented” (McFarland, Challagalla, and Shervani 2006; p. 115). While information exchange is an influence tactic that can be used effectively across all three customer orientations, a task oriented customer will also respond most positively to the influence tactic of making recommendations (McFarland, Challagalla, and Shervani 2006).

A customer with a self orientation cares more about “what [he/she has] to say” as opposed to what the seller might say and attempts to “impress” the salesperson with his/her own knowledge and experience (McFarland, Challagalla, and Shervani 2006; p.

115). The authors find that ingratiation is an effective choice of influence tactic to use when dealing with a self-oriented customer. In addition to ingratiation, the use of promises is a suggested method of influence to use with such a customer (McFarland, Challagalla, and Shervani 2006).

Customers with an interaction orientation view salesperson encounters as an opportunity to socialize with the seller. This type of customer appears to be interested in getting to know the salesperson beyond what might be expected in a typical business relationship (McFarland, Challagalla, and Shervani 2006). The influence methods of ingratiation and the use of inspirational appeals are the two recommended tactics when dealing with an interaction oriented customer (McFarland, Challagalla, and Shervani 2006).

However, many questions remain unanswered in this regard. The literature is lacking in a thorough exploration of the potential mechanisms that may undermine the salesperson's ability to influence customers. For instance, when two salespeople use the influence tactic of ingratiation, from the perspective of the customer, the salesperson may be viewed as a provider of information, a close ally in business, or a consultant in the process of making important decisions. In contrast, a salesperson may also be viewed as a consumer of time, a spy for the competition, and someone to be avoided until needed. Ironically, when considering two salespeople working for the same firm and selling the identical product line, one could be viewed by the customer in terms of positive characteristics, while the other in terms of negative ones. The difference between these salespeople may simply be each one's ability to choose the appropriate influence tactic and to use it correctly. This review uncovers a need for further research in understanding why salespeople experience different levels of success when using the same influence method.

Also as guidance for future research; McFarland, Challagalla, and Shervani (2006) provide a taxonomy of influence tactics that are most often used by salespeople. This set of six influence methods is drawn from previous research covered in this review and includes information exchange, recommendations, threats, promises, ingratiation, and inspirational appeals. These methods combine to form what is referred to as "salesperson influence tactics" (SITs).

SALESPERSON INFLUENCE TAXONOMY

Information Exchange

A salesperson engages in the tactic of information exchange without the expectation of a commitment from the customer and without providing any recommendations regarding a course of action that a customer might take (McFarland, Challagalla, & Shervani 2006). During this process of information exchange, the salesperson provides relevant information to the customer and may also ask questions of the customer; however, the salesperson avoids making specific attempts at influencing the customer toward having a positive view of the product being offered (McFarland, Challagalla, & Shervani 2006).

Recommendations

Recommendations are made when the salesperson leads a customer to believe that “following a specific course of action” is in the best interests of the customer and the buying organization (Venkatesh, Kohli, & Zaltman 1995). Add a page number for the quote. Generally, a salesperson may make recommendations that are solely in the best interests of the buying-firm or solely in the interests of the selling-firm. However, an enlightened salesperson may find it best to offer suggestions that strike a balance between the interests of both the buying- and selling-firm.

Threats

As one might imagine, the decision to use threats as a method of influence must be chosen only after much consideration by a salesperson. Once a threat has been made, one may not rescind its effects so easily. Boyle and Dwyer (1995) consider a threat to be an act of coercion in that a salesperson suggests that a penalty will result at some point in the future in the event that the customer does not agree to follow the salesperson’s request. While this influence method is included in the SIT taxonomy, it is nevertheless used sparingly.

Promises

While a threat may suggest that a negative action is forthcoming if a salesperson’s request is not granted, a promise is an indication that a positive occurrence should be

expected when a salesperson's request is met (Venkatesh, Kohli, & Zaltman 1995). It is conceivable that a synergistic effect may result from the use of both promises and threats in relation to the same requests. However, it is just as possible that any goodwill achieved by making a promise will be erased in light of the negativity surrounding a threat.

Ingratiation

Ingratiation has been defined as “an attempt by individuals to increase their attractiveness in the eyes of others so as to influence those others' behavior” (Cooper 2005 add the page number). The importance of ingratiation as a path to persuasion must not be underestimated. Frenzen and Davis (1990) find that a strong social bond between the customer and seller is more likely to lead to a product purchase decision than is the customer's preference for the actual product. One might take this empirical finding as an example of support for the idea that all things being equal, people tend to buy from those whom they like. Ingratiation is a pathway to liking that ultimately may lead to commitment.

Inspirational Appeal

An inspirational appeal is often used as a way to encourage a customer to make a decision that may not be based on the best interests of one specific party (Yukl & Tracey 1992). For example, a seller may suggest that a customer should make a decision that, although may not be the optimal choice for the buying organization, is in the best interests of the environment and the surrounding community. To accomplish such an outcome, a seller must “appeal to [the customer's] values, ideals, or aspirations” (Yukl & Tracey 1992). See table 2-4 for a summary of the SITs taxonomy to be used in the current research.

TABLE 2.4
Salesperson Influence Tactics Taxonomy and Definitions

Influence Strategy	Definition
Information Exchange ¹	The source discusses general issues and procedures to try to alter the target's general perceptions without stating a request.
Recommendations ¹	The source predicts that the target will be more profitable if the target follows the source's suggestions.
Threats ¹	The source threatens the target with a future penalty if the target does not comply with a request.
Promises ¹	The source promises the target a reward if the target complies with a request.
Ingratiation ²	The source engages in behaviors aimed at improving the sources interpersonal attractiveness and improving rapport with the target.
Inspiration Appeals ²	The source makes statements intended to appeal to the target's values and ideals thereby motivating the target to make decisions which may not be in the target's personal interest.

Source: ¹Payan and McFarland (2005)

²Mcfarland, Challagalla, and Shervani (2006)

SALESPERSON-OWNED LOYALTY AND FIRM-OWNED LOYALTY

In a customer-seller relationship, a customer may be expected to hold a certain level of loyalty to the selling firm regardless of whether this level is high, low, or somewhere in between. Palmatier, Scheer, and Steenkamp (2007) hypothesize that some of this customer loyalty may be directed toward the firm (i.e., firm-owned loyalty) while a portion of it may be directed toward a particular salesperson (i.e., salesperson-owned loyalty). Both the object and degree of loyalty is of importance to the salesperson as well as the selling firm.

For example, in the event that a salesperson chooses to leave an organization, then the value of this individual salesperson's performance is lost. However, in terms of customer loyalty, the value lost will ultimately depend on which of these two targets (i.e., the salesperson or the selling firm) the customer is loyal to and the degree of loyalty that the customer holds toward each. At one extreme, if the customer is loyal to the selling firm exclusively, then no real value is lost in terms of customer loyalty if the salesperson chooses to leave. However, if salesperson-owned loyalty is high the firm stands to lose a great deal more, particularly if the salesperson exits in favor of a competitor (Palmatier, Scheer, and Steenkamp 2007).

This presents an intriguing dilemma for the selling organization. How desirable is it to maximize or minimize salesperson-owned loyalty? The firm may be best served by focusing first on the customer's commitment toward the firm, second toward the product, and finally toward the salesperson. However, this is a challenging task in that customers may tend to relate best to an individual (i.e., a salesperson), while it is difficult to personify a product or an entity (i.e., the firm). Thus, an argument could be made that developing firm-owned loyalty may be an important indicator of a salesperson's level of performance. In any case, both salesperson-owned loyalty and firm-owned loyalty are relatively new constructs in the marketing literature which are considered in this dissertation.

Palmatier, Scheer, and Steenkamp (2007) find that firm-owned loyalty positively affects a customer's willingness to pay a price premium for the selling firm's offering. Palmatier, Scheer, and Steenkamp (2007) find that salesperson-owned loyalty positively affects a customer's willingness to pay a price premium, sales growth to the customer,

selling effectiveness (e.g., sales to this customer outperformed the selling firm's overall sales performance). The authors caution that any risk associated with the acquisition of salesperson-owned loyalty must be considered in relation to the expected benefit to the firm of this form of loyalty from a customer.

COGNITIVE EVALUATION THEORY

OVERVIEW

Cognitive evaluation theory (CET) is a theory of motivation which puts forth the idea that there are two sources of motivation; intrinsic and extrinsic (Deci, Koestner, and Ryan 1999). *Intrinsic motivation* flows from the enjoyment or interest of an activity. A person who is intrinsically motivated engages in the activity because of the satisfaction it gives them. *Extrinsic motivation* flows from some source outside of the activity. Although there is some debate regarding the impact of extrinsic rewards on intrinsic motivation, there is a strong argument that extrinsic rewards undermine the positive effects of intrinsic motivation (e.g., Bernstein 1990). Specifically, when one receives an incentive (e.g., cash) to engage in an activity, the level of intrinsic motivation to perform the task diminishes. In relation to the current study, as customers and buying firms are paid via downstream channel allowances to provide access for the selling firm's offering, does the customer's intrinsic motivation to build and maintain loyalty to the salesperson and/or selling firm diminish? Further, what impact may a decrease in intrinsic motivation on the part of the customer affect the salesperson's ability to exert influence over the customer?

PRIOR RESEARCH APPLICATIONS

The application of cognitive evaluation theory in marketing is not new (see Anderson and Oliver 1987; Challagalla and Shervani 1996; Christen, Iyer, and Soberman 2006; Dahl and Moreau 2007; Kivetz 2003; Kohli, Shervani, and Challagalla 1998; and Van Trijp, Hoyer, and Inman 1996). In a conceptual piece on salesforce control systems, Anderson and Oliver (1987) use cognitive evaluation theory as one of four separate theoretical perspectives in understanding behavior-based versus outcome-based control systems. Additional perspectives considered in this research include agency theory, organization theory, and transaction cost analysis. Anderson and Oliver (1987) suggest

that in large part these theories predict that a behavior-based control system is preferable in the presence of environmental uncertainty. Specific to cognitive evaluation theory, the authors suggest that, even though no one system is ideal across all occasions, a behavior-based control system is most suited for maximal intrinsic motivation.

Using the perspective of cognitive evaluation theory in conjunction with other theories of motivation, Challagalla and Shervani (1996) advance the work of Anderson and Oliver (1987) by further delineating behavior-based control into the categories of activity and capability control. While capability control focuses on the development of a person's skills and abilities, activity control focuses on providing a person with specific behaviors which s/he is expected to perform, as well as overseeing and guiding such behavior through the use of rewards and punishments (Challagalla and Shervani 1996). A key finding from this research is that sales managers are most likely to see an increase in a salesperson's level of intrinsic motivation when using a capability control approach versus activity control. Challagalla and Shervani (1996) provide the rationale for this finding in that prior research (see Deci and Ryan 1985) suggests "...information that is aimed at improving competencies is likely to increase intrinsic motivation" (p. 99).

In an investigation of consumer choice behavior; Van Trijp, Hoyer, and Inman (1996) use the elements of cognitive evaluation theory to further distinguish variety seeking behaviors. Specifically, the authors find that variety seeking behavior among consumers is not uniform across all marketplace situations (e.g., product characteristics). That is, intrinsic motivation leads to "true" variety seeking behavior while extrinsic motivation leads to "derived" variety seeking behavior. In applying these findings to marketing strategy; Van Trijp, Hoyer, and Inman (1996) suggests that when an offering is similar to competing offerings, requires low involvement, and is purchased with high frequency; a strategy aimed at the consumers intrinsic motivation will be most effective at encouraging brand switching (e.g., a call to action for the sake of variety). On the other hand, when these characteristics are not present in the offering then a more effective strategy would be extrinsic motivation (e.g., a sale).

In a study mapping the effects of supervisor orientation onto the learning orientation of salespeople Kohli, Shervani, and Challagalla (1998) employ cognitive evaluation theory in connecting the capability oriented manager to the salesperson's learning orientation. Specifically, the authors suggest that a capability oriented manager

plays the role of “coach” to the salesforce thus leading to individual salespeople with higher levels of intrinsic motivation. Further empirical analysis offers support for this rational in that a supervisor’s capability orientation was found to be positively related to the salesperson’s learning orientation (Kohli, Shervani, and Challagalla 1998).

Kivetz (2003) applies cognitive evaluation theory to the study of the effort that one is willing to put forth in relation to the uncertainty of a reward and the significance of the reward. Not surprisingly, the authors found that the more a person finds the activity to be enjoyable (i.e., intrinsically motivating) the more likely s/he is to forgo a sure but less significant reward in exchange for a larger but uncertain reward which has to be earned through the effort put forth. Similarly, on the grounds of cognitive evaluation theory (i.e., intrinsic motivation); Christen, Iyer, and Soberman (2006) suggest that an individual’s actual job performance has an effect on his/her overall job satisfaction. In support of this, the authors find, by distinguishing a manager’s effort from his/her performance, that a positive job performance leads to higher intrinsic motivation (i.e., enjoyment of effort) which results in greater job satisfaction.

In an application of cognitive evaluation theory to consumer behavior, Dahl and Moreau (2007) study the effects of competence and autonomy on “consumer’s creative experiences”. The authors find that an individual with greater skill to perform a given task (i.e., competence) and the freedom to complete the task in a self-determining manner (i.e., autonomy) will find the task to be more enjoyable (i.e., intrinsically motivating). In relation to the current research, the decline in intrinsic motivation may flow from a threat to the customer’s autonomy caused by the use of downstream payments. The customer may feel that s/he is now engaging in a relationship with the salesperson because s/he “has” to as opposed to “wanting” to invest the time.

RESEARCH GAP

To date, scholars have examined slotting fees and related practices across contexts. This work includes the ongoing debate over the channel effects of such fees (e.g., Bloom, Gundlach, and Cannon 2000; Marx and Schaffer 2007), the relevance of these fees to new product development (e.g., Desai 2000; Desiraju 2001; Rao and Mahi 2003; Richards and Patterson 2004; Sudhir and Rao 2006), and the case of these payments from a public policy perspective (e.g., Bone, France, and Riley 2006; Wilkie,

Desrochers, and Gundlach 2002). However, empirical research in this area remains scarce.

The work which has been put forth tends to focus on the case of powerful retailers requiring manufacturers to pay fees to gain distribution of a new product. Little effort has been put into investigating the incidence of manufacturers *wanting* to pay fees as a way to gain product distribution, develop brands, build market share, grow top line revenue, and improve bottom line results. Additionally, very little, if anything, is known about the unintended consequences of sellers paying such fees and allowances. Specifically, do these downstream channel allowances undermine the salesperson's influence over the customer and harm his/her ability to acquire customer loyalty?

Thus, I propose to investigate the use of these payments by selling firms in terms of both occurrence and magnitude. Relying on the guidance of cognitive evaluation theory, I set forth hypotheses which posit an undermining effect of two key relational elements between the customer and salesperson (i.e., salesperson influence and customer loyalty). Based on prior research, additional main effect hypotheses are stated and combine with the moderator hypotheses to form the overall research model. This model is presented in the following chapter.

CHAPTER 3 RESEARCH MODEL

INTRODUCTION

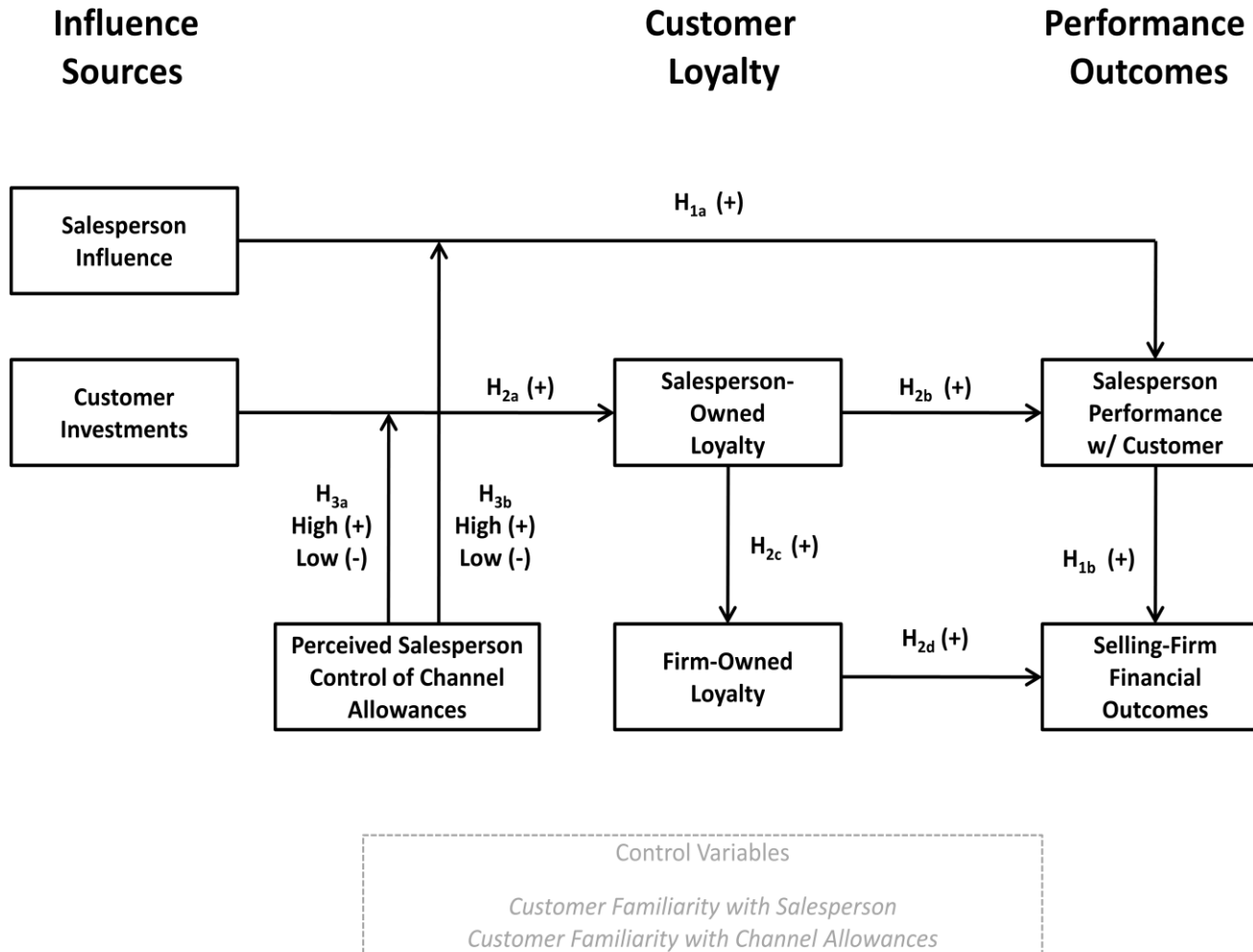
In this chapter a research model is presented which has been developed from the idea that low perceived salesperson control of channel allowances, from the customer's point of view, may have the unintended consequences of undermining relational elements important to the salesperson (i.e., salesperson influence and customer loyalty). Antecedents to salesperson influence (see the SITs taxonomy in chapter 2). Therefore, these antecedents are not included in the model or the data collection and analysis phase of the study.

The research model depicted in figure 3-1 below indicates several anticipated relationships among the variables. Two of the key main effect relationships involve variables related to influence and loyalty. In regard to influence, salesperson influence is expected to be positively related to salesperson performance which is the expected to have a positive relationship with selling-firm performance (i.e., sales volume). In terms of loyalty, the customer investments engaged in by the salesperson (i.e., frequency of sales calls) and selling firm (i.e., amount of allowances to be paid) are expected to be positively related to salesperson-owned loyalty.

In terms of moderation, low perceived salesperson control of channel allowances is hypothesized to diminish the positive effect of salesperson influence on salesperson performance. Conversely, high perceived control is expected to enhance this relationship. Further, low perceived salesperson control of these payments is hypothesized to reduce the positive effect of customer investments on salesperson-owned loyalty while high control is expected to strengthen this positive relationship. All of these undermining and enhancing effects may be hidden from the selling firm due to the short-term positive impact on selling firm performance from simply paying channel allowances. At the firm level, these payments may appear to be working very well while the hidden, unintended consequences result in the salesperson's position, in relation to the customer, being compromised. These relationships are illustrated in the structural model below.

Additional effects are anticipated among the loyalty variables, outcome variables, and the customer's perception of the salesperson's control of channel allowances.

FIGURE 3.1
OVERALL RESEARCH MODEL



Specifically, and consistent with prior research, salesperson-owned loyalty is expected to have a positive direct effect on firm-owned loyalty (Palmatier, Scheer, and Steenkamp 2007). Salesperson-owned loyalty is hypothesized to have a positive direct effect on salesperson performance while firm-owned loyalty has a positive direct effect on the selling firm performance. Note that all of the variables in the model have either a positive direct effect or a positive indirect effect on the selling firm performance. Thus, this provides the rationale as to why the negative or positive effects of perceived salesperson control of channel allowances on the variables related to the salesperson are not obvious to firm-level managers. This provides the motivation for the current research which is to explore the unintended consequences of the undermining effect that low perceived salesperson control of such payments may have on the customer-salesperson relationship.

THEORETICAL FRAMEWORK

EXPLANATORY VARIABLES

Salesperson Influence

From the perspective of the customer, the salesperson may be viewed as a provider of information, a close ally in business, or a consultant in the process of making important decisions. In contrast, a salesperson may also be viewed as a consumer of time, a spy for the competition, and someone to be avoided until needed. Ironically, when considering two salespeople working for the same firm and selling the identical product line, one could be viewed by the customer in terms of positive characteristics, while the other in terms of negative ones. The difference between these salespeople may simply be each one's ability to choose the appropriate influence tactic and to use it correctly.

The antecedents of salesperson influence have been thoroughly investigated by scholars (Boyle and Dwyer 1995; Frazier, Gill, and Kale 1989; Frazier and Summers 1984; Gundlach and Cadotte 1994; and Venkatesh, Kohli, and Zaltman 1995). Additionally, several other marketing scholars have used the salesperson influence variable in studying interpersonal influence across various contexts (see Kohli 1989; Venkatesh, Kohli, and Zaltman 1995; Dawes, Lee, and Dowling 1998; and McFarland 2003). However, McFarland, Challagalla, and Shervani (2006) provide the most recent empirically tested taxonomy of influence tactics that are most often used by salespeople.

This set of six distinct influence methods includes information exchange, recommendations, threats, promises, ingratiation, and inspirational appeals. As presented in chapter 2, each of these methods combine to form what is referred to as “salesperson influence tactics” (SITs).

Customer Investments

Customer investments are investments of time (i.e., sales calls) made by the salesperson and money (i.e., channel allowances) made by the selling firm in relation to a particular customer. It is assumed for the current study that both of these investments are of benefit to the customer and thus should have a positive impact on customer loyalty. Customer investments are intended to be both relationship enhancing (e.g., via customer service through sales calls) and performance enhancing (e.g., via channel allowance payments). Customer investments as operationalized in the current study are similar in nature to the ‘relationship enhancing activities’ put forth by Palmatier, Scheer, and Steenkamp (2007). That is, the relationship enhancing activities scale is essentially a measure of time and monetary inputs by the salesperson with benefits flowing to the customer. However, this measure of relationship enhancing activities is a self-report measure and some element of secondary data was more desirable in the current study. Beyond that, it is suggested here, and consistent with Palmatier et al’s (2007) finding when assessing relationship enhancing activities, that customer investments have a positive direct effect on salesperson-owned loyalty.

Salesperson- and Firm-Owned Loyalty

Prior to Palmatier, Scheer, and Steenkamp (2007), one shortcoming of customer loyalty measures was that these measures did not distinguish between customer loyalties toward a selling firm versus customer loyalties toward a salesperson. The risk that selling firm’s were exposed to in the event that a salesperson left the organization were not fully captured under these previous measures. However, Palmatier et al (2007) take a significant step toward delineating these two forms of loyalty by assessing to whom the customer’s loyalty belongs. Customer loyalty flowing to the salesperson is termed ‘salesperson-owned loyalty’ and is expected to have a positive spill-over effect onto customer loyalty toward the firm (i.e., firm-owned loyalty). Validated measures exist

for both forms of customer loyalty and will be adapted to fit the context of the current study.

OUTCOME VARIABLES

Salesperson Performance with the Customer and Selling Firm Performance

Performance is determined by a salesperson's ability to meet or exceed the expectations of sales managers as well as the attainment of other relevant organizational objectives. Brown and Peterson (1993) suggest that sales performance is an end in itself. However, the proposed research model takes this notion a step further by linking salesperson performance with specific selling firm performance. As opposed to viewing salesperson performance as "good" or "bad", I suggest that a salesperson's performance should be considered in relation to other variables beyond the salesperson's control; for example, the selling firm's decision to offer perceived salesperson control of channel allowances.

Salespeople must also be expected to achieve the desired level of performance in a dynamic environment by altering sales strategies and approaches depending on the situation (Weitz, Sujan, and Sujan 1986). In terms of improving performance, some recommendations by Dwyer, Schurr, and Oh (1987) are offered to increase customer satisfaction. Specifically, these authors suggest that a salesperson can play a positive role between the organization and the buying firm by serving as an effective communicator for both parties. However, to the extent that actions taken by the selling firm are undermining the salesperson's ability to manage the customer relationship, the salesperson's role as communicator and persuader may become unnecessarily difficult.

In regard to the current study, the salesperson's individual performance will be assessed from the customer's perspective using an adapted version of a previously validated measure (Sujan, Weitz, & Kumar 1994). In addition to salesperson performance, a key outcome variable at the firm level is considered here, that is, sales volume. Specifically, sales growth with a particular customer is anticipated to benefit from higher levels of salesperson- and firm-owned loyalty. Sales growth with a customer is measured through year-over-year sales volume growth the time period of the study.

MODERATOR VARIABLE

Perceived Salesperson Control of Channel Allowances

In a traditional buyer-seller exchange a product or service flows from the seller to the customer while financial consideration flows from the customer back to the seller. This is a common type of exchange studied by marketing scholars. This type of exchange may take place between a business and a consumer or between two businesses. In the business-to-business exchange the practice of sellers paying customers to buy, or from a different perspective, sellers paying customers in order to sell, has become increasingly common. This pay-to-play phenomenon goes by many names across multiple industries. Specific to the marketing literature, this practice is referred to as slotting fees, display fees, failure fees, pay-to-stay fees, presentation fees, and merchandising allowances among others. However, there is a fundamental problem with using multiple terms, often in a generic way, to describe all such pay-to-play practices.

First, the most common of these terms, slotting fee, is somewhat outdated when used generically in the marketplace. The term “slotting fee” was originally used in reference to manufacturers paying for ‘slots’ in the warehouse of a distributor. There were costs associated with adding products in the warehouse so a slotting fee was charged to the manufacturer as a way of transferring those costs. Today, the term slotting fee is used to describe many different arrangements such as paying for shelf space in a retail store or paying for product placement on a website. For further insight into to lack of clarity surrounding the term slotting fee or allowance, refer to table 3-2 below

Second, the term has become outdated from a legal perspective. For example, when the Federal Trade Commission (2003) questioned retail customers regarding the practice of slotting fees, customers frequently stated that their company did not charge nor except slotting fees. While technically true, many of these companies did extract payments from sellers in other ways such as promotional and advertising allowances, failure fees, or charge-backs. While these practices are not technically “slotting fees”, they are effectively the same. That is, financial consideration being paid by the seller to the customer in exchange for access to a downstream distribution channel.

Third, these fees and allowances are not solely being charged by customers to sellers. In fact, manufacturing firms frequently offer payment, in these many forms, as a

way to gain access within a channel of distribution. For example, a consumer goods manufacturer may offer a merchandising allowance to a retailer in exchange for distribution or additional space in the retailer's store. Similarly, an appliance manufacturer may offer payment, in some form, to a home builder in exchange for placement of the manufacturer's appliances in model homes. The possible forms of payment are virtually endless and the exchange partners too numerous to count when attempting to investigate this pervasive phenomenon.

Thus, in an effort to combine all of these various payments into one concept and to allow for concise study, I propose the conceptualization of 'downstream channel allowances' to describe the process of financial consideration flowing from a seller to a customer with the outcome of gaining access to a distribution channel controlled by a downstream channel partner (e.g., the customer).

TABLE 3.2
Downstream Channel Allowance Practices - Terminology and Definitions^{1,2}

Common Term	Definition
Appointment Fees	Fees for making <i>new product presentation</i> appointment (Gundlach and Bloom 1998, p. 174).
Display Fees	Fees paid for special <i>merchandising and display</i> of products (Bloom, Gundlach, and Cannon 2000, p. 93).
Failure Fees	Fees paid when a <i>product does not meet expected goals</i> (Bloom, Gundlach, and Cannon 2000, p. 93).
Introductory Allowance	<i>Free product or monetary discount</i> related to the agreed upon purchase of a <i>new product</i> . Usually tied to a purchase and remain largely consistent across customer-seller exchanges for a given product (e.g., White et al 2000; Cannon and Bloom 1991).
Maintenance Fees	Fees to <i>keep a new product on store shelves</i> or maintain slow-moving products or all products in general (Gundlach and Bloom 1998, p. 174).
Merchandising Allowance	A fee that manufacturers pay retailers to encourage them to <i>allocate certain in-store promotional activities</i> to the manufacturer's brand(s) (Rennhoff 2004, p. 1).
Pay-to-Stay Fees	Fees paid to <i>continue stocking and displaying a product</i> (Bloom, Gundlach, and Cannon 2000, p. 93).
Presentation Fees	Fees paid for the privilege of <i>making a sales presentation</i> (Bloom, Gundlach, and Cannon 2000, p. 93).

TABLE 3.2, CONTINUED

Shelf Access Fees	<i>A variety of payments</i> made by sellers to retailers including slotting fees, pay-to-stay fees, as well as payments <i>made in an effort to exclude rivals</i> or place them in a poor position on the retail shelf (e.g., Wolburg 2003).
Slotting Fees	<i>Up-front payments</i> of cash, promotional dollars, or merchandise <i>to obtain shelf space</i> for A product (Bloom, Gundlach, and Cannon 2000, p. 93).
Stocking Allowances	Fees for <i>price cuts made on existing products to make room for a new product</i> (Gundlach And Bloom 1998, p. 174).
Upfront Payments	Fixed fees paid by manufacturers to retailers ostensibly to <i>obtain access to shelf space, defray upfront costs, and support downstream promotional activities</i> (Marx and Schaffer 2007, p. 823).

¹The terms “Fee(s)” and “Allowance(s)” are used interchangeably in the literature.

²Other terms used in the literature to refer to this practice include, but are not limited to, the following: Advertising Allowance, Charge-Back, Key Money, Marketing Premium, Negative Allowances, New Product Fee, Promotional Allowance, Stock Buy-Out Fees, Street Money, and Write-Down.

CONTROL VARIABLES

The current study seeks to understand the impact, based on the customer's perceptions, of the salesperson's control over channel allowances. Given this goal, it is important that the customer providing survey data is familiar with both the salesperson in question and the channel allowances paid by the selling firm. Thus, in order to more fully investigate the relationships between the variables in this study, it is important to control for two key variables, customer familiarity with the salesperson and the allowances paid by the selling firm. This is important because the customer is the primary source of data regarding relational aspects of both the salesperson and channel allowances. Therefore, a basic level of familiarity is required. Both control variables will be assessed with single item survey measures. In addition, both of these items will serve as informant checks when screening data provided by survey respondents.

HYPOTHESES

SALESPERSON INFLUENCE AND PERFORMANCE OUTCOMES

McFarland, Challagalla, Shervani (2006) explore the use of salesperson influence tactics in relation to three distinct customer orientations; task, self, and interaction orientation. However, the authors do not tie the use of influence strategies based on the SITs taxonomy to actual salesperson performance. Considering the essential nature of 'performance' in the selling profession this leaves an important knowledge gap to be filled. Further, little, if any, empirical testing has been conducted which links the use of salesperson influence methods to salesperson performance with the customer. Therefore, the following hypothesis is stated.

H_{1a}: Salesperson influence positively affects salesperson performance with the customer.

H_{1b}: Salesperson performance positively affects selling firm performance.

SALESPERSON-OWNED LOYALTY AND PERFORMANCE OUTCOMES

Prior research demonstrated support for the positive effect of salesperson-owned loyalty, as derived from relationship enhancing activities, on firm-owned loyalty and selling firm financial outcomes as well as a direct positive effect of firm-owned loyalty on selling firm financial outcomes (Palmatier, Scheer, and Steenkamp 2007). The current research seeks to provide further support for these findings and advance knowledge by empirically assessing the affect of customer investments on salesperson-owned loyalty as well the affect of salesperson-owned loyalty on salesperson performance with the customer and firm-owned loyalty. Further, it is suggested here that firm-owned loyalty has a direct positive effect on selling firm performance. Although the focus of this study is on the customer-salesperson relationship, the effects of salesperson-owned loyalty may be combined with customer loyalty to the firm if firm-owned loyalty were excluded. Therefore, the following hypotheses are put forth.

H_{2a}: Customer Investments positively affect salesperson-owned loyalty.

H_{2b}: Salesperson-owned loyalty positively affects salesperson performance with the customer.

H_{2c}: Salesperson-owned loyalty positively affects firm-owned loyalty.

H_{2d}: Firm-owned loyalty positively affects selling firm performance.

PERCEIVED SALESPERSON CONTROL OF CHANNEL ALLOWANCES AS A MODERATOR

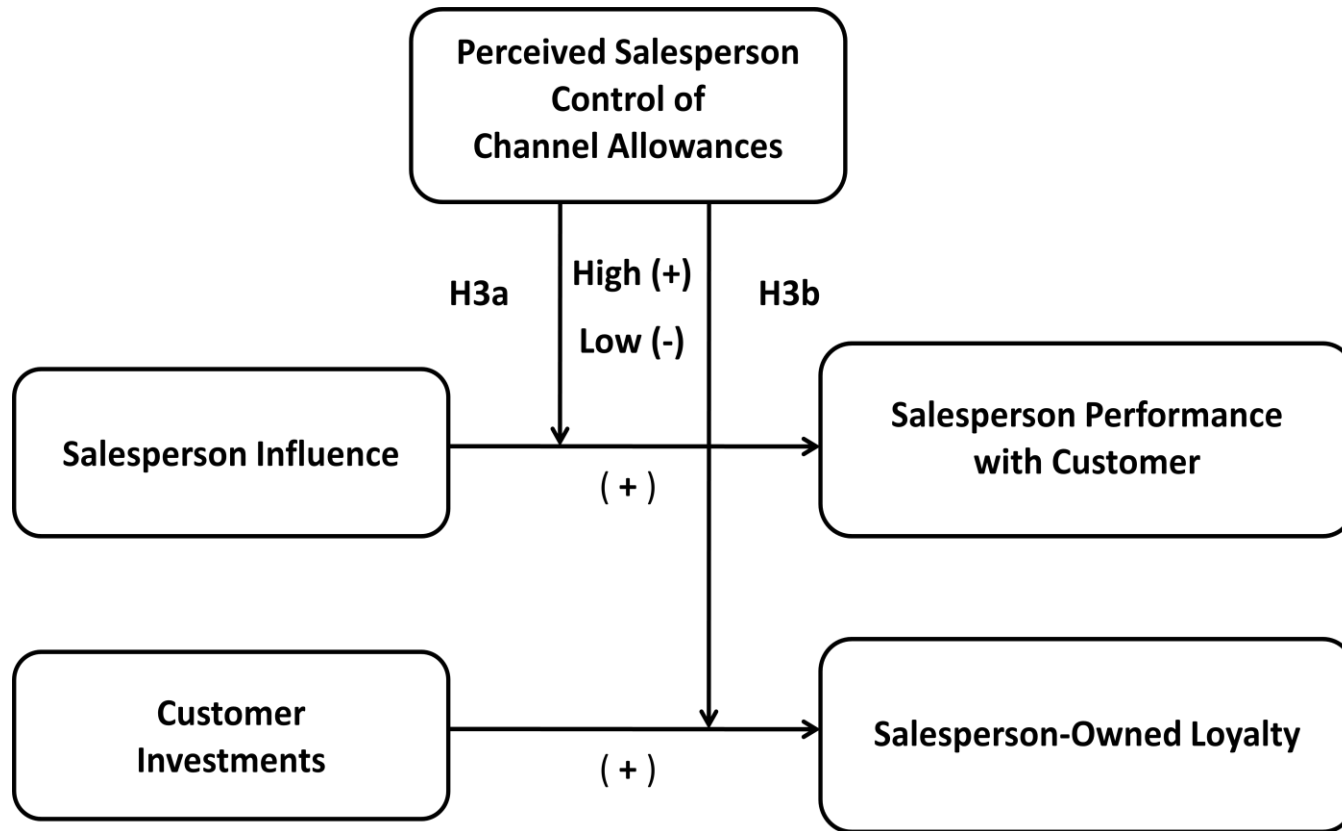
It is argued here that a salesperson's actual influence on a customer is not determined solely by the effort of the salesperson. Rather, the salesperson's influence is determined by a combination of potential factors (e.g., individual and situational). In relation to the current investigation, a salesperson's influence is determined by the salesperson's effort to influence the customer (e.g., providing recommendations) and the customer's perceptions (i.e., perceived salesperson control of channel allowances). It is suggested

here that the customer's perceptions regarding the salesperson's control over allowances moderates the relationship between customer investments and salesperson-owned loyalty and salesperson influence and the salesperson's performance with the customer (see figure 3.2 below). In support of this approach, prior research on salesperson influence has studied the comingling of individual resources and behaviors in determining the impact of a salesperson's influence (e.g., Kohli 1989). Thus, the following hypotheses are put forth.

H_{3a}: High (Low) perceived salesperson control of channel allowances enhances (diminishes) the positive effect of customer investments on salesperson- owned loyalty.

H_{3b}: High (Low) perceived salesperson control of channel allowances enhances (diminishes) the positive effect of salesperson influence on salesperson performance with the customer.

FIGURE 3.2
Theoretical Model of Moderation Hypotheses



SUMMARY

In this chapter, a research model is presented which has been derived from the hypothesized effects and is proposed with the aim of empirically testing the relationships among multiple variables of interest in a business-to-business selling context. The primary contribution of this research is to uncover the hidden, unintended consequences to the health of the customer-salesperson relationship in the presence of channel allowances. Additional contributions of this research include connecting the influence and loyalty variables directly to salesperson performance and illustrating how these positive effects contribute to salesperson- and firm-level performance outcomes.

CHAPTER 4 METHODOLOGY

INTRODUCTION

The assessment of the proposed structural model and relationships among the constructs of interest will require survey data gathered at the customer level and secondary data provided at the firm level. A number of main effects will be tested along with a series of moderation effects. In regard to the moderation analysis, the customer's perception of the salesperson's control over channel allowances is hypothesized to diminish the positive effect of salesperson influence on salesperson performance as well as the positive effect of customer investments on salesperson-owned loyalty. In terms of mediation effects, the positive effect of salesperson influence on selling-firm financial outcomes expected to operate through salesperson performance. Along these same lines, salesperson-owned loyalty operates through salesperson performance and firm-owned loyalty to positively impact the firm-level outcome variables. The research setting and design are discussed next.

RESEARCH SETTING

The focus of the current study is the customer-seller relationship and the role of channel allowances as a mechanism that affects the anticipated benefits of salesperson influence and customer investments. Therefore, the required sample will consist of data from customers and marketing managers. The research effort will require a sufficient sample of matched customer-salesperson dyads.

For the purposes of this dissertation, it would be preferable to use industrial salespeople (i.e., business-to-business) as opposed to retail salespeople (i.e., business-to-consumer). The reason for this preference is that retail salespeople are often engaged in one-time sales exchanges in which the desire to build a long-term relationship is decidedly one-sided; that is, the seller would enjoy establishing a relationship to encourage future sales while the customer most likely will seek the best offer when the need arises in the future as opposed to relying on an established relationship. Conversely, in the context of industrial sales, the customer is making a purchase decision based on the need to maximize profit for the buying organization. Thus, building a long-term relationship with a salesperson may be equally important, if not more important, to

the customer in comparison to the seller. Another reason that a sample of industrial salespeople is most appropriate for this study is that channel allowances occur more frequently, if not exclusively, in a business-to-business context. For a more accurate assessment of variance, both the presence and absence of these payments across the total sample would be desirable.

RESEARCH DESIGN

Following the recommendation of Podsakoff et al. (2003), measurement of the research variables will be administered in an effort to minimize the negative consequences of common method bias. Specifically, Podsakoff et al. (2003) recommend collecting the type of data that is required in the current study from multiple sources. With this in mind, the variables in the research model will be collected from different sources. For example, a measure of salesperson influence will be completed by the customer while a measure of selling firm performance will be provided by the marketing manager. Based on the purpose of this study, it is not recommended to collect all variables in the model from different sources. For example, when assessing how much influence the salesperson has on the customer and how much loyalty the customer has toward the salesperson, and in the absence of representative secondary data, the most accurate source of this data would be the customer. With only two options available as potential sources of data (i.e., salesperson and customer), the customer is likely to provide more objective and accurate information. In addition, a focal point of this study is the customer's perceptions. Hence, it would make little sense to ask the salesperson regarding these issues.

In sum, data for salesperson influence, salesperson performance with the customer, and firm-owned loyalty will be provided by the customer. Secondary data regarding customer investments and selling firm performance will be provided by the marketing manager. See table 4-1 for a summary of research variables and data collection methods.

TABLE 4.1
Research Variables and Data Collection Method

Measurement Variable	Customer Survey Data	Firm Level Secondary Data
Perceived Salesperson Control of Allowances	X	X
Salesperson Influence	X	
Customer Investments	X	X
Salesperson-Owned Loyalty	X	
8 Firm-Owned Loyalty	X	
Salesperson Performance w/ Customer	X	
Selling-Firm Performance <i>Sales Growth to the Customer</i>		X
Channel allowance <i>Occurrence</i>	X	X
<i>Magnitude</i>		X

MEASUREMENT OF RESEARCH VARIABLES

PERCEIVED SALESPERSON CONTROL OF ALLOWANCES

The customer's perceptions of the salesperson's control over channel allowances are of particular interest in this study. However, the literature lacks any measure that will allow this variable to be properly assessed. Therefore, a scale will have to be developed which accurately represents this key construct. Specifically, a measure will be developed, which is to be completed from the customer's perspective, of how much control the salesperson has on the allowances the selling-firm pays. A number of sources (e.g., - Churchill 1979, Gerbing and Anderson 1988) provide guidance to aid the researcher in the scale development process. Based on recommendations from such prior research, the scale development process will include the following steps; item generation based on the conceptualization of the construct, an assessment of content and face validity through the use of expert judging, and reliability, dimensionality, and further validity testing.

While the current study is primarily interested in the customer's perceptions of the salesperson's control of these allowances, data regarding the occurrence (i.e., frequency) and magnitude (i.e., amount) of the payments will be gathered as well. The variable representing the perceived salesperson control over channel allowances acts solely as a moderator variable in this research model. Data will be collected from the customer and the selling-firm (to serve as a cross-check on customer data) regarding the *occurrence* of these payments and from the selling firm regarding the *magnitude*. Refer to table 4-2 below for a summary of the measures to be used in the current study

SALESPERSON INFLUENCE

Salesperson influence is the actual influence which the salesperson holds over the customer's decision making and has been shown to flow from the use of the salesperson influence tactics (McFarland, Challagalla, and Shervani 2006). An adapted measure of manifest influence is provided by McFarland, Challagalla, and Shervani (2006) and is further adapted here as 'salesperson influence'. This validated measure will be completed by the customer in an effort to assess the level of influence the salesperson possesses within the customer-salesperson dyad.

TABLE 4.2
Model Variables – Measures to be Developed/Adapted, Method, and Source*

Variable & Measure	Method	Source
<p>Perceived Salesperson Control of Allowances (PSCA)</p> <ol style="list-style-type: none"> 1. My (firm) salesperson controls the allowances Pepsi provides to us. 2. My (firm) salesperson has the ability to increase or decrease the allowances we receive. 3. I typically negotiate allowances from (firm) with my salesperson. 4. My (firm) salesperson has the authority to make decisions regarding our allowances. 5. My (firm) salesperson controls the amount of the allowances we receive. 6. My (firm) salesperson controls the frequency with which our allowances are paid. 7. (Firm) empowers its salespeople to control the allowances we receive from them. 8. My (firm) salesperson rarely brings his/her manager to meeting when allowances are discussed. 9. My (firm) salesperson rarely has to seek approval when making decisions regarding our allowances. 10. All matters relating to our (firm) allowances are handled by our salesperson. 	<p>Secondary Data</p>	<p>Selling Firm</p>
<p>Salesperson Influence^a (SI)</p> <ol style="list-style-type: none"> 1. How much weight did you give to the salesperson's opinions before buying? 2. To what extent did the salesperson's involvement influence your choices? 3. How much impact did the salesperson have on your purchase decisions? 4. To what extent did you go along with the salesperson's suggestions? 5. How much weight did you give the salesperson's statements in making you purchase decisions? 6. To what extent did your decisions reflect the salesperson's influence? 7. To what extent did the salesperson influence the criteria used for making purchase decisions? 	<p>Survey Data</p>	<p>Customer</p>

TABLE 4.2, CONTINUED

Customer Investments	Survey and Secondary Data	Customer/Selling Firm
<ol style="list-style-type: none"> 1. Average number of sales calls made on a given customer per week. 2. The channel allowance payment amount on a per case basis. 		
Salesperson-Owned Loyalty ^b	Survey Data	Customer
<ol style="list-style-type: none"> 1. If my salesperson moved to a new firm with similar products, I would likely shift some of my purchases to this salesperson's new firm. 2. I would do less business with this firm in the next few years, if my salesperson changed. 3. I would be less loyal to this firm, if my salesperson moved to a new firm. 4. I feel greater loyalty toward my salesperson than to this firm. 5. I would recommend this salesperson to my coworkers even if this salesperson changed firms. 6. If this salesperson changed companies, I would recommend this salesperson to others in my company. 		
Firm-Owned Loyalty ^b	Survey Data	Customer
<ol style="list-style-type: none"> 1. For my next purchase, I will consider this firm as my first choice. 2. I will do more business with this firm in the next few years than I do right now. 3. All else being equal, I plan to buy from this firm in the future. 4. I say positive things about this firm to my coworkers. 5. I would recommend this firm to someone seeking my advice. 6. I encourage friends and coworkers to do business with this firm. 		
Salesperson Performance with Customer ^c	Survey Data	Customer
<ol style="list-style-type: none"> 1. Contributing to your company's acquiring a good market share. 2. Selling high profit-margin products. 		

TABLE 4.2, CONTINUED

3. Generating a high level of dollar sales.
4. Quickly generating sales of new company products.
5. Identifying major accounts in your territory and selling to them.
6. Exceeding sales targets.
7. Assisting your sales supervisor meet his or her goals.

Selling Firm Performance	Secondary Data	Selling Firm
1. Sales growth to customer		
Control Variables / Key Informant Checks	Survey Data	Customer
1. How familiar are you with your Pepsi sales representative?		
2. How familiar are you with the allowances you receive from Pepsi?		

*See Appendix for the finalized survey instrument

^aMcFarland, Challagalla, & Shervani (2006)

^bPalmatier, Scheer, & Steenkamp (2007)

^cSujan, Weitz, & Kumar (1994)

CUSTOMER INVESTMENTS

Customer investments combine two key inputs on the part of the salesperson and selling firm with the customer, that is, time and money. These investments are operationalized here in the form of the number of sales calls a salesperson makes on a customer over a given period of time and the amount channel allowances paid to a customer on a per case basis. Such investments are expected to engender loyalty from the customer which, in the context of this study, is referred to as salesperson-owned loyalty (Palmatier, Scheer, and Steenkamp 2007). Customer investments will be measured using customer level survey data (i.e., average number of sales calls per week) and firm level secondary data (i.e., channel allowance amount per case).

SALESPERSON- AND FIRM-OWNED LOYALTY

A customer may have a certain level of loyalty to the salesperson, the selling firm, or a combination of both. A selling firm may assume that all loyalty from a customer is directed at the firm and allow no room for customer loyalty directed exclusively at the salesperson. In some instances, a portion of the customer's loyalty is directed to salesperson but is combined with other loyalties and considered as overall loyalty to the selling firm. Palmatier, Scheer, and Steenkamp (2007) refer to this mistaken allocation of customer loyalty as 'illusory loyalty'. This is customer loyalty that does not exist for the benefit of the firm and in fact exposes the firm to risk in the event that the salesperson leaves the company. Therefore, when a salesperson exits an organization, the value of that individual's performance is lost; however, in terms of customer loyalty, all may not be lost. Some of the accrued value (e.g., goodwill toward the selling firm and/or its products) may remain. Thus, two separate measures used to assess a customer's loyalty toward the salesperson and the firm have been developed by Palmatier, Scheer, and Steenkamp (2007). These instruments will be used in the current study as well.

SALESPERSON AND SELLING FIRM PERFORMANCE

In previous sales research, salesperson performance has been assessed by using criteria such as sales volume, dollar sales, evaluations, and self-report measures (Krishnan, Netemeyer, and Boles, 2002). Rentz et. al. (2002) posits that selling skills; including technical skills, salesmanship skills, and interpersonal skills; are important when

attempting to predict salesperson performance as well. Thus, for the proposed study, individual salesperson performance will be measured at the customer level using an adapted scale based on a measure which has been previously validated by Sujjan, Weitz, & Kumar (1994). In addition to salesperson performance, sales growth to the customer (i.e., selling firm performance) will be assessed using secondary data provided by the marketing manager.

CONTROL VARIABLES

In order to more fully investigate the relationships between the variables in this study, it is important to control for two key variables, customer familiarity with the salesperson and the allowances paid by the selling firm. This is important because the customer is the primary source of data regarding relational aspects of both the salesperson and channel allowances. Therefore, a basic level of familiarity is required. Both control variables will be assessed with single items on the survey. In addition, both of these items will be used as key informant checks to screen survey respondents. It would be ill-advised to include customers in the final data pool who may lack familiarity with either the salesperson or the channel allowances. A customer cannot be expected to respond with any confidence or accuracy to items assessing an unfamiliar area.

DATA COLLECTION AND PREPARATION

Primary data will be collected at the customer level using an electronic survey developed specifically for this study. Surveys will be sent via email to customers in a Word document designed to allow for customers to respond by selecting a response without altering the rest of the document in any way. Surveys may be returned by email, fax, or mail as full contact information will be provided with the survey. Survey data will be coded and entered into an excel spreadsheet and then imported into SPSS 12.0 and AMOS 7.0 for analysis.

Secondary data will be provided by the selling firm and, if necessary, converted to an Excel spreadsheet. This data will then be added to the survey data and analyzed using SPSS 12.0 and AMOS 7.0 as needed. Missing data will be coded as 'blank' and replaced with the mean barring the occurrence of excessive missing data. For example, if an entire page of the survey or the majority of a measure is left blank then that customer will be removed from the sample. All scaled variables will be mean centered to minimize the potential effects of multicollinearity.

MEASUREMENT VALIDATION

The scale development process for the measure of perceived salesperson control will be treated differently from the validate measures used in this study. The items for the perceived control scale will be subjected to principal components analysis using SPSS12.0 with a minimum eigenvalue of 1.00 used to identify the number of components. The construct is expected to be unidimensional with factor loadings in excess of .60 or greater (Hair et al 1998). The purified scale resulting from this process will be assessed using confirmatory factor analysis in AMOS 12.0 and checked for model fit. Once fit is determined to be acceptable, the latent construct along with the remaining indicators will be included in the overall measurement model.

The psychometric properties (i.e., convergent validity, discriminant validity, and reliability) of the measurement variables and item indicators from previously validate scales will be assessed by performing confirmatory factor analysis on the variance-covariance matrix. Model fit will be determined by reporting the appropriate statistics;

χ^2 , *df*, *p-value*, CFI, GFI, and RMSEA (Byrne 1998). Internal consistency of each measure will be assessed and Cronbach's alpha will be reported (Cronbach 1951).

DATA ANALYSIS

Assuming all measures are found to be both valid and reliable, the individual direct relationships hypothesized in the research model will be tested by initially using multiple regression in SPSS 12.0 accounting for the appropriate control variables. The relationships which are established with significance, and those nearing significance, will be included in the overall research model and tested using AMOS 7.0. The moderator hypotheses will be tested next. Of primary interest in this analysis will be the hypothesized moderation effect of perceived salesperson control of allowances on two key relationships (see Figure 4.1a and Figure 4.1b).

FIGURE 4.1A

Perceived Salesperson Control of Channel Allowance Moderation of the
Positive Effect of Salesperson Influence on Salesperson Performance

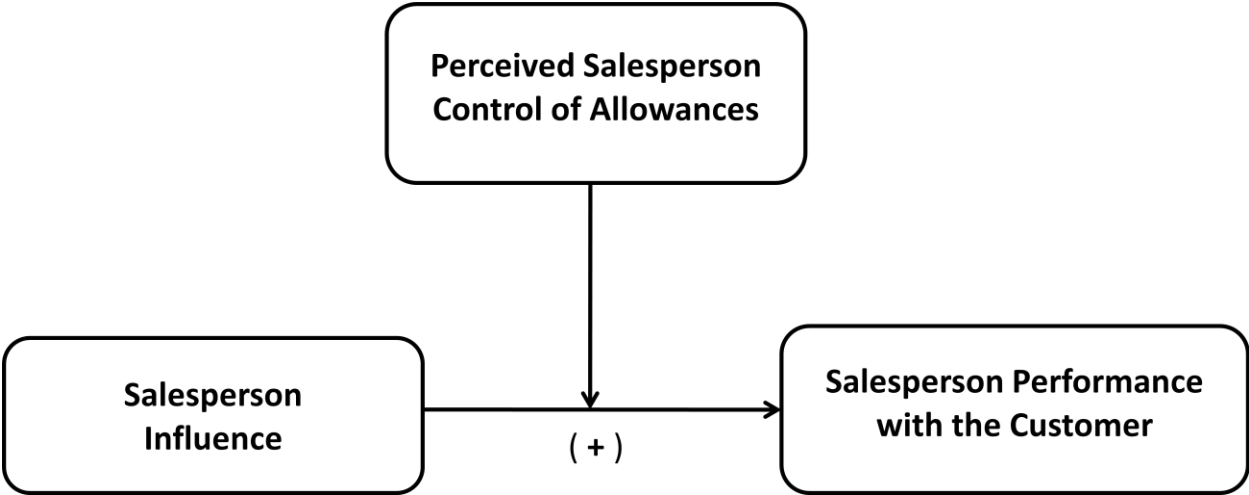
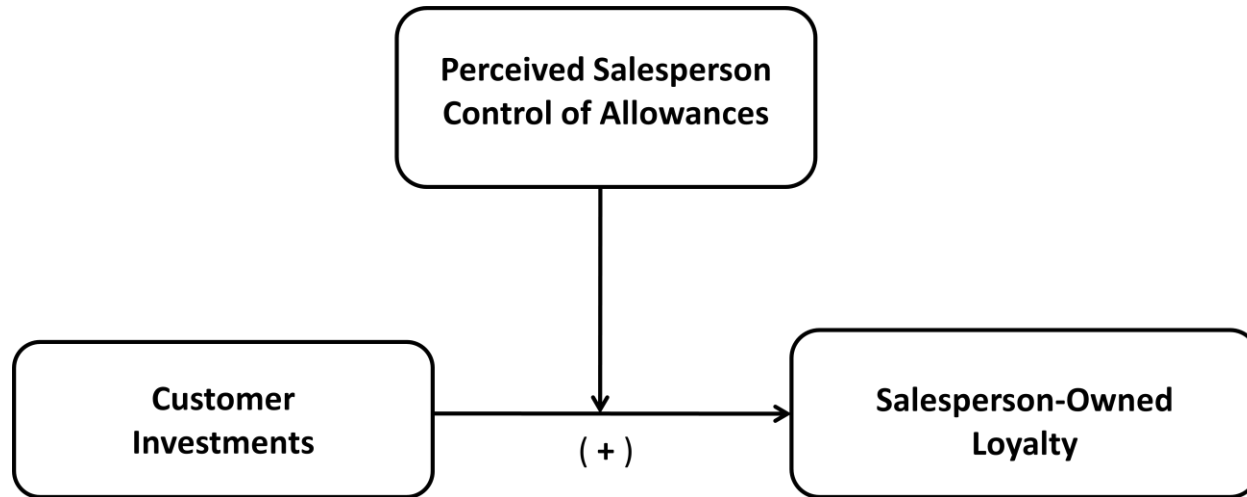


FIGURE 4.1B

Perceived Salesperson Control of Channel Allowance Moderation of the
Positive Effect of Customer Investments on Salesperson-Owned Loyalty



Multigroup analysis, a method of testing for moderation within structural models is commonly used in prior research (e.g., Palmatier, Scheer, and Steenkamp 2007). This method requires that a high and low group be established for the moderator of interest by using a median split of the sample. For the current analysis, the multigroup method will be used for model testing in AMOS 7.0. First, the two groups resulting from the median split must be specified. In this instance, there will be a 'high control' and a 'low control' group. Then, using a chi-square difference test two models are compared. For testing of the first model all hypothesized paths are constrained to be equal across both groups. The resulting chi-square is then compared with a second model in which the path hypothesized to be moderated is unconstrained and allowed to vary across the two groups. Support for moderation is indicated if the chi-square of the unconstrained model is significantly less than the chi-square for the constrained model and the effect is found to be in the anticipated direction. In addition to the analysis prescribed above, other statistical tests and procedures may be conducted as needed based on both the data collected and the post hoc analysis conducted.

CHAPTER 5 RESULTS

INTRODUCTION

In this chapter, data analysis procedures are explained and the results of the study are presented. First, the response rate is discussed along with an assessment of non-response bias. Then, the data screening process using a series of key informant checks which are included within the survey is covered. Next, a discussion of how the data was prepared prior to analysis is discussed followed by a description of the scale development process adhered to in creating a measure to assess the customer's perceived salesperson control over allowances. Then, measurement validation is explained followed by a discussion of the procedures used for hypothesis testing. The chapter concludes with a consideration of post hoc analysis and a summary of the overall results.

RESPONSE RATE

The context of this study is the U.S. soft drink industry with a specific focus on the relationship between soft drink salespeople and retail store managers. A total of 180 convenience store managers were initially identified as participants in the survey mailing. Convenience store chain 'A' represented 112 potential respondents and chain 'B' represented 68 respondents. All of the targeted store managers received the survey by email. Although some of the completed surveys were returned by fax, most were returned to an email address created specifically for this study.

Of the 112 store managers from chain A 81 responded with completed surveys representing a response rate of 72.3% for chain A. Of the 68 store managers from chain B 61 responded with a completed survey representing a response rate of 89.7% for chain B. In total, 142 of the original 180 store managers surveyed returned completed surveys for an overall response rate of 78.9% for the study.

NON-RESPONSE BIAS

When conducting survey research it is important to assess differences between those who respond to the survey versus those who do not respond. Armstrong and Overton (1977) offer a method for comparing these two groups of participants, that is, respondents and

non-respondents. The rationale for this method is that late responders are similar to non-responders. This presents the opportunity to use late responders as a proxy measure of non-response bias. The technique put forth by Armstrong and Overton (1977) was used for the current study. Specifically, mean differences for early responders (i.e., the first 25% of completed surveys returned) was compared to late responders (i.e., the last 25% of completed surveys returned). There were no significant mean differences ($p > .05$) found across the research variables of interest.

KEY INFORMANT CHECK

For the current study it was important that the survey respondents be screened based on two criteria, familiarity and involvement, with both the salesperson and the allowances paid by the selling firm. Three key informant checks were included in the survey to ensure those customers providing completed surveys did in fact fit this profile. The first key informant check assessed the extent to which the customer negotiated allowances with his/her sales representative (i.e., “I typically negotiate allowances from Pepsi with my Pepsi salesperson”). This item was scored on a 7-point Likert scale with any respondent scoring below 5 ($n = 6$) being deleted from the sample.

The second key informant check assessed the store manager’s familiarity with his/her salesperson (i.e., “How familiar are you with your Pepsi sales representative?”). This item was scored on a 10-point scale from 1 being “Not at all familiar” to 10 being “Very familiar”. Respondents scoring below 6 ($n = 0$) would have been deleted from the final data set. However, there were no store managers reporting below the cut-off value for this informant check.

As a final key informant check, store managers were assessed based on familiarity with the allowances paid by the selling firm (i.e., “How familiar are you with the allowances you receive from Pepsi?”). This item was scored on a 10-point scale from 1 being “Not at all familiar” to 10 being “Very familiar”. Respondents scoring below 6 ($n = 3$) were deleted from the final data set. These three deleted responses were also included and accounted for in a previously discussed key informant check. In sum, screening respondents based on these key informant checks resulted in 6 participants being deleted from the data set leading to a final sample size of 136 store managers.

DATA PREPARATION

Completed surveys were returned by email and fax based on the participants ability to reply. The completed surveys were coded and entered into a Microsoft Excel spreadsheet. Any missing data points were left blank. The spreadsheet was imported into SPSS 15.0 for analysis. Missing data was assessed and replaced with the item mean. Note that missing data was minimal across the sample and no single respondent presented with excessive missing data.

As a preliminary measure, a principal components analysis was performed using all items in the survey which related to a latent construct of interest. The PCA included 35 variables expected to represent a total of 5 constructs. Based on an eigenvalue cut-off of 1.00, 6 components were identified accounting for 78.9% of variance. This was an indication that an additional factor was present and may present challenges in the CFA which was performed later. One possibility, which was included in the CFA, is that of a method factor. Since the survey data comes from a single source, the customer, common method bias may be an issue (Podsakoff et al 2003). The presence of a method factor to significantly improve the model fit. Although some items exhibited clear indications of cross loading on other latent constructs, all of the items were retained though the scale development process for the perceived salesperson control of allowances scale and the CFA of the remaining measures, each of which had been previously validated.

MEASUREMENT OF STUDY VARIABLES

PERCEIVED SALESPERSON CONTROL OF ALLOWANCES

This study involved several variables of interest for which validated measures have been previously developed. However, it was necessary to develop a measure to assess the customer's perceived salesperson control over the allowances in question. Note that for the purposes of this research the actual control that a salesperson has over the allowances paid by the selling firm is not important. But rather, this study is most interested in the customer's perception of the salesperson's control over the allowances. For example, when the customer asks the salesperson to increase the amount of an allowance does the salesperson respond with "I will have to check with my manager to see if we can do that"

(indicates lower control) or “Let me make some calculations and I will let you know if I can increase the allowance” (indicates higher control). Thus, the actual control is not considered in the current study.

The investigation into the impact allowances may have on the relationship between a customer and salesperson requires a new measure to be developed. Specifically, a measure, from the customer’s perspective, of how much control the salesperson has on the allowances the selling-firm pays. Thus, a measure was developed and is referred to here as the Perceived Salesperson Control of Allowances (PSCA). A number of sources (e.g., - Churchill 1979, Gerbing and Anderson 1988) were sought to provide guidance in the development of the PSCA scale. Based on recommendations from such prior research, the scale development process included item generation based on the conceptualization presented previously, followed by an assessment of content and face validity, and concluding with reliability, dimensionality, and further validity testing.

The initial 16-items for the measure were developed by consulting the literature on allowances (e.g., - Sudhir and Rao 2006) and perceived control (e.g., - O’Driscoll and Beehr 2000) in combination with one another. As a way to assess content and face validity, these 16 items were subjected to expert judging. Experts contributing to this step included a consumer goods salesperson familiar with allowances, a senior marketing manager also employed in consumer goods and familiar with allowances, and a university professor familiar with the literature on both perceived control and allowances. Based on feedback from this panel of experts the scale was edited for clarity and reduced to 10 items.

The 10-item measure was further assessed through a pretest of the survey. The purpose of the pretest was to assess the PSCA scale for clarity, dimensionality, and reliability. Since other measures included in the survey were previously validated scales, the pretest also served to test the remainder of the survey for clarity and completion time. Pretest subjects consisted of senior level marketing students at a major mid-western university. Participants were provided with a scenario which indicated they were to assume the role of a customer of a consumer goods company in the process of negotiating over display space. The scenario indicated that when the customer (i.e., the participant) asked a question regarding the allowances being offered, the salesperson either responded in a way that indicated s/he was in control of the allowances or,

conversely, s/he responded in a way that indicated a lack of control on the salesperson's part. The participants then completed the survey with the scenario in mind. Although based on a small sample size (n=20), the pretest indicated that further revisions were necessary to improve clarity for future participants. Thus, the 10-item measure was revised and included in the survey instrument developed for the current study.

As part of the main study, the 10-item PSCA scale was first assessed using principal component analysis (PCA) in SPSS 15.0. The PSCA scale was subjected to PCA using an eigenvalue of greater than 1.0 as a cut-off and employing varimax rotation. This resulted in one factor being identified and explaining 70.1% of the variance. However, due to a second component with an eigenvalue of .926 (close to 1.0) and a single item with lower than desired loading (.425), the items were assessed a second time using the same method but extracting a two-factor solution. The results indicated that one item, item three, was clearly loading (.772) on a second factor and was subsequently deleted from the PSCA scale.

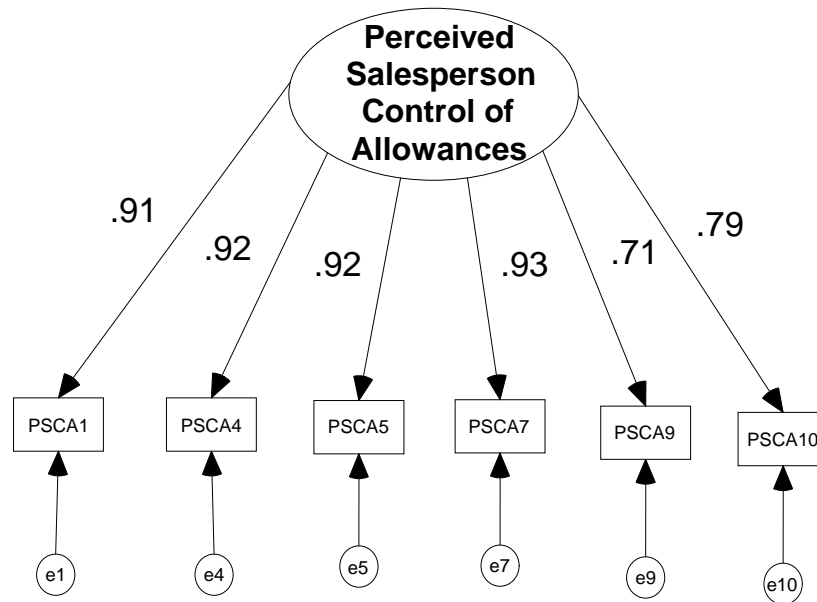
Upon review, it was determined that the item removed, item 3, was important to this research in that it assesses whether or not the customer negotiates allowances with the salesperson. Therefore, data associated with the item was included in the dataset and included as part of a three item key informant check. Also in relation to the results of the two-factor solution, item 8 loaded on the second factor (.627) and item 9 indicated signs of cross loading (.538) on the second factor. Thus, item 8 was deleted. However, item 9 indicated a loading of .616 on the primary factor and was retained for the following confirmatory factor analysis.

The resulting 8-item PSCA scale was then subjected to confirmatory factor analysis. The goodness-of-fit and modification indices suggested further scale purification was needed ($\chi^2(20) = 98.016, p < .01$; RMSEA = .170; GFI = .852; AGFI = .734; NFI = .929; CFI = .942). Items 2 and 6 were removed based in part on suggestions in the modification indices. In addition, item 2 appears to be redundant with item 5 in the measure.

The respecified model (see Figure 5.1) achieved acceptable fit ($\chi^2(8) = 9.995, p = .265$; RMSEA = .043; GFI = .977; AGFI = .940; NFI = .988; CFI = .998). Using the average variance extracted as an indicator (AVE = .75), Fornell and Larcker's (1981) minimum recommendation (>.50) was met thus providing evidence of convergent

validity for the measure of Perceived Salesperson Control of Allowances. Overall, this measure demonstrated factor loadings which ranged from .71 to .93 with composite reliability of .95, providing additional evidence of convergent validity.

FIGURE 5.1
CFA Measurement Model – Perceived Salesperson Control of Allowances^{1,2}



¹Model fit: $\chi^2(2) = 4.131, p = .127$; RMSEA = .089; GFI = .984; AGFI = .921; NFI = .987; CFI = .993

²Correlated error terms have been omitted for the sake of clarity.

CUSTOMER INVESTMENTS

The variable ‘customer investments’ captures two key investments, time and money, that the salesperson puts into the relationship with the customer. In this case, ‘time’ represents the number of sales calls made by a salesperson in relation to a particular customer. Initially, an attempt was made to measure time based on sales call reports provided by the selling firm. However, the record of sales calls across the customer sample was incomplete and severely lacking. Therefore, the number of sales calls was assessed at the customer level by including an item on the survey.

The secondary performance data spans a 16-week period so it was necessary to assess the number of sales calls over the same time period. However, it is not realistic to

expect a customer to recall with any precision how often a salesperson called on him/her in the 'past 16-weeks'. Based on this, the item included as part of the survey asks "On average, how often does your salesperson call on you" with responses coded by week. The average number of calls per week as reported by the customer was then multiplied by 16 to arrive at the number of sales calls over the 16-week period in question.

The 'investment' element of 'customer investments' was established based on the allowances due to the customer over the same 16-week period in which secondary performance data was provided. Using the terminology of the selling firm, these payments are part of a 'customer development agreement' (CDA) and are referred to as 'CDA payments'. These payments are negotiated based on a per case basis and typically require that certain performance criteria are met (e.g., minimum level of product portfolio distribution) throughout the life of the agreement (usually one calendar year). In addition to these allowances, salespeople can negotiate store level allowances to be paid for such outcomes as new product distribution which may include permanent shelf space or a temporary display to promote a certain product. The former is referred to in the literature as a 'slotting allowance' while the latter is referred to as a 'display allowance' (e.g., Bloom, Gundlach, and Cannon 2000). Note that the selling firm in this study refers to all in-store allowances related to products as 'flex funding' indicating that it is in addition to allowances paid as part of the CDA contract. Regardless of purpose, these allowances are accounted for and combined as a single payment made to the customer at a predetermined time, most often quarterly.

For the overall measure of 'customer investments', the number of sales calls and the dollar amount of allowances due on a per case basis were standardized and combined. The variable 'customer investments' was not included as part of the CFA presented later in this chapter.

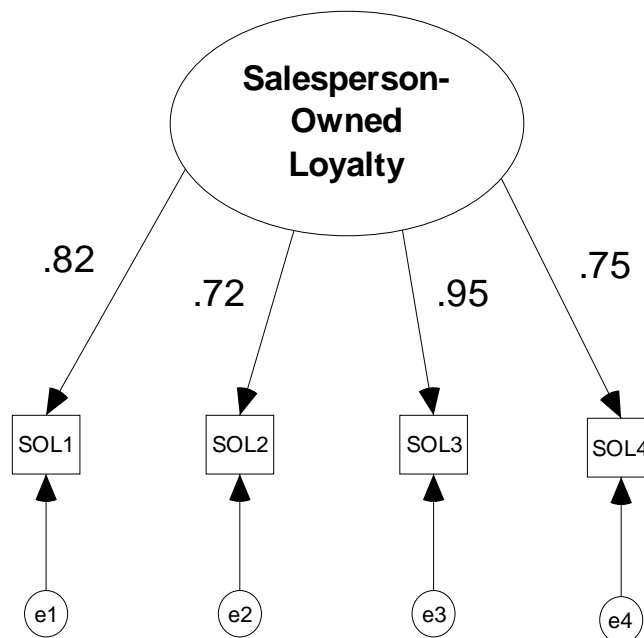
SALESPERSON-OWNED LOYALTY

The measure of Salesperson-Owned Loyalty (SOL) used for the current study was adapted from a scale which was validated in prior research (Palmatier, Scheer, and Steenkamp 2007). Thus, the six item measure was subjected to confirmatory factor analysis. Based on the initial analysis, the goodness-of-fit and modification indices

indicated the model exhibited poor fit ($\chi^2 (9) = 229.361, p < .01$; RMSEA = .426; GFI = .656; AGFI = .197; NFI = .623; CFI = .628). Therefore, further scale purification was necessary. Both item five (SOL5) and six (SOL6) were removed due to low factor loadings, .54 and .55 respectively.

The respecified model (see Figure 5.2) achieved acceptable fit ($\chi^2 (2) = 4.131, p = .127$; RMSEA = .089; GFI = .984; AGFI = .921; NFI = .987; CFI = .993). Using the average variance extracted as an indicator (AVE = .67), Fornell and Larcker's (1981) minimum recommendation (>.50) was met thus providing evidence of convergent validity for the measure of salesperson-owned loyalty. Overall, this measure demonstrated factor loadings which ranged from .72 to .95 with composite reliability of .89, providing additional evidence of convergent validity.

FIGURE 5.2
CFA Measurement Model – Salesperson-Owned Loyalty¹



¹Model fit: $\chi^2 (2) = 4.131, p = .127$; RMSEA = .089; GFI = .984; AGFI = .921; NFI = .987; CFI = .993

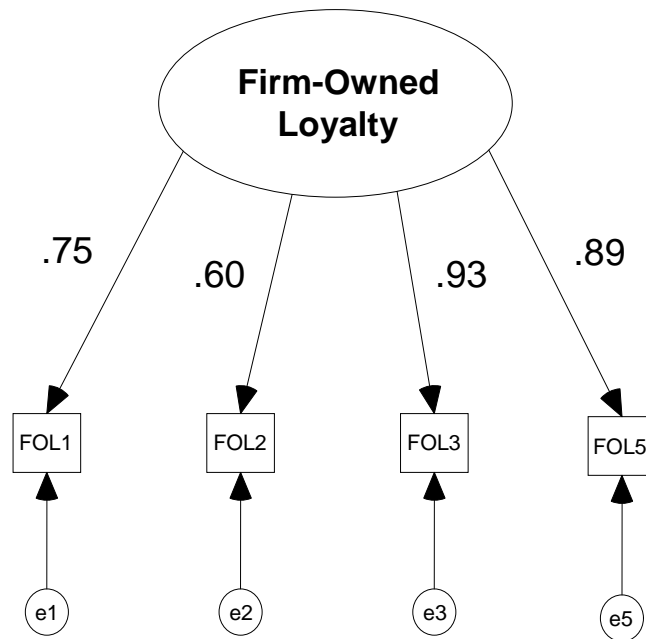
FIRM-OWNED LOYALTY

The measure of Firm-Owned Loyalty (FOL) used for the current study was adapted from a scale which was validated in prior research (Palmatier, Scheer, and Steenkamp 2007). Thus, the six item measure was subjected to confirmatory factor analysis. Based on the

initial analysis, the goodness-of-fit and modification indices indicated the model exhibited poor fit ($\chi^2(9) = 191.186, p < .01$; RMSEA = .387; GFI = .332; AGFI = .662; NFI = .662; CFI = .670). Therefore, further scale purification was necessary. Both items four (FOL4) and six (FOL6) were removed due to low factor loadings, .52 and .43 respectively.

The respecified model (see Figure 5.3) achieved acceptable fit ($\chi^2(1) = .416, p = .519$; RMSEA = .000; GFI = .998; AGFI = .985; NFI = .999; CFI = 1.000). Using the average variance extracted as an indicator (AVE = .64), Fornell and Larcker's (1981) minimum recommendation ($>.50$) was met thus providing evidence of convergent validity for the measure of *firm-owned loyalty*. Overall, this measure demonstrated factor loadings which ranged from .60 to .93 with composite reliability of .88, providing additional evidence of convergent validity.

FIGURE 5.3
CFA Measurement Model – Firm-Owned Loyalty^{1,2}



¹Model fit: $\chi^2(1) = .416, p = .519$; RMSEA = .000; GFI = .998; AGFI = .985; NFI = .999; CFI = 1.000

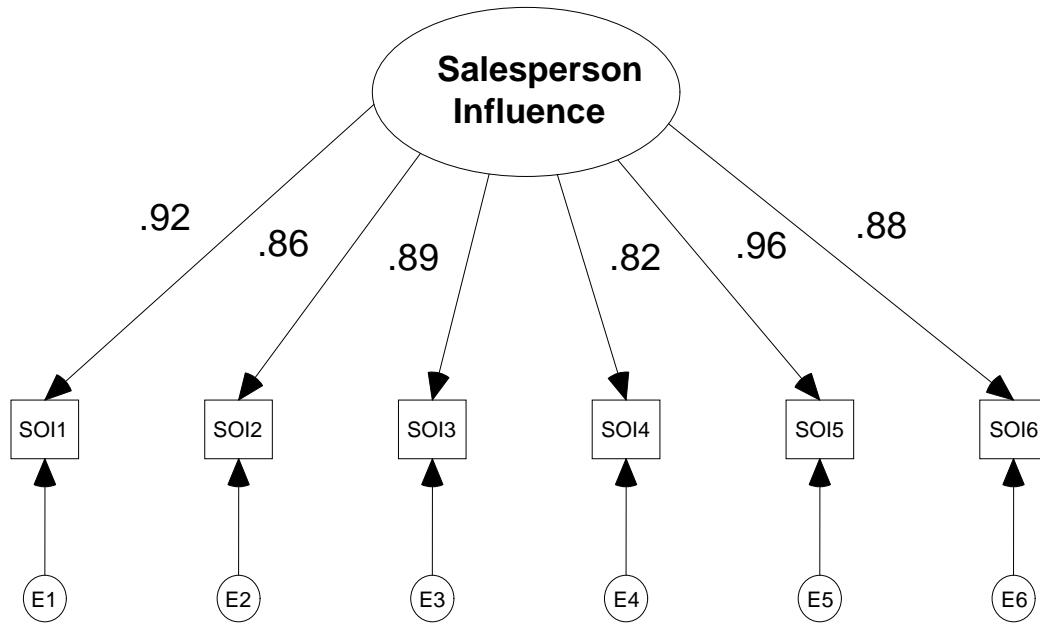
²Correlated error terms have been omitted for the sake of clarity.

SALESPERSON INFLUENCE

The measure of Salesperson Influence used for the current study was adapted from a scale which was validated as a measure of salesperson manifest influence in prior research (McFarland, Challagalla, and Shervani 2006). Thus, the seven item measure was subjected to confirmatory factor analysis. Based on the initial analysis, the goodness-of-fit and modification indices indicated the model exhibited less than acceptable fit (χ^2 (14) = 84.8677, $p < .01$; RMSEA = .194; GFI = .847; AGFI = .693; NFI = .928; CFI = .938). Therefore, further scale purification was necessary. Based on recommendations provided in the modification indices, select error terms were correlated and the model was reassessed.

The respecified model (see Figure 5.4) achieved acceptable fit (χ^2 (9) = 15.267, $p = .084$; RMSEA = .072; GFI = .972; AGFI = .912; NFI = .987; CFI = .995). Using the average variance extracted as an indicator (AVE = .79), Fornell and Larcker's (1981) minimum recommendation (>.50) was met thus providing evidence of convergent validity for the measure of firm-owned loyalty. Overall, this measure demonstrated factor loadings which ranged from .82 to .96 with composite reliability of .96, providing additional evidence of convergent validity.

FIGURE 5.4
CFA Measurement Model – Salesperson Influence^{1,2}



¹Model fit: $\chi^2 (9) = 15.267$, $p = .084$; RMSEA = .072; GFI = .972; AGFI = .912; NFI = .987; CFI = .995

²Correlated error terms have been omitted for the sake of clarity.

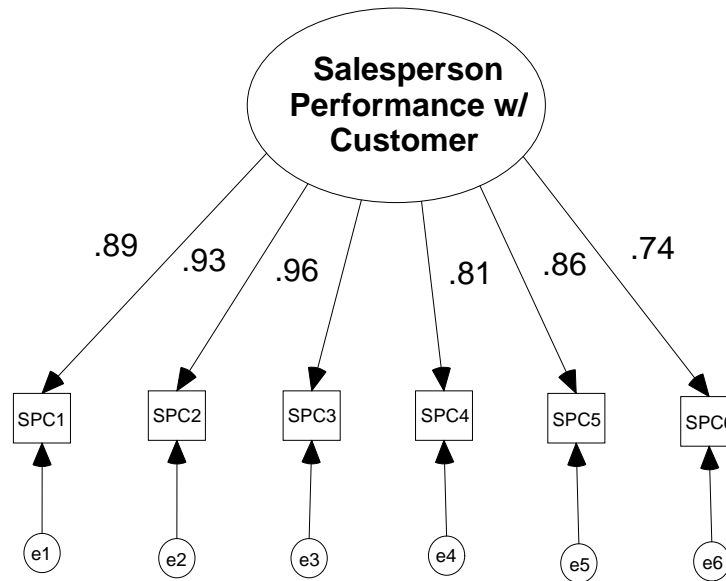
SALESPERSON PERFORMANCE WITH THE CUSTOMER

The measure of Salesperson Performance with the Customer used for the current study was adapted from a scale which was validated in prior research (Sujan, Weitz, & Kumar 1994). Thus, the six item measure was subjected to confirmatory factor analysis. Based on the initial analysis, the goodness-of-fit and modification indices indicated the model exhibited poor fit ($\chi^2 (9) = 54.887$, $p < .01$; RMSEA = .194; GFI = .874; AGFI = .707; NFI = .936; CFI = .946). Therefore, further scale purification was necessary. Based on recommendations provided in the modification indices, select error terms were correlated and the model was reassessed.

The respecified model (see Figure 5.5) achieved acceptable fit ($\chi^2 (8) = 12.722$, $p = .122$; RMSEA = .066; GFI = .969; AGFI = .919; NFI = .985; CFI = .994). Using the average variance extracted as an indicator (AVE = .75), Fornell and Larcker's (1981) minimum recommendation (>.50) was met thus providing evidence of convergent validity for the measure of firm-owned loyalty. Overall, this measure demonstrated

factor loadings which ranged from .74 to .96 with composite reliability of .95, providing additional evidence of convergent validity.

FIGURE 5.5
CFA Measurement Model – Salesperson Performance with Customer^{1,2}



¹Model fit: $\chi^2 (8) = 12.722$, $p = .122$; RMSEA = .066; GFI = .969; AGFI = .919; NFI = .985; CFI = .994

²Correlated error terms have been omitted for the sake of clarity.

CONTROL VARIABLES

Customer Familiarity with Allowances

Although it is very important to ensure that customers participating in the survey have dealings with the allowances paid by the selling firm, it is desirable to control for the effects of ‘just being familiar’ with this activity. The study aims to understand the impact that these allowances have on the relationship of interest beyond simple familiarity with the practice. Therefore, a single item (i.e., How familiar are you with the allowances you receive from Pepsi?) was used to assess this area of familiarity. As with the previous familiarity measure, this item was also used as an informant check to screen

those customers who indicate a lack of familiarity with the salesperson (i.e., scoring < 6 on a 1 to 10 scale). This measure consists of a single-item reflective indicator and was not included in the CFA used to assess overall fit of the measurement model.

Customer Familiarity with Salesperson

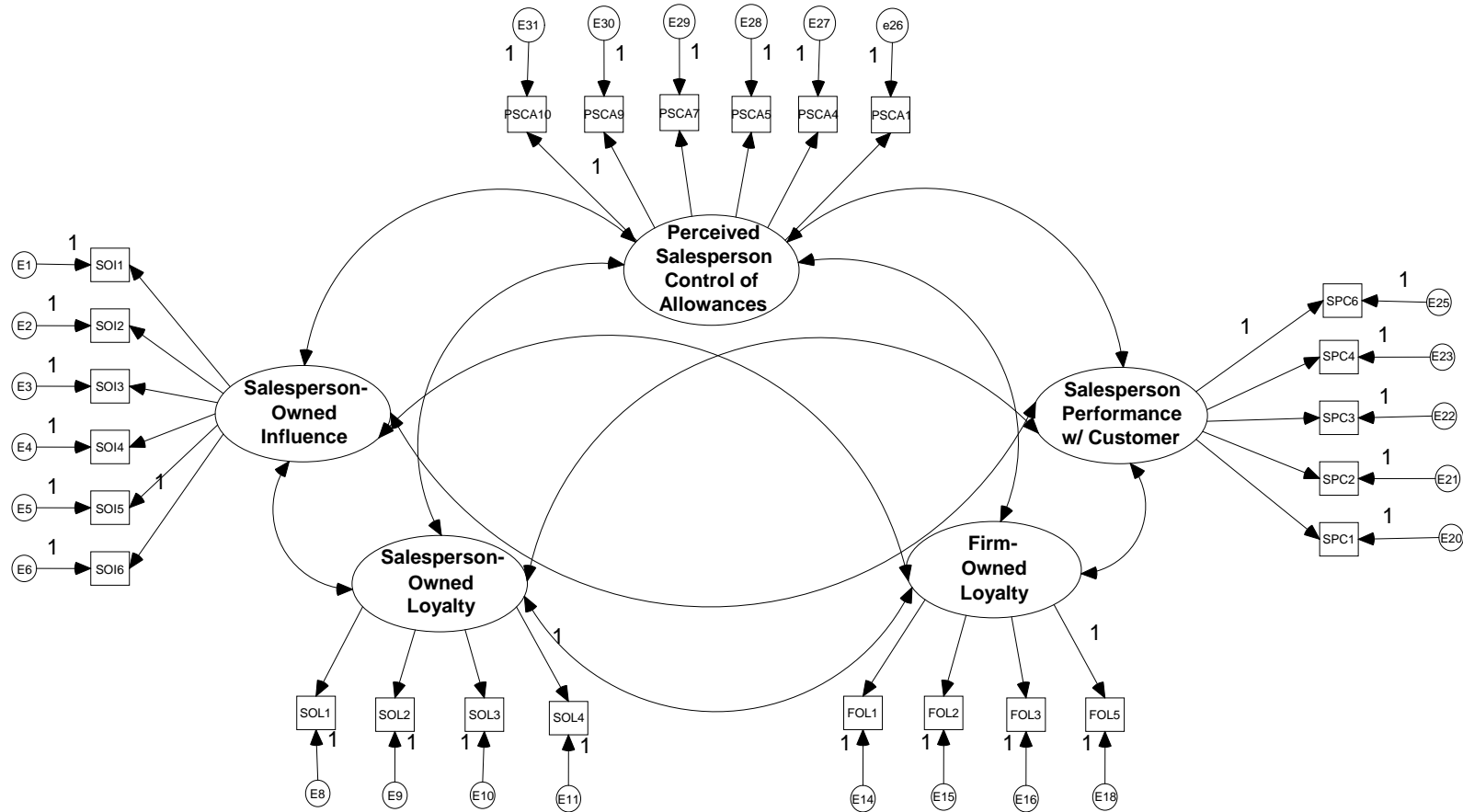
Just as familiarity of the allowances is a necessary, although not sufficient, characteristic of survey respondents; the customer's familiarity with the salesperson is just as important. This is due to the fact that this study is assessing the impact that a salesperson's control over allowances may have on his/her relationship with the customer. Therefore, a single item (i.e., How familiar are you with your Pepsi sales representative?) was used to assess familiarity. This item was also used as an informant check to screen those customers who indicate a lack of familiarity with the practice (i.e., scoring < 6 on a 1 to 10 scale). This measure consists of a single-item reflective indicator and was not included in the CFA used to assess overall fit of the measurement model.

MEASUREMENT MODEL

Convergent validity of the individual constructs was supported and the next step was to test the overall measurement model (see Figure 5.6) which included all 5 constructs (i.e., latent variables) and 25 indicators (i.e., observed variables). The model was assessed and based on the initial analysis, the goodness-of-fit and modification indices indicated the model exhibited poor fit ($\chi^2(9) = 54.887$, $p < .01$; RMSEA = .194; GFI = .874; AGFI = .707; NFI = .936; CFI = .946). The initial model was respecified and tested but fit improved only marginally. From this point, multiple models were specified and assessed without any individual model nearing an acceptable fit.

Based on the analysis of competing models it appeared that the customer loyalty variables, salesperson- and firm-owned loyalty, were in conflict with the salesperson influence and performance constructs. One explanation is that the observed variables for loyalty were cross loading onto the influence and performance constructs. In fact, one observed loyalty variable, SOL4, appeared to be the most highly offending indicator.

FIGURE 5.6
Full Measurement Model^{1,2}



¹Model fit: $\chi^2(9) = 54.887, p < .01$; RMSEA = .194; GFI = .874; AGFI = .707; NFI = .936; CFI = .946

²Correlated error terms have been omitted for the sake of clarity.

Although deleting this indicator did substantially improve the overall model fit, a decision was made to retain the item based on theoretical grounds. Specifically, this item is more clearly indicative of the salesperson-owned loyalty construct than any other item as it states “I feel greater loyalty toward this salesperson than to Pepsi as a company”. The aim of this measure is to assess the degree of customer loyalty directed toward the salesperson versus the selling-firm. This particular item is at the core of this construct and was retained. The next step was to assess two separate partial models in an attempt to identify acceptable fit.

PARTIAL MEASUREMENT MODEL

The poor fit of the overall measurement model appeared to be due to the loyalty variables being in the same model with the influence and performance constructs. The solution was to test one partial measurement model with both loyalty variables and perceived salesperson control of allowances and a second partial measurement model replacing the loyalty variables with the influence and performance constructs.

The first partial measurement model tested included the constructs and indicators for perceived salesperson control of allowances, salesperson-, and firm-owned loyalty. Based on the initial analysis, the goodness-of-fit and modification indices indicated the model exhibited marginal fit ($\chi^2(71) = 108.480, p = .003$; RMSEA = .063; GFI = .905; AGFI = .859; NFI = .934; CFI = .976). Although the model failed the chi-square test, when all fit indicators are considered the model fit is marginal. As in the previous CFA, deleting item 4 from the salesperson-owned loyalty measure would have resulted in an acceptable fit. However, as stated before, this item is central to the construct and was thus retained. Based on this decision, further scale purification was not necessary. Across the measurement model factor loadings ranged from .60 to .96. Composite reliability ranged from .88 to .95 while AVE ranged from .64 to .75. The AVE for each construct exceeded its squared covariance with each of the other constructs providing evidence of discriminant validity (Fornell and Larcker 1981).

The second partial measurement model tested included the constructs and indicators for perceived salesperson control of allowances, salesperson-owned influence, and salesperson performance with the customer. Based on the initial analysis, the

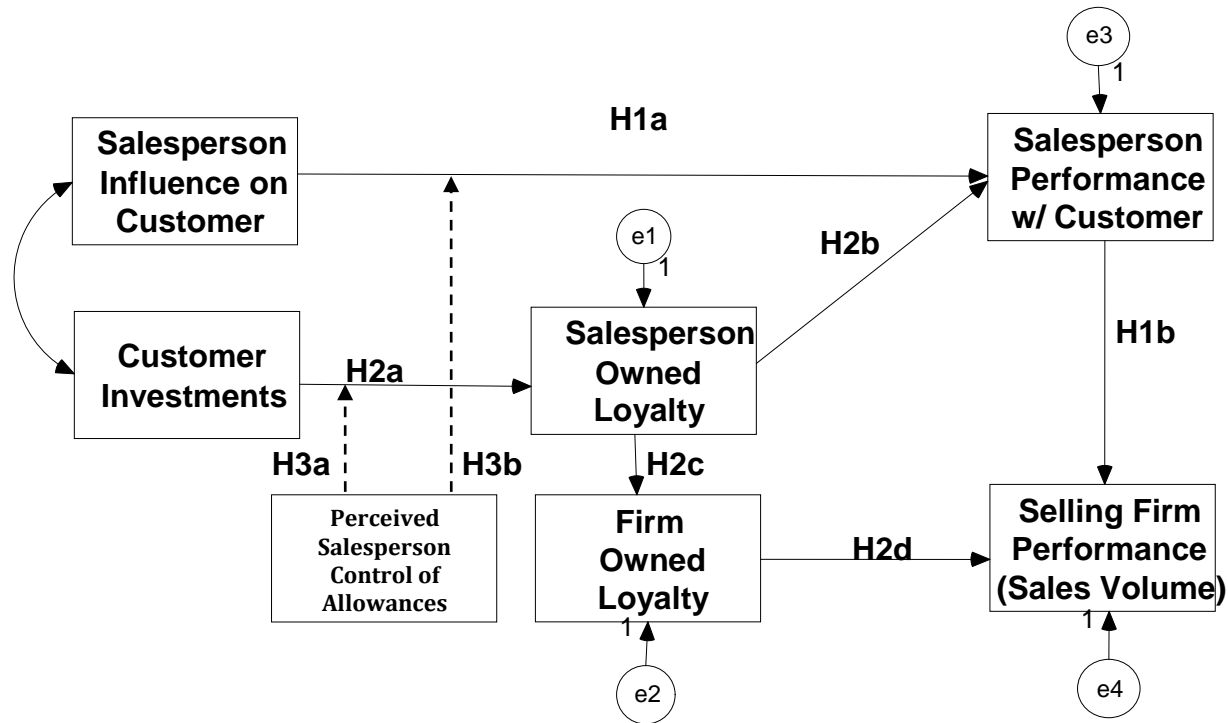
goodness-of-fit and modification indices indicated the model had a poor fit (χ^2 (116) = 252.241, $p < .01$; RMSEA = .093; GFI = .821; AGFI = .763; NFI = .905; CFI = .946). Therefore, further scale purification was necessary. First, item 5 and 6 from the performance measure were deleted as both demonstrated cross loading with the influence construct. Second, items 3, 4, and 5 from the influence measure were removed due to cross loading with the other constructs in the model. The respecified model achieved acceptable fit (χ^2 (48) = 57.437, $p = .165$; RMSEA = .038; GFI = .938; AGFI = .899; NFI = .966; CFI = .994). Across the measurement model factor loadings ranged from .71 to .95. Composite reliability ranged from .92 to .95 while AVE ranged from .75 to .86. The AVE for each construct exceeded its squared covariance with each of the other constructs providing evidence of discriminant validity (Fornell and Larcker 1981).

HYPOTHESIS TESTING

STRUCTURAL MODEL FITTING

The hypotheses for this study were tested using structural equation modeling in AMOS 7, the process and results are presented here. The hypothesized structural model (see Figure 5.7) was assessed and indicated poor fit (χ^2 (8) = 133.447, $p = .000$; RMSEA = .341; GFI = .812; AGFI = .507; NFI = .325; CFI = .313). The modification indices suggested the addition of direct relationships from salesperson influence to salesperson- and firm-owned loyalty and from firm-owned loyalty to salesperson performance with the customer. Although these relationships were not hypothesized, each one was found to be theoretically justified and added to the model. Note that the modification indices suggested an additional direct relationship however it was not added to the model as it did not align with theory.

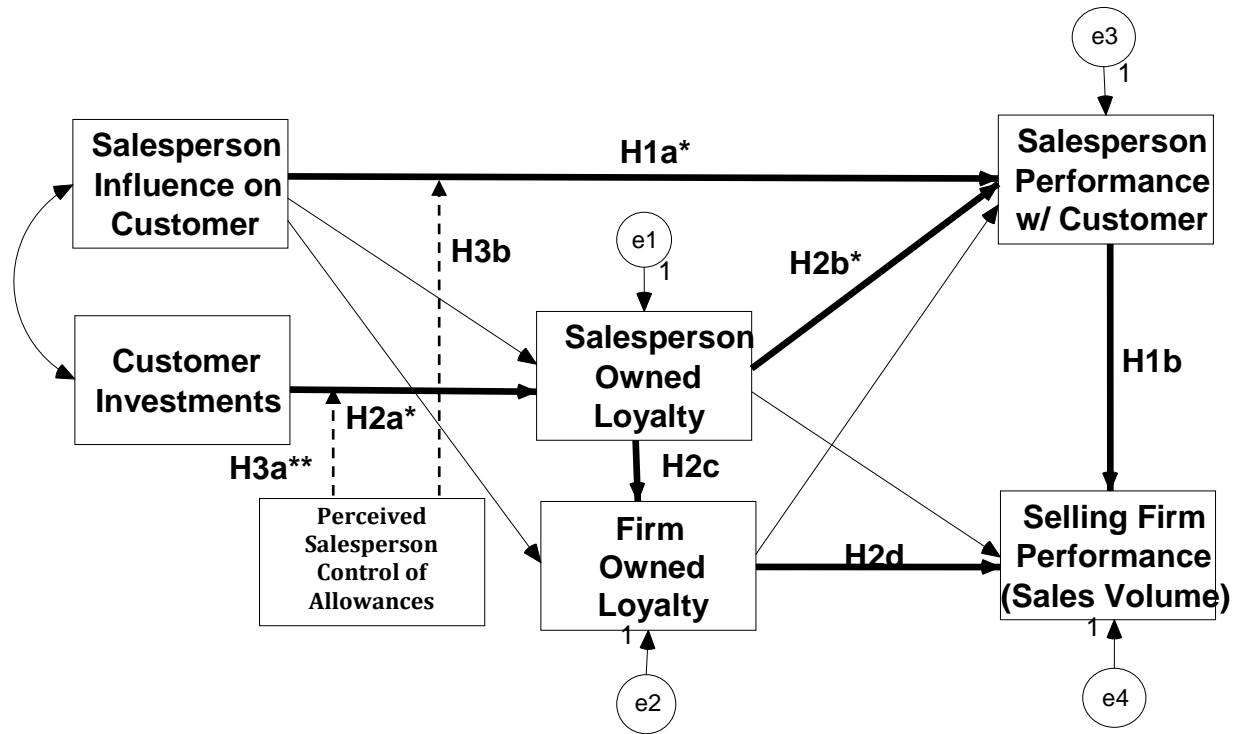
FIGURE 5.7
Hypothesized Structural Model¹



¹Model fit: $\chi^2(8) = 133.447$, $p = .000$; RMSEA = .341; GFI = .812; AGFI = .507; NFI = .325; CFI = .313

The respecified model (see Figure 5.8) indicated good fit ($\chi^2 (4) = 4.359$, $p = .360$; RMSEA = .026; GFI = .989; AGFI = .945; NFI = .978; CFI = .998). However, not all paths in the model were found to significant. In particular, two paths, firm-owned loyalty and salesperson performance with the customer both leading to selling firm performance, were found to be not significant. This may be due to the fact that selling firm performance is measured at the firm-level with the secondary data of sales volume while firm-owned loyalty and salesperson performance consists of primary data assessed at the customer-level. There are many factors which contribute to the actual sales volume at a given retail location beyond the variables in this study. In particular, competitive activity in the store, the local economy, and the local weather all are thought to have a significant impact on overall sales volume of carbonated soft drinks. This realization became apparent at a point in the current study beyond which these variables could accurately be controlled. The next step was to test for the hypothesized main effects in the structural model.

FIGURE 5.8
Respecified Structural Model¹



Note: Moderation hypotheses are depicted by dashed lines. Main effect hypotheses are represented by bold lines. Additional lines were added based on modification indices as described previously.

¹Model fit: $\chi^2(4) = 4.359$, $p = .360$; RMSEA = .026; GFI = .989; AGFI = .945; NFI = .978; CFI = .998

*Supported and significant at the $p \leq .01$ level (H1b, H2c, H2d, and H3b were not supported).

**Supported and significant at the $p \leq .05$ level

MAIN EFFECT HYPOTHESES

For a summary of hypotheses and support found, see table 5.2 at the conclusion of this chapter. The main effect hypotheses presented in chapter three were tested next using the respecified structural model (see Figure 5.8 above). First, the relationship between salesperson influence and salesperson performance with the customer was both positive and significant ($\beta = .223$, $p < .01$) and in the hypothesized direction. Thus, H1a was supported.

Second, the direct relationship between customer investments and salesperson-owned loyalty was both positive and significant ($\beta = .030$, $p < .01$) and in the effect was observed in the hypothesized direction. Thus, H2a was supported. Third, the main effect from salesperson- to firm-owned loyalty was negative and significant ($\beta = -.230$, $p < .01$), however, this effect was not in the hypothesized direction and was found to be counter to prior research. Thus, H2c was not supported.

Next, the effect of salesperson-owned loyalty on salesperson performance with the customer was both positive and significant ($\beta = .170$, $p \leq .01$) and in found to be in the hypothesized direction. Thus, H2b was supported. Additionally, the main effect from firm-owned loyalty leading to selling firm performance was negligible and not significant ($\beta = -.002$, $p = .811$). Therefore, H2d was not supported. Finally, the main effect between salesperson performance with the customer and selling firm performance was not significant ($\beta = .010$, $p = .304$). Thus, H1b was not supported. The next step was to test the moderation hypotheses. The moderator testing procedure and results are presented next.

MODERATION HYPOTHESIS TESTING

A multigroup analysis approach was used to assess the moderation hypothesis. The multigroup method prescribes that two groups should be established based a median split thereby creating a high and low group based on the moderating variable. Then two models are to be specified and assessed via a chi-square difference test. One model is tested with all hypothesized paths constrained which does not allow the model to vary across the high and low groups. The second model is tested with all hypothesized paths

constrained with the exception of the path which is expected to be moderated. This allows the hypothesized path to vary across the high and low groups of the moderating variable. If the chi-square difference is significant, and the effect is in the hypothesized direction, then moderation is indicated.

First, the moderation effect was assessed for the impact of the perceived salesperson control of allowances on the direct relationship between customer investments and salesperson-owned loyalty. The multigroup analysis indicated mixed results. The chi-square difference test was completed first. The constrained model indicated $\chi^2(26) = 182.563$, $p = .000$ and the second model with the hypothesized moderated relationship free to vary across the two groups indicated $\chi^2(24) = 176.009$, $p = .000$. This result suggested moderation due to a significant chi-square difference at the $p < .05$ level ($\Delta\chi^2(2) = 6.554$, $p = .0377$). Although the effect was observed to be in the hypothesized direction, that is high control has a more positive effect than low control, only in the high control group was the relationship between customer investments and salesperson-owned loyalty significant ($p < .01$). Therefore, the multigroup analysis indicated partial support for the moderation effect hypothesized in H3a.

Next, the moderation effect was assessed for the impact of the perceived salesperson control of allowances on the direct relationship between salesperson influence and salesperson performance with the customer. The multigroup analysis indicated mixed results. The chi-square difference test was completed first. The constrained model indicated $\chi^2(26) = 182.563$, $p = .000$ and the second model with the hypothesized moderated relationship free to vary across the two groups indicated $\chi^2(24) = 149.024$, $p = .000$. This result suggested moderation due to a significant chi-square difference ($\Delta\chi^2(2) = 33.539$, $p = .000$). Although the chi-square difference test was significant, the effect was not found to be in the anticipated direction. That is, low control has a more positive effect than high control on the relationship between salesperson influence and salesperson performance with the customer. Therefore, the multigroup analysis lead to mixed results in regard to H3b.

Based on indications from prior model testing and the subsequent mixed results from the multigroup analysis, a series of post hoc models were specified and assessed for additional effects of moderation. This process resulted in one additional relationship exhibiting characteristics of moderation, that is, the direct effect from salesperson-owned

loyalty leading to salesperson performance with the customer. The procedure and results are presented next.

POST HOC ANALYSIS

STRUCTURAL EQUATION MODELING

A second structural model was tested using the same procedure as described previously. The alteration in the post hoc model was that the focal relationship for moderation was now between salesperson-owned loyalty and the salesperson's performance with customer. The question is what impact the customer's perception of the salesperson's control over allowances may have on the ability of the salesperson to leverage loyalty to drive individual performance. The previous model with established fit was used to perform a multigroup analysis. All paths were constrained and as expected the fixed model chi-square was the same as before ($\chi^2 (26) = 182.563, p = .000$).

The second model differed in that the free parameter was now the path from salesperson-owned loyalty leading to the salesperson's performance with the customer. The chi-square for this model ($\chi^2 (25) = 164.355, p = .000$) was found to be significantly different from the fixed path model ($\Delta\chi^2 (1) = 18.208, p = .000$). In addition, the effect was found to be in the expected direction, that is, high control lead to a stronger positive relationship between salesperson-owned loyalty and salesperson performance with the customer. When combined, these results provide strong evidence of a moderation effect.

In sum, mixed results and partial support for moderation was found across the initial structural model. More definite results were found for moderation in the post hoc model. This leads to a more defined, although not entirely clear, series of relationships among the variables. In an attempt to more fully understand how these variables are interacting with one another the decision was made to isolate each relationship along with the moderator variable in separate regression models. The models were tested using multiple regression. The procedure and results are presented next.

MULTIPLE REGRESSION

Hypothesized Moderation

Following the temporal order of model testing in the previous discussion of the structural model, the relationship between customer investments and salesperson-owned loyalty was tested first for the possible effects of the moderating variable, perceived salesperson control of allowances. The model is represented as:

$$\text{SOL} = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_1 X_2 + \beta_4 X_3 + \beta_5 X_4 + \varepsilon_1$$

Where:

SOL = Salesperson-Owned Loyalty

X_1 = Customer Investments

X_2 = Perceived Salesperson Control of Allowances

Control variables:

X_3 = Customer Familiarity with Allowances

X_4 = Customer Familiarity with Salesperson

Guidelines provided by Hair et al (1998) were adopted to address the possibility of multicollinearity. First, each of the independent variables was mean centered in an attempt to mitigate the potential for multicollinearity. The correlation matrix for all of the independent variables indicated that none exhibited correlations above .90 (see Table 5.1 below). In addition, the model resulted in variance inflation factors ranging from 1.018 to 1.203, (all well below the recommended cut-off value of < 10) and tolerance ranging from .831 to .982 well above the recommended cut-off of > .10 (Hair et al 1998). Taken together, these indicators suggest that multicollinearity was not present in this model.

TABLE 5.1
Means, Standard Deviations, and Pearson Correlations

	Mean	Standard Deviation	Perceived Salesperson Control of Allowances (PSCA)	Salesperson-Owned Loyalty (SOL)	Firm-Owned Loyalty (FOL)	Salesperson Influence on Customer (SIC)	Salesperson Performance w/ Customer (SPC)	Selling Firm Performance (SFP)	Salesperson Sales Calls w/Customer (TIME)	Customer Familiarity w/ Salesperson (REPFAM)	Customer Familiarity w/ Allowances (DCAFAM)
PSCA	4.75	1.53	1.00								
SOL	3.95	1.68	.340**	1.00							
FOL	6.15	1.00	0.02	-0.02	1.00						
SIC	5.14	1.41	.286**	.599**	.387**	1.00					
SPC	5.76	1.27	.246**	.371**	.486**	.541**	1.00				
SFP	0.01	0.06	.177*	.282**	0.02	0.09	.186*	1.00			
TIME	37.65	12.24	.260**	.268**	-0.04	0.09	0.14	0.08	1.00		
REPFAM	8.29	0.97	.210*	.190*	.238**	.300**	0.15	0.09	.231**	1.00	
DCAFAM	7.56	1.11	0.05	-0.10	0.06	-0.10	0.07	-0.03	.245**	.336**	1.00

**Correlation is significant at the 0.01 level (2-tailed)

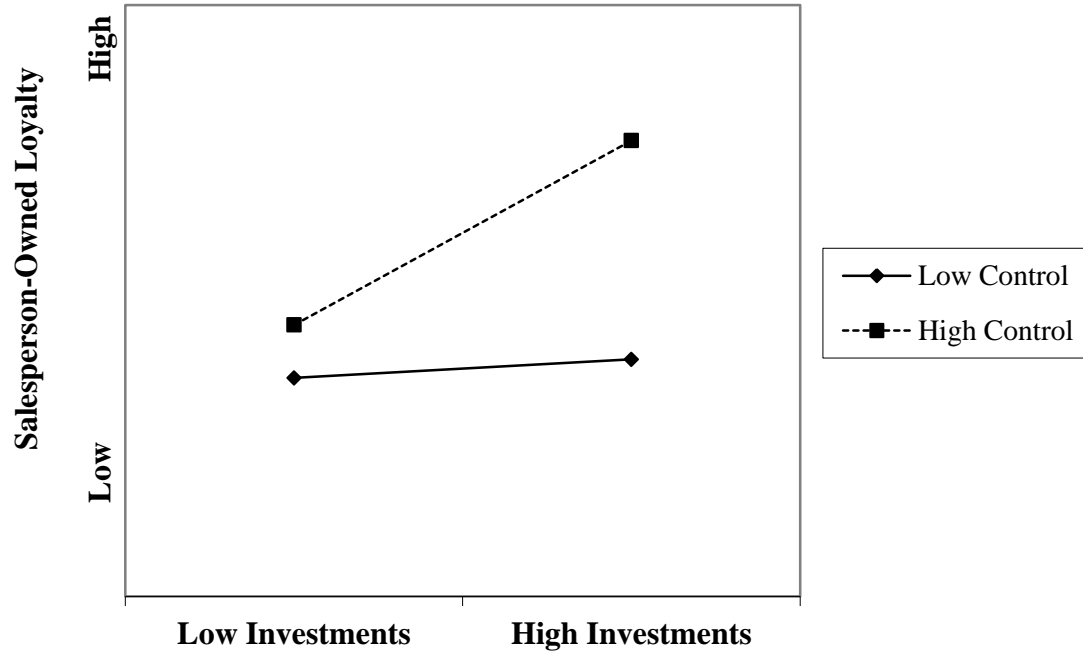
*Correlation is significant at the 0.05 level (2-tailed)

Note: 'TIME' consists of the number of sales calls made over timeframe of the study which explains a mean and standard deviation higher than other variables. This measure was standardized prior to hypothesis testing. Standardization of the variable involved subtracting the mean from the original score and dividing by the standard deviation.

The results of the analysis show a positive and significant main effect between customer investments and salesperson-owned loyalty ($\beta_1 = .038$, $p < .01$) providing additional support to the structural model for H2a. The results of the analysis also show a positive and significant interaction effect for perceived salesperson control of allowances on the relationship between customer investments and salesperson-owned loyalty ($\beta_3 = .015$, $p < .05$). This finding indicates that the perception on the part of the customer that the salesperson has a level of control over the allowances has a positive impact on salesperson-owned loyalty. This result provides evidence in support of H3a.

The interaction was graphed to provide a visual representation of the effects taking place among the variables (see Figure 5.9). However, recall from the multigroup analysis of the structural model that in the low control group the relationship between customer investments and salesperson-owned loyalty was not significant. That finding taken in combination with the regression analysis may indicate that high perceived control is a benefit in terms of loyalty however low perceived control is not as detrimental as one may expect.

FIGURE 5.9
Moderating Effect of Perceived Salesperson Control of Allowances on
Customer Investments and Salesperson-Owned Loyalty



Next, the relationship between salesperson influence and salesperson performance with the customer was tested first for the possible effects of the moderating variable, perceived salesperson control of allowances. The model is represented as:

$$SPC = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_1 X_2 + \beta_4 X_3 + \beta_5 X_4 + \epsilon_1$$

Where:

SPC = Salesperson Performance with the Customer

X_1 = Salesperson Influence on the Customer

X_2 = Perceived Salesperson Control of Allowances

Control variables:

X_3 = Customer Familiarity with Allowances

X_4 = Customer Familiarity with Salesperson

Once again, following the guidelines provided by Hair et al (1998), multicollinearity was assessed. The independent variables was mean centered and the correlation matrix for all of the independent variables indicated that none exhibited correlations above .90 (see Table 5.1 above). In addition, the variance inflation factors were present ranging from 1.069 to 1.309, (all well below the recommended cut-off value of < 10) and tolerance ranging from .764 to .936 well above the recommended cut-off of > .10 (Hair et al 1998). Taken together, these indicators suggest that multicollinearity was not an issue among the predictor variables in the model.

The results of the analysis demonstrate a positive and significant main effect ($\beta_1 = .519$, $p = .000$) between salesperson influence and salesperson performance with the customer offering additional support for H1a. The results of the analysis also show a non-significant negative interaction effect ($\beta_3 = -.126$, $p = .152$) for perceived salesperson control of allowances on this relationship. Thus the moderation hypothesis, H3b, is not supported. Recall that this moderation effect was not supported previously either based on the multigroup analysis procedure conducted in AMOS 7.0 which bolsters confidence in the overall finding.

POST HOC MODEL

Next, the relationship between salesperson-owned loyalty and salesperson performance with the customer was tested for the possible effects of the moderating variable, perceived salesperson control of allowances. The model is represented as:

$$SPC = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_1 X_2 + \beta_4 X_3 + \beta_5 X_4 + \beta_6 X_5 + \epsilon_1$$

Where:

SPC = Salesperson Performance with Customer

X_1 = Salesperson-Owned Loyalty

X_2 = Perceived Salesperson Control of Allowances

Control variables:

X_3 = Customer Familiarity with Allowances

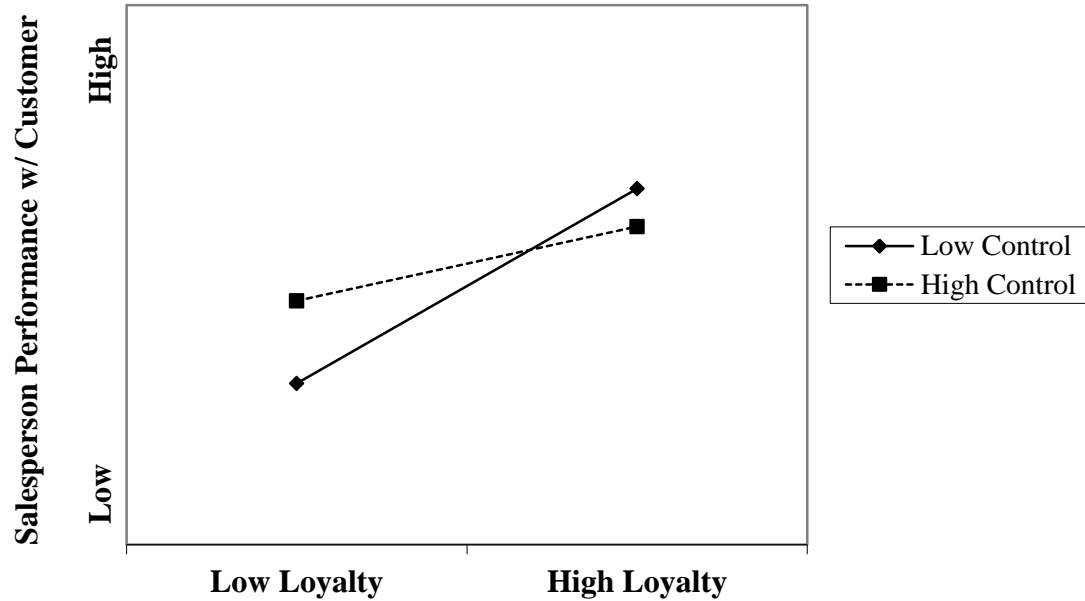
X_4 = Customer Familiarity with Salesperson

X_5 = Firm-Owned Loyalty

As with the previous regression model, guidelines provided by Hair et al (1998) were used to address the potential for multicollinearity. Each one of the independent variables was mean centered in an attempt to lessen the possibility of multicollinearity. The correlation matrix for all of the independent variables indicated that none of the variables exhibited correlations above .90 (see Table 5.1 above). In addition, the resulting model resulted in variance inflation factors ranging from 1.137 to 1.294, (all well below the recommended cut-off value of < 10) and tolerance ranging from .773 to .880 well above the recommended cut-off of $> .10$ (Hair et al 1998). Taken together, these indicators suggest that multicollinearity was not an issue among the independent variables in the model.

The results of the analysis show a positive and significant main effect ($\beta_1 = .307$, $p = .000$) between salesperson-owned loyalty and the salesperson's performance with the customer which coincides with the finding based on the multigroup analysis conducted previously. The results of the analysis also demonstrate a significant negative interaction effect ($\beta_2 = -.087$, $p \leq .01$) for perceived salesperson control of allowances on the relationship between salesperson-owned loyalty and the salesperson's performance with the customer. This finding indicates that the perception on the part of the customer that the salesperson has a high level of control over the allowances actually has a negative impact on the salesperson's ability to leverage customer loyalty to drive performance. This finding is counterintuitive and runs contrary to the overall assumption in this study that high perceived salesperson control of allowances is a benefit to the salesperson and the selling firm. The interaction was graphed to provide a visual representation of the effects taking place among the variables (see Figure 5.10). Although this effect flows from post hoc analysis and was not set-forth a priori, it provides the other side of the control variable coin, that is, the downside of salesperson control.

FIGURE 5.10
 Moderating Effect of Perceived Salesperson Control of Allowances on
 Salesperson-Owned Loyalty and Salesperson Performance with Customer



SUMMARY

The overall results demonstrated a positive and significant main effect between the predictor variables customer investments and salesperson influence with salesperson-owned loyalty. A positive and significant main effect was also observed between salesperson-owned loyalty and salesperson performance. The data analysis failed to show support for the hypothesized main effect between salesperson- and firm-owned loyalty, firm-owned loyalty and selling firm performance, or salesperson performance and selling firm performance. Moderation analysis using multiple methods suggested when the customer perceives that the salesperson has a high level of control over the allowances; the customer's loyalty toward the salesperson is enhanced while performance is dampened. This unexpected finding is explored further in the discussion presented in the following chapter.

TABLE 5.2
Summary of Hypotheses and Support Found

Hypothesis	Supported
<i>Main Effects</i>	
H _{1a} : Salesperson influence positively affects salesperson performance with the customer.	Yes**
H _{1b} : Salesperson performance positively affects selling firm performance.	No
H _{2a} : Customer Investments positively affect salesperson-owned loyalty.	Yes**
H _{2b} : Salesperson-owned loyalty positively affects salesperson performance with the customer.	Yes**
H _{2c} : Salesperson-owned loyalty positively affects firm-owned loyalty.	No
H _{2d} : Firm-owned loyalty positively affects selling firm performance.	No
<i>Moderation Effects</i>	
H _{3a} : High (Low) perceived salesperson control of channel allowances enhances (diminishes) the positive effect of customer investments on salesperson-owned loyalty.	Yes (High)* No (Low)
H _{3b} : High (Low) perceived salesperson control of channel allowances enhances (diminishes) the positive effect of salesperson influence on salesperson performance with the customer.	No (High) No (Low)

**Significant at the $p < .01$ level (two-tailed)

*Significant at the $p < .05$ level (two-tailed)

CHAPTER 6 DISCUSSION

INTRODUCTION

In this chapter the research implications are discussed. First, theoretical implications are presented with a focus on channel allowances literature as well as salesperson control and cognitive evaluation theory. Next, managerial implications are explored based on the research findings with guidance for sales managers. Then, a set of limitations in relation to the research context and data sources for the current study are put forth. The chapter concludes with consideration given to potential directions for future research in the area of downstream channel allowances.

CONCLUSIONS

This study investigated the effects, both positive and negative, which may be present due to the customer's perception of salesperson control over channel allowances. Key variables of the study relating to the customer-salesperson relationship included investments of time made by the salesperson in the form of sales calls, the financial investment made by the selling firm in the form of channel allowances, customer loyalty directed toward the salesperson and the selling firm, the salesperson's influence on the customer's decision making, and the salesperson's performance with the customer.

The findings supported the idea that customer investments have a positive impact on achieving salesperson-owned loyalty. Further, this relationship is enhanced when the customer perceives that the salesperson holds a high level of control over channel allowances. Also, support was found for the positive impact of salesperson influence on salesperson performance with the customer. However, contrary to expectations, this relationship was not moderated by the perception of salesperson control over allowances. In regard to additional main effects, the results suggest that, in addition to salesperson influence, salesperson-owned loyalty also has a positive impact on the salesperson's performance with the customer. However, post hoc analysis demonstrated that high perceived salesperson control over allowances decreases this positive relationship. This effect was not hypothesized and occurred in opposite direction of what would have been expected which begs for explanation while leading to further questions.

What is to be made of the finding that high salesperson control is a benefit to engendering customer loyalty toward the salesperson but a hindrance to actual salesperson performance with the customer? Recall that data for both salesperson-owned loyalty and salesperson performance with the firm was provided by the customer. Therefore, regardless of the potential for common method bias, at least in this instance the same source is indicating different moderation effects for the same variable across two important relationships.

At first inspection, it would seem at odds that high control is beneficial to loyalty while detrimental to performance. However, there may be a very good theoretically grounded explanation for this finding. In the first instance, salesperson owned loyalty benefits from high control just as cognitive evaluation theory would predict. In the presence of high perceived salesperson control the payments are intrinsic to the customer-salesperson relationship. That is, the motivation results from channel allowance payments which are perceived to be internal to the relationship as opposed to being controlled by some outside force such as a sales manager. Cognitive evaluation theory, as applied to the customer-salesperson relationship in this research, indicates that this level of perceived control would increase the customer's intrinsic motivation toward the relationship with the salesperson. This would be in line with the theoretical framework of set forth in this dissertation.

The next logical question is why then does the same reasoning not hold true in relation to salesperson performance to the customer? First, it is necessary to why this effect may be present before considering it in combination with the prior effect. An explanation as to why high perceived control would be detrimental to salesperson performance can be found in the literature on power-dependence theory (Emerson 1962) and the possible effects of power within a distribution channel (Gaski 1984). Power-dependence theory and related literature would suggest that, in the context of a sales exchange, when one partner is more powerful the other partner is more dependent. Going further, the dependent exchange partner would likely not appreciate being placed in a position dependency on another. This negative effect would be more pronounced in the context of the current study because the customer in a position of dependency for money.

It is reasonable to expect that the customer would not feel positive about being dependent on a salesperson for channel allowances and may respond negatively toward that salesperson. So, if this is the case, why then does the data show that the customer responded positively toward the salesperson in terms of loyalty? It may be that the customer loyalty credited to the salesperson is not voluntary but rather coerced. The customer may feel compelled to demonstrate a certain degree of loyalty toward the salesperson due to the perception that the salesperson controls the purse strings to the channel allowances. However, when it comes to performance, the customer is less inclined to demonstrate a positive opinion.

The results of the data analysis failed to support any additional hypothesized relationships. Specifically, the results indicated a significantly negative relationship between salesperson- and firm-owned loyalty. This finding is in contradiction with prior research in that the expected “spill-over” effect was not present indicating this finding may be spurious and caused by the specific to research context or the adapted measure of firm-owned loyalty. In addition, there was no significant relationship emanating from neither firm-owned loyalty nor salesperson performance leading to selling firm performance. This lack of effect is most likely due to the fact that many different factors contribute to the selling firm’s performance with firm-owned and loyalty and the salesperson’s performance being only a small contributing factor.

THEORETICAL IMPLICATIONS

The salesperson’s role is to bridge the gap between the customer and the selling firm. This is not always an enjoyable position to hold, however, it can be very influential on both sides of the exchange. The current study inquired as to whether or not salespeople should convey to customer’s a high or low level of control over channel allowances. The actual level of control the salesperson had allowances was not germane to this study. After all, if the customer believes the salesperson has no control over the allowances paid by the selling firm, it matters very little how much control the salesperson actually has in the situation.

In regard to channel allowances, there has been a long and ongoing debate as to the advantages and disadvantages associated with this practice. This debate typically

centers around whether powerful retailers force manufacturers to pay excessive allowances or powerful manufacturers squeeze out competition by offering to pay higher allowances than smaller manufacturers are able to afford. Lost in the determination to seek a resolution to this debate has been the impact that channel allowances have on the relationship between the customer and the salesperson. The current investigation did not set-out to contribute to the debate or attempt resolution. Rather, the aim of this study was to shed some light upon the effect, good or bad, that these allowances have on the relationship between a customer and a salesperson.

Another contribution of this research relates to cognitive evaluation theory. This theory has been used almost exclusively in studies where an individual engaged in a task is offered an incentive to perform the given task. Although scholars sometimes disagree, multiple studies have shown that a person's level of intrinsic motivation is decreased in the presence of an extrinsic motivator, most often money.

The current research adds an element of nuance to the prior applications of cognitive evaluation theory. That is, the focal activity is not an individual engaging in a task but rather two people engaging in a relationship. More specifically, a customer and a salesperson engaged in a business relationship in which money is involved and may or may not serve as a source of motivation. Based on this application of cognitive evaluation theory, if the channel allowance is controlled by the salesperson then it is internal to the relationship and would not decrease intrinsic motivation. Since intrinsic motivation is not decreased there is no subsequent negative impact to interpersonal relationship elements such as loyalty. However, if the channel allowances are controlled by a force external to the relationship (e.g., a sales manager), the customer's intrinsic motivation may decrease leading to a dampening effect of the feelings of loyalty toward the salesperson.

MANAGERIAL IMPLICATIONS

Discontinuing the use of allowances does not appear to be a viable option in today's marketplace. Therefore, it is beneficial to understand the effects of these allowances and how managers may better deal with discussing allowances with customers and to what extent salespeople should be involved. A check of the literature for guidance as to the

level of control a salesperson should have over channel allowances proved unhelpful. Prior research (e.g., Hersey and Blanchard 1982) suggest that more experienced salespeople would benefit from a high level of control. However, more recent research (e.g., Ahearne, Mathieu, and Rapp 2005) would suggest that less experienced salespeople would be most likely to benefit from empowerment. Of course none of the literature provided guidance precisely to the question of salesperson control over channel allowances thus highlighting the research gap filled by the current study.

Based on findings from the present research, it would appear that the salesperson's perceived control over channel allowances act as a double-edged sword. On the one hand, when a salesperson is perceived to have a high level of control over the allowances there is a clear benefit to engendering salesperson-owned loyalty. On the other hand, high perceived control has a deleterious effect on the salesperson's ability to leverage that loyalty to increase performance. The findings suggest that high salesperson control benefits loyalty while decreasing performance.

This leaves managers in the position of either encouraging salespeople to convey accountability to customers regarding the allowances or for the salesperson to defer accountability to the sales manager. It is important to note that the findings did not suggest low perceived control significantly hindered the salesperson's ability to engender loyalty, only that high control was beneficial. One of the focal variables in this study was salesperson-owned loyalty (i.e., customer loyalty directed toward the salesperson as opposed to the selling firm). Prior research suggest that maximizing salesperson-owned loyalty may not be desirable for the selling (Palmatier et al 2007). High customer loyalty toward a salesperson would be a potential detriment to the selling firm if the salesperson were to leave and join a competitor. One of the key findings of this research is that selling firm's can avoid high salesperson-owned loyalty while enhancing the salesperson's performance simultaneously. That is, low control decreases salesperson-owned loyalty while at the same time increasing the salesperson's performance. Thus, managers will be best served by training salespeople to deflect decision making authority away from him/herself and toward the sales manager. It is worth noting that this is in contradiction with the expected outcome of this study.

Therefore, managers may be best served by salespeople with low perceived control, which is opposite to the fundamental hypothesis in this research. With low perceived control the manager forgoes maximizing salesperson-owned loyalty while minimizing the threat of high perceived control to salesperson performance. This would allow the salesperson to deflect decision making regarding allowances onto others within the selling firm (e.g., a sales manager).

LIMITATIONS

The current research suffers from the following limitations. First, the intentions of the channel allowances in regard to this research are unknown. The payments made by the selling firm combine slotting allowances, display allowances, and promotional allowances into a single quarterly payment. It is unknown if, or to what degree, the purpose of the channel allowances would have on the relationships examined in this research. It would be valuable from the sales manager's perspective to know whether or not this element makes a difference in the way channel allowances are perceived by customers. Existing literature tends to focus on either slotting allowances or promotional allowances exclusively. When different types of allowances are included in a single study, there is no distinction made as to the intentions of the allowance being paid. That limitation is shared in the current research as well.

Second, only a single retail channel (i.e., convenience stores) was represented in the study. Based on access to customers and secondary data, this limitation was unavoidable. However, there are benefits related to control based on this limitation. For example, due to the consistency of channel partners participating in the survey research there is no need to sacrifice sample size in order to control for various channels of distribution. However, the downside is that it remains unresolved as to whether large grocery store chains, drug store chains, department stores, etc. would all demonstrate comparable results with this study.

Third, only a single product category (i.e., carbonated soft drinks) was included in this study. As with the different retail stores mentioned, product category effects are not accounted for in the study. Would the results found in the current study be consistent across the various departments of the grocery store? Would the results have been

different across product categories outside of consumer goods? These questions remain unanswered. Product category is an important distinction to make because channel allowances have long ago moved beyond the grocery retail segment. In a pre-study interview with a senior key account salesperson was asked a question about slotting allowances he replied by saying “Slotting allowances are primarily a retail grocery practice”. In fact, that has not been the case for over a decade. Allowances of all type have moved beyond grocery and into many areas including online retailing. In part, the proliferation of channel allowances is due to the FDA’s lack of enthusiasm for controlling or halting the practice. Based on the government’s lack of interest and the marketplace incentives, channel allowances are certain to grow exponentially across virtually all areas of the global economy. In sum, this limitation is a significant one.

Finally, and as discussed to some extent previously, there was a clear difference in terms of power and dependence between the selling firm and the retail customers included in this study. That is, the selling firm was the powerful partner in the relationship while the customer was the most dependent. This limitation may have contributed to the unexpected finding that high perceived control over channel allowances decreases the salesperson performance with the customer. In other words, the customer does not like to be dependent on a salesperson representing a more powerful selling firm. Given the current study, there is no way to know if this power difference contributed to the observed effect. In fairness, it would be extremely difficult to find a scenario in which power was equal between the customer and salesperson in a business-to-business exchange. This limitation indicates the need for more controlled experimental research in the area of channel allowances.

FUTURE RESEARCH

The practice of selling firms paying channel allowances continues to grow, however, research in this area is lacking. Therefore, future research in the domain of channel allowances is ripe with opportunity. First, there is an existing control in the marketplace based on government regulations. That is, the Bureau of Alcohol Tobacco and Firearms (BATF) has banned the practice of paying or requiring channel allowances for alcoholic products. However, the rest of the consumable goods market is regulated by the Food

and Drug Administration (FDA) and the FDA has not banned this practice for the sale of other consumer goods. What this means is that a carbonated soft drink salesperson is competing for the same space in the retail grocery store that the beer salesperson desires. However, the soft drink salesperson can offer to pay the retailer for the space while the beer salesperson cannot. Regardless of the inherent lack of fairness this may create, a more interesting question is what effect does the presence of a channel allowance have on the relationship between these two salespeople and the retail customer?

A second direction for future research regarding channel allowances is to study different effects based on the intended purpose of the allowance. For example, does it matter if a salesperson is offering to pay for shelf space versus offering to pay for a promotion? One may infer that a promotion would be of more benefit to the retailer if it is designed to generate store traffic. It may benefit the selling firm and the retailer to structure channel allowances around promotions and make shelf or display space a requirement as part of the promotion. This could effectively eliminate slotting allowances, display allowances, and pay-to-stay fees by making these elements part of the promotional allowance agreement. Future research may address these questions and provide a more definitive answer.

Third, it would be beneficial to attempt to generalize the findings of this study across other retail context and product categories. While replication in a different context may not be advantageous in terms of a cost-benefit analysis, researchers in the future would be wise to examine multiple channel allowance phenomena across a variety of retail channels and product categories. Much of the existing literature, including the current study, is embedded on the retail consumer goods segment. More specifically, many of the studies involve consumable goods sold in grocery stores. It would benefit the area of channel allowance research to convey a message that this is not just a grocery store phenomenon. In fact, the practice has been growing rapidly beyond the grocery segment for the past two decades. Hopefully, future research will be able to keep up with the pace.

Finally, as suggested in the discussion on limitations, researchers will find it challenging to identify a real world customer-salesperson relationship in which channel allowances are involved and power between the exchange partners is equal. This signals

the need for future experimental research regarding channel allowances. Only within the confines of a highly controlled experiment may researchers have the ability to set power and dependence equal in one condition while allowing it different across two others. Assuming differential effects are found in the experimental setting, a series of follow-up studies would be needed to generalize the findings to actual customer-salesperson relationships. Without doubt, this would require a great deal of effort but would prove exceedingly beneficial to channels of distribution researchers as well as those interested in channel allowances and power-dependence theory.

SUMMARY

This dissertation has taken the initial step in understanding the effects of the customer's perception of the salesperson's control over channel allowances in a business-to-business exchange. However, much work is still needed in this regard. Sales managers and salespeople alike may be well advised to convey a low level of salesperson control over channel allowances, especially if the objective is to maximize both customer loyalty toward the firm and salesperson performance simultaneously. With a continuing lack of government regulation, researchers seeking rewarding and fruitful opportunities for future research will find riches in the area of channel allowances as this practice continues to expand across the marketplace.

APPENDIX

Buyer Opinion Survey

A Study of Customer Relationship Practices in a Professional Retail Context

GENERAL INSTRUCTIONS

This survey will take less than 15 minutes to complete.

You have been selected as a participant in this research study based on your position as a store manager for your company. On the following pages, you will find a series of questions designed to assess your opinion regarding your position as well as customer relationship practices that you encounter in your interaction with sales reps.

The purpose of this study is to better understand how sales reps interact with customers such as you. Please read each question carefully and respond according to the instructions provided for each section. To ensure that valid conclusions may be drawn, we encourage you to be as honest and accurate as possible with your responses. There are no right or wrong answers.

Each survey will be kept strictly confidential. By participating in this study, your company will *never* be identified and your responses will *never* be identified to anyone beyond the principal investigator. The information is for academic research purposes only and only summary information about large groups of respondents will ever be reported.

Any questions, suggestions, concerns, or complaints may be directed to the principal investigator, Jason Rowe, at the University of Kentucky by email at jason.rowe@uky.edu, by phone at 859-257-2962, or by fax at 859-257-3577.

Thank you for assisting with this research effort. Please return your completed survey by email to ukyurvey@gmail.com.

PART I: PROMOTIONAL ALLOWANCES

Instructions: It is a common practice for vendors to pay for display space or shelf space in a store. For example, Pepsi, Coke, or Frito-Lay may pay an allowance for a display or to get a new product on the shelf. This section of the survey asks questions dealing with *the amount of control you believe your (Selling Firm) sales rep may have over these type of allowances*. The questions on this survey relate to (Selling Firm) so think of your (Selling Firm) sales rep when responding to the items. Using the responses below, check the box that best describes the extent to which you agree or disagree with each of the following statements.

	Strongly Disagree					Strongly Agree	
	1	2	3	4	5	6	7
1. My (Selling Firm) salesperson controls the allowances (Selling Firm) provides to us.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. My (Selling Firm) salesperson has the ability to increase or decrease the allowances we receive from (Selling Firm).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. I typically negotiate allowances from (Selling Firm) with my (Selling Firm) salesperson.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. My (Selling Firm) salesperson has the authority to make decisions regarding our allowances.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. My (Selling Firm) salesperson controls the <i>amount</i> of the allowances we receive from (Selling Firm).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. My (Selling Firm) salesperson controls the <i>frequency</i> with which our allowances are paid by (Selling Firm).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. (Selling Firm) empowers its salespeople to control the allowances we receive from them.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. My (Selling Firm) salesperson rarely brings his/her manager to meetings whenever allowances are discussed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. My (Selling Firm) salesperson rarely has to seek approval when making decisions regarding our allowances.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. All matters relating to our allowances from (Selling Firm) are handled by our (Selling Firm) salesperson.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

On average, how often does your (Selling Firm) salesperson call on you?

- Never
 Less than once a week
 Once a week
 Twice a week
 Three or more times a week

How familiar are you with your (Selling Firm) sales representative?

Not at all Familiar	Very Familiar
1 2 3 4 5 6 7	8 9 10
<input type="checkbox"/>	<input type="checkbox"/>

How familiar are you with the allowances you receive from (Selling Firm)?

Not at all Familiar	Very Familiar
1 2 3 4 5 6 7	8 9 10
<input type="checkbox"/>	<input type="checkbox"/>

PART II: GENERAL INFORMATION

Instructions: Again, thinking of your (Selling Firm) sales rep, read the responses below and check the box that best describes the extent to which you agree or disagree with the following statements.

	Strongly Disagree						Strongly Agree
	1	2	3	4	5	6	7
1. In general, I thoroughly enjoy working with my (Selling Firm) salesperson.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I enjoy working with my (Selling Firm) salesperson to develop solutions to solve complex problems.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. I value the opportunity to share ideas with my (Selling Firm) salesperson.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. I look for opportunities to work with my (Selling Firm) salesperson to increase my knowledge and skills.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Enjoying a working relationship with my (Selling Firm) salesperson matters a lot to me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. My relationship with my (Selling Firm) salesperson is part of what I enjoy about my job.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. When working with my (Selling Firm) salesperson I am satisfied if I feel I gained a new experience.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. I work with my (Selling Firm) salesperson to gain benefits beyond the relationship itself.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. I work closely with my (Selling Firm) salesperson so that my company will continue to receive promotional allowances.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. I am motivated to work with my (Selling Firm) salesperson because of the allowances (Selling Firm) pays my company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Even if there were no allowances, I would still work closely with my (Selling Firm) salesperson.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. I feel obligated to spend time with my (Selling Firm) salesperson because of the allowances (Selling Firm) pays my company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. I often think about ways I can leverage my relationship with my (Selling Firm) salesperson to help my company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. I feel that my relationship with my (Selling Firm) salesperson will help me advance my career.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PART III: YOUR (SELLING FIRM) SALESPERSON

Instructions: For the items below, *think only of your (Selling Firm) salesperson* and check the box that best describes the extent to which you agree or disagree with each of the following statements.

	Strongly Disagree					Strongly Agree	
	1	2	3	4	5	6	7
1. If this salesperson moved to a new firm with similar products, I would likely shift some of my purchases to this salesperson's new firm.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I would do less business with (Selling Firm) in the next few years if the salesperson changed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. I would be less loyal to (Selling Firm) as a company if this salesperson moved to a new firm.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. I feel greater loyalty toward this salesperson than to (Selling Firm) as a company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. I would recommend this salesperson to my coworkers even if s/he changed firms.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. If this salesperson changed companies, I would recommend him/her to others in my industry.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. I give a lot of weight to this salesperson's opinion before buying.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. My involvement with this salesperson influences my choices.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. This salesperson has a great deal of impact on my purchase decisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. To a large extent, I go along with this salesperson's suggestions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. I give a great deal of weight to this salesperson's statements in making my purchase decisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. To a large extent, my decisions reflect this salesperson's influence.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. To a large extent, this salesperson influences the criteria I use for making purchase decisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PART III: CONTINUED

Again, *think only of your (Selling Firm) salesperson* and check the box that best describes the extent to which you agree or disagree with each of the following statements.

	Strongly Disagree					Strongly Agree	
	1	2	3	4	5	6	7
1. My (Selling Firm) salesperson provides products that contribute to my company acquiring a good market share.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. My (Selling Firm) salesperson provides products my company can sell at a high profit-margin.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. My (Selling Firm) salesperson helps my company to generate a high level of dollar sales.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. My (Selling Firm) salesperson quickly gets new products in distribution with my company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. My (Selling Firm) salesperson exceeds my expectations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. My (Selling Firm) salesperson assists me in meeting goals in relation to my job.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. I am willing "to go the extra mile" to work with my (Selling Firm) salesperson.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. I feel committed to the relationship with my (Selling Firm) salesperson.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. I view the relationship with my (Selling Firm) salesperson as a long-term partnership.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. My (Selling Firm) salesperson gives me a feeling of trust.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. I have trust in my (Selling Firm) salesperson.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. My (Selling Firm) salesperson is trustworthy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. I have a high quality relationship with my (Selling Firm) salesperson.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. I am happy with the relationship with my (Selling Firm) salesperson.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. I am satisfied with the relationship I have with my (Selling Firm) salesperson.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PART IV: (SELLING FIRM) AS A COMPANY

Instructions: For the items below, *think only of (Selling Firm) "the company" and not your (Selling Firm) salesperson*. Then, check the box that best describes the extent to which you agree or disagree with each of the following statements.

	Strongly Disagree						Strongly Agree
	1	2	3	4	5	6	7
1. For my next in-store display purchase, I will consider (Selling Firm) as my supplier of choice.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I will do more business with (Selling Firm) as a supplier in the next few years than I do right now.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. All else being equal, I plan to buy (Selling Firm) products in the future.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. I say positive things about (Selling Firm) as a supplier to my coworkers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. I would recommend (Selling Firm) as a beverage supplier to other retailers seeking my advice.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. I encourage people in my industry to do business with (Selling Firm).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. I am willing "to go the extra mile" to work with (Selling Firm) as a company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. I feel committed to the relationship with (Selling Firm) as a company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. I view my relationship with (Selling Firm) as being a long-term partnership.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. (Selling Firm) as a company gives me a feeling of trust.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. I have trust in (Selling Firm) as a company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. (Selling Firm) is a trustworthy company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. I have a high quality relationship with (Selling Firm) as a company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. I am happy with my relationship with (Selling Firm) as a company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. I am satisfied with the relationship I have with (Selling Firm) as a company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

THE SURVEY IS COMPLETE.

PLEASE SAVE THE SURVEY TO YOUR COMPUTER SO YOU WILL BE ABLE TO ATTACH IT TO THE EMAIL WHEN REPLYING.

THANK YOU FOR YOUR TIME AND PARTICIPATION.

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