Sales supporting function and salespeople's attitude towards social media, and its effect on client retention

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Cite as:
Gáti Mirkó, Bauer András, Mitev Ariel (2020), Sales supporting function and salespeople's attitude towards social media, and its effect on client retention. *Proceedings of the European Marketing Academy*, 49th, (49175)

Paper from the 49th Annual EMAC Conference, Budapest, May 26-29, 2020.

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Abstract

The paper analyses how the sales supporting role of social media and the salesperson's individual perceived usefulness towards social media affects the actual use of these tools in their sales-related activities, and how social media affects client retention. Besides, the paper also analyses how the intensity of online communication influences actual social media use and finally client retention in a sales organization. For the analysis structural equation modelling (SEM), namely PLS-SEM was used, because it is adequate to apply in case of exploratory research design, and the model is valid even if sample size is not so large. Results show that although the use of social media can be stimulated if the salesperson understands the sales supporting role of social media and consequently considers the utilization of social media useful. Nevertheless, social media does not result in higher client retention (unlike other online tools), which brings up questions related to the necessity and suitability of social media.

Keywords: personal selling, social media, client retention

Track: Sales Management and Personal Selling

1. Introduction and Theoretical Background

In order to find a technology useful, one has to be convinced that the systems and solutions are going to meet their needs. For a better understanding of this phenomenon Karahanna, Xu, Xu, and Zhang (2018) studied this phenomenon in the need-affordances-features context (NAF). According to their research the use of social media depends on how their psychological needs are met with the affordances these social media applications provide. Psychological needs of this study include autonomy, relatedness, competence, having a place and self-identity. In our framework salespeople may receive psychological benefits of being modern, independent, but still related e.g. to clients, where they can express their own views. As long as social media systems meet their needs, salespeople will recognize that the application has the potential to support them and therefore we propose that:

H1: The recognition of the supporting role of social media has a positive impact on its perceived usefulness

Social media may provide many benefits for salespeople; they can better understand client's behaviour, can better target them, or address their specific needs in the right way. In some cases, it may increase their self-confidence by "talking the same language" with their customers by being connected. According to the well-known theory of rational choice (see e.g. Becker, 1976) agents choose an option that provides the best value in a given context. The realization of the value of an option may equally come from a belief or can be analytics based. When salespeople believe that social media can offer real benefit for them and may support their activities, and this belief becomes a conviction this may lead to a change in their usage behaviour. So we posit that:

H2: The recognition of the supporting role of social media has a positive impact on its use

Usefulness of any technology, including social media depends on perceptual processes. In his classical article Cenfetelli (2004) proposed a dual-factor theory, which is based on someone's balancing of enablers and inhibitors. In this essay enablers and inhibitors both relate to system quality, ease of trial and the potential that the system is going to be adopted. These findings have later been extended by Sullivan and Koh (2019) claiming complexity-based anxiety as an inhibitor, and enjoyment as an enabler specifically in a social media context.

Beyond technical variables mentioned before users have to be convinced that the support they are going to receive can help them to better carry out their jobs and comply with firm objectives. Usefulness however should be extended beyond quality and ease of use,

especially when it relates to objectives set by the company. We argue that salespeople will find social media applications useful if it allows them: to find more precise information about clients; to communicate more effectively with their clients; and to personalize their offers to the clients based on system supported knowledge and insights. Therefore we propose that:
H3: The perceived usefulness of social media ha a positive impact on its use

Client retention is a specific sales performance objective and usually is a source of future profits. To retain clients, salespeople have to provide the right service leading to customer satisfaction. Consistent with previous findings (e.g. Rodriguez, Peterson, and Krishnan, 2012) Ogilvie, Agnihotri, Rapp, and Trainor (2018) analysed the impact of social media on sales performance claiming that dependent on salespeople's knowledge and effort, social media can help them to better perform but they have to be trained to achieve better performance. When salespeople find that social media is useful in generating market information, better product knowledge and allows more precise communication with client the likelihood to use these outlets is increasing and this can lead to better performance. So we propose that:
H4: The perceived usefulness of social media has a positive impact on client retention

Online communication tools (e.g. email) are largely used by salespeople, and their role in buyer-seller communication is unquestionable. Social media is highly connected to technological tools that can directly be derived from classical online communication tools. Trainor, Andzulis, Rapp, and Agnihotri (2014) showed how sales organizations implemented social media elements into their traditional CRM systems, and by that, they tried to make their communication with their clients better, and by that, social media can be interpreted as a complementary tool to communicate with customers altogether with other online communication tools. Therefore we posit that:
H5: The intensive use of online communication has a positive effect on the use of social media

With the proper use of technology, salespeople can be used with the proper efficiency, sales technologies can be developed, and as a result, the performance of salespeople can be increased (Rapp, Ahearne, Mathieu, & Rapp (2010), and the use of technology can have a direct effect with performance. Past studies found strong positive relationship between technology use and sales performance. Technology could result in higher perceived performance by better knowledge about buyers and better service provision to clients, although online relationship management at the same time loses the advantages of personal touch. So we posit that:

H6: The intensive use of online communication has a positive effect on client retention

The relationship between social media use and performance appears in several studies (e.g. Schultz, R.J., Schwepker Jr, C.H., and Good, 2012). Based on their results, the intensity of social media use and performance are positively related. With social media, the ability to predict opportunity creation, and the improvement of business connections increases, and these both affect customer relationships in a positive way. Social media – by communicating with buyers and developing buyer experience – indirectly affects customer relationship performance (Guesalaga, 2016). Therefore we posit that:

H7: The social media use of salespeople has a positive effect on client retention

2. Sampling and Methodology

Aim of the data collection was to find salespeople from multiple industries who perform complex sales tasks. Data collection was made in 2018 by a paper-based questionnaire, where 160 salespeople provided valuable results. Respondents were from several industries such as FMCG, telecommunications, finance-insurance, car sales, and others. 66% of the respondents were male, 34% female, with an average age of 39 years (Std. dev.: 8.43 years), and average time spent in sales of 11.5 years. 67.3% of the salespeople in the sample work in a company where they use CRM system.

Variance-based structural equation modelling was used to test the model. Namely PLS-SEM was applied, and data analysis was conducted with ADANCO software (Dijkstra & Henseler, 2015). According to Hair, Sarstedt, Ringle, and Mena (2012), the exploratory research design and the small sample size both justified the application of PLS-SEM.

3. Measures and Quality Criteria of the Measurement Model

In this paper we applied scales that were pre-tested in international studies, or that were adapted to the unique aspects of personal selling (see Appendix). To measure the *sales-support role of social media*, the scale of Jayachandran, Sharma, Kaufman, and Raman, (2005) was adapted to social media context. To measure the *perceived usefulness of social media* the scale of Venkatesh and Davis (2000) was used. For *social media use*, the scale of Itani, Agnihotri, and Dingus (2017) was adapted especially to personal selling. Client retention was measured by the customer relationship performance scale of Trainor et al. (2014). Every item was measured on a 7-point Likert scale.

According to Hair et al. (2012), convergent validity can be tested with standardized factor loadings that should be more than .5, or .7 in an optimal situation. Appendix 1 contains the internal consistency reliability measures of the constructs (Dijstra-Henseler's rho), where the rho is more than .7 in every case (Dijkstra & Henseler, 2015). The index to measure convergent validity is AVE (average variance extracted), where values should be more than .5 in case of every construct (Hair et al., 2012). AVE is in the diagonal of Table 1A. Data meet the criteria. Discriminant validity was measured by the test of Fornell and Larcker (1981), and by HTMT criterion. In the latter case, AVE should always be larger than the squared latent variable correlations of all other constructs. In Table 1 data meet the required Fornell-Larcker (Table 1A) and HTMT (Table 1B) criteria. Altogether enough statistical evidence was found to verify that the five constructs exist, and that the measured variables are proper indicators of the related factors.

1A. Fornell-Larcker criterion					
Construct	Client retention	SM use	SM supporting role	Online communication intensity	SM perceived usefulness
Client retention	**.7694**				
SM use	.0064	**.7848**			
SM supporting role	.0057	.5279	**.6862**		
Online communication intensity	.1316	.1008	.0642	**.5594**	
SM perceived usefulness	.0029	.4282	.5005	.0155	**.6027**
Note: AVE values can be found in the diagonal, values under the diagonal are the squared latent variable correlations of every construct.					
1B. HTMT criterion					
Construct	Client retention	SM use	SM supporting role	Online communication intensity	SM perceived usefulness
Client retention					
SM use	.0754				
SM supporting role	.0697	.7259			
Online communication intensity	.3590	.3100	.2571		
SM perceived usefulness	.0510	.6526	.7081	.1226	
Note: The HTMT criterion is based on a comparison of the heterotrait-heteromethod correlations and the monotrait-heteromethod correlations, which identify a lack of discriminant validity effectively (Henseler, Ringle, & Sarstedt, 2015).					

Table 1A. Fornell-Larcker and Table 2B. HTMT criteria

Source: own elaboration, based on ADANCO software

4. Structural model and results

In this paper SRMR as one model fit criterion of PLS-SEM is used, with a cut-off value of .08 (Hu & Bentler, 1999). The model presented in this study has an appropriate model fit (SRMR=.055). Based on the results (Table 2 and Figure 1), not every hypothesis was accepted.

Direct effects	Path coefficients	t-value	p-value
SM use → Client retention (H7)	-.0798	-.5925	.5537
SM supporting role → SM use (H2)	.4748	4,7201	**.0000**
SM supporting role → SM perceived usefulness (H1)	.7074	12,6129	**.0000**
Online communication intensity → Client retention (H6)	.3807	3,6653	**.0003**
Online communication intensity → SM use (H5)	.1601	2,4971	**.0127**
SM perceived usefulness → Client retention (H4)	.0592	.4799	.6314
SM perceived usefulness → SM use (H3)	.2986	2,9987	**.0028**

Table 2. Direct effects in the model

Source: own elaboration, based on ADANCO software

When salespeople realize that the use of social media can provide meaningful support for them, this positively effects both the usefulness (β = .71), and the use of social media (β = .48), so H1 and H2 are accepted. As we expected, perceived usefulness of social media has a positive effect (β = 0,29) on the usage (H3 is accepted). So, when salespeople understand the supportive role of social media and find it useful, their commitment increases.

The perceived usefulness of social media has no impact a client retention (β = .06), while considered to be useful on its own it has little effect (H4 is rejected). A potential explanation can probably be found in the arguments of Ogilvie et al. (2018) that social media use has to be supported by the right training allowing salespeople to use it more effectively.

The intensive use of online communication has a positive effect on both social media use (β = .16) and client retention (β = .38), which results in the acceptance of H5 and H6. At the same time, it can be seen that online communication does not necessarily mean social media use for salespeople, because the connection between the two constructs is not too high. Therefore, intensive communication can be beneficial from the aspect of client retention, although it is expedient to consider how the salesperson executes it, and which channels are more worthwhile to be used.

Social media use does not affect client retention (β = -.08), which represents the rejection of the most important hypothesis of this study (H7). which may question the managerial effort to support social media. Based on this result, forcing the use of social media in personal selling superfluous, because even if it is recognized or the enforced organization

of its support in the company, its effect on client retention is negligible. The role of social media in the work of salespeople can be rather peripheric and this study asks the question how salespeople should be embedded into the social media communications campaigns of the company. Further concerns and obstacles may arise with the use of social media, from the questionable professional attitude and company policy to data protection problems.

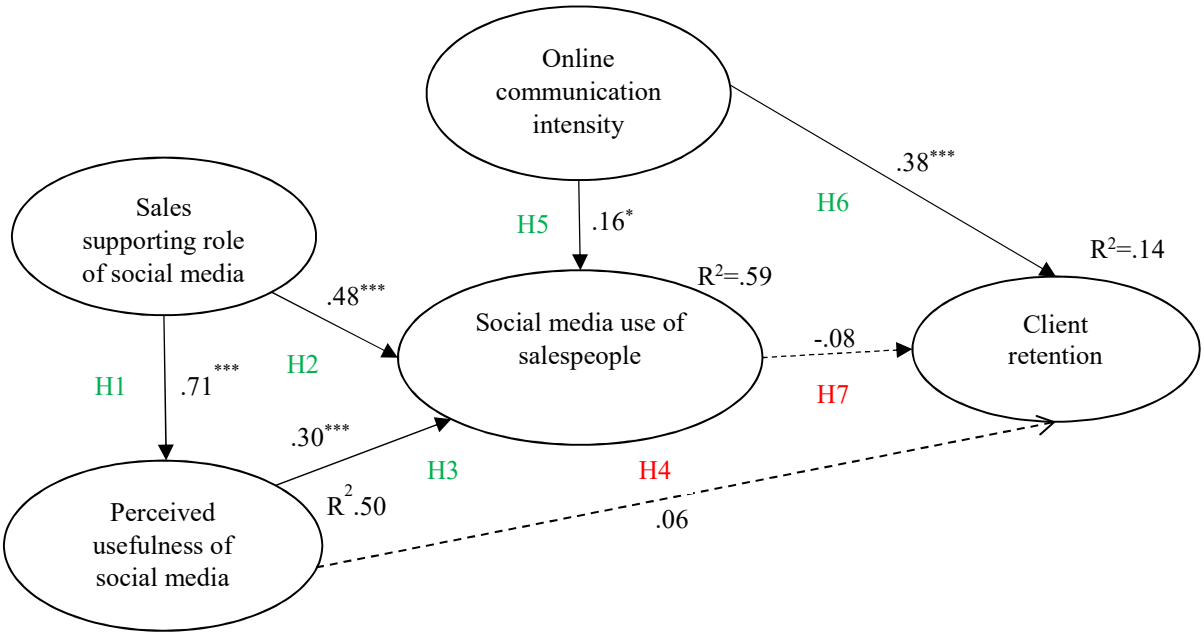

Figure 1. Structural model and results

Source: own elaboration

Notes: Every path coefficient is standardized (***p < .000; *p < .05). The continuous line represents the verified, the dotted line represents the falsified direct effects.

5. Discussion

Our research sheds light on that without having an impact on client retention, managers have to be careful in promoting the use of social media. Managers consider social media usage at least from to aspects. First, they need to support it with the right training (see e.g. Ogilvie et al., 2018) and maybe have to consider the right social media platform to be used. Most of the social media outlets in the country of research are so-called hybrid social media that mix up private and business aspects. Mixing these two domains, crossing the boundaries may have diverse effects, as it was shown by van Zoonen and Rice (2017). Some of the social media outlets, such as Facebook are considered to be hybrid platforms where personal and business consents may be mixed. A further explanation that also serves as a

future research direction relates to the preparedness of customers for using social media platforms. Some of the customers can have reservations (or firm policies) against establishing contacts and managing relations via social media.

Further, there is a possibility that while salespeople find social media useful, they still perceive client retention as a result of their personal contribution where the role of technology is under-, and the role of the salesperson is overestimated. If it were the case, managers have to put effort on the emphasis of the complementary, rather than substitute nature of technology in managing the salesforce. And finally, we did not measure the impact of other digital technologies (e.g. emails or blogs) that can have an effect on client retention.

This paper has several limitations. The size and the structure of the sample are the main limitations. Besides, it has to be recognised that the constructs are based on the perceptions of salespeople. In the future research directions, it would be beneficial to implement a three-dimensional data collection, where the perceptions of the customers and sales organizations should also be analysed.

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Appendix: Measurement and the reliability of the constructs

Construct (rho)	Item	Loadings	Mean	Std. dev.
Online communication intensity ($\rho_A = .86$)	V02A2 - I enable our customers to have interactive communications with us. – On online channels	.5498	5.83	1.548
	V02B2 - I provide our customers with multiple ways to contact us. – On online channels	.8974	6.02	1.338
	V02C2 - I focus on communicating periodically with our customers. – On online channels	.8485	5.53	1.586
	V02D2 - I maintain regular contact with our customers. – On online channels.	.6404	5.78	1.461
Sales supporting role of social media ($\rho_A = .92$)	V05A - Provides sales force in the field with customer information.	.7998	4.31	2.093
	V05B - Provides sales force in finding already existing customers.	.8693	4.27	2.146
	V05C - Provides support in the execution of marketing plan and sales plan.	.7985	4.03	2.124
	V05D - Provides customized communication.	.8015	4.33	2.095
	V05E - Provides help in efficient problem solving.	.8694	3.89	2.122
Perceived usefulness of social media ($\rho_A = .88$)	V06A - Using social media improves business performance.	.7190	5.07	1.650
	V06B - Using social media increases productivity.	.7980	4.90	1.688
	V06C - Using social media enhances business effectiveness.	.8403	4.71	1.726
	V06D - Using social media has great effect on business.	.7995	4.57	1.837
	V06E - Using social media increase our problem-solving skills.	.7170	4.11	1.820
Social media use ($\rho_A = .92$)	V04A - I am using social media to its fullest potential for supporting my sales work.	.9115	4.29	1.950
	V04B - I am using all capabilities of social media in the best fashion to help me on the sales job.	.8401	4.37	1.979
	V04C - My use of social media is pretty much integrated as part of my normal sales work routine.	.9044	3.96	2.177
Client retention ($\rho_A = .92$)	V11A – Customers who I am in contact with tend to stay with our firm for a long time.	.9125	6.01	1.350
	V11B – Our customers work with our firm for a long time.	.9400	6.01	1.324
	V11C – My customers are loyal to our firm.	.7694	5.77	1.211

Note: Every item was measured on a 7-point Likert scale, where 1=not at all, 7=totally.

Source: own elaboration