

Should Salespeople Disclose Their Sales Incentives? The Effect of Incentive Transparency on Sales Performance.

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## **Abstract**

Sales incentives constitute a key instrument for motivating salespeople. While motivational effects have been intensively explored, less is known about how sales incentives affect customers' decision-making. This paper investigates whether voluntary disclosure of sales incentives can be an effective trust-building technique during sales encounters. Three online scenario experiments in a used-car sales context with nearly 3000 participants showed that voluntary incentive disclosures can increase a customer's purchase intention by on average 8%, as it increases customers' trust (Study 1). Second, disclosure of sales incentives activates customer gratitude and attenuates customers' perceived ulterior motives of the salesperson, even when they earn very high levels of sales incentives (Study 2). Finally, the effects of incentive disclosure depend on the disclosure strategy, i.e. proactive vs. reactive disclosure (Study 3). Beyond expanding research on sales incentives, our findings guide practitioners about how to boost trust by being transparent with customers about salespeople's financial incentives.

**Keywords:** *voluntary; disclosure; incentives*

**Track:** Sales Management and Personal Selling