

# Incentives for selling hard or soft

**Sumitro Banerjee**  
Grenoble Ecole de Management

Cite as:

Banerjee Sumitro (2024), Incentives for selling hard or soft. *Proceedings of the European Marketing Academy*, 53rd, (119893)

Paper from the 53rd Annual EMAC Conference, Bucharest, Romania, May 28-31, 2024



# Incentives for selling hard or soft

## **Abstract**

The effect of selling efforts on consumer perception of product quality is an important consideration for firms. We propose a model of sales whereby a firm offers incentives to a risk averse salesperson who receives private signals about product quality to transmit those signals to consumers to facilitate consumer learning product quality which leads to sales. We find that the effect of sales incentives on consumer perceptions are "self-reinforcing" in the sense that higher (lower) initial prior beliefs of consumers attract higher (lower) sales incentives leading to higher (lower) posterior beliefs about quality. Soft-selling or selling effort that form consumer posterior beliefs below the true quality parameter is optimal if the customers "discover" the true quality upon consumption which may lead to a seller's advantage in the subsequent selling cycle. Conversely, hard-selling or effort to create consumer posterior beliefs higher than the true quality parameter are optimal only if the true quality of the product sold by the firm is above a threshold. Hence, hard selling a product with a true quality lower than the threshold is disadvantageous to the firm. While conditions under which the sales incentives are high- or low-powered have been extensively studied in the literature, effects of such incentives on customer posterior valuation of products have not been analyzed. Future research may look at the possibility of how effects such as word-of-mouth information over social media, for example, affects the selling process under incentives.

**Subject Areas:** *Marketing Strategy, Sales Force*

**Track:** Sales Management and Personal Selling