

Salesperson ambidexterity and company profitability are dependent on customer base

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A UAB researcher has discovered how customer base characteristics affect salesperson hunting and farming performance efforts.

A new study from the University of Alabama at Birmingham Collat School of Business has broken new ground on identifying and improving upon effective "hunters" and "farmers" in the sales world. The study, published in the *Journal of the Academy of Marketing Science*, analyzes the importance of customer base characteristics on the effectiveness of salesperson hunting, such as seeking out new customers and farming, or

selling to current customers.

Thomas DeCarlo, Ph.D., Ben S. Weil Endowed Professor in the UAB Department of Marketing, Industrial Distribution and Economics, and his collaborators, Son Lam, Ph.D., University of Georgia, and Ashish Sharma, University of North Carolina-Charlotte, show that the effectiveness of salesperson ambidexterity, or engaging in both hunting and farming selling activities, is contingent on a salesperson's customer base characteristics. In the study, investigators found that ambidexterity leads to significantly higher sales growth when a salesperson's existing customer base is large, and significantly lower sales growth when a salesperson's existing customer base is small.

A large customer base size provides salespeople with an increased source of predictable revenue streams, seemingly reducing the difficulty in being ambidextrous, while customer base newness allows salespeople to learn of prior hunting success and view hunting as less difficult than expected. Further, the data indicate that salespeople will switch to focus on farming behaviors in the next quota cycle. These findings are the first to demonstrate how customer-based contingencies influence salesperson ambidexterity selling behaviors on performance outcomes.

"We found that a complementary effect exists when salespeople have a large customer base, showing that ambidexterity in hunting and farming is beneficial in driving sales growth," DeCarlo said. "However, a crossover effect exists when salespeople have a small customer base, suggesting that monodexterity in one orientation, either hunting or farming, results in higher sales growth."

"Our research makes two key theoretical contributions. First, our focus on how salespeople's customer base influences their time allocation decisions and productivity provides insights into a key driver of salesperson resource slack perceptions," DeCarlo explained. "Second, we

provide evidence that salespeople are likely to adopt ambidexterity by switching from hunting to farming after achieving hunting success."

The researchers previously developed a survey from extensive research about the differences between hunters—those who seek out new customers, and farmers—those who focus on keeping current customers. The pair found that both hunters and farmers have motivations that are backed by either a promotion focus or a prevention focus through a social psychology theory called regulatory focus.

"If you are a promotion-focused person, you value gains much more than losses," DeCarlo explained. "If you are prevention-focused, you are more likely to say, "I want to maintain what I have. I don't want losses." You tend to follow the rules and maintain [customer](#) relationships."

Investigators examined whether accepted survey questions that identify a prevention or promotion focus would correlate with their scale to identify hunters or farmers. They invited salespeople from across the United States to participate in an online study by answering a number of survey questions. From the final sample of 357 salespeople, the study found a strong correlation between a promotion focus and [hunter](#) traits, and a prevention focus and farming traits.

A survey taken by salespeople determines whether they have a promotion focus or prevention focus, which in turn determines whether they are hunters or farmers. Hunters tend to be more ambitious, goal-oriented and fast-paced, going out of their way to get new business. While farmers are typically more laid-back, people-oriented and analytical, focusing on doing the right thing with existing customers, says DeCarlo.

However, these differences do not make one type better or more successful than the other. In fact, DeCarlo demonstrated a 3 percent

improvement in company sales profitability for salespeople who are instead "ambidextrous"—that is, high in both [hunting](#) and farming orientations. This discovery was extended in DeCarlo's new study that explores the limits of ambidexterity.

With the help of a large business-to-business firm that has more than 1,200 sites nationwide, the UAB research team is now continuing to work with thousands of salespeople to measure the effects of different types of training to help [salespeople](#) become ambidextrous.

These discoveries will have implications not only in the sales field, but in almost every other field as well, since every industry has its own hunters and farmers. The opportunities to determine and improve upon hunters, farmers and ambidexterity will only continue to grow with more research.

More information: Son K. Lam et al. Salesperson ambidexterity in customer engagement: do customer base characteristics matter?, *Journal of the Academy of Marketing Science* (2019). [DOI: 10.1007/s11747-019-00650-0](#)

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