Why salespeople avoid 'big-whale' sales opportunities

16 September 2021, by Marilyn Stone

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Researchers from NEOMA Business School, Copenhagen Business School, Eindhoven University of Technology, and University of Georgia published a new paper in the *Journal of Marketing* that develops and tests a framework of salespeople's decision-making while prospecting.

The study is titled "Why Salespeople Avoid Big-Whale Sales Opportunities" and is authored by Juan Xu, Michel Van der Borgh, Edwin J. Nijssen, and Son K. Lam.

Contrary to the intuition that salespeople gravitate toward big-whale sales opportunities, in reality they often avoid them. This new study integrates contingent decision-making and conservation-of-resources theories to develop and test a framework of salespeople's decision-making while prospecting. Findings from three multimethod studies enrich current understanding of this important salesperson behavior.

The researchers make three contributions to marketing literature. First, by showing that salespeople conduct rational benefit–cost analyses to decide what opportunity to pursue, they shed light on the tension underlying such decisions and challenge the intuition that salespeople gravitate toward large opportunities (i.e., big whales). The benefits can be intrinsic and extrinsic, while the costs can be explicit (e.g., resources such as time and effort) or implicit (i.e., opportunity costs). Second, the study demonstrates that salespeople use a calibration decision-making strategy (i.e., calculating expected benefits by accounting for conversion uncertainty) for solution selling at the portfolio level. Counterfactual analyses show that in solution selling, ignoring the calibration effect leads to serious under- or overestimation of conversion rates, sometimes up to 100%.

Third, the findings about the contingencies of the calibration effect pinpoint important biases in salesperson decision-making. Specifically, when faced with high levels of conversion uncertainty, high performers and inexperienced salespeople perform much worse because their resource-conserving tendency makes them more sensitive to the costs associated with uncertainty. Simulations reveal that when high performers or inexperienced salespeople believe their portfolio magnitude is large and conversion uncertainty is low, their quota attainment can improve by as much as 50%. These results call for further research to apply decision-making theories to personal selling when efforts are costly and resources limited.

The research team claims that, "For practitioners, our study reveals actionable ways for managers to successfully manage salespeople's avoidance of relatively large opportunities, better understand the role of conversion uncertainty in salesperson decision making while prospecting, and effectively manage salespeople's decision-making when prospecting by altering their benefit–cost calculus and uncertainty calibration and paying attention to salespeople's portfolio characteristics."

More information: Juan Xu et al, EXPRESS:

Why Salespeople Avoid Big-Whale Sales Opportunities, *Journal of Marketing* (2021). DOI: 10.1177/00222429211037336

Provided by American Marketing Association