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Use of relationship marketing programs in building customer–salesperson and customer–firm relationships: Differential influences on financial outcomes

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Abstract

Despite the conventional wisdom that relationship marketing will generate favorable financial results, extant marketing research provides inconsistent evidence for this effect. Here, we investigate this important question: Does a firm's relationship marketing truly *pay off* by enhancing financial outcomes? We examine the effects of relationship marketing on a buyer's concurrent person-to-firm relationship with the selling firm and his/her interpersonal relationship with the salesperson. Drawing on social judgment and attribution theories, we offer and test a theoretical model explicating (1) how a seller's social, structural, and financial relationship marketing programs affect buyer relationship quality with the salesperson and the selling firm and (2) how those relationship qualities ultimately generate seller financial outcomes. Relationship marketing programs indeed build buyer relationship quality, but whether those relationship-building effects reside with the salesperson or the selling firm depends on buyer perceptions regarding salesperson *versus* selling firm control of those programs. Buyer relationship quality with both salesperson and selling firm positively affect seller financial outcomes, but the effect of relationship quality with the selling firm is enhanced as perceived selling firm consistency increases. Employing triadic data from matched buyer, salesperson, and sales manager, this research presents an end-to-end empirical examination of how a seller's relationship marketing affects its financial outcomes through the buyer's relationships with the salesperson and selling firm.

Keywords: Relationship marketing; Relationship quality; Perceived control; Entitativity; Customer relationship management

1. Introduction

Despite a significant amount of research, the impact of relationship marketing on financial performance remains unclear. Empirical evidence (*e.g.*, Colgate & Danaher, 2000; Kalwani & Narayandas, 1995) suggests that firms are often disappointed with the results of *relationship marketing* (RM), or activities that seek to establish, develop, and maintain successful relational exchanges with another party (Morgan & Hunt, 1994). In some cases, RM has even been found to affect performance *negatively* (Colgate & Danaher, 2000; Dowling & Uncles, 1997). Thus, we ask, "Does a firm's use of RM truly pay off?"

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Table 1
Review of prior studies simultaneously examining multiple levels within customer–seller relationships

Study	Levels of analysis	Relational variable(s)	Context	Structure between relationship levels	Rationale for alignment between antecedent and relationship level	Relevant findings
Crosby and Stephens (1987)	Interpersonal and person-to-firm	Satisfaction	Service	Non-recursive	Relationship-building level of antecedent determined by nature of relationship marketing activity and focal referent of construct. All activities operate at only one level.	Discriminant validity between consumer's satisfaction with salesperson and satisfaction with firm. Personal contact and customer service person failure affect satisfaction with salesperson (individual-level); only one firm-level antecedent (corporate customer service failure) affects satisfaction with firm (company advertising and company communication not supported).
Doney and Cannon (1997)	Firm-to-person and interfirm	Trust	Business-to-business	Non-recursive	Relationship-building level of antecedent determined by nature of relationship marketing activity and focal referent of construct. All activities operate at only one level.	Discriminant validity between buying firm's trust in salesperson and trust in selling firm. Expertise, likeability, similarity, and frequency of business contact with salesperson positively influence trust in salesperson (length of relationship and frequency of social contact not supported); only one antecedent, willingness to customize (structural program), affects customer's trust in the firm (firm's confidential information sharing and length of relationship not supported). *Post hoc:* processes by which trust develops at the two levels appear to differ.
Ganesan and Hess (1997)	Interpersonal and person-to-firm	Trust	Retail	n/a	n/a	Discriminant validity between customer's trust in salesperson and trust in firm.
Iacobucci and Ostrom (1996)	Interpersonal, person-to-firm, and interfirm	Closeness, valence, asymmetry, and formality	MBA students in various contexts	n/a	Exploratory	Person-to-firm relationships are weaker and have shorter-term effects than interpersonal relationships.
Macintosh and Lockshin (1997)	Interpersonal and person-to-firm	Trust	Retail	Recursive (person → firm)	n/a	Discriminant validity between consumer's trust with salesperson and trust with firm. *Post hoc*: Results generated by splitting sample into two group based on presence of a relationship between customer and salesperson. For customers without an interpersonal relationship, store trust influences store loyalty. For customers with a relationship with a salesperson, store trust does not influence store loyalty, but commitment to the salesperson influences store loyalty.
Reynolds and Beatty (1999)	Interpersonal and person-to-firm	Satisfaction and Loyalty	Retail	Recursive (person → firm)	Relationship-building level of antecedent determined by focal referent of construct. All activities operate at only one level.	Discriminant validity between customer's satisfaction with salesperson, loyalty to salesperson, satisfaction with firm, and loyalty to firm. Social and functional benefits affect salesperson-based relational variables. *Post hoc*: Functional benefits (which include structural elements) are related to satisfaction/loyalty to firm; only individual-level satisfaction/loyalty to salesperson relates to word of mouth at both levels.
Sirdeshmukh, Singh, and Sabol (2002)	Interpersonal and person-to-firm	Trust	Airline and retail	Non-recursive	Relationship-building level of antecedent determined by nature of relationship marketing activity and focal referent of construct. All activities operate at only one level.	Discriminant validity between consumer's trust with salesperson and trust with firm. Individual and firm-level trust have mixed impacts on value and loyalty across samples.

This research explores how RM activities affect a firm's financial performance through buyer relationships with both the firm and its salespeople. Empirical studies concurrently examine person-to-firm and interpersonal cross-firm relationships (Table 1), which reveal that an individual buyer may be affected more by interpersonal relationships than by his or her relationship with a firm. Despite the *post hoc* speculations (Doney & Cannon, 1997; Iacobucci & Ostrom, 1996; Reynolds & Beatty, 1999), no extant study provides a theoretically grounded explanation for this difference or identifies specific antecedents or moderators that may inform managerial action. This missing explanation creates a serious gap in our knowledge; *why* do buyer relationships with the salesperson and the selling firm have different effects, and in what circumstances are such differences likely to occur? By testing a theory-based model with triadic data from buyers, salespeople, and sales managers in manufacturer representative channels, a context that isolates the impact of relationship-building elements, this research offers insight into how and when RM generates favorable financial performance. Our findings offer implications for both theoretical developments and managerial practice.

2. Theoretical background

2.1. Does relationship marketing generate favorable financial outcomes?

How do RM efforts affect financial outcomes? The seller and its representatives implement cross-firm RM activities to induce a favorable response from the buyer, a response presumed to have positive financial ramifications for the seller. Relationship marketing generates positive seller outcomes by enhancing *relationship quality* or the overall strength of the relationship, as indicated by increased trust, commitment, and satisfaction (De Wulf, Odekerken-Schröder, & Iacobucci, 2001).

Within any business-to-business interaction, cross-firm phenomena occur at the interpersonal, person-to-firm, and interorganizational levels. Empirical studies that examine both interpersonal and person-to-firm relationships (Table 1) suggest that these types of relationships are conceptually and empirically distinct (*e.g.*, Crosby & Stephens, 1987; Ganesan & Hess, 1997). However, extant research on marketing relationships typically focuses on just one relationship level (Iacobucci & Ostrom, 1996; Sirdeshmukh et al., 2002), even though the effects of RM likely operate concurrently at different levels. We therefore examine RM's effects on an individual buyer's simultaneous relationship with his or her counterpart salesperson (interpersonal) and the selling firm (person-to-firm) and investigate the effects of these simultaneous relationships on the seller's financial outcomes (see Fig. 1.).

2.2. Relationship marketing's impact on buyer relationship quality

Extant RM typologies focus on the (1) types of customer bonds formed (Berry, 1995; Berry & Parasuraman, 1991), (2) types of customer benefits offered (Gwinner, Gremler, & Bitner, 1998), (3) functions served or problems solved by relationships (Hakansson & Snehota, 2000), and (4) relationship "content area" supported in the exchange (Morgan, 2000). Each typology includes both financial/economic and social categories; most capture structural efforts directly or indirectly by tapping interdependencies or switching costs. Researchers theorize that diverse RM programs may build different types of relational bonds (Berry, 1995; Hakansson & Snehota, 2000), but RM typically has been studied in an aggregate sense. We examine the full range of social, structural, and financial RM programs to gain a better understanding of the resulting relational bonds.

Social RM, or efforts to personalize the relationship and convey special status, entails social engagements such as meals and sporting events and therefore may vary from ad hoc, low-cost interactions to expensive, formal recognitions. *Structural RM*, which offers tangible, value-added benefits that are difficult for customers to supply themselves, may include electronic order-processing interfaces, customized packaging, or other custom procedural changes. Structural RM typically involves sizable setup and switching costs and provides significant, but hard-to-quantify, customer benefits. *Financial RM*, which refers to the provision of direct economic benefits in

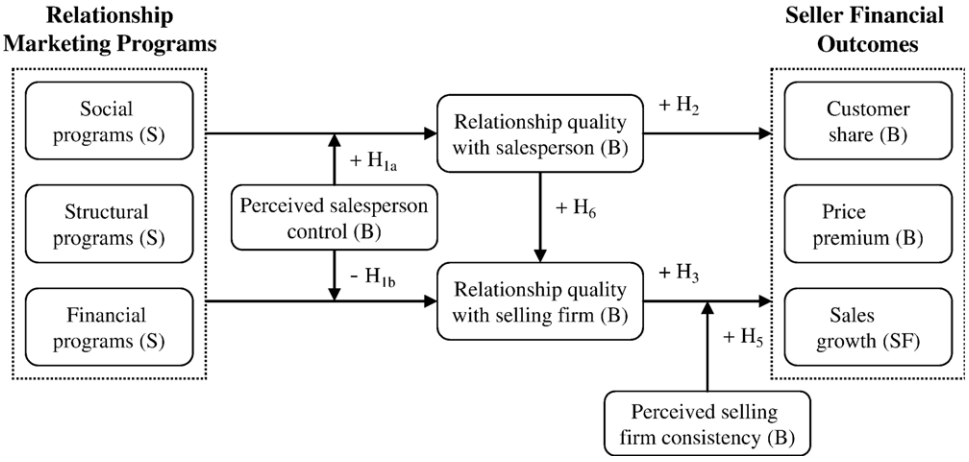

Fig. 1. Multilevel model of the effects of relationship marketing (S: reported by salesperson; B: reported by buyer; SF: reported by selling firm sales manager).

exchange for past or future customer loyalty, includes special discounts, free products to generate incremental sales, and other incentives that easily may be converted to cost savings (*e.g.*, free shipping; extended payment terms).

Although diverse types of RM may have different effects on outcomes, empirical support for this claim is limited (Hennig-Thurau, Gwinner, & Gremler, 2002), perhaps because RM studies typically focus on a single relationship level. Interpersonal and person-to-firm relationships may entail different antecedents, processes, and consequences (Table 1); for example, the development (Doney & Cannon, 1997) and effects (Sirdeshmukh et al., 2002) of trust in an organization differ from those of trust in an individual. Because social, structural, and financial RM likely influence the buyer's relationships with the selling firm and the salesperson differently, we examine both relationships to detect a wider variety of potential effects.

Furthermore, extant studies indicate RM efforts build relationships at different levels but offer little theoretical guidance about whether a specific RM type affects interpersonal or person-to-firm relationships, because they tend to imply a given RM activity operates at only one relationship level and is affected only by the party explicitly referenced in measurement items (see Table 1). This assumption has intuitive appeal, but we fear it also is an oversimplification. Reciprocity theory suggests that any benefits received create debts that can be relieved only by reciprocation (Cialdini, 2001). However, research has not isolated the degree to which a buyer's reciprocity debts become vested in an individual salesperson versus the selling firm. Because reciprocity is directed to the party perceived as the *provider* of a benefit, the buyer's conclusion about the provider's identity is critical (Cialdini, 2001).

For example, Reynolds and Beatty (1999) hypothesize that functional benefits only influence buyer–salesperson relationships, but alternative model testing reveals they also relate to buyer–store relationships. The authors argue that the non-hypothesized significant path "could be a result of pure chance" (Reynolds & Beatty, 1999, p. 26). We offer an alternative explanation—namely, the impact of any RM benefit depends on whether the buyer perceives it as controlled by the selling firm or by a specific salesperson within that firm. In Reynolds and Beatty's study, the scale items explicitly reference the sales associate, but customers' knowledge and experience may have led them to attribute some credit for benefits to the store if they perceived that the functional benefits superficially provided by the sales associate were actually *due to and controlled* by the store. Buyer perceptions of control might explain other intriguing results, such as those presented by Doney and Cannon (1997), who find no impact of confidential information sharing on customer trust in the supplier, Sirdeshmukh et al. (2002), who indicate a weak impact of problem-solving orientation on customer trust in the firm and De Wulf et al. (2001), who compare the relative effects of RM programs.

We examine the buyers' *perceived salesperson control* of RM benefits versus selling firm control (Menon, Morris, Chiu, & Hong, 1999), a construct rooted in attribution theory, which argues that persons seek to assign causality for meaningful events (Heider, 1958). Because buyers seldom know the actual funding arrangements of RM programs (*e.g.*, behind-the-scenes incentives, cost-sharing initiatives), we study the locus of perceived control over the decision to allocate RM benefits to a particular customer (Weiner, 1986). Cues and history affect whether a buyer attributes a benefit to the selling firm or the individual salesperson (Menon et al., 1999), and the extent to which the selling firm gives allocation control to a salesperson often varies with the salesperson's experience and past performance. Even when the selling firm mandates an RM initiative, the salesperson may claim credit to create an interpersonal reciprocity debt for the buyer (Cialdini, 2001). The more critical the salesperson becomes to the customer, the greater leverage that salesperson will have in the selling firm.

We posit that the effect of any specific RM activity on a buyer's relationship quality depends on the buyer's perception of the salesperson's control over that activity. The resulting impact on the buyer's relationship quality with both the salesperson and the selling firm ultimately determines the effect on seller financial outcomes.

2.3. Impact of buyer relationship quality on seller financial outcomes

Relational constructs have been found to positively influence various behaviors and intentions (Geyskens, Steenkamp, & Kumar, 1998; Macintosh & Lockshin, 1997), but sellers ultimately seek a more tangible payoff in favorable financial outcomes. Serious questions persist about whether greater customer relationship quality results in superior selling firm financial performance (De Wulf et al., 2001; Dowling & Uncles, 1997), but we contend that a seller can benefit financially from building buyer relationships and the failure to detect a consistent link between relationship quality and seller outcomes could be the result of the researchers' tendency to examine only one type of financial outcome and focus on a single relationship level. We enhance our chances of detecting RM's effects by examining three diverse seller financial outcomes: (1) *customer share*, the proportion of potential sales to a specific customer captured by a seller, which serves as an assessment of selling effectiveness; (2) the buyer's expressed willingness to pay a *price premium*; and (3) *sales growth,* an overall indicator of the seller's success in increasing sales to the buyer.

Our focus on the buyer's relationship quality with both the salesperson and the selling firm also enhances our likelihood of detecting RM's effects on seller financial outcomes. Empirical studies that concurrently examine interpersonal and person-to-firm relationships (Table 1) reveal that interpersonal relationships can affect a person's behavior more than relationships with firms. For example, Reynolds and Beatty (1999) find that only salesperson-level constructs affect word of mouth and have a greater impact than firm-level constructs on customer share of purchase. Iacobucci and Ostrom (1996, p. 69) conclude, "[i]ndividual-to-firm relationships were… typically short-term and less intense in comparison to individual-level dyads". Although *post hoc* speculation has been offered (Doney & Cannon, 1997; Iacobucci & Ostrom, 1996; Reynolds & Beatty, 1999), no extant study provides a theoretical explanation for

the differences between interpersonal and person-to-firm relationships.

We contend that the buyer's interpersonal relationship with the salesperson and person-to-firm relationship with the selling firm influence seller financial outcomes in different ways because the buyer will use *different judgment processes* to evaluate the salesperson and the selling firm. According to social judgment theory (Hamilton & Sherman, 1996; O'Laughlin & Malle, 2002), people use online models to evaluate other individuals but a recall model to evaluate collective groups. For individuals, we expect attitudinal and behavioral consistency (Campbell, 1958), so from first acquaintance we form inferences using a regularly updated online model (Hamilton & Sherman, 1996). Attribution theory also suggests these inferences likely are dispositional; therefore, behaviors are intentional and result from underlying, stable characteristics. Because dispositional traits should generate similar future behaviors, judgments about individuals are strong and confident, new information about them is processed in light of previous inferences. Because current judgments serve as anchors, contradictory information tends to be discounted or attributed to situational forces (O'Laughlin & Malle, 2002). Thus, when asked to evaluate an individual, people access their online models and offer previously formed, well-developed, readily accessible judgments.

In contrast, groups and other collectives often do not exhibit consistent behavior, so people are unlikely to invest the cognitive effort required to develop and maintain an online judgment model. When asked to render a judgment about a collective, they form a contemporaneous evaluation using a simple episodic *recall model* (Hamilton & Sherman, 1996). Based on recollection, the recall model is heavily weighted by recent, unusual, and inconsistent behaviors (Hamilton & Sherman, 1996). When evaluating a group, people make weaker, slower, less confident judgments than they would to evaluate an individual (Hamilton & Sherman, 1996; O'Laughlin & Malle, 2002). In turn, judgments about an individual affect the judger's actions and attitudes more strongly than judgments *of the same valence and magnitude from a group.*

Despite these trends, some groups are more entitative and exhibit characteristic qualities of a single, coherent entity. As a group's *entitativity* increases, the judgment formation process becomes more similar to the online model used to evaluate individuals (Campbell, 1958), so judgments about highly entitative, consistent groups should be stronger and more robust than those for typical, inconsistent groups (Hamilton & Sherman, 1996). We therefore examine the buyer's *perceived selling firm consistency* and contend that the impact of buyer relationship quality with the selling firm on outcomes will be stronger when the selling firm is perceived as behaving more consistently.

2.4. Research hypotheses

We posit that RM will have a positive effect on the buyer's relationship quality but still must address the question of relationship quality with whom or what. Will a RM program generate buyer relationship quality with the salesperson or with the selling firm? Berry (1995) suggests that social, structural, and financial RM generate fundamentally different bonds. Similarly, we speculate that the buyer's perception of salesperson control may vary significantly across seller RM programs, though in any given case, the actions of the selling firm and the salesperson may alter that baseline perception substantially. Social RM programs may tend to be associated with the salesperson because of his or her integral role in their creation and delivery (Hennig-Thurau et al., 2002); that is, the salesperson's social skills affect the quality and magnitude of the benefits and magnify the salesperson's salience. Nevertheless, perceived salesperson control could be reduced, for example, by communications that emphasize the social benefits mandated by the firm. In contrast, buyers may presume that structural RM efforts arise from and are allocated by the seller (Berry, 1995), largely because many programs (*e.g.*, electronic data interface, inventory management) entail long-term seller involvement that extends beyond any particular salesperson's tenure. Nevertheless, if the buyer believes he or she obtained the structural benefit through the salesperson's efforts, perceived salesperson control could be high. Finally, perceptions of the control of financial RM programs vary on the basis of whether the salesperson claims credit for the financial benefit or the firm stresses that the benefit was awarded solely due to firm policy. Because of these variants, no RM program will always be associated with a specific level of salesperson versus selling firm control. Baseline buyer perceptions of perceived control likely vary consistently across RM types (*i.e.*, social has highest perceived salesperson control, and structural has the lowest), but we do not hypothesize that such an effect exists because many factors could affect the buyer's perceptions of control.

Whether a buyer attributes a RM program to the selling firm or the salesperson depends not only on program content and nature, but also on any actions taken to claim credit. The buyer's perception, based on all relevant cues, determines whether the effects of RM affect the seller, the salesperson, or both (Menon et al., 1999), and we suggest that the buyer's perception of control of *any* specific RM program determines whether the program's positive effects become manifest in the buyer's relationship quality with the salesperson, with the selling firm, or both. Because of reciprocity debts, RM will affect the relationship quality with the party perceived to control that program. Therefore, it is less likely to have a positive effect on relationship quality with the salesperson (selling firm) as the buyer perceives that salesperson (selling firm) control has declined. At the extreme, any positive effect of RM programs on relationship quality with the salesperson (selling firm) could be suppressed if the buyer perceives that the selling firm (salesperson) has complete control. We offer no hypotheses regarding a positive main effect of RM on buyer relationship quality with either the salesperson or the selling firm because the effects of any specific RM activity depend on that buyer's perceptions.

H1. As perceived salesperson control of a relationship marketing program increases, (a) the positive effect of that program on buyer relationship quality with the salesperson

increases and (b) the positive effect of that program on buyer relationship quality with the selling firm decreases.

In turn, we hypothesize that as a buyer's relationship quality with the salesperson and selling firm increase, buyers will respond with increased business, lower price sensitivity, and other actions that favorably affect seller financial outcomes. However, we anticipate that the two types of relationship quality may affect seller outcomes differently. Applying social judgment theory to our commercial context, we posit that on average, buyer judgments based on individual salesperson attributes will be stronger and more confidently held than judgments of the same valence and magnitude about the selling firm.[4] We therefore hypothesize that, on average, a buyer's relationship quality with the salesperson will affect buyer purchase behaviors more strongly—and have a stronger positive effect on seller financial outcomes—than similar levels of relationship quality with the selling firm. This is consistent with Palmatier, Dant, Grewal and Evans' (2006) meta-analysis finding that relational mediators targeted toward individuals had a larger impact on outcomes than relationships targeted toward firms.

Social judgment theory also suggests an important moderating role of perceived selling firm consistency. The more a buyer perceives a selling firm as a coherent entity, the more likely he or she is to use an online model to form judgments about the seller, have greater confidence in those judgments, and enact future behavior on the basis of those judgments. If all selling firm employees with whom a buyer deals behave consistently, the buyer logically infers that their actions are due to underlying selling firm causes (*e.g.*, selection or training of employees, policies, explicit directives) and expects that future dealings with the firm will remain consistent, even if different associates are involved. Therefore, superior financial outcomes should result from relationship quality with the selling firm as perceived selling firm consistency increases.

We hypothesize a complex pattern of effects detailing the impact of buyer relationship quality on seller financial outcomes:

H2. Buyer relationship quality with the salesperson has a positive effect on seller financial outcomes.

H3. Buyer relationship quality with the selling firm has a positive effect on seller financial outcomes.

H4. Buyer relationship quality with the salesperson has a greater positive effect than relationship quality with the selling firm on seller financial outcomes.

H5. Selling firm consistency increases the positive impact of buyer relationship quality with the selling firm on seller financial outcomes.

A buyer's relationship with the salesperson can also affect the buyer–selling firm relationship (Reynolds & Beatty, 1999; Sirdeshmukh et al., 2002). Because the buyer perceives the salesperson as an agent of the seller (Iacobucci & Ostrom, 1996), better relationship quality with the salesperson will provide the associated benefit of increasing the relationship quality with the firm—as long as the salesperson is associated with that firm. In contrast, high relationship quality with the selling firm may be based on diverse factors and actors, and we find little theoretical reason to posit that the buyer's relationship quality with the selling firm will affect his or her relationship quality with the salesperson.[5]

H6. Buyer relationship quality with the salesperson has a positive effect on buyer relationship quality with the selling firm.

3. Research design and method

3.1. Sample and data collection procedure

We studied relationships in channels served by manufacturers' representative firms (rep firms), a context well suited to test our theoretical model. Isolating the effects of RM from the effects of brand loyalty, brand desirability, or lack of competition can be difficult, but because typical rep firms are relatively small, selling hundreds of products for 10 or more manufacturers on a commission basis that buyers can obtain from other sources as well, the brands carried by the rep firm and salesperson usually do not overwhelm other aspects of the buyer's relationships. In addition, rep firms seldom manufacture products and supplier contracts typically can be terminated with 30-day notice; thus, they employ a wide range of RM programs to bolster their primary asset—relationships with customers—and maximize their value to suppliers. Because rep firms sell many products/brands, perform little advertising, and have little control over manufacturing costs or product features, this context offers few potential alternate explanations for relationship development. Buyer relationships with the rep firm and salesperson evolve over many years and involve frequent interactions that allow strong ties to develop at both levels.

During the first six months of 2003, we collected matched triadic data on 362 buyer–salesperson dyads from buyers, salespeople, and the sales managers of rep firms in the United States. With the assistance of the Manufacturers' Representatives Educational Research Foundation, 41 rep firms serving electronic components, industrial cleaning supplies, industrial safety, utility, and telecommunication industries agreed to provide information about their customers and encourage their employees to participate. Rep firm sales managers identified (1) the buyer responsible for most of the rep firm's business with each customer and (2) the rep firm salesperson servicing that buyer. We received information about 13,850 buyers serviced by 195 salespeople. Using a stratified random sampling of approximately 15 buyers per salesperson and 330 buyers per rep firm (ensuring balanced responses across salespeople and firms), we generated an initial sample of 3000 buyers who

[4] A commercial organization exhibits characteristics used in social psychology literature to define a group: a collection of people who display interdependence in their common goals, shared outcomes, and interpersonal interactions and who interact within a relatively stable configuration (Insko & Schopler, 1987). Work-related teams and employment-based task groups exhibit moderate levels of entitativity or consistency (Lickel et al., 2000).

[5] One exception may occur when a new salesperson enters an ongoing buyer–selling firm relationship.

received a four-wave mailing: (1) a presurvey notification postcard, (2) the survey package one week later, (3) a reminder postcard one week later, and (4) a duplicate survey package three weeks later. A personalized cover letter identified the rep firm and buyer's salesperson, noted industry association endorsements, and offered a report and raffle entry ($500 in prizes) to participants.

We received 511 completed surveys (of 2780 deliverable) resulting in an 18.4% effective response rate. After buyers responded, we mailed their counterpart salespeople a presurvey postcard, followed by a survey packet one week later. Each customized salesperson survey contained items addressing the salesperson's relationships with one or more specific buyers. After a second mailing and follow-up, we received 165 responses. Concurrently, sales managers supplied archival 2001 and 2002 sales revenue figures for the 511 responding buyers. This process yielded data on 362 distinct buyer–salesperson dyads from three sources (362 buyers, 154 salespeople, 34 rep firms), a 13.0% triadic response rate. We compare early (first 25%) and late (last 25%) respondents for each data source (Armstrong & Overton, 1977), as well as buyers in our data set *versus* other responding buyers *not* included because we lacked corresponding salesperson or sales manager data. We find no significant mean differences ($p > .05$) for the demographic or study variables, which suggest *non-response* bias is not a concern in this sample.

Average 2002 rep firm sales were $39 million and customer sales were $320 million. Buyer relationships averaged 6.2 years with salespeople and 9.7 years with rep firms. They interacted twice a week (on average) with employees of the rep firm, and 56% of the buyer's rep firm contact was with a focal salesperson. Buyers on average purchased four products from the rep firm and had alternate suppliers for 71% of the items they purchased, meaning that the average buyer had competitive sources for nearly three-quarters of its purchases from that rep firm. Services (*versus* product-based sales) represented 7% of the buyers' total purchases.

We analyze financial outcomes using the customer firm as the unit of analysis. For each case, we draw data from three different sources: the buyer representing the customer firm, the buyer's counterpart salesperson, and the sales manager at the selling firm. Thus, each buyer in our sample represents a different customer and reports on their relationship with the salesperson and selling firm.

3.2. Salesperson-provided measurement scales

When possible, we adapted existing measures. When we needed to develop new scales, we generated theoretically based potential items, refined them, and pretested them with 24 buyers, five salespeople, and two sales managers. In the Appendix, we summarize the measurement scales and construct reliabilities. After compiling a list of generic RM programs (Berry, 1995; Gwinner et al., 1998), we conducted eight sales manager interviews that contained open-ended questions, followed by specific probes about suggested RM programs. After we refined the list of items, we discussed it with two buyers and three salespeople. Next, we created formative scales to assess the use of the most common types of RM programs (social, structural, and financial) during the previous year. Interviews indicated that salespeople are best positioned within a selling firm to report on RM efforts directed toward a specific buyer, regardless of whether those efforts originate with the salesperson.

Every individual RM scale item correlates significantly ($r = .25–.73$, $p < .01$) with a global item that assesses overall use of that RM. We average the scale items to create overall indicators for each RM program. The indicators for social ($r = .50$), structural ($r = .68$), and financial ($r = .67$) RM each correlate significantly with their respective global items (Diamantopoulos & Winklhofer, 2001). A final omnibus item, asking about RM efforts not captured by the previous items, had a low mean (1.44), so our scales effectively capture the domain of RM programs in our research context, an important criterion of valid formative scales.

Salespeople also reported the level of importance of the customer to the seller, which we use as a control variable to capture other unmeasured salesperson or selling firm actions that may affect buyers' relationship quality and purchase behaviors.

3.3. Buyer-provided measurement scales

To develop our measure of *perceived salesperson control* of RM, we follow Menon et al. (1999). Buyers completed RM items parallel to those in the salesperson survey. After each item buyers access the extent to which a specific RM program benefit is controlled by the rep firm (1) versus the salesperson (7). We again average the items for each program type (social, structural, financial) to create an overall measure of the buyer's perception of salesperson control over that type of RM program.

To focus the buyer's attention on the appropriate referent, maximize discrimination, and enhance construct validity, items pertaining to the buyer's relationship quality with the salesperson and with the selling firm appeared in separate survey sections. Each section was prefaced by a statement designed to focus their attention on either "the *manufacturers' representative firm* referenced in the cover letter including all employees, policies, and systems" or "your primary *outside salesperson* (*i.e.*, salesperson referenced in the cover letter)". We conceptualize relationship quality as a higher-order construct comprising trust, commitment, and satisfaction. Multi-item scales for trust, commitment, and satisfaction, adapted from De Wulf et al. (2001), include measures of both interpersonal and person-to-firm relationships. Individual factor analyses of the items for each indicator verify a single factor in all six cases.

Next, we examine a second-order factor model for each measure of relationship quality (salesperson and selling firm), including its respective first-order factors of trust, commitment, and satisfaction (De Wulf et al., 2001). For relationship quality with the salesperson, model testing results in $\chi^2_{(22)} = 72.6$ ($p < .01$), and the comparative fit index (CFI) = .987, goodness-of-fit index (GFI) = .956, normed fit index (NFI) = .981, adjusted goodness-of-fit index (AGFI) = .910, and root mean square error of approximation (RSMEA) = .080 collectively indicate that the model acceptably represents the data (Byrne, 1998). For

relationship quality with the selling firm, we find $\chi^2_{(22)}=60.3$ ($p<.01$), CFI=.992, GFI=.965, NFI=.987, AGFI=.929, and RSMEA=.069, which indicates the model fits the data. We also find support for the convergent validity of each construct, because all loadings are significant ($p<.001$) and all R^2 exceed .50. For each measure of relationship quality, we average the items to generate a single indicator for each first-order factor. We also demonstrate discriminant validity by following Fornell and Larcker (1981) and with a principal component factor analysis with Varimax rotation on all six indicators. Commitment, trust, and satisfaction with the salesperson (.92, .91, and .90) load on one factor, whereas commitment, trust, and satisfaction with the selling firm (.94, .91, and .88) load on another, and all cross-loadings are less than .40.

For perceived *selling firm consistency,* buyers completed a single seven-point Likert item to assess the consistency of the selling firm's employees' behavior. The selling firm's *customer share* consists of two items: "Of the potential products or services you could purchase from this rep firm, what percentage share does this rep firm currently have?" and a projection of its share three years in the future. We measure *price premium* with a single item to determine the positive or negative percentage price premium the buyer would pay to deal with this rep firm *versus* another firm with similar products. Buyers also reported *their firm's* overall one-year percentage sales growth with *their* own customers, which we use to compute the third seller financial outcome.

Because relationship length has been associated with better relationship quality, we include it as a control variable and ask buyers to report the number of years they have dealt with the rep firm and have known the salesperson. Square root transformations correct for any non-normal distributions. We also use the importance of the products purchased by the customer as a control variable to capture unmeasured potential drivers of relationship quality and performance from the customer's perspective.

3.4. Selling firm data

Sales managers provided 2001 and 2002 sales revenues for each customer, which enabled us to calculate the raw percentage sales growth of each customer. This measure can be misleading, because a modest sales increase for a customer whose business is in decline may be a greater accomplishment than a greater sales increase for a rapidly growing customer. Therefore, we adjust this raw percentage sales growth by subtracting the customer's own overall percentage sales growth for the same period. This provides an adjusted measure of rep firm sales growth that increases as the growth in sales *to a customer* outpaces the growth in sales *of that customer*. For example, if the rep firm's sales increased 20% to a customer whose own overall sales grew 12%, the adjusted sales growth equals 8%. A natural logarithmic transformation corrects for non-normal distributions.

4. Analysis and results

We employ a two-stage data analysis approach (Anderson & Gerbing, 1988) with AMOS 4.01 structural path modeling with maximum likelihood criterion. To assess the appropriateness of the measurement model, we conduct confirmatory factor analysis and test the hypothesized model using structural modeling.

4.1. Measurement model

The measurement model generates a significant $\chi^2_{(49)}=111.0$ ($p<.01$), which is expected considering the large sample and number of constructs (Doney & Cannon, 1997). As the fit indices—CFI=.983, GFI=.962, NFI=.971, AGFI=.907, and RSMEA=.059—all meet suggested levels and the ratio of χ^2 to degrees of freedom (2.3) is within the acceptable range, we conclude that the fit is acceptable (Byrne, 1998). All loadings are significant in the predicted direction ($p<.001$), and all R^2 exceed .50, suggesting convergent validity. All correlations are significantly less than 1, and all latent constructs' composite reliabilities are greater than .85, indicating internal reliability (see Table 2 and the Appendix). The average variance extracted by each latent construct (84–89%) is greater than its shared variance with other constructs (Fornell & Larcker, 1981), bolstering our confidence in the discriminant validity of our measures. For each pair of reflective constructs, χ^2 difference

Table 2
Means, standard deviations, and correlations

Constructs	Mean	S.D.	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
1. Financial relationship marketing programs	2.80	1.31	1.00										
2. Social relationship marketing programs	2.74	1.41	.66**	1.00									
3. Structural relationship marketing programs	2.55	1.13	.55**	.51**	1.00								
4. Buyer–salesperson relationship duration[a]	2.26	1.05	.09	.11	.02	1.00							
5. Buyer–selling firm relationship duration[a]	2.88	1.19	.04	.04	−.02	.47**	1.00						
6. Buyer relationship quality with the salesperson	4.96	1.42	.15**	.26**	.17**	.28**	.14**	1.00					
7. Buyer relationship quality with the selling firm	4.51	1.51	.08	.14*	.20**	.10	.08	.61**	1.00				
8. Customer share (%)	35.47	28.12	.15**	.16**	.17**	.11*	.01	.27**	.19**	1.00			
9. Price premium (%)	4.92	8.01	−.03	.04	−.06	.06	.04	.34**	.28**	.09	1.00		
10. Sales growth[b]	4.79	0.65	.04	.09	.05	.08	.00	.17**	.06	.03	.07	1.00	
11. Importance of products to customer	4.72	1.86	−.07	.04	.11*	−.06	−.05	.19**	.16**	.19**	−.08	.05	1.00
12. Importance of customer to seller	3.87	1.92	.08	−.04	−.11*	−.02	−.01	−.18**	−.14**	−.02	−.01	−.09	−.07

*$p<.05$ (two-sided); **$p<.01$ (two-sided).
[a] Square root transformation.
[b] Logarithmic transformation.

tests reveal that the χ^2 is significantly lower ($p<.05$) for an unconstrained two-factor model in which the correlation is allowed to vary, as compared to a constrained model in which the correlation is fixed at 1.

4.2. Structural model

Structural model testing reveals a $\chi^2_{(79)}=147.3$ ($p<.01$) for the hypothesized model and fit indices—CFI=.982, GFI=.956, NFI=.962, AGFI=.915, and RSMEA=.049—and the ratio of χ^2 to degrees of freedom (1.9) suggest that model fit is acceptable (Byrne, 1998). All statistically significant paths have hypothesized signs, providing nomological validity (Table 3).

We test our hypotheses regarding the positive effect of RM programs on buyer relationship quality, moderated by control perceptions, using separate split-sample, multi-group model comparisons (following De Wulf et al., 2001) for each of the three RM program's effects on both types of relationship quality; that is, we conduct six separate model comparisons. For each RM program, we use perceived control to split the sample into salesperson control (>4.0), selling firm control (<4.0), and equal control (=4.0) groups. After we omit the equal control cases (21–34 buyers), we use the model comparisons to contrast salesperson *versus* selling firm control groups. In each of the six tests, we compare a free model, in which the path from RM to relationship quality may vary, with a constrained model, in which all paths are restricted to be equal across the salesperson and selling firm control groups. If the χ^2 of the free model is significantly lower than that of the constrained models, perceived control moderates the effect of that RM program on that type of relationship quality.

As we hypothesized, perceived control moderates the impact of *financial* RM on buyer relationship quality with the salesperson ($\Delta\chi^2_{(1)}=3.9$, $p<.05$) and the selling firm ($\Delta\chi^2_{(1)}=15.9$, $p<.01$). When perceived salesperson control is high, financial RM *negatively* affects buyer relationship quality with the selling firm ($\beta=-.21$, $p<.01$). With high selling firm (low salesperson) control, financial RM has a positive effect on relationship quality with the selling firm ($\beta=.15$, $p<.05$), accompanied by a concomitant reduction in relationship quality with the salesperson ($\beta=-.12$, $p<.05$). Also as we hypothesized, perceived control moderates the effect of *structural* RM on buyer relationship quality with the selling firm ($\Delta\chi^2_{(1)}=6.8$, $p<.01$); structural programs have a positive effect on buyer

Table 3
Results: hypothesized model

Hypothesized path	Hypothesis	Standardized path coefficient	T-value
Effects of buyer relationship quality			
Buyer relationship quality with the salesperson → customer share	H2	.30	4.06**
Buyer relationship quality with the salesperson → price premium	H2	.30	4.49**
Buyer relationship quality with the salesperson → sales growth	H2	.21	2.95**
Buyer relationship quality with the selling firm → customer share	H3	.00	0.04
Buyer relationship quality with the selling firm → price premium	H3	.14	2.11*
Buyer relationship quality with the selling firm → sales growth	H3	−.07	−1.04
Buyer relationship quality with the salesperson → buyer relationship quality with the selling firm	H6	.63	12.96**
Effects of relationship marketing			
Social relationship marketing programs → buyer relationship quality with the salesperson		.20	3.01**
Social relationship marketing programs → buyer relationship quality with the selling firm		−.06	−0.99
Structural relationship marketing programs → buyer relationship quality with the salesperson		.02	0.32
Structural relationship marketing programs → buyer relationship quality with the selling firm		.16	3.01**
Financial relationship marketing programs → buyer relationship quality with the salesperson		.01	0.15
Financial relationship marketing programs → buyer relationship quality with the selling firm		−.06	−1.01
Effects of relationship duration and importance			
Buyer–salesperson relationship duration → buyer relationship quality with the salesperson		.27	5.59**
Buyer–selling firm relationship duration → buyer relationship quality with the selling firm		−.01	−0.13
Importance of products to customer → buyer relationship quality with the salesperson		.19	3.81**
Importance of products to customer → buyer relationship quality with the selling firm		.02	0.52
Importance of products to customer → customer share		.15	2.90**
Importance of products to customer → price premium		−.16	−3.20**
Importance of products to customer → sales growth		.02	0.36
Importance of customer to seller → buyer relationship quality with the salesperson		−.16	−3.25**
Importance of customer to seller → buyer relationship quality with the selling firm		−.01	−0.14
Importance of customer to seller → customer share		.04	0.71
Importance of customer to seller → price premium		.05	1.09
Importance of customer to seller → sales growth		−.06	−1.17
R^2 (buyer relationship quality with the salesperson)	.20		
R^2 (buyer relationship quality with the selling firm)	.42		
R^2 (customer share)	.13		
R^2 (price premium)	.15		
R^2 (sales growth)	.04		

*$p<.05$ (one-sided); **$p<.01$ (one-sided).

relationship quality with the selling firm (β=.28, p<.01) only when salesperson control is low. Structural RM has no effect on relationship quality with the salesperson. Thus, perceived control moderates financial RM's impact on both types of relationship quality and structural RM's effect on relationship quality with the selling firm, in partial support of H1a and H1b. Contrary to our expectation, *social* RM has a positive main effect on buyer–salesperson relationship quality, regardless of perceived control (β=.20, p<.01), but has no direct effect on relationship quality with the selling firm.

The control variable of buyer–salesperson relationship duration has a positive impact on buyer relationship quality with the salesperson, but buyer–selling firm relationship duration has no impact on relationship quality with the selling firm. The importance of the products purchased by the customer are associated positively with salesperson relationship quality and customer share and negatively with price premiums. The importance of that customer to the seller relates negatively to the relationship quality with the salesperson. An alternate model, in which we include direct paths from each antecedent to seller financial outcomes, does not provide a significantly better fit than our hypothesized model, which bolsters our confidence in the mediated model.

Buyer relationship quality with the salesperson positively affects customer share (β=.30, p<.01), price premiums (β=.30, p<.01), and sales growth (β=.21, p<.01), but relationship quality with the selling firm affects only price premiums (β=.14, p<.05). Therefore, H2 is fully supported, and H3 is supported for price premiums. To test our hypothesis that seller financial outcomes are more strongly impacted by the buyer's relationship quality with the salesperson than with the selling firm, we compare our hypothesized model with one in which we constrain the paths from both levels of relationship quality to be equal (Netemeyer, Brashear-Alejandro, & Boles, 2004). If the χ^2 of our hypothesized model is significantly lower than that of the restricted model and the standardized path coefficient of the hypothesized stronger effect is greater, the model is supported. Therefore, we perform a separate model comparison test for each seller financial outcome and find that relationship quality with the salesperson has a greater impact than with the selling firm on customer share ($\Delta\chi^2_{(1)}$=6.5, p<.01) and sales growth ($\Delta\chi^2_{(1)}$=5.1, p<.05). We find no significant difference on the effects of price premium, which means H4 is supported for two of our three seller financial outcomes. We also find support for H6, because relationship quality with the salesperson positively affects relationship quality with the selling firm (β=.63, p<.01)[6].

Finally, to test our hypothesis that buyer perceptions of selling firm consistency moderate the positive effect of buyer–selling firm relationship quality on financial outcomes, we again use split-sample, multi-group comparisons, in which we perform a median split for consistency to generate high and low perceived selling firm consistency groups[7]. The model comparison tests reveal that perceived selling firm consistency positively moderates the impact of buyer relationship quality with the selling firm on price premiums ($\Delta\chi^2_{(1)}$=8.5, p<.01) and sales growth ($\Delta\chi^2_{(1)}$=3.4), though the latter is significant at p<.10. Therefore, high consistency appears to increase the positive impact of buyer relationship quality with the selling firm, in partial support of H5.

5. Discussion

Most extant RM research and practice relies on the classic model, in which RM activities build relationships that drive performance (Morgan & Hunt, 1994). We argue, with supportive evidence from our findings, that a better understanding of the impact of RM on financial performance may be gleaned by encompassing multiple relationship levels in RM models. Our findings offer substantive implications for both interpretations of previous findings and the design of further research.

First, *RM manifests effects at multiple relational levels*. It positively affects seller financial outcomes by building buyer relationship quality with *both* the selling firm and the salesperson. Our findings support the contention that RM operates through multiple, empirically distinct, relational pathways, and the failure to account for the relationship-building benefits beyond a single relationship level severely restricts the ability of any study to capture the full impact of RM efforts. Salesperson relationships have a greater impact on two of the three financial outcomes we study, and *post hoc* comparisons of the path coefficients suggest that the average direct effect of relationship quality with the salesperson on financial outcomes (.27) is greater than its average indirect effects (.04, through relationship quality with the selling firm). In situations in which the salesperson plays a central role, relationship quality with the salesperson has a significant, direct impact on financial outcomes and operates independently of relationship quality with the selling firm, a finding consistent with experimental results from social psychology (O'Laughlin & Malle, 2002). Even in contexts in which the salesperson is not critical, previous research (Table 1) and our findings suggest that cross-firm research that ignores the role of interpersonal relationships systematically underestimates the financial benefits of RM and provides little insight into important differences in the mobility or transferability of customer relationships at the salesperson *versus* the firm level. Therefore, managers who measure their customer relationships only at the firm level (*e.g.*, loyalty studies) may enjoy a false sense of security if the majority of that relationship actually is "owned" by the salesperson and the salesperson moves to a competitor (Palmatier, Scheer, & Steenkamp, 2007).

[6] We hypothesized a recursive relationship between salesperson and selling firm relationship quality (Macintosh & Lockshin, 1997; Reynolds & Beatty, 1999), but others have suggested that this relationship may be nonrecursive (Doney & Cannon, 1997). Thus, we empirically tested the non-recursive model by adding a path from selling firm to salesperson relationship quality. Although comparison of the two models indicates that the additional path in the modified model improves fit ($\Delta\chi^2$=4.2; p<.05), this slight magnitude of improvement sacrificed parsimony. The parsimony-adjusted GFI, NFI, and CFI were all lower for the modified model. To remain consistent with our underlying theoretical rationale and weighting parsimony and model fit, we use the recursive model (Morgan & Hunt 1994).

[7] As a further test of hypothesized effects, we duplicate all moderation analyses using the multi-step regression methodology proposed by Gatignon and Vosgerau (2005). The results are consistent across the two methods.

Second, *different types of RM activities build different types of relational bonds with varying degrees of effectiveness*. Social, financial, and structural RM activities are not equally effective for building relationships and can operate through multiple relational pathways. Aggregating diverse programs into a global RM measure risks masking the effectiveness of these different programs and prevents isolating the differences in customers' perceptions of salesperson control. Furthermore, when studies consider specific types of RM, they still must recognize the importance of the perceived control of those programs.

Third, the *interaction between the type of RM activity and the customer's perceptions of control over that activity determines the locus of relationship-building effects.* The buyer's perception of salesperson control over the provision/allocation of RM is crucial, because it directs any relationship-building effects and dictates whether the buyer forms bonds with the salesperson, the selling firm, or both. Prior RM research practice— which links specific RM programs with a single relationship level on the basis of the program's nature and the measurement referent— fails to account for perceived control and likely generates misleading conclusions. The inability to find the hypothesized effects of RM on various relational constructs may be due to a failure in capturing the customer's perception that an entity at another relationship level actually controlled the disposition of the RM benefit. For example, our results may clarify Doney and Cannon's (1997) report that information sharing (*e.g.*, "supplier will share confidential information with us") does not enhance trust in the supplier, as well as Sirdeshmukh et al.'s (2002) finding of an inconsistent effect of a firm's problem-solving orientation (*e.g.*, "goes out of the way to solve customer problems") on customer trust. These RM programs may actually be building relationships at the interpersonal level *versus* the hypothesized firm level.

Fourth, *relationships formed with individuals and firms operate differently and have potentially disparate effects on behaviors and outcomes*. Relationship quality with the salesperson affects all three financial outcomes and has a greater impact on customer share and sales growth than does relationship quality with the selling firm. These findings are consistent with social judgment theory (Hamilton & Sherman, 1996), which contends that buyer attitudes at the interpersonal level have a greater impact because they are based in well-elaborated evaluations formed over time, whereas attitudes at the person-to-firm level have a lesser impact because of their basis in less elaborated judgments that arise from episodic recall. We also uncover evidence that suggests when the selling firm is more consistent, the impact of buyer–selling firm relationships increase. The impact of buyer–salesperson relationship duration on relationship quality with the salesperson ($\beta = .27$, $p < .01$) also is consistent with theory (Hamilton & Sherman, 1996). As buyers update, elaborate, and reinforce their judgments using an online model, their confidence in those judgments strengthens. Thus, as convictions deepen over the duration of an interpersonal relationship, the buyer's relationship quality with the salesperson becomes stronger. In contrast, because buyers use a recall model to form judgments about firms, more recent information is more important, and relationship duration seems largely irrelevant. In support of this claim, we find no association between buyer–selling firm relationship duration and relationship quality with the selling firm ($\beta = -.01$, n.s.).

Previous research on social judgment theory has involved laboratory research in which subjects offer evaluations of groups that are hypothetical, temporary, or peripheral to the evaluator's daily life. We find support for social judgment theory in a business-to-business context with well-defined entities (*i.e.*, selling firms) and therefore provide an avenue of potential research that could extend social judgment theory. The totality of our findings argues that social judgment theory deserves further investigation in cross-firm relationships.

6. Managerial implications

Strong salesperson–buyer relationships can benefit the seller through the positive spillover of the buyer's relationship quality with the salesperson to his or her relationship quality with the selling firm, as well as the effect on seller financial performance. These strong interpersonal relationships also make the firm dependent on critical salespeople, rendering it vulnerable to salesperson defection (Bendapudi & Leone, 2002), particularly if no direct buyer–selling firm relationship exists. Therefore, managers must balance the potential payoffs of buyer–salesperson interpersonal relationships with the risk of losing salespeople. If a firm can achieve greater consistency in its boundary spanners' behavior, the impact of the less volatile buyer-to-selling firm relationship on financial outcomes can be strengthened.

Our findings also suggest that managing the implementation of RM programs is more challenging than previously realized. We find diverse patterns in the effects of perceived salesperson control across the three types of RM programs. Financial RM, as Berry (1995, p. 240) observes, may "flunk the profitability test" because competitors can easily match financial incentives and because it attracts deal-prone buyers. Consistent with Reinartz and Kumar (2000), we find little gain from price discounting or other financial benefits. If the buyer believes that the seller controls financial RM, any beneficial effects on the buyer–selling firm relationship maybe offset by its negative effects on the buyer–salesperson relationship. Higher perceived salesperson control of financial RM seriously undermines the buyer–selling firm relationship. Because salespeople have strong incentives to claim credit, and many opportunities to do so, this worst-case scenario is very possible. Therefore, financial RM programs should be avoided, but if they are required due to competitive pressure, selling firms should strive to promote joint salesperson–selling firm perceived control. More important, they should invest in other RM programs to strengthen relationships with the selling firm.

Selling firms reap great returns from social RM, but those returns are based on buyers' *interpersonal* relationships. Perhaps owing to the salesperson's pervasive, personal role in delivering social benefits in our study setting, perceived salesperson control does not moderate the effect of social RM. Furthermore, we posit that rotating salespeople or realigning territories can undermine seller outcomes unless the

selling firm promotes very high consistency across its boundary spanners. In high turnover environments, the selling firm should minimize social RM. For social RM, as with financial RM, joint salesperson–selling firm control is most effective.

Structural RM is most beneficial for the seller because it enhances buyer–selling firm relationships without undermining buyer–salesperson relationships. As firms implement structural RM programs, they must gain a clearer understanding of their implications for multi-level relationship formation. Because high-perceived salesperson control reduces the positive effect of structural RM on relationship quality with the selling firm, a firm that implements structural RM should clearly communicate to the buyer its responsibility for providing those benefits. For structural RM programs, buyer perceptions of selling firm, not salesperson, control pay the greatest dividends for the seller.

7. Limitations and directions for further research

When interpreting our results, it is important to remember that all data came from buyers' relationships with manufacturers' rep firms in the United States. Although this context is suitable for theory testing, we recommend caution in generalizing these findings to contexts whose underlying characteristics differ significantly. For example, our prediction that buyer relationship quality with the salesperson has stronger effects than with the selling firm is grounded in theory and requires the selling firm to exhibit typical levels of entitativity and consistency.

To test our theory, we sought a context in which the buying firm's relationship with the seller is primarily determined, guided, and controlled by an individual buyer. Therefore, additional research should examine marketing relationships characterized by more complex webs of interpersonal and person-to-firm relationships. It is also unclear how our specific empirical results apply in other contexts. For example, salespeople are vital in rep firms' relationships with customers and typically compensated on a commission basis. However, if salesperson criticality is low, the impact of interpersonal relationships on seller outcomes may lessen, and in direct or noncommissioned sales organizations, salespeople's motivation to build buyer relationships may differ. Further research should examine various moderating conditions, such as different cross-firm configurations, varying degrees of salesperson and service provider criticality, team selling contexts, and manufacturing and service industries. Research also should address the generalizability of our findings to other cultures. The average entitativity of firms likely varies across diverse cultures; for example, firms in collectivist cultures often exhibit greater entitativity (Menon et al., 1999). The interplay between and the relative effects of interpersonal and person-to-firm relationships also may differ across diverse cultures.

Our findings indicate that the type of RM activities and how the seller and salesperson communicate and implement those activities can affect whether the customer credits the selling firm, the salesperson, or both as the source of RM benefits. Anecdotal evidence also suggests that the negative impact of RM on selling firm relationship quality for high salesperson control may result from the salesperson's implication that he or she provides benefits to the buyer in defiance of the selling firm's policies, an explanation consistent with organizational research on justice and social referents. Because buyer perceptions of control can strongly moderate RM effectiveness, any investigation of the strategies that firms and salespeople use to influence customer perceptions could provide valuable insights.

Our findings imply that differential judgment formation processes may explain why and how interpersonal relationships and person-to-firm relationships have different effects. Extensions of this theoretical framework point to various research opportunities. For example, the buyer–salesperson relationship may withstand a disconfirming event like a service failure better than the buyer–selling firm relationship. The impact of buyer–selling firm (relative to buyer–salesperson) relationships may be greater for selling firms with more well-defined corporate cultures that make more extensive use of integrated selling teams and deploy a more frequently rotated, tightly scripted, closely regimented salesforce.

Why is an explicit multilevel relational perspective important to the study of marketing relationships? It encourages us to explicate cross-firm relationships in detail and clarify the distinct paths through which these effects flow. Because different processes may underlie relationships at the interpersonal and person-to-firm levels, researchers should be wary of assuming that models based on, and results found in, one type of marketing relationship would hold true for other relationship levels.

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Appendix A

Construct	Measures	Reliability
Salesperson reported		
Social relationship marketing programs	This customer often receives special treatment or status. This customer is often provided meals, entertainment, or gifts by me or my rep firm. This customer often receives special reports and/or information.	Formative
Structural relationship marketing programs	This customer often receives special value-added benefits (inventory control, expediting, *etc.*). Special structural changes (EDI, packaging, *etc.*) have been instituted for this customer. Our policies and procedures are often adapted for this customer. Dedicated personnel are assigned to this customer beyond what is typical for our rep firm.	Formative

(*continued on next page*)

Appendix A (*continued*)

Construct	Measures	Reliability
Financial relationship marketing programs	This customer often gets free products and services. This customer frequently gets special pricing or discounts. This customer receives special financial benefits and incentives.	Formative
Control variable: importance of customer to seller	Considering the benefits and costs, it would be difficult for me to replace this customer	n/a
Buyer reported		
Perceived salesperson control of social relationship marketing		n/a
Perceived salesperson control of financial relationship marketing		n/a
Perceived salesperson control of structural relationship marketing		n/a
Buyers reported on the receipt of each specific relationship marketing program (parallel to salesperson items), followed by an item assessing control.	For example, Referent relationship marketing program item: I frequently get special pricing or discounts from this rep firm. Perceived control item: This benefit is mostly controlled by . . . (Seven-point scale anchored at 1 = rep firm 7 = salesperson)	
Buyer relationship quality with the salesperson		.95
Commitment	I am willing "to go the extra mile" to work with my salesperson. I feel committed to the relationship with my salesperson. I view the relationship with my salesperson as a long-term partnership.	.89
Trust	My salesperson gives me a feeling of trust. I have trust in my salesperson. My salesperson is trustworthy.	.95
Satisfaction	I have a high-quality relationship with my salesperson. I am happy with the relationship with my salesperson. I am satisfied with the relationship I have with my salesperson.	.93
Buyer relationship quality with the selling firm		.96
Commitment	I am willing "to go the extra mile" to work with this rep firm. I feel committed to my relationship with this rep firm. I view the relationship with this rep firm as a long-term partnership.	.95
Trust	The rep firm gives me a feeling of trust. I have trust in this rep firm. This rep firm is trustworthy.	.95
Satisfaction	I have a high-quality relationship with this rep firm. I am happy with my relationship with this rep firm. I am satisfied with the relationship I have with this rep firm.	.94
Perceived selling firm consistency	The behaviors of the employees of this rep firm are very consistent.	n/a
Control variable: buyer–salesperson relationship duration	How long have you known your outside salesperson? (# years)	n/a
Control variable: buyer–selling firm relationship duration	How long have you had business dealings with this rep firm in your career? (# years)	n/a
Control variable: importance of products to customer	This supplier line (*i.e.*, primary product and/or service purchased) is very important to me.	n/a
Customer share	Of the potential products or services you could purchase from this rep firm, what percent share does this rep firm currently have? (%) Of the potential products or services you could purchase from this rep firm, what percent share do you estimate this rep firm will have 3 years from now? (%)	.91
Price premium	What price premium (average) would you pay to deal with this rep firm *versus* another rep firm with similar products? (%)	n/a
Selling firm sales data provided by rep firm sales manager (adjusted)		
Sales growth (calculated)	One-year % change in seller sales to the customer firm (calculated from sales revenue data provided by rep firm's sales manager) minus one-year % change in customer's overall company sales over that same period (reported by buyer).	n/a

Note: All are seven-point scales with "strongly disagree" and "strongly agree" as anchors, unless otherwise noted.

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