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# Salespersons' perceptions about sales contests: Towards a greater understanding

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## Introduction

Sales contests, special incentive programs designed to motivate sales personnel to accomplish specific sales objectives [1], have become so commonplace in the selling environment that most sales managers are routinely engaged in their design and implementation and most salespeople participate in them, often on an ongoing basis [2]. Throughout the past two decades, commitment to incentive programs continued to rise; in 1971, \$1.6 billion was expended on them, by 1983 the figure was \$4.3 billion [3], and by the end of the 1980s, expenditures approached \$8 billion [4]. The widespread popularity of special incentives has been confirmed through numerous reports of incentive program usage [3-6]. Respectively, these studies have found contest usage by respondents to be 75 per cent, 83 per cent, 60 per cent and over 91 per cent.

Given this popularity, it is not surprising to see the large amount of attention given to special incentives, especially sales contests, in the trade and academic press. Special incentives include sales contests, other special performance incentives and recognition programs [7]. Of these, sales contests seem by far the most prevalent; contests also receive the greatest attention in the trade and academic press. From this research we know that most sales managers believe sales contests are effective at motivating salespeople [6,8,9], that certain contest designs, in certain instances, have been associated with attainment of contest goals (e.g. travel incentives have been associated with greater gains in

contest goals than either cash or merchandise awards [10]), and that managers believe contests produce increases in contest-related sales goals [6]. However, with few exceptions we know little about how salespeople feel about the contests they experience, nor are we able to anticipate how they are likely to feel about contests. Lacking this knowledge, the research community is unable to provide insights to management that go beyond common sense advice for special incentive design.

The impetus for this research was the question: what factors are associated with salespeople's feelings towards a sales contest? If certain characteristics are associated with particular salesperson feelings towards contests, recommendations can be made to management regarding issues they should consider in the design and implementation of sales contests. Potentially, these recommendations will become salesforce specific, with sales management deciding how to use sales contests dependent on the characteristics of their selling personnel.

Approaching this question we were concerned with two issues: identifying salesperson characteristics that could be expected to affect salesperson feelings towards special incentives; and choosing a research design that would allow salespeople to express their feelings towards special incentives while also providing specific information regarding the focal salesperson characteristics we had identified.

Addressing the first issue, we felt that of the numerous variables that have been used in sales research it was possible to develop a rationale why several (e.g., task-specific self-esteem, organizational commitment, career stage, track record of winning/not winning contests) could be expected to affect feelings towards sales contests. If they were found to have an effect on feelings, the insights would contribute to theoretical understanding in this area. The survey component of the study provided these variables.

As to the second issue, salespeople from a *Fortune* 100 firm which uses contests regularly were provided with an opportunity to "speak freely" about their company sales contests. By having respondents provide both verbal protocols and survey responses, analyses were possible that begin to shape an answer to the question posed above. Numerous insights emerged, increasing understanding of this important special incentive tool. The findings lend encouragement for further research across varied settings.

The next section provides a brief review of the literature on sales contests. We then describe the characteristics of the firm and the sales contest studied. This is followed by our hypotheses and supporting rationale, including an explanation of the method used to examine the hypotheses. Finally, we report the results, and conclude by discussing the implications of the findings for managing sales force special incentive programs.

### **Literature on sales contests**

On a regular basis the trade press (e.g., *Sales and Marketing Management*, *Business Marketing*, *Premium Incentive Business*, etc.) provides mostly optimistic reports of sales contest usage and "dos and don'ts" for sales contest planning. These efforts generally rely on interviews with contest planners, surveys of contest plan-

ners, or case studies, resulting in descriptive reports of contests as used in various settings. The accumulated advice from these reports is consistent with the recommendation that sales contests should have:

- clearly defined, specific objectives;
- an exciting theme;
- reasonable probability of rewards for all salespeople;
- attractive rewards; and
- promotion and follow-through [1].

The mainstay of findings by the academic press supports the notion that sales contests are associated with gains in contest-related objectives. Early studies found that the vast majority of sales contest planners feel their contests are effective at stimulating salespeople [9] and have good or excellent results [8]. Closer to the present, Wotruba and Schoel [6] found that sales contests produce an average of 12.6 per cent increase in targeted objectives and Wildt *et al.* [11] found that sales contests have a net positive effect on sales and profits.

With so many positive implications of sales contest usage it seems that the field has become comfortable with the notion that contests are useful as a motivational tool. Thus, research tends to focus on finding ways to help contest planners understand the characteristics of contests that lead to desired outcomes (typically sales increases in units and/or dollars). As evident in the past 40 years, research has tended either to:

- survey managers to determine the characteristics of sales contests they currently use or examine company records for contest effectiveness [6,8,9,11]; or
- survey salespeople to determine the characteristics of contests they experience and/or to respond to multi-item scales to provide their preferences towards various contest characteristics [2,12,13].

Efforts have also been made to draw insights into contest dynamics through various theoretical approaches (Table I). Organizational behavior management (OBM) researchers monitor behaviors, consistently demonstrating that contingent reinforcement of desired behaviors leads to increases from baseline [14,16,17]. The contribution of OBM to most contest planners seems quite limited since most contests do not have behavior change as a specified contest goal. For instance, Wotruba and Schoel [6] found that 92 per cent have sales increases as goals. Virtually all reports suggest similarly that sales-related goals are the predominant outcomes sought [2,4,7]. Others have pursued a cognitive orientation, relying on goal theory [18,19] and McClelland's need for achievement [14], surveying salespersons to gain insights of some of the dynamics associated with sales contest performance.

Collectively, these studies provide further support for the notion that well designed sales contests tend to motivate salespeople. Additionally, McDaniel

**Table I.** Theory-based sales contest literature

Author	Method of data collection	Sample design	Theory base	Major findings
McDaniel [14]	Survey	Sales engineer (n = 38) and non-sales (n = 38); one company	Need for achievement	After winning, high achievers have positive impressions of contests; both high and low need for achievement had no difference in reported levels of motivation
Luthans <i>et al.</i> [15]	Field experiment	One retail store with 16 departments; eight departments for control eight departments for experimental treatment	OBM	Contingent reinforcement (time off with pay or cash with drawing for paid vacation) resulted in significantly greater behavior frequency across monitored behaviors in both second and third periods; demonstrates efficacy of awarding behaviors rather than financial measures
Anderson <i>et al.</i> [16]	Field experiment	One real estate company with 16 agents	OBM	Sustained increase in behaviors (initial contacts and follow-up contacts) during intervention phase; low baseline performers saw effect fall in pre-withdrawal phase, dropping to below base-line in terminal phase; changes in contact behaviors correlated with sales
Luthans <i>et al.</i> [17]	Field experiment	Near replication to Luthans <i>et al.</i> [15]; three departments for control and three experimental	OBM	Smaller effect of intervention on performance behaviors than earlier study; both increases in functional behaviors and decreases in dysfunctional behaviors during intervention; return to baseline for both functional and dysfunctional behaviors during post-intervention
Hart [18] Hart <i>et al.</i> [19]	Survey	Eighty-four sales representatives of 25 food brokers	Goal theory (Locke)	Of independent variables (goal difficulty, clarity and acceptance) and dependent variables (performance, effort, selling method), difficulty-to-effort, acceptance-to-performance, and acceptance-to-effort were significant. Of proposed moderators (task specific self-esteem and achievement motivation) few significant findings (separate regressions were run for each of three levels of each moderator variable) though self-esteem had more significant effects than need for achievement
Hastings <i>et al.</i> [20]	Survey	Life insurance salesforce (n = 1,083)	Value theories introduced; including expectancy theory (Vroom)	Currently offered incentive travel was valued more highly than numerous other awards; incentive travel as motivator may have "trophy value" that elevates one's sense of achievement

[14] and Hart [18] helped identify personal characteristics that could be associated with differences in motivation and/or effort. Still, there are numerous concerns aside from motivation that the field needs to address if we are to understand how salespeople tend to feel about sales contests. For instance, it seems likely that individual difference variables may be associated with satisfaction with a sales contest, with the value placed on the various awards provided by a sales contest, and with the desire to see continued use of sales contests. By examining these possibilities in the context of sales contests, the field will increase understanding.

This study begins to address these concerns. In the study, salespeople shared their impressions and attitudes towards their company's sales contests, providing verbal protocols for ensuring analyses. Readers may be familiar with verbal protocols as a process tracing approach where respondents "think aloud" while performing a task [21]. Our verbal protocols have respondents "think aloud" not about a decision process but about their feelings and attitudes. The protocols are the transcripts of their verbalized responses to a series of sales contest questions. A survey component of the study was used to capture important constructs (e.g. commitment to the organization, task-specific self-esteem, career stage, etc.) thought to affect one's feelings towards sales contests. Thus, we were able to examine the effects of individual difference variables on a number of salesperson's feelings about sales contests.

### **Focal company and sales contest characteristics**

The focal company is a multidivision *Fortune* 100 firm. We worked with the salesforce of a consumer/commercial products division of this firm for the study. A salesperson known to the lead author was the initial contact at the firm. Providing numerous assistances (names of the division's salespeople, coordinating messages from the lead author to the salespeople via e-mail), the only request in return was anonymity for participating salespeople and the company. The salespeople in this division are trade sellers, with the majority of their efforts spent on providing promotional and sales support to their channel partners. This effort is focused on both retail and commercial markets. At retail accounts, salespeople train floor sales staff, introduce promotions and are involved in numerous relationship building activities. Responsibility for commercial accounts includes training and traveling with field sales staff of channel partners, trade show participation, and active account management of major accounts. Compensation averages about 80 per cent salary and 20 per cent commission based on forecast attainment.

For many years the division has been running year-long sales contests that share in common a Premium Club banner. Contests are announced early in the year, each time providing enticing themes, exotic travel destinations for winners and ongoing written encouragements throughout the year. In addition, winners receive visible and enduring symbols of their performance, including special

jackets to be worn at award meetings and rings, with a gem added for each year of winning. These characteristics are consistent with the advice for good contests noted earlier. Also, although sales contests are typically considered short-term incentive programs, year long sales contests are common; Colletti *et al.* [7] report that over 20 per cent of contests have 11-12 month durations.

At the time of this study, the Premium Club was designed with the following characteristics. First, as a minimum criterion for winning, salespeople needed to attain forecast for at least three of the five major product areas in the line. At the same time, within each of these product areas, salespeople were assigned to competitive groups, each with about eight salespeople. Thus, salespeople were in five competitions simultaneously, matched in each competition based on similarity of sales opportunity and experience.

For each salesperson, annual forecasts for the five product areas and percentage attainment at years' end serves as the major performance standard for each of the five competitions for the club. With the goals of the competition aligned to major product areas and tied to surpassing forecasts, the Premium Club is designed to encourage effort "above and beyond" the meeting of forecasts. Approximately 20 per cent of the salesforce can win each year, providing that sufficient numbers of the salesforce meet the minimum criterion (forecast attainment in at least three of the major product groups). Also noted earlier, good contests have a reasonable probability of winning for all salespeople. Ultimately, only 20 per cent will win the Premium Club. However, it is the perceptions of salespeople regarding their chances of winning that are important. For the Premium Club, management provides an opportunity to win in each of five product groupings. Thus, salespeople can focus on any of five product areas to win—enhancing the likelihood that all participants will feel they have a chance to win in at least one or a few categories. On a related note, Moncrief *et al.* [13] found that many salespeople prefer this "competing against one another" format for prizes. If the same salesperson wins in more than one group the next highest performer in the group wins as well. In addition to the major performance standard for winning, management evaluations comprise about 10 per cent of the determination. The division holds no other sales contests, reducing any distractions from the Premium Club.

By maintaining the Premium Club banner, continuity is provided from year to year. At the same time, new competitive groups are formed each year and the specific product area expectations change yearly (due to market changes and ongoing new product development), thereby providing a unique competitive forum for each new contest. The universality of consumer and commercial needs for the product line and the careful matching of salespeople into competitive groupings, is thought to provide a contest environment where everyone has reasonable expectations of winning. Additionally, since a number of salespeople work in special areas (e.g. government sales), these compete among themselves for award spots.

### **Conceptual rationale and hypotheses**

As noted, we asked salespeople to participate in the study by answering a survey and by responding to several interview questions which were tape recorded. The interviews generated protocols for five dependent variables:

- (1) satisfaction with the sales contest;
- (2) cognizance of positive aspects of the sales contest;
- (3) cognizance of negative aspects of the sales contest;
- (4) effect on attitudes towards the company if future contests were to be cancelled; and
- (5) value of lower order versus higher order awards.

The survey provided measures for four independent variables:

- (1) performance on contests;
- (2) task-specific self-esteem;
- (3) commitment; and
- (4) career stage.

These variables were chosen based on their importance in the marketing and sales management literature, as well as their managerial relevance. This section provides the theoretical background and the conceptual rationale for our hypothesized relationships.

#### *Performance on contests*

An extensive stream of research has looked at the relationship between performance and satisfaction. Although exceptions have been noted [22,23], research suggests that performance is positively associated with salespeople's job satisfaction (see Brown and Peterson [24] for a meta-analysis).

The performance to satisfaction relationship is relevant with respect to the use of sales contests, especially given a potential effect on future motivation [25] towards ensuing contests. Understanding the performance-to-satisfaction relationship may be of special concern for firms using perennial sales contests or where the characteristics of ensuing contests tend to change very little from previous contests. In these instances, salespeople may develop predispositions based on previous contest performance, towards ensuing contests.

Given the relationship between performance and satisfaction [24,26], we expect that if salespeople perform well on sales contests, tending to attain the awards available to winners, they will have higher satisfaction with contests. In this study, we examine two dimensions of performance:

- (1) recency of winning; and
- (2) frequency of winning.

We test the following hypothesis:



**H1:** With respect to performance on sales contests: (a) recency of winning is positively associated with satisfaction with a contest; and (b) frequency of winning is positively associated with satisfaction with sales contests.

#### *Task-specific self-esteem*

Task-specific self-esteem reflects one's felt degree of competence in performing tasks [27] and/or one's confidence in succeeding at tasks [28]. These qualities (felt degrees of competence and confidence) help explain why task-specific self-esteem is associated with expectancies [29], and performance [23,27,30]. It has been suggested that those with higher task-specific self-esteem may be more motivated to exert effort towards performing well because effective performance provides them with feedback consistent with their self-esteem [31].

With clearly defined, specific objectives, sales contests provide an opportunity for high task-specific self-esteem salespeople to pursue performance goals in a way that is consistent with their felt degree of competence. It seems plausible that salespeople with high task-related self-esteem like having these opportunities to show their competence; contests give these salespeople extraordinary ways to demonstrate superior performance. If so, high task-specific self-esteem salespeople would desire to see sales contests as an ongoing component of the selling environment. Further, if management announced discontinuation of sales contests, these salespeople would have negative sentiments about this action. Given their confidence in demonstrating effective performance, these salespeople would view discontinuing sales contest use as a lost avenue for showing their capabilities.

Salespeople with lower task-specific self-esteem seem more likely to view contests as an avenue for potential failure. Their "troubling cognitions" about the possibility of poor performance on contest goals leads them to: have less desire to see sales contests continued; and be less adversely affected in their feelings towards management and/or the company if sales contests were discontinued. Hence, we hypothesize that:

**H2:** Task-specific self-esteem will be: (a) positively associated with a desire to see sales contests continued; and (b) positively associated with disapproving sentiments towards management and/or the company if sales contests are discontinued.

#### *Commitment*

Organizational commitment has been associated with motivation [32] and with a desire to see the firm prosper and be more effective [33]. Further, Schoel [34] suggests that organizational commitment leads to behavioral patterns that include personal sacrifice for the organization, persistence in behaviors not dependent on rewards, and a preoccupation with the organization.

Thus, sales representatives with high levels of commitment can be expected to have enduring, favorable attitudes towards the company. Those with high

levels of commitment can also be expected to want to help the firm attain its goals [35,36]. Each of these thoughts adds evidence that commitment can be expected to be associated with feeling that "management knows what they are doing". Specifically, salespeople committed to the firm can be expected to strive to help the firm attain its goals, trusting in the direction that management provides.

Trusting managerial efforts to guide them, committed salespeople may tend to focus on the positive aspects of the directives they receive. Similarly, these salespeople will not dwell on negative aspects of managerial efforts. Using the same reasoning, committed salespeople are also likely to express a greater level of satisfaction with managerial efforts as compared to their less committed counterparts.

Given their trust in management's activities, it seems that salespeople with higher commitment will focus on more positive and fewer negative things about a company sales contest than those with less commitment. Also, more committed salespeople, tending to have greater satisfaction with managerial directives, will have greater satisfaction with their management's sales contests than their less committed counterparts. Hence, we hypothesize that:

- H3:** With respect to salespeople's discussion of the sales contest commitment will be: (a) positively associated with the number of positive comments about the sales contest; (b) negatively associated with the number of negative comments about the sales contest; and (c) positively associated with satisfaction with the contest.

#### *Career stage*

Cron *et al.* [37] discuss career stages as sequences of change through exploration, establishment, maintenance and disengagement. These career stages are progressively associated with finding a career path, establishing a successful career within one's chosen profession, holding on, and completing/ closure [38]. At each of these career stages salespeople are thought to be motivated by different rewards. The early stages of a career have been associated with a preference for higher order rewards such as recognition [39] and the associated desire for promotions [40]. Valuing advancement opportunities more, early career stage salespeople seek awards that promise positive attention to themselves. Those with greater tenure, often having less desire and/or opportunity for job movement [41,42] tend to value lower order rewards such as financial awards [43]. Related, much attention has been directed to the relationship between age and valence for various rewards [40,43,44]. Consistently, higher order rewards seem more valued by younger salespeople, including promotion. Older salespeople seem to place greater value on lower order rewards.

Thus, one could infer that salespeople in the early stages of their career value aspects of sales contests associated with higher order awards (e.g. recog-

ntion), whereas salespeople in the later stages of their career value aspects of contests associated with lower order rewards (e.g. cash, travel). Hence, we hypothesize that:

**H4:** Career stage is: (a) positively associated with the value attached to lower order sales contest awards; and (b) negatively associated with the value attached to higher order sales contest awards.

## Method

As stated earlier, our objective was to determine whether salesperson characteristics are associated with particular salesperson feelings towards a sales contest. To study the hypothesized relationships we combined verbal protocols with survey data. We begin this section by providing the rationale for our method.

### *Rationale for method*

As discussed, most sales contest research has relied exclusively on the survey method. From our perspective, it seemed likely that sales contest dynamics could be understood better if verbal protocols were used to "capture" the feelings, attitudes, sentiments, etc. of salespersons towards the experienced sales contest. Historically, protocols have been avoided for numerous reasons including the time-consuming nature of analyzing protocol data, the associated need for small sample sizes, potential for self-censoring and the questionable quality of the protocols [45]. Despite these claims we felt that gains in the insights possible and richness of detail of verbal protocol responses more than compensated for these possible shortcomings.

During the study the verbal protocols were transcribed and analyzed (via multiple raters), providing the dependent variables for ensuing analyses. Thus, we worked from the transcripts of how salespeople feel about their company sales contest to derive variables, rather than imposing on the salespeople ordered questions with response sets. The salespeople were simply asked to share their thoughts when posed with a range of interview questions.

The independent variables on the other hand, were included in a survey. These variables represent aspects of one's relationship to the company, aspects of one's views about one's own performance, and various demographic variables. By providing these measures in a survey format we felt we could reduce the response task of the salespeople and effectively capture these variables.

### *Data collection procedure*

A survey was developed that included multiple-item measures of constructs relevant to this research including performance, task-specific self-esteem and commitment, along with several demographic variables including career stage and tenure. In addition to the survey, nine questions about the Premium Club

were to be recorded on an audio cassette. Typically, verbal protocols are collected during sessions with respondents/participants. By providing questions in written format, to be responded to "at one's leisure," we felt we could avoid any interviewer effects on responses. However, we cannot lay claim to avoiding the possibility of self-censoring.

The package prepared for respondents included: a brief cover letter; the survey; the audio cassette response questions; an audio cassette; and a return envelope that would hold the survey and cassette with appropriate postage attached. We indicated on the verbal protocol questions page that if respondents did not have a cassette player they could respond in writing to the questions.

We asked for participation from 45 salespeople who were randomly selected from a 100-member salesforce. The sample was limited to this number because a high response rate was expected (due to support from a company salesperson) and we knew that a great deal of time would be needed to interpret transcripts. The sample size, though small, is comparable to other studies that required free elicitation procedures and protocol analysis (e.g. [46],  $n = 41$  and  $n = 12$ ; [47],  $n = 16$ ; etc.).

An e-mail message was sent to each of the 45 salespeople asking for their participation. Recognizing that respondents might be hesitant to have their thoughts about a company program "on tape," two steps were taken to assure confidentiality. First, the e-mail message included an assurance that no one other than the researchers would have access to their responses. Second, the cover letter sent with the study instruments again assured respondents that only the researchers would see their responses. This assurance was: "Answer the questions as fully and freely (openly) as you like. No one else will have access to your answers and I do not need you to provide your name unless you would like to see the aggregate results of this project."

Initial response to the e-mail message indicated that 38 salespeople would respond. The other seven were unable to participate because of lack of time, or due to job requirements that were higher on their list of priorities. After a two-month period, including one encouragement e-mail note, we received 30 completed packages, representing a 67 per cent response rate. Three respondents returned hand written protocols. We compared these responses to the audio responses. The substantive contributions of the hand written protocols seemed generally similar to the taped responses (i.e. the hand written responses were not as long—tending towards "bullets"—but compared to summaries of the tapes little difference existed). The hand written protocols were kept for the ensuing analyses. Of these, two could not be used due to excessive amounts of missing data. Since each package contained one audio tape, and one completed survey sent by the salesperson, we were able to match the independent variables to the corresponding verbal protocols in our subsequent analysis. Our final sample consisted of 20 males and eight females. Their median age was between 35 and 39 years. The median length of time

that the salespeople had served in this sales division was between seven and ten years. Out of the 28 salespeople in our final sample, 19 had won this contest at least once.

#### *Dependent variable measures*

As mentioned earlier, for the dependent variables the respondents recorded their views on audio cassettes using a "think aloud" procedure. The only guidance for these views came from a series of nine verbal protocol questions (see Appendix). The taped responses were transcribed and broken into "context units" [12]. Since we were interested in the respondents' views on specific aspects of the contest, we defined our context unit as the entire answer given to each protocol question. In some cases these units consisted of only a few sentences, whereas in other instances they included multiple paragraphs.

As decided by the authors prior to analyzing the transcripts, some scores for the dependent variables were based on five-point scales (e.g. the respondent's overall satisfaction with the contest) where raters analyzed the context units and placed a score on the appropriate scale position. For other dependent variables, raters were asked to identify the number of distinct aspects mentioned in a given context unit and sum them for the score (e.g. the number of positive aspects mentioned about the contest, the number of negative aspects mentioned about the contest, etc.).

Two raters (one of the authors and a marketing doctoral student from the other author's institute) analyzed the protocols independently and assigned scores for each dependent variable. To avoid any potential for self-serving bias (seeking interpretations from protocols that would reflect hypotheses), this analysis occurred prior to examining the survey responses and the only identification on the protocols were respondent numbers. In general, the scores assigned by the two judges were either similar, or very close to one another. In some instances, where there was a considerable difference in the two scores, a third judge (the second author) made the final decision. The dependent variables derived from these analyses are described next.

*Cognizance of the positive and negative aspects of the contest.* These were captured in the responses to questions 4 and 5. The judges listed the number of positive and negative aspects of the contest mentioned by each respondent. Inter-rater reliability was 0.92 for the positive aspects and 0.93 for the negative aspects.

*Effect on attitudes if management announced discontinuance of the contest.* This was assessed from the response to question 9. Raters evaluated the potential impact of such an announcement on: the overall attitude of the respondent; and on the relationship between the respondent and the company. Based on the protocol analysis, each rater assigned a score on a five-point scale from "very negative" to "very positive". Inter-rater reliability was 0.95 for the effect on the overall attitude and 0.89 for the effect on the relationship between the respondent and the company.

*Value of contest rewards.* The contest offered an opportunity to win cash and travel (lower order rewards) as well as gain recognition (higher order reward). Based on responses to question 3, the judges evaluated the relative importance of the three rewards to the respondents. For each reward, the judges assigned a score on a five-point scale (not even mentioned – very high importance). The inter-rater reliability was 0.95 for cash and recognition and 0.93 for travel.

*Satisfaction with the contest.* The entire transcript of each salesperson's response was used to assess the respondent's satisfaction with the contest. As part of the analysis, we wondered whether question 7, by asking different responses from those who had won versus those who had not won, might bias responses and threaten the validity of the measure. However, we decided that this concern was minimal, since this was just one context unit of the nine that were used to assess satisfaction. Interestingly, of those assessed as having the greatest satisfaction with the contest, several had never won. Also, none of the salespeople who had won three or more times were in the top quartile of satisfaction scores. Once again, the judges used a five-point scale (very dissatisfied – very satisfied) to assign a score for this measure. The inter-rater reliability was 0.95.

#### *Independent variable measures*

The survey component contained the measures for the independent variables (Table II). These measures are discussed next.

*Performance.* We assessed performance on the contest using two separate items. One item measured the recency of winning and the other item measured the frequency of winning (computed as the number of times won divided by the number of years with the sales division).

*Task-specific self-esteem.* To measure task specific self-esteem, we used a five-point scale (very low – very high), adapted from Teas [29]. We added two items to the original scale that seemed relevant to the current context. The final scale consisted of eight items and had a coefficient alpha of 0.75.

*Commitment.* For this measure, we used a nine-item seven-point scale (strongly disagree – strongly agree) adapted from Mowday *et al.* [48]. This measure has performed well in numerous studies [49]. Item-to-total correlations were examined and the final measure had a coefficient alpha of 0.70.

*Career stage.* Age groupings have frequently been used to identify career stages [23,38]. Even so, age and career stage are not always aligned [41]. Other factors associated with career stage are one's level within the job classification hierarchy and the length of time a salesperson has been in the position. Thus, for this measure we used three items (age, sales job classification, and length of time in sales in the position). Since the items had different scale points, a scale was formed based on the standardized values of the three items.

**Table II.** Independent variable measures

Measure	Scale items
<p><i>Task specific self-esteem</i>            Five-point Likert scale            adapted from Teas [28]            Coefficient alpha = 0.75</p>	<p>Very low/very high on this characteristic</p> <ol style="list-style-type: none"> <li>1. Your sales performance</li> <li>2. Your ability to reach quota</li> <li>3. Your potential for reaching the top 10 per cent of all salespeople in the division</li> <li>4. The quality of your relationship with your customers</li> <li>5. Your management of time and expense</li> <li>6. Your knowledge of your own products</li> <li>7. Your knowledge of competitor products</li> <li>8. Your knowledge of customer needs</li> </ol>
<p><i>Commitment</i>            Seven-point Likert scale            adapted from            Mowday <i>et al.</i> [48]            Coefficient alpha = 0.70</p>	<p>Strongly disagree/strongly agree</p> <ol style="list-style-type: none"> <li>1. I talk of this organization to my friends as a great organization to work for</li> <li>2. I would accept almost any type of job assignment in order to keep working for this organization</li> <li>3. I feel that my values and the company's values are very similar</li> <li>4. I am proud to tell others that I am a part of this organization</li> <li>5. This firm really inspires the very best in me in the way of job performance</li> <li>6. It would take very little change in my present circumstances to cause me to leave this organization<sup>a</sup></li> <li>7. I am extremely glad that I chose this organization to work for over others I was considering at the time I joined</li> <li>8. There is not too much to be gained by sticking to this firm indefinitely<sup>a</sup></li> <li>9. Often, I find it difficult to agree with this firm's policies on important matters relating to its employees<sup>a</sup></li> </ol>
<p><i>Performance</i></p>	<p>The following items were used individually to assess performance:</p> <ol style="list-style-type: none"> <li>1. Recency of winning. (When was your most recent win in the Premium Club?)</li> <li>2. Frequency of winning (number of times won divided by number of years with division)</li> </ol>
<p><i>Career stage</i></p>	<p>Formative scale based on the standardized values of the following:</p> <ol style="list-style-type: none"> <li>1. What is your age?</li> <li>2. What is your current level in the organization?</li> <li>3. How long have you been in sales with the division?</li> </ol>

a. Reverse scored

*Analyses and results*

To begin, we wanted to determine whether the independent variables used in the various analyses might be redundant. In particular, we used a pairwise correlation matrix to examine the intercorrelations between the recency of winning and frequency of winning variables, between the task-specific self-esteem and commitment variables, and between the commitment and career stage variables (Table III). Non-significant intercorrelations were found for the relationship between recency of winning and frequency of winning, and between task-specific self-esteem and commitment. Somewhat unexpectedly, the intercorrelation between commitment and career stage was negative (-0.37). This could be due, in part, to the ability of this firm to develop early commitment in their sales team (through selective hiring practices, thorough training programs, a dynamic approach to the market, and a philosophy of commitment to their people) and to a possible "disengagement effect" of some of the more senior members. Overall, these analyses indicated little overlap between the various predictor variables used and, where overlap is suggested, the relationships we are interested in are little affected by the overlap. As expected, there were high correlations between self esteem and frequency of winning (0.47), as well as self esteem and career stage (0.57). Additionally, a high intercorrelation was observed between frequency of winning and career stage (0.52). This could be expected given that the firm has held sales contests for over 20 years and that turnover in the division is fairly low. Finally, the intercorrelation between career stage and recency of winning was negative (-0.56), suggesting that recent winners of the contest have been younger members of the salesforce.

The research hypotheses were investigated by using a series of regression analyses. Since several independent variables (recency of winning, frequency of winning, commitment) were hypothesized to affect satisfaction with the contest, a multiple regression was used to regress all three variables on satisfaction. All other analyses were simple regressions, reflecting the hypothesized effects of specific independent variables on specified dependent variables.

As shown in Table IV, the regression results show support for most of the hypothesized relationships. With respect to performance, we found a significant positive relationship between recency of winning and satisfaction with the contest (Std  $\beta = 0.41$ ,  $p < 0.05$ ) providing support for *H1a*. However, the relationship between frequency of winning and satisfaction with the contest (*H1b*), though positive, was not significant. A possible explanation for this may be that when salespeople win the contest too frequently, it reduces the marginal utility of an additional win, lowering the magnitude of the positive effect on satisfaction.

With respect to task-specific self esteem, we found a significant positive association between task-specific self-esteem and the desire to see the sales contest continued (Std  $\beta = 0.39$ ,  $p < 0.05$ ), providing support for *H2a*. We also found that higher task-specific self-esteem salespeople tended to respond that their relation-



Table III. Correlation matrix

Variables	1	2	3	4	5	6	7	8	9	10	11	12	13
1 Recency of winning	1.00												
2 Frequency of winning	0.28	1.00											
3 Self esteem	-0.39	0.47*	1.00										
4 Commitment	-0.05	-0.33	0.06	1.00									
5 Career stage	-0.56**	0.52**	0.57**	-0.37	1.00								
6 Satisfaction with contest	0.41*	0.34	0.17	0.38	-0.12	1.00							
7 Desire to see contest continued	-0.15	0.24	0.39	0.32	0.07	0.66**	1.00						
8 Effect of relationship with company	-0.17	-0.37	-0.61**	-0.04	-0.37	-0.36	-0.39	1.00					
9 Number of positive attributes mentioned	0.12	0.11	0.15	-0.02	0.34	0.04	0.07	-0.29	1.00				
10 Number of negative attributes mentioned	0.08	0.13	-0.27	-0.42*	0.30	-0.17	-0.23	0.25	0.27	1.00			
11 Value of travel awards	-0.08	0.31	0.39	0.20	0.30	0.45*	0.30	-0.38	0.43*	-0.08	1.00		
12 Value of cash awards	-0.06	-0.03	-0.19	-0.29	0.34	-0.03	-0.22	-0.14	0.33	0.33	0.10	1.00	
13 Value of recognition	0.45*	-0.09	-0.07	0.24	-0.17	0.04	-0.09	0.12	0.40	0.08	-0.12	-0.05	1.00

\*  $p < 0.05$  ; \*\* $p < 0.01$

**Table IV.** Standardized regression coefficients

Dependent variable	Independent variables	Std $\beta$	R <sup>2</sup>	Hypothesis
Satisfaction with the contest	Recency of winning	0.37*	0.45	H1a
	Frequency of winning	0.25		H1b
	Commitment	0.51**		H3c
Desire to see contest continued	Self esteem	0.39*	0.16	H2a
Effect on attitudes if contest discontinued	Self esteem	-0.61**	0.37	H2b
Positive attributes mentioned	Commitment	-0.02	0.00	H3a
Negative attributes mentioned	Commitment	-0.42*	0.18	H3b
Value of travel awarded	Career stage	0.30*	0.09	H4a
Value of cash awarded	Career stage	0.34*	0.12	H4a
Value of recognition from contest	Career stage	-0.17	0.03	H4b

\*  $p < 0.05$  ; \*\*  $p < 0.01$

ship with their company would suffer more, if sales contests were discontinued (Std  $\beta = -0.61$ ,  $p < 0.01$ ), supporting H2b. For instance, one salesperson with high task-specific self-esteem related:

I believe the premium club ... should be continued because it is good to be able to single out [those who] through their efforts have placed themselves in top positions ... [if the club were discontinued] I would not be a happy camper ... I believe the work ethics of some, if not many, might be altered because of the challenge being removed.

At the other end of the self-esteem continuum, a salesperson with low task-specific self-esteem related:

It's discouraging to know that you can't possibly win ... it leaves a bitter taste in your mouth to know you didn't have a chance from the start ... it should be discontinued as it stands because it's not a fair program ...

Given this finding, it might be expected that task-specific self-esteem would be associated with satisfaction with the contest. However, a pairwise correlation between these factors was low (0.17), suggesting that little association exists between task-specific self-esteem and satisfaction with the Premium Club.

With respect to commitment, we found a significant positive relationship between salespeople's commitment and their satisfaction with the sales contest (H3c: Std  $\beta = 0.54$ ,  $p < 0.01$ ). We also found that committed salespeople tend to have fewer negative comments about sales contests (H3b: Std  $\beta = 0.42$ ,  $p < 0.05$ ). However, commitment was not significantly related to the number of positive comments mentioned about the club (H3a). These findings are consistent with the notion that more committed salespeople tend to have enduring favorable at-

titudes towards the firm and are thought to trust that management knows what they are doing. Salespeople with lower commitment tend to attend to negative aspects of management activities more readily. In particular, where both higher and lesser committed salespeople tended to mention substantive concerns about the sales contest (such as, the difficulty of winning and concerns about luck owing to changes in territories during the contest period) only lesser committed salespeople tended to add an array of concerns including poor administration of the contest (i.e. late reporting of standings), problems with award destinations, poor forecasting that management then uses to establish contest targets, management bias in selecting winners, etc.

The relationship between career stage and the value of various contest awards was consistent with our expectations. As far as the lower order rewards were concerned, career stage was positively related to the attractiveness of travel (*H4a*: Std  $\beta = 0.30$ ,  $p < 0.05$ ) and to the cash value of the contest award (*H4a*: Std  $\beta = 0.34$ ,  $p < 0.01$ ). Concerning the value of higher order rewards, the beta for recognition was negative as expected, though not significant.

Though not introduced earlier, an additional finding was that virtually all of the respondents want to have some form of special incentives at work in their firm. This was the case even for those who were the most dissatisfied with the current contest. A consistent theme ran through most of the interview tapes – salespeople are willing to work harder if sales contests seem fair and well designed. Regarding this, respondents provided a number of suggestions for improving the design of the Premium Club. The most mentioned suggestions were:

- change the contest so that it rewards all salespeople who exceed their quota(s) by a given percentage;
- eliminate subjective criteria (i.e. manager input) from the evaluation process;
- make adjustments in contest expectations during the contest to reduce the effects of market changes, thereby eliminating windfall (and shortfall) situations;
- improve “buy in” to the contest by discussing contest design with salespeople; and
- provide alternative award options for those who cannot (or do not want to) travel on a specified award trip.

Contest planners can draw from these thoughts while developing special incentives for their own use.

## Discussion

### *Contributions and managerial implications*

From a theoretical perspective, this study adds to the body of knowledge that identifies how individual difference variables are associated with salesperson attitudes. Extant sales contest literature included variables such as task-specific

self-esteem and need for achievement and examined the effects of these variables on motivation and/or effort [14,18,19]. Here, several additional individual difference variables were considered. Further, the effects of these variables on a number of important outcomes (satisfaction with the contest, desire to see the contest continued, etc.) were examined. By so doing, knowledge of how salespeople are likely to feel towards sales contests is gained. Thus, additional pieces of the puzzle for understanding the effects of contest use on the salesforce have potentially been put into place.

The results of this study have a number of implications for sales managers using, or considering to use, sales contests to motivate their salesforce. Sales managers have numerous concerns in developing, administering, and evaluating sales contests—with no concern being greater than determining how to affect salesperson attitudes and effort to achieve company goals. To accomplish this, managers must understand how salespeople actually feel about, and respond to, sales contests. Our findings provide several important insights for sales managers to consider in developing contests.

With respect to performance, our study suggests that planners should keep in mind that recent winners will tend to be more satisfied with a company sales contest than their non-winning peers. While this is not a groundbreaking finding, it suggests that planners may misunderstand the extent of satisfaction with sales contests if only winners are asked for their opinions. Of course, circumstances often make it more convenient to ask winners what they thought of a contest (i.e. management often travels with winners on award trips, winners are given greater attention in a congratulatory manner that can often lead to seeking their opinions, etc.). However, management should consider seeking insights from some of the non-winning salespeople as well. This way, contest planners can gain a broader range of opinions from the salesforce regarding their satisfaction with company sales contests. Of course, management must consider whether concerns raised by non-winners should lead to changes in contest design. First, there may be a self-serving bias in blaming the contest design for failing to win. Also, current winners could view changes negatively, potentially affecting their favorable feelings towards ensuing contests.

Regarding task-specific self-esteem, our findings indicate that salespeople with lower task-specific self-esteem may tend to emphasize the shortcomings of sales contests and voice fewer reasons to continue using sales contests. On the other hand, higher task-specific self-esteem salespeople may tend to make note of shortcomings but stress the importance of the challenge that sales contests introduce to the selling environment. This finding presents a difficult task for sales managers. Task-specific self-esteem seems certain to vary across the salesforce. Salespeople with higher task-specific self-esteem may tend to like the ongoing use of sales contests to provide challenging targets and to feel motivated towards extra effort. Meanwhile, lower task-specific self-esteem salespeople may tend to be discouraged by sales contest use; sales contests apparently provide an avenue for failing that these salespeople would just as soon avoid.

Thus, these salespeople may want to see sales contest use discontinued. Sales managers cognizant of this discrepancy between their salespeople would be well served to attend, on an ongoing basis, to their core responsibility of training and coaching salespeople. Building task-specific self-esteem across all salespeople provides the only assured way to reduce the conflicting effects of task-specific self-esteem on sales contest use.

As an alternative, management could consider discontinuing sales contest use altogether. However, frequently the higher task-specific self-esteem salespeople indicated that if management were to discontinue the Premium Club they should replace it with some other special incentive. Thus, rather than abandon a means for gaining extra effort (through the use of sales contests), we feel that management is better served by emphasizing development of their salespeople so that all members are more likely to look to contest goals as a positive challenge.

Regarding commitment, a very tentative conclusion that may be drawn is that if a firm's salespeople tend to be more committed to the firm, management can anticipate favorable response to company sales contests, simply because more committed salespeople view sales contest goals as necessary targets for helping the firm succeed. Thus, it may be that with highly committed salespeople it is not as important to focus on how large and what kind of reward should be used (*i.e.* the carrot to entice response), but rather to emphasize in communications why the firm needs extra effort from the salesforce on particular activities. However, given salespeople who tend to have less commitment to the firm, contest planners should realize the "greater than ordinary" importance of providing sales contests with few/no flaws. Sales contest shortcomings seem certain to be observed, even given attention, by less committed salespeople—perhaps providing a confirmation for their existing lack of commitment to the firm.

For the findings related to the career stage, the implications for contest planners seem evident. If the mainstay of the salesforce consists of more senior salespeople, there is probably less need for management to "overplay" the recognition aspects of award presentation. Further, if travel is part of the award, the implication is that little management representation may be needed for the travel component when the winners are mostly senior salespeople. However, if the mainstay of the salesforce tends to be earlier career stage salespeople, recognition may especially need to be "played up". These salespeople tend to value positive managerial attention highly—perhaps more so than the specific award characteristics offered by winning the contest (*i.e.* cash, merchandise, and/or travel). A tentative observation from this finding is that contest planners with a relatively young salesforce may not need to provide lavish awards—but they greatly need to have the salesforce know that recognition for winning will be present, even substantial, if high contest-related effort is desired. An additional observation emerged from the bivariate correlation between career stage and recency of winning (see Appendix). The

correlation (-0.56) suggests several interesting possibilities that merit investigation: more senior salespeople do not tend to pursue sales contests; earlier career stage salespeople pursue sales contests more intensely; and/or the expectations designed into sales contests tend to make winning more possible for earlier career stage salespeople.

### *Limitations*

Our results and their implications must be viewed in light of the limitations of this study. Our findings are based on data collected from a single company, and this certainly reduces the generalizability of our findings. Additionally, although year-long sales contests are fairly common and many firms use sales contests as an ongoing special incentive tool, future research needs to study salespeople at firms using shorter duration contests and contests with less continuity than the Premium Club format provides. Further, the external validity of the results can be increased by conducting research that looks at sales contests in multiple companies across different industries.

Given the cross-sectional nature of our design, our study captured salespeople's attitudes towards a sales contest at a given moment in time. However, we do not know for certain to what extent respondents were using their current contest design as a point of reference versus their prior contest experiences. Another limitation concerns the willingness of respondents to discuss their feelings about the sales contest fully. Despite assurances of anonymity, concern for having responses recorded could have affected some responses.

In our study, we focused on only five independent variables: recency of winning, frequency of winning, self-esteem, commitment, and career stage. However, there are a number of demographic and social variables that may influence salespeople's attitudes towards the contest. While a complete discussion of these variables is beyond the scope of this study, interested readers may look at Biggart [50] for some additional insights as to other variables to consider. Finally, as with any qualitative study, data interpretation is always subject to bias. Even though we tried to minimize this by specifying the verbal protocols and using multiple judges, interpretational bias cannot be ruled out.

### **Conclusions**

Notwithstanding the limitations, this study provides further evidence that individual difference variables are related to salespeople's feelings towards sales contests. Asking salespeople to express their feelings about their company sales contest proved to be a way to reveal important insights concerning sales contest design and implementation. As discussed, a number of suggestions for "thinking through" the use of sales contests emerged. Even so, given the limitations, we recommend further study, both by sales management researchers and by contest planners and administrators to determine the robustness of the findings. In particular, further study needs to be directed across industries, to both large and

small firms, and across geographic and cultural boundaries. Assuredly, the best opportunity for running effective sales contests seems likely to occur when contest planners take into account the characteristics of the salespeople who will be affected by these incentives. Sales contests seem to provide a real opportunity to motivate salespeople – but only if management takes the time to develop and continuously review and improve, special incentives that are suited to the salespeople of the firm.

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### **Appendix. Verbal protocol questions**

The verbal protocols were developed from the audio cassette or written responses from our respondents. The nine questions were contained on a one-page addendum to the survey instrument. The questions for this component of the study were:

- (1) Describe the Premium Club.
- (2) What is required of a rep to "win"?
- (3) What makes it important for you (and other reps) to win?
- (4) Tell me about the positive aspects of the Premium Club program.
- (5) Tell me about the negative aspects of the Premium Club program.
- (6) If you were in charge, what changes would you make to make the Premium Club program more effective?
- (7) What best describes how it makes you feel to win? If you have not won, what best describes how it feels to not have won? In either case, have these feelings changed over time?
- (8) Why does management continue the Premium Club? Should the Premium Club be continued?
- (9) If management announced it was discontinuing the Premium Club, how would you feel and/or respond to the announcement (also, how would your work and/or your relationship with management/the company change)? How would other members of the salesforce feel/respond to the announcement?