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ORIGINAL EMPIRICAL RESEARCH

Understanding the long-term implications of retailer returns in business-to-business relationships

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Abstract Providing end consumers with the ability to return products is an important part of a retailer's service offering. While research in reverse logistics has explored the movement of returned merchandise upstream, little research examines the relational implications of returned merchandise in the business-to-business (B2B) context. This research explores the relational implications, as well as the impact on the supplier salesperson's behaviors, of retailer returns. Using a comprehensive dataset which includes longitudinal archival returns data, as well as two waves of retailer surveys reporting on salesperson behaviors, our research investigates how retail returns impact salesperson responses in the following time period, retailer perceptions of the relationship in the following time period, and returns in the following time period. Consistent with a reciprocal exchange perspective, results suggest that when salespeople respond to returns by engaging in relationship building behaviors, these behaviors are noted by the retailer, which in turn results in fewer returns in a future time period.

Keywords B2B relationships · Sales · Retail · Returns · Relationship marketing · Social exchange · Learning and performance orientations

In business-to-business (B2B) settings the relationship between the parties involved is one of the most critical elements contributing to success. In this context a relationship can be considered to be an ongoing exchange of resources between two or more parties where there is some expectation that these exchanges will continue in the future. Salespeople engage in relationship-building activities for a number of reasons including fostering long-term engagement, enhancing communication between the parties, and aiding in the development of mutually beneficial goals (Palmatier et al. 2007). While the role of relationship building and maintenance has been studied in a number of important contexts, there have been very few studies that investigate the impact of retail returns on supplier salesperson relationship-building behaviors. The goal of the research presented here is to provide one of the first investigations of how returned merchandise affects B2B supplier salesperson–retailer relationships. Specifically, we investigate how the supplier salesperson's response to retailer returns impacts the retailer's perceptions of the relationship and, in turn, future returns.

The decision by the retailer to return goods often negatively impacts a supplier salesperson. For example, retailer returns may decrease sales revenue attributable to the salesperson, along with the corresponding commission received by the salesperson. Salespeople who are not commission-based may still be frustrated by retailer returns as this may negatively effect their overall sales achievements, thus impacting their

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ability to grow their business, and may put their job at risk for not meeting their sales goals. This becomes especially problematic when the reasons for the returns are beyond the supplier salesperson's control. Any of these outcomes of returns can potentially have negative impacts on the relationship between the supplier salesperson and the retailer, particularly if the salesperson responds with frustration and reduces efforts to service that retailer, causing them to possibly enter a negative relationship spiral.

Although the effects of retailer returns on the salesperson–retailer relationship would appear to be important, most research in this context has focused on the impacts of return policies on consumers, such as consumer's feelings of regret (Bower and Maxham 2012) and the impact of consumer returns on firm profits (Petersen and Kumar 2009). Research has also investigated the extent to which too lenient return policies allow fraudulent behaviors by consumers (King et al. 2008) or encourage consumers to push the boundaries of acceptable return behaviors (Anthony and Cowley 2012; Wang et al. 2012). However, we are unaware of any research that explores the impact of retailer returns on the exchange relationship between the supplier's salesperson and the retailer. Specifically, to our knowledge, there is no research showcasing what happens in a B2B relationship after a return occurs. This gap is surprising considering the important role that supplier salespeople play in supplier–retailer relationship development and the sale of goods to retailers. Table 1 highlights a number of research studies regarding returns from in both B2C and B2B contexts (not including research on reverse logistics).

In this study, we seek to investigate the impact of retail returns on the relationship between the supplier salesperson and the retailers they serve (i.e., the supplier's customer). Using a multilevel, hybrid lagged/longitudinal dataset that includes supplier salesperson and retailer data, as well as objective returns data, we investigate four primary questions. First, we examine the behavioral reactions of supplier salespeople to retail returns. Drawing on social exchange theory (SET), we suggest that salespeople should adopt a reciprocal exchange perspective and react to returns by continuing to engage in relationship-building behaviors. Second, we argue that the supplier salesperson's learning and performance orientations positively moderate the relationship between retailer returns and the supplier salesperson's response behaviors. Third, we investigate how behaviors adopted by the supplier salesperson affect the retailer's perceptions of the relationship. Here, we specifically consider the retailer's perceptions of the salesperson's customer service response and assessments of trust in the relationship as well as the retailer's perceptions of the salesperson's influence. Fourth, we test the impact of the retailer's perceptions of the relationship on retailer's returns in a subsequent time period.

In the following section we will provide a brief discussion of retailer returns and then provide the theoretical background for our study before developing the hypotheses and providing a test and discussion of those hypotheses.

Retailer returns

Retailer returns are a common element of supplier–retailer relationships. Typically, at the end of a selling season, the supplier agrees to take back the retailer's unsold merchandise for a refund or a credit toward future orders, something that is typically negotiated a priori. A returns policy shifts the burden of demand uncertainty from the retailer to the supplier and acts as an incentive for retailers to increase stock (Yue and Raghunathan 2007). However, this increases the risk for suppliers since, as noted above, suppliers will generally take back unsold merchandise at the end of the selling period. These retailer returns might occur for a variety of reasons. A dominant cause of retailer returns is due to overstocks, which largely occur due to their being a finite selling period or uncertain demand (Tsay 2001). Surpluses might also occur when a brand, or a competing brand, introduces a new version of a product thus rendering the initial product obsolete. Overstocks are damaging to the retailer as the only way to reduce them is through markdowns (or sales) to increase the sell thru or by returning the merchandise to the vendor. Retailer returns might also occur when a supplier salesperson encourages a retailer to purchase certain quantities, and the sales team at the retailer is not committed to helping sell that product. For example, a sales associate at Best Buy might have an affinity for Samsung products and therefore sells fewer LG products, thus creating a surplus.

There are other reasons that returns might occur from the retailer to the supplier. For example, the supplier might produce a defective or damaged product that would be a liability to the retailer or is unsellable. Changes in consumer preferences and tastes might be another reason that retailers might return a product. There are also economic and environmental factors that might contribute to a retailer needing to return merchandise upstream. For the purposes of this research, we will focus mostly on returns necessitated out of overstock issues, either from deficiencies in forecasting or increased encouragement from the supplier. The longitudinal nature of this research allows us to review the scope of returns over time. During this time, neither the retailers included in this study, nor the supplier, reported any damaged product or product deficiencies.

The activities associated with the actual movement upstream of retailer returns are generally referred to as reverse logistics. Reverse logistics reflect all activities associated with a product or service after the point of sale, such as repair, refurbishment, recycling, e-waste, after-market call center support, reverse fulfillment, and field service. Studies that investigate reverse logistics (e.g., Daugherty et al. 2001; Horvath et al. 2005; Richey et al. 2005) signal their competitive necessity, especially as product returns continue to increase due to more liberal return policies (by retailers), uses of consignment inventory, shorter product lifecycles, and

Table 1 Summary of retail returns literature

Citation	Context	Data	Summary and Findings
Pasternack (1985)	Manufacturer-Retailer	Newsvendor Model	• The allowance of manufacturer returns plays an important role in channel coordination. • The author suggests optimal strategies for offering partial returns vs. full returns in maximizing profit.
Kandel (1996)	Manufacturer-Retailer	Newsvendor Model	• The author suggests that optimal price inventory, advantage of disposing of unsold inventory, risk allocation, promotion incentives, and costs are associated with a manufacturer's decision in offering a consignment contract or no-returns contract to buyers.
Padmanabhan and Png (1997)	Manufacturer-Retailer	Secondary Sales Data	• The authors find that the return policies of manufacturers increase retail competition, which benefits the manufacturer. • This research also suggests that manufacturers should only accept retailer returns if production costs are low and demand uncertainty is not too high.
Tsay (2001)	Manufacturer-Retailer	Newsvendor Model	• This article develops a conceptual framework to suggest that the return policies of manufacturers must consider the costs of product handling and may also be inefficient if it includes liquidation in anyway. • The author also suggests that markdown money can coordinate a channel in different ways from returns.
Tsay (2002)	Manufacturer-Retailer	Newsvendor Model	• The author found ambiguity in the dynamics of power and returns in manufacturer-retailer relationships. • Primarily, the author finds that more powerful channel members do not always prefer to offload risk to their channel partners. • A secondary finding suggests that retailers do not always prefer unlimited return opportunities with manufacturers.
Iyer and Miguel Villas-Boas (2003)	Manufacturer-Retailer	Linear Pricing Model/ Student Experiment	• The authors explore the role of power and coordination in channel relationships. • The authors examine the impact of bargaining power on the option of a return contract or a no-return contract. • Returns contracts are more attractive when the retailer's bargaining power is low.
Arya and Mittendorf (2004)	Manufacturer-Retailer	Utility Theory/ Propositional Framework	• The authors propose that retailers will often misreport their market conditions to achieve better terms with their manufacturer partners. • Manufacturers should respond by tailoring high return allowances rather than low prices in conditions of unfavorable market reports as an incentive for retailers to accurately showcase their market conditions.
Krishnan et al. (2004)	Manufacturer-Retailer	Newsvendor Model	• Channel coordination can be achieved through promotional cost-sharing along with a returns policy.
Wang (2004)	Manufacturer-Retailer	Newsvendor Model	• This research is a response to Padmanabhan and Png's research. • Wang suggests that return policies do not actually intensify retail competition as previously suggested. • Specifically, in cases of deterministic demand, return policies have minimum impact on competition.
Bechwati and Siegal (2005)	Consumer	Experiments	• The authors find that when inoculated consumers are presented with disconfirming information regarding a new brand, they are less likely to return the brand. • Conversely, consumers who are presented positive information about a brand at the pre-purchase stage are more likely to return merchandise.
Wang et al. (2007)	Manufacturer-Retailer	Newsvendor Model	• Retailer behavior is deemed rational when retailers order the optimal quantities to maximize profit and meet demand. • When retailers behave rationally, both the retailer and supplier will benefit from the returns policy. • Furthermore, the variance in demand is highly influential on the ultimate buyback price.
King et al. (2008)	Consumer	Interviews and Surveys	• The authors examine the role of fraudulent returns and determine that customers who engage in frequent "de-shopping" behaviors continue to do so because they have never been punished by the retailers. • The authors suggest that retailers enforce stricter returns policies to minimize fraudulent returns or "de-shopping" behaviors.
Harris (2008)	Consumer	Consumer Survey	• The authors develop a conceptual model of the factors associated with fraudulent returns.

Table 1 (continued)

Citation	Context	Data	Summary and Findings
			• The authors also develop a six-item scale for assessing consumers' fraudulent returning proclivity.
Petersen and Kumar (2009)	Consumer	Consumer Scanner Panel Data	• Product returns are not just a "necessary evil" of doing business. • Rather, increases in return behavior increase future customer purchases. • Furthermore, the authors find that examining product returns can also predict a customer's buying behavior and help firms determine the best way to allocate scarce marketing resources.
Wang (2009)	Consumer	Experiment	• Using the endowment effect as a theoretical framework, the authors suggest that the signaling effect of a lenient return policy increases purchase likelihood.
O'Brien et al. (2009)	Retail Sales Associate	Survey Retail Sales Associates	• Retail sales associates experience role conflict during a cognitively illegitimate return attempt. • Conversely, during a normatively illegitimate request, sales associates experience reduced role conflict. • Sales associates experience no role conflict when a customer makes a request that violates the company's return policies.
Gurnani et al. (2010)	Manufacturer-Retailer	Secondary Sales Data	• Using an additive demand model, the authors find that manufacturers can maximize profits if it offers partial returns to the retailer. • While partial returns do not yield a higher order quantity, it does offer the manufacturer a higher profit margin and better control over the quantity of returned merchandise.
Wang et al. (2012)	Consumer	Qualitative Interviews and Surveys of Retail Employees	• The authors explore employees' response to vague or "fuzzy" customer returns requests. • The results show that employees with higher customer orientation and higher conflict avoidance manage the vague return process better, especially when customers respond in a similar manner.
Kim and Wansink (2012)	Consumer	Student Survey	• The authors employed a two-part study to determine that restricted return policies may have more positive effects on post-purchase consumer behavior than lenient return policies when retailers offer no recommendations. • However, the authors also find that consumer post-purchase evaluations are more favorable under lenient return policies when retailers provide recommendations pre-purchase.
Bower and Maxham (2012)	Consumer	Longitudinal Field Studies	• While economic research suggests that retailers toughen their return policies, this study suggests that they should consider the long-term strategic implications their return policies. • Whether a return policy was fee or free was a big determinant of future customer spending. • Customers paying for their returns decreased future repurchases vs. those customers who enjoyed free returns.
Powers and Jack (2013)	Consumer	Survey	• Using consumer surveys, the authors find that both emotional dissonance and product dissonance are positively related to product returns. • The authors also found that gender and store brand moderated the relationship.
Bernon et al. (2013)	Supply Chain	Case Study	• The authors find that higher levels of supply chain integration (SCI) are needed to improve the retail product returns process. • For better management of returns as they move upstream, processes and systems must be integrated to support the returns network.
Alptekinoğlu and Grasas (2014))	Consumer/ Operations	Secondary Data	• The authors consider the role of returns in assortment planning. • Specifically, the research suggests that the more eccentric the products, the higher the probability of customer return.
Bernon et al. (2016)	Consumer/ Logistics	Exploratory	• With omni-channel retailing becoming the norm, retailers must figure out the best way to manage returns across multiple contexts. • This research suggests that omni-channel returns management is currently not optimized to accommodate changing consumer shopping needs.
Ahsan and Rahman (2016)	Consumer/Logistics	Qualitative/ Typology	• The author developed a typology of returns service categories and found that the most important aspects of returns were interactive fairness, outcome fairness, and procedural fairness.
Minnema et al. (2016)	Consumer	Secondary, Longitudinal Data	• The authors examine the role that online customer reviews play in future product returns. They find that overly positive reviews of products ultimately lead to more purchases as well as returns.

Table 1 (continued)

Citation	Context	Data	Summary and Findings
Janakiraman et al. (2016)	Consumer	Meta-Analysis	• The overly positive reviews might create a negative expectation disconfirmation and increase the probability of a product being returned. • The authors conduct a meta-analysis and find that there are five dimensions evaluating the leniency of a retailer return policy: time, money, effort, scope, and exchange. • The authors find that lenient return policies increase purchase; the factors most important in driving purchase are money and effort leniency.

more demanding customers who often purchase products online and simply return what they do not like (Daugherty et al. 2001). Returns are critical for retailers but also create an inherent tension in terms of the retailer's management of product returns. On the one hand, many retailers regard their consumer-oriented product return policies as integral to their customer service strategy. When return policies become stricter, consumer purchase risk increases, which can decrease willingness to purchase (Bechwati and Siegal 2005). On the other hand, consumers often act opportunistically with regard to returns. Piron and Young (2000) coin the term "retail borrowing" to describe consumers who purchase products with the express intention of returning items after some degree of use. The National Retail Federation (2015) estimates that of the $284 billion of returned merchandise in 2014, approximately $10.8 billion was fraudulent, resulting in more than 620,000 lost jobs annually. Thus, return policies help ensure customer satisfaction, but firms must balance this benefit against the financial costs associated with returns, whether they are legitimate or not.

Theoretical background

For most of the twentieth century, marketing relationships were characterized as primarily transactional (Palmatier 2008). Dwyer et al. (1987) introduced a dynamic, five-stage model of the relationship lifecycle, spanning from initial awareness of a potentially feasible exchange partner to relationship dissolution that helped shift the focus from transactional B2B exchanges to relationship-oriented B2B exchanges. This model, based on social exchange theory (SET), together with work by Anderson and Narus (1984), has established a powerful means to understand and explain exchanges between two business parties.

At its most fundamental level, SET helps provide insights into how two actors engage in social exchanges, something Mills and Clark (1982) suggest characterizes any exchange in which parties give and receive benefits. In other words, they propose that all exchanges in which benefits are exchanged, regardless of the nature of those exchanges, are social exchanges. Although initially developed primarily within sociology (e.g., Blau 1964) and social psychology (Thibaut and Kelley 1959), SET was appropriated in the 1980s by marketers in part to help explain the inability of transaction cost analysis to account for relationship-based governance between firms (Lambe et al. 2001). From that point, SET has become one of the most oft-used theories in B2B settings to explain how two parties interact with one another.

While comprehensive reviews of SET can be found elsewhere (c.f., Cropanzano and Mitchell 2005; Lambe et al. 2001), we will provide a brief overview, focusing on the elements of SET most relevant to our research. Emerson (1976, p. 336) suggests that SET provides an "economic analysis of non-economic exchange." Here Emerson is addressing one of the critical elements of SET, the nature of the resources that can be exchanged within the context of SET. The perspective on this taken by most researchers can be summarized by Molm (2003) who writes, "social exchange resources include not only tangible goods and service but also capacities to provide socially valued outcomes" (p. 2). Molm (2003) suggests the resources involved in social exchange include "possessions or capabilities" (p. 2). In other words, SET can account for the exchange of both tangible and non-tangible resources. For example, Eisenberger et al. (2001) propose that employees might exchange commitment to the organization for organizational support. Cropanzano and Mitchell (2005) offer that over time one can imagine intangible resources such as trust, support, and commitment being exchanged between parties. While set within the context of retailer returns, our paper's focus is on the exchange relationship (Clark and Mills 1979) between the supplier salesperson and retail manager. Specifically, when supplier salespeople react to retailer returns by engaging in relationship building behaviors, the retailer should recognize these behaviors and ultimately reciprocate by reducing future returns.

Blau (1964) suggests that social exchange is motivated by the expectations that each actor has of the other party and that "the basic and most crucial distinction is that social exchange entails unspecified obligations" (p. 93). Mutual, complementary, interdependent relationships are one of the defining characteristics of social exchanges (Molm et al. 1994), which can take two forms: negotiated and reciprocal (Molm et al. 2003). Negotiated exchanges imply that both parties engage in joint decision making about what is to be exchanged and the nature of the exchange. Both parties know before the exchange occurs what the outcomes will be. Reciprocal exchanges, on the other hand, imply that the parties initiate their exchange without any prior discussion. Neither party knows when, or even if, the other party will reciprocate. However, the initiating party typically provides the original benefit in the hope that the receiving party will respond in kind. This expectation of reciprocal behavior is an important motivator for the initiating party. In fact, research suggests that the act of reciprocity is often valued over and above what is actually exchanged (Molm 2003). There can be no doubt that returns between the retailer and the supplier firm would be negotiated, whether it be quite specific or parameters would be developed to guide the responsibilities of each party when returns occur. However, as noted above that is not the primary focus of our paper. As is generally the case in a relationship between a salesperson and buyer, we suggest the exchange would be reciprocal since there would be no a priori negotiation between the two parties. For example, we propose that it is unlikely a salesperson would negotiate the extent to which they would engage in integration or adaptive selling, nor would the retailer negotiate the extent to which they will respond by perceiving the relationship more positively. Thus, we submit that what we are studying in our paper represents reciprocal exchange relationships.

We use the concept of reciprocal exchange to investigate how salespeople respond when retailers return merchandise and the potentially negative effects on the salesperson's relationship with the retailer. Although little scholarly research examines the compensation implications of returns, we find abundant anecdotal evidence. For example, when we informally queried 20 salespeople from three industries (sporting goods, fast moving consumer packaged goods, and technology solutions), they unanimously agreed that retailer returns had a significant impact on their commissions, ranging from 8% to 20% in overall deductions. When this occurs, we propose that rather than reducing relationship-building activities, salespeople should perhaps respond by continuing to engage in relationship-building behaviors, because they recognize the possibility of retailer reciprocity in the future. Wan et al. (2011), in a consumer context, suggest that when one party "wrongs" another, the harmed party (in our case, the salesperson) may respond positively, depending on his or her perspective on the relationship (Aggarwal and Zhang 2006). Specifically, a salesperson's reaction might differ depending on whether she or he believes it is the retailer's responsibility to be cognizant and responsive to the salesperson's needs, or whether the salesperson can recognize and be mindful of issues facing the retailer.

In the former case, the salesperson probably would respond negatively to returns and the threat of compensation reduction. In the latter case, salespeople likely recognize that returns often are outside a retailer's control, such as when products are defective or do not receive appropriate advertising support. The salesperson also might take some responsibility for returns, such as when she or he has overpromised about the performance of a particular line, beyond what the market will support. This might occur in an attempt to increase sales commissions in the short term, despite the longer term threat of more substantive returns later, after the retailer is unable to sell all the merchandise it has ordered. Regardless, if salespeople take the retailer's perspective into account and respond to returns by engaging in relationship-enhancing behaviors that are recognized by the retailers, the retailer should take note and respond by potentially reducing its future returns. That is, a positive response by the salesperson might not only enhance the retailer relationship but also decrease future returns.

Hypothesis development

Figure 1 presents our research model. We collected lagged and longitudinal data to test how the relationship between the retailer and the supplier evolves over time, following an initial return from the retailer to the supplier. We begin by examining how a retailer return incident at $Time_0$ leads to salesperson behavioral responses in $Time_1$. The behavioral responses we investigate are salesperson integration and adaptive selling behaviors. We also suggest that two salesperson characteristics, learning and performance orientations, may moderate these relationships. These salesperson responses in $Time_1$ then affect the retailer's perceptions of the relationship, in terms of trust, manifest influence, and perceived customer service, as assessed in $Time_2$. Finally, with actual return data from $Time_3$, we assess the ultimate impact of retailer returns, as Fig. 1 shows. Each data collection occurs four months after the previous data collection (Fig. 2).

Initial retailer returns ($Time_0$) invoke salesperson behavioral responses ($Time_1$)

Salesperson integration Partially integrated channels (PICs), defined as "a single vertical channel structure in which both market governance and hierarchical governance exist" (Kim et al. 2011, p. 603), have become more prevalent as suppliers and retailers work to build collaborative relationships. In this context, salesperson integration refers to the salesperson's efforts to successfully integrate himself/herself into the retailer's daily sales operations by working the sales floor, assisting with inventory, or helping with merchandise displays. For example, a major cosmetics manufacturer might send its own employees to work the make-up counter at a retail store, or salespeople could act as "coaches" on the sales floor at a retail store, interacting with both retail sales associates and consumers.

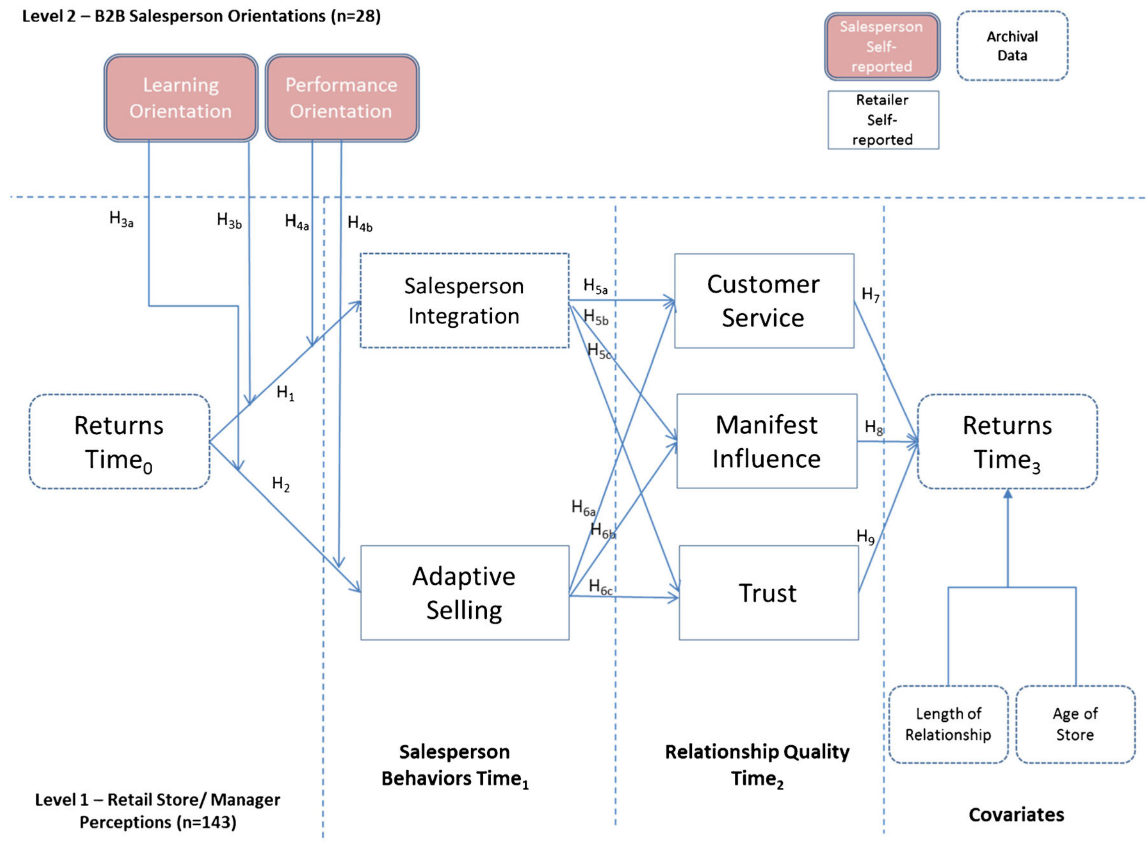

Fig. 1 Hypothesized model

This integration distorts the traditional supplier/retailer boundary by incorporating market and hierarchical governance in a single channel. Market governance, in the context of PICs, involves exchanges between arm's-length channel partners that provide each partner with relationship flexibility (Williamson 1975). Hierarchical governance instead refers to internally integrated exchanges that provide firms with more opportunities to exert authority and control over the relationship, according to individual roles as they pertain to the entire relationship. Measures of success in this context pertain to changes in both output and behavior (Heide 1994).

When employees of one channel work full-time at a channel partner's facilities in a PIC, the manufacturer's governance decisions generally center on managing the brand's reputation within the retail channel. Kim et al. (2011, p. 604) highlight the role of the brand when they suggest that PICs operate as a "network, linking a manufacturer, its retailer, the manufacturer's sales force, and its customers, all tied together by the manufacturer's brand." Such integration changes the competitive landscape and the way companies (retailers and suppliers) allocate resources.

In traditional distribution channels, retailers allocate resources to attract customers away from rivals; in PICs, they rely on suppliers to help attract and retain customers. This partial integration then allows retailers and suppliers to invest in collaborative initiatives to increase product demand and

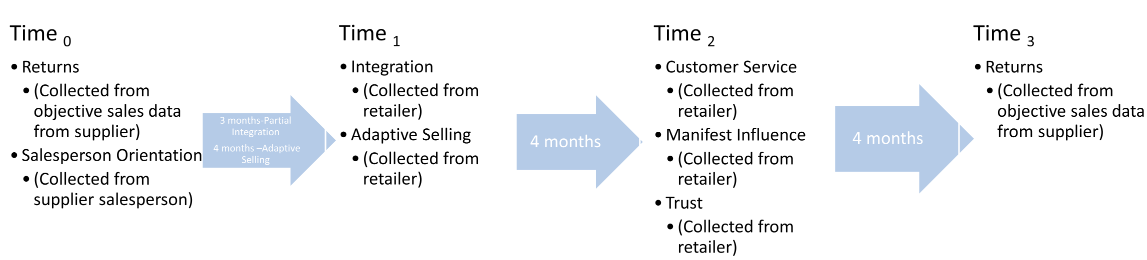

Fig. 2 Timeline of data collection

generate more consumer attraction (Arya and Mittendorf 2013), such that retailers also gain more support for selling the supplier's products. Supplier representatives stationed within the store help move merchandise so retailers can allocate their resources to creating demand for the overall product category and reduce their risk of purchasing from any single supplier. This reallocation of resources enhances the retailer's opportunity to increase its sell-through percentage.

For the retailer, partial integration might be considered a proxy for salesperson effort as the retailer can clearly witness the supplier salesperson's sales efforts and dedication to the retailer while the salesperson is physically working in the store. While little scholarly research exists to determine how frequently partial integration occurs in the U.S., research in other countries suggests that it is an extremely common occurrence. In South Korea, it is estimated that 60,000 to 70,000 supplier salespeople work frequently in retail stores (Yi et al. 2013). In the supplier and retailer relationships examined for this research, 100% of the retail respondents agreed that supplier salespeople (of multiple brands including the focal brand in this study) frequently worked the retail sales floor. In this reciprocal exchange, the supplier's physical presence in the store (in the form of the salesperson) reflects its commitment to the retail store's success.

Based on the reciprocal nature of social exchange, we believe that the supplier salesperson might engage in partial integration behaviors. In the context of this study, partial integration often took the form of the supplier salesperson essentially working at a retail store with no compensation from the retailer. This level of integration is beneficial to the supplier salesperson as it allows him/her to help the retailer sell through inventory. More importantly, the support of an additional sales floor member can enhance the consumer experience for the retailer. Additionally, the supplier salesperson essentially acts as "free labor" to the retailer. We propose that supplier salespeople will engage in these partial integration behaviors in the hopes of selling through their firm's merchandise at the retail level, thus reducing the propensity for future returns. From a relational perspective, we argue that supplier salespeople also engage in these partial integration efforts to signal commitment to the retailer and to the mutual success of the supplier-retailer relationship. Following our discussion of reciprocal exchange, we posit that after retailer returns, a salesperson engages in more integrative efforts to promote future, positive, reciprocal behaviors. Therefore:

H1: Retailer returns in Time$_0$ relate positively to a salesperson's integration efforts at Time$_1$.

Adaptive selling Adaptive selling occurs when a salesperson tailors the sales approach based on customer feedback or the sales situation (Weitz et al. 1986). Adaptive selling is contrary to formula selling, which uses the same sales approach across multiple situations; it thus is more consistent with a reciprocal exchange situation, in that the salesperson adapts his or her approach to put the customer's needs at the forefront. A salesperson's ability to adapt to changing customer needs or concerns is critical to successful selling (Franke and Park 2006; Rapp et al. 2008; Weitz et al. 1986) and relates positively to improving their sales performance (Franke and Park 2006).

Salespeople likely adopt adaptive selling practices when, consistent with a reciprocal exchange perspective, they place the customer's concerns above their own (Wan et al. 2011). Jaramillo et al. (2007) also suggest that intrinsically motivated salespeople are more likely to adopt adaptive selling practices, and knowledgeable salespeople with the skills, resources, and strategies to adapt to changing situations also are effective in applying adaptive selling practices (Jones et al. 2005; Spiro and Weitz 1990). If a salesperson engages in adaptive selling, customers are likely to view that salesperson favorably, because they believe the salesperson understands them, wants to collaborate with them, and places their concerns ahead of their own. To be able to develop adaptive selling strategies, salespeople need as much information as possible about the customer, so they rely on information gathering and customer relationship management tools to better understand, anticipate, and react to customers' changing needs. In this B2B context, salespeople who want to engage in adaptive selling with a retailer need to understand its business goals, strategies, and challenges, so that they can develop a more effective "pitch" and demonstrate their ability to solve the retailer's problems.

As we mentioned previously, retailers might return merchandise to the supplier for a variety of reasons, although we primarily focus on overstocks and forecasting issues. In these cases, according to reciprocal exchange predictions, successful salespeople absorb the information and use it to develop better, more appropriate sales strategies to ensure the retailer's success and also prevent future returns. Therefore:

H2: Retailer returns in Time$_0$ relate positively to a salesperson's adaptive selling efforts at Time$_1$.

Moderating effects of salesperson goal orientation (Time$_0$)

Other factors might contribute to the success of the retailer–supplier relationship. For a unique perspective, we apply concepts from organizational change literature to an interorganizational context. Organizational change refers to all alterations of existing work routines and strategies that affect the entire organization (Herold et al. 2008), though management scholars estimate that only one-third of company-instituted organizational change strategies are executed successfully (Isern and Pung 2007). A primary reason for this lack of execution is insufficient employee commitment. Employees are often reluctant to accept organizational change, because it might disrupt their routines or make it difficult for them to complete their daily work tasks (Strebel 1996). Ahearne et al. (2010), examining how salespeople adapt to organizational change, find that salespeople with a stronger learning orientation tend to adapt better than those with a higher performance orientation.

In our study setting, we posit that, similar to organizational change, returns change the dynamic of the supplier–retailer relationship. According to SET, if salespeople adopt a reciprocal, learning-oriented approach to the exchange, they may welcome that change more, especially if they perceive the change will benefit their retailer partner.

Salesperson learning orientation Sales literature notes two main types of goal orientations: learning and performance orientations (Dweck 1986). Each person possesses fluctuating degrees of each orientation, but in general, salespeople with a performance orientation focus on proving themselves and garnering positive feedback from peers and management. In contrast, those with a learning orientation concentrate on mastering new skills, focusing on the process of learning, exploring new tasks, and trying to improve themselves personally and professionally (Chai et al. 2012; Sujan et al. 1994). They tend to believe that they can increase their own ability through effort and experience (Dweck 1986), so they seek to do so consistently, such that they aim to fully understand and master a situation before learning a new skill.

With a higher learning orientation, a person is more likely to cultivate skills over time and engage in thoughtful learning practices (Kohli et al. 1998), including accepting and considering feedback and then developing strategies for improvement based on this feedback. Salespeople with learning orientation welcome challenges, which they regard as learning opportunities, are not afraid to make mistakes, and are more focused on solutions (VandeWalle and Cummings 1997). They also tend to exhibit a stronger customer orientation (Harris et al. 2005). Thus if an obstacle arises, such as increased retailer returns, learning-oriented salespeople likely try to find a cause and develop a solution to prevent returns from happening in the first place. This could also mean that the high learning orientation salesperson also employs more adaptive selling techniques to achieve better sales and inventory plans in the future.

H3a: When a salesperson exhibits a learning orientation, the relationship between returns (Time_0) and adaptive selling (Time_1) is stronger.

Our previous argument suggests that as returns increase, an individual will spend more time in the store to remedy the situation. While it may seem counterintuitive, we argue that an individual that is high in learning orientation will actually spend more time away from that store to better understand the broader issues and to try to identify a solution to the returns challenge. Inherently, a salesperson must make time trade-offs in activities, meaning that more time spent in one store or on an activity directly influences the amount of time available to spend on a different store or activity. We argue that the driving characteristic of a learning-oriented individual is to learn or recognize how to solve a problem. To do so, said salesperson must decide on where to spend his/her efforts to rectify the situation. In this returns scenario, salespeople can spend time internally with functional areas such as marketing, product development, sales, or operations to learn what recommendations to make to the retailer. This knowledge can be used to train the retailer on things such as future ordering, assortment planning, merchandising, and how to present more meaningful value propositions to end consumers to increase sales. The salesperson can also allocate time to external customer–facing activities, but must choose whether to spend more time at a store with higher or lower returns. It would seem evident that a learning-oriented salesperson would focus more time at stores with lower retailer returns to learn the secret of their success to therefore apply to retailers with higher levels of returns. The salesperson might allocate the balance of their time to more internal endeavors to receive direction and guidance from company experts. As suggested by Kohli et al. (1998), learning-oriented individuals must understand why they might not have been successful in the past before their attention is drawn to the actual future selling task. Based on this logic, we argue that:

H3b: When a salesperson exhibits a learning orientation, the relationship between returns (Time_0) and partial integration (Time_1) is weaker.

Salesperson performance orientation Salespeople who have a higher performance orientation consider ability fixed and seek to prove themselves, especially in comparison with their peers. Rather than trying to challenge themselves by improving their selling abilities, salespeople with a performance orientation focus on demonstrating the abilities they have (Harris et al. 2005) and how their abilities rank relative to peers, especially in challenging performance situations. Because of their strong desire to be viewed positively and favorably, salespeople with a performance orientation tend to allocate less time to learning or adjusting to a new situation than do their higher learning orientation counterparts (Payne et al. 2007). Therefore, a salesperson with a performance orientation likely feels compelled to prove her or his worth after a retailer invokes a return, such as by engaging in face-to-face interactions to avoid future returns. In some research a performance goal orientation has had a significant relationship with effort (Sujan et al. 1994).

H4a: When a salesperson exhibits a performance orientation, the relationship between returns (Time_0) and salesperson integration (Time_1) is stronger.

However, a salesperson with a higher performance orientation might be less likely to explore sales situations and address the unique needs of individual customers. Performance-oriented individuals are likely to avoid conflict or circumstances that challenge their abilities or intellect (Chai et al. 2012). These individuals would not want to place themselves in positions where they might embarrass themselves or be seen as incompetent. A performance-oriented salesperson is more likely to engage in traditional selling approaches rather than adapting their techniques for the benefit of the customer. This is because performance-oriented individuals do not want to make negative self-attributions or appear to make mistakes. Research by Chai et al. (2012) found that there was a negative relationship between performance orientation and adaptive selling. Based on the nature of performance-oriented salespeople, we suggest that:

H4b: When a salesperson exhibits a performance orientation, the relationship between returns (Time_0) and adaptive selling (Time_1) is weaker.

Impact of salesperson behavioral reactions (Time_1) on retailer relationship perceptions (Time_2)

After examining how the salesperson responds behaviorally to returns by the retailer (Time_1), we now turn our attention to the next phase in the process, namely, how this behavioral response by the salesperson affects the retailer's assessment of the relationship, in terms of the related customer service, manifest influence, and trust in the relationship.

Customer service Customer service refers to a salesperson's ability to fulfill customer needs in a timely fashion using the tools from their product/service portfolio (Jasmand et al. 2012). Providing a high level of customer service is a critical aspect of successful B2B relationships (Innis and La Londe 1994; Perrault and Russ 1976). The tasks associated with providing customer service differ across contexts, but the importance of ensuring that customers are satisfied is a consistent contributor to B2B performance (Vickery et al. 2003). To engage in customer service activities, salespeople use the products and services at their disposal to meet customers' needs, such as with standard problem-solving procedures or frequently used knowledge and skills (Jasmand et al. 2012). But some customer service problems require salespeople to think outside the box and devise clever, innovative solutions to service complaints. The ability to adapt to and meet a customer's service needs thus might reflect the salesperson's ambidextrous behaviors (Jasmand et al. 2012). Salespeople who can provide high levels of customer service while also engaging in sales strategies (e.g., cross-selling, up-selling) are ambidextrous, which also requires a truly in-depth understanding of the retailer's needs based on efforts to identify opportunities to satisfy the needs in meaningful ways. Satisfying and even exceeding customers' needs, while simultaneously maintaining or increasing sales, thus requires the salesperson to be flexible.

Salesperson integration and adaptive selling behaviors should enhance the retailer's perceptions of customer service. For example, through integration efforts that allow the supplier's salespeople to facilitate the retailer's operations, the salespeople in turn likely gain greater insights into the nature of the retailer's operations and customer needs. The more integrated a salesperson becomes, the more knowledge she or he should have about the retailer's specific needs and the more able she or he will be to meet those needs. Adaptive selling, such that salespeople alter their behaviors in response to customer feedback, should also enhance a salesperson's ability to provide high levels of customer service. In their meta-analysis, Franke and Park (2006) show that adaptive selling relates positively to customer orientation, which in turn is tied closely to high levels of customer service. Therefore, we suggest:

H5: Salespeople's (a) integration and (b) adaptive selling in Time_1 relate positively to the retailer's perception of customer service in Time_2.

Manifest influence Influence is widely regarded in the sales literature as an instrument that can be used by salespeople to encourage customer (i.e., retail buyer) behaviors. Influence differs from power in that power is the ability to effect change, whereas influence captures the "actual changes rather than the potential to effect changes," (Kohli and Zaltman 1988, p. 198). Manifest influence refers to changes in a customer's behaviors and choices based on the participation of the salesperson (Kohli and Zaltman 1988). Manifest influence occurs when salespeople are effective at developing solutions for customers and recognizing their differing needs. According to McFarland et al. (2006), salespeople with greater levels of manifest influence are better performers. These authors also found that different influence tactics worked better depending on the complexities and personal orientations of the buyer. Therefore, it is important for the salesperson to adapt his/her influence strategies based on the characteristics of the buyer in order to influence the buyer. Finally, research on manifest influence concludes that salespeople with higher levels of emotional intelligence are able to achieve higher levels of performance and manifest influence (Kidwell et al. 2011).

Both adaptive selling and partial integration are related to manifest influence. Adaptive selling requires the salesperson to change his/her selling strategy based on the needs of the customer. Previous research (McFarland et al. 2006) shows that changing influence strategies is positively related to manifest influence. The adoption of new strategies depending on the needs of the customer is the foundation of adaptive selling. Furthermore, partial integration provides the salesperson face-to-face opportunities to study the customer more and be a force for change within the relationship. We suggest that partial integration allows for increases in manifest influence because the salesperson is fully immersing himself/herself in the relationship. This provides the salesperson with an opportunity to learn the unique needs of the customer (and in this instance the customer's customer), and make changes to the agreements of the relationship to achieve mutual gains. Therefore, we suggest that:

H6: Salespeople's (a) integration and (b) adaptive selling in Time_1 relate positively to the retailer's perception of manifest influence in Time_2.

Trust Trust can stimulate relational bonds and provide opportunities for collaboration (Kumar et al. 1995). Trust between organizational partners can encourage firms to preserve relationships and decrease potential switching costs (Burnham et al. 2003; Morgan and Hunt 1994). For firms to engage effectively in mutually collaborative relationships, they must be able to develop trust with channel partners (Moberg and Speh 2003). Trust implies a belief in the exchange partner's "reliability and integrity, credibility and benevolence, and word that an obligation will be fulfilled" (Lambe et al. 2000, p. 217). It assures the parties that their relationship partners are competent and can be relied on to meet their obligations (Morgan and Hunt 1994); it also is a clear indicator of relationship strength (Geyskens et al. 1999). Because competitive retail environments encourage retailers to maximize their supply chain relationships with fewer firms, suppliers need to be able to cultivate increased trust with their collaborative retail partners (Kumar and van Dissel 1996). When channel partners develop trust, their risk perceptions decrease, thereby encouraging future transactions and investments (Handfield and Bechtel 2002).

Social exchange theory suggests that an important outcome of repeated exchanges between partners is trust (Bercovitz et al. 2006). We suggest that such trust between a supplier and a retailer is enhanced by adaptive selling and salesperson integration because these behaviors improve the relationship over time. Adaptive selling enhances trust (Chakrabarty et al. 2013; Weitz et al. 2009), because salespeople engaging in adaptive behaviors modify their actions to align with the customer's needs and to ensure they are providing for those needs. From a reciprocal exchange perspective, they likely are perceived to be placing the customer's needs above their own, which should enhance the retailer's perceptions of trust with the supplier. Similar arguments should pertain to sales force integration, but because PIC is a relatively recent phenomenon, little research examines its consequences. Instead, we offer an initial prediction that being highly integrated in a retailer's operations causes the retailer to develop enhanced perceptions of the quality of the relationship with the salesperson, particularly if the salesperson operates in a manner consistent with a reciprocal exchange.

H7: Salespeople's (a) integration efforts and (b) adaptive selling efforts in Time_1 relate positively to the retailer's perception of trust in Time_2.

Impact of retailer relationship perceptions (Time_2) on future returns (Time_3)

With our data, we can examine the level of retailer returns after the supplier has engaged in positive sales behaviors that the retailer uses to develop assessments of their relationship. Because of the reciprocal nature of the supplier–retailer relationship, when the retailer believes that the supplier is engaging in mutually beneficial, non-opportunistic behaviors, influencing them in a positive way, which leads to enhanced customer service and trust perceptions, that retailer should be more likely to place orders based on properly forecasted demand and less likely to return surpluses at the end of the selling season. The retailer may make more effort to sell supplier-branded merchandise, essentially as a reward to the salesperson for her or his efforts.

Manifest influence, as noted, is the ability of the salesperson to affect change. In this case, the salesperson is trying to increase sales and reduce returns. The more manifest influence the salesperson has, the less likely the retailer is to return merchandise at a future time. Furthermore, if retailers and suppliers achieve mutual trust in their relationship, this implies that both parties are deeply interested in joint success. Dyadic trust can be enhanced if each channel partner makes a pledge or "action undertaken by channel members that demonstrate good faith and bind the channel member to the relationship" (Anderson and Weitz 1992, p. 20). Retailers that make pledges to suppliers exhibit greater commitment, and relationship marketing strategies have more impact when they can build "interpersonal relationships between boundary spanners" rather than just "building customer–firm relationships" (Palmatier et al. 2006, p. 151). Therefore, assuming a certain level of trust, the retailer and supplier work together to attain optimal inventory and sales goals, which in turn reduces the need for future returns.

H8: A salesperson's customer service efforts in Time_2 relate negatively to retailer returns in Time_3.
H9: A salesperson's manifest influence in Time_2relates negatively to retailer returns in Time_3.
H10: Trust between a salesperson and a retailer in Time_2 relates negatively to retailer returns in Time_3.

Methodology

Research setting and data collection

The multilevel survey data used to test our model came from supplier salespeople and retail store managers. The salespeople work for a global leader in sporting goods. The retailers in the study are stores dedicated to only a few specific product categories; the dominant category is sporting goods. In this context, primary responsibility of the salespeople is to visit retail outlets and market the brand producer's products. Retailers have direct contact with consumers, the salesperson responsible for the brand's products, as well as with brand competitors. Accordingly, the retailer's performance is a function of the supplier brand's sales and the sales of all other products in the store. In this relationship, the supplier salesperson and retailer communicate and interact quite repeatedly. We believe that this is an appropriate setting for this research due to the frequent interactions and level of interdependency.

On the retail side, respondents were primarily retail managers since they were the primary interface with the supplier's salespeople. The retail stores included were privately operated even though some operated under a franchised name. However, the retail managers had complete autonomy over sales, promotional activities, and, most germane to our study, decisions regarding returns. In other words, the decision to return goods and order in the future was solely at the discretion of retail respondents to our survey. Store managers engaged in very frequent interactions with the supplier salespeople, such that a salesperson's activities and personal characteristics could directly influence the retail store manager's decisions. The supplier salesperson visited the retail store in person on average over 10.6 h per quarter during the time frame of this study and had an average of 15 accounts. In addition, the retail manager had consistent access to the supplier salesperson via phone or email. The salesperson tried to minimize returns by working carefully with the retail account on creating a thoughtful inventory management plan for the account. The supplier salesperson also provided literature and promotional material to the stores to educate sales staff on the benefits of the product. Finally, to reduce returns, the supplier also tries to offer superior performance product.

We believe this particular channel is a useful context for studying relationship effects between a supplier salesperson and retail customer as there is frequent communication, the number of competing brands is limited, and each party is mutually dependent on each other's success. In the product category of the focal supplier firm, there are primarily seven national brands competing for market share, with three to five smaller brands serving niche customers.

Furthermore, there were no significant changes to the supplier's product during the time frame of this study. For the time frame of this data collection limited changes were made to the footwear and apparel products sold through this channel.

As noted above, a small portion of our sample operated under similar franchise names, so we conducted an analysis of variance (ANOVA) to ensure there were no differences between those "franchise" stores and true independent stores. We found non-significant results for store returns ($F = .01$, $p < .90$), which suggests that franchise stores do not systematically engage in more or fewer returns. To obtain the data from the supplier salespeople and retail managers, we distributed survey questionnaires to all 28 salespeople in one distribution channel of the company and received responses from all of them (100% response rate). As the response rate of the supplier salespeople was 100%, we are unable to fully test for selection bias as no salespeople opted out of the survey. In order to try to provide some assurance to the retailers regarding the anonymity of their responses, we partnered with a professional association in the specific retail category to help distribute the survey. We utilized a database of 304 retailers provided by the supplier firm as being customers of the 28 salespeople included in the salesperson sample. We received 143 usable responses from the retailers, for a 47% response rate. To check for nonresponse bias, we first examined any differences between respondents and non-respondents across archival return information as well as store size and sales. We were able to do this as we had this archival data for all 304 retailers. Finding no differences, we next checked for differences between early and late respondents across focal constructs. Again, we found no differences thus providing confidence our data is somewhat representative of the broader population to which we might generalize our results. Table 2 includes demographics of the retailer and supplier respondents included in this study. The same respondents were used throughout the study. There was no attrition of supplier salespeople. All the same retailers participated year over year. Any

Table 2 Demographics of respondents

Supplier Salespeople	Statistics
Length of Employment with Supplier Firm	5.03 Years
Male	82%
Female	18%
4 year college degree	80%
Average Age	29 years old
Retailers	Statistics
All respondents were either a store manager/owner/ or buyer and engaged frequently with the focal supplier.	
Independently Owned	120
Franchises	23
Male	65%
Female	35%
4 year college degree	91%
Between the ages of 35–50	63%
Spend over 50% of their time with retail consumers	41%

retailers that did not participate in all surveys were dropped and excluded from usable responses.

Measures

The latent measures in this study came from previously constructed multi-item scales, measured on 7-point Likert-type scales. The means, standard deviations, and latent construct correlations across levels are in Table 3. All scales items can be found in Appendix.

Retailer measures Salesperson integration can be defined as the salesperson's efforts to successfully integrate himself/herself into the retailer's daily sales operations by working the sales floor, assisting with inventory, or helping with merchandise displays. Salesperson integration was operationalized as the average percentage of time the retail respondents spent with supplier salespeople (Rapp et al. 2013). Retailers were also asked how often supplier salespeople (of any brand) worked the retail floor; 100% agreed that this was a common occurrence, thus making this an appropriate measure for this retail channel. These data, reflecting the actual amount of time spent with each account in the year prior to the data collection, came from the supplier's customer relationship management tracking system. Adaptive selling, which can be defined as occurring when a salesperson tailors the sales approach based on customer feedback or the sales situation, was assessed using five items from the adaptive selling scale developed by Spiro and Weitz (1990) (α = .96). To capture the level of customer service provided by the supplier salesperson (α = .93), we used three items from Jasmand et al. (2012) scale. These authors define customer service as a salesperson's ability to fulfill customer needs in a timely fashion using the tools from their product/service portfolio. Manifest influence (α = .93), which refers to changes in a customer's behaviors and choices based on the participation of the salesperson, was measured using three items from McFarland et al. (2006). Finally, we measured trust (α = .95), defined here as a belief in the exchange partner's "reliability and integrity, credibility and benevolence, and word that an obligation will be fulfilled" using three items from a scale originally developed by Morgan and Hunt (1994) (α = .98).

Salesperson measures Learning and performance orientation were both measured using scales suggested by Sujan et al. (1994). Learning orientation is defined as the extent to which a salesperson cultivates skills over time and engages in thoughtful learning practices, including accepting and considering feedback and then developing strategies for improvement based on this feedback (Kohli and Zaltman 1988). The scale consisted of six items (α = .98). Performance orientation was assessed using five items (α = .83). Salespeople who have a higher performance orientation consider ability to be fixed and seek to prove themselves, especially in comparison with their peers.

Finally, for product returns, we measured total returns (in dollars), divided by total product sales (in dollars). Both the returns and the total sales are only for merchandise sold by the focal supplier. This ratio provides an archival measure of returns weighted by store size. The returns amount (in dollars) was for the previous 12-month period to control for seasonality effects. In order to control for other potential extraneous factors, we included length of the supplier salesperson–store relationship and the age of the retail store.

Table 3 Means, standard deviations, and correlations

	Mean	SD	α	1	2	3	4	5	6	7	8	9
1[a]. Returns (Dollars), T_0	3130.5	4324.4	NA	--								
2. Returns (Dollars), T_3	3873.2	5741.6	NA	.58**	--							
3. Salesperson Integration	10.6	6.4	NA	.20*	.03	--						
4. Adaptive Selling	4.4	1.3	.96	.06	.00	−.01	--					
5. Customer Service	4.0	0.9	.93	−.03	.01	.35**	.07	--				
6. Trust	5.0	1.1	.95	−.15	−.02	.24**	.20*	.23**	--			
7. Manifest Influence	4.3	1.4	.93	.06	.02	.18*	.18*	.01	.13	--		
8. Store Age	14.4	11.1	NA	−.11	.11	−.16*	.05	−.02	.03	.26**	--	
9. Length of Relationship	6.2	4.5	NA	−.16	.03	−.05	.02	−.01	−.10	.04	.18*	--
Level 2 Constructs				A	B							
A.Performance Orientation	6.1	1.5	.83	--								
B. Learning Orientation	5.5	1.0	.98	.10	--							

NA Archival data thus no reliability measure can be calculated

*Correlation significant at $p < .05$

**Correlation significant at $p < .01$

[a] Numbers refer to the same construct across the top of the table

Measurement model

To test for measurement fit, we ran a confirmatory factor analysis with all returns and latent items reported at the retail store level. The analysis provided strong fit indices ($\chi^2(101) = 147.27$; confirmatory fit index = .98; normed fit index = .95; root mean square error of approximation = .06; standardized root mean residual = .04). All items demonstrated individual loadings greater than .80 ($p < .001$), and discriminant validity exists across all constructs.

The data collection features a critical temporal element, such that we collected returns data at two time periods, one year apart (T_0 and T_3). Supplier salesperson learning and performance orientations were collected at T_0 as well. We contacted retail store managers at two separate time periods, four months apart, to determine the level of adaptive selling occurring (T_1) and the overall level of manifest influence, the level of trust and level of customer service being provided (T_2). There were four months between T_0 and T_1, T_1 and T_2, and T_2 and T_3, yielding an overall data collection of 1 year from T_0 to T_3. Archival measures of salesperson integration were gathered from the sponsoring organization at T_1. Returns are usually conducted every six months in this channel as six months is the typical selling season. However, in order to control for seasonality, we compared returns year over year rather than season by season. Because we were trying to capture the efforts of the salesperson during the selling season, salesperson behaviors were captured in the middle of the selling season when sales efforts are at their peak.

Analytical strategy

The multilevel aspects of our conceptual framework necessitate a consideration of the hierarchical nature of our data structure before undertaking the empirical analyses. The dependent variable, returns at the retailer level, is nested within specific salespeople, such that responses from one set of retailers may be more similar than those from another set of retailers, which would influence the statistical results if not appropriately modeled (Bliese and Hanges 2004). Therefore, we used hierarchical linear modeling (HLM) (Raudenbush and Bryk 2002) to achieve a simultaneous estimation of the relationships nested across levels. In our study retailers are nested within salespeople, and HLM appropriately accounts for the non-independence across the observations. Several marketing studies adopt similar HLM approaches (e.g., Hughes and Ahearne 2010; Lam et al. 2010).

In addition, before estimating the hypothesized paths, we determined how much variance resides within and between units, to serve as a foundation for subsequent analyses. We first estimated a series of baseline models (intercepts only) that included only the dependent variables (i.e., salesperson integration, adaptive selling, and returns). Using these variables individually at the retailer level as our dependent measures in the intercept-only models, we uncovered significant between-group variation for all three models, such that 17% of the variance in the level of salesperson integration resided within retailers ($1 – ICC(1) = \sigma^2/(\sigma^2 + \tau_{00})$). Furthermore, 10% of the variance in adaptive selling and 16% of the variance in returns resided at the store level. According to this preliminary analysis, the supplier salesperson can directly influence the perceptions held by the retail store manager and return behaviors.

As a robustness check we examined the change variable between T_3 and T_0 returns to review the hypothesized relationships on this new criterion metric. We uncovered that when using integration (b = −.190; $p < .05$) and adaptive selling (b = −.225; $p < .05$) as predictors of the change, both were significant. We also examined the effects of customer service (b = −.001; *p* = *n.s.*), manifest influence (b = −.260; $p < .01$), and trust (b = −.085; *p* = *n.s.*) on the change measure. From a robustness check standpoint, it appears that the only relationship that does not hold across the two different outcome measures is trust. Although directionally accurate, it is not significant.

Results

Our results suggest, as hypothesized, that the initial level of store returns impact salesperson behaviors in a subsequent period. Specifically, returns by the store at time (T_0) influence both salesperson integration (H1; $\beta = 7.50$, $p < .05$) and the level of adaptive selling demonstrated (H2; $\beta = 2.14$, $p < .05$). The level of salesperson integration in turn influences perceived customer service (H5a; $\beta = .197$, $p < .05$), manifest influence (H5b; $\beta = .182$, $p < .05$), and trust (H5c; $\beta = .238$, $p < .01$). Similarly, adaptive selling directly affects perceived customer service (H6a; $\beta = .233$, $p < .01$), manifest influence (H6b; $\beta = .180$, $p < .05$), and trust (H6c; $\beta = .198$, $p < .01$). Regarding the resulting effects on the level of returns at time (T_3), we find that both manifest influence (H8; $\beta = -.192$, $p < .05$) and trust (H9; $\beta = -.180$, $p < .05$) reduce the amount of returns by the store, but customer service (H7; $\beta = -.150$, *p* = *n.s.*) does not.

Turning to the moderating influences of goal orientation, we uncover significant effects in the relationships of store returns at time (T_0) with both the level of integration and the demonstration of adaptive selling. A salesperson's learning orientation moderates the relationship between the level of returns and adaptive selling tendencies (H3a; $\gamma = 3.43$, $p < .05$) and their level of integration (H3b; $\gamma = -20.88$, $p < .05$); his or her performance orientation also moderates the relationship between initial returns at time and integration shown (H4a; $\gamma = 3.81$, $p < .05$), but not to adaptive selling (H4b; $\gamma = .87$, p = ns). Results can be seen in Fig. 3.

We graph these individual moderating effects in Figs. 4a, b and 5. As Fig. 4a indicates, the relationship between store returns and the supplier salesperson's level of adaptive selling

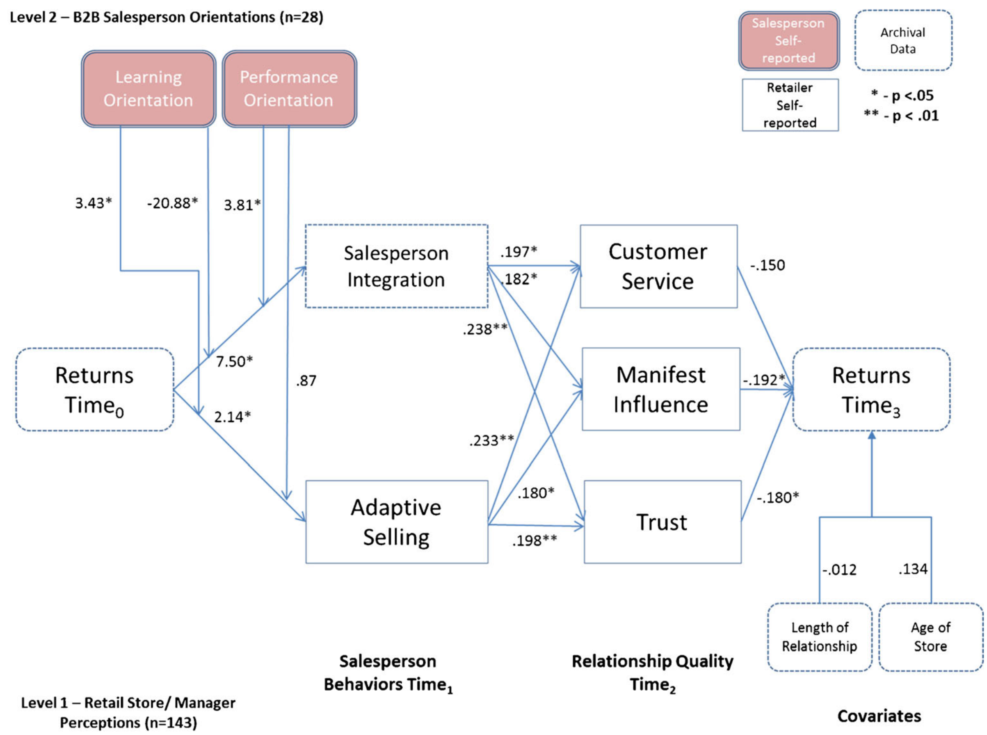

Fig. 3 Results of hypothesized model

increases when the supplier salesperson has a high learning orientation. A similar pattern emerges in Fig. 5; the relationship between store returns and the supplier salesperson's level of integration increases when the supplier salesperson exhibits a high performance orientation. Interestingly, in Fig. 4b, we see that as returns increase and a salesperson's learning orientation increases, they actually demonstrate less integration. Therefore, the goal orientation of the supplier salesperson influences the response to a retail store's returns.

Discussion

Retailer returns often result in significant costs to all members of a channel that must be balanced against the need to provide effective customer support. Another party that can be affected by retailer returns is the salesperson representing the supplier, who may suffer a loss in compensation after the fact. However, no prior research has investigated the impact of returns on salespeople and how their responses might then affect the overall relationship with the retailer. Our primary research objective has been to examine relational changes that occur as a salesperson responds and adapts to retailer behaviors. Given the important role salespeople play in the process, and the potentially negative effects of retailer returns on salespeople and the salesperson–retailer relationship, such research is overdue.

Using longitudinal objective returns data and lagged inputs from salespeople and retailers, we find that salespeople who respond to returns positively, by engaging in relationship-building behaviors (e.g., integration, adaptive selling), improve the retailer relationship, which ultimately results in fewer future returns. A learning orientation also enhances the impact of salespeople's adaptive selling; a performance orientation positively increases the effects of salesperson integration. Interestingly, salespeople with a high learning orientation are less likely to engage in partial integration after higher levels of retail returns. This indicates that salespeople with a high learning orientation are working on adaptive strategies to reduce returns in future time periods.

Both adaptive selling and integration positively influence customer service, manifest influence, and trust. Customer service, interestingly, does not reduce future retailer returns. This might be due to the fact that customer service is typically considered after a problem has occurred, and might be more powerful from a retailer's perspective when the retailer actually needs to make a return versus before the return. Manifest influence, in this instance, is the retailer's perception of the salesperson's role in affecting change. In this case, the salesperson is working to reduce future retailer returns and develop strategies that are beneficial to both the retailer and the supplier salesperson. Finally, trust has been studied in many contexts as a critical foundation for B2B relationships. This research extends our knowledge of trust by confirming that when retailers perceive trust in a relationship, they are likely to reduce returns in the future. Hopefully this leads to other mutually beneficial outcomes.

Overall, an investment by the salesperson in the continued cultivation of a relationship with the retailer, regardless of previous returns, thus can produce positive effects in the future. Salespeople and managers should consider this outcome a sign of "hope." Even though sales might decrease, through

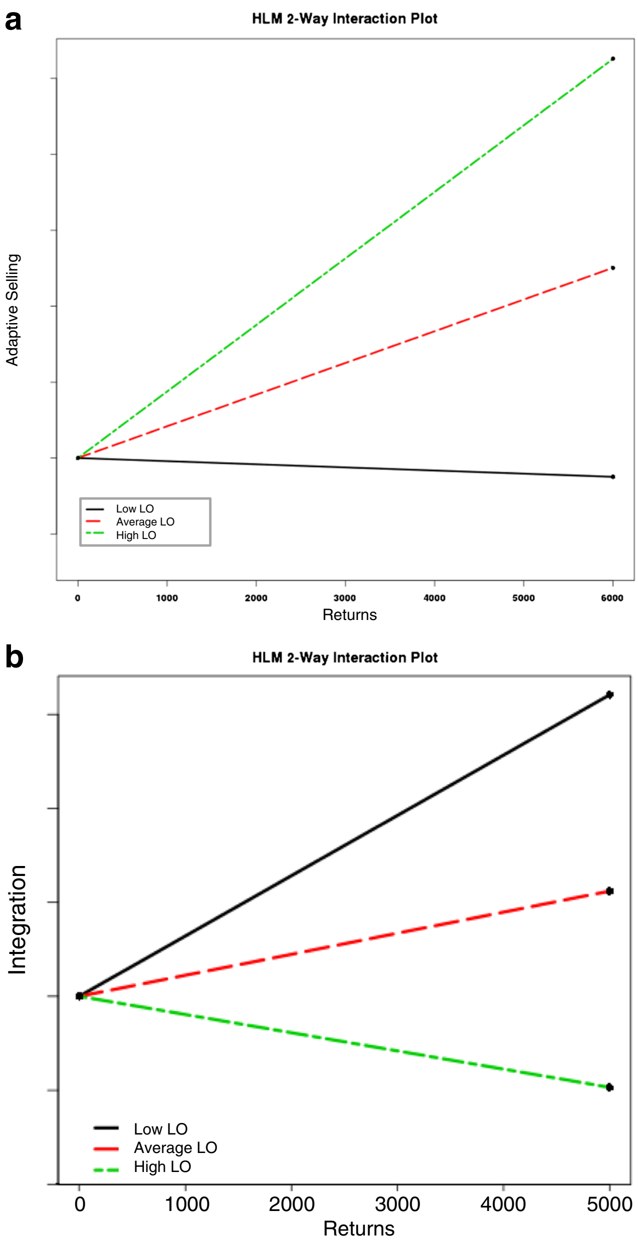

Fig. 4 **a** Cross-level interaction of learning orientation (LO) on the store returns to adaptive selling. **b** Cross-level interaction of learning orientation (LO) on the store returns to salesperson integration

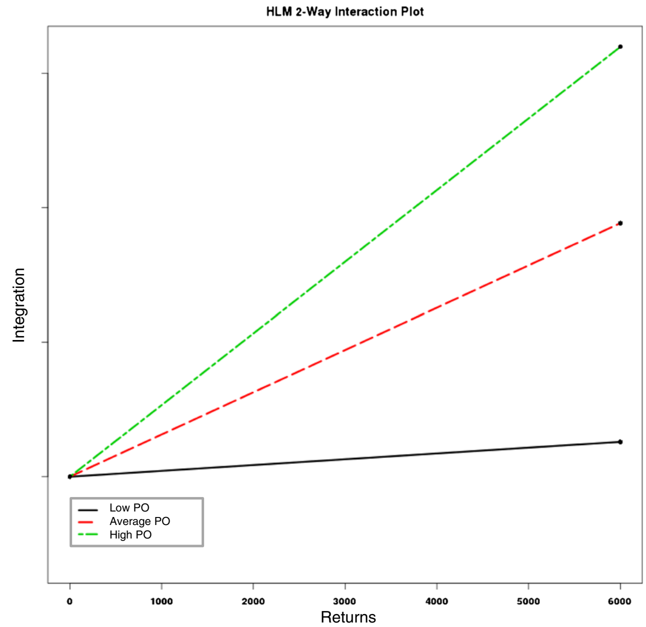

Fig. 5 Cross-level interaction of performance orientation (PO) on the store returns to salesperson integration

returns, at one point in time, an investment in the relationship can still yield beneficial results over time.

Implications for marketing practice and theory

Managers of supplier firms should work to ensure that salespeople recognize that when certain types of negative events occur (e.g., retailers return goods), salespeople should regard it as an opportunity to strengthen the relationship, rather than a negative event. Returns might even be similar to what Harmeling et al.'s (2015) call "transformational relationship events" or Ballinger and Rockmann (2010) "anchoring events." These authors refer to events with the ability to change the nature or trajectory of a relationship. For example, a transformational event disconfirms relationship expectations (Harmeling et al. 2015). If a salesperson has invested in a relationship with a retailer, a return from that retailer might change the trajectory of their relationship, especially if it reduces the salesperson's own compensation. Accordingly, managers must imbue salespeople with a desire to overcome such negative events and a good understanding of the importance of continuing to engage in relationship-building behaviors, perhaps by creating a culture that values reciprocal exchange relationships over more transactional forms of exchange.

If negative anchoring events are not addressed appropriately they could lead to greater problems in the future. For example, if a salesperson responds negatively to retailer returns, the negative impact on the relationship could later lead to more returns and a further deterioration of the relationship. Firms therefore need to take actions to ensure that salespeople recognize the importance of positive responses to negative return events. In our study, both adaptive selling and integration exert positive effects on retailer perceptions of the relationship with the salesperson. Specifically, salesperson integration has a positive impact on both retailer perceptions of customer service, manifest influence, and retailer trust. Likewise, adaptive selling positively impacts customer service perceptions, manifest influence, and trust. Thus, it would appear managers should encourage such behaviors and efforts. Romàn and Iacobucci (2010) identify an indirect effect of the firm's customer orientation on adaptive selling, such that this orientation reduces role ambiguity, which has an inverse relationship with adaptive selling. Noting the importance of customer orientation thus may be one way to ensure more adaptive selling efforts.

Salespeople also need a strong goal orientation, which sales literature generally treats as either a learning orientation or a performance orientation (Sujan et al. 1994). Our results suggest these orientations significantly strengthen the extent to which returns lead salespeople to engage in relationship building activities. When the learning orientation is high the relationship between retailer returns and retailer perceptions of adaptive selling increases (Λ = 3.43). This suggests that firms should work to create an environment that prompts salespeople to gather information about the environments in which they operate. For example, competitive intelligence is critical for salespeople (Rapp et al. 2011), in that those salespeople most effective in terms of gathering and leveraging intelligence about customers are better able to engage in adaptive selling, because they have learned about customer needs (Hughes et al. 2013). Spiro and Weitz (1990) also suggest that understanding customer needs is central to engaging in adaptive selling.

Yet some salespeople have a much stronger performance orientation, in which case the stronger effect of returns on salesperson integration ultimately translates into lower returns in the future (Λ = 3.81). Our results suggest that a strong performance orientation strengthens the relationship between returns and salesperson integration. In this case, the selling firm would benefit from developing systems and procedures that allow performance-oriented salespeople to spend more time in stores with their retail customers. For example, they might actively work to minimize travel time between retail accounts and generate optimal customer coverage strategies. A supplier also might give its performance-oriented salespeople more product lines to carry, for fewer accounts, rather than representing one line for multiple accounts.

From a theoretical perspective, our research helps extend understanding of how SET applies in B2B relationships. Specifically, we suggest conceptualizing exchanges as reciprocal rather than negotiated. When salespeople face potentially negative situations, such as retail returns, the responses that result from a reciprocal exchange perspective, which encourages positive behaviors even without promise of reciprocation, can enhance relationship-building efforts. If retailer returns reduce a salesperson's compensation, a negotiated exchange perspective might suggest reducing efforts toward that retailer or negotiating new promises of future behaviors. Reciprocal exchange instead prompts the salesperson to engage in relationship-building behaviors that might lead to positive returns.

Limitations and further research

We incorporated objective sales and returns data to minimize some limitations, but the nature of the study features some inherent design limitations. We used both lagged and longitudinal returns data, yet each data point only captured one point in time. Relationships are dynamic, so it is hard to capture the nature and all their implications. These data also were collected in an environment in which retailers were empowered to discontinue the supplier relationship. The threat might have caused the salespeople to accept more retailer returns than they would prefer or oversell in their efforts to avoid losing relationship momentum.

Returned merchandise also may have a pronounced effect on future decision making if salespeople already have mentally budgeted or even actually spent their compensation. Using Thaler's (1985) mental accounting theory, future explorations could address how returns affect actual compensation and future expectations of compensation from sales to a given retailer. We also in an exploratory fashion examined the role of the avoidance dimension of performance orientation. As expected it had a negative moderating effect on the relationship between returns in Time_0 and salesperson integration. Such an insight highlights the importance of further research understanding both the positive (or prove) performance orientation and the negative (or avoid) performance orientation.

In this paper, we focused on how the use of reciprocal exchange, specifically the extent to which *relationship* variables (adaptive selling and integration) and prior economic variables (prior retailer returns) served as inputs and influence an *economic* variable (i.e., retailer returns), which also serves as the output of the exchange. Foa and Foa (1974) highlight the development of "cognitive structure of resource classes" which, suggests that exchange can occur within the categories of resources and exchanges can also occur with adjacent categories (e.g., status can be exchange for information or love; goods can be exchanged for services or money). However, it is important to note that Foa and Foa also suggest that "economic and psychological exchanges, though not equated, are considered within the same framework" (p. 16) and "economic and noneconomic resource intertwine in societal functioning" (p. 31). We suggest that this allows for a broader range of reciprocal exchange that is also echoed by Cropanzano and Mitchell (2005) who have pointed out that these six categories have typically been collapsed into two categories, economic and socioemotional, and that exchange can occur between them. In this research, we have highlighted the role of how socioemotional resources (e.g., adaptive selling and integration) can be exchanged (or can influence) economic resources (e.g., returns). It would be beneficial for future research to examine how other economic resources (e.g., amount of trade promotional spending and/or slotting allowances) can serve as an important influencers to reduce future returns and how these effect sizes compare to those of socioeconomic resources. Another intriguing area of future research inquiry is the role of reciprocal relationships on sell-through activities, in addition to returns. Future research could also examine the role of reciprocal relationship constructs on how and when retailers engage in additional selling activities to enhance their sell-through and reduce returns.

Finally, indebtedness or the "state of obligation to repay another" (Greenberg 1980, p. 4), might mitigate critical relationship and performance outcomes in B2B relationships (Pelser et al. 2015), through its negative effects on a channel partner's commitment to a supplier and the retailer's sales efforts. If partners feel indebted to each other, they do not contribute as much to the relationship, and this influence requires further research consideration.

Appendix

Table 4 Scale Items

Construct	Definition	Items	Source
Partial Integration	*Salesperson integration refers to the salesperson's efforts to successfully integrate himself/herself into the retailer's daily sales operations by working the sales floor, assisting with inventory, or helping with merchandise displays.*	An objective measure of the supplier salesperson's time spent in the store was used. This measure was reported by the retailer.	Rapp et al. (2013)
Adaptive Selling	*Adaptive selling occurs when a salesperson tailors the sales approach based on customer feedback or the sales situation.*	When thinking about this supplier, do they… • make sales presentations in innovative ways. • carry out sales tasks in ways that are resourceful. • come up with new ideas for satisfying customer needs. • generate and evaluate multiple alternatives for customer problems. • develop creative selling ideas.	Adapted from Spiro and Weitz (1990)
Trust	*Trust implies a belief in the exchange partner's "reliability and integrity, credibility and benevolence, and word that an obligation will be fulfilled."*	In our relationship, this supplier… • is very honest and truthful. • can be trusted completely. • can be counted on to do what is right.	Adapted from Morgan and Hunt (1994)
Manifest Influence	*Manifest influence refers to changes in a customer's behaviors and choices based on the participation of the salesperson.*	• I put a great deal of weight into my BRAND rep's opinion before making my decisions. • My BRAND rep's involvement has a major influence on my choices. • My decisions are a reflection of my BRAND salesperson.	McFarland et al. (2006)
Customer Service	*Customer service refers to a salesperson's ability to fulfill customer needs in a timely fashion using the tools from their product/service portfolio (Jasmand et al. 2012).*	This supplier… • identifies my exact problem with their products to solve it in a reliable way. • listens attentively to me in order to take appropriate action to handle my concerns regarding their products. • pays attention to the my questions about their products to answer them correctly.	Jasmand et al. (2012)
Performance Orientation	*Salespeople who have a higher performance orientation instead consider ability fixed and seek to prove themselves, especially in comparison with their peers.*	• It is very important to me that my sales manager sees me as a good person. • I very much want my co-workers to consider me to be good at selling. • I feel very good when I know I have outperformed other salespeople in my company • I always try to communicate my accomplishments to my manager..	Adapted from Sujan et al. (1994)
Learning Orientation	*With a higher learning orientation, a person thus is more likely to cultivate skills over time and engage in thoughtful learning practices (Kohli et al. 1998), including accepting and considering feedback and then developing strategies for improvement based on this feedback.*	• Making a tough sale is very satisfying. • An important part of being a good salesperson is continually improving your sales skills. • Making mistakes when selling is part of the learning process. • It is important for me to learn from each selling experience I have. • It is worth spending a great deal of time learning new approaches for dealing with customers. • Learning how to be a better salesperson is of fundamental importance to me.	Adapted from Sujan et al. (1994)

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