

Everyone Loves a Winner...Or Do They? Introducing Envy into a Sales Contest to Increase Salesperson Motivation

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This paper focuses on the role that envy can play in driving sales force behavior in competitions. Envy, an unpleasant emotion that occurs when a person covets something that another has, can be used as a motivating tool to push lower-ranked salespeople to better compete with high achievers. Following a review of envy and sales contest effectiveness, potential strategies are provided for implementing benign envy while avoiding the potential negative consequences of envy. Sales managers must be careful to ensure that envy is induced properly to engage the employees while not negatively affecting the long-term health of the sales force.

INTRODUCTION

Sales managers often use sales contests to increase activity and camaraderie among salespeople (Kalra & Shi, 2001). Salespeople are also receptive to contests, as these competitions lead to an increase in sales skills, in new customer generation, and in sales overall (Beltramini & Evans, 1988). Additionally, they offer salespeople a personal incentive, with prize rewards for those who “win” the contest by selling the most. When developing contests, managers should consider past successes and failures to determine if changes need to be made to keep sales contests from getting stale (Hair, Anderson, Mehta, & Babin, 2009). Methods for invigorating sales contests include revising the prize structure, changing the focus from existing to new customers, and switching from individual to team-based events (Moncrief, Hart, & Robertson, 1988).

The purpose of this paper is to discuss the idea of interjecting envy into a sales contest in order to induce motivating behavior. Following a discussion of the benefits of sales contests and a brief review of the literature on envy, we propose methods for introducing the positive form of envy into a sales contest in such a way that promotes increased competition among the sales force. We also discuss potential ways for sales researchers to monitor and examine the potential benefits of introducing envy-inducing techniques in sales contests.

SALES CONTESTS AS MOTIVATING TOOLS

Salespeople are motivated by financial incentives and recognition (Moncrief, Hart, & Robertson, 1988) and are often more competitive than other firm employees (Brown, Cron, & Slocum, 1998).

Salespeople face much competition in their jobs, both externally – through competition within the industry, and internally – in the form of quotas and contests. Wotruba (1990) suggests that increasing competition in the sales environment is likely to bring about less ethical behavior among the salespeople. However, neither the work of Dubinsky and Ingram (1984) nor Verbeke, Ouwerkerk, and Peelen (1996) found a relationship between salesperson ethics and the perceived competitive intensity in their industry.

The focus of this paper examines internal competition and, in particular, sales contests. While salespeople are generally compensated with salary and a performance-based commission, salespeople can also benefit from prizes outside of their general compensation plan, such as cash or non-cash incentives. A popular form of such a reward is the sales contest. Eisman (1993) found that over two-thirds of consumer product companies and over half of all industrial goods companies have utilized sales contests. These contests aim to excite and motivate sales representatives to extend extra effort for the competitive event, in order to reach short-term sales goals (Murphy & Dacin, 1998).

The incentives offered to salespeople participating in sales contests can lead to an increase in both results and motivation. In her study of sales force contests, Caballero (1988) advises that sales contests should be used “judiciously so as to retain their impact on sales force motivation” (p. 58). She also advises that sales contests should be self-liquidating. With careful planning and implementation, sales managers are likely to experience great rewards from using sales contests.

In sales contests, a salesperson competes directly with other salespeople—often salespeople within their own sales team. The threshold of such a compensation system is the sales level of the other salespeople (Yang, Syam, & Hess, 2013). The moving threshold in sales contests—that individuals must identify plans relative to their competition, rather than relative to their individual quota—adds a level of intensity that improves results (Green & Stokey, 1983). However, salespeople competing in sales contests know each other reasonably well, and the presence of a strong interpersonal dimension in contests has been found to increase salespeople’s feelings of pride and disappointment based on their performance (Kilduff et al., 2010).

Sales contests can be open-ended, such that every salesperson has a chance of winning and the number of prizes to be awarded is not known in advance, or close-ended, with a specific, known number of top performers receiving prizes. Mantrala, Krafft, and Weitz (2004) ascertain that the open-ended format is favored because “everyone can win,” while “salespeople who fail to win in close-ended contests will be left demoralized and disgruntled” (p. 5).

While little research to date has investigated why close-ended contests may be more advantageous, Lim (2010) has explored the concept of social loss aversion in sales contests in an attempt to configure the ideal sales contest design. Using social comparison theory, Lim investigates how many winners and losers a contest should have, as well as how changing the number of winners or losers can move psychological reference points. Traditionally, marketing theory suggests that there should be more losers than winners—but Lim is the first to test this assumption empirically. By changing the proportion of winners and losers, contest designers are adjusting reference points used to make social comparisons. Lim (2010) finds that contests with a higher proportion of winners (than losers) attain more effort from participants than contests with a lower proportion of winners, especially if contestants have strong social loss aversion. As contest participants are likely to make social comparisons and fear being perceived as a loser, Lim suggests that optimal contests should have more winners than losers; in fact, the number of losers can be as low as one. Lim also notes that, when salespeople know the other contestants in the contest well, more effort will be expended when there are more winners; on the other hand, sales contests across different territories may encourage effort with fewer winners. In contests with very few winners, which are perceived as extremely difficult to win, losers may not code their results as a loss.

Given the degree of social comparison that occurs in sales contests, it is interesting to identify how contestants feel during a sales contest (while participating) and after the contest has ended (upon seeing the contest results). While importance has been recently established for investigating the emotions that salespeople feel during contests (Yang, Syam, & Hess, 2013), to the best of our knowledge, minimal research has examined the role of envy in the context of a sales contest. The relevant extant research on emotions in contests and tournaments is that of Grund and Sliwka (2005), which examines the role of

envy and compassion. Grund and Sliwka find that contest winners feel compassion, while losers feel envy, because contests always have clear winners and losers.

ENVY: COVETING THE SUCCESS OF A FELLOW SALESPERSON

One potential consequence of a sales contest is envy. Envy can be defined as an unpleasant emotion that occurs when someone covets what another has (Hill, DelPriore, & Vaughan, 2011). Sales contests, which force sales representatives to compete directly with each other for rewards or recognition, lend themselves to negative feelings that are at the core of envy. A salesperson who is underperforming in a contest is likely to look at a higher performing sales peer with envy, as they wish that they could have similar success. What that salesperson does in response to these envious feelings depends on which form of envy they are experiencing.

Recent research has explored the theory that envy can be split into two distinct emotions – benign and malicious envy. Benign envy, sometimes referred to as “white” or competitive envy, leads to increased levels of motivation (Hill & Buss, 2008). Malicious envy, on the other hand, leads to negative behavior aimed at bringing someone down in order to make the envier feel better (van de Ven, Zeelenberg, & Pieters, 2009).

Benign envy has been found to increase work effort in a person feeling envy, as they seek to relieve the negative feelings of envy by obtaining that which is envied (Foster, 1972). This positive form of envy is also related to keeping-up-with-the-Joneses, a desire to have what others have (van de Ven, Zeelenberg, & Pieters, 2011). If sales managers can incite feelings of benign envy in their salespeople during a contest, it can be expected that motivation will improve, as those who are not doing well will look to call on more customers and increase sales volume in order to achieve results that are more in line with top performers (Crusius & Mussweiler, 2012).

While benign envy can lead to increased performance, malicious envy, the dark form of envy, can lead to actions that would not be desirable in any professional environment. These actions may include reduced self-esteem, uncooperative behavior, and even outward hostility towards a coworker (Tai, Narayanan, & McAllister, 2012). It may be difficult for a manager to determine if malicious envy is being felt by their employees. Envious feelings overall are often kept from others and seen as socially unacceptable (Foster, 1972). Sales contests are fertile grounds for envious feelings, as they lead salespeople to compare their own sales methods and successes with their peers.

Although a manager might be pleased to find out that an employee is feeling benign envy during a sales contest (as that employee would be more likely to increase effort to resolve the envious feelings), the discovery of malicious envy among sales staff should lead to actions related to diffusing negativity. If malicious envy is widespread, a manager may choose to adjust the contest in order to relieve the negative tension and promote more positive competition. Similarly, adjusting the rewards – by increasing the number of winners, for example – might reduce feelings of malicious envy while increasing benign envy, as the salespeople now consider a reward more attainable.

INTRODUCING ENVY INTO SALES CONTESTS

Adding an envious component to a sales contest can lead to a more competitive atmosphere for both top- and bottom-performing salespeople. Envy, if added correctly to induce benign and not malicious envy, can raise the performance of lower-performing salespeople while keeping higher performing salespeople interested in the contest due to the increased competition level of the entire sales group. We propose a few techniques that a sales manager can implement in order to elicit benign envy in salespeople during a sales contest. We also note instances where malicious envy may occur, so that sales managers can monitor and adjust their motivation strategies should negative feelings begin overtaking the sales force.

A sales manager may choose to show the salespeople a list of top performers and metrics related to the contest. The list should be updated regularly to highlight leaders while spurring others to try harder

due to feelings of envy that will occur from those who do not appear on the sales leaders list. When developing this list, it is important to consider a few things in order to avoid negative behavior. Managers should consider the size of their sales staff when determining how many to put on the “top performers” list. By limiting the list to the top three to five performers, those not on the list should feel energized rather than demoralized and can adjust their performance for future contest updates. A manager may also wish to add a ‘bottom-performers’ list, though that might lead to feelings of malicious envy. Underperforming salespeople may give up on the contest or may begin to actively or passively engage in schadenfreude, taking pleasure at the suffering of others, by rooting for the top performers to fail for the remainder of the contest (Smith et al., 1996).

Additionally, managers can use prizes to elicit envy. Rather than giving out all of the incentives at the end of a contest, a manager can choose to award salespeople at different points during the contest (e.g., daily, weekly, monthly) in order to create envy-eliciting chances. Building on this, a sales manager may also create a second tier of sales incentives for representatives who are too far away from the top performers (on the original stated goals) to bother competing in the main contest for the remainder of the contest cycle. Developing smaller contests-within-contests can lead to increased opportunities for benign envy. Should there be a large gap between top performers and the rest of the sales staff, a secondary sub-contest might match sales performers who are closer in ability, leading to increased rivalry and a greater chance of eliciting benign envy among the participants.

Sales managers should also take care not to over-use envy in sales contests, as the envy “bump” (positive results due to adding envy to the contest) may be reduced over time. If the sales group experiences a certain level of turnover, then the contest can be re-used with minor revisions. If salesperson tenure is high, however, sales managers can retain envy by making contests annual and by giving gifts and awards that indicate past years’ winners. Murphy and Sohi’s conducted research on a Fortune 100 firm that used special jackets and rings to commemorate winners (1995). They found that the contest could result in self-esteem issues for underperforming sales representatives, as the gifts remind the representatives of past contest failures. Regardless of the method chosen, managers should solicit feedback from both winners and losers to see if the program needs to be modified for future contests.

From a research standpoint, there are a number of techniques that can be used to determine the effectiveness of adding an envious component to a sales contest. Researchers can measure individual performance, total sales group performance, or salesperson feelings based on introducing envy into a sales contest. Self-reported surveys can measure how effective the salesperson thought the contest was, whether or not they felt envy, what type of envy was felt (benign or malicious), and whether they found the envy component useful in driving performance during the contest. Measures conducted before the contest begins can determine what levels of inherent envy exist in each salesperson. The dispositional envy scale, developed by Bearden, Netemeyer, and Teal, is used to determine a person’s predisposition for feeling envy towards another, specifically malicious envy (1989). Managers can use this test to determine if a large portion of their sales team would be inclined to feel malicious envy, and then adjust (or choose not to hold) the contest accordingly.

Ideally, a researcher or manager can create two separate sales contests, where one group receives an envy-eliciting manipulation while a second group does not. However, it would be difficult for managers of small sales teams to create two near-identical groups, thereby leading to confounding results. Other opportunities include a longitudinal study that allows for tracking envy elicited and results over a number of years, though salesforce turnover may make such a study difficult. Researchers may also wish to see if salesforce size plays a role in the effectiveness of a sales contest that uses envy to motivate employees. Using the same contest with organizations of different sizes might also yield interesting results. Additionally, the size of the reward can be manipulated to see if there is a moderating effect of reward size on level of benign envy felt in a sales contest.

CONCLUSION

Benign envy has been shown to increase motivation in a number of contexts (van de Ven, Zeelenberg, & Pieters, 2009). By adding subtle elements of envy into sales contests, sales managers can increase positive competition, leading to results that benefit the sales team as a whole. Special care must be taken by managers to ensure that envy brought about in a contest is benign rather than malicious. Managers are looking to develop camaraderie and positive competition, not pursue options that might lead to negative feelings, added stress, and possible increased turnover. However, if envy is introduced properly (i.e., eliciting benign envy), managers and salespeople alike will be able to benefit in terms of increased work effort and ultimately positive sales results.

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