

Beyond the Numbers: The Effect of Incentive Transparency on Sales Performance

Salespeople's selling commissions are known to be a driver of customer suspicion and distrust. Extant research portrays customer knowledge of sales incentives predominantly as a burden for salespeople as customers attribute egoistic motives to the salespeople. In contrast to previous work, we propose that salespeople should be transparent to the customers and openly discuss their incentive structures to diminish the negative effects of customer suspicion and build trust. Drawing on attribution theories, we argue that such incentive disclosures may benefit salespeople's sales performance, and we examine the consequences and contingencies of incentive disclosures in customer-salesperson interactions. One field experiment and four follow-up scenario experiments with 2,500 participants consistently show that incentive disclosure unfolds beneficial effects on customers' purchase intention through increasing customer trust in the salesperson. Furthermore, we show that a salesperson's incentive disclosure increases the perceived warmth of the salesperson and at the same time decreases the perceived ulterior motives, which is an inherent consequence of the customer's knowledge of salespeople's selling commissions.