



Institute for Market-Oriented Management

Competence in Research & Management

Prof. Dr. Hans H. Bauer, Prof. Dr. Dr. h.c. mult. Christian Homburg, Prof. Dr. Sabine Kuester

IMU Research Insights

004

The Specific Role of Sales Force Integration in New Product Development

Sabine Kuester

Christian Homburg

Andreas Hildesheim

2012



UNIVERSITY OF MANNHEIM
BUSINESS SCHOOL

Relevance of Topic

High new product failure rates due to lack of market knowledge call for **stakeholder integration in new product development**
→ particular need to investigate the role of company's **sales forces** given their closeness to external market participants

Investigated Industries

Innovative B2B and B2C companies mainly in Construction & Engineering, IT & Communications, Food & Beverages, and Pharmaceuticals & Healthcare industries

Study Characteristics

Goal: understand the impact of sales force integration on new product success

Method: 219 managers asked to recall a recent new product development project and to provide information regarding the consideration of sales force insights during the new product development process

Key Learnings

- Sales force integration has a strong and positive effect on new product success.
- The impact of sales force integration on new product success is stronger relative to marketing integration:
→ Salespeople have the closest contact with customers and can provide insights with respect to customer needs and competitive activities that extend beyond the information provided by marketing.
- Sales force insights enable companies to better align new products with customer needs and to facilitate the internal adoption of new products by their sales force.
→ Sales force integration exerts its impact on new product success via new product advantages and the adoption of new products by the sales force.
- Different contexts (information quality, timing, product newness, competitive intensity) impact the effectiveness of sales force integration in new product development.

-
- Topic Relevance and Introduction
-

-
- Key Questions for Innovative Companies
-

-
- Study Characteristics + Main Study Descriptive Statistics
-

-
- Results
-

-
- Learnings for Managers
-

-
- References
-

-
- Contact and Further Information
-

Importance of innovations

New product development is a necessary requirement for long-term company success

(Prins/Verhoef 2007; Talke/Hultink 2010)

However, new product failure rates remain high

(Gourville 2006; Sivadas/Dwyer 2000)

→ The processing of market insights from stakeholders inside and outside of a company represents a key success factor in new product development

(Baker/Sinkula 1999; Li/Calantone 1998)

Previous studies advocate the integration of company-external information sources into the new product development process (Gruner/Homburg 2000; Song/Thieme 2009);

in contrast, the literature on integrating company-internal stakeholders with close customer contacts (e.g., salespeople) is rather scarce.

Sales Force as Source of Market Information

Salespeople have the most frequent and most direct interaction with external market participants and absorb market insights that other firm-internal stakeholders – such as marketing – may not have

(Homburg/Jensen 2007; Le Bon/Merunka 2006)

Our descriptive study results show:

75% of managers answering our survey agree that their sales force

- “offers superior customer insights compared to our marketing department”
- “complements marketing insights in a way that helps us understand customer needs better”
- “uncover current market trends much quicker than our marketing department”

→ A company’s sales force is an extremely valuable source of marketplace information

(Ernst/Hoyer/Rübsaamen 2010; Pass/Evans/Schlacter 2004)

Key Question 1

In how far does sales force integration affect new product success as compared to marketing integration?

Key Question 2

How can the influence of sales force integration on new product success be explained?

Key Question 3

How do information quality, timing, product newness, and competitive intensity affect the effectiveness of sales force integration?

Pre-Study

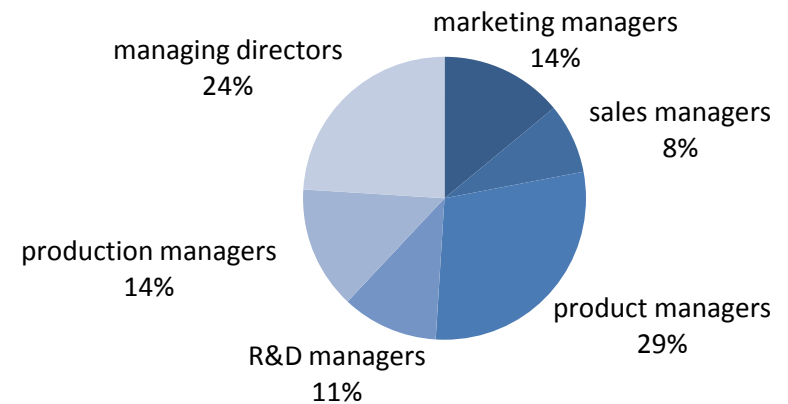
Goal: understand the differential impacts of marketing integration and sales force integration on new product success

Data collection:

- manager survey in the US, UK, and Australia
- respondents were asked to recall a recent new product and provide information regarding marketing and sales force integration in new product development

Sample size:

- 219 managers from different hierarchical levels (see pie-chart)



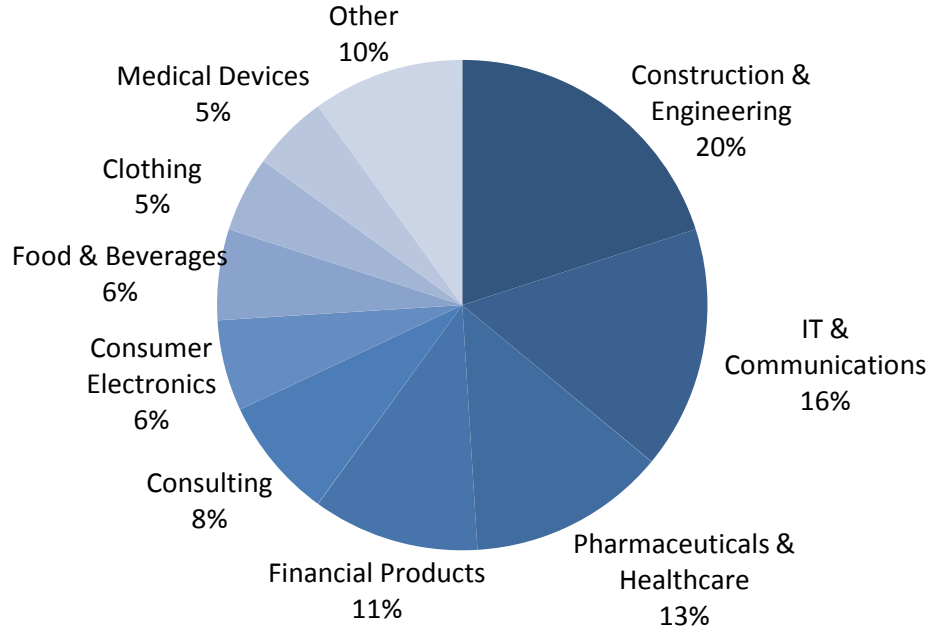
Main Study

Goal: understand the routes through which sales force integration exerts its impact on new product success and the circumstances under which this influence is more or less pronounced

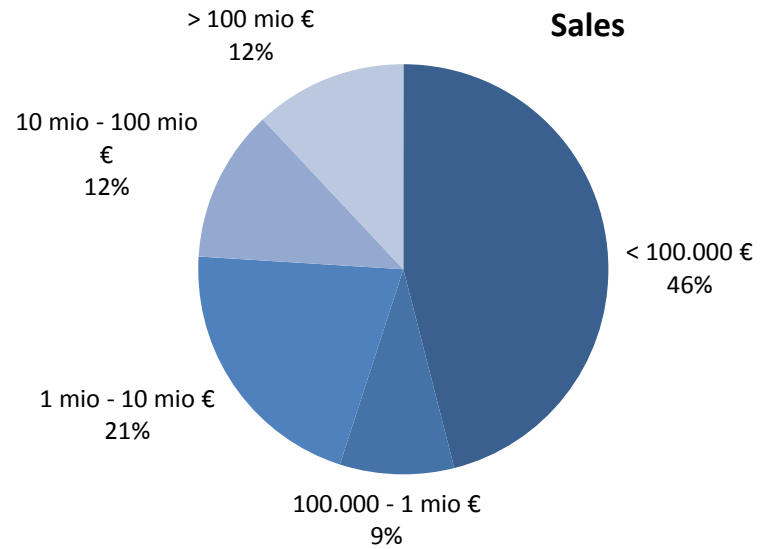
Data collection and sample size:

- See pre-study

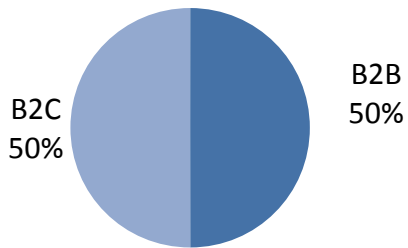
Industries



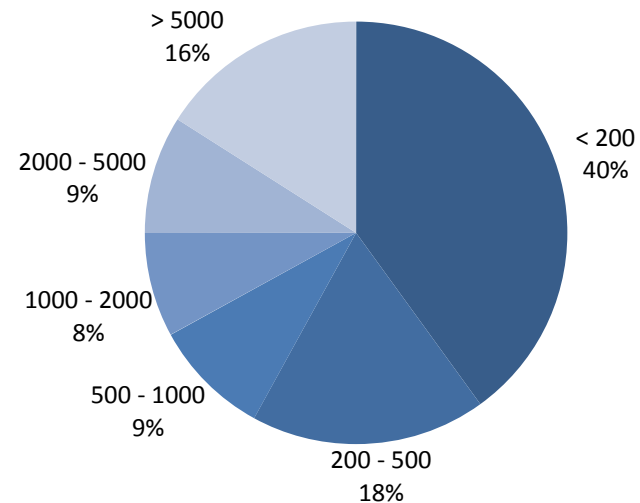
Sales



Sector

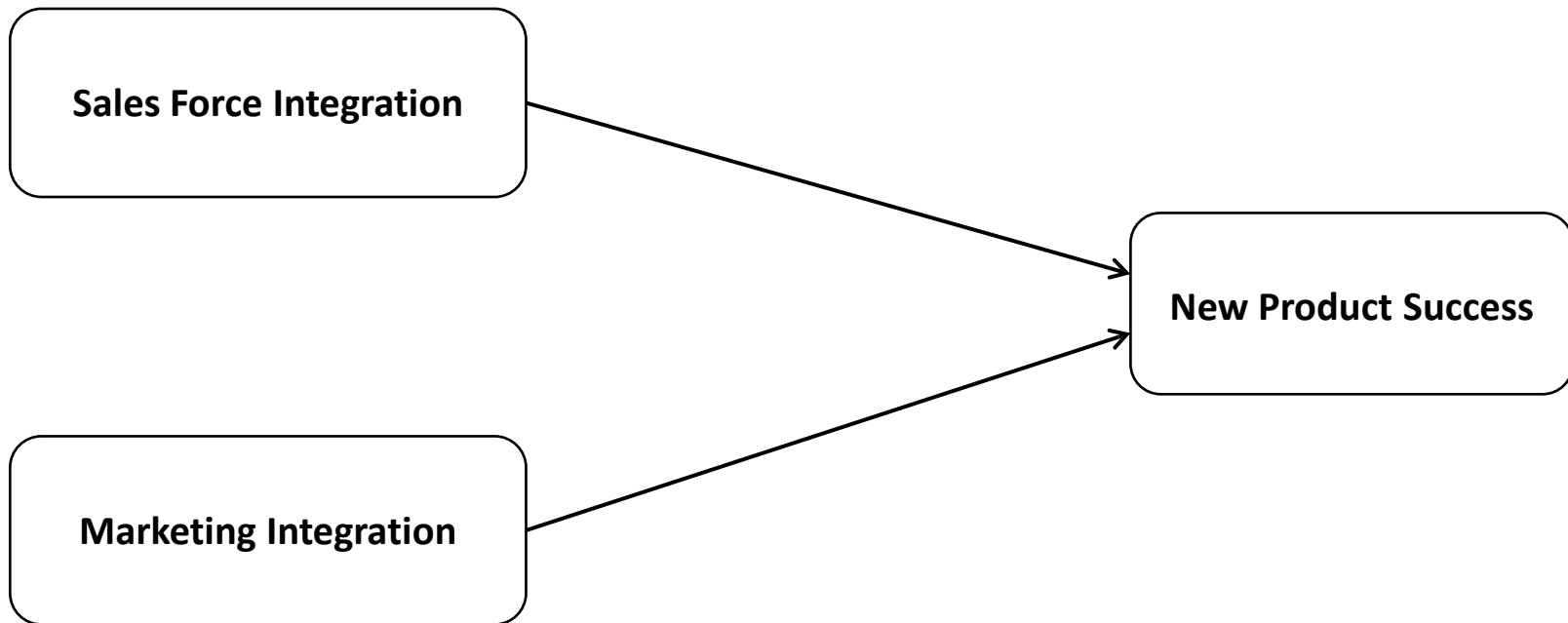


Employees



Key Question 1

In how far does sales force integration affect new product success as compared to marketing integration?



Answer to Key Question 1

In how far does sales force integration affect new product success as compared to marketing integration?

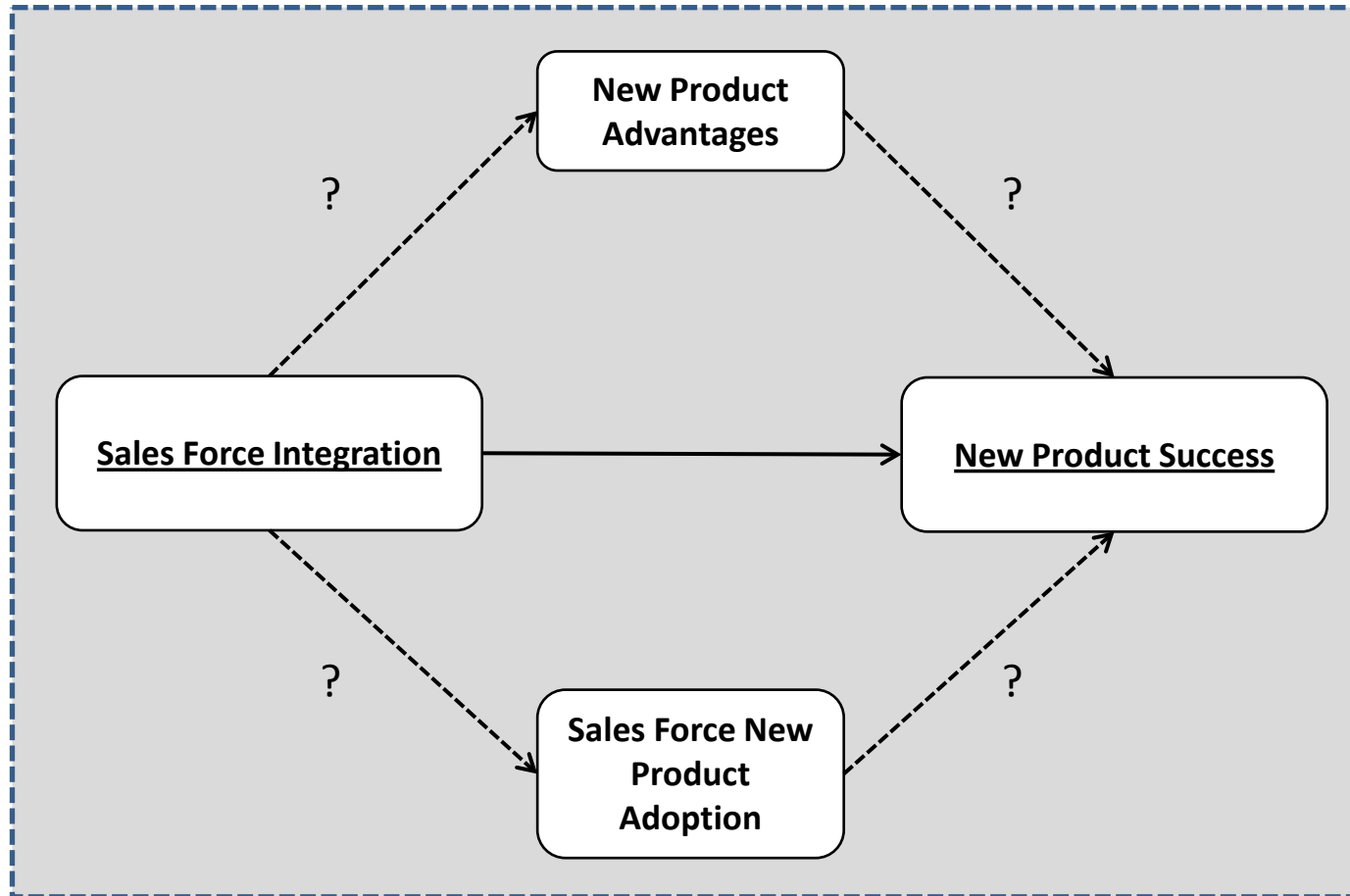
	New product success
<u>Sales force integration</u>	Very strong impact
<u>Marketing integration</u>	Moderate impact

Both sales force integration **and** marketing integration have a positive impact on new product success.

BUT: The impact that emanates from sales force integration is much stronger relative to marketing integration.

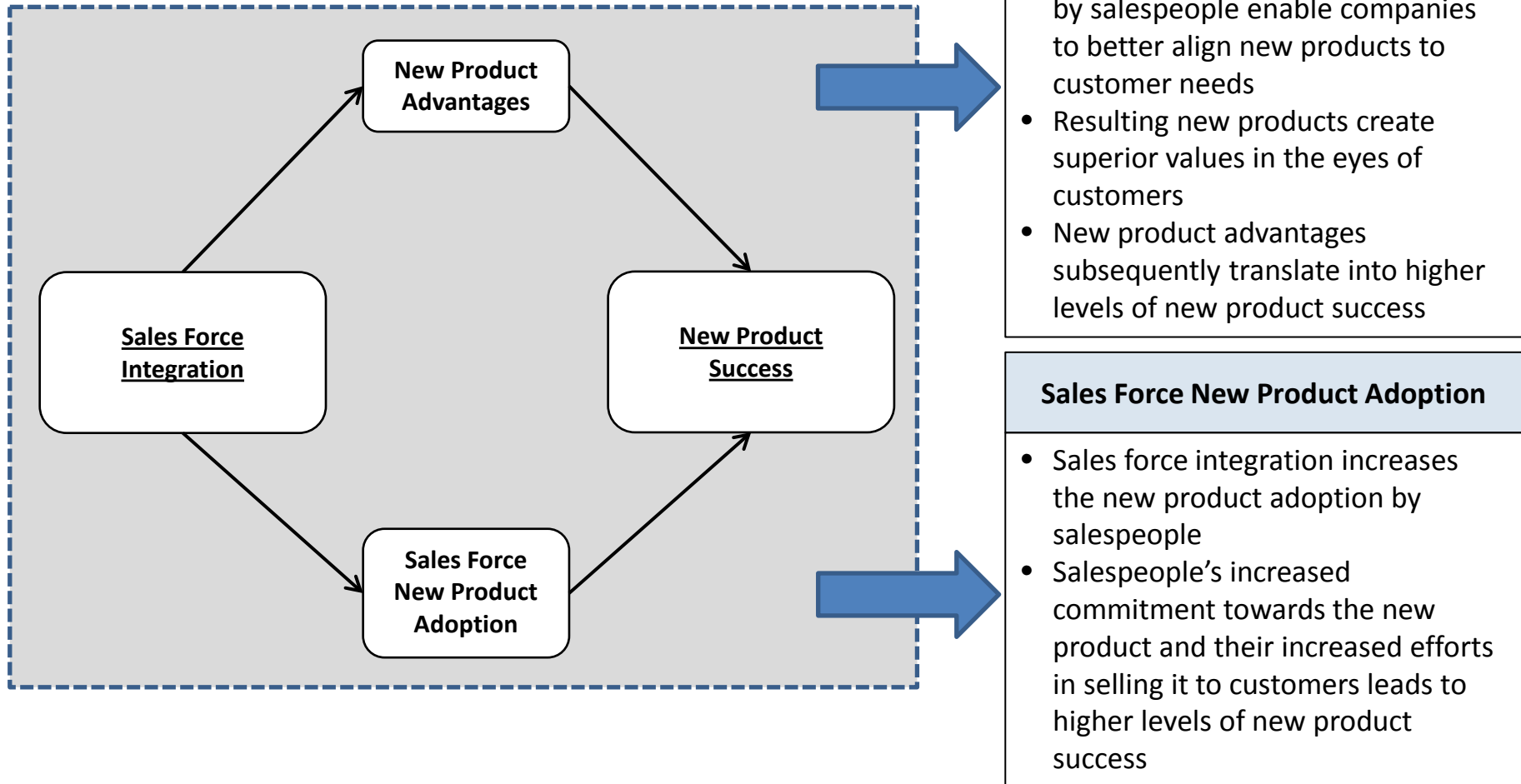
Key Question 2

How can the influence of sales force integration on new product success be explained?



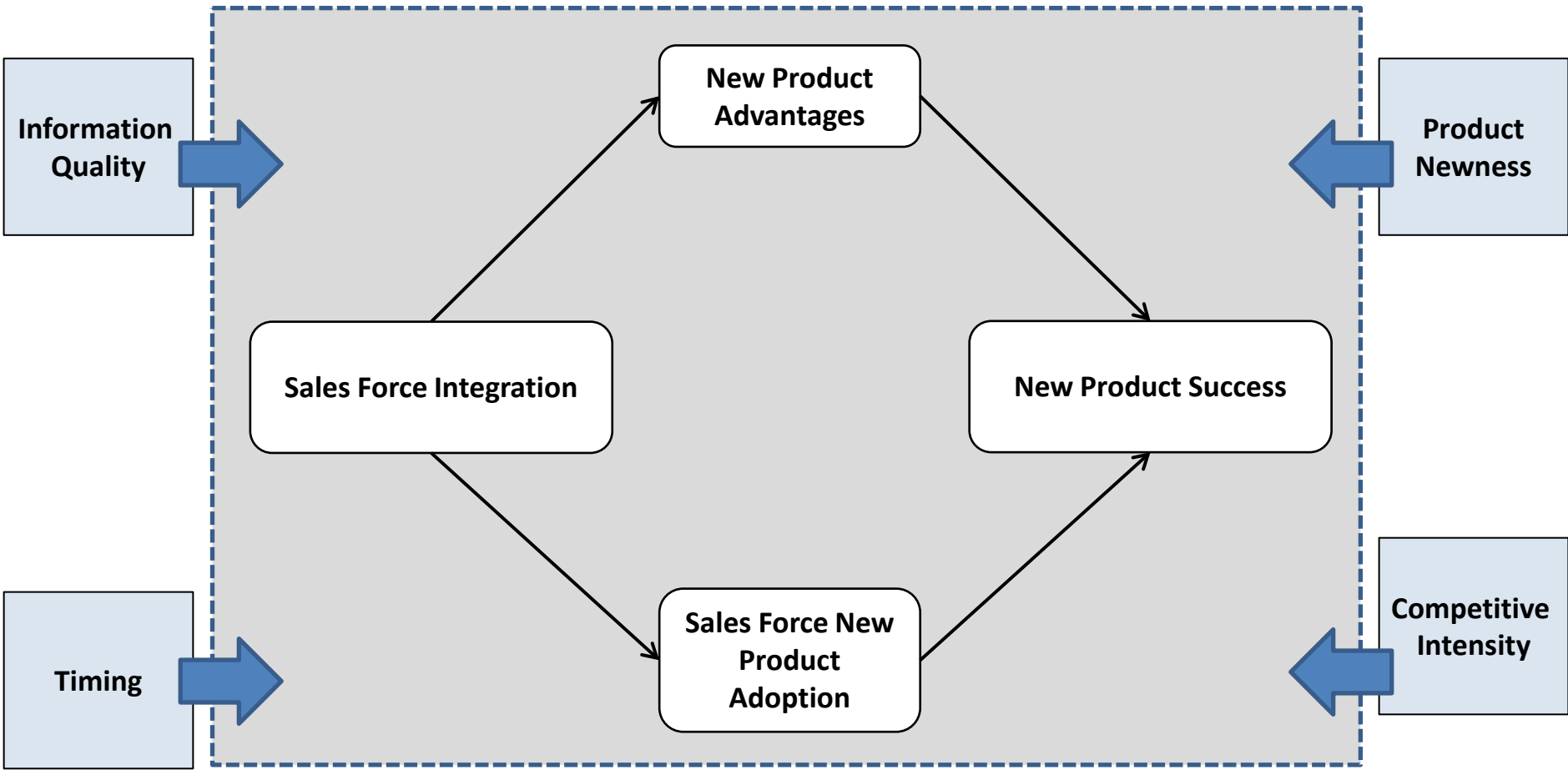
Answer to Key Question 2

How can the influence of sales force integration on new product success be explained?



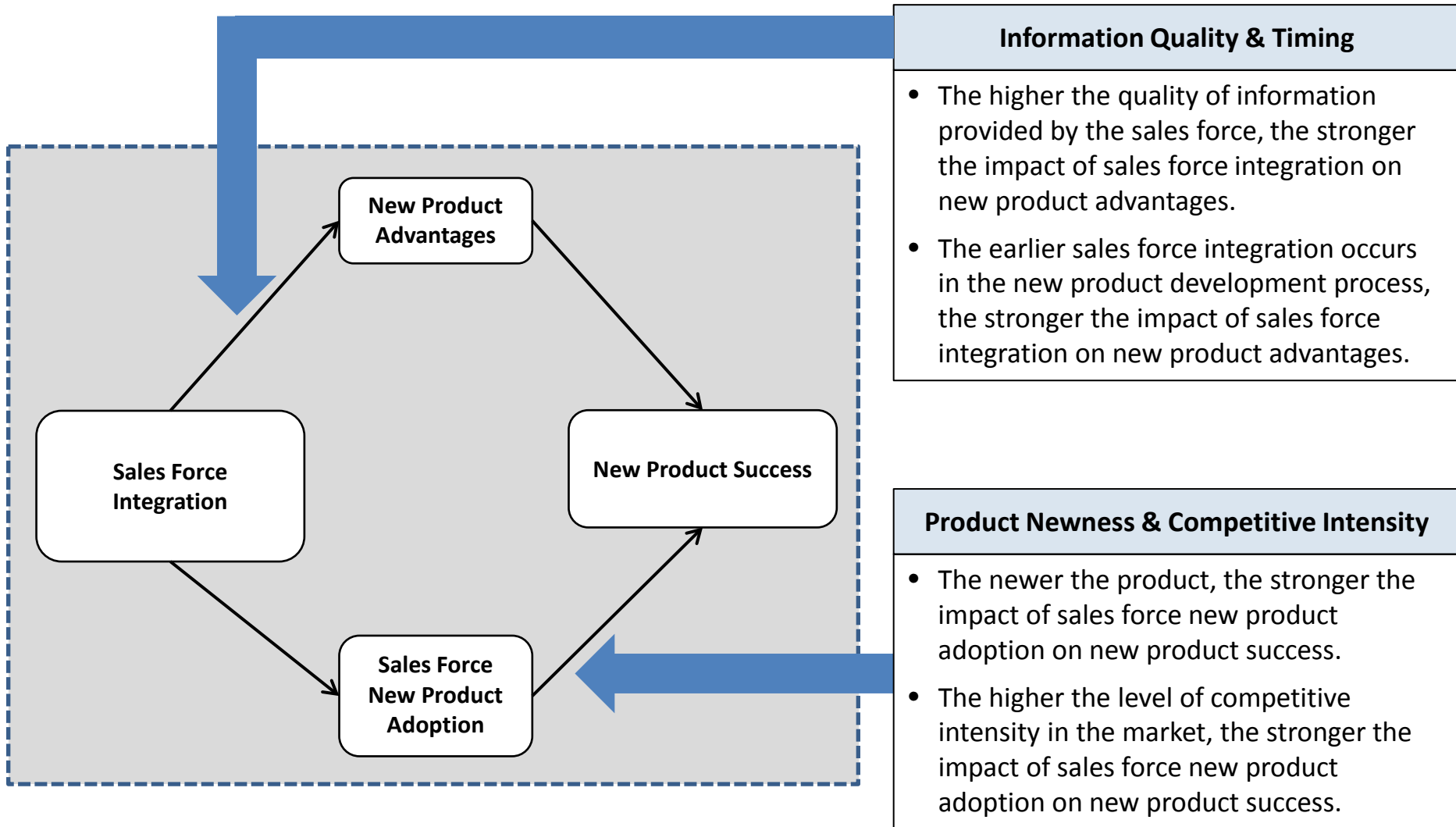
Key Question 3

How do information quality, timing, product newness, and competitive intensity affect the effectiveness of sales force integration?



Answer to Key Question 3

How do information quality, timing, product newness, and competitive intensity affect the effectiveness of sales force integration?



Learning 1

Both marketing integration **and** sales force integration in new product development positively affect the success of new products.

Learning 2

Sales force integration has a stronger impact on new product success relative to marketing integration.

Learning 3

Sales force integration allows for the creation of new products that outperform competitive offerings on the basis of superior product benefits as perceived by customers.

Learning 4

Sales force integration increases the motivation and efforts of salespeople to sell new products to customers.

Learning 5

Salespeople represent a first line of customer. Their adoption of the new product is a strong indicator of its acceptance and success in the marketplace.

Learning 6

Only if sales force information is high in quality – i.e. unbiased, accurate, and relevant information – it helps companies to create new products that are perceived superior by customers.

Learning 7

Sales force insights must be integrated in the earliest stages of the new product development process where they are particularly helpful to generate high-level new product ideas and to evaluate the market potential of new product concepts.

Learning 8

Sales force integration is particularly important for highly innovative products and in markets that are characterized by high levels of competitive intensity.

- Baker, William E. and James M. Sinkula (1999). The Synergistic Effect of Market Orientation and Learning Orientation on Organizational Performance. *Journal of the Academy of Marketing Science*. 27(4):411–427.
- Ernst, Holger, Wayne D. Hoyer, and Carsten Rübсаamen (2010). Sales, Marketing, and Research-and-Development Cooperation across New Product Development Stages: Implications for Success. *Journal of Marketing*. 74(5):80–92.
- Gourville, J.T. (2006). Eager Sellers and Stony Buyers. *Harvard Business Review*. 84(6):98-106.
- Gruner, Kjell E. and Christian Homburg (2000). Does Customer Interaction Enhance New Product Success. *Journal of Business Research*. 49(1):1-14.
- Homburg, Christian and Ove Jensen (2007). The Thought Worlds of Marketing and Sales: Which Differences Make a Difference?. *Journal of Marketing*. 71(3):124-142.
- Le Bon, Joel and Dwight Merunka (2006). The Impact of Individual and Managerial Factors on Salespeople's Contribution to Marketing Intelligence Activities. *International Journal of Research in Marketing*. 23(4):395-408.
- Li, Tiger and Roger J. Calantone (1998). The Impact of Market Knowledge Competence on New Product Advantage: Conceptualization and Empirical Examination. *Journal of Marketing*. 62 (4):13-29.
- Pass, Michael W., Kenneth R. Evans, and John L. Schlacter (2004). Sales Force Involvement in CRM Information Systems: Participation, Support, and Focus. *Journal of Personal Selling & Sales Management*. 24 (3):229-234.
- Prins, Remco and Peter C. Verhoef (2007). Marketing Communication Drivers of Adoption Timing of a New E-Service among Existing Customers. *Journal of Marketing*. 71 (2):169-183.
- Sivadas, E. and Dwyer, F.R. (2000). An Examination of Organizational Factors Influencing New Product Success in Internal and Alliance-Based Processes. *Journal of Marketing*. 64(1):31-49.
- Song, X. Michael and Jeff Thieme (2009). The Role of Suppliers in Market Intelligence Gathering for Radical and Incremental Innovation. *Journal of Product Innovation Management*. 26(1):43-57.
- Talke, K. and Hultink, E.J. (2010). The Impact of the Corporate Mindset on New Product Launch Strategy and Market Performance. *Journal of Product Innovation Management*. 27(2):220-237.

The **Institute for Market-Oriented Management (IMU)** at the University of Mannheim (Germany) considers itself to be a forum for dialogue between scientific theory and practice. The high scientific and academic standard is guaranteed by the close networking of the IMU with the three Chairs of Marketing at the University of Mannheim, which are highly renowned on a national and international level. The Academic Directors of the IMU are Prof. Dr. Hans H. Bauer, Prof. Dr. Dr. h.c. mult. Christian Homburg and Prof. Dr. Sabine Kuester.

If you are interested in further information or have any questions, please contact us at:

Institute for Market-Oriented Management
University of Mannheim
L5, 1
68131 Mannheim / Germany
Phone: 0621 / 181-2388
E-Mail: kuester@bwl.uni-mannheim.de

or visit our website at: www.imu-mannheim.de.

The Authors:

Prof. Dr. Sabine Kuester holds the chair of Marketing III at the University of Mannheim. She is also Director of the Institute of Market-Oriented Management and Academic Director of the Fulltime MBA Program at the Mannheim Business School.

Prof. Dr. Dr. h.c. mult. Christian Homburg holds the chair of Marketing I at the University of Mannheim. He is also Director of the Institute of Market-Oriented Management.

Dr. Andreas Hildesheim, MIB used to work as a teaching and research assistant at the chair of Marketing III at the University of Mannheim.