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# The catbird seat of the sales force: How sales force integration leads to new product success

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## ABSTRACT

Spanning the boundary between the organization and external market participants, the sales force is in an advantaged position to garner unique market insights. At the same time the sales force has a pivotal role in bringing new products to the market as vendors following their own adoption. The present study reunites the literature that has previously considered the sales force either in their role as facilitators of market insights or as vendors of new products by proposing a mediating effects framework that explicitly examines the sales force in their dual role. Data collected from 609 firms provide evidence that the utilization of the sales force's insights for new product development, referred to as sales force integration, engenders new product success. The authors focus in particular on the examination of the input–output transformation process by studying multiple mediation paths through which sales force integration brings about new product success via new product advantages and sales force new product adoption. The effectiveness of sales force integration is highly contingent upon factors including information quality, timing, non-monetary sales force incentives, innovation degree, and competitive intensity. This study discusses how managers should act to fully benefit from the impact of sales force integration on new product success.

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## 1. Introduction

Previous studies acknowledge the effectiveness of market information processing activities in contributing to higher new product success rates (Li & Calantone, 1998; Ozkaya, Droge, Hult, Calantone, & Ozkaya, 2015). This line of research recognizes the integration of market insights from external stakeholders (e.g., customers, suppliers) and internal stakeholders (e.g., marketing, research and development) as a key success factor in new product development (NPD) (Gruner & Homburg, 2000; Olson, Walker, Ruekert, & Banner, 2001). The sales force has been proposed as an internal stakeholder group contributing to market intelligence but previous research has largely neglected the sales force in this role (Ahearne, Rapp, Hughes, & Jindal, 2010; Ernst, Hoyer, & Rübsaamen, 2010).

This lack of attention is surprising especially since the sales force can provide specific insights with respect to customer needs and competitive activities (Ernst et al., 2010; Le Bon & Merunka, 2006). These insights are attributable to the frontline operations of salespeople and their direct interactions with market participants, which allow them to absorb unique market information that extends beyond the knowledge of other internal functions (Liao & Chuang, 2004). The sales department thus harbors boundary

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people (Thietart & Vivas, 1981) in an advantaged position to obtain valuable market intelligence. As such, the sales force is in a catbird seat for gathering external information, which can be leveraged internally to create new products that are better aligned with customer needs and that provide product advantages in the eyes of customers, enhance customers' new product adoption and, ultimately, new product success.

Incorporating these market insights into NPD may also promote the sales force's own new product adoption behavior and motivate its role as vendors of new products that reflect their own input. Sales force new product adoption has been identified as a motivational factor and is defined as the salespeople's acceptance of a new product and the internalization of its goals (i.e., commitment), as well as the extent to which they work hard and smartly to achieve these goals to make the new product successful (i.e., effort) (Hultink & Atuahene-Gima, 2000). In fact, the sales force has been viewed as an internal customer whose adoption can critically impact new product success (Wieseke, Homburg, & Lee, 2008).

We argue that including the sales force's market intelligence in NPD may thus positively impact new product success via its own adoption behavior and should complement the effect on new product success via the external constituent 'customer'. Hence, the intensity with which the market insights generated by the sales force are accounted for internally in the scope of NPD processes, which we define as *sales force integration*, may have favorable effects on the success of new products via these two separate routes. The objective of the present study is to scrutinize how sales force integration engenders new product success, i.e., the degree to which the new product achieves the corporate objectives which are associated with the new product project (Gatignon & Xuereb, 1997), via these two routes.

There is a dichotomy in the literature on how the sales force facilitates firms' new product endeavors. One strand of this literature considers the sales force's role as vendors and adopters in the new product context. This research identifies the sales force as a key driver in new product adoption (Atuahene-Gima, 1997; Beuk, Malter, Spanjol, & Cocco, 2014; Hultink & Atuahene-Gima, 2000). Ahearn et al. (2010) also consider salespeople's role as vendors and posit that the effort that salespeople allocate to new products is determined by the extent to which they believe in the value of the product and the resulting effort affects customer perceptions of new products and thus sales. Wieseke et al. (2008) find that the brand adoption of sales managers and subordinate salespeople is influenced by expected customer demand, i.e., their evaluations of brand attributes. It is a key tenet of our research that the sales force serves as market intelligence gatherer and that integrating this knowledge in NPD can influence the attributes of products, the sales force's own adoption, and finally innovation success which represents a perspective lacking in these previous studies.

Another strand of literature acknowledges the role of the sales force as providers of market insights for NPD. Kuester and Rauch (2016) demonstrate that R&D's use of market intelligence provided by sales positively influences innovation performance and show that NPD depends on sales to systematically generate market insights. Ernst et al. (2010) also investigate sales as a source of market information for NPD in the context of cross-functional cooperations with marketing and R&D. The authors identify a positive influence of sales-marketing and sales-R&D cooperation on NPD project performance and propose the conjoint integration of know-how from sales, marketing, and R&D as direct antecedents of NPD project performance.

In summary, while prior research has considered the sales force either as vendors of new products or as facilitators of market insights, no study has investigated the impact of the sales force in their dual role. Thus, prior research has failed to ascertain how market insights provided by the boundary spanning sales force potentially impacts new product success by creating products that are better aligned with customer needs and by motivating the sales force's own adoption behavior. We close this research gap by developing a multiple mediating effects framework with an external mediation path, via the customer as the external constituent, and an internal mediation path, via the constituent sales force as the 'internal customer'. This framework acknowledges the dual role of the sales force as facilitators of market insights and vendors of new products that were developed using their insights. We also account for the uncertainty impacting the effectiveness of this framework by examining contingency factors, such as the quality of the information gathered, the point in time during NPD when the integration occurs, non-monetary sales force incentives, whether radical or incremental products are concerned, and the market's competitive intensity.

With evidence garnered from three datasets, two of which are at the product level ( $n_1 = 219$ ;  $n_2 = 121$ ) and one at the overall corporate level ( $n_3 = 269$ ), and additional objective data we offer several contributions to the existing literature. First, the present study hones our understanding of the unique role of the sales force in the realm of NPD as a major source of unique know-how that can be leveraged to support the development of successful new products. Second, our multiple mediating effects framework explicitly examines the dual paths by which the sales force impacts new product success by being facilitators of market insights that are uniquely valuable for NPD and by delivering new products to the market following their own adoption when selling products that were developed based on their own market insights. Third, the consideration of contingency factors identifies important situational conditions impacting the effectiveness of sales force integration. Fourth, we discuss what companies can do to enable the sales force in their organizations and to fully benefit from the impact of sales force integration on new product success.

## 2. Theoretical foundations and hypothesis development

### 2.1. The knowledge-based view of the firm

The knowledge-based view of the firm (KBV) serves as our theoretical foundation. The KBV considers knowledge as the company's primary and most important strategic resource which determines its competitive advantages and long-term success (Felin & Hesterly, 2007; Grant, 1996). Knowledge is acquired and harbored by individuals within the organization and the firm's

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