The Specific Role of Sales Force Integration in New Product Development

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Executive Summary

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.

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
<table>
<thead>
<tr>
<th>Agenda</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Topic Relevance and Introduction</td>
</tr>
<tr>
<td>- Key Questions for Innovative Companies</td>
</tr>
<tr>
<td>- Study Characteristics + Main Study Descriptive Statistics</td>
</tr>
<tr>
<td>- Results</td>
</tr>
<tr>
<td>- Learnings for Managers</td>
</tr>
<tr>
<td>- References</td>
</tr>
<tr>
<td>- Contact and Further Information</td>
</tr>
</tbody>
</table>
## 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 Questions for Innovative Companies

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?
Study Characteristics

**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
Main Study Descriptive Statistics

### Industries
- Construction & Engineering: 20%
- IT & Communications: 16%
- Pharmaceuticals & Healthcare: 13%
- Financial Products: 11%
- Consulting: 8%
- Consumer Electronics: 6%
- Food & Beverages: 6%
- Medical Devices: 5%
- Clothing: 5%
- Other: 10%

### Sales
- < 100,000 €: 46%
- 1 mio - 10 mio €: 21%
- 10 mio - 100 mio €: 12%
- > 100 mio €: 12%

### Employees
- < 200: 40%
- 200 - 500: 9%
- 500 - 1000: 9%
- 1000 - 2000: 8%
- 2000 - 5000: 9%
- > 5000: 16%

### Sector
- B2B: 50%
- B2C: 50%
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?

<table>
<thead>
<tr>
<th>New product success</th>
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<tbody>
<tr>
<td>Sales force integration</td>
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<tr>
<td>Very strong impact</td>
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<tr>
<td>Marketing integration</td>
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<td>Moderate impact</td>
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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?

New Product Advantages

• Customer-specific insights provided by salespeople enable companies to better align new products to customer needs
• Resulting new products create superior values in the eyes of customers
• New product advantages subsequently translate into higher levels of new product success

Sales Force New Product Adoption

• Sales force integration increases the new product adoption by salespeople
• Salespeople’s increased commitment towards the new product and their increased efforts in selling it to customers leads to higher levels of new product success
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?

<table>
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<th>Information Quality &amp; Timing</th>
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<tr>
<td>• The higher the quality of information provided by the sales force, the stronger the impact of sales force integration on new product advantages.</td>
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<td>• The earlier sales force integration occurs in the new product development process, the stronger the impact of sales force integration on new product advantages.</td>
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<th>Product Newness &amp; Competitive Intensity</th>
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<td>• The newer the product, the stronger the impact of sales force new product adoption on new product success.</td>
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<td>• The higher the level of competitive intensity in the market, the stronger the impact of sales force new product adoption on new product success.</td>
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What can innovative companies learn from this study? (1/2)

**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.
What can innovative companies learn from this study? (2/2)

**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.
References


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