

# SALES FORCE INTEGRATION IN NEW PRODUCT DEVELOPMENT: A KEY DRIVER OF NEW PRODUCT SUCCESS?

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## SUMMARY

The continuous development and successful launch of new products represents a prerequisite for the survival and growth of individual firms, as well as for long-term organizational success (e.g., Prins and Verhoef 2007). However, new product failure rates remain at consistently high levels (e.g., Wieseke, Homburg, and Lee 2008). Previous studies commonly acknowledge the effectiveness of market information processing activities for a better understanding of customer needs, the development of superior new products, and higher new product success rates (Li and Calantone 1998; Wei and Morgan 2004). Based on these findings, it is of utmost importance to integrate market information from stakeholders inside and outside the company for developing successful new products.

Recent research has advocated the integration of external stakeholders – such as customers and suppliers – into the new product development (NPD) process (e.g., Gruner and Homburg 2000; Song and Thieme 2009). With regard to company-internal information sources, the extant literature has largely concentrated on the marketing and research and development (R&D) functions (Frishammar and Hörte 2005; Griffin and Hauser 1996). However, the role of salespeople as firm-internal market information source has largely been neglected in previous research despite salespersons' unique insights on customer wants and competitive activities (Homburg and Jensen 2007; Troy, Hirunyawipada, and Paswan 2008). Therefore, this study focuses on the distinct role that sales force integration plays for improved new product performance outcomes. Drawing on the resource-based view of the firm (RBV), the conceptual framework of this study concentrates on the impact that the company-internal processing of market information provided by salespeople exerts on new product success via new product advantage and sales force new product adoption.

Data on 219 new product projects from various industries provide empirical evidence that the intensity to which sales force insights are processed in the scope of new product-related decision-making significantly affects new product success via new product advantage and new product adoption by the sales force. More precisely, we find a significant positive relationship between sales force integration and new product advantage, which

in turn, positively affects new product success. In addition, sales force integration exerts a significant positive impact on sales force new product adoption, which subsequently improves new product success. Both new product advantage and sales force new product adoption serve as full mediators of the relationship between sales force integration and new product success.

Our results also prove the existence of several contextual factors that influence our main effects. For example, the study demonstrates that information quality and timing influence the effectiveness of sales force integration for achieving superior new product offerings in the eyes of customers. Particularly, we find that higher levels of information quality strengthen the positive relationship between the company-internal processing of sales force insights and new product advantage. This result supports the assumption that the information provided by the sales force must be accurate and relevant in order to support managers in making effective decisions with regard to new product projects (Zimmer, Henry, and Butler 2007). Moreover, the effect of sales force integration on new product advantage is strongest when sales force information is accounted for in the earliest phase of the NPD process. In contrast, high intensities of sales force integration at late stages considerably weaken its positive impact on new product advantage. This result emphasizes the particular value of sales force information for the identification of market potential and the generation of superior new product ideas and concepts at the very beginning of each NPD process (Ernst, Hoyer, and Rübsaamen 2010; Troy, Hirunyawipada, and Paswan 2008). Finally, we find that the effectiveness of salespersons' new product adoption for achieving new product success is stronger the more radical the new product is. Thus, our results support the view that the company's sales force serves as a valuable communication vehicle that translates customer risk perceptions into recognitions of superior and differential gains derived from new product adoption, thereby supporting the market acceptance of radical innovations (Ahearne et al. 2010; Lee and O'Connor 2003).

Taken together, our study provides empirical evidence that companies can considerably improve new product success by processing sales force information in the scope of NPD processes, thereby establishing sales force integration as a key driver of new product success.

Yet, in comparison to other stakeholders, salespeople still represent an underutilized resource of market intelligence in corporate practice (Liu and Comer 2007; Tanner, Jr. and Shipp 2005). It is still not very clear which factors

prevent companies from leveraging this valuable source of market information, making the identification of sales force integration barriers a fruitful area for further research projects. References are available upon request.

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