KESZEY, T. BIEMANS, W.G., MALSHE, A. (2013): Sales-marketing interface and company performance. Is information use the missing link? In: Sezgin, S., Karaosmanoglu, E., Ayse, B., (szerk.): Lost in Translation: Marketing in an Interconnected World, European Marketing Academy & Istanbul Technical University, Turkey, 136-143. (ISBN:978-9944-380-10-2)

Corresponding author:

Tamara Keszey (Corvinus University of Budapest, Hungary, Tamara.Keszey@uni-corvinus.hu)

Over the last couple of years there has been an ongoing debate on how sales managers contribute to organizational value. Direct measures between sales-marketing interface quality and company performance are compromised, as company performance is influenced by a plethora of other factors. We advocate that the use of sales information is the missing link between sales-marketing relationship quality and organizational outcomes. We propose and empirically test a model on how sales-marketing interface quality affects managerial use of sales information, which in turn leads to enhanced organizational performance. We found that marketing managers rely on sales information if they think that their sales counterpart is trustworthy. Integration between the sales-marketing function contributes to a trust-based relationship.

Keywords: *managerial use of market information, sales-marketing interface*

Acknowledgements: The research has been conducted within the framework of the post-doctoral research project by the Hungarian Scientific Resarch Fund (OTKA), project nr. PD77726. The author is grateful for the support of János Bolyai Research Program by the Hungarian Academy of Sciences.

1. Introduction and Background

The organizational ability to use market information has become a new battlefield of competition, as it leads to better organizational performance, market orientation, innovativeness and sustainable, hard-to-copy competitive advantage (Jaworski and Kohli 1993; Sinkula 1994; Zaltman and Deshpandé 2000). The concept of the salesforce as a potential source of market intelligence is not recent (Thietart and Vivas 1981). The salesforce may be an important source of information, and thus contribute to the firm's market sensing process, because they have daily contacts with customers. Market information collected by salespeople is low cost and instant.

Managerial utilization of market information has received increased academic attention in marketing over the past 30 years, but scholars failed to look at how marketing managers utilize information from the salesforce. Empirical studies focus on the use of market research and information from marketing interfaces with R&D, engineering, accounting and manufacturing, or processes (marketing planning, innovation) (Deshpandé and Zaltman 1982; Low and Mohr 2001; Maltz and Kohli 1996; Moorman et al. 1992).

Recently, the literature on marketing managers' collaboration with their sales counterpart has grown. Over the years, a significant body of research has been developed which describes the sales-marketing dynamic and concludes that sales and marketing contribute to firm performance through complex interactions and coordination (Biemans et al. 2010; Guenzi and Troilo 2007; Kotler et al. 2006). Thus, the contribution of sales to the firm's market sensing process is governed by the quality of the firm's sales-marketing interface. Existing studies focus on the effects of the sales-marketing interface on firm performance (2007; Homburg et al. 2008). The present study contributes to this literature by investigating marketing managers' use of market information provided by sales as the missing link between the sales-marketing interface and firm performance.

2. Conceptual Framework and Key Constructs

In our conceptual framework we link two bodies of research; managerial utilization of market information and the sales-marketing interface literature. Managerial use of market information is a multidimensional concept. The most important and extensively researched mode is the instrumental use, defined as direct utilization of information for solving a well-defined problem (Caplan et al. 1975). Previous research suggests that in the process of information use two concepts, perceived quality of information and trust between users and providers of information play key role. The perception of information is a subjective process, where users evaluate whether the information source is trustworthy, with trust being defined as the combination of professional capabilities and responsible, co-operative behaviour of the information source (Moorman et al. 1992). Scholars point out that perceived information quality and trust should not be regarded as direct antecedents of information use, rather as a mediator between information use and other antecedents (Low and Mohr 2001; Maltz and Kohli 1996; Moorman et al. 1993). Our model is consistent with this approach; it proposes that the quality of the sales-marketing relationship affects managerial use of sales information through trust and perceived information quality.

Integration, defined as the extent to which tasks are carried out by the two functions supporting each other (Rouziés et al. 2005) is considered a central concept and indicator of sales-marketing relationship quality (Ernst et al. 2010; Guenzi and Troilo 2007; Le Meunier-FitzHugh and Piercy 2007). Trust is important within organizational interfaces because managers are 'boundary spanners', who need to maintain and build effective horizontal ties within firms (McAllister 1995). Therefore, it is surprising that the concept of trust has hardly received attention from sales-marketing interface scholars (for an exception see (Massey and Dawes 2007). But researchers on the managerial utilization of market information found empirical evidence of a strong positive effect of collaboration between information user and provider on interpersonal trust (Moorman et al. 1992). We suggest that the managerial ability to use information is mainly an organizational capability, which in turn reinforces personal attitudes. A key personal factor is commitment, which is defined as the degree to which the receiver identifies with the organization and is committed to pursuing its goals (Jaworski and Kohli 1993). In addition, two organizational antecedents are considered: centralization and extrafunctional training. Centralization is defined as the delegation of decision-making authority throughout the organization and the participation of managers in decision making (Aiken and Hage 1968), whereas extrafunctional training pertains to the existence of training programs where managers obtain insight into other departments' job practice (Maltz and Kohli 2000).

3. Hypotheses

The literature on managerial use of market research suggests that information quality, as perceived by the manager, is the most important factor to determine whether the market information has been used in decision making (Deshpandé and Zaltman 1982; Low and Mohr 2001; Maltz and Kohli 1996; Menon and Varadarajan 1992). We argue that the more up-to date, comprehensive, relevant and transparent the market information the more valuable it is in the eyes of managers, because it will provide credible answers to managerial questions and reduce the risks of decision making. The use of market information is proposed to be both an organizational and personal ability. Extrafunctional training provides opportunities to get deeper insight into the job of other departments and to get a tacit knowledge, a better personal understanding of how other units approach managerial problems. For instance, it will help bridge the difference between marketing managers' focus on market segments and salespeople's emphasis on individual customers. Marketing managers participating in extrafunctional training are expected to make better use of sales intelligence.

H1a: The better the information perceived by the marketing manager the more he uses it

H1b: Extrafunctional managerial training has a positive effect on the managerial use of sales information

Trust is expected to have a positive effect on sales information quality, as perceived by the marketing manager. There is information asymmetry between the marketing and the sales manager, because it is the sales manager who is in daily contact with the individual accounts. This asymmetry limits the marketing managers' objective judgment of the information from the salesforce. We propose that marketing managers' perception of sales information quality is biased by the quality of the interpersonal relationship.

H2: The more the marketing executive trusts the sales manager, the better the perceived quality of the information

Lack of trust is an issue between sales and marketing managers. Scholars point out that salespeople and marketing managers differ in cultural norms (Beverland et al. 2006; Homburg and Jensen 2007). The relationship between sales and marketing could be described by mistrust (Kotler et al. 2006). The differences between two groups' cognitive scheme is described by Caplan, Morisson et al. (1975) with the "two communities metaphor". This assumes that a difference between the culture and norms of sales and marketing managers leads to dysfunctional conflicts, weakens the collaboration, leads to loss of trust and consequently to low levels of information utilization (Caplan et al. 1975). Integration between sales and marketing contributes to a trust-based relationship and provides opportunities for joint development of professional skills and to demonstrate professional capabilities. Moorman, Zaltman et al.(1992) also found a positive relationship between managerial co-operation and trust.

H3: The closer the integration between sales and marketing, the more the marketing manager trusts his sales counterpart

Committed marketing managers are expected to be more willing to carry out activities supporting colleagues from other departments. Committed managers are emotionally linked to the company, they desire to belong to the organization in the long run. Integration with another unit requires extra managerial efforts, because integration embraces coordination, communication, involvement (Rouziés et al. 2005). Committed managers are more motivated and opened towards integration because they are more willing to collaborate and support each other (Morgan and Hunt 1994).

H4: Marketing managers' commitment has a positive effect on integration between the sales and marketing units

It is further proposed that managers in decentralized organizations, having authority to make their own decisions, are more committed towards the firm than managers with only limited personal freedom to make decisions. Authorized managers are responsible because they have to bear the consequences of their decisions. Responsibility means that managers care about the future and future outcomes of managerial actions. Commitment has been defined as a desire to maintain long term relationship (Morgan and Hunt 1994). Decentralization creates an emotional link to the company, because it allows managers to enjoy more freedom in decision-making and fosters creativity. Scholars report that decentralization enhances interface connectedness and integration (Menon et al. 1997; Rouziés et al. 2005).

H5: Organizational decentralization leads to managerial commitment.

4. Method

The data for testing the hypotheses were collected in one European country. The questionnaire was pre-tested with 30 marketing managers with proven experience in their roles. The questionnaire was administered by mail to every single marketing executive of companies belonging to the top 10 percent in terms of sales revenues. The database of the National Statistical Office was used as sampling frame and 972 questionnaires were sent out. This resulted in 338 returned questionnaires (a response rate of 34%). The respondents are marketing managers or general managers in charge of market decisions. The mean of the job-specific experience of the respondents was 8 years. Most respondents were one level below top management in the hierarchy, which supports their decision-making authority. Analysis of variance does not indicate significant differences between the means of key constructs or the descriptive statistics between early and late respondents (Armstrong and Overton 1977). The most common reason for refusal was a lack of time, leading us to conclude that non-response does not cause systematic errors in the sample.

To measure the constructs in our conceptual framework we used five-point Liker-type multi-item scales taken from or based on former studies. Use of marketing information was measured with scales developed by Maltz and Kohli (1996) with 3 items. Extrafunctional training was assessed with two items taken from Maltz and Kohli (2000). Perceived information quality was measured using four items drawn from Maltz and Kohli (1996). Trust between sales and marketing managers was assessed using four scale items from Moorman et al. (1992) and from Maltz and Kohli (1996). Integration was measured with two items, whereas organizational commitment was measured on a five-point-scale based on work of (Jaworski and Kohli 1993). Centralization was measured by three items, based on (Deshpandé and Zaltman 1982). All Cronbach alpha values were above .70, the threshold recommended by (Nunnaly 1978). We ran a single CFA grouping for all the multi-item measures. The model thus specified showed a good fit ($\chi2$=374, df=209; $\chi2$/df= 1.79, p<.001, GFI = .91; CFI = .94; TLI = .93; RMSEA = .04.). All factor loadings are statistically significant and above .50 (Anderson and Gerbing 1988). All constructs show acceptable values of composite reliability (>.60). The average variance extracted (AVE) values are greater than .50 (Bagozzi and Yi 1988), and the square of the intercorrelation between two constructs is less than the AVE estimates of the two constructs for all pairs of constructs signalling discriminant validity (Fornell and Larker 1981).

5. Analyses and Results

We tested our hypotheses using structural equation modelling analysis. The main fit indices suggest that the model fits the data acceptably well ($\chi2$(370)/df=1.67; GFI=.91; AGFI=.90, CFI=.94; RMSEA=.045, PCLOSE=,86).

Table 1. Results of the analysis

	Standardized regression weights	Variance explained (R2)
USE ← PIQ /H1a/	.68***	USE:.53
USE ← Extrafunctional trainings /H1b/	.26***	
PIQ ← Trust /H2/	.71***	PIQ:.50
Trust ← Integration /H3/	.65***	Trust:.42
Integration ← Commitment /H4/	.31***	Integration: .10
Commitment ← Centralization /H5/	-.46***	Commitment: .22

PIQ – Perceived Information Quality; *** p<.001, **p<.01,*p<.05

H1a is supported because perceived sales information quality has a positive significant effect on managerial use of information (b=.68, p<.001). H1b is also supported, suggesting that marketing managers participating in extrafunctional training are able to make a better use of information from the salesforce (b=.26, p<.001). The relationship between sales-marketing manager trust and information perceived by the manager is also positive and significant, thus supporting H2 (b=.71, p<.001). Integration has a positive and significant impact on trust, providing support for H3 (b=.65, p<.001). H4 is supported as well (b=.31, p<.001), signalling that commitment has a strong positive effect on integration. Centralization has a significant negative impact on commitment, thus H4 is supported (b=-.46, p<.001).

6. Discussion and Implications

In this paper we link research on the managerial use of market information with literature about the sales-marketing interface, two distinct and so far separate streams of literature. The last couple of years have witnessed an ongoing debate on how sales managers contribute to organizational value. Scholars argue that sales-marketing interface integration leads to superior value creation and improved market performance (Guenzi and Troilo 2007; Le Meunier-FitzHugh and Piercy 2007). We advocate that direct measures between sales-marketing interface characteristics and company performance are problematic, because company performance is influenced by a plethora of other factors that are out of the focus of the sales-marketing interface. Our study of the relationship between sales-marketing interface characteristics and managerial reliance on sales information provides a more direct measure of how sales contributes to firm performance. Our results imply that the missing link between the sales-marketing relationship and firm performance is the managerial use of sales information. Our results provide empirical evidence that integration indirectly – through trust – leads to better use of sales information. Use of market information in turn contributes to organizational performance (Jaworski and Kohli 1993; Sinkula 1994; Theoharakis and Hooley 2008; Zaltman and Deshpandé 2000). We found that the core process of managerial use of information is not information type specific. Trust and perceived quality of information play key roles in how marketing managers rely on sales information, but these two factors were found to be central concepts in the marketing information use literature, where scholars looked at how managers rely on commissioned market research, or information disseminated through different interfaces (Maltz and Kohli 1996; Moorman et al. 1992). Our results imply that managers seek accurate, up-to-date and relevant information from trustworthy sources. It highlights that the perception of information quality is a subjective process, biased by prior beliefs about the professional capabilities and positive attitude of the information source. Managers will be reluctant to consider valuable sales information if they do not trust their sales counterpart. We argue that the managerial use of sales information is predominantly not a personal, but an organizational capability. This paper also provides empirical support for how organizational configurations affect the sales-marketing interface and the use of sales information by marketing. Managers in decentralized business units are found to be more committed employees; personal commitment leads to higher willingness to integrative collaboration with sales managers, and collaboration leads to better ability of information use. According to our results, extrafunctional management training directly contributes to the managerial capability to use high quality market information. Based on our findings, we argue that managers participating in cross-departmental training are better able to use information already available within the company.

References

Aiken, M. and Hage, J. [1968], 'Organizational Independence and Intraorganizational Structure', American Sociological Review, Vol. 33, No. December, pp. 912-30.

Anderson, J. C. and Gerbing, D.W. [1988], 'Structural Equation Modeling in Practice: A Review and Recommended Two-Step Approach', Psychological Bulletin, Vol. 103, No. 3, pp. 411-23.

Armstrong, J.S. and Overton, T.S. [1977], 'Estimating Nonresponse Bias in Mail Surveys', Journal of Marketing Research, Vol. 14, No. August, pp. 396-402.

Bagozzi, R. and Yi, Y. [1988], 'On the Evaluation of Structural Equation Models', JOurnal of the Academy of Marketing Science, Vol. 16, No. 1, pp. 74-94.

Beverland, M., Steel, M., and Dapiran, G.P. [2006], 'Cultural Frames that Drive Sales and Marketing Apart: An Exploratory Study', Journal of Business & Industrial Marketing, Vol. 21, No. 6, pp. 386-94.

Biemans, W.G., Makovec Brenčič, M., and Malshe, A. [2010], 'Marketing-sales interface configurations in B2B firms', Industrial Marketing Management, Vol. 39, No. 2, pp. 183-94.

Caplan, N., Morisson, A., and Stambaugh, R.J. [1975], 'The Use of Social Science in Public Policy Decisions at the National Level', (Michigan: Institute for Social Research).

Deshpandé, R and Zaltman, G [1982], 'Factors Affecting the Use of Market Research Information: A Path Analysis', Journal of Marketing Research, Vol. 19, No. February, pp. 14-31.

Ernst, H., Hoyer, W.D., and Rübsaamen, C. [2010], 'Sales, Marketing, and Research Development Cooperation Across New Product Development Stages: Implications for Success', Journal of Marketing, Vol. 74, pp. 80-92.

Fornell, C. and Larker, D.F. [1981], 'Evaluating Structural Equation Models with Unobservable Variables and Measuerement Error ', Journal of Marketing Research, Vol. 18, pp. 39-50.

Guenzi, P. and Troilo, G. [2007], 'The joint contribution of marketing and sales to the creation of superior customer value', Journal of Business Research, Vol. 60, No. 2, pp. 98-107.

Homburg, C. and Jensen, O. [2007], 'The thought worlds of marketing and sales: which differences make a difference? ', Journal of Marketing, Vol. 71, No. 3, pp. 124-42.

Homburg, C., Jensen, O., and Krohmer, H. [2008], 'Configurations of marketing and sales: a taxonomy ', Journal of Marketing,, Vol. 72, No. 2, pp. 133-54.

Jaworski, B., J and Kohli, A.K. [1993], 'Market Orientation: Antecedents and Consequences', Journal of Marketing, Vol. 57, No. July, pp. 53-70.

Kotler, P., Rackham, N., and Krishnaswamy, S. [2006], 'Ending the war between sales & marketing', Harvard Business Review, Vol. 84, No. 7/8, pp. 68-78.

Le Meunier-FitzHugh, K. and Piercy, N. [2007], 'Does Collaboration Between Sales and Marketing Affect Business Performance?', Journal of Personal Selling and Sales Management, Vol. 27, No. 3, pp. 201-20.

Low, G.S. and Mohr, J.J. [2001], 'Factors Affecting the Use of Information in the Evaluation of Marketing Communications Productivity', Journal of the Academy of Marketing Science, Vol. 29, No. Winter, pp. 70-88.

Maltz, E. and Kohli, A. K. [1996], 'Market Intelligence Dissemination Across Functional Boundaries', Journal of Market Research, Vol. 33, No. February, pp. 47-61.

Maltz, E. and Kohli, A.K. [2000], 'Reducing marketing's conflict with other functions: The differential effects of integrating mechanisms', Academy of Marketing Science, Vol. 28, No. 4, pp. 479-92.

Massey, G.R. and Dawes, P.L. [2007], 'Personal Characteristics, Trust, Conflict and Effectiveness in Marketing/sales Working Relationships', European Jouran of Marketing, Vol. 41, No. 9/10, pp. 1117-45.

McAllister, D.J. [1995], 'Affect-and Cognitive Trust as Foundations for Interpersonal Cooperation in Organizations.', Academy of Management Journal, Vol. 38, No. 1, pp. 24-59.

Menon, A. and Varadarajan, R. [1992], 'A Model of Marketing Knowledge Use Within Firms', Journal of Marketing, Vol. 56, No. 4, pp. 53-72.

Menon, A., Jaworski, B., J, and Kohli, A. K. [1997], 'Product Quality: Impact of Interdepartmental Interactions', Journal of the Academy of Marketing Science, Vol. 25, No. 3, pp. 187-200.

Moorman, C., Zaltman, G., and Deshpandé, R. [1992], 'Relationships Between Providers and Users of Market Research: The Dynamics of Trust Within and Between Organizations', Journal of Marketing Research, Vol. 24, No. August, pp. 314-28.

Moorman, C., Deshpandé, R., and Zaltman, G. [1993], 'Factors Affecting Trust in Market Research Relationships', Journal of Marketing, Vol. 57, No. January, pp. 81-101.

Morgan, R, M. and Hunt, R, S. [1994], 'The Commitment-Trust Theory of Realationship Marketing', Journal of Marketing, Vol. 58, No. July, pp. 20-38.

Nunnaly, J.C. [1978], Psychometric theory (2nd edition edn.; New York: McGraw Hill).

Rouziés, D., et al. [2005], 'Sales and Marketing Integration: A Proposed Framework', Journal of Personal Selling and Sales Management, Vol. 25, No. 2, pp. 113-22.

Sinkula, J.M. [1994], 'Market Information Processing and Organizational Learning', Journal of Marketing, Vol. vol.58, No. January, pp. 35-45.

Theoharakis, V. and Hooley, G. [2008], 'Customer Orientation and Innovativeness: Differing Roles in New and Old Europe', International Journal of Research in Marketing, Vol. 25, No. 1, pp. 69-79.

Thietart, R.A. and Vivas, R. [1981], 'Strategic Intelligence Activity: The Management of the Sales Force as a Source of Strategic Information', Strategic Management Journal, Vol. 2, pp. 15-25.

Zaltman, G. and Deshpandé, R. [2000], 'The Use of Market Research - An Exploratory Study of Manager and Researcher Perspectives', in R. Deshpandé (ed.), Using Market Knowledge (Thousand Oaks: Sage Publications, Inc.), 31-81.