Marketing Intelligence of Sales Force and Sales Effectiveness

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Abstract

The present age is an age of information. Services are heavily information dependent. Information is rapidly becoming a service in its own right. Indeed, the revolution in information technology (IT) has propelled "information" to the position of the most critical factor in wealth creation (Braun and Holick, 2006; Arlt, 2006). The paper is an effort to study marketing Intelligence as a concept and study its effect on sales performance of the salesperson in the Insurance and Banking sector. The previous literature throws ample light on the marketing intelligence activities of sales persons and their potential role as information gatherers but the objective of the present study is an effort to explore the relationship between the marketing intelligence of the sales person and their sales effectiveness. The results of Independent sample t static reveal that the marketing intelligence of the salespersons/agents positively affects their sales effectiveness.

Keywords:

Marketing Intelligence system, marketing information system, sales effectiveness, marketing orientation.

Introduction

Marketing Intelligence is amongst the marketing and behavioural literature that has received insignificant attention. In spite of the fact that marketing intelligence is regarded as a peripheral duty of the sales force, it cannot be refuted that it can furnish important information about competitors and customers. For the purpose of this study, marketing intelligence is defined as "the ability to fully understand, analyze, and assess the external environment related to a company's customers, competitors, markets, and industry to enhance the tactical and strategic decision-making process".

Today it has been increasingly realised that they are a potent source of generating information from the market, environment, customers and competitors which is termed as marketing intelligence. The marketing information system is generally composed of four sub-systems: the accounting and sales reports sub-system, the model and decision support sub-system, the market research sub-system and the market intelligence subsystem where the last two focusing more on the environment. The market research sub-system helps to answer specific questions in order to mitigate manager's uncertainty relative to some important decisions. This indicates that the information which comes under this sub-system may be quite objective and controlled. The market intelligence sub-system provides a constant supply of information regarding changes or events occurring in the environment. The

information coming under this sub-system is more subjective and perceptual (example, every day information).

A "marketing-intelligence system" can be understood as a set of procedures and sources used by managers to access everyday information about developments in the marketing environment (Kotler, 2000). Since the sales personnel spend most of their time in the field interacting with the customer, dealer, distributor and at times even the sales personnel of competing firms, therefore they are a very potent source of marketing intelligence. In practice, marketing managers/salespersons collect marketing intelligence by: reading books, newspapers, and trade publications; talking to customers, suppliers and distributors; and meeting with other company managers.

The salespeople can indeed collect and transmit a quantum of information of interest to the marketing and sales managers. They are the most frequently used source for obtaining information on the competitors (Mellow 1989), and in the industrial sector, their activity of collecting and transmitting information from the market has been classified as being the fourth on their tenth most important missions (Moncrief 1986). However, few authors have analyzed the role the salespeople can play in gathering competitive information. In fact, the question of the sales force contribution to the marketing information system has been only partially addressed in past researches. They have more particularly focused on the salespeople's abilities to serve the market research sub-system than the market intelligence one (Fouss and Salomon 1980; Grace and Pointon 1980; Lambert and al. 1990; Chonko et al. 1991). This led to conclude that salespeople's contribution may not be very high because the kind of information they transmit may suffer from subjectivity or biases.

In fact, the information gathered on the field by the sales force should be considered as a contribution to the market intelligence sub-system, because most of the time, they deal with daily events on the market (Evans and Schlacter 1985; Fletcher and Wheeler 1989). However, only minorities of salespersons do actively allocate effort to their collection and dissemination within their company (Albaum 1964; Robertson 1974; Thietart and Vivas 1981) and this can compromise the way an organization may react to the evolution of its environment.

The second variable under the present study is sales effectiveness of the salesperson and it is taken up as the dependent variable. Sales effectiveness refers to the overall sales volume from a customer relationship, including "up sales", where the customer makes greater use of the same product or services, and "cross sales", where the customer buys other products or services from the same salesperson or introduces other customers to the salesperson's product or service (Crosby et al., 1990). The services and sales literature suggests that both up sales and cross sales are desirable goals (Donnelly, Berry and Thompson, 1985; Rosenberg and Czepiel, 1984).

Review of Literature

The past researches has established that a sales person is an important source of marketing intelligence (Webster, 1965), but he may seldom indulge in this activity as there is no formal training from the organization and the information generated by the salesperson is not acted upon.

Festervand, Troy A.; Grove, Stephen J.; Reidenbach, R. Eric (1988) proposed a model which presented a descriptive view of the intelligence gathering system. They say to get optimum results from marketing Intelligence system the organization climate should foster this activity. The individual should get proper training in information collection. If a salesperson is to monitor market environment effectively and efficiently then he has to be trained to identify desired type of information (such as pricing policy changes, promotional activity and changes in support activities), as well as to recognize potential sources of information. Marketing Intelligence must be formalized and specifically identified and delineated if it is expected of the salesperson.

Maltz Elliot and Kohli Ajay K. (1996) explored the effects of inter functional market intelligence dissemination process characteristics on perceptions of the quality of intelligence and receivers' use of it. They found support for the mere formality effect, which means market intelligence disseminated through formal means is used to a greater extent than that disseminated through informal channels, most likely because of the verifiability of formal communications. These findings have direct implications for managers interested in ensuring that market intelligence is acted on by its receivers. Recent scholarly and managerial emphasis has been on increasing informal dissemination (e.g., Kohli and Jaworski 1990; Workman 1993).

Wood Emma (2001) studied the nature of Marketing Information Systems in the small and medium sized enterprises (SMEs). The researcher also explored the sources of Market Intelligence with stress on understanding the usefulness of the Internet for external information gathering. The findings also include that SMEs in the tourism and hospitality sector make use of informal Marketing Information System which primarily concentrates on internal and immediate operating environment data. Important wider market intelligence is underutilized owing to the resource constraints of these small businesses. The internet has not yet been recognized as an important source of market intelligence despite having the benefits of providing much of the necessary data rapidly and a lesser cost than many other sources.

Navdeep Aggarwal and Raghbir Singh (2004) conducted a study on 22 Indian firms and their findings show a high priority for market intelligence generation. There seems to be specific focus on generating intelligence from customers, retailers and distributors, suppliers and industry friends. There is a clear emphasis that every department and everyone in the company generate information on competitors and general intelligence for the company. The findings depict that the sample of Indian companies taken in the study shows some elements of market orientation but lacks true responsiveness to market forces. Hence, it is crucial that employees are incessantly reminded to be sensitive and responsive to market developments, and that interdepartmental connectedness is encouraged, perhaps by such means as physical proximity, "telematics" (voice mail, intranet, etc.), interdepartmental training programmes, cross-functional activities, and alignment of departmental performance objectives.

Joël Le Bon and Dwight Merunka (2006) in their study discovered that though the salesperson represents a very important and unique channel of information very few contribute to the marketing intelligence efficiently. The results of their study focus on identifying both individual and managerial factors that might

explain differences in the behaviors of salespersons relative to intelligence gathering and transmission. The motivated sales representatives has an inclination to collect and share marketing intelligence because they expect they will succeed and that their efforts will pay off, while also enhancing their personal image within their organization. The salespeople believe that such intelligence activities may be helpful during internal promotion decisions.

The salespersons engaged in marketing intelligence activities helps the organization and the managers to take better decisions but does the intelligence generated by the salesperson help him to achieve higher sales. These traits of the salesperson may have a positive or negative or no effect at all on his sales effectiveness. The research problem was to find out the effect of marketing intelligence activities on sales effectiveness of the salesperson.

Research Methodology

The study was made on the Insurance and Banking sector. All the agents (sales consultants or sales advisors) selling insurance in Indore city and all the salespeople selling banking and financial products in Indore city comprised the population for the study. The questionnaire was distributed to 175 sales agents of insurance and 175 sales executives in banking sector. Of the 175 questionnaires distributed to 175 sales agents of insurance 103 questionnaires were returned and 105 questionnaires were returned and collected from the executives in banking sector. Non probability convenient sampling technique was adopted for selecting the sample. The research design was exploratory in nature. The technique used by the researcher for data collection was survey, wherein a well devised close ended questionnaire was given to the sales

executives and their opinion was recorded. The study had a cross sectional design. The study measured the behavioral effort put in by the salesperson in marketing intelligence as an independent variable and sales effectiveness as dependent variable.

A 26 item scale was developed to measure the effort put in by the sales person towards marketing Intelligence and it was tested for its reliability and validity. A pool of 58 items was generated drawing from the exhaustive review of literature which was tested for its content validity by personally administering it to a panel of judges comprising of 30 experts from academics and industry. The value of Cronbach α, the reliability measure was found to be 0.78 which indicated that the instrument developed is reliable. The dependent variable sales effectiveness was measured by standard scale developed by Guicheng Shi et al.

Hypotheses of the study

In order to frame the Hypothesis for study, the effort of the salesperson towards marketing intelligence activities, along with the age and gender was taken as independent variables and their effect on sales effectiveness was studied. The Hypotheses framed were:

H1: There is no significant effect of behavioral effort towards Marketing Intelligence on Sales Effectiveness

H2: There is no significant effect of age of the sales person on Sales Effectiveness

H3: There is no significant effect of gender of sales person on Sales Effectiveness

Results

Table 1: Demographic profile of the sample

Demographic variable		Frequency	Percentage (%)
Age	Between 20 to 30	77	37.37
	Between 30 to 40	95	46.11
	Above 40	34	16.50
Gender	Male	141	67.78
	Female	67	32.22
Education	HSSC	15	7.28
	Graduation	54	26.21
	Post Graduation	137	66.50

Testing of Hypotheses

H1: There is no significant effect of behavioral effort towards Marketing Intelligence on Sales Effectiveness

Table 2: Statistics

Marketing Intelligence

N	Valid	207
	Missing	1
Median		113.0000

Table 3: Group Statistics

	Marketing Intelligence	N	Mean	Std. Deviation	Std. Error Mean
Sales Effectiveness	>= 113.00	107	15.4579	2.79244	.26996
	< 113.00	100	11.1400	3.79532	.37953

Table 4: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	T	Df	Sig. (2-tailed)
Sales Effectiveness	Equal variances assumed	29.076	.000	9.365	205	.000
	Equal variances not assumed			9.271	181.197	.000

Table 4 depicts the results of independent sample T test. Looking at the table the T value is 9.365 and the overall model is significant at 5% level of significance. Here the p value [sig (2-tailed)] is 0.00 which is less than 0.05 suggesting that the hypothesis is rejected and there is a significant effect of behavioral effort towards marketing Intelligence on sales effectiveness.

H 2: There is no significant effect of AGE on Sales Effectiveness

Table 5: Descriptives

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Min	Max
					Lower Bound	Upper Bound		
20-30	77	14.752	3.692	.4208	13.915	15.591	6.00	20.00
30-40	97	13.845	3.179	.3228	13.204	14.486	6.00	19.00
Above40	34	9.0294	3.571	.6125	7.783	10.275	5.00	19.00
Total	208	13.394	3.954	.2742	12.853	13.934	5.00	20.00

Table 6 : One way ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	809.710	2	404.855	34.183	.000
Within Groups	2427.963	205	11.844		
Total	3237.673	207			

The Table 6 reveals the results of one way anova to test the hypothesis. The F value is 34.183 and the model is significant at 5% level of significance. Since the P- value {sig (2-tail)} value is 0.000 which is smaller than the value of 0.05 therefore the hypothesis that there is no significant effect of Age on Sales effectiveness is rejected.

H 3: There is no significant effect of GENDER on Sales Effectiveness.

Table 7 : Group Statistics

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Sales Effectiveness	M	141	13.6170	3.97970	.33515
	F	67	12.9254	3.88982	.47522

Table 8 : Independent Samples t – Test

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	T	Df	Sig. (2-tailed)
Sales Effectiveness	Equal variances assumed	.069	.793	1.180	206	.239
	Equal variances not assumed			1.189	132.52	.236

The Table 8 reveals the results of Independent sample T test to test the hypothesis. The T value is 1.180 and the model is significant at 5% level of significance. Since the P- value {sig (2-tail)} value is 0.239 which is greater than the value of 0.05 therefore the hypothesis that there is no significant effect of Gender on Sales Effectiveness is accepted. It implies that sales effectiveness is independent of the gender of the salesperson.

Limitations of the Study

In tune with all empirical studies, this study also has a number of limitations which weaken the generalizability of the findings. First, the cross-sectional nature of this study implies that its conclusions should be viewed as tentative. Second, the analysis of this study is based on perceptions, as opposed to objective measures. Although perceptual data are commonly used in marketing studies (e.g., Crosby et al., 1990; Morgan and Hunt, 1994), it should still be acknowledged that such a perceptual approach has its limitation. Third, this study was confined to two industries and a single area sample, which may constrain the generalizability of the findings to other industries or the geographic areas.

Directions for future research

The present study was conducted on the insurance agents and sales people in banking industry from Indore city. A similar study in other sectors could be conducted to validate the results of the present study. The study could be further conducted where marketing intelligence system, the independent variable is taken up at an organizational level and its impact on sales could be investigated.

Conclusion

Generating marketing intelligence though may not be the prime job responsibility of the sales person but they have been a primary source of informal information and their role as information gatherers cannot be understated. The present study reveals that there is a significant effect of salesperson effort toward marketing intelligence on his sales effectiveness. It gives an indication that those sales executives who are proactive, information seekers/gatherers and do not restrict themselves to the core job of selling are in fact functionally better sales persons in terms of their sales effectiveness. The salesperson who are observant of their surroundings, curios to know more, and have an eye for detail fare better in sales as compared to those who does not have the afore mentioned qualities.

The gender of the sales executive has no impact on his/her sales effectiveness. This gives us a clue that in both the insurance and banking industry the gender of the sales personnel would have no effect on the sales performance of the individual. As a result, while recruiting the sales person for these industries gender should play no role in the selection criteria.

The age of the sales executive also plays a deciding role in his or her sales performance. Sales executives who are younger and wish to fulfill their aspirations strive harder and thus their sales performance is higher as compared to older age sales executives.

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