



# Improving marketing success: The role of tacit knowledge exchange between sales and marketing

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## ABSTRACT

Successful organizations adapt their marketing strategies to marketplace changes. Boundary spanners, such as salespeople, because they are able to embed themselves in social networks outside the organization, play a key role in developing marketplace knowledge. However, if this knowledge remains solely with the boundary spanners, it cannot be used effectively to improve firm performance. This study investigates tacit knowledge exchange between sales and marketing and its ability to enhance marketing success (i.e., marketing program innovativeness, relative efficiency, and relative effectiveness). In addition, by examining five antecedents hypothesized to influence tacit knowledge exchange, it provides guidance to sales and marketing managers, who desire to improve tacit knowledge exchange, and, in turn, marketing success.

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## 1. Introduction

To be successful, firms must adapt their marketing strategies to environmental changes. However, though marketplace knowledge is important, it means little if it remains with an organization's boundary spanners. To be useful, knowledge must be disseminated throughout the organization (Kohli & Jaworski, 1990). Some knowledge (i.e., explicit knowledge) can be codified and, therefore, can be transferred using information technology systems (Speier & Venkatesh, 2002). However, other knowledge (i.e., tacit knowledge), because it cannot be written down, can only be transferred using a give-and-take process by which participants develop, over time, an understanding of the complexities involved in a situation (Inkpen & Dinur, 1998).

Tacit knowledge use enables firms to apply important knowledge in operational activities, which results in improved efficiency, value creation, and better financial performance (Teece, 1998; Tsai & Li, 2007). For example, when a salesperson learns more about the needs of a c-level executive in a major customer's organization, they can use it to better tailor the message, develop a stronger solution, and improve the chance of increasing revenue. Thus, tacit knowledge can be a source of competitive advantage and, therefore, it is important to understand

how tacit knowledge is exchanged (Kale, Singh, & Perlmutter, 2000). A key factor for successful tacit knowledge transfer is the development and use of social networks (Granovetter, 1985; Haldin-Herrgard, 2000).

Salespeople, because of their boundary spanning positions, are prime sources of both customer and competitor knowledge (Judson, Schoenbachler, Gordon, Ridnour, & Weilbaker, 2006; Speier & Venkatesh, 2002). They develop relationships with key customers that allow them to gather both explicit (e.g., knowledge of competitors' products and strategies) and tacit knowledge (e.g., how customers' strategies interact with their own organizations' strategies). However, as Mellow (1989, p. 26) emphasizes, "The challenge for management is getting all that competitive information out of the sales force's heads and back to headquarters, and then distilling it into a form that is, as they say in the intelligence business, 'actionable.'" The problem stems from a lack internal social networks in which knowledge can be transferred.

In this study, tacit knowledge exchange between two functional areas—sales and marketing—is examined. These areas are often organized as separate functions, which can lead them to "feud like Capulets and Montagues—with disastrous results" (Kotler, Rackham, & Krishnaswamy, 2006, p. 3). However, research suggests, when they share knowledge, substantial benefits accrue (Workman, Homburg, & Gruner, 1998). This study examines the influence that tacit knowledge exchange has on marketing success (i.e., marketing program innovativeness, relative efficiency, and relative effectiveness). First, tacit knowledge exchange is examined in the context of personal selling. Second, a model that highlights the role that tacit

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knowledge exchange plays in encouraging marketing success is developed (see Fig. 1). Third, the model is tested using data gathered from business-to-business sales professionals. Fourth, the implications of the results are discussed.

## 2. Personal selling, social networks, and tacit knowledge exchange

The nature of customer–salesperson relationships has changed dramatically over the last twenty years (Jones, Chonko, & Roberts, 2004). In general, customers expect salespeople to provide more value-added, tailored solutions to their problems than in the past (Cron, Marshall, Singh, Spiro, & Sujan, 2005). In response, many sales organizations are more customer-focused and adopt relationship marketing perspectives (Jones, Brown, Zoltners, & Weitz, 2005; Weitz & Bradford, 1999). As a result, their marketing strategies focus more resources on developing and maintaining long-term, partnering relationships with key customers (Homburg, Workman, & Jensen, 2002). An important factor for the success of sales organizations is the development of salespeople, who are capable of both gathering extensive knowledge of the marketplace and leveraging internal resources of their organizations (Bradford et al., 2010). How can salespeople gain access to these resources? Research suggests the key lies in the development of relational networks both within the salespeople's organizations and across their customers' organizations (Hutt & Walker, 2006; Walter, Lechner, & Kellermanns, 2007). Salespeople must develop an ability to embed themselves both within the broader social structure of their own organizations and within the social structure made up of their customers.

For many salespeople, external social networks are “business as usual.” That is, developing close relationships with customers is seen as a key strategy for increasing sales (Gonzales, Hoffman, & Ingram, 2005). However, the advantages of internal social networks may not be as obvious. This may be due, in part, to a lack of training programs dealing with relational issues internal to the organization (see, e.g., Cron et al., 2005). As a result, salespeople may never understand the need to develop internal social networks or may not have sufficient training in the skills necessary to develop and maintain such relationships. The resulting “structural holes” (i.e., missing network connections) represent lost opportunities to gather and share knowledge (Burt, 1995, 2001).

## 3. Tacit knowledge exchange and marketing success

The deeper understanding that results from having tacit knowledge is an important firm resource (Hunt, 2000; Walter et al., 2007). For example, it is a key factor in organizational learning (Hau & Evangelista, 2007), the development of innovations (Cavusgil, Calantone, & Zhao, 2003), and the establishment of long-term competitive advantages (Hooley, Greenley, Cadogan, & Fahy, 2005). However, not all organizational environments are conducive to transferring it across functional and structural boundaries (Lam, 2000). The exchange of tacit knowledge requires frequent, personal interactions between the people involved (Nonaka, 1994; Szulanski, 1996). Organizational mechanisms that encourage the transfer of tacit knowledge, include cross-functional teams (Eng, 2006), collaborative norms (Eng, 2006), and regularly scheduled cross-functional meetings (Eisenhardt & Santos, 2002).

Researchers have underlined the need for developing better communication flows between sales and various functional areas (Judson et al., 2006). However, many researchers emphasize that communication between sales and marketing provides unique opportunities to reap sizeable benefits (e.g., Kotler et al., 2006; Rouziès et al., 2005). Tacit knowledge exchange is an integral aspect of the dynamic process of knowledge generation. The ability to maintain a useful stock of tacit knowledge is a dynamic competence (Howells, 1996). Better exchange of such knowledge, between sales and marketing, should increase the likelihood of marketing success (i.e., increase marketing program innovation, relative efficiency, and relative effectiveness).

### 3.1. Marketing success

Marketing is a function and a set of processes that enables the organization to create, communicate, and deliver value to its customers (Hunt & Arnett, 2006). By enabling organizations to deliver more valuable offerings, it constitutes an organizational resource (Hunt, 2000). Furthermore, when developed fully, it becomes a competence (Day, 1990). Organizations that develop a marketing competence are able to sustain the coordinated deployment of assets in a way that helps them achieve their goals (Sanchez, Heene, & Thomas, 1996). Marketing success then, as Hunt and Arnett (2006, p. 822) argue,

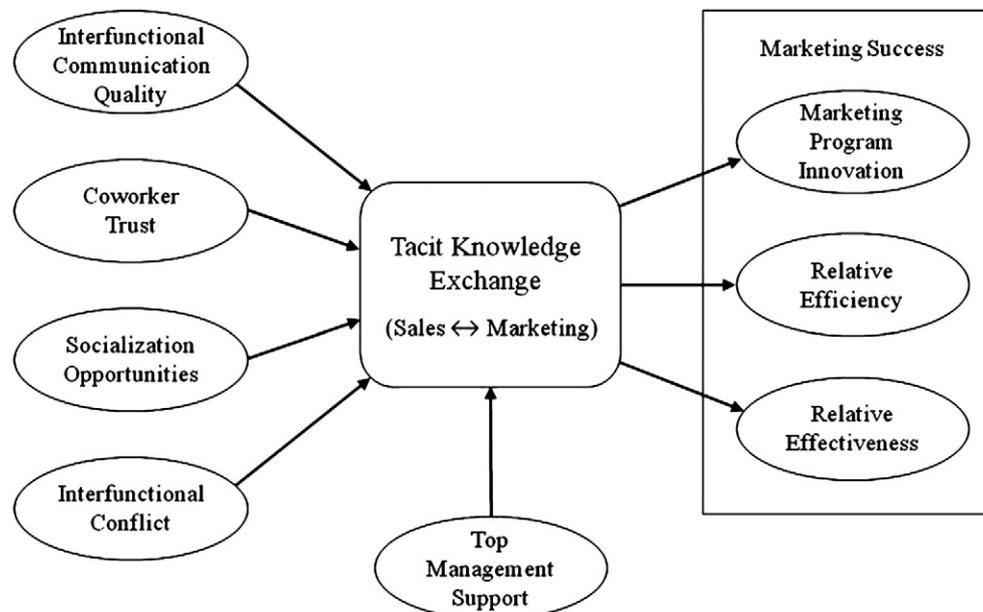


Fig. 1. Tacit knowledge exchange and marketing success.

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