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Developing marketing capabilities for customer value creation through Marketing–Sales integration

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Abstract

The capacity to create superior customer value stems from the marketing capabilities a company possesses. A considerable body of research has indicated that market oriented companies have distinctive marketing capabilities which lead to superior organizational performance. Although it has been widely recognized that the development of marketing capabilities requires the joint effort of Marketing and Sales departments, almost no attention has been devoted to investigating the integration of these two functions. This study reports on an exploratory effort to use the means–end theory in explaining Marketing–Sales integration. Findings show that Marketing–Sales integration is a multi-faceted construct made up of different components that impact different marketing capabilities and highlight its antecedents and consequences.

Keywords: Marketing–Sales relationships; Interdepartmental integration; Marketing capabilities; Means–end theory; Laddering

1. Introduction

One of the cornerstones of modern marketing thought is that market oriented companies are better equipped to meet the generation of superior customer value and, as a consequence, to attain sustainable competitive advantage. Several studies show that market orientation is positively related to organizational performance (Jaworski & Kohli, 1993; Narver & Slater, 1990; Ruekert, 1992; Slater & Narver, 1994). The ability to generate superior customer value is dependent on the availability of distinctive marketing capabilities (Day, 1994a; Hult & Ketchen, 2001; Slater & Narver, 1995, 2000).

Inter-functional relationships are at the basis of the market orientation construct. Narver and Slater (1990) consider inter-functional coordination as a component of the construct, whereas Kohli and Jaworski (1990) suggest that interdepartmental dynamics are an antecedent of market orientation. In short, market oriented companies are characterized by a high level of integration of market-related knowledge and skills.

Prior research shows that knowledge and skills regarding market-related activities are spread throughout the organization, the highest concentration, as one would expect, in the two departments traditionally responsible for managing market relationships: Marketing and Sales (Homburg, Workman, & Jensen, 2000; Homburg, Workman, & Krohmer, 1999; Krohmer, Homburg, & Workman, 2002; Rouziès et al., 2005; Zoltners, 2004). Despite the fact that Marketing and Sales often share responsibility for many common activities, their rapport is not without problems (Anderson, 1996; Carpenter, 1992; Shocker, Srivastava, & Ruekert, 1994; Strahle, Spiro, & Acito, 1996). As a result, opportunities for a company to create superior customer value risk being seriously challenged. Even though the existing literature (Dewsnap & Jobber, 2000, 2002; Rouziès et al., 2005) has contributed to enhancing our knowledge on Marketing–Sales integration, research in this area is still scarce.

The purpose of this study is to explore the contribution of Marketing–Sales integration to the development of marketing capabilities, and, as a consequence, to the creation of superior value for the customer. In particular, our objectives are to better

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clarify and detail the integration construct; to investigate how Marketing–Sales integration can impact different marketing capabilities; and, finally, to identify potential antecedents which may foster Marketing–Sales integration.

The article, therefore, is structured as follows. Firstly, a literature review on marketing capabilities and Marketing–Sales integration highlights the limitations of prior research regarding the contribution of the two departments (and their integration) to the creation of superior customer value. Secondly, our methodological approach is described and findings of the exploratory research on Marketing–Sales integration are presented and discussed. Lastly, a discussion of theoretical and managerial implications and possibilities for future research on the topic conclude the paper.

2. Literature review

2.1. Marketing capabilities and the contribution of Marketing and Sales departments

Over the last decade, a growing number of studies have highlighted the role of marketing capabilities in the attainment of a firm's competitive advantage. Leveraging on the resource-based view of the firm (Barney, 1991; Grant, 1991; Peteraf, 1993; Wernerfelt, 1984) and on the capability-based view of the firm (Grant, 1996; Prahalad & Hamel, 1990; Teece, Pisano, & Shuen, 1997), marketing researchers demonstrated that marketing resources and capabilities can contribute to the creation of a competitive advantage because they may be rare, difficult to achieve, difficult to duplicate and their value can be appropriated by the organization (Dutta, Narasimhan, & Rajiv, 1999; Hooley, Greenley, Cadogan, & Fahy, 2005; Hunt & Morgan, 1995; Vorhies, Harker, & Rao, 1999; Weerawardena, 2003a).

Marketing capabilities have been defined as "the integrative processes designed to apply collective knowledge, skills and resources of the firm to market-related needs of the business, enabling the business to add value to its goods and services, adapt to market conditions, take advantage of market opportunities and meet competitive threats" (Vorhies, 1998: 4). However, the literature also suggests the existence of different classifications of marketing capabilities. All of them share the assumption that these capabilities are exercised through specific marketing processes. The most popular one has been proposed by Day (1994a) who distinguishes between market sensing and customer-linking capabilities: the first referring to the ability of a company to identify customers' needs, the second referring to the ability to build relationship with them. Still other authors claim that market oriented companies share a distinctive capability, that is, the ability to learn from the market (Li & Calantone, 1998; Slater & Narver, 1995; Weerawardena, 2003a,b). In fact, the capacity to collect, disseminate and use market-based information is key to the growth of organizational performance (Jaworski & Kohli, 1993; Narver & Slater, 1990).

Several studies point out that an effective development of marketing capabilities calls for both Marketing and Sales departments to modify their role and practices in order to increase the coordination of their activities and give life to integrated processes (e.g. Cespedes, 1993; Day, 1994a; Slater & Narver, 1995). However, scholars have devoted very limited attention to which mechanisms a firm may use to foster the coordination of the two units, since both are involved in the design and implementation of marketing processes. Almost all studies on this topic implicitly assume that marketing activities are under the complete responsibility and control of a single organizational unit, namely, the Marketing department. However, this assumption does not hold true if one takes into account that in many modern corporations, it is the Sales department that actually has more influence than Marketing on many of the so-called "marketing" decisions (Homburg et al., 1999; Krohmer et al., 2002). Based on the above, the development of marketing capabilities requires a joint effort of the two departments and their integration comes to the fore as a relevant theoretical and managerial issue.

2.2. Marketing–Sales integration

Marketing–Sales integration is "the extent to which the activities carried out by the two functions are supportive of each other" (Rouziès et al., 2005: 115). In modern companies, Marketing and Sales are kept separate due to the specialized tasks each is called upon to deal with in the external environment (Cespedes, 1993; Dewsnap & Jobber, 2000): the Marketing department is usually focused on customer marketing, brand management, advertising management, marketing research; while the Sales department is focused on trade marketing, trade negotiations, channel management. However, as stated by Lawrence and Lorsch (1967), organizational functioning requires differentiation *and* integration, where the former meets the need for specialization, and the latter ensures the direction of efforts and resources toward a common goal.

Literature on Marketing–Sales integration is quite scarce and mostly devoted to exploring the barriers to integration. Drawing on new product development literature (e.g. Fisher, Maltz, & Jaworski, 1997; Griffin & Hauser, 1996; Gupta, Raj, & Wilemon, 1986; Maltz, 1997), Dewsnap and Jobber (2002) highlight the role of socio-psychological differences between the two groups. Similarly, Rouziès et al. (2005) confirm that a major impediment to Marketing–Sales integration is created by the different mindsets of employees of the two units. Unfortunately, however, both Dewsnap and Jobber (2002) and Rouziès et al. (2005) only develop conceptual frameworks. They do not empirically test the relationship between the existence of such impediments and Marketing–Sales integration, nor do they test the impact of potentially beneficial antecedents on integration. Surprisingly, a widely accepted definition and a measure of the integration construct are still eluding the literature (Rouziès et al., 2005).

Previous research on Marketing integration with departments other than Sales might provide some help. Kahn and his colleagues (Kahn, 1996, 2001; Kahn & McDonough, 1997; Kahn & Mentzer, 1998) suggest that interdepartmental integration is a combination of interaction and collaboration. Interaction regards communication flows between the two organization units. Effective interaction takes place when functions regularly exchange information in a formalized way through meetings,