

Why sales reps should welcome information technology: Measuring the impact of CRM-based IT on sales effectiveness

Michael Ahearne^{a,*}, Douglas E. Hughes^a, Niels Schillewaert^b

^a University of Houston, USA

^b Vlerick School of Management, Belgium

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Abstract

This study seeks to answer the following question: Can sales representatives enhance their performance through their acceptance of information technology (IT) tools? Using data collected from two companies, we show that despite uncertain results and the frequent resistance among salespeople to IT interventions, IT acceptance indeed has a positive effect on sales performance. This occurs because salespeople using IT expand their knowledge and, in turn, gain improved targeting abilities, enhanced presentation skills, and increased call productivity. Thus, sales representatives have a strong incentive to accept IT because doing so is likely to sharpen their own job performance.
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1. Introduction

The theoretical importance of customer relationship management (CRM) is well established in the marketing literature, and though there have been conflicting results in both academic research and the business environment, recent empirical studies have demonstrated that there is a positive relationship between CRM practices and firm performance (Boulding, Staelin, Ehret, & Johnston, 2005). The practical challenge, however, lies in how well employees in the firm adopt and implement CRM-based tactics. Indeed, some research suggests that up to 70% of CRM initiatives result in either losses or no improvement in company performance, largely as a result of deficiencies in implementation (Reinartz, Krafft, & Hoyer, 2004).

According to Reinartz et al. (2004, p. 293), CRM is the “systematic process to manage customer relationship initiation, maintenance, and termination across all customer contact points to maximize the value of the relationship portfolio.” Given CRM’s expansive nature, we heed the call of Boulding et al.

(2005) that further research should delve into specific areas within CRM rather than more macro-level concerns. Our research is centered on operational CRM (Tanner, Ahearne, Leigh, Mason, & Moncrief, 2005) and, more specifically, on acceptance by the sales force of related information technology (IT) that supports the customer-interacting aspects of the firm. Such technology includes sales force automation tools pertaining to lead management, opportunity management, customer-contact management, sales forecasting, and so forth (Tanner et al., 2005).

We define “IT acceptance” as the degree to which a salesperson integrates IT tools into his or her sales activities. More specifically, this concept pertains to the frequency of technology usage, the full usage of the applications’ capabilities, the level of integrated and complementary use of different tools, and the usage of technology for analysis purposes.

Most scholars and practitioners would agree that IT plays a prominent, even essential role in the operationalization of CRM. For example, Reinartz et al. (2004) identify technology as a key facilitator of CRM activities, and Jayachandran, Sharma, Kaufman, and Raman (2005) demonstrate that technology performs an important role by influencing relational information processes within the context of CRM. However, the

* Corresponding author. Sales Excellence Institute, University of Houston, 334 Melcher Hall, Houston, Texas. Tel.: +1 713 743 4155.

E-mail address: mahearne@uh.edu (M. Ahearne).

existence of such technology is not sufficient; after all, someone must use it. The sales organization's ability and willingness to use IT tools are critical to the ultimate success or failure of the CRM initiative (Babakus, Cravens, Grant, Ingram, & LaForge, 1996; Van Bruggen & Wierenga, 2005), and this is especially true in a business-to-business environment in which the sales force is the primary point of contact between buying and selling entities. In their recent meta-analysis on relationship marketing, Palmatier, Dant, Grewal, and Evans (2006) argue that successful customer relationship marketing depends on effective selection and training of boundary spanners and that salesperson expertise and communication represent two of the firm's most important relationship-building strategies. Our study explores how IT acceptance influences salesperson performance through mechanisms that enhance both expertise and communication.

In this study, we suggest, support, and empirically demonstrate that IT acceptance aids salesperson performance by improving knowledge, targeting skills, sales presentation skills, and call productivity. In doing so, we add value to both practice and research through a stronger understanding of the link between IT and performance and its underlying mediating processes. Moreover, if we can show that IT acceptance enhances sales performance, a strong incentive is created for both sales managers and sales reps to accept future IT interventions because the likelihood of obtaining performance-based bonuses increases.

In general, management assumes that supplying IT tools, such as sales force automation software, will contribute to higher levels of productivity, better customer communication, and enhanced customer relationships (e.g., Campbell, 1998; Colombo, 1994; Conlon, 1999; Goldenberg, 1996; Moncrief, Lamb, & Mackay, 1991). Indeed, although the relationship between IT and sales performance remains largely unsubstantiated, many organizations spend considerable resources in equipping their sales forces with IT. A recent industry report by the Aberdeen Group estimates that more than \$27 billion is spent annually on sales force-related CRM software (Gaither, 2005). However, organizations need to justify these substantial investments and can no longer afford to continue to invest in sales technology as a matter of blind faith alone. Moncrief et al.'s (1991) study reveals that "up-front investments in technology" and "expected performance increases" (or the lack thereof) are the most cited reasons for companies not to invest in laptops for the sales force. Further complicating the issue is the frequent resistance of sales personnel to new technology (e.g., Simon & Usunier, 2007; Speier & Venkatesh, 2002). Despite all this, there is a dearth of academic research on the effects of technology on salesperson performance. The effect of IT on more macro-levels of performance and productivity has captured the attention of several academics. Many studies have assessed the effects of IT investments on productivity at the economy/industry level (e.g., Baily & Chakrabarti, 1988; Bresnahan, 1986; Osterman, 1986) or the firm level (e.g., Brynjolfsson & Hitt, 1993; Wierenga & Ophuis, 1997). However, the findings from these studies are mixed and have led to the ongoing debate of the so-called IT-productivity paradox (Brynjolfsson & Yang, 1996; Mooney,

Gurbaxani, & Kraemer, 1996; Pinsonneault & Rivard, 1998). Several study limitations have fed this paradox. For example, some studies do not account for the intermediate and intangible benefits of IT and consequently provide little insight into how IT can add value. From a methodological standpoint, the "technology–performance" relationship may be blurred because of the use of data across firms or industries. Another stream of research has investigated the impact of information systems on individual (decision) performance in laboratory settings (DeLone & McLean, 1992; Sharda, Barr, & McDonnell, 1988) or on white-collar workers in general (Millman & Hartwick, 1987; Pinsonneault & Kraemer, 1993; Sulek & Maruchek, 1992). Still, few empirical attempts have been made to investigate the effects of IT on individuals and their work performance (Palmquist, 1992; Torzadeh & Doll, 1999). Studies in this stream of research have also generated mixed results (e.g., DeLone & McLean, 1992; Sharda et al., 1988) and are limited by common method variance and the use of self-reported perceptions of individual performance and IT use (Igarria, 1990; Igarria & Tan, 1997).

The sales literature reveals only a few studies on sales technology. These studies focus on the adoption of sales technology (e.g., Gatignon & Robertson, 1989; Jones, Sundaram, & Chin, 2002; Schillewaert, Ahearne, Frambach, & Moenaert, 2005) or retrospectively examine salesperson failure to adopt technology and the consequences for organizational commitment, job satisfaction, and fit (Speier & Venkatesh, 2002). A few studies have considered technology and sales performance, but they either lack solid empirical data (e.g., Collins & Schibrowsky, 1990; Moriarty & Swartz, 1989; Wedell & Hempeck, 1987; Zabiah, Bellenger, & Johnston, 2004) or use descriptive perceptual data of sales managers or salespeople (Keillor, Bashaw, & Pettijohn, 1997; Moncrief et al., 1991). Some studies, such as that of Ko and Dennis (2004) which links sales technology, salesperson performance, experience, and expertise using multi-source data, and the study by Ahearne, Srinivasan, and Weinstein (2004) which suggests a curvilinear relationship between sales performance and technology use, have examined the direct link between IT use and sales performance, but have not examined the facilitating mechanisms through which this link occurs.

Still, given the prominence of CRM as a strategic lever in today's business environment and IT's pivotal role in CRM systems (e.g., Jayachandran et al., 2005; Payne & Frow, 2005), additional studies are needed to thoroughly examine the impact of IT on individual salesperson performance (Marshall, Moncrief, & Lassk, 1999) and to understand the underlying mechanisms of IT use and salesperson performance. The current study investigates whether and how IT helps salespeople perform better, and it alleviates the major limitations of previous research by studying these phenomena within a "controlled" setting (i.e., tests in two industries, not a cross-section of industries) and by using multiple data sources rather than single-source self-reported perceptions. We develop and test a theory of technology and salesperson performance in two study sites from different industries. Our model includes *mediating* variables that reflect the benefits of sales technology. Finally,

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