

ABSTRACT

The purpose of this study is to examine the relationships between the use of sales information technology (IT) on essential selling capabilities and sales performance among pharmaceutical salespeople. The selling capabilities in this study include working smarter (i.e., sales knowledge, sales planning and adaptive selling), targeting (i.e., identification, prioritizing, and responding), and value-added selling (i.e., intelligence support and buyer problem solving). Sales performance dimensions include relationship effectiveness, sales outcomes, and controlling sales expenses.

Three-hundred twenty-four Thai pharmaceutical sales professionals from 5 Asian affiliated and 7 non-Asian-affiliated firms equipped with sales IT completed self-administered questionnaires during November 2004 and February 2005. Structural equation model (SEM) analysis by AMOS was used to examine the relationships among major constructs and provide parameter estimates for hypotheses testing. SPSS was used to run supplemental analysis.

Results indicate that salespeople are using their sales IT at moderate levels, mostly for the basic functions of data storage and retrieval functions, followed by IT for communication and data analysis. Despite these moderate frequencies of usage, the positive impact of IT utilization on selling capabilities is significant. Perceptions of IT usefulness, ease of IT use, organization support, and industry factors are significantly related to salespeople's adoption of sales IT.

The results from the SEM show that IT utilization, working smarter, targeting, and value-added selling explain 71.5% of the variance in sales performance. Also, IT utilization does not have a direct effect on sales performance. Instead, its effects on sales performance are mediated by the three essential selling capabilities of working smarter,

targeting, and value-added selling. Salespeople with greater IT utilization are likely to work smarter and attain higher levels of relationship effectiveness, sales outcomes, and controlling sales expenses. These salespeople are also likely to engage in greater targeting and value-added selling activities. However, the best efforts of value-added selling activities contribute more to long-term (i.e., relationship effectiveness), rather than short-term (i.e., sales outcomes, controlling sales expenses), performance outcomes. Similarly, the intended or implicit gains from targeting are not as helpful in increasing sales or controlling sales expenses as much as on enhancing relationship effectiveness.

Results from the multiple regression analysis indicate that IT utilization and the combined efforts from all three selling capabilities have a positive impact on sales outcomes. Relationship effectiveness is improved by working smarter, targeting, and value-added selling, while controlling of sales expenses is only positively influenced by working smarter and value-added selling.

Results from an alternative parsimonious model, which integrated targeting and value-added selling activities to develop a ‘customized selling capabilities’ construct was tested. Results are similar to those found in the original SEM, but implies that the combined efforts from targeting and value-added selling have a synergistic effect on sales performance.

Although IT utilization positively relates to selling capabilities and sales performance, our results from subgroup analyses reveal that the magnitude of effects may differ across different sales groups. Over-the-counter (OTC) salespeople, as opposed to ethical channel salespeople, realize greater sales performance by engaging in more targeting and value-added selling activities. Moreover, salespeople specializing in selling only medicines compared to those selling all other types of medical products tend to enhance their sales performance through greater IT utilization and by working smarter.

Therefore, the relationships among IT utilization, selling capabilities, and sales performance are context-specific.

Implications from the findings assist sales managers and salespeople to understand how IT can be exploited to improve existing selling capabilities and increase overall performance. Without IT utilization, the variance in sales performance explained decreases by 11.6%. This appears to be a substantial loss in potential performance gains. To facilitate productive use of sales IT, training is necessary to develop salespeople's IT skills with their analytical skills. This is particularly important to strengthen the mediating effects of targeting and value-added selling capabilities leading to improvements in salespeople's performance.