Digital transformation challenges successful enterprises – an exploration of the collaboration of marketing and sales department in German organizations

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Abstract
Purpose – The purpose of this study is to investigate the influence of digital transformation on the intersection of marketing and sales departments.

Design/methodology/approach – This area has received little attention in academic literature while considerable amount of research exists surrounding the marketing and sales integration, the influence of the trend of digital transformation on both departments and how it affects their collaboration is not investigated in-depth and is therefore studied by qualitative research via semi-structured interviews in six German organizations.

Findings – By considering the findings the collaboration between the marketing and sales departments in German organizations is perceived as good. However, generation-related conflicts occur due to different demographic structures of employees. The study provides evidence that the digital transformation affects the marketing and sales integration and thus, the overall organizational performance.

Originality/value – Moreover, it is crucial that organizations face the challenges that occur in terms of interdepartmental relationships and be aware of the huge potentials which arise due to digital transformation to improve the marketing and sales collaboration.

Keywords Marketing, Collaboration, Sales, Digital transformation, Digitalization, Generational conflict

Paper type Research paper

1. Introduction
“Today, marketing must be understood not in the old sense of making a sale – ‘telling and selling’ – but in the new sense of satisfying customer needs” (Kotler, Armstrong, Harris, & Piercy, 2016, p. 5).
This statement illustrates the discrepancies as well as the gap between the marketing and the sales department. Both are different functions which often exhibit different goal orientation. They furthermore demand different skills and abilities (Shapiro, 2002). Generally, sales provide knowledge about customer’s wants and needs. In contrast, marketing makes use of this information by combining it with other sources to create products and value proposition more competitively (Keszey & Biemans, 2016). Although marketing and sales demonstrate crucial differences in their goals, it is essential to be aware of their reciprocal potential. If both departments operate in a way that is complementary, the efficiency of how customers are acquired, treated and retained increases (Shapiro, 2002).

In recent years, there has been increased attention toward the relationship between marketing and sales (Hughes, Le Bon, & Malshe, 2012; Sleep, Lam, & Hulland, 2018; Le Meunier-FitzHugh & Massey, 2019). Recent research emphasis the role of digitalization in interfunctional coordination within enterprises (Ruiz-Alba, Guesalaga, Ayestarán, & Morales Mediano, 2019). This research has not yet covered the impact of digital transformation on the collaboration of marketing and sales departments. Since technology is increasingly changing, it enables organizations to simplify co-operation between departments (Le Meunier-FitzHugh & Douglas, 2016). Therefore, it is even more important that this study explores the collaboration between marketing and sales in German organizations to determine whether digital transformation affects this.

In addition, digital transformation is essential in every organization nowadays as frequent examples from the business world show. Phil Fasano, CIO of Kaiser Permanente, coined, “every company is already a digital company, even if they don’t perceive themselves to be one” (Baldwin, 2014, p. 23). According to Höttges, CEO of Deutsche Telekom (2017) “Anything that can be digitized will be digitized, and anything that can be networked will be networked” (p. V). To sum up, there is general agreement among researchers that through a good collaboration between marketing and sales departments the business performance can be increased. Furthermore, there is general consensus that digital transformation will shape the future of organizations. However, there exists no research how the digital transformation affects the collaboration of marketing and sales departments. This study was conducted as an organizational-based research. In total, six German organizations are investigated through semi-structured expert interviews.

2. Literature review

In most larger organizations marketing and sales departments are seen as two separate units (Le Meunier-FitzHugh & Douglas, 2016). The distinction of sales and marketing provokes increased competition among the two departments and their relationship remains a critical difficulty to many organizations nowadays (Dawes & Massey, 2005; Kotler, Rackham, & Krishnaswamy, 2006; Madhani, 2016a; Le Meunier-FitzHugh & Douglas, 2016). However, the overall goals of both departments are toward the same direction, discrepancies in terms of targets, behavior and cultures are apparent (Homburg & Jensen, 2007). Since their roles and objectives deviate, the collaboration between both departments is affected (Madhani, 2016a). The literature shows that there is a significant variety of divergent perspectives concerning the relationship between sales and marketing. According to Kotler et al. (2006), “Salespeople accuse marketers of being out of touch with what customers really want or setting prices too high. Marketers insist that salespeople focus too myopically on individual customers and short-term sales at the expense of longer-term profit” (p. 1). In addition, Madhani (2016a) argues that “Sales is interpersonal, push driven, more tactical, and has a short-term focus while marketing is analytical, pull driven, more strategic and has a long-term focus” (p. 21). Although the marketing and sales relation seems “symbiotic and
complementary” there is evidence that especially in practice the coordination of the two departments seldom turns out to be easy (Smith, Gopalakrishna, & Chatterjee, 2006). The perception of marketing and sales differs significantly, as the sales function is more tactical orientated and the focus is short term, while marketing is characterized by a strategic orientation with a long-term focus (Piercy, 2010). Thus, in order to increase the marketing and sales collaboration the alignment of both functions in a similar direction is necessary (Madhani, 2015).

Sales and marketing have similarities since both are customer-oriented but in terms of their key focus and orientation differences occur (Krafft & Haase, 2004). These differences lead to tensions which affect the relationship and ignite competitive thinking. Recent studies suggest that organizations achieve a competitive advantage by improving the relationship between sales and marketing. Furthermore, scholars agree that the marketing and sales collaboration provides a significant advantage due to an overall improved organizational performance (Le Meunier-FitzHugh & Lane, 2009; Piercy, 2010; Lyus, Rogers, & Simms, 2011; Madhani, 2015). New research suggests that there is evidence that organizations improve the alignment and integration of their sales and marketing departments to assure consistency in front of the customers (Rouziès, et al., 2005; Le Meunier-FitzHugh & Piercy, 2007; Le Meunier-FitzHugh & Piercy, 2011; Le Meunier-FitzHugh & Douglas, 2016; Madhani, 2016b). One important theoretical framework (see Figure 1) in this research area is the “framework for sales-marketing integration” developed by Rouziès, et al. (2005).

The authors suggest that four types of mechanisms improve the sales-marketing integration. Namely, they distinguish between structure, process/system, culture and people. Subsequently, Rouziès et al. (2005) suggest that the greater the sales–marketing integration – which is influenced by these integrating mechanism – the higher the organizational performance.

Furthermore, digital transformation is one of the most commonly discussed topics especially in Europe (Probst, et al., 2017). The prosperity as well as corporate growth in Europe and especially in Germany is dependent on a successful digital transformation (Höttges, 2017). As evident by the recent Corona crisis, corporations that have significantly focused on digitalization are better equipped to navigate these difficult times with

![Figure 1. Framework for sales-marketing integration form adapted by Rouziès et al. (2005)](image-url)
technological solutions (Timberg, Harwell, Reiley, & Bhattarai, 2020; Wakabayashi, Nicas, Lohr, & Isaac, 2020). Therefore, the exploration of this research project was conducted within German organizations. This data collected in several companies shows that digital business models already exist and are implemented successfully. However, by mentioning the disruptive nature of digital transformation on businesses, two vital areas within an organization are significantly affected by these changes: marketing and sales (Struto Ltd, 2017). The traditional methods of marketing and sales are ever changing and the digital transformation can be described as one factor in the disruption of classic marketing and sales methods (Gimpel & Röglinger, 2015).

While there is some research (Lamberton & Stephen, 2016; Hauer, Harte, & Kacemi, 2018; Lies, 2019; Sridhar & Fang, 2019; Laverie, Humphrey, Manis, & Freberg, 2020) on the digital transformation in marketing there is only limited research (Heinze & Matt, 2018; Steenkamp, 2020) on the impact in sales mainly focusing on sales channels and tools. However, the relationship between Marketing and Sales in the digital age has not been the focus of academic in-depth investigation yet, just a few reports from practitioner (Gorajia, 2016) are available. Therefore, this paper aims to provide further research with regard on the effect of digital transformation on marketing and sales collaboration in German organizations. Based on and identified in the literature review the following indicative research questions will be answered. These indicative research questions (RQ) represent the basis for the development of the interview questions for the semi-structured interviews:

**RQ1.** How is the marketing and sales collaboration configured in German organizations?

**RQ2.** How does digital transformation affect German organizations and in particular the marketing and sales departments?

**RQ3.** How does digital transformation affect the integration of marketing and sales in German organizations?

**RQ4.** Are there any challenges or opportunities for the marketing and sales collaboration due to digital transformation?

3. Research approach
This paper approaches the study objective inductively by analyzing the relationship between marketing and sales departments in the face of digitalization with interviews and uses the collected data to formulate a theory (Bryman & Bell, 2015; Saunders, Lewis, & Thornhill, 2015). On the one side, this research project aims to explore the marketing and sales collaboration in terms of digital transformation. Literature currently does not provide a generally accepted framework explaining the impacts of digital transformation on the marketing and sales collaboration. Based on the procedure of data collection via semi-structured expert interviews and in combination with the existing model of Rouziès et al. (2005) this paper presents a combination and the consequential formulation of theory. A mixed-method approach between inductive and deductive approaches of research was hereby chosen.

The research aim and objectives are achieved by the analysis of qualitative primary research. Therefore, this study investigates six German organizations via semi-structured expert interviews to determine the relationship between marketing and sales departments and the impact of digital transformation. The study sample consisted of six individuals in total, three marketing and three sales experts in organizations within the German industry.
This sample which includes mainly capital goods industry enterprises reflects the industry structure of the federal state of Baden-Württemberg, which is among the most industrious and highest-grossing states in Germany (Baden-Württemberg State Ministry, 2020). The enterprises are long-term partner of the author’s research institution. The analysis of the data was conducted as thematic analysis. Ethical issues with data collection and analyzation were considered by the authors. As suggested by Bryman & Bell (2015) it needs to be distinguished between the following ethical principles: harm to participants, lack of informed consent and invasion of privacy. At the time of first contact with the possible experts, they achieved all relevant information regarding the purpose and content of the research. Furthermore, the researcher ensured that the developed Gantt chart was also attached by sending the interview guideline. This gave participants an appropriate overview and the necessary transparency of the research project. Furthermore, it is crucial to differentiate between commercial confidentiality and individual anonymity. Commercial confidentiality could be assured - if requested by the company - due to the willingness of the researcher to sign a confidentiality agreement. That led to more openness during interviews, made clear what information was accessible and disclosed for the analysis and resulted in rich data (Bryman & Bell, 2015). Since the semi-structured expert interviews were conducted with a relatively small number of experts in certain organizations, it is not possible to generalize those findings. However, one can argue that instead of generalizability, transferability is rather applicable since the findings are transferable to other companies and states (Bryman & Bell, 2015).

4. Data analysis and discussion
In the following, an overview of the in-depth analysis of the collected data is provided. The interviews were conducted during June and July 2018 via telephone or Skype and lasted at least 60 minutes. To avoid language barriers the researcher questioned the interviewees in their native language, German, which additionally allowed for broader variety of answers and provided an instant link between the researcher and interviewees. After conducting the interviews, the recordings were transcribed into a written form by the researcher. Since the interviews were conducted in German, the answers of the respondents had to be translated into English. Thereby, the original transcripts in German were transformed into an excel sheet.

For the analysis of the data, thematic analysis was used. Therefore, within four subsections – each concentrating on one separate RQ – the findings of the semi-structured elite interviews are presented before the data is contextualized with the literature.

To answer the first research question how the marketing and sales collaboration is configured in German organizations, the data analysis suggests that in terms of the organization and structure the marketing and sales departments in German organizations are largely similar. The distinction between the marketing and sales experts does not provide any special particularities or characteristics. Furthermore, the interviewees perceive the general collaboration between the marketing and sales department as good.

However, one aspect that is mentioned from the experts is generation-related conflicts, which can occur between the different departments. Especially the differences between the departments in terms of the age structure of the employees are perceived as a challenge within the collaboration between marketing and sales and are not thoroughly discussed in the literature before. According to the experts, it is perceived that marketing consists of “a younger mindset” compared to the attitude of the sales departments which are described as “old school”. Marketing expert B stated, “the attitude of sales people is very "old school" since they see marketing campaigns as extra work and do not understand the potential.”
Although there are similarities between the literature and the findings of this study, the extreme mutually different perspectives between marketing and sales which are described in the literature (Kotler et al., 2006; Madhani, 2016a) could not be confirmed by the respondents. However, a result of the interviews is the recognizable changing role of marketing and sales, since sales is described as moving from a tactical toward a more strategic position.

Differences occur by evaluating the relationship type (undefined, defined, aligned, integrated) between the departments. Generally speaking, the marketing experts tend to perceive their relationship with sales as “aligned” whereas the sales respondents tend to classify the relationship-type as “defined”. The recommendations of the experts for an improved marketing and sales collaboration vary. The marketing experts recommend more exchange and feedback in order to strengthen personal contact and therefore, improve the collaboration. In contrast, the sales experts suggest a higher market awareness as well as the appropriate handling of data to increase the collaboration between the two departments.

In order to answer the second research question how digital transformation affects German organizations and in particular, the marketing and sales departments, the interviewees were carefully pressed about these topics. By considering the insights the experts offered in terms of how German organizations deal with digital transformation in general, it is clear that this trend is undeniable. All respondents agreed that the organizations are handling the digital transformation in an appropriate way and realized its importance for future success. The fact that the companies have already accepted the trend as crucial and considered digitalization in their overall strategy, as well as in their daily business, is consistent with the discussion in the literature.

Since the impact of the digital transformation trend influences the departments and their collaboration equally, it is crucial to analyze this interdependence. During the analysis, it became apparent that the interview partner provided a much deeper insight than the literature did. All respondents agree that the organization has a Chief Digital Officer (CDO). Two marketing experts (A, B) and two sales experts (D, E) mention that the trend affects the company in many different ways but mainly affected are customers as well as employees. The customers are affected in the way that the products, the companies offer are digitally networked. For example, expert B explains that “[...] the machines can communicate with x and y.” The respondents argue that due to new programs and technologies (for example a new customer-relationship-system (expert B)) the daily business is easier, more efficient and increases the transparency. Respondent E argues that transparency is a result of the availability of data: “Being digital means being connected.” Sales expert D adds that due to digital transformation the sales activities are easier to control and measurable. However, according to expert D: “The use of data is not a self-evident component which shows that only few people in our company have realized how important data is and that data is already available.”

Other concrete examples that the experts perceived as part of the digital transformation are the “availability of data”, “new programs and technologies” and therefore, more “transparency”.

Concluding, this means that while digital transformation seems to simplify the day-to-day business, making it more quantifiable and thus transparent, it has not yet been fully accepted and widely adapted within the examined companies.

An overview of the main findings of the third research question on the impact of digitalization on the marketing & sales integration based on the framework of Rouziès et al. (2005) is presented in Figure 2. The digital transformation affects the integration of marketing and sales in German organizations due to the various types of integrated mechanisms (Structure, Process, Culture, People). The findings show that each type plays a
significant role in terms of digital transformation in the surveyed companies. Within the interview, all experts agreed that due to digital transformation the “structure” of the collaboration is influenced since the boundaries between the departments are loosened up and the marketing and sales departments come closer together. When asked regarding the “process/structure”, the interviewees agreed upon general consensus that this mechanism is influenced by digital transformation as well. The focus hereby lies on information systems and communication.

Furthermore, it is crucial to mention that a generational-conflict occurs which relates to this research question. The fear of dealing with digital transformation is especially present among older colleagues, regardless of the departments. These generational conflicts present a pressing challenge to corporations as currently 15.2% of the German workforce are over 55 years old (Statistisches Bundesamt, 2019) and thus are at risk of not being adequately equipped to handle the digital transformation taking place (Vogels, 2019). This represents challenges with regard to the marketing and sales collaboration. According to the respondents of the semi-structured interviews, the “culture” is affected due to the trend as well. According to marketing expert A “the culture of the entire company has changed, so that our brand stands no longer for a leading manufacturer of sport cars, but understands itself as a leading provider of exclusive mobility in the premium segment which encourages business areas such as smart mobility.” Expert B confirmed these changes but sees a different root cause, “I do not necessarily believe that digital transformation is changing the culture. I think it is the other way around.” The last type of integrated mechanisms is called “people”. As well as the other factors, this one is influenced by the digital transformation, although one respondent confirmed only an indirect influence. In accordance with earlier statements expert B argued further that especially due to different ageing structures people react differently to digital transformation and therefore, influence the progress of the trend. “You often notice that especially
older people are more afraid of digital transformation, of changes, of new systems and processes than younger people.” These findings expand the existing literature which has been focused only on “structures”, “process/system”, “culture” and “people” as crucial factors for the sales and marketing integration.

This study with the help of the interviewed experts of German organizations, suggest that digital transformation affects these mechanisms significantly and therefore, the marketing and sales integration. In addition to the investigation of the influence of digital transformation, the reliability of the model is represented as all experts unanimously agreed that all four categories influence the marketing and sales integration. Furthermore, they agree that the better the marketing and sales integration the better the organizational performance. This is in line with Rouziès, et al. (2005) and links the literature to practice. To determine which of the four categories is influenced the most by the digital transformation the interviewees were asked to rank their significance. None of the categories received the majority of the experts. However, all types were determined at least once as most influenced. This indicates that each type plays a crucial role in terms of digital transformation. Since “structure” and “process/system” received 4 out of 6 votes in total, a tendency toward a higher significance of these two types is evident.

The fourth research question about challenges or opportunities for the collaboration between marketing and sales due to digital transformation were addressed with interview question 15. The results showed that all participants agreed that there were challenges as well as opportunities for the marketing and sales collaboration due to digital transformation. Sales expert D stated, “at the moment, it is more challenging because huge efforts are needed to implement it. But for the future the collaboration will be improved significantly.” Thereby, it is crucial to mention that although 3 out of 6 respondents argued that challenges are predominate nowadays, opportunities will prevail in the future. Marketing expert C stated, “furthermore, due to the increased usage of data-driven information, the customers are becoming more transparent” and “especially the measurability of objectives is crucial and in my opinion a big chance!” The comparison with the literature detected similarities in terms of the challenges due to digital transformation. However, the semi-structured expert interviews expanded the literature by providing further insights into challenges as well as opportunities with practical applicability for the collaboration of marketing and sales.

Furthermore, the data shows that how the departments deal with digital transformation is also influenced by generation-related aspects. The experts highlighted extensively that the “fear of control” or “fear of new digital programs” especially among older colleagues adversely affects the impact on collaboration in terms of digital transformation. Since this has not been a topic of discussion in the literature before, it can be seen as an opportunity for future research. All in all, it can be concluded that digitalization can be an asset as well as a challenge for the collaboration of marketing and sales.

5. Conclusion
The findings of the semi-structured expert interviews enhance the existing literature of digital transformation and its influence on the marketing and sales integration. Through our analysis, we have been able to identify four key theoretical implications:

1. Digitalization in marketing and sales simplifies the day-to-day business, making it more quantifiable and thus transparent. However, it has not yet been fully accepted and widely adapted within the examined companies.

2. Digitalization enhances collaboration between marketing and sales department due to soften department borders.

3. Leadership is required to handle the generation-related conflicts, as fear of dealing with digital transformation is especially present among older colleagues.
(4) Structure and process and system have a significant impact on the sales and marketing integration and thus an impact on organizational performance.

In addition to the theoretical contributions, this paper also introduces managerial implications to manage the challenges digitalization might impose on the marketing and sales integration. Firstly, it is of utmost importance that employees are trained appropriately in their usage of digital technologies. This can minimize generational conflict and lead to a stimulated communication across departments.

Secondly, the availability of systems needs to be guaranteed so that the opportunities the system provides can be fully leveraged. One of these opportunities is the increased transparency which might lead to an increase in fairness perception.

Lastly, digitalization creates new leadership challenges, which need to be addressed adequately.

Based on the presented key findings the researchers would guide further research to deepen the understanding of the collaboration of marketing and sales departments. There are various suggestions for related future research that occurred during the conduct of this study. First, the research area of digital transformation and its influence on the marketing and sales collaboration has not been entirely covered yet, due to its innovative nature and pace of change. Second, since the implications of digital transformation are different across countries and industries it is recommended to conduct similar studies in different countries and industries to test for national and cultural differences. Due to the small sample size and the explorative nature of this study, generalizability is low and should be examined by future researcher. Another limitation is given by the virtual context of the data collection, which might have inhibited the observation of e.g. non-verbal cues.

References


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