



Relationship of New Products Development with Sales Strategy in Isfahan Insurance Companies

Esmail Ghaderi¹, Samira Taheri², Mohammad Reza Moradi³, Mohammad Ali Manafzadeh⁴, Soran Mowlaie^{5*}

¹Ph.D. Candidate in Marketing Management, Department of Management, Sanandaj Branch, Islamic Azad University, Isfahan, Iran

²Ph.D. Student of Marketing Management, Department of Management, Sanandaj Branch, Islamic Azad University, Tehran, Iran

³Ph.D. Candidate in Marketing Management, Department of Management, Sanandaj Branch, Islamic Azad University, Kermanshah, Iran

⁴Ph.D. Candidate in Marketing Management, Department of Management, Sanandaj Branch, Islamic Azad University, Tehran, Iran

⁵Ph.D. Candidate in Marketing Management, Young Researchers and Elite Club, Sanandaj Branch, Islamic Azad University, Sanandaj, Iran; Mowlaie_soran@yahoo.com

Abstract

The present research has been designed and implemented to investigate the relationship between sales strategies and the development of new products in insurance companies in Isfahan. From the perspective of the method, this study is a descriptive study of the type of correlation, in terms of purpose, applied; in terms of collecting information, surveying is a time-cross-sectional one. The statistical population of this study includes 17 active insurance workers in Isfahan city. Reliability of the questionnaire was calculated by Cronbach's alpha for the sales strategy equal to 0.940 and for the development of new products was 0.768. The final findings of SPSS software showed a significant relationship between the development of new products and their dimensions (technology, management, marketing, and commercialization) with sales strategies in insurance companies, among which the commercialization dimension, Had the highest correlation coefficient with sales strategies.

Keywords: Commercialization, Management, Marketing, New Product Development, Sales Strategy, Technology

1. Introduction

The importance of developing new products to create competitive advantage in today's markets is a fact that both successful organizations and unsuccessful organizations endorse it. Increasing the share of new products in organizations' profits and reducing the 400% life cycle of products over the past half century have led organizations around the world to spend billions of dollars annually on innovation and new product development projects. On the other hand, the statistics of these projects

are shocking. Only a quarter of these projects succeed in commercial success. The expression of such sentences on the importance and necessity of developing new products may have seemed to be necessary in such writing over the past 10 years, but now, everybody and companies have come to experience this experience, especially those who have the taste of success or fail (Chittipa & Mark, 2008).

From a strategic point of view, the process of developing a new product must respond positively to the needs of customers and, based on technological superiority and a dedicated budget, create a competitive environment

*Author for correspondence

for the organization (Tzokos et al., 2004). The process of developing a new product is a process in which an organization uses all its resources, capabilities, and capability in the form of multi-purpose teams to create a new product, or to develop an existing product (Ren et al., 2003). Syrpis suggests that the approximate rate of deflation of commercial products introduced into the market in the Western economy is truly shocking and ranges from 35% to 45%; Topchandara (1997) points out that in 1991 access to the goals of introducing more than 90% of the products was not possible (Gurumurthy et al., 2012).

Rudolf (1995) argues that the cost of failure in the delivery of new products can result from lost sales goals, unearned earnings, deferred profits, and spurious resources (Futrell, 2006). According to Morris, the cost of failure in the American food industry is estimated at \$20 billion due to the development of the new product inappropriately. Orban and Hauser (1993) also consider the failure rate of new products to be significant, and believe that the result of a failure can be too costly for companies. Bose et al., (1982) also argue that for all seven ideas, almost 4 ideas enter the development stage, and only one idea is finally introduced into the form of a product (Court et al., 1997).

The current attitude of sales strategy is that this concept goes beyond the management of sales forces to the general management of the special sales task (Zoltners et al., 2009). This view allows us to conceptualize the sales strategy at the level of the specific sales, not just at the company's operating levels (Johnston & Marshall, 2009).

Based on the suggestions and theories found in the literature of the sale strategy, this definition can be derived from a sales strategy: The sales strategy is the area on which a company participates in a set of activities and decisions related to allocation of resources Retail sales (such as manpower, sales efforts, money) are involved in order to manage relationships with customers based on the value of each of them for the company (Decety & Meyer, 2008). In the area of sales management, sales department staff management is one of the most important issues in corporate marketing management. On the other hand, the problems of management of the sales staff with regard to the type of industry, the entry of competitors and the withdrawal of markets from the monopoly status is important. In the present Iranian business environment, despite the changes in the pillars of the market and the increase in competition, the necessity of this has been given to them more (Bradford, 2011). According to

Katler (2007), marketing and sales have different capabilities and responsibilities. One of the key marketing capabilities is product or brand management. Marketing is required to develop a long-term competitive strategy and prepare an annual marketing plan to estimate sales forecasts (Aquilar, 2010). In addition, with the help of advertising companies, they organize promotional campaigns and campaigns. It also collects all information related to product performance and customer feedback. The marketing unit needs to receive information from the sales unit in order to be able to do its job well (Ernst et al., 2010).

In this research, the tendency towards new products and services has been discussed and, given the wide range of materials surrounding it, merely examines the factors and components of success, the development of new products in the target community (the views of managers of insurance companies in Isfahan). In fact, considering the above issues, the intention is to examine the relationship between the development of new products and their dimensions (technology, marketing, management and commercialization) with the sales strategy.

2. Methodology

Considering that the present research seeks to determine the relationship between sales strategies and the development of new products and provide appropriate strategies for improving the status of these two components in insurance, and the results can be used in the society in question, is a type of applied research. On the other hand, because in this research the existing conditions of the components of sales strategy and development of new products are examined, this research in terms of data collection is included in descriptive research. The statistical population of this study includes 17 active insurance workers in Isfahan city. In this research, census method has been used because of low statistical population. A questionnaire was distributed among 160 people, of which 160 completed questionnaires were completed and finally, the questionnaires were analyzed. In this study, the Cronbach Alpha coefficient was used to obtain the reliability of the sales strategy and the development of new products. As a result, the sales strategy questionnaire was 0.940 and for the new product development questionnaire 0.768 which indicated stability and the internal consistency of the questionnaire.

Table 1. Summary of research hypotheses testing

Assumptions	Independent variable	Dependent variable	Sig	Staff correlation coefficient	Result
The main hypothesis	New product development	Sales strategy	0.001	0.632	Reject H ₀
First sub-hypothesis	Technology	Sales strategy	0.003	0.610	Reject H ₀
Second sub hypothesis	Marketing	Sales strategy	0.001	0.549	Reject H ₀
Third sub hypothesis	Managerial	Sales strategy	0.004	0.638	Reject H ₀
The fourth sub hypothesis	Commercialization	Sales strategy	0.002	0.780	Reject H ₀

Table 2. Estimates of the research model

Independent variable	Dependent variable: sales strategy			
	Coefficient B	Beta	t	P- value))
Constant	1.282	-	10.187	0.000
New product development	0.501	0.632	15844	0.000
Technology	0.470	0.610	14.930	0.000
Marketing	0.408	0.549	12.765	0.000
Managerial	0.437	0.638	16.107	0.000
Commercialization	0.775	0.780	1.481	0.000
F statistics	49.898			
P-value	0.000			
R ²	0.512			
R ² Modified	0.510			
Durbin - Watson	1.525			

3. Data Analysis

In the analytical statistics of this research, the parametric regression test and Pearson correlation coefficient are used to determine the relationship between the sales strategies and the development of new products, due to the normalization of the data.

In this sample, 113 (70.8%) of the participants were male and 47 (29.3%) were women. The highest frequency of age was in the age group of 25 to 35 (28.1) and the lowest frequency was in the age group above 55 (9.5). The highest frequency is related to the level of bachelor's education (48.2) and the lowest frequency of doctoral degree (0.6). The highest frequency in terms of job record is from 11 to 15 years (40%) and 20 years old (7%).

Regarding the dimensions of the sales strategy and the development of new products, the highest average value of the sales strategy is related to trust (4.10) and the lowest average is related to the communication goals (3.72), and the highest average of the dimensions of the development

of new products related to commercialization (3.22) and the lowest average value was related to marketing factor (2.66).

According to the outputs obtained by SPSS software, the hypotheses can be considered as Table 1.

As shown in Table 1, there is a significant relationship between the development of new products and their dimensions at an acceptable level of error (5%) and with a 95% probability that there is a significant relationship between the dimensions of the development of new products and the sales strategy there is. The high correlation coefficient between these two variables indicates the strength of the relationships between them.

To investigate the effect of factors affecting sales strategies, multiple regressions are also used, and the results from the estimates of the model are presented in Table 2.

Based on the results of Table 2, the coefficient of police performance, economic factor, cultural factor and media performance are positive and at 95% significance level, they have a direct and positive relationship. The basis for

the results from Table 2 is the coefficient of determination for the dependent variable of the sales strategy equal to 512/0, which indicates that 51% of the changes in the sales strategy are explained by changing the dimensions of the development of new products. Also, the coefficient of factor of technology factor is 0.610, marketing factor is 549/0, management factor is 638/0 and commercialization factor is 0.780.

4. Conclusion

Today, insurance companies are required to see themselves in the mirror of customer presence and try to understand in a competitive environment, desires and desires of their customers and to act in such a way that the client is fully satisfied with the company or organization. The reason why the development of new products is related to the sales strategies of insurance companies is that the development of new products leads to positive effects on the way production or provision of services in the company's products, through the management, marketing, commercialization and Technology will improve sales and company strategies in this regard.

Considering that there is a significant relationship between sales strategies and the development of new products, the following suggestions are presented in this regard:

Proposals result from the basic assumption: Increasing customer referral to insurance, which is the result of customer satisfaction and trust in the services offered in the insurance and the appropriate treatment of employees, causes their connection to be repeated and, as a consequence of the continuity of communication. According to research, providing high quality products in line with customer tastes and paying attention to the principle of customer orientation, creating loyalty along with increasing customer commitment can prevent customers from leaving, encouraging them to buy more and make additional purchases, which themselves Leads to continued communication with the organization and more sales.

Proposals based on the first sub-hypothesis: To provide high quality and desirable products and services, and continuous improvement of production processes, to their social responsibility towards the consumer; the company must have an interactive dialogue between the customer and the seller in order to achieve empathy between the customer and the seller. Provides more opportunities and opportunities, along with the necessary facilities in the

agencies and sales environments of the company to enable the customer to transfer his information and knowledge to the seller, and sellers can talk to customers, get ideas and suggestions from them. To create incentive and incentive systems for K Clients and the process of bringing a system for customers to propose their criticisms and suggestions about the services and insurance staff.

Proposals based on the second sub-assumption: Sales strategies must be fully aligned with the company's marketing strategy. By creating strategic coordination between them, sales performance can be increased. Validity of the seller is important for customers and it is an effective factor for the customer to understand and accept from the sellers; therefore, if the company wants to provide favorable conditions for which the customer wishes to submit his ideas and suggestions, he must have trusted and credible vendors in the eyes of the customers. In the sales department, to enhance the trust of the seller, the specialist, personality and behavior of the seller will have the most impact on the customer. Customers have a solid relationship between the apparent appearance and the personality characteristics of vendors. In order to improve the customer's perception of the seller's perceived personality, the company must pay attention to the appearance (type of dress and adornment) of the vendors and consider it an effective factor in understanding and accepting customers.

Proposals based on the third sub-hypothesis: It is suggested that managers tailor sales activities tailor-made to each customer's needs, tailor-made sales force for each target customer. The managers of the organization do not consider the sale to be just an executive operation at the micro level. Instead, the managers' view of the specialty of sales as one of the most important parts of the organization should be in addition to the operational look of a strategic look.

Proposals based on the fourth sub-assumption: The Company can obtain information from any of its clients about one of the components related to customer knowledge. Customers who have better information about the product may not necessarily have good information about the market or rivals of the company; therefore, a segmentation of customers related to their type of knowledge and information can be useful for the company to bring the best information and knowledge from each group. Brought up the customer's mental image of the company is influenced by its promises. Therefore, in order to create a better image for customers, the company should fulfill

its promise in a timely manner and eliminate the barriers that exist in this area.

5. References

1. Aquilar, F. (2010) *Psychological and political strategies for peace negotiation: A cognitive approach*, Springer.
2. Bradford, K.D. (2011) «Training delivers higher sales for pitney bowes; revenues, productivity and order values improve at franking and mail stream company», *Human Resource Management International Digest*, **19**(1), 23-25. <https://doi.org/10.1108/09670731111101570>
3. Ngamkroekjoti, C. and Speece, M. (2008) «Technology turbulence and environmental scanning in Thai food new product development», *Asia Pacific Journal of Marketing and Logistics*, **20**(4), 413–432. <https://doi.org/10.1108/13555850810909731>
4. Court A.W and Culley S.J., et al. (1997) «The influence of information technology in new product development: Observations of an empirical study of the access of engineering design information», *International Journal of Information Management*, **17**(5), 359–375. [https://doi.org/10.1016/S0268-4012\(97\)00016-9](https://doi.org/10.1016/S0268-4012(97)00016-9)
5. Decety, J., Meyer, M. (2008) «From emotion resonance to empathic understanding: a social developmental neuroscience account», *Development and Psychopathology*, **20**, 1053–1080. <https://doi.org/10.1017/S0954579408000503> PMID:18838031
6. Ernst, H., Hoyer, W.D., and Rübssaamen, C. (2010) «Sales, marketing, and research-and-development cooperation across new product development stages: implications for success», *Journal of Marketing*, **74**(5), 80–92. <https://doi.org/10.1509/jmkg.74.5.80>
7. Futrell, C.M. (2006) *Fundamental of Selling: Customer for life through services*, 9th ed. New York: McGraw Hill Irwin.
8. Gulumurthy, A. and Kodali, R. (2012) «An application of analytic hierarchy process for the selection of a methodology to improve the product development process», *Journal of Modeling in Management*, **7**(1), 97–121. <https://doi.org/10.1108/17465661211208820>
9. Johnston M.W. and Marshall G.W. (2009) *Churchill ford Walker's Sales force Management*, 9 ed. Boston: McGraw-Hill.
10. Ren, J., Yusuf, Y. and Burns, N.D., (2003) «The effect of agile attributes on competitive priorities: A neural network approach», *Integrated Manufacturing Systems*, **14**(16), 489–497. <https://doi.org/10.1108/09576060310491351>
11. Tzokos, N., Hultink, E., Hart, S., (2004) «Navigating the new product process», *Industrial and marketing management*, **33**(7), 619–626. <https://doi.org/10.1016/j.indmarman.2003.09.004>
12. Zoltners, A.A., Sinha, P., and Lorimer, S.E. (2009). *Building a winning sales force: Powerful strategies for driving high performance*, 1st ed. New York: AMACOM.