

NEW PRODUCT PRICING STRATEGY AND THE SALES ENVIRONMENT: AN EXPLORATORY STUDY

LINDA ROCHFORD, *University of Minnesota-Duluth*
THOMAS R. WOTRUBA, *San Diego State University*

New product pricing strategy and relationships to characteristics of the sales environment are investigated. Variables relating pricing strategy to marketplace conditions faced by the sales force do not appear to be covered in the literature, especially in relation to the introduction of new products and their incorporation into the product line responsibilities of the sales force.

Findings suggest that a higher introductory price was more likely under conditions where the new product is perceived to have a superior competitive advantage, though not necessarily because it has fewer competitors; where the sales force is less familiar with the new product's customers; when the buying center is larger; when the selling cycle is longer; and where the new product is new-to-the-world rather than a modification. Thus, a number of factors significantly and separately influence new product pricing besides the degree of product newness. Taken together, these conditions suggest that higher introductory prices for new products occur when the selling process is more challenging, as evidenced by a new product that is truly new and potential new product customers who are less familiar to the seller, requiring a longer selling cycle and involving a larger buying center.

INTRODUCTION

What is the appropriate strategy for pricing a new product? How does pricing strategy affect performance of the new product in the market? How does new product pricing strategy impact other new product marketing mix elements? These are important but not easily answered questions.

Setting the price for a new product is a "one-time opportunity" (Dolan and Simon 1996). Not only is it generally easier to gain acceptance of a price with a new product than an existing product, but the initial price becomes the reference point for future prices and influences customers perceptions. Increasingly competitive markets, globalization, faster technological change, and shorter average product life mean that new product pricing mistakes may

significantly diminish profitability (Monroe 1990) and that there is less time to correct initial pricing errors.

Pricing of new products has received little attention in the new product literature. New products textbooks devote little discussion to the subject concentrating on the value provided by the product. For example, scarcely a paragraph on pricing is provided in the launch section of one text compared to more than a page on packaging of the new product at launch (Crawford and Di Benedetto 2000, p. 379-381). The information that is given is quite general, giving little direction to how new product price should be established with the primary focus on overcoming barriers to trial (Crawford and Di Benedetto 2000 p. 400-401). Some texts with a strong product development focus do not even address the subject of price or the launch stage (Ulrich and Eppinger 2000). While it is generally well accepted that pricing decisions in general should incorporate such factors as company objectives and strategies, competition, legal

constraints, customer demand, and costs (Morris and Calantone 1990), variables pertaining to the sales environment (such as buyer and competitor behavior) and its relationship to pricing strategy do not appear to be covered in the literature, particularly with regard to new products.

The purpose of this article is to report on an exploratory investigation of new product pricing strategy and its relationships to buyer and competitor circumstances faced by the sales force.

FACTORS AFFECTING NEW PRODUCT PRICING

Product Innovativeness

One of the problems in determining pricing strategy for new products is that new products run the gamut from new-to-the-world products that are truly unique and considered innovations by potential customers, to more mundane product modifications that can offer some improvements and benefits to the customer (Zikmund and d'Amico 2001). In other words, pricing strategy may depend on the relative "newness" of the new product as understood by the marketplace (Monroe 1990). Customers are often thought to be relatively price insensitive to new-to-the-world products, in part because there are no direct competitors for comparison as alternatives. These types of new products, because of unique characteristics or benefits, are often priced to exploit a price/quality relationship and generate a desirable return. This suggests that a new-to-the-world product should utilize a higher introductory price that might develop into a skimming price strategy rather than a start with a low price and a corresponding penetration strategy (Nagle and Holden 1995). However, only about ten percent of all new products are considered new-to-the-world while most are product modifications (Booz Allen & Hamilton 1982).

New Product Advantage

For product modifications, establishing value to the customer may be more of a challenge. These types of new products often have established direct

competition as well as indirect competition. The pricing of new products that are functionally identical to existing products is influenced by the prices of those competing products. Consequently, prices of product modifications are likely to be similar to existing products' prices. A product may also be developed in order to fit a price point or to undercut an existing product at a particular price point. Yoon (1991) finds a positive relationship between user benefit and entry price for imitative new products. Those imitative products delivering greater user benefit can support higher initial prices.

Pricing is often an important way of enhancing the value of product modifications having little differentiation from other market offerings. Consequently, penetration pricing or at-market pricing is generally recommended. Based on this discussion, the following hypotheses are proposed:

- H₁: Compared to product modifications, new-to-the-world products are more likely to utilize a relatively higher introductory price.
- H₂: A high introductory price is more likely to be used with new products having a competitive edge than with new products having little or no competitive edge.

Competition

An additional problem in pricing new products is that initial price sensitivity often bears little or no resemblance to long run price sensitivity (Nagle and Holden 1995, Woodside 1995). Initial adopters, the innovators who adopt first, are not generally a random sample of buyers and are often less price sensitive than the rest of the market. However, as competition enters the market and the most price insensitive customers have been skimmed, it is increasingly important to alter new product pricing to become more price competitive, even for initially new-to-the-world products.

After a successful new-to-the-world product appears, one or more imitative new products are likely to be introduced as competitors. These imitative products often face a more difficult

challenge since they are not novel and unique and must provide added value to persuade customers to purchase (Urban and Hauser 1993). A lower price is one way to provide added value in marketing these imitative products (Yoon 1991). Therefore we propose:

- H₃: New products facing more competitors are likely to have lower introductory price levels than those new products facing fewer competitors. (i.e., a negative relationship between number of direct competitors and price level)

Uncertainty, Risk, and Sales Force Behavior

In a study of purchasing behavior, Tullous and Munson (1992) found that the importance purchasing managers placed on purchase selection criteria differed under conditions of high and low uncertainty. Under conditions of low need uncertainty (defined as the "perceived risk associated with the product and its performance") price becomes a more important purchase criterion. When need uncertainty is high, technical service becomes more important and may justify a higher price in the mind of the buyer. Price and technical service were the two selection criteria most affected under conditions of transaction uncertainty (the "perceived risk associated with a vendor's location and prior experience with the vendor"). A significant interaction effect for need uncertainty with transaction uncertainty was also found suggesting that both types of uncertainty influence variation in selection criteria importance.

While that study was not concerned with new products per se, it supports the idea that a price is more critical to the purchase decision under conditions of lower product risk and transaction risk. The product purchase risk could be lower due to product purchase condition (straight or modified rebuy), product familiarity (e.g., a product modification), or clearly apparent product benefit. In these circumstances the buyer would be less likely to rely heavily on the sales force for information and service about the product. Transaction risk brings a different element into the new product purchase

decision. An existing buyer-seller relationship and knowledge of the firm selling the new product may reduce transaction risk in the eyes of the buyer increasing the importance of price in the buyer's purchase decision. High transaction risk, which might occur, for example, when a firm launches a new product into a new-to-the-firm market or when a firm institutes a new channel or sales force, increases the importance of nonprice purchase criteria for the buyer. Transaction risk and uncertainty are relevant to three sales management topics: buyer-seller relationships, buying center size, and the length of the selling cycle.

Buyer-Seller Relationships

The relationship between the sales force and the new product customer can potentially impact pricing policy. The sales force plays an important role in influencing the customer (Jackson, Keith and Burdick 1987, Moriarty and Speckman 1984, Parasuraman 1981, Patti 1977) and educating and serving the market for new products (Cothran 1990). When the sales force is familiar with the new product's target customer, the salesperson can communicate the benefits of the new product to the customer more effectively and assure that buyers realize those benefits at the time of initial use (Nagle and Holden 1995), thereby reducing transaction risk and adding customer value.

From the selling firm's perspective, utilizing a sales force with greater customer familiarity reduces transaction risk. Existing buyer-seller relationships can facilitate new product adoption. Therefore, selling costs may be lower. This can be reflected in a lower selling price to the buyer. On the other hand, research studies have demonstrated that acquiring new customers and developing new relationships is much more costly to the firm than maintaining current customer relationships. The costs of obtaining a new-to-the-firm customer can be as much as five times that of keeping and maintaining an existing customer relationship (Reichheld 1996, Webster 1994, Williams 1998). Based on this discussion, we propose:

H₄: Firms whose salespeople are less familiar with the new product's customers are more likely to utilize higher introductory pricing than are those firms with greater customer familiarity.

Buying Center

The size of the buying center is also an issue with the adoption of a new product. For example, new task purchases tend to have larger buying centers than for more routine rebuys or modified rebuys (Hutt, Johnson, Ronchetto 1985). Thus, buying center size is positively correlated with purchase risk. Larger buying centers also present greater risk for the seller and create a more costly selling situation. Similarly, the inherent riskiness of a new product, including higher than market price, would seem to influence buying center size. Therefore:

H₅: When larger buying centers are anticipated, firms selling new products will be more likely to use a higher introductory new product pricing strategy.

Selling Cycle

The selling cycle has been defined as the length of time in calendar days from initial contact to sale of the product (Wotruba and Simpson 1990). Longer selling cycles generally reflect a more complex, lengthy buying process often requiring greater demonstration or testing of the product and greater need for educating the buyer. These conditions often occur when transaction risk is high because of the size of the potential purchase, lack of familiarity with the product's technology, or lack of experience with its supplier.

The selling cycle has an impact on an organization's sales costs. Estimates across industries average \$300 per call on a customer or prospect (Cahners 1994a) with an average of more than four calls required to close a sale (Cahners 1994b). However, these figures do not specifically refer to the effort required to launch a new product that may require additional effort such as calling on new prospects rather than existing accounts (Rao and Turner 1984). Consequently, organizations may attempt to develop

a pricing strategy for new products that considers the impact of selling cycle on sales force resources. It may also be possible that a high introductory pricing strategy necessitates a longer selling cycle in order to convince buyers of the product's value. Therefore:

H₆: Firms expecting a longer selling cycle for the new product will be more likely to use a higher introductory price.

Pricing and New Product Performance Objectives

The sales environment also includes the larger organization in which the sales force operates, and especially the objectives of that organization. New product performance has usually been measured in terms of how well the new product met corporate or business unit objectives (Cooper 1981, Crawford 1980, 1979). Typically, more than one criterion is used to measure new product performance (Booz Allen Hamilton 1982, Griffin and Page 1993, Hultink and Robben 1995, Johne and Snelson 1988). The most commonly used objectives were profit contribution, sales volume and return on investment. In addition, a common externally driven motivation for launching a new product was defending a market share position. Because these objectives can be multiple in number, Rochford and Wotruba (1996) devised a weighted composite measure of new product performance based on three of the most common new product objectives: market share, profit margin and sales volume. This measure allowed comparisons to be made among firms with objectives differing in importance from one firm to the next.

Pricing strategy is closely related to an organization's financial and market objectives. In an eight year survey of industrial marketers in six SIC code categories, Coe (1990) found that market share fell from the dominant pricing objective in 1982 (40 percent of surveyed firms) to a much lower position with only eight percent claiming market share as the major objective by 1988. Profitability overtook market share as the prime objective in 1984, and by 1988 74 percent of surveyed firms had

this as their primary emphasis. A troubling result was that the majority of firms saw pricing as "not an active strategy" by 1988 with only 22 percent of the surveyed firms reporting that pricing was a core or support strategy. As part of their overall marketing strategy, the number of firms pursuing an innovation product development strategy declined. This was replaced with less costly and risky strategies such as product modification or market penetration. Coe states that "if firms were still pursuing innovation, the ineffective use of pricing would not be such an important competitive concern." As noted above, greater opportunities for differentiation are available for new-to-the-world products and there is little competition.

In summary, new product performance is evaluated within the organization primarily by how well these products meet new product objectives. The most common types of new product objectives are financial measures that are influenced by customer acceptance including measure of profitability, sales volume, return on investment, and market share. The importance of particular new product objectives may influence pricing strategy choice. For example, a high introductory price is often closely associated with a profitability objective attempting to recoup development and marketing costs for the new product. Given that pricing strategies relevant to these financial objectives are properly implemented, then pricing strategy should be related to new product performance on these objectives as well. To explore this area, the following are proposed:

- H₇: The relative importance of new product objectives will vary with new product pricing strategy.
- H₈: The relative performance on new product objectives will vary with new product pricing strategy.

METHOD

Sample

A national list of 450 U.S. firms was obtained from a commercial source. Each firm on this list was

screened by telephone to assess whether the firm had introduced a new product during the preceding year and to discover willingness to participate in a mail survey on new product performance. From this list, 253 firms were reached and 219 met the qualification of developing a new product within the previous year. The sales managers in these firms received a copy of the questionnaire, cover letter, and postage paid return envelope by mail. Cooperation was obtained from 112 firms, a 51 percent response rate.

Most of the new products introduced were described as modifications or improvements of an existing product (89.1 percent) while the rest were considered new-to-the-world products (10.9 percent). These figures are consistent with previous research (Booz Allen & Hamilton 1982) suggesting that only about 10 percent of all new products are truly innovations or new-to-the-world products. Thus, the respondents in this study appear typical in terms of the types of new products introduced. Firms ranged in size from those with less than \$5 million in sales per year to those with sales in excess of \$250 million per year. Firms were fairly uniformly distributed across size categories with no one size category dominating the results.

Measures

Respondents were asked to compare the new product's introductory price to prices of comparable competitive products on a seven point scale (1 = "much higher" to 7 = "much lower"). The new product pricing strategy variable was recast into a dichotomous variable (higher introductory price versus at-market or lower introductory price) by categorizing only those "much higher" and "higher" responses as evidence of a higher introductory price strategy. While it could be argued that new-to-the-world products do not have direct competition as a price reference, indirect substitutes do generally exist for the underlying need which customers do consider in making a purchase. Therefore, the comparison was considered reasonable for both product modifications and new-to-the-world products.

Respondents were asked to directly report the number of competitors, number of competitive products, and length of selling cycle (in days or weeks, converted to days) for the new product. Buying center size was computed by summing dichotomous responses from separate questions asking whether individuals in various positions (e.g., purchasing manager, engineering manager, quality assurance manager) were involved in the new product purchase decision. Nine specific position titles were provided in the question along with an "other" category. New product innovativeness was assessed by asking respondents to select the most appropriate description of the new product ("new-to-the-world", first of its kind product or "product modifications" based on some improvement or adaptation of the product or technology). Competitive edge relative to other products was evaluated on a seven point scale (1="not at all" to 7="very large extent") as was sales force familiarity with buyers (1="not at all familiar" to 7="extremely familiar").

These variables were measured with single items. The use of single item measures is not unusual in exploratory research for overall measures of performance or behavior (Griffin and Page 1993, Mowen, Keith, Brown, and Jackson 1985, Pingitore, Dugoni, Tindale, and Spring 1994, Terburg and Ilgen 1975). The use of single item measures is often justified when the construct being measured is sufficiently narrow or is unambiguous to the respondent (Sackett and Larson 1990). In addition, there is support for the use of single item measures for variables representing relatively familiar and uncomplicated constructs (Wanous, Reicher, Hudy 1997). Given the exploratory nature of this study as well as the nature of the constructs, single item measures were considered appropriate. Pretesting of the instrument among three experienced sales managers, two employees from a prominent sales management consulting firm, and among MBA students in a sales management course suggested that the concepts described in the final draft of the questionnaire were clear and unambiguous to the respondents.

It should be noted that an explicit attempt was made to try to capture new product information and

evaluations that were relatively recent. Respondents were asked to report on a new product that had been introduced by their firm during the previous year. This approach increased the likelihood of collecting accurate information, more accurate memory of new product information, less chance of losing touch with the better informed respondent due to personnel turnover, and less opportunity for revisionism and justification that can occur over an extended time period. However, this meant that it was possible to obtain only short-term assessment of financial and market performance.

RESULTS

The data were analyzed in two ways. For Table 1, the pricing variable was collapsed into "higher introductory price" and "at-market or lower price" from the seven point scale discussed above using a Chi-square test with categorical variables. In Table 2, the pricing variable was not separated into the two variables but simple Pearson's correlation coefficients were examined for significance of relationships with continuous variables.

Table 1
Price Strategy Relationships:
Chi Square and t-tests

Variable	Pricing Strategy					
	Higher		At-Market/Lower		Chi Square	p-Value
	n	%	n	%		
New product market						
Industrial	20	74.1	49	62.8		
Consumer	<u>7</u>	<u>25.9</u>	<u>29</u>	<u>37.2</u>		
	27	100	78	100	1.127	0.288
New Product innovativeness						
New-to-the-world	6	22.2	5	6.5		
Modification	<u>21</u>	<u>77.8</u>	<u>72</u>	<u>93.5</u>		
	27	100	77	100	5.229	0.02

Product Innovativeness. New-to-the-world products do utilize a higher introductory price strategy more frequently than product modifications ($p = .022$) supporting H_1 . A higher price was utilized by more than half of all new-to-the-world

Table 2
Pricing Strategy Relationships: Correlation Analysis

Variable	Mean	Standard Deviation	Relationship with Price Strategy ¹	
			Correlation Coefficient	p-Value
New product competitive edge ²	5.314	1.129	-0.4171	0.001
Sales force familiarity with buyers ³	5.028	1.885	0.2171	0.026
Number of directly competing products	8.408	17.269	0.0848	0.409
Number of directly competing firms	7.745	14.575	0.0172	0.87
Number of days in selling cycle	78.194	108.002	-0.2564	0.011
Buying center size	2.981	1.857	-0.2017	0.039
Performance of the new product (composite measure)	80.322	29.911	0.026	0.81
Importance of new product market share objective	5.406	1.584	0.0275	0.78
Importance of new product sales volume objective	5.872	1.218	0.0237	0.808
Importance of new product profit objective	5.809	1.378	-0.0556	0.566
Performance on new product market share objective	4.612	1.529	-0.0287	0.774
Performance on new product sales volume objective	4.717	1.66	-0.1797	0.067
Performance on new product profit objective	4.99	1.547	0.1891	0.055
Importance of market share objective overall	5.579	1.252	-0.2569	0.008
Importance of sales volume objective overall	6.028	0.976	-0.0074	0.94
Importance of profit objective overall	6.009	1.132	-0.0831	0.395
Performance on market share objective overall	4.779	1.238	-0.0164	0.869
Performance on sales volume objective overall	4.888	1.341	0.0122	0.901
Performance on profit objective overall	4.8962	1.414	-0.0583	0.554

¹ Skimming strategy is represented by smaller values (near 1) and non-skimming strategy by larger values (near 7) in these correlation analyses.

² Measured on a 7-point scale: 'to what extent did the new product have a competitive edge over existing products?' where 1 = none at all and 7 = very large extent.

³ Measured on a 7-point scale: 'How familiar was the sales force with the potential new product buyers?' where 1 = not familiar and 7 = very familiar.

products while fewer than a quarter of product modifications used this pricing strategy.

Competitive Advantage. Higher introductory price was significantly correlated with degree of competitive advantage ($p=.001$) as seen in Table 2. In other words, new products rated as having superior competitive advantage also utilized relatively higher prices. These results provide support for H_2 .

Competitors. There was no significant relationship between the number of directly competing firms and pricing strategy, as shown on Table 2. Products with higher introductory prices faced an average of 7.4 competing firms, while new products with at-market or lower prices faced eight firms on average. Therefore, H_3 was not supported.

Sales Force Familiarity. Table 2 shows a significant relationship between sales force familiarity with the new product's customers and the use of a higher introductory price ($p=.026$). Specifically, the lower the sales force familiarity, the more likely a high price was used for the new product. These findings support H_4 . In addition, sales forces with greater customer familiarity had shorter selling cycles ($p=.001$), a result not reported in the tables but one that lends validity to the findings.

Buying Center Size. Table 2 shows that size of the buying center was significantly correlated with price. Specifically, higher price was associated with a larger buying center ($p=.039$), thus supporting H_5 . These results are consistent with the previous discussion concerning purchase risk.

Selling Cycle. Selling cycle was measured in days and ranged from one to 532 days. Table 2 shows that there is a significant relationship between the length of the selling cycle and new product price ($p=.011$). The negative correlation coefficient indicates that longer selling cycles corresponded with higher pricing, and these results support H_6 .

New Product Performance Objectives. No significant relationships were found between the importance of the three new product performance objectives--profitability, sales volume and market

share--and pricing strategy for the new product. In addition, no significant relationships were found between the achievement of these same new product performance objectives and pricing strategy. However, relationships between achievement of the new product sales volume and profit objectives and new product pricing did approach significance (see Table 2).

When overall performance objectives for the entire product line were considered, there was no significant relationship between introductory pricing and either the importance of the sales volume or the importance of the profit objectives. However, the importance of the market share goal for all products was significantly correlated with pricing strategy (Pearson's correlation = $-.2569$, $p = .008$). In other words, much greater importance for market share overall was negatively correlated with a high introductory price. There were no significant relationships between pricing strategy and performance on overall product line objectives. So on balance, propositions H_7 and H_8 were not supported.

New Product Market. While no specific hypotheses were developed concerning introductory price strategy for consumer versus industrial new products, Table 1 does show that although a greater percentage of industrial products utilize a higher introductory price than consumer products, the difference is not statistically significant.

DISCUSSION

Based on the relationships tested, our findings showed that a higher introductory price was found to be more likely under these conditions:

- The product is new-to-the-world rather than a modification;
- The product is perceived to have a superior competitive advantage, though not necessarily because it has fewer competitors;
- The sales force is less familiar with the new product's customers;
- The buying center is larger; and
- The selling cycle is longer.

Taken together, these conditions suggest that higher introductory prices of new products occur when the selling process is more challenging, as evidenced by a new product that is truly new and whose customers are less familiar to the seller, requiring a longer selling cycle and involving a larger buying center. In addition, higher introductory prices occur when the selling firm believes its new product has a superior competitive advantage, a hoped for characteristic of true innovations but also a challenge if it presents a training need to provide familiarity to the sales force.

Since new-to-the-world products are associated with higher introductory prices as well as a larger buying center and longer selling cycle, this combination of circumstances is consistent with the earlier discussion of purchase risk. In particular, a truly new product represents greater transaction risk leading to a larger negotiation period (i.e., selling cycle) and participation by more buying influences (i.e., larger buying center). The longer time period and broader buying influence participation can help to reduce the transaction uncertainties. In addition, need uncertainty associated with how well a new-to-the-world product will fit the buyer's needs can be ameliorated by sales force action. This may include greater pre-sale demonstration and education by the salesperson as well as the promise of post-sale technical service and other assistance, thereby producing a greater value and justifying a higher price in the mind of the buyer. Lower levels of transaction and need uncertainties associated with new products that are modifications, coupled with lower relative prices, may require less sales effort or negotiation.

What might explain the lack of relationship between new product pricing policy and the importance of performance objectives for these products as well as between pricing policy and performance results on these same objectives? Perhaps Coe's results suggesting that a majority of firms do not view pricing as an active strategy hold for new products as well. Organizations may be relying more heavily on other marketing mix strategies and tactics to achieve their new product objectives. Price is only the unit revenue component of the total financial picture, and new-to-the-world products in particular may require

providing other costly services to induce adoption, thereby offsetting some of the revenue gained from the higher price.

CONCLUSION AND FUTURE RESEARCH DIRECTIONS

This study supports the accepted idea that a higher introductory price is associated with new-to-the-world products and/or products with a distinct competitive advantage. The pattern of findings suggests that an at-market or lower introductory price is more closely associated with product modifications and less obvious competitive advantage. Under these conditions, such products are more conducive to the utilization of existing sales force relationships to launch this kind of new product. In other words, adding an existing product line modification may be effectively accomplished with the existing sales force. On the other hand, since higher price is so closely related to product innovativeness, lower customer familiarity by the sales force, larger buying centers, and longer selling cycles, it may be that these types of new products are less easily extended to the existing sales force unless they are accompanied by substantial training and supported by significant incentives. Alternatively, the innovative product might be better served by some new type of sales force structure (e.g., new salespeople, new manufacturers' reps, etc.) within those firms.

This study highlights potential linkages between the firm's new product pricing strategy and buyer-seller related issues such as sales force familiarity, buying center size, and selling cycle as well as other issues in the selling environment. Sales conditions may be an important consideration when establishing new product pricing strategy. However, pricing strategy did not appear to be significantly related to the importance or performance of three new product or overall product line objectives in this study. This result is somewhat disturbing and counterintuitive. Some possible explanations have been offered for this result but the question deserves additional investigation.

As a preliminary investigation, this study raises many additional questions for future inquiries regarding the relationships between the sales force, pricing strategy, and new product adoption. For example, firms may be overlooking profit potential by setting pricing strategy to reflect their risk and costs (longer selling cycle, lower sales force buyer familiarity) without more carefully investigating the added value of an established buyer-seller relationship to the customer. This relationship could mean higher switching costs and value if the relationship is satisfactory and may merit higher prices from the customer's perspective.

While this study considered introductory price, an important issue is under what conditions and for how long the introductory price is maintained. For example, a skimming pricing strategy starts out with a high introductory price and then lowers that price as competitors enter the market and as the least price sensitive segments of the market are saturated. A longitudinal study of price and market conditions is necessary to address this question.

Purchase risk for new products and the role of the sales force in managing the relationship with a potential customer is a significant management issue. How does the customer familiarity with the sales person mediate price acceptance of a new product? How can sales force resources be best harnessed to facilitate successful new product introduction? These are important areas for future new product and sales management research.

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