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Sales Territory Design and Salesforce Performance in the Detergent Manufacturing Companies: The Actual Kenyan Context

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Abstract

This paper focuses on determining the influence of sales territory design on salesforce performance in the detergent manufacturing companies in Kenya. Detergents play a critical role in our everyday lives by ensuring hygiene at our personal level, in our homes, in schools, institutions, and hospitals. Detergents have gained a lot of prominence since the onset of the Corona Virus (COVID-19) disease in 2019, as it has been proved that they play an important role in curtailing the transmission of the COVID-19 disease. The Salesforce plays an important role in organizations as they are the ones who in most cases interact with customers, provide information about their organization and products, provide prices, demonstrate how products are used, train customers, provide after sales service, and resolve any issues that may arise. The study was anchored on Expectancy Theory, Resource Based Theory, Equity Theory, and Agency Theory. The study adopted positivism philosophy and used a descriptive cross sectional design. The unit of analysis was the sales people in the detergent manufacturing companies in Kenya who are members of Kenya Association of Manufacturers as per list obtained from KAM in December 2018. The study used primary data which was collected by administering semi-structured questionnaires. The data was analyzed using

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a combination of both descriptive and inferential statics to describe the manifestations of the variables in the data collected, simple regression model was used to test the significance of the influence of sales territory design (independent variable) on the salesforce performance (dependent variable). Fischer distribution test (F-test) was used to test the significance of the independent variable and the overall model. The p-value for the F-statistic was used to determine the robustness of the model. This was done at 95% confidence level ($p<0.05$). The study found a strong relationship between sales territory design and salesforce performance. This depicts that sales territory design is critical in determining salesforce performance in detergent manufacturing companies in Kenya.

Keywords: Sales territory design, Sales force performance, Detergent manufacturing companies, Kenya

1. Introduction

The salesforce is a grouping of individuals either working for the marketing of products and services manufactured by a firm or for products that are procured by the firm for the purpose of selling (Panda & Sahadev, 2019). Salesforce performance (SFP) is an evaluation of the behavior of the salesforce at work place, since behavior contributes to the achievement of the organization's objectives (Groza et al., 2016). Sales territory design is the process of matching salespeople to the customers and prospects to ensure efficient and effective utilization of company resources (Fatima, 2018). It can be product or geographical area-based or organized along other work responsibilities. Detergents play a critical role in our everyday lives by ensuring our personal hygiene, hygiene in our homes, schools, institutions, and hospitals. Detergents have gained a lot of prominence since the onset of the Corona Virus (COVID -19), as it has been proved that they play a critical role in curtailing the transmission of the COVID -19 viruses (Gupta & Lipner, 2020).

Salesforce performance has continued to be recognized by scholars and practitioners in market research as an extremely important cornerstone of modern marketing thought as it directly influences the firm sales effectiveness, revenue growth, and overall superior performance (Fatima & Azam, 2017). The salesforce plays critical roles in organizations as they are the ones who in most cases interact with customers, provide information about their organization and products, provide prices, demonstrate how products are used, train customers, provide after sales service, and resolve any issues that may arise. Any organization that intends to be competitive and to outperform its competitors must have a salesforce that has superior performance (Schmelz, 2017). An effective salesforce is an indispensable asset as salespeople play a

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fundamental role in marketing strategy implementation (Kumar et al., 2014). Crosno and Brown (2015) indicate that sales performance has been one of the commonly used variables to gauge the effectiveness of the salesforce. According to Carton and Hofer (2010), salesforce performance can be gauged through single or multiple dimension measures. However, a good measure of salesforce performance should be broad-based to cover several dimensions of performance outcomes. Owino (2015) postulates that non-financial performance metrics assesses customer satisfaction, value delivered to customers, customer retention, and market share. In addition, Miao and Evans (2013) postulates that financial performance metrics includes sales units, revenue, and profitability. However, this study conceptualizes salesforce performance as illustrated by Anderson and Oliver (1987) using outcome based and behavior based performances. Outcome based performance was measured using quantitative metrics while behavior based performance was measured using qualitative metrics.

Sales territory design (STD) has been recognized by sales practitioners as a factor driving sales performance (Fatima, 2018; Kwiatek, 2011; Liu Tzeng, Lee & Lin, 2016). Kwiatek (2011) posits that firms need to segment or partition their customers into clusters or territories in order to efficiently handle marketing and distribution decisions over different periods and customer bases. The underlying argument is that a well-designed sales territory makes it easier for a firm to match the workload and sales opportunities in a territory to the salesperson assigned to cover that territory, and grow revenue in a competitive business environment (Gordon et al., 2012).

Sales territories are mostly designed based on political boundaries such as states, provinces or counties. In some cases, several states, provinces or counties may be combined to form one sales territory. This design in turn affects the sales potential of the resulting sales territories as the different states, provinces or counties have different populations and economic capabilities. Sales territories in high income areas are likely to generate more sales as compared to sales territories in low income areas. A sales manager normally considers factors such as the market potential, geographical size of the territory, number of accounts in the territory, time required to move from one account to another, competition intensity, and impact of electronic commerce (e-commerce) when designing sales territories. These factors are critical in determining the efficiency and effectiveness of the salesforce performance. Companies strive to balance their territories because this can increase the sales and reduce the costs.

Coudounaris (2011) posits that effective sales territory design is important in enabling salespeople to perform well, which is reflected in the effectiveness of the organization. He further posits that a territory which is

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well designed will give more returns as opposed to poorly designed territories, since selling efforts that are optimal are as a result of best marketing decisions. Thus, this has a significant positive impact on salespersons' attitudes and eventually performance. Zoltners, Sinha and Lorimer (2011) conceptualize sales territory design using dimensions such as customer coverage, market potential, the number of accounts in territory, travel cost/time, and reward systems. Grant et al. (2001) contend that sales territory design is a major determinant of a salesperson's opportunity to perform well and also to improve their ability to earn incentive pay where incentives are linked directly to territory-level individual performance. Sales territory design is the independent variable in the current study.

The detergent manufacturing sector in Kenya occupies a central role both in terms of providing employment and as a key component of the manufacturing sector which in 2018 contributed 10% of the Kenyan gross domestic product. The sector employs about 3000 employees directly and creates about 5000 jobs indirectly (KAM, 2019). It is an important sector in helping the government to achieve the Big Four Agendas of food security, affordable housing, manufacturing, and affordable healthcare to all citizens and in achieving the vision 2030 goals. Through local manufacturing of detergents, the sector helps the government to achieve one of the big four agenda namely manufacturing. The sector is a key driver in helping the government to achieve the universal health care for all agenda by improving both personal hygiene and quality of manufactured foods, which in turn ensures less wastage in food processing which is in line with the government's food security agenda. Moreover, the import duty taxes levied on the detergent raw materials and value added taxes on the detergents is part of the money the government utilizes to implement the affordable houses agenda. Furthermore, detergents are important components in the fight against diseases, especially the new COVID-19 disease through the washing of hands and facilities. Detergents are key components in achieving cleanliness and hygiene in our homes, hospitals, offices, institutions, and food factories. Many of the detergent manufacturing companies use in-house salesforce to sell the detergents, and superior service is important to ensure the firm is competitive and to cultivate a lasting clientele relationship (Wangari, 2012). One of the critical issues that sales managers in the detergent producing firms in Kenya face is how to improve the performance of their salesforce. This critical yet unsettled issue is particularly pertinent during the current economic decline with rising sales calls costs, decreasing customer interest in taking investment purchasing decisions and heightened competition.

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2. Materials

The study is anchored on Expectancy Theory (Vroom, 1964), Resource Based View (Penrose, 1959; Wernerfelt, 1984; Barney, 1991; Andersen, 2012), Equity Theory (Adams, 1963), and Agency Theory (Jensen & Meckling, 1976; Eisenhardt, 1989). The effect of STD on salesforce performance is underpinned on the equity theory, and performance of the salesforce is underpinned on the expectancy and agency theories. Equity theory (EQT) is a cognitive theory concerned with how individuals perceive inputs and outputs in organizations (Cron, 1983). It was developed in the 1960s by Stacy J. Adams. Although early research on equity theory concentrated on perception of pay inequality and its relationship to performance (Campbell & Prichard, 1976), recent studies have extended application of equity theory to variety of employee/organization relationships (Telly, French & Scott, 1971). These studies have found strong support for the equity theory propositions, and this suggests that the theory is an appropriate framework which managers can use to evaluate reactions of their salesforce to territory design and changes.

According to Adams (1963), employees seek to maintain equity between the inputs that they bring to a job and the outcomes that they receive from it against the perceived inputs and outcomes of others. Inputs are the contributions that an employee brings to the organization and may be in form of age, education, effort, hard work, experience, and skill. Outcomes refer to the results that are being evaluated and may be in form of salary, rewards, punishments, recognition, praise, achievement, reputation, and satisfaction (Goodman, 1974). The structure of equity in the organization is based on the ratio of inputs to outputs. Individuals review their inputs and outcomes versus that of others. In situations of inequality, they experience cognitive dissonance than individuals in equitable situations. The greater the perceived inequality an individual experiences, the greater is the strength of the behavioral tendency towards reducing inequality (Campbell & Pritchard, 1976).

Expectancy theory (Vroom, 1964) is an ideal motivational theory for reviewing the performance of the salesforce. From a sales management perspective, expectancy theory views motivation as the desire and willingness of the salesforce to expend effort on a given task (Fu, 2015). Sales motivation has three components: one, the choice to initiate effort toward a certain task, two, choice of level of effort to expend, and three, choice to persist in the expenditure of that level of effort (Johnson & Marshall, 2013). Expectancy theory posits that behavior and performance are based on conscious choices, and that the motivation of the salesforce to expand effort is based on their expectation of success. The salesforce will tend to perform tasks when greater value is attached to the reward and the probability of performing the task well. To improve sales performance, the management needs to make sure that the

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salesforce expand effort on the right tasks, work with an adequate level of effort, and do not give up easily.

Resource-based view (Penrose, 1959; Wernerfelt, 1984; Barney, 1991; Andersen, 2012) argues that the performance and competitive advantages of a firm revolves on combination of distinct skills, assets, and capabilities through utilization of resources and core competencies. The theory asserts that resources which are treasured, scarce, unique, and non-replaceable give the firm good performance and a competitive advantage. It assumes that resources are more valuable when they are serving customers, are scarce, durable, not easily imitated, and contribute to profit.

The agency theory (AT) (Jensen & Meckling, 1976; Eisenhardt, 1989) views an organization as being made up of principals and agents. In this study, the organization is the principal and the salesforce is the agent. Often, conflicts arise in the agency relationship because the principal and the agent have different goals and risk preferences, and they do not always share information. Goal incongruence leads them to prefer different courses of action during their agency relationship. The goal of both the principal and the agent is maximum utility as each party acts in his or her own best interest. Utility for the principal is high sales and profits, whereas utility for the agent is high compensation at least effort. Agency theory addresses the relationship problem of how the organization can control the sales forces' activities to enhance efficiency and make the goals of the principal and agent congruent.

According to Anderson and Oliver (1987), sales organizations have two main approaches through which they can monitor and control the behavior of their salesforce namely; outcome based and behavior based. In outcome-based control systems, salespeople are left alone to achieve results in their own way using their own strategies. Salespeople are held accountable for their results and not for how they achieve the results. Under such a system, a salesperson is responsible for his or her performance but is free to select the method of achievement. In this control system, the salesforce is measured on parameters such as overall sales achieved, accounts gained, profitability, and expenses against set targets. In behavior-based control system, managers know what they want salespeople to do. Hence, they monitor their work in order to ensure that the salesforce behaves accordingly. Salespeople in this system are evaluated not on the basis of their sales achievement but on the number of factors that may result in performance (Anderson & Oliver, 1987). These factors include their technical knowledge, product demos, time management, teamwork, and sales presentations.

3. Statement of the Problem

Despite the view that sales territory design may play a critical role in salesforce performance, it has received limited attention in research studies of

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factors that influence the performance of the salesforce. Churchill et al. (1985), in a study on the effect of effort, territory situation and rater on the performance of salesforce performance, observed that out of 315 cases only 44 (14%) considered the effect of sales territory design. Furthermore, even though some studies have been carried out on the relationship between sales territory design and salesforce performance, inconsistent findings have been observed. Some authors argue a direct relationship (Fatima, 2018; Adusei, Tenkorang & Tweneboah, 2016; Ríos & López, 2013), some argues no direct relationship (Vazzana, 2017; Olivares, Garcia, Loranca, Rosas & Flores, 2015), while others opines a moderate relationship (Kwiatek, 2011; Zoltners et al., 2011; Verbeke et al., 2011). It is of utmost importance for marketers to find out the influence sales territory design has on salesforce performance, and also to resolve the debate on whether the influence is direct or not. This therefore prompted the current study to determine the influence of sales territory design on salesforce performance in the detergent manufacturing companies in the Kenyan context.

Previous studies on the influence of STD on salesforce performance have yielded mixed results. For instance, according to Fatima (2018), satisfaction of salesperson with sales territory design positively influences salesforce performance which in turn has a positive impact on sales organization effectiveness. In the same vein, Zoltners et al. (2009) argue that poorly designed sales territories lead to poor sales as the salesforce spend too much time traveling from one account to another. Furthermore, salesforce in territories with too few accounts will spend time on nonproductive activities and in the long run may feel demotivated due to low sales and commissions and might end up exiting the business leading to lost sales. Grant et al. (2001) found that satisfaction with sales territory design had favorable outcome on salesforce motivation, job satisfaction, and sales performance. In addition, Rajagopal (2010) argue that sales territory design does not directly influence salesforce performance as it is based on factors often beyond the control of the salespeople such as the size of the salesforce, buying power of the accounts, geographical dispersion of accounts, time required to service each account, and competitive intensity. From the reviewed literature, it is evidenced that most studies argue that sales territory design influences sales force performance positively. Thus, the study empirically examined the influence of STD on sales force performance in the context of a developing economy such as Kenya.

4. Methods

The current study adopted positivism philosophy and descriptive cross sectional design. The unit of analysis was the sales people in the detergent manufacturing companies in Kenya who are members of Kenya Association

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of Manufacturers (KAM) as per list obtained from KAM in December 2018. This study further used primary data which was collected by administering semi-structured questionnaires to the salespeople. Data was collected from 232 salespeople chosen using systematic random sampling from the pool of salespeople in each detergent manufacturing company in the list. The data collected was analyzed using the Statistical Package for Social Science (SPSS) software. A combination of both descriptive and inferential statics was used to describe the manifestations of the variables in the data collected. Both simple and multiple linear regression analysis were used to determine the extent to which the variables are related. Multiple regression models were used to test the significance of the influence of the independent variable on the dependent variable. Fischer distribution test (F-test) was used to test the significance of the independent variable and the overall model. The p-value for the F-statistic was used to determine the robustness of the model. This was done at 95% confidence level ($p<0.05$).

5. Results

The objective was to determine the effect of sales territory design on salesforce performance. A simple regression analysis was utilized where sales territory design was regressed against salesforce performance. This process aimed at testing the objective of the study which was to determine the relationship between sales territory design as the predictor variable and salesforce performance as the outcome variable for detergent manufacturing companies in Kenya. The hypothesis formulated was that:

H_{01}: There is no significant relationship between sales territory design and salesforce performance of detergent manufacturing companies in Kenya.

5.1. Descriptive Statistics for Market Potential Manifestations

The respondents were required to indicate the extent to which they thought market potential component of sales territory design influenced salesforce performance in the detergent manufacturing companies in Kenya. To measure market potential manifestations, a set of five items was used. The variables were measured using a Likert scale ranging from 1.0 -5.0, where the mean of 1.0-1.8 (very small extent), 1.8 – 2.6 (small extent), 2.6 – 3.4 (moderate extent), 3.4 – 4.2 (large extent), and 4.2 – 5.0 (very large extent). The generated results are presented in Table 1.

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Table 1. Descriptive Statistics for Market Potential

One-Sample Statistics				
	N	**Mean**	**Std. Deviation**	**Coefficient of Variation**
The customers have high regard for the quality of the firm's products delivered within each market segment	232	2.6078	.94733	0.363268
The firm dominates the potential markets with large volumes of its products compared to the competitors	232	2.8707	.80615	0.28082
The firm's product portfolio commands the highest market share in all the potential markets	232	3.0259	.94398	0.311967
The firm's products have a strong brand image than products from the competitors	232	2.8319	.87891	0.310361
The firm's products are regarded as affordable by the customers compared to products from competing firms	232	2.8017	.96895	0.345844
The firm's products are preferred by customers more than products from competitors	231	3.0346	.97294	0.320616
The firm's products are available in all large distribution channels more than products from the competitors	232	2.8103	.92968	0.330812
Average mean score		**2.8547**	**0.921134**	**0.323384**

The results above show an average mean score of 2.85, standard deviation of 0.921, and coefficient of variation at 32%. This is moderate mean depicting an average market potential. The coefficient of variation (32%) implies that sales people in detergent manufacturing companies consider market potential as a measure of sales territory design, as this is a good contributing factor towards their performance.

5.2. Descriptive Statistics for Geographical Size of the Territory

Based on the geographical size of the territory being a construct of sales territory design, respondents were required to indicate the extent to

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which they thought it manifests among the detergent manufacturing companies in Kenya. To measure its manifestations, a set of five items was used. The variables were measured using a Likert scale of 1.0 -5.0, where the mean of 1.0-1.8 (very small extent), 1.8 – 2.6 (small extent), 2.6 – 3.4 (moderate extent), 3.4 – 4.2 (large extent), and 4.2 – 5.0 (very large extent). The generated results are presented in Table 2.

Table 2. Descriptive Statistics for Geographical Size of the Territory

One-Sample Statistics				
	N	**Mean**	**Std. Deviation**	**Coefficient of Variation**
The firm's sales territories are too large compared to territories of competing firms	232	3.3448	.90313	0.27001
The location of the customers in the sales territories is too dispersed making it difficult to visit all the accounts	232	3.3664	1.00185	0.297603
Customers at the extreme opposite sides of the sales territory are not reachable within one day	231	2.8398	.87743	0.308976
The size of the firm's sales territories should be reduced in size to guarantee better customer coverage	231	3.3203	.77542	0.233539
The size of the firm's sales territories is reasonable and ensures that all customers are serviced effectively	229	3.4236	.89813	0.262335
The size of the firm's sales territories is too small compared to competing firms leading to over servicing of the customers	232	2.6379	.93417	0.354134
The size of the firm's sales territories should be increased to increase on resources utilization	232	2.6595	1.00669	0.378526
The firm designs the size of its territories based on numbers of potential clients in the target territory	230	2.8304	1.05397	0.372375

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The firm's sales territories are geographically-based to ease access to customers	231	2.5065	.99070	0.395252
Average mean score		**2.992133**	**0.937943**	**0.319194**

The results shows that geographical size of the territory on average manifests among the detergent manufacturing companies in Kenya at 2.99, standard deviation of 0.94, and coefficient of variation of 32%. This is a moderate mean depicting that geographical size of the territory is moderate as far as salesforce performance is concerned.

5.3. Descriptive Statistics for Number of Accounts in the Territory

The descriptive analysis of the number of accounts in the territory was analyzed. Respondents were required to indicate the extent to which they thought it manifests among the detergent manufacturing companies in Kenya. To measure its manifestations, a set of five items was used. The variables were measured using a Likert scale of 1.0 -5.0 where the mean of 1.0-1.8 (very small extent), 1.8 – 2.6 (small extent), 2.6 – 3.4 (moderate extent), 3.4 – 4.2 (large extent) and 4.2 – 5.0 (very large extent). The generated results are presented in Table 3.

Table 3. Descriptive Statistics for Number of Accounts in the Territory

One-Sample Statistics				
	N	**Mean**	**Std. Deviation**	**Coefficient of Variation**
The firm designs optimum number of accounts in a sales territory so as to optimize coverage by the salesforce	232	2.5517	1.02645	0.402261
The number of accounts in the sales territory are based on the sales potential of the clients	231	2.6061	1.01114	0.38799
The number of accounts in the sales territory are designed based on the geographical terrain of the territory	232	2.6207	.99918	0.381265
The number of accounts in the sales territory are based on sales of the current customers	232	2.5905	.93071	0.359278
The number of accounts in the sales territory is	232	2.6293	1.09331	0.415818

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based on how customers are accessible by road				
There are too many accounts in the firm's sales territories making it difficult to reach all customers	232	3.1293	.90721	0.289908
There are adequate number of big accounts in the firm's sales territories to generate good sales	232	2.9310	.80285	0.273917
There is too much work load in the firm's sales territories making it difficult to adequately serve all customers	231	3.4286	.93848	0.273721
The accounts in the firm's sales territories are evenly distributed to balance the salesforce work load	232	3.5948	.92562	0.257489
Most of the accounts in the firm's sales territories require frequent visits to maximize on sales	232	3.6853	.83233	0.225851
There are accounts in the firm's sales territories that have not been visited due to too many accounts in the sales territories	232	3.6681	.91036	0.248183
Average mean score		3.039582	0.943422	0.319607

The average mean score of the analysis of the number of accounts in the territory is 3.04, standard deviation of 0.94, and coefficient of variation of 32%. The average mean score is neutral, which implies that number of accounts in the territory is manifested moderately as far as performance of sales people is concerned. The value of CV (32%) is good depicting uniform variation on the manifestation of number of accounts in the territory among the detergent manufacturing companies in Kenya.

5.4. Descriptive Statistics for Travel Time

Travel time was analyzed to determine how it manifests among the detergent manufacturing companies in Kenya. Respondents were required to indicate the extent using a Likert scale of 1.0 -5.0, where the mean ranges from 1.0-1.8 (very small extent), 1.8 – 2.6 (small extent), 2.6 – 3.4 (moderate extent), 3.4 – 4.2 (large extent), and 4.2 – 5.0 (very large extent). The generated results are presented in Table 4.

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Table 4. Descriptive Statistics for Travel Time

One-Sample Statistics				
	N	**Mean**	**Std. Deviation**	**Coefficient of Variation**
The travel time from one customer to another in the firm's sales territories is reasonable to enable servicing of all the customers	232	3.1983	.85503	0.267339
It is possible to reach all the customers in the firm's sales territories within the stipulated time	232	3.2026	.78260	0.244364
The firm encourages booking of appointments with customers to reduce travel time inconveniences	231	3.1861	.91603	0.287508
The firm's sales territories are designed based on geographical distances to manage travel times	232	3.9612	.84937	0.214422
There is adequate time to meet all the customers in the firm's sales territories so as to maximize on the sales	232	3.7759	.94054	0.24909
The layout of the firm's sales territories ensure sales people spend more time meeting customers than on travelling	231	3.9134	.86041	0.219863
There is not enough time to meet all the customers within the firm's sales territories and this leads to low sales	232	3.2328	.79346	0.24544
Average mean score		3.495757	0.856777	0.246861

The average mean score of travel time as shown in Table 4 is 3.49, standard deviation of 0.86, and coefficient of variation of 25%. This implies that respondents agreed that travel time is very critical in influencing salesforce performance in the detergent manufacturing companies in Kenya.

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5.1.5. Descriptive Statistics for Competition Intensity

The descriptive statistics for competition intensity was analyzed to determine how it manifests among the detergent manufacturing companies in Kenya. Respondents were required to indicate the extent using a Likert scale of 1.0 -5.0, where the mean ranges from 1.0-1.8 (very small extent), 1.8 – 2.6 (small extent), 2.6 – 3.4 (moderate extent), 3.4 – 4.2 (large extent), and 4.2 – 5.0 (very large extent). The generated results are presented in Table 5.

Table 5. Descriptive Statistics for Competition Intensity

One-Sample Statistics				
	N	**Mean**	**Std. Deviation**	**Coefficient of Variation**
There is too much competition in the firm's sales territories making it difficult to generate adequate sales	232	3.3578	.72466	0.215814
The firm has gained some customers from competition this year	232	3.3319	.70078	0.210324
The firm has lost some customers to competition this year due to too much competition	232	3.2716	.82675	0.252705
The firm's sales have been on a decline over the last five years due to too much competition	232	2.9957	.78678	0.262636
New competitors come to the firm's sales territories every year making it difficult to meet our sales targets	232	3.3491	1.01230	0.30226
Some competitors exit from the firm's sales territories every year due to too much competition.	232	3.0431	1.05594	0.346995
The firm's sales have being on an increase over the last 5 years year	232	3.2284	1.26370	0.391432
Average mean score		3.225371	0.91013	0.283167

The results of the descriptive statistics of the competition intensity showed that it manifested moderately at a mean score of 3.22, standard deviation of 0.910, and coefficient of variation of 28%. It is further depicted that a CV of 28% is good, implying that competition intensity is key in determining salesforce performance among the detergent manufacturing companies in Kenya.

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5.1.6. Summary Statistics for Sales Territory Design

The sales territory design variables were measured after the reduction of results into composite scores. Table 6 displays a summary of descriptive statistics results for sales territory design sub-components.

Table 6. Summary Descriptive Statistics for Sales Territory Design

No.	Sales Territory Design (Composite Scores)	N	Mean Score	Std. Deviation	CV (%)
i)	Market Potential	232	2.85	0.92	32
ii)	Geographical size of the territory	232	2.99	0.94	32
iii)	Number of accounts in the territory	232	3.04	0.94	32
iv)	Travel Time	232	3.49	0.86	25
v)	Competition Intensity	232	3.22	0.91	28
Overall		**232**	**3.118**	**0.914**	**30**

The results in Table 6 show that the mean score of the sub-variables of the sales territory design was 3.118, with a standard deviation of 0.914, and a coefficient of variation (CV) of 30%. This means that sales territory design is well manifested in the detergent manufacturing companies in Kenya as also indicated by a CV of 30%, implying that it is a strong contributor to salesforce performance. The sub-variable with highest manifestation is travel time with mean score of 3.49, followed by competition intensity with a mean of 3.22, number of accounts in the territory with a mean score of 3.04, geographical size of the territory with a mean score of 2.99, and finally market potential with a mean score of 2.85. The market potential, geographical size of the territory, and number of accounts in the territory had the highest coefficient of variation (32%) respectively, slightly higher than the other sub-variables, but it is still a good contributor to salesforce performance. The travel time had the lowest coefficient of variation (25%) compared to other variables, meaning that it was viewed as being manifested highly in the detergent manufacturing companies in Kenya. Thus, this contributes highly to the salesforce performance.

The simple regression equation for the relationship is represented by the following equation:

$SFP_1 = a + \beta_1 STD_1 + \varepsilon_1$

Where:

SFP_1 = Composite index of salesforce performance.

a = constant (intercept)

β = regression coefficient

STD_1 = Composite index of sales territory design

ε_1 = error term

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The derived statistical results from a simple regression analysis are presented in Table 7.

Table 7. Regression Results for the Effect of Sales Territory Design on Salesforce Performance

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.792[a]	.627	.625	.38810	.627	386.400	1	230	.000	1.860

a. Predictors: Constant, Sales Territory Design

b. Dependent Variable: Salesforce Performance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	58.201	1	58.201	386.400	.000[b]
	Residual	34.643	230	.151		
	Total	92.844	231			

a. Dependent Variable: Salesforce Performance

b. Predictors: Constant, Sales Territory Design

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.342	.149		2.287	.023		
	Sales Territory Design	.927	.047	.792	19.657	.000	1.000	1.000

a. Dependent Variable: Salesforce Performance

The study found a strong positive relationship between sales territory design and Salesforce performance (R= .792). Coefficient of determination (R^2 =.627) indicates that sales territory design explain 62.7 % of variation in salesforce performance. The overall model was statistically significant (F=386.4, $p<0.05$). The significant relationship is further manifested by the t-value in the coefficient table (β=.927, t=19.657, $p<0.05$). Therefore, this depicts that sales territory design is key in determining salesforce performance in detergent manufacturing companies in Kenya. Thus, the hypothesis that there is no significant relationship between sales territory design and salesforce performance was rejected and an alternative hypothesis was supported.

Conclusions, Implications, and Recommendations

The study determined the effect of sales territory design on salesforce performance. The study found a strong relationship between sales territory design and salesforce performance, depicting that sales territory design has a major influence in determining salesforce performance in detergent manufacturing companies in Kenya. Thus, the hypothesis that there is no

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significant influence of sales territory design on salesforce performance is rejected. The findings of the study showed that sales territory design is an important ingredient that contributes to salesforce performance. These findings reinforce the RBV Theory (Penrose, 1959; Wernerfelt, 1984; Barney, 1991; Andersen, 2012) that contends that resources in an organization are important factors in influencing a firm's competitiveness. Firms should strive to design territories that are efficient and effective that leads to superior performance for their salesforces. Sales managers should design sales territories that the salesforce is able to cover adequately within assigned time, and ensure that the salesforce spend less time travelling and more time with their customers and deliver maximum sales from the sales territories. From a global perspective where detergents are being used to fight COVID-19 pandemic, policy makers should focus on how to optimize on sales territory designs which includes exploiting digital channels as new sales territories to circumvent challenges provided by COVID-19 restrictions on the traditional sales territory designs. The study has shown that sales territory design has a significant impact on the salesforce performance of detergent manufacturing companies in Kenya. Sales managers must take cognizance of the fact that one of their main duties is segmenting their customers into groups or regions in order to efficiently drive marketing and distribution decisions over separate spans and customer bases. This is aimed to deliver products and services that satisfy both current and potential customers. Thus, suitable and effectively implemented sales territory designs are necessary to effectively guide the placement of existing resources in pursuit of desired company goals.

Furthermore, as the detergent manufacturing industry increasingly advances its profile in the national economic arena, there is an apparent need to make sure that maximum attention is given to its long-term market growth and structure. There is need for the development and implementation of a long-term vision and strategy for the detergent manufacturing industry in the country. Thus, sales practitioners, scholars, and other relevant stakeholders should focus on designing innovative and efficient sales territories to drive the detergent products to the target market and to further improve sales performance and profit margins for the industry.

Limitations of the Study

This study like any other undertaking in the enterprise of human research had some limitations, and every effort and precaution was undertaken to deal with them and ensure that they did not significantly affect the findings of the study. First, this research was limited to an emerging economy with notably few detergent manufacturing facilities often using old technology and with a relatively low market development. This would therefore imply that caution should be taken into account when attempting to generalize the

findings to more developed markets in the region and other parts of the world which record many detergent manufacturing facilities with sophisticated and modern technology. Secondly, the study presumed existence of a linear relationship between sales territory design and salesforce performance. There is a possibility of the study variables having a different form of relationship like a curvilinear relationship that the current study did not explore. It is worth noting that besides the analytical techniques adopted in this research, there are possibly other methodologies that can be deployed in descriptive studies not applied in this study. It is acknowledged that this does not in any case water down the findings of the study. The adoption of such other statistical procedures and operationalization of variables could have led to enhanced utility in the understanding of the underlying mechanisms behind sales territory design. The other methodological limitation lies in the heart of data and data collection which is an extremely expensive process especially in the absence of data bases. In this study, questionnaires were developed and were completed by the respondents covering huge geographical territories. Although this study had faced such listed limitations as earlier stated, every effort was made to ensure that these limitations did not significantly affect the findings of the study.

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