

THE CONCEPTUALIZATION OF AND RELATIONSHIP BETWEEN MARKETING KNOWLEDGE AND MARKETING INNOVATION

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ABSTRACT

The paper discusses the importance of knowledge in a knowledge intensive business environment and proposes two key constructs: marketing knowledge and marketing innovation. As the capitalist society is turning into the knowledge society, capital allocation for production is giving a way to knowledge allocation for innovation. In this new business paradigm, special attention has been given to the link between knowledge and innovation.

The paper then reviews research conducted in organizational learning, strategy, information technology, human resource management, and international business, and how to integrate key variables into marketing is identified. In organizational learning the focus is on how firms should acquire, disseminate, integrate and store knowledge to increase firm performance. Research in the strategy area focuses on coordinating tasks in different functional areas and increasing cooperation among employees, so that knowledge that resides in employees can be integrated and leveraged. Human resource management is interested in how a firm can motivate knowledge sharing through building knowledge networks and knowledge community. Research in information technology focuses on how firms are able to pull individual knowledge, store it electronically, and distribute it to employees through technology. Finally, research in international business addresses the transfer knowledge across national borders through subsidiaries, merger and acquisition, or and/or collaborative ventures.

While these research streams differ in their approaches, common variables are identified and a framework is proposed. Marketing knowledge, residing in individuals or organizations, will lead to marketing innovation when the transfer of different types of knowledge across functions and organizations occurs, when the marketing function has adequate absorptive capacity, when the mechanisms of knowledge transfer and integration are appropriately executed, and when the networks and ties are well designed. While the conceptualizations of these moderating factors are well established, the marketing knowledge and marketing innovation constructs are not well developed.

The Concept of Marketing Knowledge

There is no consensus as to how marketing knowledge should be defined and measured. It has been conceptualized as market information, which needs to be processed through knowledge acquisition, information distribution, information interpretation and organizational memory. This conceptualization has been well developed in market orientation studies. However, we argue that the marketing knowledge construct should be conceptualized to capture the extent to which firms actually understand their marketing tasks. That is, the construct should measure how much a firm knows, rather than capture how much information is processed.

The paper proposes that marketing knowledge can be measured by systematically classifying level or stages of understanding. These stages, ranging from complete ignorance to complete knowledge, is based on how to precisely map, evaluate, and compare levels of cognitive understanding. In this view, better knowledge of key marketing tasks leads to better performance without incremental physical investment. In contrast to most approaches for measuring knowledge, the nature of the knowledge changes qualitatively with each stage in this framework. The process of learning from one state to the next also changes.

The Concept of Marketing Innovation

The paper argues that marketing, as part of strategy innovation, should be conceptualized as the capacity to reconceive the existing industry model in ways that create new value to customers, undermine competitors, and produce new wealth for all stakeholders. Marketing innovation has had limited attention from marketing scholars; the exception is research related to product development, where the earlier empirical research focused on R&D expenditure as input into knowledge creation and patents as outputs. Although patents represents documented knowledge whose novelty has been verified by a legalistic research process, they are only partial measures of knowledge production.

The paper argues that the domain of marketing knowledge and of marketing innovation should focus on

the actual marketing tasks. The paper thus considers the marketing phenomena as embedded in three core business processes: product development management, supply chain management, and customer relationship management. These processes emphasize customer value creation through the development of new customer solutions, the enhancement of input acquisition and output transformation, and the creation of relationships to external market entities especially channel members and end users. The processes contribute to customer value creation, explicate the linkages between individual marketing activities and business processes, address fundamental but common business tasks that are critical to the

achievement of attracting and retaining customers and are consistent with the core objectives of marketing.

The paper concludes by underlining the importance of marketing knowledge and marketing innovation construct development so that these constructs can capture marketing knowledge capital and its outcomes in the three marketing domains. The relationship of these two main constructs and their relationships with knowledge characteristics, absorptive capacity, knowledge transfer mechanism, and the structure of network and ties can then be empirically tested.

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