Knowledge, information and intellectual property: implications for marketing relationships

Erik A. Borg

University of South Stockholm, Box 4101, 14104 Huddinge, Sweden

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Abstract

Knowledge and information have become an essential asset determining the profitability of technology-intensive enterprises. In knowledge-based industries, knowledge and information can be marketed to potential partners or clients separately from the products and services that are based on the application of specific knowledge. In the new, global computer-intensive economy, the knowledge base of the economy can determine the approval of an enterprise as a producer of future solutions. This means that it is crucial that enterprises identify and develop their knowledge base, not least in their market relationships. Knowledge emerges in network relationships between an enterprise and its surrounding organisations, and can be legally protected as intellectual property (IP). A clearer notion of the way IP can be analysed may improve the economic outcome of investments in innovation. Relationship marketing clearly has a role in the marketing of technological innovation and product development. A high-tech enterprise faces several decisions influencing its position in the market when developing its knowledge base. Key decisions determining the relationships established in a knowledge-intensive market include (i) make or buy decisions; (ii) organisational association or isolation; (iii) the innovation or adaptation of new technology; (iv) the protection or exploitation of knowledge; (v) public or private research funding; (vi) safeguarding or sharing of IP; and (vii) pioneering advantages or disadvantages. © 2001 Elsevier Science Ltd. All rights reserved.

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1. Introduction

Intellectual property (IP) has long been the domain of the legal profession and has frequently been used primarily as a legal term (Adams, 1987). Ironically, the term ‘intellectual’ was first used in conjunction with the trial of Dreyfus, the alleged French spy. The independent French thinkers who came to Dreyfus’ defence were the first to call themselves intellectuals.

Historically, IP is the product of free and independent thought rather than of institutionalised research and development. However, recently IP has become increasingly closely associated with more systematically organised research efforts, primarily conducted by technology-intensive enterprises. In marketing, IP is often identified as the intangible knowledge and information that enterprises attempt to gain and retain control over in order to promote their competitiveness (Borg, 1996). In a rapidly expanding market for knowledge and information, IP can gain market value through relationship marketing.

This article argues that although knowledge and information are an integral part of the products and services marketed by enterprises, the ability to analyse and develop the market value of IP independent of current production is essential to business development. The developing potentials of the enterprise have, in the new economy, become a key factor determining the economic future of the enterprise. In companies where knowledge and information play a major role in the production primarily of services it has become vital not only to utilise existing knowledge, but also to systematically and persistently identify and develop the entire knowledge base of the enterprise. In doing so knowledge can be identified as IP and be evaluated in terms of market value. A company can identify the uniqueness of the knowledge, and find ways of increasing the value of its
knowledge by identifying the market relationships that value its knowledge. Companies can increase profitability by developing and safeguarding IP, not merely legally but by enhancing market relationships that make the knowledge base of the company pay off. The article highlights certain essential aspects of the production of IP and argues that in a networked economy an enterprise can analyse the potential of its knowledge base for relationship marketing in order to achieve the goal of being identified as a producer of future solutions. In a global economy where enterprises are no longer isolated by geographical distance, the ability to establish business relationships has become essential. Marketing the knowledge base of the enterprise to customers and, not least, to other enterprises may also increase the market value of the enterprise to investors, as well as to present and future business partners. In the new economy, the evaluation of the future potential of an enterprise has become crucial. The knowledge and information base of an enterprise and its network relationships to the environment can be viewed as essential factors determining its potential in the new economy.

In a world full of information, enterprises depend on access to relevant knowledge. In doing so, companies relate to the external environment surrounding the enterprise. The increased cost of innovation and product development points to the need to establish means for handling the company’s information requirements. In a competitive environment, knowledge plays a role in determining the ability to compete. Knowledge and information are central to business relationships and affect the company’s position relative to its competitors, customers and suppliers (Spender and Grant, 1996). It is not least through the use of information and knowledge that an enterprise can find new market opportunities and develop new products and services. Linking the analysis of IP more closely to marketing issues and specifically to relationship marketing yields a better understanding of the potential market value of IP. When seen as IP, knowledge and information can be defined as intangible assets based on investments in technology (Rao and Klein, 1984). Finding an appropriate market for innovative ideas is a central aspect of the overall marketing efforts of a high-tech enterprise. In relationship marketing, an enterprise may not only be considered a static producer of product and services, but also a potential partner — a partner that through its innovativeness can produce profits or utility in conjunction with the buyer’s efforts to fulfil their own interests. In a knowledge-intensive society, IP is an increasingly important source of prosperity and is therefore rightfully an area of concern for academics who study marketing.

Studies of the research efforts involved in product development have focused on ways in which enterprises organise their own research in order to develop new products and services (Cooper and Kleinschmidt, 1987). Failure in the market has been viewed as a result of either improper product development or inappropriate marketing. Why innovations succeed or fail has largely been considered in light of the market relationships between the strengths represented by the company’s technological capabilities and the users’ needs (Gupta et al., 1995). Developing a marketing strategy for IP that takes into consideration both the development and the exploitation of innovations in the market through viable market relationships could reduce the substantial cost of market failure of new products and service innovations.

Decisions regarding the handling of knowledge concern the relationship between the enterprise and other organisations in its environment. Some of the theoretical underpinnings for the analysis of such relationships can be found for instance in different approaches to relationship marketing (Copulinsky and Wolf, 1990; Grönroos, 1990; McKenna, 1991). In developing IP, an enterprise makes decisions influencing its ability to generate knowledge internally or adapt knowledge produced and gathered outside the enterprise. Relationships to external organisations determine a company’s ability to gain access to relevant information and influence its competitive performance. Companies exploit their networks of formal and informal ties in order to gain access to relevant knowledge and information. In competitive markets, external knowledge-intensive relationships involve a market for IP where information can be marketed, most notably through relationship marketing. Viewing IP as something that can be shared if the price is right rather than as something that must be legally protected at any cost may be an important aspect of a relationship view of knowledge based marketing (Fig. 1).

2. Make or buy decisions

One of the strategic decisions research-intensive enterprises take concerns whether to make or buy the knowledge needed for the company’s product development. Companies wanting to gain access to technological innovations developed by others, face purchasing decisions in an expanding market for IP that can be accessed through the purchase of knowledge-intensive services. In a networked economy, few enterprises rely entirely on their own research to improve their products and services. It is the ability to deliver future solutions that makes an enterprise attractive in the market. Investment in IP can be viewed in terms of its impact on the profits of the enterprise making the investment. Awareness of this is creating an essential role for knowledge marketing in the forming of business strategies as it becomes seen as a key area of investment in future earning potential.

The knowledge base of an enterprise is developed in conjunction with organisations associated with the
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