

Marketing competencies and the sources of customer value in business markets

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Abstract

This introduction to the special issue discusses the notion of marketing competencies in buyer–supplier relationships, and the role these competencies play in creating value for the customer. Existing work on the role of competencies in industrial marketing has two main foci. The first, established approach deals with competencies as inputs to organizational processes, and seeks to establish in how far marketing competencies such as customer relationship management, channel design, etc. lead to superior financial returns. The second, emerging, approach focuses on the marketing of competencies as a source for customer value. This article uses supply and demand side perspectives to look at these two approaches and suggests a typology involving four distinct value-creation strategies. Recent literature is discussed and implications for advancing the application of resource-based thinking to industrial marketing are provided.

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1. Where this special issue came from: history of a research stream

The idea for this special issue comes from practice. It grew out of the experience of Bocconi University's Research Center on Markets and Industries (Cermes) during projects involving international trade fairs and other "live" communication events.

Doing contact research with companies, we increasingly saw a phenomenon which we somehow could not account for using established theoretical frameworks. In marketing communication for business markets, it had become increasingly common to focus communicative content on the upstream resources and skills that suppliers offered to customers, rather than on the products to be sold. For example, instead of focussing on current products, exhibitors at capital goods trade fairs tended to present on the stands technical staff from the R&D department and prototypes built to customer specifications. Trade fairs exhibiting yarn presented fashion shows and the clothing collections for the coming seasons (future products of their

customers), rather than the balls of cotton or wool to be sold. At fairs specializing in medical instruments, the technicians of supplying firms discussed developments in pathologies and research techniques, and not the particular characteristics of the instruments themselves. Thus, what we saw in practice was that, instead of focussing on products, the exhibitors presented the competencies underlying these products, competencies that could be instrumental also in the future to add value to the customers' processes, and competencies that would dovetail neatly with the customer's specific competence gaps.

In stark contrast, the mainstream literature (specifically the resource-based view of the firm) did not appear to contemplate such initiatives. The resource-based view has become influential in explaining the origin of competitive advantage and differences in profitability, but emphasized resources and competencies as inputs or highly specific internal factors which represented Valuable, Rare, Immobile on factor markets, and Non-substitutable (VRIN) features (e.g., Barney, 1991). The assertion of competencies' non-availability on factor markets, in particular, was in direct conflict with what we saw in practice. We concluded that the "competence marketing" activities at trade shows and exhibitions could not be accounted for using resource-based logic. To clarify this apparent conflict between

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immovable competencies (in theory) and competencies at the heart of supplier's marketing strategies (in practice), a series of theoretical investigations and case studies were launched in an attempt to reconcile the paradox. Initially, research was framed mostly in terms of marketing communication (Borghini, Golfetto, & Rinallo, *in press*; Golfetto & Mazursy, 2004; Rinallo, Golfetto, & Gibbert 2006)², but as the work progressed, it became clear that the area of study was much broader.

Asked why they focused marketing communication on competencies, rather than products, the supplier/exhibitors replied that their presentations were determined by the fact that customers no longer wanted to see products, as products were obvious and banal. Customers wanted know-how, support for their activities and involvement in specialized innovation, and the presentations sought to communicate precisely suppliers' specific competence that had been developed to be in line with that of their customers. Moreover, during the events of live communication, part of this know-how was freely passed on, in order to support the credibility of a competence which was difficult to demonstrate. Consider the following observation by a yarn producer (fabric producers) samples of fabric made with the firm's yarns and clearly suggesting future fashion trends:

The research we did on the end market and the styling proposals embodied in our products and in the specialized competence of our firms allow us to overcome competition from low cost producers... we distribute samples of our creations to visitors, even if few of them return as customers. Nevertheless, this release of creativity serves to underline that just as we can offer everyone free creativity, we can also create it specifically for individual customers. The approach pays off, because leading Italian and international fashion designers are among our customers. Others can copy an individual item, but not our essential ability, which is to create continuously new items aligned with emerging trends.

The research revealed, above all, that our informants' 'work on competencies' was not limited to Marketing Communication, but also involved up-stream activities which aimed to create value-for-customer based on supplier competencies. This led to at least three specific processes: (i) the alignment of supplier competencies with the customer's business processes, (ii) the experiential communication of supplier competencies, and (iii) the delivery of competencies to the buyer's business processes. The implications of these processes at first sight seem to be similar to those identified in the relational perspective of the resource based view (e.g., Dyer & Singh, 1998; Jap, 1999). However, there are two major differences to that literature. First, it involves a development of competencies between supplier and customer, which is *driven by the supplier* (that can also be a small firm) instead then by the *customer* (generally a large firm in a high-tech sector). Furthermore, in competence marketing, the competence sharing processes seem to begin as early as the pre-contractual phases, rather than only in consolidated

customer/supplier relationships (Zerbini, Golfetto, & Gibbert, *in press*).³

When we presented this research at professional meetings, the reactions of the audience fell into one of two categories. While in academic meetings in which the resource-based view predominated, the position of 'competence-based marketing' was made difficult by the deep-rooted concept of the non-transferability of competencies, in business contexts, there were enthusiastic reactions, because 'competence-based marketing' gave a name to what firms were already doing. Comforted by these positive responses and, in particular, by the encouragement of various colleagues in the Industrial Marketing Purchasing Group (IMP), it was decided to better clarify this approach, extending the research and involve other interested parties in the debate. This gave rise to the panel discussion during EMAC, Milan 2005 and the work in this special issue.

The next two sections discusses two major schools of thought regarding the interface of marketing and the resource-based view, and evaluate these two schools from demand and supply side perspectives. In an attempt to integrate extant work on marketing competencies, we present a typology involving four distinct value creation strategies. We then discuss the papers in this special issue in terms of this framework and deduce areas for further work.

2. Marketing competencies and the marketing of competencies

A glance at the work currently done in industrial marketing reveals two quite different approaches for using resource-based thinking. In the first approach, authors draw on marketing in the business-to-consumer realm, where the resource-based view has been used for some time to explain how marketing competencies and capabilities such as customer relationship management, market orientation, superior channel design skills, etc. influence competitive advantage (e.g., Bharadwaj, Varadarajan, & Fahy, 1993; Day, 1994; Srivastava, Fahey, & Christensen, 2001; Srivastava, Shervani, & Fahey, 1998).

The thinking behind this attempt at integrating the resource-based view and (consumer) marketing is to view certain marketing processes as special kind of competence, thereby adding to the increasing catalog of competencies in other functional areas (e.g., research and development, strategic planning, etc.). The reasoning here is as follows: to the extent to which these "marketing competencies," or "market-based assets" fulfill the hallmarks of the resource-based view (including value, rarity, immobility on factor markets, and non-substitutability), they are expected to be a key ingredient in competitive advantage, i.e., superior financial returns. Empirical work has been busy testing this causal chain, and results consistently support the hypothesized relationships (Barney & Arian, 2000).

Much of the current work more or less builds on directly on this literature consumer marketing. For example, Hooley,

² See also the following conference presentations: Borghini & Rinallo, 2003; Golfetto, 2003; Golfetto & Rinallo, 2004; Rinallo & Borghini, 2003.

³ See also the following conference presentations: Gibbert & Golfetto, 2004; Golfetto, Gibbert, & Zerbini 2004; Golfetto & Zerbini, 2005; Golfetto, Zerbini, & Gibbert 2006).

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