Chapter 26
Taxonomy of Marketing Core Competencies for Innovation

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ABSTRACT

This chapter argues there is a lack of taxonomy of the various marketing capabilities that are necessary to achieve the market success of innovation. It tries to fill this gap by proposing a model that subsumes two classes of Marketing Core Competencies (MCC) for successful innovative companies. The first category of core competencies is related to a superior ability of the firm to identify and to connect the actual market needs with the innovation during the preparation of the new product launching phase. Once the innovation is on the market, a second group of core competencies is associated with the capacity of the firm to ease the customers' tensions in order to facilitate the acceptance of the innovation and turn it into a market success through adoption and diffusion. In conclusion, the chapter underlines the importance of the place of these two categories of Marketing Core Competencies (MCC) in innovative firms.

INTRODUCTION

Large is the number of firms that have introduced an innovation with an original concept or a superior technology but failed to establish it on the markets. This is because innovation is more than invention. It is taking a new idea and developing it into a solution which satisfies a specific human need in a new and cost-effective way so that it generates customer value and a positive business impact (Viardot, 2004).

DOI: 10.4018/978-1-61350-165-8.ch026

Innovations can be incremental or disruptive (Bower & Christensen, 1995). Incremental innovations improve the performance of established goods and services along the dimension that mainstream customers in major markets have already valued. Examples include continual development of faster microprocessors, flatter screen for computers or higher -resolution medical scanning devices or Short Message Service (SMS) for cellular phones. Disruptive innovations offer a different, original and often untested solution to a larger category of needs (Christensen & Raynor, 2003).They are diffused throughout the economy like electricity, transistors, or machine tools in the past and computers, networks, and robots nowadays. They often provide the basis for the emergence of new industries that create major new markets. For instance, once computers were introduced and accepted, it made sense to expand their power, offer new application software, and connect them. Once they were connected, online services and electronic commerce naturally made their way into the economy and consumers' behavior. Similarly, today some very promising technologies could open new markets such as 3D mobile phones, engineered stem cells, solar fuel, green concrete, cloud programming… as identified by MIT in its 2009 special report on emergent technology (www.technologyreview.com/specialreports).

Many studies have been carried out on the new product adoption process, following the leading research by Rogers (1983) which defines the diffusion of innovation as a process that communicates innovation through certain channels over time among the members of a social system. These studies show that not all customers, individuals or organizations, react to innovations in identical ways, mostly because of their degree of involvement with technology (Latour & Alii, 2002). Some consumers will buy new products immediately, while others will buy them much later as they are uncomfortable with innovations, especially radical ones because they are difficult to understand, untested, or perceived as one-off which will pass quickly. The consumers are going to wait for the next generation that may provide them with a solid benefit. But the next generation of products will never happen if the current generation is discontinued. It comes down to marketing to explain this innovation, so that the people can make an educated choice. What is true for consumers is also true for organizations. Many managers fret about innovative solutions and use various strategies to reduce risks in purchasing an innovative product. They try to assess the balance on the risk/return relationship of such investment much more than considering the novelty of a technology (Meldrum & Millman, 1991).

In line with the resource-based theory, marketing can be defined as a continuous set of skills and competencies of a firm that constitutes a better value than its competitors (Vargo & Lusch, 2004**).** Consequently, the specificities of product innovation are driving the building of new capabilities for innovative companies. Although some papers are discussing the role of some specific Marketing Core Competencies (MCC) for innovations (Story & alii, 2009, Reid & de Brentani, 2010), there is not a taxonomy of the various marketing skills that are necessary to achieve the market success of innovation. This chapter tries to fill this gap with a descriptive research based on literature review. As illustrated in Figure 1, the chapter proposes a model for successful innovative companies by subsuming two sets of specific MCC that are taking place at two different phases in the innovation process; this one is considered as a complex set of communication paths over which knowledge is transferred internally and externally between the organization, the science base and the marketplace (Trott, 2008).

The first category of core competencies is related to a superior ability of the firm to connect the actual markets needs with the innovation during the preparation of the launching phase of the new product. This group is composed of three different Marketing Core Competencies (MCC). Once the innovation is on the market, a second group of three other MCC is associated with the capacity of the marketing organization to ease customers' tensions in order to facilitate the innovation´s acceptance and to turn it into a market success. In that chapter we define a marketing organization as one organization which is specialized in marketing, and/or as a unit of an organization/firm, and/or as an Organization Creative Area.