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Marketing is a Fundamental Tool for Entrepreneurial Success: the Importance of High Marketing and the Fundamental Concepts of the New Marketing

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Abstract

The term marketing has historically been used to indicate the company's activity aimed at managing relations with the market and facilitating the marketing of goods and services. Marketing typically concerns decisions relating to the product: characteristics and image, sales price, distribution channels, promotional and advertising actions, sales network. over the years we have gone from a production oriented company, focused on production and product, to a marketing oriented one, focused on the customer. Today more than ever, marketing related to high tech products is becoming important because high tech products are conquering the market. In this work we will highlight the salient points of "high tech marketing".

Keywords: High Tech, market, new marketing,

1. The high tech marketing proposed by Regis McKenna

In 1970 Regis McKenna decided to establish a partnership with Regis McKenna Inc., with which he proposed and developed his approach to marketing. This approach, although conceived and tested in the high tech sector, is applicable to many sectors. In fact, traditional marketing rules are currently obsolete for a growing number of industrial sectors. There are a number of key forces behind the need for new marketing approaches. The first is the accelerated pace of change. Traditional marketing rules are designed for static markets and industries. They assume that technologies and markets change slowly, while technological development causes products and companies to change more rapidly than has been necessary in the past. Strategies that appear promising quickly become obsolete. Furthermore, the acceleration of change, which is markedly present in high-tech sectors, is now characteristic of an ever-increasing number of traditional industrial sectors. We are also experiencing today the transition from a period characterized by mass-produced goods to an era of products tailored to the customer. Unlike Henry Ford's black automobiles from the assembly line, the new products come in different shapes, sizes, colors and types. Current technologies allow diversity not to cost more than uniformity. In this new context, marketing managers must therefore learn to treat each customer as an individual. At the same time, products are becoming more complex than they have ever been. When a customer buys a new computer, they also need to understand what types of software and peripherals they can use. Many buyers are baffled and bewildered by the alternatives available. All these trends: the acceleration of the pace of change, the increase in diversity, the increase in complexity constitute new challenges for marketing. In many cases, companies have to deal with completely original

Vol. 7, No.05; 2023

ISSN: 2456-7760

experiences, coping with situations that no company has previously had to face. Such situations involve a lot of risks and a lot of uncertainty. The work of the consultants of Regis McKenna Inv. Consists in helping companies to tackle these problems, following a new approach to marketing. By increasing advertising messages and press releases, companies will not solve current marketing problems. Customers are inundated with information. Few people can remember the headline of yesterday's newspaper or the cover of last week's "Time" magazine. In our society, information has become superabundant. On the contrary, attention must focus on understanding the market, on the ability to move within and adapt to it and therefore on the ability to create a network of relationships. While information is volatile, relationships have a strong lasting capacity. At the same time, companies are recommended to see marketing as an educational process. When the customer is uncertain, the company must look for a way to reassure him. Simply magnifying the performance of your product in the eyes of the consumer is useless. Furthermore, no statistics and no analysis of the world can predict what will happen in these technologically very turbulent times. Managers must learn to live with this uncertainty. They must acquire a qualitative sensitivity in the perception of market trends. They need to be in contact with their customers and develop an intuitive understanding of the market. Intuition will take them much further than a book full of statistics. Managers must be willing to change their schedules in line with changes in the market. As companies, technologies and products are constantly changing, marketing strategies must change in parallel. Regis McKenna explains how managers can establish strong positions for their products in these times of rapid change. The topic is clearly focused on marketing, but the message is important for all managers. Today, more than ever, marketing is closely interconnected with other aspects of the business. To be successful in the new competitive environment, all managers must develop marketing-oriented thinking patterns.

2. The fundamental concepts of new marketing

The concepts on which the new marketing is based are oriented to the development of new markets and not to the division of existing ones. Most marketing people think in terms of market share. They identify already existing markets, of which they try to figure out how to gain a share. They develop strategies based on advertising and merchandising, ie strategies aimed at snatching market share from other companies in the sector. In rapidly changing industrial sectors, marketers need a new approach: rather than thinking about gaining share in existing markets, they have to worry about creating new markets; rather than trying to acquire a bigger slice of the pie, they have to try to make a bigger pie, or better yet, they have to cook a new pie. The strategies for acquiring shares and those for creating markets require significantly different ways of thinking. The strategies of conquest of quota are widespread in the mature sectors of consumer goods, such as: soft drinks and rental cars. The emphasis is on advertising, promotion, "pricing", distribution. Customers are fundamentally interested in price and availability. Market creation strategies are very different: managers have to think like entrepreneurs, they are challenged in the field of creating new ideas. The emphasis is on the application of technology, on market education, on the development of the infrastructure of the sector, on the creation of new standards. The company with the highest innovative and creative capacity is likely to win. Traditional market strategies, geared towards gaining share, do not work in emerging markets.

Vol. 7, No.05; 2023

ISSN: 2456-7760

First of all, most of the new markets are quite small, if companies are oriented only towards acquiring shares, they will never enter emerging businesses. They will take a look at the business, decide that the cake is too small and move on to other opportunities. And that's exactly what happened in the personal computer business. In the mid-1970s, a dozen major companies in the industry studied the low-priced computer market. In those years these types of computers were mainly used by enthusiasts. There was not a sufficient number of enthusiasts in the United States, so most computer companies decided that the size of the market was too small to justify their entry. Few companies, however, like Apple and Tardy, looked to this business with a market-maker mentality. They looked beyond the enthusiasts and realized that small businesses and professionals could make use of the machines if only they were designed and marketed in a different way. Rather than focusing attention on what existed, they focused on what could be there. They glimpsed a market with potential for growth, a leavening cake and set out to make this happen. In creating new markets, marketers face many obstacles: first of all that of not being able to rely on analogies or case studies. If the products are radically new and different, the older ones offer no guidance. The personal computer, for example, could not exploit a good analogy. Obviously, personal computers have nothing to do with large "mainframes": they are sold at very different prices and customers. Some have compared personal computers to stereo systems, but even with these there is not a very similar reality. The latter are much less complicated to use. People don't spend hours learning how to operate a stereo system. Nor is she scared and intimidated by stereos, as she is by computers. In cases like these, marketers have to clear the ground. They must be willing to experiment and take risks. They have to look for new tools and be open to new ideas. In new markets, the key to success lies in creativity. In mature markets, marketing resembles a handball game: a limited field with few players. In emerging markets, however, marketing is more like a football match: a large playing field, with many players, many choices. In the past, for example, no one knew how to distribute personal computers. Traditional sales policies (directly via the sales force) were simply too expensive. A market-share minded person might have quit, but some innovators persisted. Some experimented with mail-order sales, others door-to-door sales. Still others opened specialized outlets. Within a few years, there were thousands of computer shops scattered across the country. To develop new markets, it is also essential that companies devote themselves to customer education. When microprocessors were launched in the early 1970s, few customers felt the value of the new chips. People resisted change and the idea of programmable chips seemed impromptu. Many engineers were convinced that microprocessors were a marketing gimmick. Thus Intel, the first company to market microprocessors, had to undertake a massive work of acculturation. He prepared communication tools full of suggestions related to the applications of the new product. He distributed brochures describing real applications from electronic games to blood testing equipment, from milking machines to satellites, etc. Above all, Intel organized seminars aimed at potential large companies. In the first few years, Intel first of all explained, with the intervention of a top-level executive, its overall perspective. Next, a marketing manager presented the marketing benefits of products that made use of microprocessors. Finally, Intel technicians described the technical aspects of microprocessors. Most of the early customers only ordered a few chips. As the education campaign continued, Intel was able to attract more and more users with high purchase volumes. A market-building mindset also requires a different attitude towards industry standards.

Vol. 7, No.05; 2023

ISSN: 2456-7760

Businesses need to think about creating new ones rather than following existing ones. This carries a greater risk, but the returns can be much higher. Apple chose this path during the development of its Macintosh computer. Instead of producing a "clone" of IBM's popular personal computer, Apple sought to design a new computer that was radically easier to use. To do this, he decided to adopt his own operating system without being bound by the limits of the MS-DOS industry standard. The risk was substantial, but doing otherwise would have meant being completely at the mercy of IBM's control of the standard one. To be successful, companies must certainly enhance advertising but the most important element is to build "strong" and lasting relationships on the market. IBM did this by launching the PCjr in 1983 with a multi-million dollar promotional campaign. He used television commercials and advertisements in dozens of magazines. Despite this promotional effort, the PCjr was still not selling well. The PCjr's toy-like keyboard and lack of software compatibility certainly were a major part of the problem. But of equal importance was the fact that the distributors weren't stimulated by the machine. IBM had been so concerned about gaining user acceptance that it could not win the heart of the industry infrastructure. In mid-1984, IBM tried to solve the problem. One measure was to redesign the keyboard. “But certainly more important was the provision to invite all new distributors to a large meeting in Dallas. Senior company officials offered distributors technical information, sales advice and a large reception. They listened to the distributors' questions and complaints. The latter left the meeting with a new attitude towards the PCjr, but by now the breakdown had been done. Despite the ten million dollars spent on advertising and promotion, the PCjr was not accepted by the infrastructure. In 1985, IBM announced that it would not further produce the PCjr. The moral of the story? Advertising and promotion are only a small part of the marketing strategy. Advertising can strengthen market positions, it cannot create them. To build lasting positions in the market, companies must first build strong relationships. These relationships need to be built with suppliers, wholesalers, retailers and the financial community. Companies must be able to derive competitive advantages from the relationship with what I call the infrastructure of the industrial sector: that is, with those key people and companies that make up the backbone of the sector. I want to make a distinction between very different marketing-driven and market-driven approaches. The former are based on advertising and promotion, while the latter focus on developing strong products, understanding the structure of the market, building a network of relationships with operators and companies on the market. Producers of FMCGs typically prefer a marketing-led approach. They have a creative idea, which they then make operational with advertising. A toothpaste company that wants to increase its market share can do so by spending a lot of money on promotional actions and advertising. Many high-tech product companies have tried to copy this formula. In recent years, they have rushed to hire top managers from FMCG companies. Atari has taken James Morgan from Philip Morris, Osborne Computer has brought in Robert Jaunich from Consolidated Foods, Apple has hired John Sculley from Pepsi. Other tech-oriented companies have started pouring money into advertising. Tele Video, hoping to expand its computer market, decided to spend $ 20 million on advertising. Unfortunately, the simple formulas of consumer goods producers do not work well for companies operating in new rapidly changing sectors”. "Buying a tube of toothpaste worth a dollar does not involve a great risk. However, buying a calculator worth $ 25,000, which will be at the heart of your business, involves greater risk. Customers are worried: if the computer fails, will it cause paralysis in my business? Will the supplier offer rapid and high-level assistance? Will my new computer become obsolete within a year? If so, will the supplier introduce new updated models? As my business develops, will the manufacturer allow me a smooth transition to larger computers? Do other companies offer the necessary software and peripherals for my computer? Those mentioned are all legitimate fears ». "Increasing the number of advertisements will not allay these fears. In our time, people are so overwhelmed with product information that it is becoming overabundant. With 150 different personal computer models on the market, people don't want to decide which one to buy based on advertisements. Instead, he prefers to trust the advice of distributors, consultants, friends ». "This is the reason why companies operating in technology-based businesses must use market-driven rather than marketing-driven approaches. They must focus on the substance, before the image: it is the substance that supports the image. They must build a network of relationships with infrastructure operators who will support and enable the affirmation of their products. They must not reach customers through advertising campaigns, they must reach them indirectly, through distribution, analysts and other components of the industry infrastructure ".

3. Some considerations

In light of the above, two questions arise:

• Are there rules, principles for staying at the top for high-tech companies, or is long-term success a matter of pure chance?

• Why do dominant firms often lose their position?

In order to answer these questions, various answers have been given by authoritative scholars, which have been answered below with the intention of ensuring an answer as broad as possible.

- Foster bases his answer on the theory of limits in technology. "In an age where technologies become obsolete almost overnight, no company - much less a market leader - can afford to rest on its laurels. Many companies have inexorably lost ground due to management inertia and the inability to scrutinize the future ".
- According to Cooper and Schendel, companies threatened by new technology continue to invest in old products even after sales have begun to decline. The reason is that not only products are threatened, but also old positions in the organizational structure and old skills. In practice, Cooper and Schendel's message is that traditional businesses have a low probability of success both in defending old positions and in entering new ones. In essence, the two authors seem to suggest diversification as the best option.
- No different is the conclusion of Henderson and Clark according to which innovation "destroys the usefulness of the knowledge system of already existing companies and since the system tends to be grafted onto the organizational structure and processes in terms of information, it is difficult for the company to recognize the approach of a threat and find corrective measures ". Henderson and Clark conclude by suggesting (to the management of the high tech firm) to deepen the knowledge and the difference between innovations that improve and innovations that destroy competences within the firm. They distinguish between the knowledge of the components of innovation and the whole system that innovation forms. They put forward the hypothesis that an organization can learn hypotheses and effectively

Vol. 7, No.05; 2023

ISSN: 2456-7760

knowledge about the single components, but it may not be able to guess how the whole system moves.

- Christensen suggests a different interpretation. In his opinion, dominant firms pay too much attention to larger customers. Demand from these customers can lead the firm to invest in marginal improvements of old product concepts and ignore new customers in small but developing concepts that are the basis of the concepts. In practice, it goes against the grain of the doctrine of "listening to the customer".
- For Linsu Kin and Utter back, the most plausible explanation about the ability of the companies of leading companies in a sector may be necessary to the fact that "they have skills in the technologies of old products and new processes, while the entrants have their base in new technologies ". The two researchers observed that the differences in technological resources are not strong between those who enter and those who defend themselves. Most firms that sense the threat positions of new technologies have often had prominence (in such technologies). "The main one seems to be that these firms are still making their biggest investments in old technologies, which after the pinnacle of their development can only be that innovation underpinned their positions and brought about their demise."

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Vol. 7, No.05; 2023

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