



Master in Management and Industrial Strategy



Marketing for Innovation
and New Products

Chapter 7
Marketing in the Entrepreneurial
Context

7. Marketing in the Entrepreneurial Context

- 7.1 - Definition of marketing
- 7.2 - Marketing in new companies
- 7.3 - Marketing in the search for opportunities
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Definition of Marketing

■ What is MARKETING?

~~ADVERTISING~~

~~COMMON SENSE~~

~~SALES~~

~~AGGRESSIVE
SALES~~

~~MANIPULATE~~

~~DECEIVE~~

■ Marketing:

- Activity of **creation, communication, delivery and exchange** that benefit the company, its stakeholders and society in general terms.

(Nijssen, 2014)

Definition of Marketing

General Concept (American Marketing Association)

- It's much more than a sales support...
- Process of planning and implementation of the design, promotion, pricing and distribution of ideas, products and services in order to allow exchanges that meet the objectives of the individuals and organizations involved.

Marketing Definition

- It is the key for the organization to achieve its objectives (shareholder/owner value). It consists in determining the needs of the target market and providing products that meet that market, more effectively and efficiently than the competition.
 - Sell what the market wants and not sell only what is known to do well;
 - "Love" the customer and not the products;
 - Develop forms of customer relationship at all levels of the company.

Marketing process

**Determine
needs and
wants**

**Design
customer
driven
marketing
strategy**

**Construct
marketing
program that
delivers
superior
value**

**Build
relationships
and delight
the customer**

**Capture
value from
customer to
achieve
profits**



Marketing in New Companies

- **New business entrepreneurs use marketing to identify new products or services to sell to new customers.**
(In existing companies, marketing is often used to sell existing products and services to **existing customers**.)
- **New business entrepreneurs use marketing to get their "first customer".**
(In existing companies, marketing is often used to manage a **customer base**.)
- **New business entrepreneurs use marketing to build a new brand.**
(In existing companies, marketing is often used to manage the **existing brand**.)
- **New business entrepreneurs use marketing to establish distribution channels.**
(In existing companies, existing **distribution channels** are managed.)

Marketing in New Companies

- **New business entrepreneurs use marketing to set up the starting prices for their offerings.**
(In existing companies, marketing is often used to manage **current prices** for existing offers.)
- **New business entrepreneurs use marketing communication to persuade customers to try their offerings.**
(In existing companies, marketing communication is often used **to remind customers to continue buying**.)
- **New business entrepreneurs, due to the scarcity of resources, must create new ways to leverage their marketing efforts, especially in the early stages.**
(In existing companies, there are often **more resources**...)

Marketing in New Companies

A **COMPANY**, has to create and deliver **VALUE** and **BENEFITS** to customers.
If not, there is no reason for customers to buy from this new company.

To get the first customers, a **NEW COMPANY** needs to use marketing, for **RETAIN** them, keeping them satisfied and creating a **long-term relationship** with them.
These early customers can be critical to benefiting from their recommendations/feedback.



Marketing in New Companies

- Unfortunately, **FAILURE** will remain the rule and not the exception...
- **MARKETING** is crucial to improve the likelihood of **SUCCESS**:
 - Improve the knowledge of customers and markets;
 - Identify and validate the right opportunity;
 - Determine how to capitalize on that opportunity.
- Common mistake: try to follow "too many rabbits".
 - Marketing allows you to identify a focus: **target market**;
 - Marketing helps to discover and meet the **needs** of customers, which we can best serve by defining their **marketing-mix (Marketing P's)**.



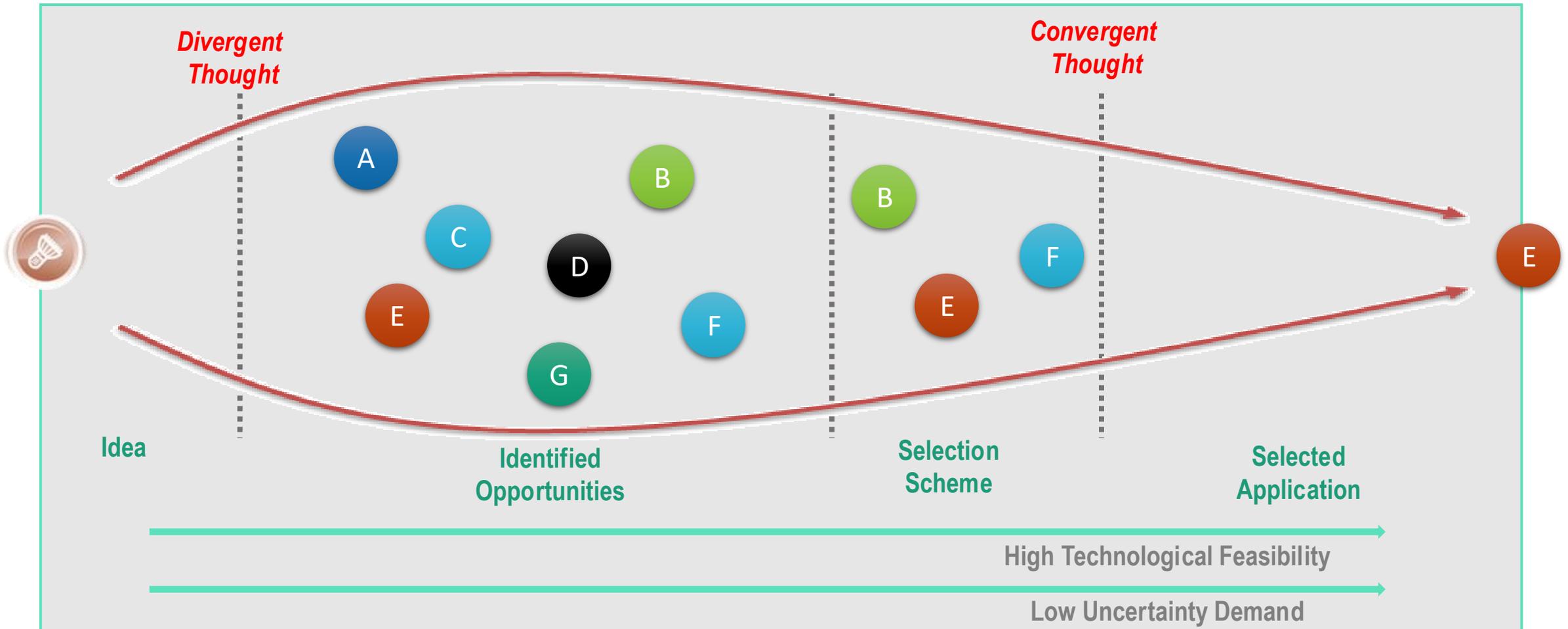
Marketing in the search for opportunities

- Market Opportunity:
 - It is based on the search for a **specific product/service application**, which originates from a particular **market segment** or the market as a whole.
- Product/Service Application:
 - A **specific manifestation of a technology** and **solution for an obvious or latent need** of customers;
 - That is, **link** between the **new idea or technology** of the entrepreneur and the **needs of customers** (market).



According to the MVP, the **ROLE OF THE ENTREPRENEUR** is to find the first viable product application, for which customer demand will offset the production and marketing costs of the new product /service.

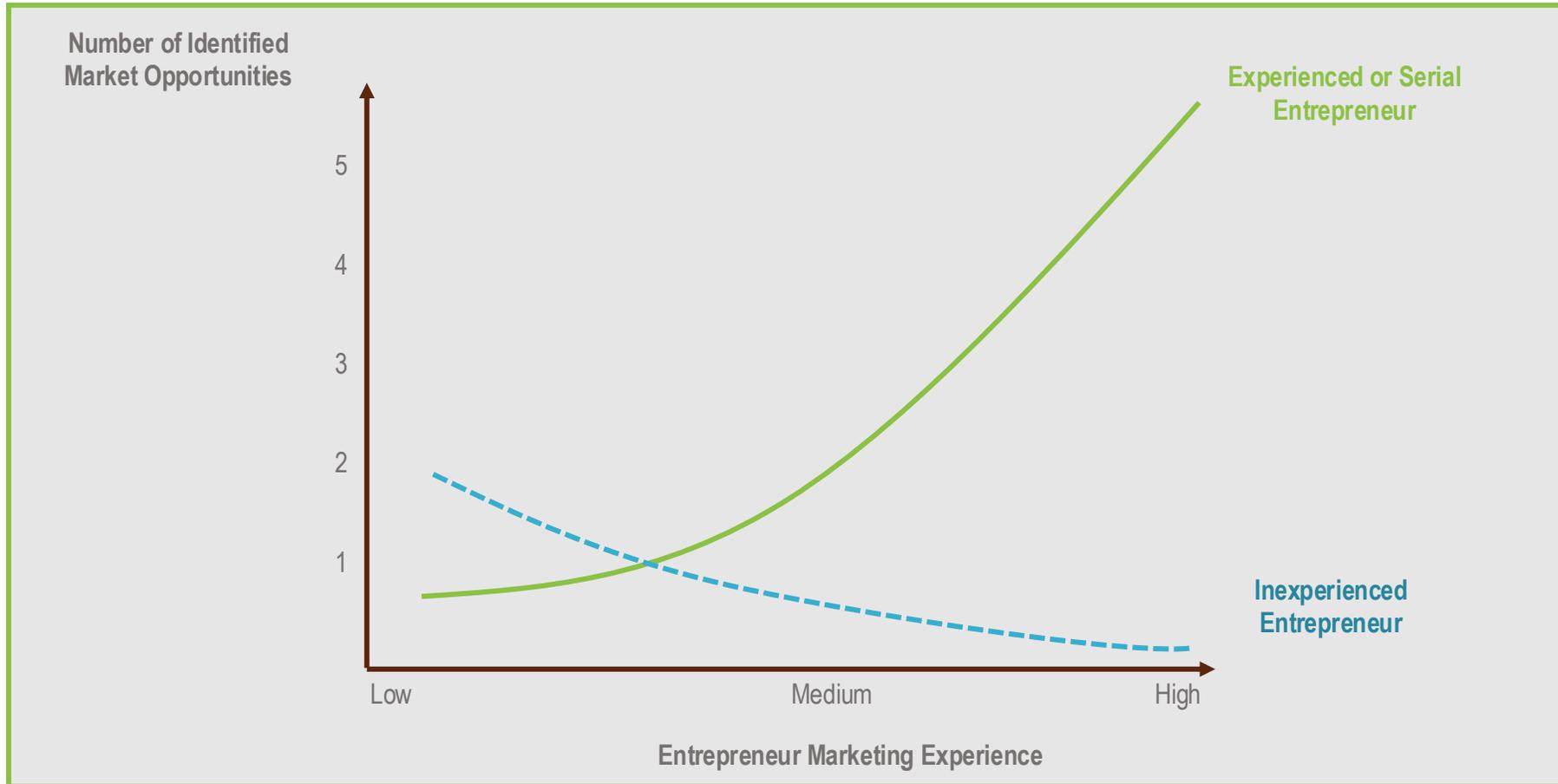
Marketing in the search for opportunities



Marketing in the search for opportunities

Inexperienced entrepreneurs focus on ...	Experienced entrepreneurs focus on ...
How new is the idea	Find out if the customer problem is resolved
How much is the idea based on new technology	Ability to generate positive cash flows
The superiority of the product or service	Revenue generation speed
Potential for industry change	Manageable risk
Your intuition or instinct	Others in your network with whom they can develop the company

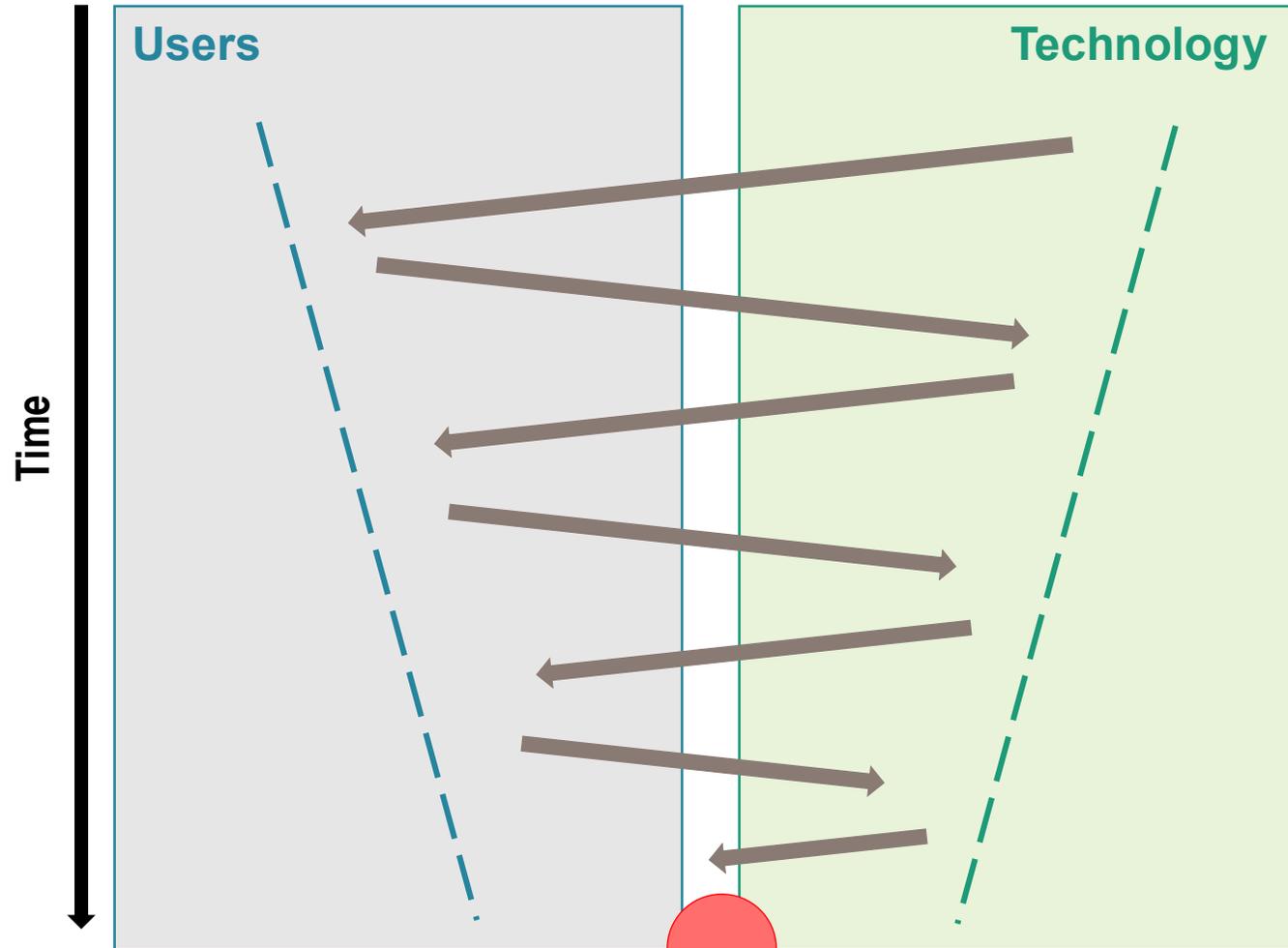
Marketing in the search for opportunities



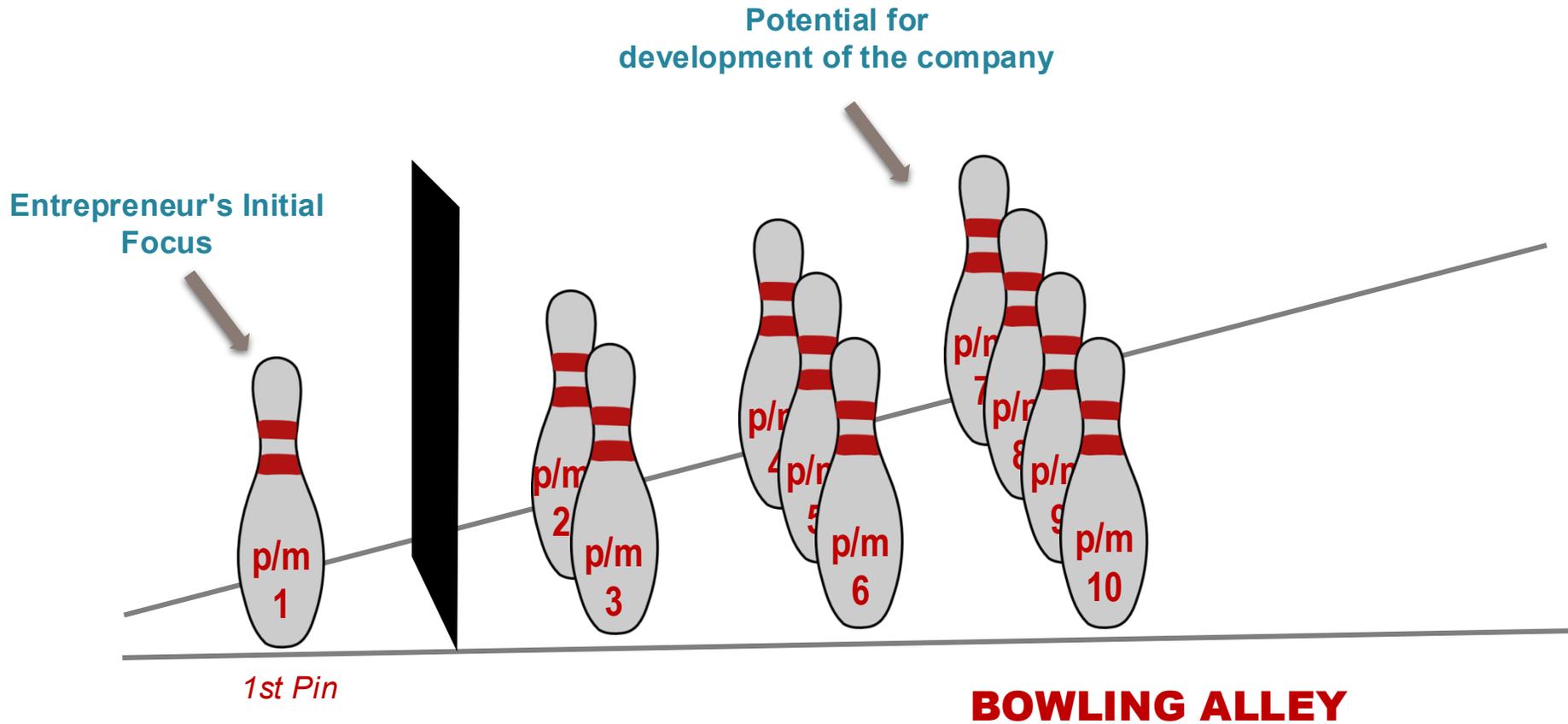
Marketing in the search for opportunities

	Traditional Marketing	Entrepreneurial Marketing
Market Definition	Clear and relatively stable market and product/service limits	Market and product/service limits fluid and marketable
Focus	Growth	Settlement
Emphasis	Explore relationships, line and brand extensions	Build and explore support; develop a network and infrastructure
Type of Tools	Market study; relationship management; marketing-mix optimization	Scan the market; missionary sale of technology and applications; problem-solving method
Mode	Planned actions; planning cycle	Effectuation; Iteration and constant leverage based on emerging opportunities

Marketing in the search for opportunities



Marketing in the search for opportunities



Source: Adapted from Moore, G. (2006), Crossing the chasm: Marketing and selling high-tech products to mainstream customers, Collins Business Essentials, New York.

Marketing in the search for opportunities

- At first, only one niche of the Market should be targeted, i.e. the



- This binomial product/market, will give rise to other binomials, and ideally lead to one:

STRIKE!!!

- Features of the first application:
 - It must be feasible, both in technological terms and in terms of business;
 - It will ensure the temporary **survival** of the company;
 - It will increase the experience, information and financing that will facilitate the identification, alignment and conquest of other applications / markets...
 - Relevance of **collaboration with leading customers...**

Marketing Mix of New Companies



■ Product-based companies

PRODUCT

The products to satisfy customers' needs/problems.

PRICE

The cost to the customer.

PROMOTION

The means of communication between the company and the client.

PLACE

The means to put the product in the hands of the customer.

PEOPLE

Individuals who will work with the entrepreneur in the new company.

Marketing Mix of New Companies



■ Service-based companies

PRODUCT	Services to meet customers' needs/problems.
PRICE	The cost to the customer.
PROMOTION	The means of communication between the company and the client.
PLACE	The means to make the service available to the customer.
PEOPLE	Individuals who will work with the entrepreneur in the new company.
PHYSICAL EVIDENCE	The "tangibles" surrounding the service.
PROCESS	The way the service is created and "delivered".
PRODUCTIVITY	Balance between service output and quality of service.

Challenge



- **Drones**
 - **Do we agree it's a technology that's here to stay?**
- Imagine that you have a company that dominates this technology.
- Using the divergent/convergent thinking process, identify several applications of that technology and then select one of them to be the basis of your business - exploiting that same technology.
- Discussion by group: 15 minutes
- Pitch: 2 minutes per group.