

**International Marketing in the Network Economy:
A Knowledge-based Approach**

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Creating and co-creating value with customers, prospects, suppliers, and others within the network enterprise is the essence of effective marketing strategy. Firms need to listen and learn from their customer base and prospective clients. Ultimately, economic and strategic performance is about how much knowledge we acquire, disseminate, integrate, change, and implement in products or services for international markets. The mechanisms to acquire and process this knowledge constitute the most valuable dynamic capability a firm can strive for. Knowledge-based capability is the source of the firm's competitive advantage as it supports the dynamics of sustainable growth.

Florian Kohlbacher makes a unique and exquisite illustration and treatment of the impact of knowledge-based marketing in the performance of internationally marketing-oriented firms. His book starts with a well-organized and thorough theoretical presentation of knowledge and its categories, knowledge creation, and organizational learning. It continues with a reflexion on communities of practice as setting the context in which knowledge generates its relevancy and acquires its meaning and value.

The book continues to address the nature and extension of knowledge-based management and organizational learning in marketing. It describes the different knowledge-based approaches to marketing. A unique and thorough presentation of several case studies characterizes Kohlbacher's contribution. He covers study cases of major international firms such as: Hewlett-Packard Consulting and Integration, Schindler Elevator, Siemens, Toyota Motor Corporation/Toyota Peugeot Citroen Automobile Czech, Mazda Motor Corporation, and Maekawa Manufacturing.

Florian Kohlbacher's theoretical and empirical inquiry derived in knowledge-based marketing conclusions and findings, which are integrated in an effort to build a knowledge-dominant logic for marketing. As result of expert interviews, participant observation, and review of the literature, this book suggests how global companies have adopted and implemented knowledge-based approaches to marketing. The case of Schindler shows how a firm can use its exploration and exploitation capabilities to

build internal competencies to support strategy for a new product introduction project. Firms, such as Schindler has developed internal webs of co-creation of marketing knowledge within. Other organizations such as Hewlett-Packard Consulting and Integration have created, re-created, and stored tacit knowledge in the so-called communities of practice, which are groups of people who share a concern, problem, and perspective and deepen their knowledge and understanding as individuals interact. These communities of practice constitute the means of developing and maintaining organizational memories where tacit knowledge is embed. The Siemens case shows how important information is collected, shared, distributed, integrated, and co-created. Particularly, the Toyota case illustrates the importance of co-creating knowledge with competitors and how the existence of a "network" with a strong learning orientation is key in facilitating interfirm knowledge transfers. Marketing knowledge is also co-created with customers, i.e. customer, product, service knowledge. Two excellent illustrations of this behavior are the Mazda Motor Corporation and Maekawa manufacturing cases. The author states that three distinct patterns emerge from this qualitative study: *co-creation of knowledge within the multinational company, co-creation with competitors, and co-creation with customers.*

The book by Florian Kohlbacher merits several reflections on the topic of knowledge-based marketing and knowledge and organizational learning in particular. First, as firms operate in international markets, they accumulate knowledge through experience suggesting potential opportunities to consolidate or expand operations. It follows a series of consecutive commitment behaviors grounded where those experiences were acquired. Within this framework, it is suggested that the type of knowledge may determine the nature and content of the marketing approach adopted. It is not known how acquiring knowledge and learning mechanisms could explain the flexibility, responsiveness, and assessment required for firms to be competitive internationally. Furthermore, should we consider an adaptive cycle as suggested by Lam and White (1999) and adaptive challenges and choices as proposed by McKiernan (1992) to complement the author's proposed framework.

Second, it is clear that knowledge constitutes an essential component of the firm's strategic foundation. International markets drive organizations to confront strategic, structural, and human resource choices (Lam and White, 1999), which must be resolved with a high degree of internal consistency. Could the knowledge and learning framework allow for a treatment of the critical challenges during change processes?

Third, it is a fact that international markets have become competency and capability intensive in recent times. This means that firms cannot exploit competitive advantages without developing internal and external support capabilities (Madhok, 1997) as platform to strategic decision making. As firms become involved in international markets, they develop specific capabilities, i.e. international marketing experience and research and development intensity (Atuahene-Gima, 1995), customer relationships and supply chain management skills (Piercy *et al.*, 1998), and the ability to develop new products (Cavusgil and Zou, 1994). These competencies and processes are rooted in knowledge structures, developed through experience, and acquired through experiential knowledge and network processes. It is unknown how knowledge builds these specific capabilities. Most probably, knowledge by itself cannot explain the processes that lead to capability formation and development.

Fourth, survival in international markets depends on adjustment and renewal of capacities in strategy-making processes (Burgelman, 1991). Such autonomous processes require renewal capabilities that foster experimentation and new learning and offer the organization the possibility of being adaptive to the environment over a long time horizon. Induced processes depend on adjustment capabilities that build on past success and exploit opportunities defined in the present time. It follows that in determining competitiveness, it is necessary to understand the knowledge capabilities that organizations possess at different levels. The source of competitive advantage may reside in higher order capabilities (Collis, 1994) such as those knowledge-based. Diversity and depth of knowledge acquired through network ties and exchange become a prerequisite but may not suffice the development of these higher order capabilities.

Florian Kohlbacher brings a provocative and inviting persuasion to inquire about how knowledge-based marketing develops and the processes and routines that defines it. As such, I appreciate his efforts and contribution to our understanding of the dynamics of knowledge and its impact on the design of knowledge-based marketing growth of firms. As always, new questions and research inquiries surface from such a rich and deep endeavor. As pointed out by Dr Savage, the "so what" will we do next, stays with us indeed.

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