

Introduction to Entrepreneurial Marketing

Launching New Ventures: Entrepreneurship & Strategy for Technology-Driven Startups

Prof. Chris Tucci and Prof. Marc Gruber

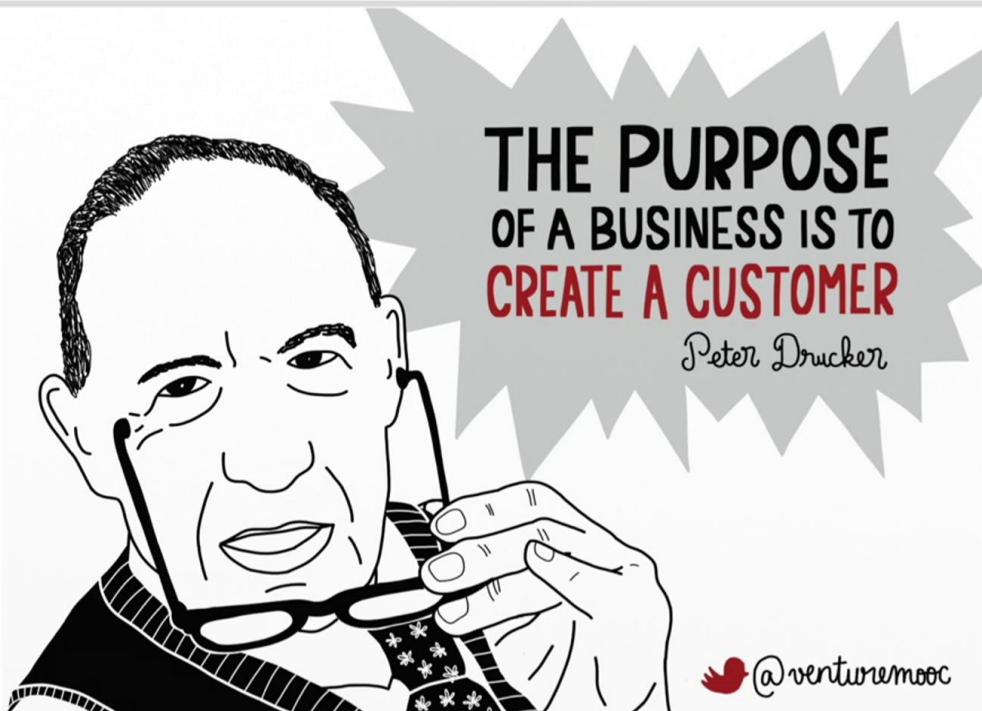


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Launching New Ventures

Welcome back to our MOOC, *Launching New Ventures*. This is Week 3 on entrepreneurial marketing. And this is a highly important week because in this week we are going to discuss how you are going to win customers who will ultimately deliver the value for your firm-creation process. So, when you think about entrepreneurial marketing, it's marketing for new ventures, and Peter Drucker said something really nice that I want to emphasize here. He said, "The purpose of creating a business is to create a customer," and not a product.

Notes

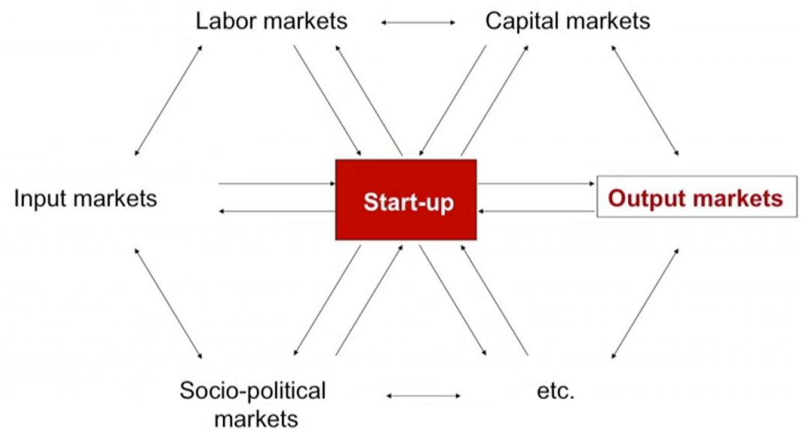
Summary



0m 10s

“Marketing” = Establishing Exchange Relationships

- Marketing: establishing long-term beneficial relationships with relevant groups



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Marketing primarily is about establishing exchange relationships with a wide variety of stakeholders. So that could be in the labor market where you need to hire people, or in the capital markets, where you need to raise money. So part of your marketing can be oriented toward these different stakeholders. Plus, there could be other stakeholders as well.

Notes

Summary



0m 38s

Liabilities of newness & smallness

For startups, marketing is both extremely **important** and particularly **difficult**.

Newness:

- Unknown
- Product quality not proven
- No established exchange relationships
- No structure/ processes in marketing
- Etc.

Entrepreneurial Marketing

New markets:

Uncertainty, Turbulence



But in this MOOC, in this segment in particular, we are going to talk about the output markets. How you market to your end customers in order to achieve sales because this is a vitally important function in your firm creation. What is important to understand is that entrepreneurial marketing is quite different from normal marketing. It means marketing at larger firms because of a number of reasons, and we have listed a couple of these reasons on this slide here. One is, of course, you are a new company. And as a new company, you do not have any track record, people might not trust you, you don't have any reputation, people don't know your product, and you have to establish all the exchange relationships from scratch.

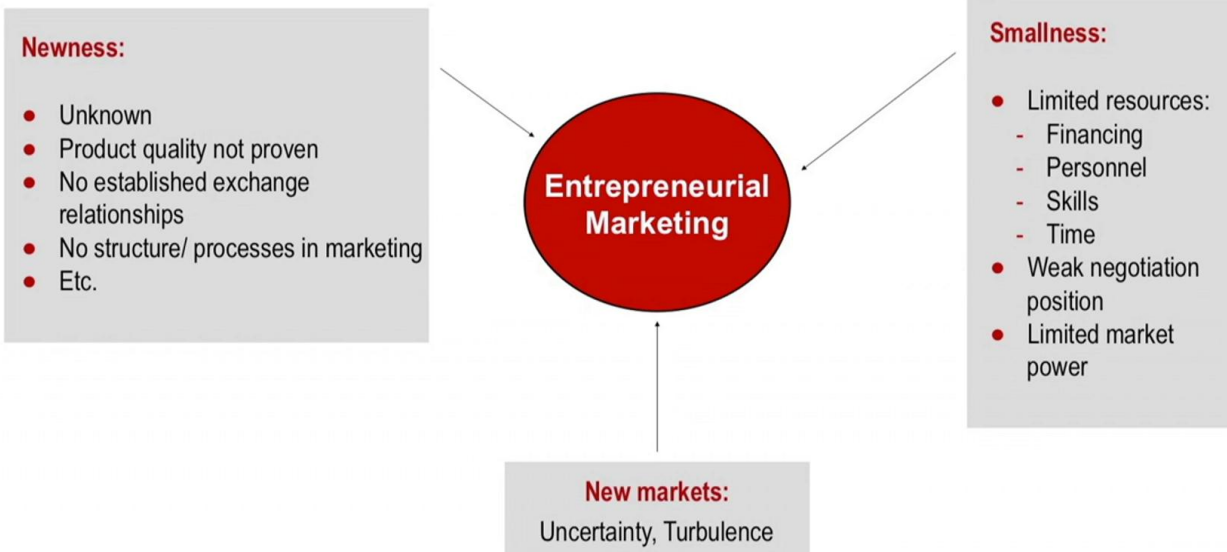
Notes

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Liabilities of newness & smallness

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Right. Plus, there is also the smallness issue. If you are a small company, you may have limited resources. I mean financial resources, you don't have that many people, your skills, you are limited on time, people don't know you, you have limited bargaining power, a limited market power in general.

Notes

Summary



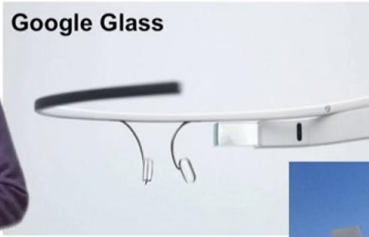
1m 39s

New Markets & new products



Examples

Google Glass



Kone
Vacuum
System



Zero-Blade
Technology



Flavor
Clock



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- So, it's a relatively weak position-- - And that's further complicated actually by market turbulence and uncertainty, meaning lots of new entrants coming into these markets, and your analysis might have a short half-life. The market can change all the time, and therefore, it is difficult for a small company to keep on top of a rapidly changing market. So we want to give you some intuition of what this really means. And if you look at these examples here-- think about the Google Glass. Or think about the zero-blade technology, this mobile wind turbine that can do without having any blades. Right. There is also a vacuum-cleaner that doubles as a piece of art for small apartments, and a flavor clock that releases different smells at different times of the day so you can tell by the sense of smell what time it is. So, what do they have in common if you try to market those? Right. Essentially, most of these products are difficult to understand at first.

Notes

Summary



1m 57s

New Markets & new products

New-to-Market Products...

- **Deliver** benefits that are new & different from existing ones.
- Are often **described** by these new & unfamiliar features.
- Are often met with initial reactions such as, **"What is this?"**
- Do **not easily fit** into existing product categories.



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People often have a reaction: "What is this?!" "What's going on with this? I don't understand..." It's hard to fully interpret the product the first time it hits the world.

Notes

Summary



2m 55s

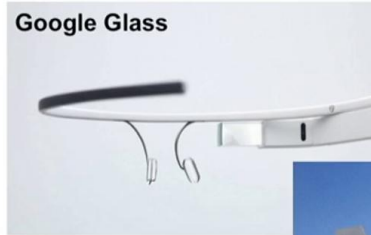
New Markets & new products

New-to-Market Products...

- Often require customers to **change & learn** new behaviors to adopt the product.
- Score **low in user awareness** and even lower in familiarity with features & benefits.
- Leave prospective **customers unsure** of questions to ask, and criteria and options to consider.
- **Require effort** by prospective customers to learn about, evaluate and decide.

Examples

Google Glass



Kone Vacuum System



Zero-Blade Technology



Flavor Clock



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And if you are facing these type of consumers, they don't know which dimensions are important in their buying decision, in the evaluation of the product. You need to educate them. They don't have any idea of what features they prefer or don't prefer. So that complicates the whole selling process from your side and the buying process from their side.

Notes

Summary



Fundamentals, decisions and implementation

Fundamentals:

Distinctive competence
Sustainable competitive advantage

Strategic decisions:

Segmentation: "To which target market(s)?"
Positioning: "How should I be positioned?"

Implementation:

- Product/service development
- Naming the company and products
- Pricing
- Distribution
- Salesforce
- Promotion
- Public relations
- Advertising

Source: Lodish et al. (2001)

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We are going to walk you through a systematic process for understanding entrepreneurial marketing and firm success. And that all starts with the fundamentals of the entrepreneur's distinctive capabilities or competencies.

Notes

Summary



3m 28s

Fundamentals, decisions and implementation

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In other words, what is the entrepreneur really, really particularly good at? Perhaps better than other people, in fact? And you probably remember we discussed this exact topic last week, we tried to understand what is your technological competence and how that could be leveraged into different market segments. This week is actually building on the insights we gained last week. Particularly in the strategy part in marketing, you are going to decide what are your specific target segments, and how should this particular target segment perceive you; i.e., how should your product, how should your company be positioned vis-à-vis that segment.

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3m 42s

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And that core strategic decision will then be implemented through a variety of marketing approaches, marketing tools like your distribution approach, your pricing, your leaflets, your promotional activities, etc., etc. This whole scheme will then give you a very systematic, orchestrated approach to marketing and that will help you to have a coherent, clear message towards your customers. So let's look at the set-up of this week's MOOC in particular. We'll start with developing a strategic marketing plan. Exactly. And that is then the basis for-- an ingredient of that, I should say, is understanding your customers, understanding your competitors, because that type of knowledge is vital to developing a good marketing plan. And then, we'll talk about the customer value proposition, in other words, what are you giving to your customers, users, payers, etc.? What value are you bringing to them? We will then move into the marketing implementation part where we'll talk about the marketing mix, and one particularly exciting element in the marketing mix, which is the guerrilla marketing approach that you might want to adopt.

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0m 06s

Outlook on this week's segments



- 3.1** Developing your marketing strategy (segmentation and positioning decisions)
- 3.2** Understanding your customers and your competition
- 3.3** What is your product's value proposition?
- 3.4** Guerilla marketing & the Marketing Mix
- 3.5** Crowdfunding
- 3.6** Market Entry & Market Penetration

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It's a very creative approach to marketing, it's a less resource-intensive approach to marketing, which is vital for young companies which are typically cash-trapped. Right. And then, we'll talk about crowdfunding. This won't be the only time we discuss crowdfunding, but in this particular module, what we are going to do is discuss the marketing aspects of crowdfunding, And we'll conclude by talking about market penetration, that means you're going to want to see your products being adopted by the market and generating the type of growth that you aspire to in your venture creation process. So, we look forward to walking you through all these exciting elements this week. Thank you very much. - Stay tuned. - Stay tuned!

Notes

Summary



5m 29s