

Marketing competencies and marketing of competencies – empirical study in software business

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Abstract

Recent academic discussion on marketing competencies not merely as an organizational input, but also as an organizational output, has mainly been theoretical. In this paper we will discuss the competence input-output dilemma based on an empirical study of software business. We believe that software business offers a fruitful context for a marketing competencies and capabilities analysis, as software business it self is characterized by the interesting division of product and project business logics. We argue that the software product business logic is more characterized by marketing competencies understood mainly as an organizational input, whereas the software project business acts as a fine example of the marketing of competencies.

Introduction

There has been a growing academic debate on the nature of competencies either as an input for organizational processes or an output of organizational processes (see e.g. Zerbini et al. 2005). Especially the marketing perspective and the discussion of marketing competencies versus marketing of competencies have notably received current academic interest (see e.g. Fahy et al. 2006, Gibbert et al. 2006). However, so far the discussion has been more theoretical than empirically based. Our aim in this paper is to contribute for our own part to this current discussion of marketing competencies and capabilities by carrying out an empirical study focused on this interesting and contemporary topic. This paper addresses the earlier literature on marketing competencies and capabilities (e.g. Hooley et al. 2005, Ritter 2005, Möller et al. 2005, Möller & Törrönen 2003, Day 1994), although the main contribution of the paper is the empirical study and the insights gained through that.

As the empirical setting, we have chosen a specific field of industry, the software industry with respect to the marketing competencies. The software business is characterized by its distinction to software product and software project business. There are software companies that are following just one of these business logics, i.e. they either produce and sell software products or they operate in the service business and based on projects. However, there are also companies that use both of these business logics and thus, operate partly in both of these different business areas. In this study, both project and product suppliers' marketing competencies are studied.

We will first develop a preliminary understanding of how the issue of marketing competencies vs. marketing of competencies can be understood on the basis of the body of knowledge in relation to marketing competencies, resources and capabilities. This pre-understanding is elaborated through the empirical study and this has included going back to theoretical knowledge as the empirical analysis went on.

Through the empirical study, we aim to achieve a better understanding of the role of various kinds of marketing competencies in different kinds of software companies. We will provide answers to questions "what kinds of marketing competencies different types of software companies have" and "how they can be used as marketing management tool?" based on the empirical study.

Existing conceptualizations of marketing competencies and capabilities

The concept of competence has been used to refer to a company's essential skills, knowledge and resources that influence on its success. The literature offers various definitions to the concept of competence depending on the perspective. The resource based view of strategic management (Prahalad & Hamel 1990) regards companies as bundles of different types of resources and emphasizes that certain core competencies determine the company's success.

Marketing competencies and resources have been used to tackle basically the same phenomenon. According to Hooley et al. (2005), marketing competencies can be divided into market-based resources and marketing support resources. Market-based resources are those that are directly deployed in the marketplace to create or maintain competitive advantage. Marketing-support resources, in turn, support marketing activities and contribute indirectly to competitive advantage.

Prahalad & Hamel's (1990) article 'The Core Competence of the Corporation' can be argued to be the true beginning of researchers' increasing interest in the issue of competence, although its roots, as based on the so-called resource-based theory of the firm (cf. Wernerfelt 1984, Pfeffer & Salanick 1978), go back a long way. The resource-based view of the firm considers firms as bundles of resources. The firm's resources can be defined as tangible and intangible assets that are tied semi-permanently to the firm. These assets can be physical, organisational, and human. Thus, resources can be almost anything, including the local competencies that are fundamental to a company's competitive advantage. Specifically, resources are assets that can be used to implement value creation strategies. (Wernerfelt 1984)

However, it does not necessarily follow that a company owning valuable resources can also create competitive advantage. Besides owning valuable resources, companies should also have unique competencies. Thus, resources are important, but their value creation potential is eventually

determined via distinctive competencies that are involved in the value creation processes by deploying and coordinating different resources. This highlights the relationship between resources and competencies.

Division between capabilities and competences is not a clear one either. In fact, the terms capability and competence have been rather often used in the marketing literature as parallel. In our study, we will not either make difference between these two terms. In next, we will refer to rather recent discussions about different capabilities and competences identified in marketing literature.

Capabilities in the marketing literature have been classified in various ways. Möller et al. (2005) discuss supplier capabilities in relation to value creation in network context. Accordingly, capabilities and challenges involved in the management of strategic nets are related to the different types of strategic nets. This aspect of the influence of the strategic net type is taken into account in the network-capability-base framework presented in Figure 1.

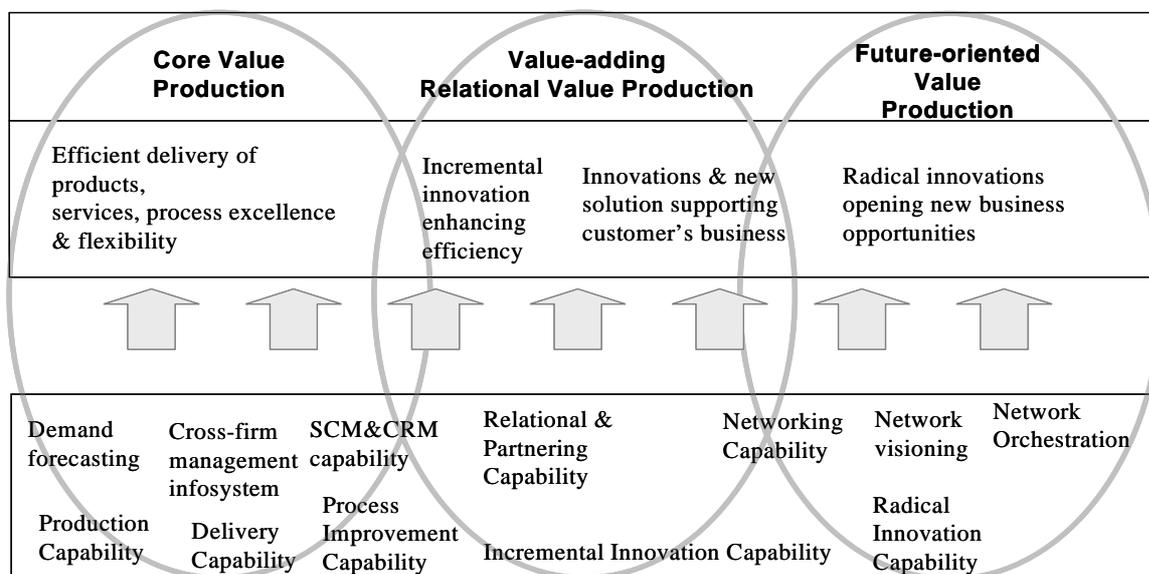


Figure 1. Value production and network capability base (Möller et al. 2005).

The framework developed by Möller et al. (2005) shows in a simplified way how capabilities are seen to be linked to value creation in the network context. Accordingly, the capabilities needed in value creation are presented roughly in order of increasing complexity, but not in order of superiority or importance. In fact, all of the capabilities identified are important ones, as it is, for example, impossible to master the customer's business capability (see the right end of the continuum) without being able to first handle simpler value creation activities, such as production and attainment of process improvement capabilities (see the left end of the continuum). Thus, the capabilities shown nearer the left end of the continuum can be treated as essential learning steps to be taken in order to move toward the right end of the continuum.

In the diagram shown above, the capabilities are presented in two rows in the lowermost square. The upper row refers to capabilities that are needed in managing strategic business relationships and business nets, whereas the lower row refers to those capabilities that can be regarded as more traditional business competencies. It is also noteworthy that although the capabilities are presented in the form of rows, a set of them is needed for creating any type of value. Moreover, the more complex the value system in question is, the broader the set of capabilities required.

Also in the work of Möller & Törrönen (2003) these supplier capabilities have been discussed. In their work, the supplier capabilities that are also discussed in the work of Möller et al. (2005) are discussed in more details by identifying different kinds of indicators for each of the supplier capabilities. Möller & Törrönen (2003) talk about eight types of capabilities: production, delivery, process improvement, incremental innovation, relational, networking, radical innovation capabilities, and lastly, the capability of mastering customer's business. For the production capability, the identified example indicators are

documented process records, production facilities and qualifications of workforce. Documented process records act as an indicator also for the delivery capability, added with another indicator, the flexibility in emergency cases. Records of stepwise improvements in production and delivery capability and continuous cost reductions in the core processes, act as the indicators for the incremental innovation capability.

For the relational and networking capabilities, the list of appropriate indicators is longer. Working key-account management, qualified technological support personnel, committed personnel with team-working skills, ability to view things from the customer's perspective, organisation-wide relational orientation, sharing of proprietary information, making propositions enhancing the customer's business processes and information systems integration are the indicators for relational capability. As the networking capability indicators, organisation-wide network player orientation, mobilisation and maintenance of multilevel and multifunctional contacts between several actors and working communication systems supporting the maintenance of network relationships, have been listed by Möller & Törrönen.

Radical innovation capability differs from the incremental innovation capability by taking account as indicators more R&D oriented issues, such as the record of R&D achievements, number of mastered technologies, qualifications and track record of key scientific/technical personnel and the relations possessed by the company with core research institutions. The capability of mastering the customer's business requires even more demanding indicators, such as the track record of understanding the business logic of the customer, track record of proposing major suggestions leading to business improvements or new business concepts and the capability of offering "externalization" of some key processes or complete business.

Vorhies et al. (1999) have identified six marketing capabilities that seem to correspond rather well to the elements of the 4P model, as the capabilities identified by them are market research capabilities, pricing capabilities, product development capabilities, channels/distribution capabilities, promotion capabilities, and marketing management/planning capabilities. (Vorhies et al. 1999). Market research capabilities can be seen as a priori for the pricing, product development, channels/distribution, and promotion capabilities, as the marketing department and the whole company should have valid information at hand when planning the marketing activities. However, without proper marketing management/planning capabilities the other capabilities identified by Vorhies et al. remain easily too separate leading towards chaotic marketing decisions.

Hooley et al. (2005) also use the term capability in their analysis of marketing resources. They divide marketing resources into market-based resources and marketing support resources, and in both of these classes, they further identify the related capabilities. They argue that market-based resources are those resources that can be immediately deployed in the market place to directly create or maintain competitive advantage, whereas marketing support resources serve primarily to support marketing activities and to contribute indirectly to competitive advantage.

Hooley et al. (2005) have identified four different types of capabilities and assets related to market-based resources. These capabilities are customer-linking capabilities, reputational assets, market innovation capabilities and human resource assets. Customer-linking capabilities are among the most valuable capabilities of any company as they include the ability to identify customer wants and requirements together with the capabilities to create and build appropriate relationships with those customers. Customer-linking capabilities take time to develop and they rely on the complex interplay of supporting resources. It is also characteristic that these capabilities are based primarily on tacit knowledge and interpersonal skills. Reputational assets refer for example to brands and thus, they are related to reputation and credibility of the company among its shareholders. The third market-based resource, the ability to successfully innovate in the marketplace, is a potential foundation for sustainable competitive advantage. As such, they are complex in nature as they require intangible linkages across functions along with tacit skills and learning. The fourth type of market-based resources according to Hooley et al. (2005) are the human resources of the company, as people are the one who deploy the marketing strategies and activities in companies. Thus, the successfulness of marketing is in the end dependent on the people's competencies and ability to work creatively and enthusiastically. This needs enough time allocated for the people to carry out the creative work.

As the marketing support resources, Hooley et al. (2005) bring up the marketing culture of the company and the capabilities of its managers to lead, manage, motivate and coordinate people and

activities. The indicator for a positive marketing culture is the level of market orientation shown by the company. The capabilities of the managers are oftentimes based on experience and tacit knowledge, and in that way they are hard to imitate by competitors. On the other hand, they are sometimes too tied to certain persons, leading to difficult situations if the manager decides to leave the company for some reason.

Relational competences were visible not only in the work of Hooley et al. (2005), but also in the works of Möller et al. (2005) and Möller & Törrönen (2003). The concept of relational competence seems to have important role in marketing literature, so it is not a surprise, that the term has also been applied from social psychology to describe the essential competencies needed to establish and maintain mutually satisfying business relationships (Phan et al. 2002). Relational competence can further be divided into relationship initiation competence (assertiveness, dominance, instrumental and competence and shyness and social anxiety as negative variables) and relationship maintenance competence (intimacy, trusting ability, interpersonal sensitivity, altruism and perspective taking). In addition to relational competence, also relationship quality and communication behavior needs to be taken into account when analyzing the success of a relationship. Thus, the work of Phan et al. (2003) seems to offer rather specific views and tools to analyze relational competence as one of the important marketing competences.

When comparing the typologies on marketing capabilities presented by Möller et al. (2005), Möller & Törrönen (2003), Vorhies et al. (1999) and Hooley et al. (2005), similarities can be found, although the typologies also provide different views on the types of marketing capabilities. The work of Vorhies et al. (1999) is most simple one, as it has obvious links to the marketing mix thinking. The capabilities identified by Vorhies et al. (1999) can in fact be labeled rather traditional marketing competences. Their work does not emphasize the innovation viewpoint, which on the other hand is visible in the other typologies. Hooley et al. (2005) have named innovation capability as one of the market-based resources, and Möller & Törrönen (2003) present even deeper analysis as they divide innovation capability e.g. into incremental and radical innovation capabilities. The work of Möller & Törrönen (2003) also provides interesting and useful analysis tools for marketing capability identification in real life contexts by pointing out a long list of indicators for different capability types.

However, none of these works and presented typologies make clear statements toward the issue of marketing competences and marketing of competences, which is the special interest of this paper. Our aim is thus to empirically explore different types of marketing competences and to see how they relate to the previously discussed typologies.

Software business as an empirical context to study marketing competencies

The software business is characterized by its distinction to software product and software project business. There are software companies that are following just one of these business logics, i.e. they either produce and sell software products or they operate in the service business and based on projects. However, there are also companies that use both of these business logics and thus, operate partly in both of these different business areas. In fact, the software product and software project business should be regarded as the endpoints of a continuum that includes also combinations of product and project business modes (Sallinen 2002, Alajoutsijärvi et al. 1999).

For example, referring to this kind of continuum, Sallinen (2002) has developed a typology of software supplier companies, which contains five categories: resource firm, resource firm with supporting projects, system house, software product firm with supporting projects, and pure software product firm. These five types of software suppliers in the ICT cluster can be positioned along the axes of key customer dependency and the way of operating.

Although different combinations of the product and project businesses can be identified along the continuum, it is also good to point out the differences between the two sets of extremes. Referring to the work of Alajoutsijärvi et al. (1999), differences can be identified at least in central capabilities, object of exchange, production, customer base, nature of markets, branding, nature of exchange, and type of organisation. Table 1 summarises the main differences between the software project business and software product business, as they are seen in Alajoutsijärvi et al. (1999).

Table 1. The software project business versus the software product business (Alajoutsijärvi et al. 1999).

Issues	Project business: tailored systems	Product business: packaged software
Central capabilities	Project marketing and management.	Productisation, channel management, alliance-building with strategic partners in the industry.
Object of exchange	Unique project designed and implemented in co-operation with the customer; designed for a certain hardware environment, service content high.	Standard and/or modular products, designed for several different operating systems and hardware environments, service content low.
Production	Activities within projects, production 'after sales', connection between all functions of the company, discontinuity of the projects, deadlines crucial.	Duplication, the production of 'updates' or 'versions', production 'before sales', production function rather independent of other company functions.
Customer base	Narrow. Well-known customers.	Broad. Faceless end customers.
Nature of markets	Familiar, local/domestic, closed and networked.	Distant & international, open, competitive.
Branding	Not important, market assets concentrated on key individuals.	Central area of interest.
Nature of exchange	Interactive, mutual, multifaceted, long-term-oriented, project-related exchange.	Opportunistic, simple, short-term-oriented, product-related exchange.
Type of organisation	<i>Ad hoc</i> project organisation.	Market, product, or matrix organisation.

In this study, both project and product suppliers' marketing competencies and capabilities are studied. There are already some previous studies that touches the issue of different kinds of marketing competencies and capabilities needed for the product companies versus project companies (e.g. McHugh 1999), but it has not been in the foci of literature concerned software business.

Empirical study

Research method

The purpose of the empirical part of the study is to elaborate our understanding of the marketing capabilities faced by industrial software suppliers in the two different business logics. The methodology used follows abductive research logic, where both theoretical propositions and empirical material are used as a source of knowledge. However, the study is more inductive than deductive as the purpose is to empirically study the marketing competencies. The study represents a qualitative methodology and includes a multiple case study setting. In selecting the cases, we have used the criteria derived from existing knowledge on alternative types of industrial software suppliers. This means that both suppliers operating in product based logic as well as suppliers operating closer to the project based logic are studied.

In order to empirically explore the complex and multifaceted phenomenon as marketing competencies, a qualitative research method was selected. More specifically, we have chosen to employ the case study strategy in order to gain thorough empirical insights into the research phenomenon. The case study strategy is based on choosing a case industry that is the as representational of the phenomenon as possible. This resulted in choosing the software industry as the case industry as it represents a field of business, where the two forms of understanding the marketing competence exists. The two business logics, product and project business represent the main categorization of alternative ways of

operating in software business. These can also be seen as marketing competencies and marketing of competencies.

Therefore, we have studied two companies; Company A representing product business logic and Company B representing project business logic. The empirical material includes in-depth interviews representatives of these companies as well as their customers. From the Company A, we interviewed R&D country manager and a Sales manager. Also, a representative of their large customer organization was interviewed. Interviewed representative of the Company B was a Project Manager responsible for certain big customer of theirs. Also three representatives of that big customer were interviewed in order to have the customer's point of view visible in the empirical data. Interviews lasted about 1,5 hours and they were tape-recorded and transcribed afterwards. In addition to the interviews, also companies' external communication materials were used, such as product brochures and www-pages for supplementing the empirical evidence concerning the marketing competencies of the two companies.

The analysis of the empirical data was conducted at the level of software supplier companies' marketing competencies. We have analyzed the empirical data concerning both case supplier through finding both marketing competencies and problems. The problems relate to the competencies that were missing, but that would be needed to overcome the problems. The analysis was done by finding out the themes that emerged from the material with respect to the marketing competencies. In other words, our approach to the empirical analysis was empirically focused and we did not apply any ready-made theoretical framework to the data. The reliability of this kind of empirically focused analysis was improved by using triangulation where both researchers analyzed the data individually and compiled an empirical categorization of the emerged competence areas of both companies. These categorizations were then compared and merged into one categorization. The two preliminary categorizations had certain differences, but generally speaking these can be said to have been similar to a considerable extent. Thus, the empirical analysis can be said to be applicable.

Analysis of the empirical data

In the following, we will first describe the different cases in more detail. Secondly we will present the analysis of competencies found from each supplier type.

Marketing competencies – case study from software product business

Company A represents a company strongly focusing on selling software as commercial components. The company has two business units; one focusing on developing and selling the actual software components and another focusing on selling consultation services supporting the use of these components. These two units are highly separated and operate very independently. Since its foundation in the beginning of the 1990's, the company has strived towards operating on a product business logic; i.e. focusing on selling standard software. The internet is the main distribution channel; the software can be freely evaluated through the internet and potential customers can then contact the seller in order to decide which kind of license would suit them best. The pricing follows pre-determined list prices, with different types of licenses for different purposes. The technical support for the customer is also handled through a web-service. Thus, the customer interface is as standard and light as possible. The main areas of marketing activities to be developed include being more active in fairs and industry exhibitions. Customer needs are detected through gathering information from the personnel involved in the customer interface; these are mainly technical experts. Future directions for the development of the components are only scantily communicated to customers in advance.

With respect to the marketing competences that our analysis revealed, one of the most important one is related to the *product management*. The product development of the Company A was highly separated division in the company's organizational structure. The R&D personnel were considered as very important resource in the company and its functioning was highly protected. By this we mean that for example, customer complaints and problems in the products sold were led on elsewhere in the company in order to let the R&D personnel work in peace.

“This calms down the product development so that they do not need to be doing everything under the sun, but they can concentrate on product development only” R&D country manager.

Furthermore, the product development processes were described at high level of specification so that the R&D work could be made as efficient as possible. One example of the independent and protected position of the R&D unit was the way the products' future development plans were managed. The company prepared a road map for the future development. This was mostly just a job for the R&D personnel although also other departments more involved in the customer interface took also part in this. Moreover, the roadmap was communicated to the customers at a rather late phase of the new developments. It was considered, that communicating the future plans with respect to the products and new versions could only be done when the plans were decided for sure. Thus, the customer actually had a quite little to say to the new versions of the product even though they needed to be committed to the component and its future versions for a long time. All in all, the R&D function was seen as the core of the company, and it was intentionally being separated from the customer interface for example. The R&D personnel were also seen as important reference group since the job advertisements of these were considered as important marketing issues.

In addition to highly protected and separated R&D functions, another essential marketing competence was the productization. This included pricing, product demonstration and customer-specific tailoring. The pricing of the software products was based on rather complicated licensing systems where customer could either pay for each user of the software tool in the customer's R&D division or either for each end product sold comprising the software. However, the customers seem to consider this as a complicated issue and the pricing principles were constantly under development. Another issue within productization was the product demonstration process, which was also highly sophisticated in the Company A. Software component as a product may often be very difficult to demonstrate in advance for the company and it may require a long process of pre-testing of the component within the customer's own software system, before any kind of evaluation of the component can be done. The Company A had developed sophisticated methods for demonstrating the product through web-enabled testing versions as well as more customer specific testing possibilities.

As the products in question were software products in business-to-business market context, there usually was the pressure from the customers to make some kinds of modifications into the products. The company had strategically decided to operate in the product business logic since its foundation, but they had also developed processes for handling the tailoring needs of the companies. In principle, they wanted the tailoring to be as minimal as possible and their product to be as standard as possible. However, in case customers requested some modifications, the Company A had a specific consulting unit that could take care of the modification needs. This was usually done with considerable extra costs. However, in case the requested modification was the kind of product feature that also other customers might be willing to pay for, the Company A usually insisted that the R&D work needed for making the modification was paid by the customer, but not offered only specifically for the customer, as the Company A usually took the IPR's (intellectual property rights) so that it could sell the same feature also to other customers. This of course needed often some negotiations with the customers.

"We do make to some extent tailored prototypes of features to our products, but we do not have much consulting resources to this. We do not encourage our customers to tailoring"
Sales manager

Second marketing competence area that our analysis brought out was related to the acquisition and use of the *market knowledge*. The Company A's product business logic was based on the idea of selling standard software components and software development tools to large customer segments globally. Although the company was clearly R&D focused in its strategy, the way it gathered and used the market knowledge was an important marketing challenge as well. As discussed, the R&D unit was very isolated and independent from the consulting and selling functions. Thus, these units mostly operated together and on the terms of the R&D unit. The marketing and selling function formed a division that took care of the advertising and selling processes. The selling process included typical negotiation and product demonstrations. After the customer's buying decision, the responsibility usually sifted to the consulting division who took care of the training and consulting needs of the customer. The sales and consulting divisions were also responsible for collecting market information. Selling division scanned the markets broadly as they tried to find customers whereas the consulting division collected deeper customer information as they operated more closely with the customers in their service processes. This information was processed and forwarded to the R&D division, which then decided, which of the customer needs could be taken into account in the product roadmaps. Bigger

customers of course had more to say with the future development of the products, but small companies' needs were not that seriously acted upon.

“Big customers have each a customer manager appointed, and these collect important information. Then we also have web based discussion groups where future needs can be expressed”. R&D country manager

In using standard software components in their product's software systems, customer companies are usually reaching for the cost benefits. Thus, they are willing to adapt their own systems to the available solutions even though it would increase the total costs of the components. Therefore, from the marketing perspective, the ability to effectively communicate the quality and the price of the component are important. Rather so than the ability to understand and solve customer's problems. In their marketing communication, the Company A concentrated heavily on the advantages of using a commercial solution.

This also brings us to the third marketing competence area found in our empirical data concerning the software product business company. *The traditional marketing communication* activities, such as branding and participation in industrial fairs and conferences were seen as important by the Company A. In addition to the communication addressed broadly to the markets, also the more customer specific marketing communication was considered as important. The customer companies were usually larger companies who used the Company A's product only as a small component in their whole software system products, which included also hardware. Also, the way customers handled the acquisitions of these types of components was often rather difficult for the Company A. As an object of exchange, the software component was usually such a complex and technical in nature that the purchasing took place in customer companies' software development projects and the people involved were mainly software engineering experts. Purchasing expertise used in the buying process was often low as it was mostly related to buying hardware and more standard items. Therefore, from the marketing perspective, it was essential that to begin with, the right software engineering projects could be found, who could be interested in using the component. Thus, it was not enough for the marketing personnel to identify potential customer companies, but it also needed to identify the right people inside these companies. Moreover, often even inside one customer company there could be as many as hundreds different projects who would each carry out their purchasing process independently or under some very general company specific terms negotiated earlier on. From the marketing perspective, important competencies were thus the ones that enabled the marketing personnel to locate right projects and right people to whom to direct the more direct marketing communication efforts. This was of course based on the existing personal contacts of the marketing personnel, but also required information gathering and distribution inside the seller company.

Marketing of competencies – a case study from software project business

Company B is a project business oriented company that operates mainly at national level, although it has also two foreign subsidiaries. As is typical for a project business oriented company, its sales force is organized according to biggest customers and tailoring plays a notable role in customer deliveries. The company would like to participate more in the customer's software design and requirement management processes, but currently they are somewhat forced to answer to needs that customers articulate after their own internal requirement setting and software design. The company's main emphasis is on developing software for customers at project-based pricing. However, they would like to have even more co-operation with their customers in the form of deeper participation in the customers' value creation processes.

In our analysis of the marketing competencies of the Company B, one of the most important ones that emerged strongly from the data was the *project management* competencies. As the business logic of the company relied on customer specific development projects, the project management competencies were essential in many respects. The ability to effectively carry out customer projects included carefully defined and followed internal processes and organizational issues. Each project was carefully defined and a project manager was always assigned to the project. Additionally, also other responsibilities were unambiguously defined. In Company B, a lot of effort was made that the people responsible for certain customers were committed to their customers, creating stability in the customer projects. This was, naturally, possible due to the positive atmosphere inside the Company B and clearly defined organizational responsibilities and structures. It was also notable, that the project

management inside the Company B carefully listened the current needs of the customers and were able adjust their role in the overall projects by the needs of the customer.

“Although we haven’t been involved in making the business decision when it comes to their system solution, we have been developing the system from the technical side and also we have carried out some internal marketing of the software solution for them [i.e., inside the interviewed customer company] when they have needed that kind of help.” Project manager

The second group of marketing competencies that we identified in the empirical data concerning the Customer B was the *relational competencies*. This included, first of all, the ability to work close to customer and to allocate resources enough to specific customer projects. Interestingly, from the empirical data, it became evident that also the physical closeness to the customer played an important role. There had been a project between the Company B and the interviewed customer, in which the people carrying out the project from the Company B’s side were operating from one of the foreign subsidiaries of the Company B. Due to the long distance and cultural differences, the project was not as successful as the other projects with the customer. What was notable, however, was that the Company B noticed the problems and rapidly learned from their mistake, as afterwards that specific project, all other projects with the customer were handled by the Finnish unit situated nearby the customer.

As an important part of the relational competencies, the Company B clearly possessed a good understanding of the customer’s value creation processes. This became evident e.g. by the Company B’s ability to support different phases in the customer’s system projects, like not only the technical issues, but also education and marketing. Additionally, the Company B had the ability to go through different phases in the relationship, for example when there were problems in the relationship.

“We had development of shared components however this kind of useful co-operation was put on hold when the harder times started...They have been our customer for a long time now.” Project manager

Finally, the third marketing competence emerged from the empirical data was the *understanding one’s role in the value network*. For example, in order to get the whole value network working smoothly, the Company B needed to work together with its competitors in order to support the customer’s value creation with respect to the interviewed customer.

“No competition [i.e. with the other suppliers of the customer company]. Interfaces between the different architectural layers are created in co-operation. We jointly set the rules for communication and also those related to business rules” Project manager

“The chemistry between the people is very good; all of the suppliers are committed to co-operation with them [i.e. the interviewed customer company]” Project manager

This kind of ability to co-operate also with their competitors by the customer’s wishes, required certain kind of humbleness from the Company B. The humbleness and the true respect of the customer were visible in many ways, especially in the way the interviewed people talked about each other.

“Hopefully they [i.e. the customer company] will succeed in packaging the system solution as a real product.” Project manager

“They will get more responsibilities in our projects, as they have done the job well and they do have the needed competencies” R&D manager (of the customer company)

In fact, the Company B possessed such competencies that were valued much also by the end-customers, i.e. the customer’s customers. If the Company B would have wanted to act opportunistically, they would have had the chance to steal a part of their customer’s business. However, this kind of behavior would have damaged the trust between the Company B and their customers and would have ended many fruitful and long-term co-operation.

Comparison of the competencies

In the empirical analysis, after identifying the relevant marketing competencies of the two companies, our next step in the analysis was to compare these. We have summarized the marketing competencies found in the empirical data in the Table 2. On the basis of our empirical analysis, the marketing competencies relevant in the two software suppliers in the different software business logics differ, but yet they also are similar to certain extent.

It is not a surprise that from the analysis of the marketing competencies of the software supplier in product business we found out that the product management competencies represent such an important group of competencies. Or, that in the project business software supplier analysis the project management issues and relational competencies turned out to have such a high importance. For a product business software supplier it is essential to hold on to the R&D resources and to pay a lot of attention in to the product as the whole business is based heavily on the product itself. Product related competencies and R&D resources are no doubt also essential to the software supplier in the project business, but all this is strongly connected to the existing customer relationships. The product related competencies are developed within these relationships and thus this can not be seen as isolated function in the supplier company as in the software product supplier's case. It can be argued, that in the marketing of competencies, the marketing competencies are more intertwined with each other where as in marketing competencies case the competencies can be seen as more independent from each other.

Table 2. Summary of the identified marketing competencies in software product business and project business

Marketing competencies: product business software supplier	Marketing of competencies: project business software supplier
Product management <ul style="list-style-type: none"> - R&D unit's role protected - Processes carefully defined - Productization (prizing, product demonstration and handling with tailoring needs) 	Project management <ul style="list-style-type: none"> - Processes - Organization
Market knowledge acquisition and utilization <ul style="list-style-type: none"> - Consulting unit: input from big customers - Selling unit: general market scanning 	Relational competencies <ul style="list-style-type: none"> - Ability to work close to customer - Understanding customers processes
Traditional marketing communication <ul style="list-style-type: none"> - General communication (branding and advertising) - Customer specific communication: finding the right people in the customer organization 	Understanding one's role in the value network <ul style="list-style-type: none"> - Co-operation with customers' other suppliers instead of competition - Healthy humbleness towards the customer and the customer's customers → basis for a trustful relationship

If we take a closer look at the identified competencies, we can also see remarkable similarities. The customer interface is certainly an important area in both businesses. In product business software supplier's marketing competencies the relevant issues were identified as the acquisition and utilization of market knowledge as well as the traditional marketing communication and especially the finding of right people in the customer organization. These both are usually about personal relationships between the individuals from the seller and buyer companies. Similarly, of course, in the project business software supplier's marketing competencies, the personal relationships between the representatives of the companies form the basis for relational competencies. This is a typical characteristic of any business market situation; in business markets the personal relationships are often considered as important.

Conclusion and discussion

The paper provides an empirical investigation of the marketing competencies vs. marketing of competencies in an interesting industry branch. On the basis of our analysis, in the software business, the two different business logics, the project and product businesses, both require several types of competencies, of which three main competence areas can be formulated. These main competence areas, however, vary between the two software business logics. The identified marketing competencies from product business logic were product management, market knowledge acquisition and utilization and traditional marketing competencies. In the project business logic the identified marketing competencies included project management, relational competencies and understanding one's role in the value network. In comparing the identified competencies we found out that although there exist clear differences, also certain similarities can be noted.

Interestingly, our empirical findings have similarities with a study of Rajala (1997), in which he has studied the organization of marketing in high technology firms. In the work of Rajala, four cases from the process automation industry were studied. In these companies, the marketing activities were clearly divided into three main domains: sales and service, communication, and product management domains. In our empirical study, especially in the case of the software product business, the identified marketing competencies relate to the organizational domains that were found in Rajala's work. The product management competencies are usually emphasized in the product management domain, in which persons as R&D managers and product managers work, whereas market knowledge acquisition and utilization are competences that usually relate to the marketing communication unit in the company. The identified traditional marketing competencies on the other hand, oftentimes are related to sales and service people. These similarities between the study of Rajala concentrating on marketing organization and the study of ours concentrating on marketing competencies, are interesting. However, these similarities are not in the end so surprising, as competences are organizationally embedded and it is rather natural that the structure of the organization is formed around certain key competencies important for creating competitive advantage in specific markets.

From the customer's perspective, in the product business, it actually is not merely the product that the customer is buying. Rather, the customers buying software in business-to-business setting usually become committed to the software for a long time because as they buy the software, they usually need to modify their own systems accordingly which of course creates high switching costs. Moreover, if the purchased software product is used as a component in the end product sold further on to buyers own customers, the committing to the purchased software and thus also to the supplier is even higher. The question of new versions and product support create interdependence for the customer to the supplier. Thus, customers can actually be seen to also evaluate the software supplier's competencies. In other words, it is important for the customer how capable the supplier is with respect to the products further development and if the supplier will even exist at all after five years. Therefore, it is essential for the software supplier in product business to also market one's own competencies.

Our study provides a framework for examining these especially in software business. However, our findings can also be applied in other, similar industry contexts. The software industry represents an industry, where the object of exchange includes high technological complexity, develops continuously at high speed and creates high switching costs for the customer. For example, in other high technology contexts, similar types of exchanges can take place and thus also the way the marketing competencies and marketing of competencies may be understood presented in this study can be applied. Furthermore, in many business services industries, the two different business logics can exist as the services are continuously also standardized. Thus, within services industries the results of our study may also be useful.

The findings of our empirical study can also be used to create managerial contributions for software companies to examine critically their marketing operations and to develop relevant competencies. For example, for a company operating the product business logic, it might be useful to also try to find synergies from the different marketing competencies. For example, if the company possesses good R&D resources, the connecting these competencies to the selling and consultation competencies might in fact create more customer orientation also into the product development. For the customers, the product development is an important issue especially due to the high switching costs and because of the new versions that software suppliers typically introduce. Therefore, creating more connections between the customer interface and the R&D competencies may create customer value potential.

Also, as it was discussed, typically it is the customer organizations R&D people who conduct the software component acquisitions and for the marketing people of the supplier, these are difficult to find. Thus it might be worthwhile to consider, if the suppliers R&D competencies could be used in locating these R&D people from the customer's side. For project business suppliers, an important managerial recommendation is to focus on the relational competencies, as these may become personalized into the people who are involved in the customer relationships. If for some reason these people are lost, the existence of the important relational competence may become endangered.

When comparing the empirically identified competences to the typologies presented earlier in this paper as part of the theoretical discussion, some notifications can be brought up. Firstly, most of the marketing capabilities identified by Vorhies et al. (1999) are found from the software product business case, referring that the product business seems to emphasize more of the so called traditional marketing competences than the project business. Secondly, the relational capabilities and customer-linking capabilities brought up in the typologies of Möller & Törrönen (2003) and Hooley et al. (2005) were more visible in the project business case than in the product business case. However, the innovation capabilities that were emphasized in these typologies were surprisingly more related to the product business logic than to project business logic. Thus it seems that the innovation capability does not necessarily require close relationship with the customer and deep understanding of the customer's business, although this has been brought up e.g. in customer relationship management literature.

However, it needs to be noticed that the empirical data of our study is not sufficient enough to make any strong propositions concerning the general discussion on marketing capabilities. Instead, our study sheds light on the marketing competences issue in the specific industry branch, the software business. In all, there is a need to further gather empirical material in order to validate these kinds of initial findings in order to increase the generalizability of our study. Thus, with respect to future research avenues, more empirical evidence about the marketing competencies relevant in different businesses is certainly needed. What this study has not reached, is the way the relevant marketing competences succeed in creating real customer value. Although we did take the customer perspective into our empirical analysis as well, it is important to further elaborate on the value creation in terms of marketing competencies.

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