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# How to Form the Knowledge that Marketers Need?

## *An Approach for Marketers to SMEs*

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### **Abstract**

Traditionally, the formula for knowledge consists of belief and truth. The key challenge behind this is to understand how a marketer can benefit from this knowledge. Like the traditional Chinese saying, the reason a ship floats or sinks is the same, it is because of water. Similarly, the success or failure of a marketing campaign depends on knowledge. For a marketer, useful knowledge is the combination between the truth and the customer's belief,

not the marketer's belief. In fact, when it comes to useful knowledge, the customer's belief is more important than even the truth. Rather than focusing on consumer or corporate buyers, in this article we turn our attention to SME buyers. These knowledge fundamentals seem to be more relevant for them and the literature review for SME buying behavior is relatively limited.

**Keywords:** Belief, Buying behavior, Customer belief, Knowledge, Knowledge management, Marketing, Truth, SME

## 1. Background

Surprisingly, there are many resources that characterize SMEs<sup>1</sup> as being limited in nature. For example, some researchers summarize the various limited resources of SMEs, such as finance, time, and marketing knowledge. They also describe SMEs as lacking specialist expertise; “owner-managers tend to be generalists rather than specialists” and “their limited impact in the marketplace” (Gilmore et al., 2001). Another group of researchers describe SMEs in a similar way: “few resources, low volume of sales, lacking educational skills are the likely characteristics of SMEs” (Arend et al., 2005). It also seems that researchers are highly critical of the buyer behavior of SMEs. An examination of the specific words used by some researchers provides us with further evidence of this poor image in reference to their buying behavior. Terms such as fail, poorly, unsuccessful decisions in ICT and short term are used in this context. We would like to challenge these terms:

*“fail”*: How can a behaviorist say the customer fails? Do consumer behaviorists do this when describing their customers? Has this word ever been used for homemakers for instance? Why should the word ‘fail’ be used to describe the buying behavior of SMEs?

*“poorly”*: Is it appropriate to use this word even though one out of every two products is sold to SMEs?

*“short-term, informal”*: Who says they need to be formal? And who says being formal is better?

*“unsuccessful decisions in ICT<sup>2</sup>”*: How come? Do SMEs really complain about this?

*“no linkage to the strategy and goals of the company”*: Do they have to provide a link? And more importantly, do these links have to be explicit? Perhaps, SMEs prefer tacit actions.

*“too little attention to the social nature of the purchase”*: Is the social nature of the purchase necessarily important? Do homemakers or large corporations always pay attention to the social nature of their purchases? So what would be the reason for such questions to be posed by SMEs?

*“entrepreneur or owner manager decision base”*: Do they need to have numerous internal parties involved? If the boss wants to decide on her own, does he or she really need to follow some “so-called” procedure? Does he or she need to explain himself or herself and be put on the defensive?

*“adoption”*: What type of adoption should we look for? SMEs buy one of every two products in the world, isn’t this enough? If usage levels are being discussed, who actually uses all the functionality of a single cellular phone, for example? Are there any large corporations that use their CRM system with full efficiency? The question to raise here: Even if it’s agreed that

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<sup>1</sup> SMEs are small and medium sized enterprises or companies. Within the EU, they are no larger than 250 employees with turnover below €10-50 million

<sup>2</sup> Information and Communication Technologies

limitations exist, is this a roadblock to consider SMEs as customers? The most important aspect that a behaviorist should remember is that SMEs do in fact purchase items and services, no matter how they have been labeled (Rantapuska et al., 2008).

Often, experts who get paid to “help” SMEs, do nothing but insult them. This is even more ridiculous, when the consultants do not know much, but behave as if they have done nothing in their life, but run SMEs. Maybe SMEs are the wise ones, where it would be fantastic if they would have time to teach us what to do and why. But until this time or the truth has been identified, why should these sorts of attitudes continue? How long will the same stories about the limitations of SMEs be told, even though they do not have a solid foundation and are of little value to SMEs. ?

## **2. Knowledge: Ontology or Epistemology?**

### *2.1 Philosophical Framework in Literature*

Politz (1957) summarizes within

*“If the marketer will do so-and-so, the consumer’s reaction will be such-and-such, or vice-versa, if the marketer wishes the consumer to do such-and-such, the marketer must do so-and-so.”*

What marketing managers need to know is not how customers feel but what they will do, and not just what they will do but what proportion of them will react in specific ways. . Not the need of “truth” but the type of “truth” has been named as the major variable to clarify when planning marketing studies of consumers.t. The marketing research will not produce true results unless it obtains the “truth” from the consumer; wanting nothing but the “truth” from the consumer is the key. Even if the interview may have succeeded in obtaining the “true” opinions, attitudes, and motives of the respondent at the time, this “truth” may not predict the actual buying behaviour, the way the consumer reacts/acts when making purchasing decision, where reactions are results, not causes. Cause is unlikely to be a first priority topic to explore in marketing research, reaction is more important to understand before going further. The truth to start with is truth on how consumer will act. (Politz, 1957)

According to Sheridan (1999), before having a view on presence, it’s difficult to start the philosophy and without it research methodology might be incorrect Attempts to explain ‘presence’ are mostly considered with its belief and knowledge interrelations, where ontology and epistemology have been used as stance, from conventional rationalists (Descartes, Spinoza, Leibniz) to metaphysics (Heidegger, Gibson). Many researchers seem to comment about the past trajectory, instead of developing a new model, where it’s understandable that either the discussion is not perceived as important as past decades, or it is already enough said. Zahorik and Jenison (1998) likely concluded that instead of dualism, the coupling between perception and action is crucial for determining the extent to which actions are successfully supported. If so, does it mean the knowledge stance of ontology is not correct? If

so, do we really need ontological phase? But most importantly, even if there is a doubt, how we can consider epistemology as a subfield of ontology after having a conflict possibility?

Sheridan (1999) resumes what is virtual and what is real, what is subjective and what is objective are a matter if one's criterion for modeling and believing the model. Estimation theory has been given only for engineering perspective. Will it remain same for different disciplines? Perceptions are true in Gibson's perspective (1979), even in behavior side too, but medical doctors for instance don't name every patient as healthy whom perceives themselves healthy. What would be the formulas of knowledge/real knowledge? A possible combination of truth and belief? The dilemma behind this would be there is no unique usage

model of belief and truth for the needed answer for real-knowledge. If I think that I feel healthy, it doesn't mean that my knowledge should be affected from this. Actually, contrary, my knowledge should be equal what doctors says which is the "truth".

Scott (2000) notes that observer is in the position to oblige to take responsibility for the worlds he or she constructs, including decisions about belief and purposes. Practical usefulness and necessity of ontological phase might be limited with behavioral social research topics like ours, since it looks like "belief about being", where epistemology is about "belief about knowledge". Biocca (2001) spots that the terminological and theoretical confusion about difference between epistemology and ontology causes modeling problems. Actually, result of Biocca (2001) is subjective like he tries to criticize and surprisingly very confident about Sheridan et al. (1999) are mistaken. Presence has been named as a bridge across disciplines, an intersection where psychologists, engineers, designers, communication researchers, philosophers may be found. Ontology typically does not focus on perception, but mostly about real-reality where usually name itself as "can never be known". However, real-reality in marketing might not always be important.

Within this line, Biocca says there might be no practical effect on "perceptual presence" which is good to know for perception based modeling researchers, since epistemology seems as better fit to start and Gibson's "the perceived world is stable and objective" words as a transition from real-reality to real knowledge helps this. Al Amoudi (2007), while he's criticizing Foucault's Social Ontology, says his aim is to open a discussion, not to close it. Therefore, he does not expect all readers to agree with every claim he made. He mostly relies on his past experience as a professional. He basically claims 'power and knowledge are socially and historically inseparable and that science can lead to true knowledge.', where 'true knowledge' is vital expression. Since it can only come if truth and belief is known. In some cases truth is not important, sometimes belief, but anyway it's necessary to be aware of and then combine to build 'true knowledge'.

After all, as a bottom line, a complementary definition helped us to immerge into (Biocca, 2001);

*"A philosophy of presence should be judged by fruits it bears"*

Ontology and epistemology -as a supposedly subfield of ontology- are sometimes looking for same questions, like presence, but find fundamentally different answers because of stance difference; dualism and coupling respectively. In other words, there is a possibility there is no way to cover both always. As a behaviorist looking for an answer for real-knowledge within this stance, usable, practical living information can be a part of positivist-since it's observable and rejects metaphysics in broadest sense- axis rather than interpretive.

Traditionally, the formula for knowledge consists of belief and truth. The key challenge behind this is to understand how a marketer can benefit from this knowledge. Like the traditional Chinese saying, the reason a ship floats or sinks is the same, it is because of water. Similarly, the success or failure of a marketing campaign depends on knowledge. For a marketer, useful knowledge is the combination between the truth and the customer's belief, not the marketer's belief. In fact, when it comes to useful knowledge, the customer's belief is more important than even the truth. Rather than focusing on consumer or corporate buyers, we can turn our attention to SME buyers. These fundamentals seem to be more relevant for them and the literature review for SME buying behavior is relatively limited.

## *2.2 What Marketers Need to Know?*

As an absolute truth seeker, Plato notes that belief is to be distinguished from knowledge (Jowett, 1999). As a follower of Plato, Nozick (1981) notes that to continue to 'track the truth' is the path to knowledge. According to Gettier (1963) and Weinberg (2001), problem and epistemology depend on culture and audience. Therefore, knowledge is useful, truth can only help it, and, in other words, truth is sometimes important, but not always. As a deductive logic exercise, if you see products through the eyes of customers, truth is not always necessary; since customers might not get hurt by not knowing and/or applying the truth. If the sample is big enough and customer's belief is likely equal to its knowledge, it might show that truth has no natural effect on knowledge; e.g. no demand for truth or no interest in the truth. Within these cases, if vendors benefit from the customer's current belief, they will not want the truth to be included a part of customer's knowledge. So the likelihood of the customer's knowledge being based solely on his belief, and not the truth, would increase.

For example, when Intel Corporation introduced Pentium and Celeron chips to SMEs in Turkey, one would have expected sales of the Celeron chip to take off while sales of the Pentium chip would lag behind. This is because the Pentium chip was much more expensive and powerful than the Celeron chip and SMEs actually did not need Pentium chips. However, even though the retailers who sold the chips to SMEs told them that they did not need such an advanced chip, the SMEs believed that, 'Celeron is not enough for me, I'll buy Pentium'. In the view of experts, Celeron technically is more than good enough for any average user; this is the truth and the vendor's belief (Slater, 1999). When compared to developed countries, Turkey's GDP per capita is quite low (ranked 65<sup>th</sup>) (IMF, 2009).

However, the number of Pentium users in the Turkish market (GfK, 2009) is more than world averages which are dominated by developed countries (Crothers, 1999). Another perspective

on this situation is that this is good for the customer, since the customer will get some sort of psychological benefit from Pentium as they are buying a 'better' product even though they told that they won't use it. The seller is also happy since they sold a higher ARPU<sup>3</sup> product. According to Jerrold (2003), perception is reality. If perception is the customer's belief, then the customer's belief is the reality which defines the customer's knowledge: Customer's knowledge = Customer's belief

When it comes to the vendor's knowledge, according to the traditional formula, the vendor's own belief is supposed be a part of their knowledge instead of that of stakeholders'. However, this can affect the vendor in a negative manner. If the vendor does not know its customer's belief and if the vendor's belief is the part of its own knowledge and reality, the vendor would lose money for sure because they missed addressing the potential expressed by the customer's belief. With the same example, if Intel had decided to enter the Turkish market only with Celeron CPUs, since they have technical features that are good enough at an affordable price, which might be considered more appropriate to the Turkish market, they might have lost against their competitor AMD and left money on the table. Knowledge, without taking the customer's belief into consideration would not have benefited Intel, because the customers were not interested in the truth or the vendor's belief. The customers just knew they didn't want to use Celeron. In summary: Vendor's benefit = Customer's knowledge = Customer's belief.

Anyone who wants to express himself or promote products or services or anything to other parties should rely on some process that can be called marketing. And almost all experts agree that knowing the customer's behavior is a must before proceeding further. In other words, it's necessary to know the interaction between the need driver of the audience and the yield. For example, republicans want to be elected like any political community. The last 4 statistics of U.S. presidential elections show that, surprisingly, the voters for republicans consist of people from lower income groups, unlike the founders and leaders of the Republican Party, where the 16 of 20 above the average income states belong to republicans. (U.S. Census Bureau, 2007)

Again surprisingly, although knowing the blue collar worker-boss tendency dominates their relationship with a nature of being a subject of losing jobs, statistics show that voters do really see themselves as one of them (Hochschild, 2003). Here, the truth is that the democrat community has more similar social context between the voters and leaders of democrats as being a subject of white collar-well educated professionals compared with the republican community. Therefore, the importance of truth on knowledge is not always important, since it might put republicans into the position where they might never win an election. But belief is necessary. Voters of republicans want to be part of a situation where the boss does ask them something that does not happen in real life. This might be priceless need driver, where the yield is vote. Most importantly even they told some, they usually don't change their mind, therefore voters are happy, party leaders are happy, they both pretend like a big family. There is no need

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<sup>3</sup> Average Revenue Per Unit

for the truth for either of them. In other words, when leaders act as if they will have a dinner with voters on the same table, they will get more votes.

Even if the marketer is a politician, the truth might not be important for them and the audience. This might be seen as audience belief should be equal to marketer's benefit and further processes may rely on it.

To summarise, customer's knowledge without truth might not hurt customers or vendors, but a vendor's knowledge coming toward the truth and its own belief instead of customer's belief, might hurt vendors. In other words, customer's belief and its knowledge may not be interested in the truth, but a vendor cannot use knowledge even coming from the truth, without combining customer's belief instead of its own belief. Maybe that's why customer's belief is the basis for buying behavior, understanding of which is vital to build a marketing strategy.

### **3. Conclusion**

SMEs are enterprises. As vendors they act with a Vendor's belief and practice, so will use a corporate buying behavior view point, not that of an individual. Customer's belief in purchasing from SMEs is not known, since very limited research was conducted so far. There is some specific research, but for specific technology investments mostly, where comparative studies among different products are not common. Therefore, vendor's belief is the vendor's knowledge. Even these limited efforts mostly assume that tangible reasons (justified in business manner) dominate the decisions, where again their own belief is the knowledge, since the customer's belief is unknown, e.g. whether how intangible reasons, personal interests of the owner or other reasons might affect the decision. As stated in ontological phase, this is a kind of knowledge that vendor will get benefit, so even truth is missed, the presence of customer's belief and its contribution to the knowledge field is crucial. Otherwise, vendor's knowledge can be moot. Therefore finding an answer for the question 'Do SMEs take some decisions and rationalize later like individuals?' is important. (Park et al., 2006)

Looking new avenues for marketing to SME and SME's buying behavior, SMEs' belief plays crucial role. But rather than marketing stance, probing best known buying behavior models for SMEs should be the starting point. Alternatively, perhaps, there is only lack of application for SMEs' buying behavior with any existing theory, since the other school of thought says there is no need to differentiate the buying behavior theories upon the different audience, in other words it's supposed to be a matter of application for either consumer or corporate or even SME, nothing more. (Wilson, 2000)

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