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A Marketing Contribution to Knowledge-Based Economies

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Abstract:

This article proposes to investigate the possibilities to link recent experiential marketing tendencies with academic performance in order to contribute in building a sustainable knowledge-based economy. After presenting both knowledge-based economy as a nationwide development milestone, and various observations from an international point of view, the article suggests to make students experience their knowledge instead of only welcoming it, with the objective to make it both flexible and sustainable: flexible to develop adaptable intelligence and cognitive capabilities to be able to apply in new ways what is already known, and sustainable to provide students with a real tool, able to be available and enriched during a lifetime. Since marketers work more and more on creating environments where people can try before they buy, universities might be wise to use a similar model to make students experience what they learn before pushing their studies further up, and eventually deciding a career.

Key words: Experience, Education, Behaviour, Sustainable, Learning

Introduction

Just like a brand cannot fulfil the desires and expectations of all consumers, knowledge providers cannot adapt their pedagogy to the learning capabilities of all individuals. This is a known fact. Teachers, should they be experienced or young academics, consultants or peers, communication professionals or caring friends, always witness perception differences among their audiences. And those differences are not only consequences of Laswell's coding issues between emission and reception.

Transferring knowledge does not limit to the great Chinese philosophy, which defends the idea that if X has one dollar and gives it to Y in exchange of another dollar, they both end up with having one dollar; but if X has an idea and gives it to Y in exchange of another idea, they both end up with two ideas. The question there is not only to share ideas. The challenge of learning goes beyond this paradigm. It of course requires sharing, explaining, understanding, assessing, but also eventually anchoring in minds what shall become the fundamentals of culture and knowledge. As the French writer and politician Edouard Herriot once said, "Culture is what remains after we have forgotten everything". Teachers have then many ways to assess the degrees of both knowledge understanding and memorisation.

But the key question is eventually not to know if students understand and remember what they are taught. The real issue is to determine to what extent this knowledge will be useful to them, and remain as such when necessary, *i.e.* sustainable. And such a challenge appears to be extremely close to what marketers try to develop through cognition techniques when speaking to their targets in order to anchor brand loyalty. Making people know a brand and buy it once is not that complicated. The real challenge lies in increasing consumers' addiction to the brand, ideally observing a mutation from being a consumer to being a prescriptor, mainly thanks to the support of social media. C2C comes complete the B2B and B2C identities. And beyond the techniques issued from shape and colour psychology, subliminal manipulation, suggestion through sensation, subconscious

invitations, or irresistible marketing offers, marketers have now understood that the success of a brand is confidentially and intimately linked to the experience customers will be able to make of it before making any purchase decision.

This discovery opens wide perspectives, especially in terms of importance for one of our least performing sense, touch. Moreover, it also opens the door to new pedagogical techniques based on experience, a teaching revolution that impacts students' knowledge with a flavour of sustainability, which shall surely become dominant in academic fields where physical manipulations are yet to be tested.

This article then proposes to bridge a knowledge-based economy gap between the growing experiential marketing world and teaching techniques that are sometimes lacking resources to make students not only get interested in a topic, but also understand it, memorise it, and remain loyal to its contribution to their personal development, just as they would for a brand that matches their *raison d'être*.

1. Knowledge-Based Economy as a Development Milestone

It is clearly established that knowledge-based economy is a milestone in the development of nations. The e-literature of the past 10 years gives no doubt about it: a country's development is directly linked to its economic growth, and the latter can only happen if the workforce has the adequate knowledge, both in terms of technology and intellectual flexibility, to move from one challenge to another one.

The labour world is going through a severe mutation, and just like falling dominos, it impacts all levels of the community. If the custodians of knowledge, *i.e.* universities, miss to step into this mutation process, the new sources of knowledge such as media teaching, home learning, and part-time studying could soon make them merely disappear for the benefit of only virtual educational resources. The whole knowledge industry must then rethink its transversal organisation to be able to cope with the following new century's structural principles: (1) learning is lifelong, (2) teaching cannot be done without learning in the same time, (3) teaching is useless if students and organisations do not see immediate and concrete applications of their knowledge in terms of professional input, and (4) if governments do not understand that this mutation has started, and if they do not prepare to welcome a knowledge-based economy, not only their educational system will disseminate, but the whole economy of the concerned countries will massively suffer from this void.

The e-literature points out an idea that has become recurrent: "traditional" universities are no longer capable of providing people with the necessary skills to perform in a quickly changing environment. This statement about possible lacks of flexibility is due to several reasons but two main indicators prevail: (1) the setup of knowledge delivery no longer matches people's life organisation, expectations, and intuition, and (2) the courses proposed, as well as their content, no longer stick by the job market's reality and nations' economical needs. As Donna Desrochers, VP and Director of Education Studies, noticed it in her report to the Committee for Economic Development in Washington D.C., 2012, "*(A country's) ability to produce and disseminate education will increasingly determine its economic competitiveness*".

In all industries, modern technologies replace tasks performed by less-skilled workers; but higher tasks need human brains. Sophisticated skills are then increasingly required to implement tomorrow's technology. The mutation of the labour market's needs consequently not only gives more credit to technology knowledge but also to new skills requirements such as integrated transverse reasoning or problem-based solving. Industries no longer need technicians; they need people with adaptable intelligence and cognitive capabilities who are able to apply in new ways what they already know.

Desrochers also claims that considering "*(...) higher education (as) a primarily purveyor of individual economic opportunity rather than an engine for national economic growth provides too narrow a perspective on higher education.*" The main challenge is then to rethink higher education in order to make it a resource for nations via students instead of only making it a resource for students via nations. So key issues need to be tackled to cope with this new knowledge distribution and sharing mutation:

- Universities must be entrepreneurial. Research must focus on providing solutions to the country's needs, courses must directly answer the market needs for specific skills, and academic institutions must be (1) autonomous, (2) include financial incentives, and (3) welcome collegial PPP models of governance.
- Pedagogy must go through a real rethinking. Spending most of a student's life in a classroom no longer reflects the market's reality and needs. Teaching should include more part-time study, vocationally-based foundation degrees, work-based study, and high flexibility under time-share solutions. A visionary university would be a new nature of Knowledge Hub.
- Learning is becoming a lifelong process with constant update, increasing knowledge, and learning by doing. A labour force is no longer considered competitive by the sum of its knowledge but rather by its capability to acquire more accurate skills when possible or necessary. Labour forces must adapt to new challenges what has already been learned. And keep learning.
- Academic programmes should be very closely linked to the markets' and the country's economic needs. Unfortunately, what is being taught in universities is only partially matching what the market reality requires from professionals.
- Research remains much too far from the economic and business realities. Academics too often publish for the sake of being published, whereas they should publish about realistic observations or to provide development models that are immediately consumable by the economic actors and leaders who are in need for performance and/or change.
- Relationships between universities and business actors are both too scarce and built on fragile short-term bases. The relation linking both the academic and the market worlds should be much more intimate and leave no space for uncertainty. This relation should also create synergies, as well as succeed in creating and absorbing integrated partnerships.
- New technologies are unavoidable: universities are becoming virtual. Information must be accurate and transmitted quickly and precisely. The e-literature clearly states that, to a certain extent, the learning mutation has made people seek learning by themselves while they used to wait for knowledge to be delivered by "the professor". It is a reality that self-education has become an evidence of the massive impact of e-learning solutions. Moreover, people do not wish to enter complex programmes when they only need specific high-level skills. The number of virtual organisations has then dramatically increased on the Internet to provide people with quick and relevant learning resources. *IVYEXEC / Intelligence @ Work* is the perfect example of such resources.

Nations need their industries to be competitive and performing. Those industries must consequently rely on people who are able to make synergies, understand optimisations, and perform while producing. The question is no longer to have knowledge but rather to determine how to use this knowledge the best way possible, as well as to increase intellectual flexibility and adaptation to a constantly changing environment. Consequently, the traditional system of higher education is becoming out of date. Universities and industries must work together: (1) professionals should be able to teach even without holding teaching certificates, (2) academics should spend lots of time inside industries to check and update their knowledge, (3) research should be problem-based, (4) information fluidity should be maximum between all partners and actors, and (5) students should access knowledge through experiential techniques.

An offer dated May 2012 came from the leading US universities Harvard & M.I.T. to propose free online courses. This offer aims at providing knowledge, not credits. Other famous universities such as Stanford or Princeton then started to join a common platform because, as M.I.T & Harvard instigators said, "*We will use the new online platform not just to build a global community of online learners, but also to research teaching methods and technologies.*"

Dr. Bacow, a past president of Tufts, a member of the Harvard Corporation, said "*What's still missing is an online platform that gives faculty the capacity to customise the content of their own highly interactive courses.*" Knowledge Hubs such as Science Cities and common virtual platforms should then emerge with transversal

offers proposing a global knowledge made of specific skills one should be able to choose lifelong and according to specific time-to-time professional needs. To make this happen, the first reform steps must then come from the governments since they are the only ones to have a global vision of the whole interactions inside their countries. Indeed, an economy is threatened when its educational system can no longer equip learners with the skills they need.

An interesting aspect of this issue is that seniors, who were long considered burdens for companies who used to prefer hiring fresh - and less expensive - blood, naturally come back with a success dynamics because they have acquired a knowledge that is both sustainable-proven and immediately efficient, while young students are not always able to use wisely what they know - as long as what they know is relevant. So the academic sector can, and should, no longer be considered the sole provider of education.

It is obvious that knowledge has many sources of origin. Any form of communication is basically a potential knowledge transmitter. Consequently, government ministries need to coordinate their activities. This includes: merging industries and academic departments; allowing recruiting students on valid professional project motivations; changing the evaluation techniques, as well as certification and quality assurance systems; diversify the curriculum range; and, above all of course, rethink the accreditation criteria of institutions. Indeed, the branding of a diploma could itself benefit from a revolution: for example, we may soon, if not already, witness that people used to graduate from Harvard to work at Apple while they could now graduate from Apple to work at Harvard.

2. International Knowledge-Based Economy Snapshot

At this stage, a quick look at the international situation is relevant. The 2007 report for the EU Spring Council emphasises the important role of clusters and regional knowledge agglomerations, arguing that new firms thrive in proximity to the companies, investors, and educational & research centres. The same report states that the knowledge-based economy in Europe should be focusing on 3 areas: (1) creating innovation friendly markets, (2) increase R&D funding, and (3) support labour mobility between member countries, a model that would be extremely relevant in the GCC, for example.

Regarding R&D, the report statistics show that up to 40% of productivity growth could be linked to R&D spending, a strategy that Asian countries have demonstrated the relevance. There, South Korea and Japan are leading the revolution. Both countries are globalising their academic offer under the push of their respective governments to make people learn and teach in the same time, learn anytime it is necessary, get knowledge instead of degrees, and focus on skills that are immediately “ready-to-use” once acquired. This is mainly possible thanks to the very high advance of Asia in ICT: not only the technology exists but people are educated to use it and optimise it. As far as R&D investments are concerned, China, South Korea, and Taiwan have increased their gross R&D spending by 140% over 6 years. This was 10 years ago, which means that the knowledge-based economy vision is not new for those countries.

In the GCC, it is Saudi Arabia who is showing the way for such a reform of the educational system, including a perfect understanding of the synergies that could be created through a common effort of cooperation between GCC countries.

Another very interesting survey, dated 2005, and made by a task force of several US leading technology industries, highlights that the US may lose their competitive edge, not because they suffer from technological innovation weaknesses but because emerging countries have succeeded in developing their own higher education systems to the extent that more and more students pursue their PhD's with national resources instead of doing it abroad, thus stopping foreign knowledge providers from gaining benefit related to such research outcomes. Emerging countries have then quickly understood that their education system should no longer benchmark foreign universities' course contents but rather match their home economical and industrial needs, a severe discredit for the American educational system.

Last but not least, the World Bank is also a leader in the development and support of knowledge economies. Indeed, it has identified a range of 148 variables and ratios to determine one nation's preparedness to welcome a knowledge-based economy. These variables are organised under the following World Bank titles: "Overall Performance of the Economy", "Economic Incentive and Institutional Regime", "Innovation System, Education and Human Resources", and "ICT".

3. Knowledge-Based Economy Projections and Empirical Data

Service quality in higher education now celebrates twenty years of existence. At the beginning of the 90's, academics began to report that few institutions had started implementing student satisfaction philosophy. Yet, customer to student satisfaction so far only develops through the implementation of quality assurance policies, such as the ones proposed in many American universities. The point is that most of the efforts made to increase student experience and satisfaction only take place once students have been accepted in a programme, not before. And this is another critical void that needs to be filled. Moreover, those efforts rarely focus on increasing students' action and pro-action capabilities after recruitment. Instructors try to be creative to interest students while they should rather work in developing solutions for students themselves to be creative. And to do so, the majority of the empirical data that is available online defends the paradigm that Universities should develop citizenship, set up KPI's, and establish new visions and missions.

The data collected shows that a future knowledge-based economy would then require key success factors such as:

- Dynamic Organisations: All universities suffer from structural weights, which make them unable to be reactive to new sociological challenges. Matrix-organised faculties could be a solution in order to increase internal communication flows and optimise independent decision-making.
- Employment Security: The creation of long-lasting agreements with all industries and administrations, and according to the country's needs could cope with this challenge. Internal surveying departments should also constantly update both teachers and students with the evolution of the job-market needs.
- Knowledge for All: Everyone should have access to education, especially disabled people. Developing an experiential recruitment and teaching should open unexpected opportunities, whatever the status, the origin, and the capabilities.
- More Independence: France has shown the way in 2012 by allowing numerous state universities to develop strategic plans in full independence. By integrating private-like processes and public traditions, a wide space could be created for experiential learning.
- Knowledge vs. Degree: Developing a knowledge-based economy by increasing experiential techniques means leaving no space for degree mercenaries. Students and people should come and learn to acquire knowledge, for their own sake, for the sake of their family and country, not only to have a new line on their resume. Knowledge and personal development should be rehabilitated. For if students enjoy learning for the pleasure to improve their skills and not only to perform while tested, they would certainly no longer fear any kind of examination.
- New Designs & Technologies: How to teach the past, the present, and the future in classes and buildings that show no architectural ambition and no technical update? This credibility is essential, and the best management and education remains the one based upon example.
- Degrees & International Links: All students should be offered the opportunity to progress through homogenised and language-diversified programmes. Students fear so much new orientations that they would prefer finishing a useless programme than losing one year by moving to another one; psychologists called this "constancy".
- *In-Situ* Teaching: We there reach the core idea of our research. The e-literature agrees that instructors should strongly consider delivering most of their teaching within companies and industries for the students to be able to visualise and experience the direct applications of what they are taught. The

highest number of failures comes from a lack of capability in grabbing how to apply theories. Many students fear specific topics, mainly in quantitative fields, and practical demonstrations often help demystify unreasonable fears.

- Less Research, Better Research: Too many teachers focus more on research and personal notoriety through publications – mainly because the system rewards staff notoriety – than on the quality of their teaching material, content, and pedagogical techniques. They often forget to consider that the purpose of research is above all to provide students with new developments, new knowledge, and stronger skills. Research is really disconnected from teaching. Time may have come to welcome all students to research activities performed by academic leaders.
- USA, UE, and Asian Models: American instructors give more time for student work than for class teaching. Europe now comes to proposing independence to fight academic inertia. And Asia starts to leave the endless teaching session's model for more diversified activities. All cultures then seem to understand the importance of giving more active space to students. Yet, the question of the how remains. And experiential marketing could logically be a great source of inspiration in this regard.

4. From Experiential Marketing to Experiential Teaching

Notwithstanding those various considerations, the fact is that we are still unsure of how to increase students' performances in terms of knowledge acquisition and retention.

And interestingly, a solution might come from the field of consumer behaviour. The latter has entered severe mutations since Assael, Rogers, Holbrook & Hirschman, Howard, Zaichkowsky, Lutz & Kabbar, Bloch, Howard & Seth, Bettman, Nicosia, Engel, Kollat & Blackwell, or Foote, Cone & Belding have tried to describe reasonably structured models to project consumer behaviours. All sectors were granted their own systems, e.g. luxury, FMCG, automobile, IT, etc., and many authors have performed research to determine common traits and reflexes when making a purchase decisions. Yet, teaching paradigms remain unable to get out of a traditional model, which could be enriched by recent marketing tendencies and observations. For example, marketers have long believed that lower-income buyers would shop around for cheaper brands. But eventually, it turns out to be exactly the contrary.

High-income people often benefit from better education, thus higher culture capital. This results in increasing their capability to find good bargains. Lower-income people would then rather choose premium-branded goods to assert a theoretical social position when unable to change other environmental aspects. Everything becomes questionable: this example not only shows that what marketers had believed for so long can turn out to be untrue, but also that it is often healthy to rethink the paradigms we use. Marketing professionals have recently agreed on two major components of what should be the future of marketing performance: sensory qualities and experiential marketing. Regarding sensorial aspects, product development shall now focus on packaging. Professionals feel that the latter should systematically be in line with the product's sensory traits. In the field of luxury, for example, by year 2030 the feeling of top quality shall be given by glass packaging.

Now as far as testing is concerned, it has become the largest area of marketing investment in 2012. The 4 and 7Ps, 4Ms, or 4Es are slowly being replaced by a new acronym: CX, Customer Experience. Marketers have noticed that a mutation has started from the 4Ps goods economy to the 7Ps service economy, alongside with the 4Es social economy, the 'save' corporate economy, and the 4Ms network economy, to eventually reach the CX: the experience economy. It's a marketing fact, and more and more brands provide customers with the capability to experience their products and services, free of charge, in order to make sure that loyalty will no longer distinguish from seduction at first sight, ending up most of the time in impulsive purchases.

Consumers are indeed becoming 'prosumers': they contribute in developing and modifying the brand perception by creating or personalising their own products, most of the time online. And this tendency can be witnessed with brands as heterogeneous as Harley Davidson or Crocs. Marketers have entered a dimension into

which they now have to answer the four *now?-can I?-for me?-simply?* Systematic questions consumers ask: they request immediate information, they need to know if they can try and test the product/service, they fear the offer might not be for them, and they want clear and easy to understand messages.

As a summary, we have to admit that consumers no longer need to receive advertising messages for conviction purposes; they rather expect to be offered the possibility to be direct actors of their consumer life, mainly through solutions inviting them to experience what they are going to buy, should it be on an emotional or an intellectual basis, and regardless of their level of financial involvement. This shows that the knowledge-based economy is a reality. Consumers are more and more aware and able to understand what they are buying and how to make accurate and relevant selections of the best offers for them. This is probably mainly due to the exponential development of social media, with the possibility to share virtual opinions *in situ*, and benefit from the advices of professionals or experienced consumers to make sustainable purchase decisions. Now, if consumers' knowledge is increasing, proving we have definitely entered a knowledge-based economy, how about the mutation of the first ones who are theoretically concerned by knowledge, students? Marketing instructors observe a series of delays that knowledge should soon be tackled. If PhD students can have the opportunity to perform experiential researches, bachelor and master students can rarely benefit from such a freedom. They do not conduct research; they acquire their knowledge by listening to their instructors. It is then the responsibility of the latter to start up a mutation in teaching techniques to make students benefit from the same environments than the ones they have integrated as consumers.

The example of education events is a good illustration of a currently empty niche. Whatever people are proposed to study, should it be flying, cooking, managing, or engineering, education booths always display brochures and rollups, among which teachers try to defend the idea that their university is the best, and their topic the most attractive one; nothing less, but nothing more.

Experiential marketing techniques and tendencies should now be applied to market academic programmes, as well as modify teaching solutions for students to be able to make sure about their knowledge decisions, and make it a sustainable tool. University booths should then provide potential students with problem-based situations for them to start thinking and feeling their study field atmosphere.

Law students could be challenged with decision-making case studies; marketing students could be challenged with blind-tests situations; ICT students could be challenged with computer-based problems; business students could be challenged with transnational tricks; solutions are numerous and quite cost-effective to make potential students feel and absorb their future studying and working environment.

There is no better way of learning than doing. Experiential marketing plays both Pavlov's and Skinner's roles of conditioning and reinforcement by making consumers sure of what they want/need, thus increasing their loyalty to the brand. Experiential teaching should then enter equivalent paradigms by making students immediately and regularly apply what they are taught. A knowledge-based economy can be a reality only if the knowledge is both real and sustainable. There is no better way of teaching cooking than making people cook. Branding students should close their eyes and try to distinguish between two brands only by touching their packaging. Marketing students should spend some time in a supermarket and observe selling techniques instead of listening to someone explaining them that lights are always off in the televisions' area to make screens shine better. Finance students should spend some time in a front office to feel the pressure of the trading environment. All soft sciences students should be given the chances to perform just like physicians, chemists, or architects do.

Experiential marketing solutions should now be applied to all knowledge providers because a knowledge-based economy can only have a meaning if actors are confident about their own knowledge.

Conclusion

Developing a knowledge-economy is an ambitious programme, starting at school, pursuing in higher education, and somehow lasting forever. Many lessons drawn from the marketing world fit in new academic processes. It appears to be essential to make new generations able to assess and value the knowledge they are given, and the

various sources of knowledge that are capable of ensuring both intellectual flexibility and sustainable performance.

Again, a performing knowledge-based economy can have a future only if its actors are confident of what they know, if they are aware of the sources of this knowledge, if they can identify what is missing, where to find complements, and how to adapt the acquired to changing environments, just like if it was inborn faculties. Experiential marketing is definitely an inspiring source of solutions to develop academic performance. Students should no longer be passive or reactive but proactive, and experience as soon as possible the quality, the validity, and the relevance of both their acquired and yet to come knowledge.

Eventually, Arthur Schopenhauer might still be right, even nearly two centuries after writing *The World as Will and Representation*: “Indeed, the task is not to notice what no one could ever notice, yet to observe like no one could ever observe what we all have under our eyes.”

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