"New culture in business: from input to output orientation"

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NUMBER OF REFERENCES	NUMBER OF FIGURES	NUMBER OF TABLES
0	**0**	**0**

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Abstract

Business systems all over the world are in a change process. The process from input orientation to output orientation is ongoing in business and industry. In the days of input orientation, work was measured on the basis of time. At the workplace employees were paid on the basis of their time, not for their productivity.

The human being's inner urge egoism makes one human want to impose his/her doing onto the others. This supremacy is important, it justifies one's own existence. Supremacy means assertion and survival of the individual. Consumers become a brand by themselves. Strong brands are a valuable asset for the seller. A brand can help build up customer loyalty.

The traditional consumer is not very flexible and is not changing his brand very often.

The young one is more flexible and does not take care too much about brand.

Keywords: output orientation, input orientation, new business, change process, egoist, consumption, communication, subconscious.
JEL Classification: D52, E21.

Introduction

Business systems all over the world are in a change process. The process from input orientation to output orientation was ongoing in business and industry. Due to changing conditions business companies are being redefined. This new situation has been brought about by:

♦ the change in the world economy;
♦ globalization;
♦ European Union;
♦ increased affluence;
♦ demographic changes;
♦ budget cuts by the national government.

As globalization is fast progressing, an individual nation state can no longer intervene and regulate everything by itself. It is inevitable for the countries of the European Union to act together. Political and economic competency has been partly transferred from the state to the EU.

Our economy is becoming more internationalized. National and international organizations promote the exchange more than ever before.

Literature review

Up to now output orientation was traditionally only in sales. In all support areas, it was just an input oriented functionality.

The traditional literature (like Kotler) focus as mainly on input orientation.

Our society is changing from "Digital Immigrants" to "Digital Natives". The behavior of natives is very much different as from immigrants. There is a lot of general research, which shows the change of human beings. Konstantinos Apostolatos call it "Next Generation Networks in Europe", Andrew Bartels "Trends 2006: Six Economic Shifts Affecting It", Beate Großegger with some research which shows the relation between generations, Rolf Haubl took the influence of emotions in his research ("Supervision and regulation of emotions") and Savvas Katsikides took the impact of technology in consideration ("The Social Impact of Technology).

The author did some research, which was based on a "New Mobility of Society" and the relation between the 2 generations of Digital Natives and Digital Immigrants. With the use of a usability lab it was created the "Networked Egoist", a typical person which is influenced by ICT.

Based on this general experiences and results of research many chapters of Marketing must be rewritten.

During the shopping period the new and young consumer is more informed then sales staff. The new consumer is a "temporary expert" during the purchasing process.

Based on Miriam Krickl and her "Customer Retention as an Evolution of Cooperation", after some usability experiences it was defined that a human being is on the way to become its own "brand".

Output orientation

Economy is increasingly switching over from input orientation to an output orientation. In the days of input orientation, work was measured on the basis of time. At the workplace employees were paid on the basis of their time not for their productivity.

An output-oriented pay means that only actual performance is remunerated. Tasks are laid down in a target agreement and it is no longer relevant how

much time it takes to perform them. Therefore fast workers are paid better than slow the ones. In intellectual jobs, smart and clever employees are paid better. They need to spend less time on performing a specific task and reaching a specific goal.

Democratic systems have changed. People are not members of societies any more. They are members of networks. The same is happened with business companies. Am enterprise cannot be a standalone organization. A company cannot be isolated and work just with the own staff. A business organization must be a member of a network. To exchange results and experiences. With the figures of others it is possible to reach faster targets. Media is a power factor. Power is bound to the human being. Power comes from doing. The human being wants to impose the own doing onto another person. Power means controlling the other. From a negative point of view, it can be seen as a master-slave relationship.

Doing is the most important asset the human being has. Doing is also bargaining. It is about deciding what is good and what is bad.

We evaluate, using our personal scales. Power over what is good is bad, whilst power over what is bad is good. This must be a trap! There is no good, and there is no bad. The question is "what has more advantages?", and not "good" or "bad". The issue here is drawing boundaries. It is about the positioning of advantages and disadvantages. It is nice to find differences. But they should not be separated.

More egoism

The human being's inner urge egoism makes one human want to impose his/her doing onto the others. This supremacy is important, it justifies one's own existence. Supremacy means assertion and survival of the individual. Emanuel Kant based the question "What is a human being?" on the following three questions:

♦ What can I know?
♦ What can I hope for?
♦ What can I do?

Hegel sees "doing" as what is both useful and blessing for humans. Therefore one should do those things that are useful and blessing. These were two main elements of science up and into the 20th century. The introduction of electric energy was useful and beneficial for the consumer. But in the 21st century, this is no longer the case. What is useful is not necessarily blessing. What can be done does not mean it should be done.

Descartes differentiates between the spirit and the body. If a person wakes up in the morning not feeling very well, and the thermometer shows that the body temperature is above 37°, it will confirm the person's belief about feeling sick. On the other hand, if the temperature is below 37°, then the person assumes that he is not sick and that what one feels cannot be right.

Human beings do not suffer because science and technology are so bad, rather, because they are so good, and we want to employ them everywhere.

Every consumer has its own brand

Strong brands are a valuable asset for the seller. Brand can help build up customer loyalty.

Brand is more than just a name or a logo; it enhances preception among the consumers and also generates emotions.

A key decision concerns the choice of "brand name". The brand name must

♦ be memorable;
♦ delineate the benefit of the product;
♦ be easy to pronounce;
♦ be recognisable in all languages.

An enterprize can combine several brands under its roof. The brands can serve different products, and even one and the same product marketed to different target groups.

Different generations

However, there is less consideration of brands among younger generation, who are less loyal to brands than older customers.

How does one distinguish between young and old generation? Natives are the young once. They are grown up with Internet and new communication technologies. The older one – the author created the name "Immigrants" – had to learn to work with these new technologies. They came step by step into their life.

Natives do not read e-mails that exceed three pages – immigrants do. The two generations' approach to new gadgets is fundamentally different. Natives use trial and error, finally comprehend how the system works and, as a result, know how to use all functions. Immigrants work their way through hefty manuals and often achieve the same result. In this way study carried out among teachers in Vienna has shown that older teachers can use computers as well as their younger colleagues – only their approach is different. Middle-aged teachers proved to be clearly less skilled and experienced using new technologies; Negroponte calls them the "digital homeless"[1].

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[1] Negroponte, Nicholas: Total digital. Die Welt zwischen 0 und 1 oder Die Zukunft der Kommunikation, München, 1995.

Today, when new technologies enter society, they are used by young people for the first time. In the past, it used to be the other way round: older people set the tone. Today older people are a negative example to the young one.

Independent of age group, there are of course people within each group who adopt new technologies more readily than others. Basically, we can distinguish one third who are pioneers and opinion leaders, another third who are followers, and a third who are more critically minded and less inclined to accept new technologies.

The new consumer

The traditional consumer is not very flexible and is not changing his brand very often.

The young one is more flexible and does not take care to much about brand.

For young consumers it is possible, to bring new products faster to the market and they are faster accepted.

This has also to do with the bigger amount of available money for most of population. 50 years ago the biggest portion of the income was used for food. Today this is a small part of the household's budget. More money is available for consuming other goods.

Consumers are ready to change more often the products. The modern consumer has less loyalty.

♦ 20% of consumers have no loyalty to a supplier.
♦ 2/3 of new consumers decide just on the price.
♦ 10% of new consumers see loyal consumers as the stupid one.
♦ Just 5% of new consumers are loyal to supplier.

With the self service culture, we move the sales function to the buyer:

Finally, the do-it-yourself ethic of the Internet community was replaced by a new value of commerce. The communication age was rebranded as the information age, even though the Internet had never really been about downloading files or data, but about communicating with other people. The difference was that information, or content, unlike real human interaction, could be bought and sold. It was a commodity. People would pay, it was a thought for horoscopes, stock prices and magazine articles. When online selling of information didn't work, business people instead turned to selling real products online. Horoscope.com and online literary journals gave way to Pets.com and online book stores. The e-commerce boom was ignited. Soon the Internet became the World Wide Web. Its opaque and image-heavy interfaces made it increasingly

one-way and read-only, more conducive to commerce than communication. The Internet was reduced to a direct marketing platform.

In the food market and with low level products the price is still a decision factor: "Nowadays it is not sufficient to concentrate on price or quality, it is much more essential to focus equally on price, quality and service. The consumers are more and more price sensitive and their subjective price-performance ratio grows into an increasingly important buying decision factor.

A consumer is a temporary expert

Selling is a job like any other. It has less to do with talent and luck than is often assumed. The number of customers a salesperson can win can be calculated on the basis of his contacts. The variations between a good and a bad salesperson are small if he follows certain principles of the "trade"[1].

At the time of purchase the customer often knows more than the salesperson advising.
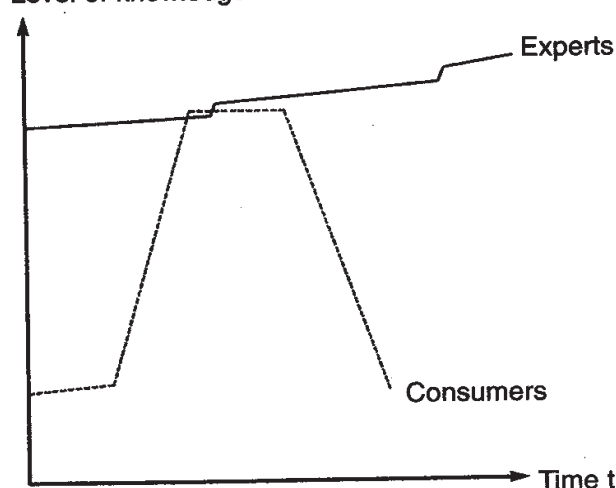
However improbable and incredible this sentence may sound, it is nevertheless true. Many salespeople have lots of business because they did not realize it or would not accept it.

Salespeople constantly educate themselves in their subject area. Their knowledge level is always high. After periods of training, the salesperson's level is gradually raised.

Now he knows more. But knowledge is not only knowledge about one's own product but also knowledge about the practical handling of it, advantages and indirect rationalization through its use. The competition also has to be known. Not only the technical data of the product but their strategy, appearance and behavior. Therefore, it is a continual

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[1] Krickl, Miriam: "Customer Retention as an Evolution of Co-Operation. Game Theory as an approach for Fair Loyalty Programmes Applied to Austrian Supermarkets", Vienna, 2006, p. 39.

process which can not always kept up with. You can't send your salespeople to the competition to be trained. You get this information indirectly.

Separate departments for "observation of the competition" have proved unsuccessful in practice. They are in their very approach already condemned to failure. They can only assemble theoretical knowledge. They visit fairs and pretend to be prospective customers in order to be advised by their competitors. Here, it is often the case that only advertizing copy is analyzed and compared in technical tables. These data are far too little. The customer decides in another domain. Only very few customers base their decisions on such technical comparison tables. Therefore, "sales supports" like these are not very efficient. It is much more important to know the type of arguments used by competitors. The customer knows them. He can make the best comparison. What supplier has the greatest confidence in? Who treated him best (even if subjectively) and in the most friendly way?

Additionally, he obtains through various conversations a high level of technical knowledge in a short time. He obtains brochures, studies them and discusses with people who have just made such a purchase about their experience. He compares the field reports of his long-experienced colleagues and includes them in his own decision-making.

At the time of the sales dialogue, he has often accumulated a level of knowledge that is often higher than that of the salesperson. If a salesperson does not accept it, he can often be regarded as arrogant and therefore regarded as negative. The emotional plane of the prospective customer blocks any further transmission of information. The salesperson is eliminated faster than he is willing to admit.

Buying experience

Purchasing must be an experience. Sale should be accordingly prepared. It should be organized. There is nothing exciting about buying in a retail market (e.g. METRO). Everything is sober and organized for taking away the merchandise. The purchaser knows in advance what he wants. There is little or no counseling. The decisive thing is the price that is so low that it does not allow of any further service. Merchandise bought here is little further talked about and, therefore, there is little further advertizing.

An individual route is regaining more importance. Supermarkets receive competition from specialist businesses or they install their own specialist departments resembling specialist shops where expert counseling is carried out. The consumer is willing to pay somewhat more in a better-developed market and for that he gets expert counseling.

The salesperson should be prepared for his customers. The sales support department must put a script for such a scenario into his hand. What appeals to prospective customers and what repels them can be tested in advance. Only that which is positive should then be mentioned.

The entire sales dialogue must be subject to fixed rules. After an input phase in which you learn what the customer really wants there comes the information phase where he receives that information about one's own product which corresponds to his wishes. Not too much and not too little. Product characteristics that the customer should not be mentioned to him. Nobody wants to buy unused features and they give a false picture of the price. If you explain 100 features of which the customer requires only 10, he thinks he is buying a too-complicated device that does not correspond to his needs. His price-performance relationship does not add up any more. Suddenly, he wants only 10% of the price indicated because he makes only use of 10% of the performance scope. He seldom articulates this wish but makes his decision accordingly. It is only when supply matches demand and all points are met that there comes the closing phase in which the customer can be led to take the contractual or purchasing decision. It is only when an order is made that the salesperson has achieved his aim.

There is no kind of sport where selection is as severe as in selling. Second place in sport still brings a silver medal.

In selling, second place means the same as third place: the order has been lost. Only the best man wins. Everything else was a bad investment

In the input phase the wishes of the customer are ascertained. Here, the emotional and social aspects that the product offers are also of great importance. What is taken for granted and what is, in the customer's eyes, above average? A car is not bought for the amount of horsepower and the number of seats that you require either. If this were the case there would practically only be cars with one seat and little horsepower. No, it is a prestige object. The price is the most irrelevant factor. Petrol increases show that time and again. You take your car even it is more expensive than public transportation.

The subconscious

Consumers do not buy a car, they buy prestige. Cosmetics manufacturers do not sell creams, they sell hope. People do not buy apple, they buy vitality to be young, beautiful, successful and desirable. These visions are offered in the form of personal care products or food to the consumer.

As in love, the marketing expert use instruments to go into the subconscious.

Advertizing became a new power. Advertisement should shoot to the "head of the consumer" (the target group) and take money out of his wallet. In order to achieve that, not products, but promises to be sold. Those are the most effective, they cannot be verified. These are things like:

- Increasing the awareness of life.
- The fulfillment of personal happiness.

There are promises aimed at the unconscious or hidden desires of a consumer.

Marketing experts have instruments of motivation research into their campaigns. The stated aim is to manipulate the consumer.

Consumption is communication

"The consumer world has become part of our communication[1]". The consumer world is a mass medium. The difference from other media is that products are used as messengers. Products are just passively consumed. Like in a movie, they are actively integrated into people's everyday lives. Consumers exercise a certain action, adventure forms.

Consumption can often communicate a lot more than other media. Each product transports its own story. Every time with any soap, toothpaste and any shower gel a promise is acquired.

Product design

The name and the design of a product suggest a specific way of life. The products help to learn how to manage some intense situations.

A gel called "Energy" is experiencing an act of charging the users. He feels the water trickling through the body differently than without this "special" gel.

Products stored with stories to help people to experience everyday life with more meaning.

The efficacy of the products accompanies potential customers. With this help, every day will be upgraded and certain acts are ritualized. This happens through the staging of the products.

There are few well-staged products. Manyof them remain superficial and with little efficiency.

A well-designed product must appeal to different cues. This must be coordinated with each other.

A shower gel called "Energy".

- Have a bright color that emphasizes the Energetic.
- Contrary contrasts need to be a shimmer in the eye of the consumer incurred.
- The box should be streamlined and elegant.

- When you open the package, there must be a sound that gives the consumer the impression that he triggers a function of a technical device.
- It must smell herb that the user thinks it penetrates him.
- A shower gel that is to relax and to relieve the stress that must be.
- Milky in its substance.
- It must operate with soft shapes.
- It should not affect opening popping sigh, but must have a soft tone.

If the sensory stimuli agree together, then the promise of the product will be formulated convincingly and there can be what is called a Placebo. Then the consumer feels that he would do well and the product made what he expects from it.

The more sensory stimuli are triggered, the more the product will be deposited in the brain. Magical worlds will be within the center of attention of the consumer.

Knowledge versus reality

Knowledge is power. But in comparison to creation, knowledge is a poor copy of reality. The world cannot be described. Galilei introduced a model of the world. A small world, to be used as a testing ground for real implementation. Sciences do not use reality, they limit themselves to using knowledge.

Knowledge is also responsibility. Those individuals who have more knowledge also have more responsibility than those who only have a little information. Politicians have a responsibility which they are often not aware of. They differentiate, separate and assess situations. They use their own national and cultural frameworks to solve foreign problems. In an egotistical manner, they want to make the whole world look the same. America has made itself to the world's police force – they decide who is right and who is wrong. America decides which country is a "villain" to be fought and which is a friend to be supported.

Conclusion

Today's society is input-oriented, but we are on a way to change towards an output orientation. Some professional groups have already made this change. For example, the universities. They have gone away from the measurement with lecture hours to a points system. In Europe these are the ECTS (European Transfer Points). They have no direct link to hours. They are linked to the output of every individual student.

In the business life it will be the same. Managers are more and more paid on their performance, their results, their output and not according to attendance times.

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[1] Ullrich, Wolfgang: "Possessiveness. As the consumer culture?" S. Fischer Verlag Frankfurt / Main, 2010.

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