

**Abstract.** *Entrepreneurial Marketing (EM) is a theoretical construct at the nexus between marketing and entrepreneurship, with a relatively long existence – over thirty years - but insufficiently developed. Entrepreneurial thinking, which is nonlinear, creative and avoids predictions, contradicts the traditional marketing model. Thus a “divorce” appears between marketing theory - which emphasizes managerial marketing behavior- and marketing practice in entrepreneurial firms. The purpose of this paper is to conceptually define EM through integration of different perspectives of marketing, management and entrepreneurship. This conceptual paper used a critical review of the most representative articles from international marketing and entrepreneurship journals. This paper presents a brief history of EM evolution and an analysis of the most common definitions. It clarifies the differences between EM and small business marketing, based on the differences between entrepreneurs and small business owners.*

**Keywords:** effectual logic, Entrepreneurial Marketing (EM), entrepreneurial marketing competencies, Marketing-Entrepreneurship Interface (MEI), network.

## **ENTREPRENEURIAL MARKETING: A NEW APPROACH FOR CHALLENGING TIMES**

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## 1. Introduction

Entrepreneurial Marketing (EM) is a concept that was developed at the interface between two sciences – marketing and entrepreneurship – almost thirty years ago. While Marketing-Entrepreneurship Interface (MEI) has attracted researchers not only from marketing and entrepreneurship, but also from economy, psychology and sociology, the evolution of this construct is still underdeveloped. There are a variety of definitions, specific principles in this area are missing, practical tools are inadequate developed and unfortunately there is no unifying theory. Although it is generally accepted that entrepreneurs behave differently regarding “traditional” marketing, however some of them are very successful. Lacking a unique definition makes research efforts remain fragmented and misaligned. Consequently, the theoretical development is limited to the identification of concepts, mostly borrowed from other social sciences and the development of some conceptual models. However, there is a strong need to develop tools, principles and theories to help businesses – especially start-ups and small ones – to survive and thrive in an increasingly hostile and unpredictable environment.

This article presents a brief history of the evolution of EM concept, an analysis of the most common definitions, a comparison with “traditional” marketing, a brief overview of the most important concepts developed in the MEI and an inventory of research methodologies.

## 2. Brief history of EM evolution

EM came out in 1982 at a conference at University of Illinois, Chicago sponsored by International Council for Small Business and American Marketing Association, two of the largest professional and academic associations in these fields (Hills, Hultman et al., 2010). On this occasion the most important research topics were established, although at that time the interest of marketing academics for this area was still limited. Since 1986 an annual symposium is organized dedicated to MEI area and legitimated by American Marketing Association (AMA). Researchers’ interest started to grow and they organized their efforts in a Marketing and Entrepreneurship Task Force which became later a permanent Special Interest Group. EM topics spread out in Europe and in 1995 the Academy of Marketing organized the first symposium dedicated to this area.

In 1999 Journal of Research in Marketing and Entrepreneurship is founded, as a dedicated venue for EM researchers. The researches on this issue amplified and the results are published both in its own magazine and special issues of marketing journals (European Journal of Marketing, Marketing Education Review, Management Decision, Journal of Marketing: Theory and Practice) and entrepreneurship journals (Journal of Small Business Management, International Journal of Entrepreneurship and Innovation Management). The theme extended outside the Anglo-American space, by organizing in 2003 the first symposium on marketing, entrepreneurship and

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innovation in Karlsruhe, Germany. Later on, researchers from Australia, New Zealand and Asia joined the Special Interest Group.

In 2005 International Journal of Entrepreneurship and Innovation Management was created at the MEI, aimed at linking technology and marketing issues. Special issues of the Journal of Small Business Management in 2008 and International Journal of Entrepreneurship and Innovation Management in 2010 showed that EM entered the mainstream of the entrepreneurship literature.

In 2010, at the "Charleston Summit" held in Charleston, USA it was obvious that marketing became a secondary component of MEI that was dominated by entrepreneurship, therefore efforts are needed to reintegrate it.

In the following table (Table 1) the most important milestones in the evolution of EM are presented and the impact that these events had on the development of MEI.

*Table 1*

#### **Milestones in the evolution of Entrepreneurial Marketing**

<b>Year</b>	<b>Milestone</b>	<b>Impact</b>
1982	First marketing and entrepreneurship research conference (G. Hills)	Started the marketing and entrepreneurship movement within marketing
1985	First empirical study of the MEI in frontiers of entrepreneurship research (G. Hills)	Started empirical research at MEI and documented importance
1986	First research symposium in marketing and entrepreneurship University of Illinois at Chicago/AMA (G. Hills)	Provided marketing scholars a venue to share research regarding EM
1986	Dickinson, P. and Giglierano, J. "Missing the Boat and Sinking the Boat: A Conceptual Model of Entrepreneurial Risk", <i>Journal of Marketing</i>	First <i>Journal of Marketing</i> article to directly focus on entrepreneurship
1987	"The relationship between entrepreneurship and marketing in established firms", published in the <i>Journal of Business Venturing</i> (Morris and Paul)	Empirical study of the interrelationship between marketing and entrepreneurship. Moves EM into higher academic standing with <i>Journal of Business Venturing</i> acceptance
1989-1991	AMA Task Force (1989) and later, Special Interest Group is established for the MEI. First Tracks are created in the AMA summer (1990) and winter (1991) conferences for EM.	This added entrepreneurship legitimacy for marketing academics
1995	Carson, Cromie, McGowan, and Hill publish first textbook <i>Marketing and Entrepreneurship in SMEs: An Innovative Approach</i>	Helps establish the content and structure of EM courses.
1995	First Academy of Marketing symposium (U.K.) (D. Carson, Andrew McAuley). Slater and Narver's market orientation and learning organization, published in <i>Journal of Marketing</i> .	These two milestones helped move some scholars in mainstream marketing to look at the similarities between marketing and entrepreneurship

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Year	Milestone	Impact
1999	<i>Journal of Research in Marketing and Entrepreneurship</i> created (J. Day, P. Reynolds, D. Carson, G. Hills)	<i>Journal of Research in Marketing and Entrepreneurship</i> provided an academic journal dedicated to EM which increased the acceptance of EM scholarship
2000	Special issue of <i>Journal of Marketing: Theory and Practice</i> on the MEI (M. Miles)	Provided additional credible publication outlet for scholars of EM.
2001	Lodish, Morgan, and Kallianpur publish a book based on their pioneering MBA course in EM	This text enhanced the credibility of EM as a result of Wharton Business School's reputation
2002	Bjerke and Hultman publish <i>Entrepreneurial Marketing: The Growth of Small Firms in the New Economic Era</i>	This text provided additional guidance on content and context of EM
2002	Morris, Schindehutte and LaForge publish <i>Entrepreneurial marketing: A construct for integrating an emerging entrepreneurship and marketing perspective</i>	Increased the visibility and creditability of work in EM and helped define and bound the EM construct
2003	First conference on marketing, entrepreneurship and innovation interface in Germania- Karlsruhe	The interest extended outside the Anglo-American area
2004	Buskirk and Lavik publish <i>Entrepreneurial Marketing</i>	EM textbooks move toward the mainstream in the U.S. market
2005	<i>International Journal of Technology Marketing</i> created	<i>IJTM</i> was another academic journal initiated at MEI which emphasis on technology intensive products
2006	20th UIC Research Symposium on Marketing and Entrepreneurship	For the past 20 years, the symposium has been a catalyst for encouraging high quality scholarly thought and research at MEI
2007	Wharton Publishing published <i>Marketing that Works: How Entrepreneurial Marketing can Add Sustainable Value to Any Sized Company</i> , written by Lodish, Morgan, and Archambeau	Marketing tools, tactics, and strategies for marketers in every kind of company, from startup to global enterprise
2008	Special issue of <i>Journal of Small Business Management</i> on the EM	Reiterated the importance of EM , as the official journal of the International Council for Small Business
2009	Read, Dew, Sarasvathy, Song, and Wiltbank publish <i>Marketing Under Uncertainty: The Logic of an Effectual Approach</i>	This article introduced effectuation , an approach specific to expert entrepreneurs into the marketing field
2010	Special issue of <i>Int. J. Entrepreneurship and Innovation Management</i> on the EM	More aspects of EM entered the mainstream of the entrepreneurship literature
2010	Charleston Summit	Redefined MEI and offered a conceptual framework for future researches

**Source:** Adapted from Hills G.E, Hultman C.M, Miles M.P (2008), “The Evolution and Development of Entrepreneurial Marketing”, *Journal of Small Business Management*, 46(1), pp. 103-104.

Although EM has a relatively long existence, it seems that only now it has arrived at a maturity phase, in which future developments and prospects for MEI are redefined.

### **3. Analysis of definitions**

Initially EM designated marketing activities practiced by start-ups and small enterprises. Empirical researches have shown that there is a “divorce” between marketing theory and marketing practice of these companies.

But not all small business owners are entrepreneurs so the focus has shifted towards the marketing practiced by entrepreneurs. Entrepreneurs are those who create something new- according to Schumpeter, or those who are alert to opportunities – according to Kirzner (Metcalf, 2006).

There are many differences between entrepreneurs and small business owners (Carland, Hoy et al., 1984; Runyan, Droge et al., 2008). An entrepreneur is someone who manages a business in order to achieve profit and growth while a small business owner runs a business to achieve personal goals and to provide an income to his family. If an entrepreneur aims to maximize the economic performance, a small business owner seeks to achieve personal goals (non-economic purpose) which turn out to an acceptable level of business performance. Another criterion that differentiates entrepreneurs from small business owners is attitude towards innovation. An entrepreneur strives to introduce new products and processes, to open new markets, to seek new sources of supply, while a small business owner will not engage in new and innovative marketing practices.

Subsequently, the scope has expanded from entrepreneurs towards companies, even large ones, which have a particular approach on the market. This approach is determined by a complex, chaotic environment, characterized by frequent and sometimes contradictory changes.

The commonly used definition of EM is “*proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation.*” (Morris, Schindehutte et al., 2002, p. 5). This definition incorporates elements of entrepreneurship (proactivity, opportunity, risk taking and innovativeness) and marketing (customer focus, resource leveraging, guerilla marketing and value creation). It captures a certain type of behavior appropriate to a fragmented, dynamic and hostile business context.

Others consider that marketing process is fully assimilated into entrepreneurship. This total absorption is due to the fact that the market is no longer a “given” thing, a place for transactions according to positivist thinking, but something potential, a socio-relational process by which producers and consumers co-produce and co-consume not only a product but a lifestyle, an identity, according to social constructivism thinking. Therefore EM is a process of co-creating opportunities “*Viewing entrepreneurial marketing with our social constructivist lens has shown the*

*significance of social process in understanding what goes on ... we propose marketing to be a fully integrated element of the entrepreneurial process. From this viewpoint, the image of the market that entrepreneurs act upon is not a battlefield consisting of products and services competing on objectively based differences. Rather it is a dialogue where expectations are being created and recreated, based on the play of signs, symbols and images*" (Gaddefors and Anderson, 2008, p. 33). Moreover, service dominant logic, a marketing concept which suggests that the value proposition of the tangible product is dominated by the value accruing to the consumer of intangible services, is fundamentally an EM process informed and driven by co-creation (Kasouf, Darroch et al., 2008).

A similar definition, which combines marketing definition with elements of entrepreneurship, is: "*EM is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders and that is characterized by innovativeness, risk-taking, pro-activeness, and may be performed without resources currently controlled.*" (Kraus, Harms et al., 2010, p. 26). The focus of this definition is not on entrepreneurship side (identifying opportunities) but on marketing side (creating, communicating and delivering value). All those definitions are centred on business processes.

A second type of definitions is more radical because it considers that EM is a total integration of marketing and entrepreneurship "*the construct of EM is not simply the nexus between the sets of marketing and entrepreneurial processes that has emerged as the conventional conceptualisation of EM ... but fully includes all aspects of AM (administrative marketing) and entrepreneurship*" (Morrish, Miles et al., 2010, p. 305) and thus it becomes a strategic orientation, exceeding the marketing function (Schindehutte and Morris, 2010).

Instead, the third type of definitions consider EM as an alternative perspective to traditional marketing and associates it with innovative marketing techniques "*this term (EM) is used as an integrative conceptualization that reflects such alternative perspectives as guerilla marketing, radical marketing, expeditionary marketing, disruptive marketing and others.*" (Morris, Schindehutte et al., 2002, p. 1).

The fourth type of definitions has a different perspective and is based on company lifecycle. Kotler (2003, pp. 4-5) believes that in its early stages – when the company is small, flexible and willing to experience new things – an informal type of marketing is practiced and this would be EM: "*Most companies are started by individuals who live by their wits. They visualize an opportunity and knock on every door to gain attention*". As the company grows and matures, marketing practices are more rigorous, planning is essential and the company reaches the second stage, called formalized marketing: "*As small companies achieve success, they inevitably move toward more formulated marketing*". The third phase is when the formalized approach becomes excessive and therefore a change is needed, a different type of marketing called Intrapreneurial Marketing: "*These companies lack the creativity and passion of the guerrilla marketers in the entrepreneurial stage. Their brand and product*

*managers need to get out of the office. Start living with their customers, and visualize new ways to add value to their customers' lives".*

Synthesizing these definitions we find that beyond the common elements – both EM and small business marketing (SME marketing) belong to MEI – there are differences between EM and SME marketing. If SME marketing is related only to marketing practiced by small and medium enterprises, EM is a concept that is not necessarily related to company size, age or its resources. EM is a construct that can be understood only by integrating the entrepreneur or entrepreneurship into marketing process (Hultman, 1999). Therefore it brings new elements or strengthens existing elements, such as focus on change, innovative attitude and alertness to opportunities.

#### **4. EM versus traditional marketing**

As we mentioned before, EM cannot exist in the absence of the entrepreneur. Unlike traditional marketing, which is exclusively customer-centric focused, in EM the customer and the entrepreneur are equally important actors that shape the culture, strategy and firm behavior. EM is influenced by entrepreneur's personal characteristics and values. But there is no consensus about the relationship between factors related to personal traits (experience, education level, propensity to risk, preference for innovation, tolerance for ambiguity) and firm performance, results being contradictory (Andersson and Tell, 2009).

A consensus emerged regarding how entrepreneurs think and make decisions with consequences on marketing practice. There are five significant differences between the way non-entrepreneurs think (*predictive logic*) and how entrepreneurs think (*effectual logic*) (Dew, R. et al., 2009):

1) *Vision for future*: it is predictive for predictive logic and creative for effectual logic. In the first case, the future is seen as a causal continuation of the past and therefore can be predicted. In the second case the future is shaped, at least partially, by voluntary actions of agents and therefore his prediction is not possible;

2) *Basis for making decisions*: in predictive logic, actions are determined by purposes. In effectual logic, actions are determined by available means. Purposes “are born” by imagining courses of action based on those available means;

3) *Attitude toward risk*: in predictive logic, an option is selected based on maximum gain while in effectual logic an option is chosen based on how much the entrepreneur can afford to lose by selecting it;

4) *Attitude toward outsiders*: competition – in case of predictive logic and cooperation - in case of effectual logic;

5) *Attitude towards unexpected contingencies*: avoidance – in case of predictive logic and fructification – in the effectual logic. Accurate predictions, careful planning and focus on objectives – which are specific to predictive logic – make contingencies to be perceived as obstacles to be avoided. Avoiding predictions, imaginative thinking, continuous transformation of objectives – which are specific to effectual logic – make contingencies to be perceived as opportunities to create something new and therefore are appreciated.

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By modeling the decision-making process according to effectual logic, we find that entrepreneurs do not believe that the future can be predicted and therefore they do not consider that setting objectives should be of great importance. They start with what they have (tangible and intangible assets), what they can do (capabilities) and whom they know (networks) and build various options with different ends. Choosing an option is not based on maximizing the results but on how much can afford to lose by choosing that option.

Effectual logic favors building partnerships and attracting stakeholders before the entrepreneur is clear what markets to serve or what products to offer. Thus stakeholders are allowed to express their views and shape the company as a result of collective efforts. This way of thinking contradicts the causal marketing models (Sarasvathy, 2003) which provide an upside-down approach: the entrepreneur starts from dividing the market based on a rigorous research, analyzes and selects a target segment based on predicted returns and risks and then develops strategies to attract the target segment. Effectual logic starts from bottom-up: the entrepreneur identifies – in his personal network – a partner or a customer. Along the way he adds other customers/partners, forms an initial customer base which is extended in a contingent fashion and eventually define the market for the product/firm.

As mentioned previously, the entrepreneur is together with the customer a central element of EM. If the marketing concept is based on customer orientation, as the fundamental way of doing business, how would this perspective accommodate entrepreneurial orientation? Entrepreneurial orientation may coincide with customer orientation if the entrepreneur can always truly put himself in the position of the customer. Although many successful entrepreneurs have an intuitive feeling about what the customer wants, the reality shows that their intuition is not always reliable. Therefore, the ability to adapt and change rapidly to offset misjudgements of customer needs is essential (Stokes and Wilson, 2010). Table 2 illustrates the major differences between the two concepts (Stokes, 2000b):

*Table 2*

### Differences between Traditional Marketing versus EM

Marketing principles	Traditional Marketing	Entrepreneurial Marketing
Strategic orientations	Customer orientated (market driven)	Innovation oriented (idea driven)
Strategy	Top-down approach: segmentation, targeting, positioning	Bottom-up approach: targeting a limited base of customers, further expansion
Methods	Marketing mix (4/7 P's)	Interactive marketing methods, word-of-mouth, direct selling, referrals
Market intelligence	Formalized research and intelligence systems	Informal networking and information gathering

**Source:** Adapted from Stokes, D. (2000), "Putting Entrepreneurship into Marketing: The Process of Entrepreneurial Marketing", *Journal of Research in Marketing & Entrepreneurship*, 2(1), p. 13.



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Summarizing the differences between EM and traditional marketing – as business orientation, at strategic level, tactical level and way of gathering market information – we conclude that (Stokes, 2000a):

1) In terms of *business orientation* is found that, unlike traditional marketing that is defined by customer orientation, EM is defined by entrepreneurial and innovation orientation. If the classical marketing concept requires an assessment of market needs before developing a product, entrepreneurs start with an idea and then try to find a market for it.

2) At *strategic level*, traditional marketing requires a top-down approach, a clearly defined sequence of activities such as segmentation, targeting and after that positioning. Successful entrepreneurs practice a reverse process from the bottom up: once identified a possible market opportunity, an entrepreneur test it through a trial-and-error process. After that, the company begins to serve the needs of some clients, and then expands as the entrepreneur, in direct contact with clients, finds out their preferences and needs. Later, new customers with a similar profile to those who have purchased the product are added. Often this process is not deliberately, as new customers come as a result of initial customers recommendations. Therefore the target market is formed by a process of elimination and self-selection.

3) At *tactical level*, EM does not fit in the 4P's model because entrepreneurs are adopting an interactive marketing approach, given their preference for direct and personal contact with customers. Entrepreneurs interact with customers during personal selling and relationship marketing activities. Such interactions are enhanced by word-of-mouth marketing and are essentials for generating referrals.

4) In terms of *market information* gathering, entrepreneurs are aware of the importance of monitoring the marketing environment. But they are using informal methods such as personal observation or collection of information through their networks of contacts. Rejecting formal research methods is a logical consequence of the fact that they do not believe in the ability to predict the future.

It is surprising that the best practices of successful entrepreneurs often ignore traditional marketing concepts (Hills, Hultman et al., 2008). Entrepreneurs declare that they do not use marketing, as they associate marketing with advertising, because they cannot afford high costs of communication. Moreover, entrepreneurs seem to be concerned about current, operational issues and seem to ignore long-term ones. And also, their approach does not follow the textbook discipline. But these appearances are deceptive: entrepreneurs practice a different marketing, they are flexible in terms of tactics but are always concerned about how to provide long-term customer value. Their approach is not necessarily logical and sequential rather unconventional and organic, because they “live” with their customers’ needs and preferences.

## 5. Basic concepts of EM: marketing network and entrepreneurial marketing competencies

At MEI research is focused around some major themes like: what are the business orientations employed in an entrepreneurial setting (Jones and Rowley, 2009; Raju, Lonial et al., 2011; Schindehutte, Morris et al., 2008), how to deal with environmental uncertainty (Johnston, Gilmore et al., 2008), what is the value of information (Schulte and Eggers, 2010), what strategies should be employed to deal with resource disadvantage (Lee, Lim et al., 1999; Stasch, 2002; Stokes, Syed et al., 2002), what are the most useful strategies that can add value to entrepreneurial ventures (Lodish, Morgan et al., 2001), what principles should guide a strategic focus (Schindehutte and Morris, 2010), how can the strategic decision making process be modeled (Mador, 2000) and what is the nature and scope of brand management within an SME context (Berthon, Ewing et al., 2008). Two key concepts with uncontested practical value for EM were developed: marketing network and entrepreneurial marketing competencies.

### 5.1. Marketing network

As mentioned earlier, the entrepreneur interacts directly and frequently with its customers. Thus customers are becoming part of the entrepreneur's personal contact network, together with acquaintances and family members (who may be involved in one form or another in business), business partners and even competitors. This network of personal contacts is exploited by the company. Employees begin to use it to establish business relationships with other companies and on the way, they extend it so that the company becomes part of a more extensive organizational network. The concept of network is borrowed from social anthropology science. To understand it we need to clarify what it is, what are its attributes and what is its role.

According to Davern (in Rocks, Gilmore et al., 2005, p. 82) the network consists of nodes and connections. In social sciences, the nodes are the actors and the connections are the links between them. Entrepreneurial network focuses on the entrepreneur/firm as the main actor and the dyads of the firm. This perspective borrowed both from the social network perspective (which studies networks of individuals and their characteristics) and from the business network perspective (which focuses on understanding inter-organizational relationships) (Slotte-Kock and Coviello, 2010).

In EM the network is viewed from the entrepreneur's perspective. This means that he is the main actor and the connections are the relations established to conduct marketing activities. Thus a new concept emerged - the marketing network - which is defined by structural and interactional dimensions.

The *structural dimensions* are related to attributes such as: size, degree of formality, diversity, density and flexibility (Rocks, Gilmore et al., 2005).

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- *Size* refers to the number of direct contacts that an entrepreneur has, who helps him in doing marketing;
- *Degree of formality* is defined by the ratio between formal (business) contacts and informal (social) contacts. A network is considered formal if most contacts are formal sources such as customers, business partners, and people in the industry. A network is informal if most contacts are formed by informal sources such as family, friends, and acquaintances;
- *Diversity* is related to the variety of contact sources. The need for heterogeneous contacts – which facilitate access to various information and assure high flexibility in obtaining the necessary resources – is offset by entrepreneurs preference to interact with persons with similar backgrounds and attitudes;
- *Density* measures the degree of connectivity between entrepreneurs and marketing environment;
- *Flexibility* defines the extent to which relationships are established, maintained, developed or broken. It can be measured by the number of new contacts made and the number of contacts broken in a certain period of time.

The *interactional dimensions* of the marketing network are related to content, intensity, frequency and stability (Shaw, 1999).

- *Content* refers to the meanings that people associate to relationships and the implications they have by involving in these relations;
- *Intensity* captures the extent to which individuals are prepared to honor obligations;
- *Frequency* measures the number of interactions that an entrepreneur has with its contacts during a defined period of time;
- *Stability* refers to time length of the links established with these contacts.

Of the nine dimensions identified, two are significant for EM: diversity and content. In terms of *diversity*, there are two possible options:

- A *diversified network* which involves a large social variation between members, a low emotional commitment and a low frequency of contacts;
- A *cohesive network* which involves relatively social homogeneous individuals, powerful emotional relationships and high frequency of contacts.

Although initially a cohesive marketing network seems most appropriate because of solidarity and commitment provided by its members – especially during start-up phase, when the company lacks the necessary resources – it was proved that it has two major disadvantages (Martinez and Aldrich, 2011). First, by their very nature they have a limited coverage. Among many resources, information and capabilities needed, entrepreneurs are limited to those provided by network members, especially when they are also family members. The second disadvantage is the cost of the cohesive network. Strong ties require a high degree of reciprocity, which means that

entrepreneurs must make it up by providing additional economic and/or emotional rewards.

A diversified network instead appears to offer several advantages. The first one is related to a higher probability of finding professional help. The second one is related to the fact that entrepreneurs are exposed to diverse behaviors and information and are not pressed to comply with strict requirements, therefore innovation is stimulated. The third one is that entrepreneurs are no longer limited by strong relationships with a limited number of members and thus they can expand the network. For example, analyzing customer relationships it has been found that strong ties may have negative consequences on firm performance, while weak and more diversified ties are beneficial. This is because customers are a valuable source of information in the learning process of the company. Diversity in this type of relationships can be translated into a greater degree of innovation. In addition, rules of reciprocity create obligations for entrepreneurs. They feel obliged to offer the best combination of quality/price, additional services and preferential treatment, thus reducing their profits.

Regarding *content*, the nature of relationships between network members – including competitors – has a wide range in EM ranging from competition to cooperation, collaboration and strategic alliances (O'Donnell, Carson et al., 2002).

- *Basic co-operation* means that relations between members are simple and friendly. There is a generally shared opinion that in business is better not to make enemies, if possible. Thus, entrepreneurs are confident that if they showed kindness, when they need it they will benefit of the same treatment;
- *Tangible co-operation* requires concrete actions: entrepreneurs exchange information between them - for example they notify each others about bad paying customers, or they support themselves by selling materials if somehow other entrepreneurs, often competitors, ran out of stock. If another entrepreneur offers complementary products, cooperation involves pulling together products to offer customers what they need;
- *Collaboration* involves two or more occasions in which competitors are working together on a project that is too large for one to succeed. In order to work, there must be strong ties, trust and openness towards the other;
- *Strategic alliances* require strong, long-lasting and intense ties and are established between companies and their own customers. These customers allow access to critical, strategic information in order to help providers to develop products they need.

Thus the primary role of the marketing network is of vehicle to *deliver value*, but is not limited to it. The network supports the *creation of value* through the innovational input that it brings, provides information and critical resources for the company and shapes the *communication of value*, because it takes place between members within it.

Therefore, the marketing network influences EM, enhances its effectiveness and efficiency by supporting the evolution from a limited marketing to a selective and finally sophisticated one (Gilmore, Carson et al., 2006). Unlike large companies, in small firms the network is a vital space in which they carry out marketing activities given their chronic lack of resources and capabilities.

## **5.2. EM competencies**

Competency is defined as “an underlying characteristic of a person that results in effective or superior performance” (Armstrong, 2006, p. 159). The core of entrepreneurship can be defined by a three dimensions competencies framework: functional, social and general entrepreneurial competencies (Brinckmann, 2007).

Functional competencies define what people have to know and be able to do (knowledge and skills) to carry out their roles effectively, related to specific functional areas (marketing, finance, technology) or an industry, markets, etc.

Social competencies refer to skills that are needed in the interaction with others, like teamwork, communication, leadership and the ability to create networks of investors / partners / collaborators outside the company.

General entrepreneurial competencies are about conceptual skills (ability to create business models, set-up objectives, strategies, priorities and operational plans), innovation skills (ability to select and follow new ways of action, divergent and unconventional thinking) and enforcement skills (ability to execute or implement the designed strategies and plans).

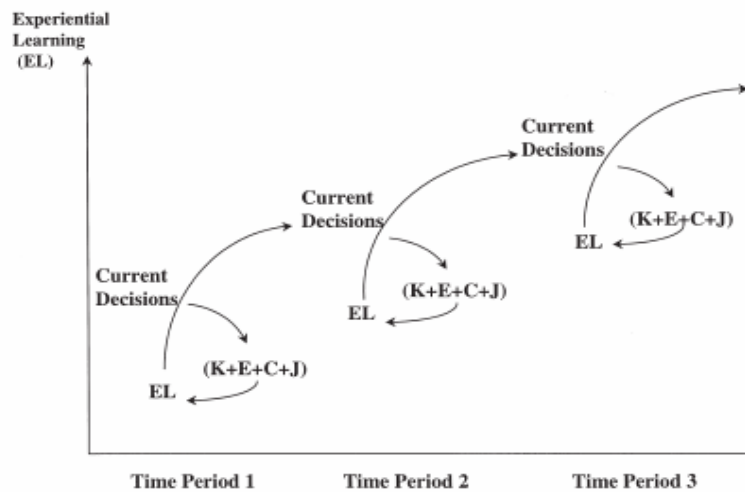
Because entrepreneurs must take a wide and diversified range of decisions, therefore they are more like “generalists” (Carson and Gilmore, 2000). It is unlikely that they will take a decision regarding a marketing issue – for instance, the percentage of discount on the price of a product – in isolation from other aspects of business, such as the need to generate cash flow. Therefore, unlike traditional marketing competencies which are more specific, entrepreneurial marketing competencies consist of a mix of different competencies.

Entrepreneurs are forced by dynamic and exchanging nature of the market to improve their entrepreneurial marketing skills. The process by which they improve their competencies is called experiential learning (EL), which is different from formal learning and is based on four components:

- *Knowledge (K)*: refers to specific information about market, competitors, customers, products;
- *Experience (E)*: is defined by time (number of years) and can be characterized by depth and width. Depth experience involves working in the same area for a longer period of time, which allows entrepreneurs to learn from their mistakes, to realize what product attributes are more attractive, to understand properly changes in competitors strategies. Width experience allows them to transfer what they know in new situations, to try new ideas, to experiment and thus to develop themselves;

- *Communication (C)*: is concerned by the type of communication used, which are the most important sources of information, on what to focus;
- *Judgment (J)*: refers to the ability to integrate all three components above and decide the best course of action in a certain situation.

Figure 1 illustrates a progressive development of experiential knowledge overtime.



Source: Carson, D., Gilmore, A. (2000), "SME marketing management competencies", *International Business Review*, 9, p. 369.

Figure 1. Experiential learning cycle

In time, entrepreneurial marketing competencies are developed in a spiral shape. Usually at the beginning, entrepreneurs have a set of technical skills, while entrepreneurial marketing skills are insignificant. Through experiential learning, entrepreneurs begin to develop these skills and to diminish the technical skills - mostly due to involvement in management activities. During the next phase they update their technical skills and stabilize their entrepreneurial marketing competencies.

It should be noted however, that this competencies are different from "classical" marketing-management competencies: entrepreneurs do not focus on planning, rigor, or statistical tools but rather on intuition, informality and speed in decision making (Collinson and Shaw, 2001). Some authors believe that communication is the most important competence (Martin, 2009) while others consider creativity – as a necessary but not sufficient competence in EM (Foltean, 2007).

An integration of all these perspectives has led to a three level framework of EM competencies. The first level – called foundational level – is about basic competencies with strategic focus such as experience, knowledge, communication, judgment and intuition. The second level – called transitional level – is represented by a set of connecting competencies between the strategic and operational side of

EM such as vision, opportunity focus, relational communication and commitment. The third level is composed of operational competencies required to implement EM and they are more numerous like people skills, internal communication, trust, adaptability, empathy, ambition, confidence, listening skills, achievement and enthusiasm (Hill, 2001).

Therefore, to apply a successful EM, firms need to develop such skills. And this implies that standard marketing training programmes which have limited effects should be replaced with a competency-based process model which can bridge the gap between theory and practice for entrepreneurs.

## **6. Research methodologies and further research directions**

As a scientific approach, MEI research can be positioned between positivism and postmodernism. Thus, to investigate EM and other concepts developed at MEI, researchers did not start from the premise that truth is objective, absolute and authentic knowledge is based only on mathematical models. Nor did they consider that reality is a simple social construction, subjective and relative, depending on how people perceive it. That is why EM research methods are lying in between and are extremely varied (Carson, 1999).

During the initial phase, the most commonly used methods were qualitative. The interest of researchers was focused on *entrepreneurs*, their behaviors and how they take decisions. For an in-depth understanding it was necessary for the researchers to have an insider perspective, to approach as much as possible to the phenomenon and observe it over time. This could not be done using conventional quantitative methods. Rather qualitative methods were needed, such as focus group discussions, in-depth interviews, observations, ethnographies, conversational analysis (Gilmore and Coviello, 1999).

Over time, the focus has shifted from the entrepreneur as unit of analysis to the *company, business unit, specific project, market, industry* or even *nation*. Therefore it took a combination of methods – both qualitative and quantitative – to enable a holistic analysis of this phenomenon: surveys, case studies, observations studies, content analysis of company materials, etc. Some of the methods can be considered unconventional, but are useful in understanding the “inside” of the problem: diaries kept by entrepreneur to record daily activities, especially when there is a significant change in the business environment or studies involving a researcher living in a firm for a long period of time or even action research which is similar to an experiment in which research is done on a group by team members aimed primarily at improving the group performance (Gilmore, 2010).

MEI research main problem is that is individualistic and fragmented, therefore progress is slow. A synergistic approach is needed, similar with other social sciences where researchers work together on a specific research area whilst individually examining a unique research problem (Carson, Gilmore et al., 2001).

To drive the research agenda through the use of collective intelligence, scholars need leadership and guidance to align their efforts. Therefore during 2007

and 2008 a sustained effort was made to gather and identify research priorities, in which researchers from five continents were involved.

A three-tier structure of research priorities was developed to cover the period till 2013 (Uslay and Teach, 2008):

- *Primary level* is related to general theory development (defining conceptual frameworks that capture key constructs of EM), service dominant logic and its implications for MEI (how should small businesses with insufficient resources approach customer acquisition/retention, networking, organizational learning) company lifecycle and growth issues (what is the role of effectuation in market creation);
- *Secondary level* is focused on the differences among entrepreneurs/intrapreneurs/managers, marketing strategies for entrepreneurs and entrepreneurial strategies for marketers, entrepreneurship for innovation, balancing long-term growth and survival, role of marketing research in entrepreneurship;
- *Tertiary level* is concerned with cross-cultural dynamics of MEI (differences across borders, emerging versus mature markets), globalization and entrepreneurship (implications for MEI), and teaching entrepreneurial marketing (creation of an inventory of course materials and a recommended syllabi).

In conclusion, MEI research is wide in scope, innovative in approach and although remarkable progress has been made in the last twenty five years, there are still many research opportunities.

## 7. Conclusions

As mentioned earlier, in the last thirty years EM did not achieve to define its own paradigm. The main reason is that there was no common understanding of this concept. Therefore in 2010, at “Charleston Summit” held in Charleston, South Carolina, USA a representative group of researchers met to discuss about the past and the future of EM. The primary goal of the summit was to begin to develop a framework, model or paradigm to guide future research at the marketing and entrepreneurship interface (Hansen and Eggers, 2010).

It was concluded that over time, four different approaches were developed. The first approach, one that historically came first, focused on the *commonalities* between marketing and entrepreneurship. The second approach is “*entrepreneurship in marketing*” and is based on a marketing framework over which elements of entrepreneurship are introduced or a specific context (like SME marketing). The general belief is that marketing science should be developed also for start-ups, because all companies were at one time start-ups, and also for small companies because they represent 95% of all companies. The third approach is “*marketing in entrepreneurship*” and is about marketing issues, like launching a new product, framed in entrepreneurship field. The fourth approach is the opposite of the first one, which means that it is not about commonalities between marketing and



entrepreneurship, but on *what is unique*. That is, the combination of marketing and entrepreneurship creates something distinctive, something new.

From our perspective, EM should be defined according to the fourth approach, which means trying to capture what is unique. Because thoughts, intentions, motivations, learning and relationships without action do not create value, EM should be defined as behaviors, processes which create, communicate and deliver value.

These behaviors should be guided by an effectual logic, which is characteristic to expert entrepreneurs and relies on cooperation (as a general attitude towards outsiders), the belief that future is “created” (shaped by voluntary actions of agents), the belief that contingencies represent opportunities (and should be exploited to create something new) and actions are determined by available means (controlled or not by the entrepreneur).

Furthermore, EM is not related to firm size and its life cycle, but to a particular type of business environment characterized by high level of uncertainty. There are four levels of uncertainty and due to the financial and economic crisis companies are confronting now with level three and level four situations (Courtney, 2008). Level one offers a reasonably clear single view of the future: a range of outcomes tight enough to support a firm decision. At level two, there are a number of identifiable outcomes for which a company should prepare. At level three, the possible outcomes are represented not by a set of points but by a range that can be understood as a probability distribution. Level four features total ambiguity, where even the distribution of outcomes is unknown.

Synthesizing, we consider EM as a set of processes of creating, communicating and delivering value, guided by effectual logic and used in highly uncertain business environments. Thus EM is an approach to overcoming an obstacle, a response to a challenge. EM builds a bridge between critical challenges and actions.

Concluding, this paper presents a brief history of EM evolution in the last twenty five years and the milestones which marked this evolution. Several definitions were analyzed and classified (four types of definitions were identified) based on content elements. Using effectual logic framework – to explain entrepreneurial behaviour – EM is compared with traditional marketing and the main differences are highlighted.

Two key concepts with uncontested practical value for EM are reviewed: marketing network and entrepreneurial marketing competencies. Marketing network as the main vehicle to create, deliver and communicate value is analyzed from a structural and interactional perspective. EM competencies are grouped into a three level framework and explained how they evolve through experiential learning.

MEI research methodologies ranging from positivism to postmodernism paradigms were investigated with a focus on research methods and units of analysis. In the end, research directions till 2013 were identified and grouped in a three-tier structure: primary level related to general theory development, secondary level focused on strategies, innovation, growth and survival and tertiary level related to teaching entrepreneurial marketing and cross cultural differences of MEI.

Without minimizing the importance of developing a generally accepted definition, we must accept the fact that several definitions will exist. What is more important at this time is the development of specific principles and practical tools to guide entrepreneurial companies during difficult times. And these can be achieved only through a disciplined collective effort.

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