

Development of Entrepreneurial Marketing: A Theory-Based Qualitative Analysis

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Abstract. Marketing today is more complex than ever before, with companies facing challenges such as market segmentation, saturation and the daily storm of “novelty” sweeping the market. Traditional marketing models are less adaptable to the new competition arising in the market, while entrepreneurial marketing integrates elements of both marketing and entrepreneurial management, making it more adaptable and at the same time enabling companies to better seize new opportunities and thus less likely to be eliminated and mobilize resources in a dominant market position. Entrepreneurial marketing has evolved rapidly in the past decade, but scholars have held different views on the definition of EM. . In this regard, the purpose of this paper is to analyze the development, application, dimensions and differences between entrepreneurial marketing theory and traditional marketing based on previous studies, and to discuss the significance of EM for the development of SMEs.

Keywords: Entrepreneurial marketing; Traditional marketing; Small and medium enterprises.

1. Introduction

Introduced in 1982, the concept of entrepreneurial marketing integrates key characteristics of marketing and entrepreneurship and is often associated with creative, unplanned marketing activities in an increasingly competitive and unstable business environment [1-3]. Entrepreneurial marketing refers to innovative approaches that use risk management, resource integration, and value creation to help companies break through resource constraints to reach their business goals [4]. The most commonly used dimensional division of EM comes from Morris et al. (2002) and has seven dimensions, which are proactiveness, risk-taking, innovation orientation, opportunity focus, resource leveraging, customer intensity, and value creation [2]. Over the past 30 years, entrepreneurial marketing theories and applications have been accumulating and have helped companies of all sizes to overcome the difficulties in the face of fierce competition. And in the available literature, it is shown that many studies have affirmed the positive impact of EM application on the development and performance of SMEs in response to their features [5-8]. This paper presents the evolution of the term entrepreneurial marketing from being coined to its evolutionary development, a review of its definition and common dimensional divisions, a comparison with traditional marketing theories, and its application in small and medium-sized enterprises.

2. Methodology

This paper was generated as a literature study to integrate the findings of scholars related to entrepreneurial marketing by retracing theoretical and empirical studies. The output of this paper collects 29 journal articles from 2000 to 2022 and considering that the main developments in entrepreneurial marketing unfolded during the last decade, one-third of the citations are selected based on the classic early literature theories, and two-thirds are based on the evolutionary development of relevant theories and practices during the last decade.

3. Concept Definition

3.1 Entrepreneurial Marketing Theory

Combining two previously distinct disciplines, “entrepreneurial marketing” is a new marketing paradigm that aims to help companies rethink how to improve the way they market in a competitive environment. In 1982, the term entrepreneurial marketing first appeared at a conference held at the University of Illinois at Chicago [3]. Morris et al. elaborated on the connotation of entrepreneurial marketing and covered all branches of entrepreneurship and marketing from a “global” perspective [2], providing a theoretical basis for subsequent research on entrepreneurial marketing. Kraus et al. (2010) put forward that entrepreneurial marketing refers to actively seeking opportunities and taking risks to a certain extent through innovative methods of risk management, resource utilization and value creation, to break through the resource-constrained conditions and achieve business goals [9]. Entrepreneurial marketing is a results-driven process that creates opportunities for the organization, communicates internally and externally, and ultimately delivers value to interest stakeholders including partners and even society in a business environment full of repeated changes and uncertainties, emphasizing innovation, initiative, adventure and flexibility [5,10]. Cacciolotti and Lee define entrepreneurial marketing as “an innovative approach that focuses on innovation, optimal risk management approach, maximizing resource utilization and maximizing value creation” [4]. Through entrepreneurial marketing, companies achieve a more balanced and stable development in a fluctuating market environment and gain a competitive advantage in business management, as they continue to reinvent themselves in response to the market while, at the same time, driving the market through innovation orientation.

Research in the field of entrepreneurial marketing has made significant progress over the past three decades, and scholars have continued to refine the definition of entrepreneurial marketing, but there is no consensus on the measurement and division of entrepreneurial marketing dimensions. Since there is no unified definition yet, this paper will introduce the widely popular division of dimensions.

The four foundational dimensions of entrepreneurial marketing were pioneered by Bjerke and Hultman (2002), namely, entrepreneurship, process, actors, and resources. The term entrepreneurship refers to the need and approach to identify and seize opportunities in creating customer value, with a focus on initiative, opportunity-seeking, and innovation [11]. The dimension of process encapsulates the full range of means and activities that a company employs in its quest to create customer value. Actors represent the entrepreneurs who give instructions to run these steps and successfully create customer value. Resources are defined as inputs throughout the process in order to capture customer value, either jointly owned or created with partners or owned by the firm itself [11].

Morris et al. (2002) defined seven dimensions of EM, namely proactiveness, risk-taking, innovation orientation, opportunity focus, resource leveraging, customer intensity, and value creation [2]. The first four dimensions are the basic dimensions generated based on the entrepreneurial orientation literature. The fifth dimension, resource leveraging, appears in high frequency in the entrepreneurship literature, especially in the guerrilla marketing literature. The last two dimensions, customer intensity and value creation, on the other hand, are potential dimensions in the marketing-oriented literature and are an extension of the related literature. Jones and Rowley (2009) developed the EMICO framework, which defines 15 dimensions of entrepreneurial marketing based on the entrepreneurial orientation (EO), market orientation (MO), innovation orientation (IO), and customer orientation (CO) levels of SMEs [12]. Given that there is no uniform definition of EM dimensions among scholars, this paper will use the seven dimensions proposed by Morris et al. (2002) based on the consideration of extensive literature studies and referability factors [2].

Many scholars have compared the difference between past and present fashionable marketing methods. Stokes (2000) proposed that the marketing method adapted to the enterprise environment is based on the marketing carried out by entrepreneurs and tends to be innovation-oriented (practicing ideas and creating markets), which is different from the traditional marketing which is oriented to customers (occupying and stabilizing markets) [1]. Morrish et al. (2010) believe that entrepreneurial

marketing is a combination of customer and entrepreneur orientation, and entrepreneurial marketing is complementary to traditional marketing. This means that in different market environments, enterprises can choose the strategy of favoring traditional marketing or entrepreneurial marketing, rather than explicitly applying either method[13]. The dual strategy enables enterprises to adapt to the market more easily at any stage of enterprise development. When companies do not choose to follow traditional marketing methods exclusively, they sometimes choose to utilize flexible, unplanned and emergent strategies that entrepreneurs experiment with to adapt to changing circumstances. A departure from the above concept is from Hills & Hultman(2010). Traditional marketing is based on empirical evidence of large enterprises, while entrepreneurial marketing is based on research of entrepreneurial enterprises; Traditional marketing uses scale economy and drive standardization, while entrepreneurial marketing relies on innovation and opportunity drive; Traditional marketing uses predictive marketing techniques, while entrepreneurial marketing strategies use non-predictive logic[3].

Some scholars argue that entrepreneurial marketing is used to overcome the obstacles and challenges posed by complex market environments in a context of rapidly increasing types and numbers of companies and increasingly complex market competition, and is applicable to companies of different sizes, both large and small, since all large companies were once start-ups, small and medium-sized enterprises [10,14,15]. However, studies have shown that entrepreneurial marketing is more applicable to small and medium-sized enterprises with limited resources, which require a higher market knowledge base and often need to react quickly to the market, and generally apply entrepreneurial marketing to meet the specific needs of small and medium-sized enterprises based on their particular context [5].

3.2 Dimensions of EM

3.2.1 Proactiveness

Proactiveness is the ability to cope with uncertainty in the external market environment, to anticipate in advance the market needs and changes that may be required or opportunities that may arise for the firm, and to further customize strategies and implement them[2]. Morris. et al. (2002) argue that proactivity is embedded in the proactive R&D of emerging products and technologies to breathe fresh life into a firm's marketing approach, and that proactive behaviors in turn influence the firm's culture and climate, rather than being passively marketed to. A volatile and unstable environment places constraints on a firm's potential, and the act of detailed scientific forecasting in advance can effectively reduce risk and help firms identify and seize opportunities [5,14] .

3.2.2 Risk Taking

Initial risk-taking research focused on discussing the propensity of entrepreneurs to take potential risks, where entrepreneurs are less risk-perceptive and more willing to take risks. Entrepreneurs' willingness to take risks plays a crucial role in business behavior[16]. Dushnitsky (2010) argues that entrepreneurs are optimistic and when they set and pursue goals, it is likely that the goals are self-serving therefore the actions taken usually have high-risk attributes for the organization, but entrepreneurs optimistically underestimate the level of potential risk and believe that these behaviors are within their control[17]. Entrepreneurship requires the measurement of risk, and entrepreneurial marketing exemplifies the significance of marketing in enterprise risk profile management[18]. In contrast to traditional marketing, which relies on established market environments to achieve revenue growth and reduce risk, entrepreneurial marketing focuses on handling capital and using it as a means of risk management, thereby achieving corporate diversity [5,14].

3.2.3 Innovation Orientation

The extent to which an organization focuses on innovation when conducting marketing activities directly affects the organization's ability to become a pioneer to the builder of new markets. In turn, the degree of innovation has been assessed as a measure for determining firm performance because the focus on innovation helps firms to identify opportunities and integrate resources in innovative

ways [2]. In the case of the study of entrepreneurs and their behavior shows that entrepreneurs are generally more creative, positive and open to new things, good at solving uncertainties in the market environment and happy to adopt innovative behavior in their business practice activities [19]. Innovation is the ability of firms to generate disruptive ideas and produce new products and technologies, or even to open up new market segments, and can be summarized as putting new ideas into practice, which is at the heart of innovation marketing in the new business environment[18].

3.2.4 Opportunity Focus

One of the important factors that lead a company to success is the identification of potential opportunities that match its capabilities and resources, and the pursuit and seizure of those that might otherwise lead to the failure of the venture or entrepreneurial activity, as reflected in the capabilities of the company [5]. For SMEs, the limitations of market knowledge and other resources make it more important for this type of business to identify precisely the right opportunities and to act at the right time to achieve success in business activities and avoid wasting resources, and this process is closely related to the entrepreneur's perception [16]. Entrepreneurial marketing is essentially an innovation based on a thought process, but differs from traditional marketing in that companies that apply this marketing approach thereby generate behavioral practices[2-3]. Opportunity focus implies unnoticed and unexplored market gaps, a point that cannot be ignored to uncover sustainable profit sources, and the awareness and market occupation of market gaps is what differentiates traditional marketing from entrepreneurial marketing[14-15] .

3.2.5 Resource Leveraging

Maximizing the use of resources is more than just pursuing the efficient use of known resources, but the identification and use of resources not seen by others, resource sharing or the use of others' resources to achieve business goals[2] . Studies have found that SMEs are more likely to engage in resource leveraging and that firms innovate in marketing strategies when resources are constrained, thereby allowing resources to expand and accomplish more with less capital, mitigating risk through the principle of leverage [5]. Studies have found that entrepreneurial initiative may be more important than resource availability, as resource constraints often lead entrepreneurs to redouble their efforts and use non-traditional ways to leverage multiple resources to escape the limitations of limited resources [15,20].

3.2.6 Customer Intensity

Customer intensity is an important dimension of EM and a core element of marketing for organizations. Many studies have shown that successful firms place higher importance and investment in this dimension[21]. Corporate image is inextricably linked to customers' perceptions of the firm [22]. Customer intensity is the use of innovative approaches by firms to build and maintain customer relationships and promote consumer growth and retention[5]. Entrepreneurial marketing emphasizes the emotional component of marketing activities and values the fairness of customer consumption activities and customer-firm partnership, rather than the customer-centricity that exists on the surface in traditional marketing, and therefore, also requires the intuitive judgment and perception of the individual entrepreneur [2;15]. In identifying the value of the firm, employee recognition of the product and customer enthusiasm also reflect customer intensity [14].

3.2.7 Value Creation

Value creation is an important focus of entrepreneurial activity and is the fundamental orientation of business marketing activities. One of the decisive factors determining the success of entrepreneurs is their ability to discover or create new approaches with value [5]. While traditional marketing focuses on transactions, entrepreneurial marketing is value creation oriented and focuses more on discovering undetected sources of customer value and developing innovative strategies to pursue value based on the business situation [2,23].

4. Marketing&EM

4.1 Traditional

Entrepreneurial marketing is significantly different from traditional marketing[24]. The two marketing approaches were compared and concluded from four aspects: perception stage, strategic level, technical level, and market information collection methods [1].

(1) Firstly, in the perception phase, traditional marketing is customer-oriented and upholds the concept of a thorough and systematic assessment of the market before developing products and services, trying to predict the market direction when trends are not obvious, while entrepreneurial marketing is innovation-oriented and emphasizes turning new ideas into new services and products and creating untouched markets for them, creating market demand if there is none[1;10;14;15].

(2) Secondly, at the strategic level, classical marketing strategies require a clear and top-down approach, such as segmentation of the target market, accurate positioning of products and services, and orderly and steady advancement of the business strategy at each stage, while entrepreneurial marketing goes in the opposite direction, when entrepreneurs have a new idea they tend to put it into practice, and in the process of doing so, they decide not to continue to put the series in the market or to expand the production and launch it into the market[25].

(3) In addition to this, the tactics used by the two marketing approaches are very different; traditional marketing uses the 4Ps theoretical framework, while entrepreneurial marketing does not lend itself to the application of this theoretical framework, but rather focuses more on close contact with customers, generating effective interactions with them in marketing activities, and enhancing the effectiveness of word-of-mouth marketing through interaction, thereby extending the brand benefits[1,10,14].

(4) Comparing the market information collection methods of the two marketing approaches reveals that traditional marketing is characterized by the adoption of formal and detailed research and analytical decisions using established professional teams at each stage, such as the perception stage and the product launch stage, while entrepreneurial marketing does not mean denying the importance of market information, it just does not use formal research and study methods, but instead uses the entrepreneur's observations or the existing network of contacts of the firm to gather market information[25].

A summary of the differences between the two marketing approaches. Traditional marketing is more effective for large companies that have a well-defined market position because they tend to have sufficient time and budget, a mature team, and robust distribution channels for their products. The company's team includes experienced statisticians who collect and analyze large amounts of data to study consumer behavior and market trends. Traditional marketing emphasizes thorough research of customer needs before developing a product or service.

Distinguishable entrepreneurial marketing represents a new marketing mindset, and many of the strategies derived from it are based on the reality of the needs of startups or small and medium-sized businesses with limited budgets and teams that are not as professionally mature as those of large corporations. Entrepreneurial marketing prefers to work closely with customers to assess market demand or to create new market demand, emphasis on word-of-mouth to develop new customers. EM combines entrepreneurship with marketing and aims to help resource-constrained firms discover new possibilities in a volatile and uncertain market environment and apply new marketing approaches that are appropriate for the firm[26].Hills et al. (2008) argue that in successful business practices, entrepreneurs often ignore or omit traditional marketing techniques[3].

4.2 SMEs & Entrepreneurial Marketing

SMEs are considered an integral part of the global economic system, both in developed and developing countries, and they dominate in number, with a great quantity of SMEs entering or exiting the market every year, injecting a constant stream of dynamism into the market. Although there is no consensus on the definition of SMEs in the literature, indicators such as the size of employees,

expenses and revenue of an enterprise are often used in various countries to measure whether the scale of an enterprise is large or small. SMEs account for 90% of the total number of firms and provide about 60% of the jobs in the labor market, relieving some of the employment pressure [27-28]. Considering the above factors, more attention should be paid to the development of SMEs, especially to their unique strengths and weaknesses, both of which are summarized below.

From the perspective of the dilemmas faced by SMEs, Small and medium-sized enterprises have narrower financing channels, resulting in a lack of funds for projects and thus a lack of organizational development momentum; they are not large enough and have lower technical requirements, resulting in significant problems of low product quality, thus limiting their market competitiveness and influence; they are weak in trying to collect and analyze market information, unable to effectively identify the economic environment and its wind direction as well as changes in the industrial situation, and unable to take corresponding risks. All these are the reasons for their short life cycle and relatively fast renewal rate.

From the point of view of strengths, SMEs have some incomparable advantages over large companies. Firstly, SMEs can choose a backward strategy when they encounter a bottleneck and cannot break through. Secondly, small and medium-sized enterprises have more flexibility. They do not have too much historical experience and inextricable ties with the outside world, and are consequently more receptive to change. Thirdly, SMEs are closer to the product because their sales, R&D and management staff are usually very familiar with each other, which facilitates the flow of information. Finally, SMEs are closer to the market, they know their customers very well, so it is easier for them to understand the real needs of their customers.

As the theory of entrepreneurial marketing continues to be refined and applied in practice, it is effective for firms of all sizes and capabilities, large and small, to help them solve difficult problems when faced with challenges in an uncertain market environment [29]. In a study by Helms et al. (2012), the seven dimensions of EM were found to have a positive impact on SMEs in achieving their business goals[5]. In other studies with a large sample of SMEs in various industries, the results have shown that entrepreneurial marketing has a significant positive impact on the business management, development, and performance of SMEs [5,7-8].

5. Conclusion

The first half of the paper summarizes the past literature on the evolution and measurement dimensions of the underlying theory, while the second half compares EM with traditional marketing and describes its importance and application to SMEs. Based on the specificity of entrepreneurial marketing and the universality and breadth of its application to different types of companies, the potential for future development of this theory will be enormous in an era of globalization and technological boom and iteration.

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