

# ENTREPRENEURIAL MARKETING: LESSONS FOR YOUNG ENTREPRENEURS

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## ABSTRACT

*This paper aims to share the experiences of guiding young entrepreneurs and start-ups for their entrepreneurial marketing initiatives at a leading business incubator in the Middle East. The ideal target audience for this paper includes young entrepreneurs eager to launch their start-ups and preferably attending business incubation or acceleration programs. This paper starts with the characteristics of entrepreneurial marketing and offers differentiation with convention marketing concepts. Then, focus groups were held with incubation centre staff and entrepreneurship mentors affiliated with business incubation centres. Finally, it provides various entrepreneurial marketing lessons for young entrepreneurs. These best practices were extracted from the literature and validated by the focus groups. These best practices are presented here as lessons and include; marketing orientation, product, pricing, promotion, and place (distribution) actions.*

**Keywords:** Entrepreneurial Marketing, Start-up Marketing, Marketing, Entrepreneurship.

## INTRODUCTION

This paper aims to share the experiences of guiding young entrepreneurs and startups for their entrepreneurial marketing (EM) initiatives at a leading business incubator in the Middle East. The ideal target audience for this paper includes young entrepreneurs eager to launch their startups and preferably attending business incubation or acceleration programs. The underlying purpose is to develop an entrepreneurial marketing operational model, integrating academic and practice. Such an operational model has not been developed in the literature to date. Most literature in this domain is predominantly theory-based. Thus an opportunity exists to generate an operational model, providing ‘guidelines for young entrepreneurs about their startups and constituting a part of the curriculum for business incubators and accelerator programs.

## LITERATURE REVIEW

Literature is abundant on Entrepreneurial Marketing (EM), but there is no single universally accepted definition of EM. Instead, different definitions were evolved over the period and are based on the implicit, intuitive, tacit, and situated resource of practice (Maritz, 2011). Table 1 presents a list of definitions of EM during the last two decades.

Table 1 DEFINITIONS OF EM		
Year	Definition	Author
2000	EM is marketing carried out by entrepreneurs or owner-managers of entrepreneurial ventures.	Stokes (2000)

2002	EM is the proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to the risk management, resource leveraging and value creation.	Morris et al., (2002)
2002	EM is the marketing of small firms growing through entrepreneurship	Bjerke & Hultman (2002)
2006	EM is the overlapping aspects between entrepreneurship and marketing; therefore it is the behavior shown by any individual and/or organization that attempts to establish and promote market ideas, while developing new ones in order to create value	Backbro & Nystrom (2006)
2009	EM is a particular type of marketing that is innovative, risky, and proactive, focuses on opportunities and can be performed without resources currently controlled.	Kraus et al., (2009)
2011	EM is a spirit, an orientation as well as a process of passionately pursuing opportunities and launching and growing ventures that create perceived customer value through relationships by employing innovativeness, creativity, selling, market immersion, networking and flexibility.	Hills & Hultman (2011)
2012	EM is a set of processes of creating, communicating and delivering value, guided by effectual logic and used a highly uncertain business environment.	Ionita (2012)
2012	EM is the marketing processes of firms pursuing opportunities in uncertain market circumstances often under constrained resource conditions.	Becherer et al., (2012)
2016	EM is a combination of innovative, proactive, and risk-taking activities that create, communicate, and deliver value to and by customers, entrepreneurs, marketers, their partners, and society at large.	Whalen et al., (2016)

Source: Sadiku-Dushi et al., (2019)

Three observations can easily be made while examining various definitions of EM. Firstly, these definitions emerge from different backgrounds like strategic VS function and entrepreneurship VS marketing (Solé, 2013). Secondly, differences between traditional marketing practices and EM practices (Table 2) can be highlighted (Stokes, 2000). Finally, the most common words in these definitions are ‘value,’ ‘opportunities,’ ‘create,’ and ‘innovation.’ These four words guide modern-day EM practices.

Table 2 DIFFERENCE BETWEEN TRADITIONAL MARKETING AND EM		
Marketing Principles	Traditional Marketing	Entrepreneurial Marketing
Concept	Customer-orientated: Market-driven, product development follows	Innovation oriented: Idea-driven, intuitive assessment of market needs
Strategy	Top-down segmentation, targeting and positioning	Bottom-up targeting of customers and other influence groups
Methods	The marketing mix Four/Seven P's	Interactive marketing methods Word-of-mouth marketing
Market intelligence	Formalized research and intelligence systems	Informal networking and information gathering

Source: Stokes (2000)

## MATERIALS AND METHODS

This research aims to develop an operational model to guide the young entrepreneurs enrolled at business incubators and accelerator programs. The entire research procedure was based on the notion of “*adoption*” to “*adaptation*” and has employed a multi-stage process to develop the operational model, i.e., selection of operational definitions and activities from previous studies; development of the operation framework; and application of validity checks to make it more robust and easy to understand. This study used a battery of 40 items of entrepreneurial marketing actions extracted from Ramos (2016). These items were divided into

the 4Ps of marketing, i.e., product, price, promotion, and place (distribution). Additionally, six marketing orientations were extracted from Stokes (2000) and added to the list. In the next phase, validity was ensured through a focus group. The focus group participants were four faculty members of a business school teaching Entrepreneurship subjects in a leading business school in the Middle East. All of these participants were doctoral degree holders and had adequate research backgrounds. In a subsequent step, validity was ensured through a panel of four EM experts affiliated with different business incubators as mentors. All participants are well-known entrepreneurs and were over the age of 30. They were asked to rank these items as valid for recommending EM to young entrepreneurs for their startups. Furthermore, before taking their input, a presentation was given to the respondents relating to the list of tactics recommended in the literature. As a result, all the participants in the focus group equivocally validated the EM tactics and guidelines for young entrepreneurs as actual measures, and experts recommended some minor corrections, suggestions, and rephrasing to make all items generalizable to different industry sectors.

## RESULTS

This research was grouped into five categories: market orientation, product actions, pricing actions, promotion actions, and place (distribution actions). Only the top five items are included in each group. Table 3 shows the top five market orientation actions recommended by experts in earlier phases of startups. Those actions contrast with traditional marketing actions but support the earlier research on EM (Stokes, 2000).

<b>Table 3</b>	
<b>Top 5 Market Orientation Actions Ranked by Respondents</b>	
Market Orientation Actions	Rank
Adopt innovation orientation, not the customer orientation	1
Be idea-driven, not market-driven	2
Gather market information through informal networking, not through formalized market research	3
Focus on interactive marketing methods and word-of-mouth	4
Focus on bottom-up targeting, not the traditional top-down (segmentation, targeting and positioning)	5

Table 4 shows the top five product actions ranked by respondents suggested for new startups. Traditional marketing requires earlier phases of the product life cycle to focus on functionality and sale of the product, but that is not the case with EM.

<b>Table 4</b>	
<b>TOP 5 PRODUCT ACTIONS RANKED BY RESPONDENTS</b>	
Product Actions	Rank
Update and upgrade products on continuous basis	1
Find new uses and users for current products	2
Focus on customer experience of product, not just the sale	3
Focus on product aesthetic, not just the functionality	4
Get the awareness of market needs & ability to predict future demand	5

Table 5 shows the top five pricing actions ranked by respondents suggested for young entrepreneurs. Traditional marketing requires earlier phases of the product life cycle to focus on cost-plus and low-risk pricing models, but EM has a different mindset.

<b>Table 5</b> <b>TOP 5 PRICING ACTIONS RANKED BY RESPONDENTS</b>	
Pricing Actions	Rank
Offer creative price & discount structures	1
Offer varying prices for different market segments	2
Offer various time payment schemes	3
Abandon cost-based pricing for market-based pricing	4
Use price as a strategy to discourage competitor market entry	5
Take higher-risk pricing strategy for possible greater return	5

Table 6 shows the top five promotion actions ranked by respondents for startups. Traditional marketing requires earlier phases of the product life cycle to focus on advertising and heavy promotion, but EM focuses more on interactive marketing methods and word-of-mouth marketing.

<b>Table 6</b> <b>TOP 5 PROMOTION ACTIONS RANKED BY RESPONDENTS</b>	
Promotion Actions	Rank
Use guerilla marketing and other high-reach, low-cost methods	1
Integrate digital marketing in marketing strategy	2
Use social media to drive two-way communication and build brand community	3
Understand target market' buying activities to deliver an effective message	4
Utilize relationships to promote brand, whether personal or through customer influencers	5

Table 7 shows the top five distribution actions ranked by respondents for startups. Again, EM focuses more on new distribution channels and more significant demand areas.

<b>Table 7</b> <b>Top 5 Distribution Actions Ranked by Respondents</b>	
Distribution Actions	Rank
Find channels that offer the greatest reach or are currently untapped by competitors	1
Find the areas of greater customer demand	1
Reduce barriers for purchasing products	2
Offer creative distribution shipping methods to reduce expenses	3
Offer varying distribution strategies based on segment	3
Practice efficient resource utilization throughout entire distribution process	4
Utilize networks to distribute products through partnerships with larger distributors and retailers	5

## DISCUSSION

The concept of EM is focused on the development of ideas that are aligned with the needs of the marketplace. Instead of focusing on traditional marketing techniques, entrepreneurs target their customers through a bottom-up strategy. They prefer to work with existing customers and rely on word-of-mouth marketing to find new ones. Many successful entrepreneurs have developed processes that do not follow the traditional model of marketing. Instead of focusing on the entrepreneur's strengths, marketing should recognize the various facets of entrepreneurship. Some literature has implied that the marketing carried out by entrepreneurs and small businesses is only inferior to the more conventional marketing that larger organizations do. This is not true.

## CONCLUSION

With the rise of technology, marketers find it increasingly difficult to predict consumer demands and formulate effective marketing strategies. Over the past couple of decades, the growth of EM research has shown that these practices can be beneficial for both SMEs and startups. Unfortunately, the literature on the characteristics of EM has been limited to a few studies. This research model proposes a practical implementation strategy that startups can use to implement these characteristics. This operational model requires a startup's management strategy to be flexible and idea-oriented. Future growth areas will include more qualitative research to identify new ways to innovate, specifically for startups. Most studies on entrepreneurship have utilized case studies or in-depth interviews with entrepreneurs. This method seems to provide the most robust evidence base for the model presented in this paper.

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