

# CO-CREATION THROUGH ENTREPRENEURIAL MARKETING: A STUDY AT THE CREATIVE INDUSTRIES

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## ABSTRACT

*Creative industries as a concept of new bussiness, relies on ideas and creativity that is called creativepreneur. This industry become catalyst in the bussiness growth in Indonesia. As known, bussiness environment has changed significantly. Therefore the creative industries as a small and medium-size enterprises (SMEs) compete to gain competitiveness through co-creation. The co-creation in creative industries by applying entrepreneurial marketing is needed to be existed. This study purposed to investigate influence of Entrepreneurial Marketing (EM) on co-creation in the Creative Industries in West Java, Indonesia. The methodology used in this study was quantitative approach with the regression analysis technique, reability test, validity test, normality and hypothesis test. The saturation sampling was used to collect the datas related with the study through distributed questionnaires. The result showed that entrepreneurial marketing including proactive innovation, opportunity driven, innovation focus, willingness to change, resource leveraging, risk management, customer intensity and value-driven has significant effect on co-creating in the creative industries, West Java, Indonesia. The study provided new insight of co-creation through entrepreneurial marketing in creative industries that is registered in Ministry of Industry. The study focused on the eight dimentions of Entrepreneurial Marketing (EM) affecting co-creation in the industry.*

**Keywords:** Co-Creation, Entrepreneurial Marketing, Creative Industry.

## INTRODUCTION

Entrepreneurship and marketing are two aspects supporting a succesfull of a bussiness. In addition, Entrepreneurial activity can not work optimally without marketing, and so do it. The intention of entrepreneurship plays a very important roles in predicting future entrepreneurial action (Elenurm & Alas, 2009; Zarefard & Cho, 2017). The Enterpreneurial marketing, as a combination, is formed to support business needs in a changed business environment challenge.

The entrepreneurial marketing is a marketing activity with an entrepreneurial approach and because of it, the marketing takes into innovativeness, risk taking, pro-activeness, and the pursuit of opportunities without regard for the resources currently controlled (Kraus et al., 2010). Moreover, The two of EM will contribute optimally on the business process and be able to adapt with the Global-changed business. EM represents an opportunistic wherein the entrepreneurs

proactively seek many ways to create value for desired customers and build customer equity. Entrepreneurs are not constrained by resources controlled and innovation represents the core marketing responsibility and the key means to sustain competitive advantage.

The previous studies on entrepreneurship focused on motivational factors (Benzing et al., 2009); entrepreneurship education (Kerrick et al., 2016) and family entrepreneurship (Bettinelli et al., 2014). Additionally, The past study also investigated the influence of entrepreneurial marketing on innovative performance (Hacioglu et al., 2012) and entrepreneurial performance (Mayasari et al., 2012). Moreover, the other study explained performance measurements. Although the studies explained the EM and its effect, the investigation on the EM to the co-creation is rarely found (Joghee & Dubey, 2018).

Because of in the previous researches is not verified co-creation, especially value and innovative co-creation, so the main objectives of this study are to know the EM and co-creation and its correlation to each others. To support this study, the quantitative method with regression technique is used. Hopefully this method will give best result in describing the EM's effect on innovative co-creation clearly. Creative industry in Indonesia is established as priority sector. It because this industry, especially wood craft (furniture) and craft, have high value added, high advantages, export oriented and labors absorbed. "*The craft industry is potentially become market leader in the export*" Haris Munandar said (CNN Indonesia, 2018). Through online promotion (e-smart IKM which is synergized with the market place) and offline promotion this industry is promoted globally.

Contribution of this industry is expected to grow up the gross domestic product (GDP) to reach 1000 trillion in 2018 (Setyowati et al., 2018). In the other sides, The Centras Bureau of statistic (BPS) notice any corrections of the creative industry in Indonesia. These corrections are as follow: (BPS RI, 2016)

1. The growth of creative economy in Indonesia is not distributed well. The data of 2016 noted that 65,4% of creative industry is only in Java;
2. The creative economy/ industry is only recruit 16,91 millions labors from the total of 8,2 millions industries in 2016;
3. The average of revenue is under 300 million per year and less than 1% of creative industry have a legal recognition as Private Company;

These phenomenoms needs a solution to support the Indonesian economy, especially creative economy sector. The Entrepreneurial Marketing (EM) as combination of entrepreneurship and marketing activities. The EM model is hopefully can be a right business model in creating value co-creation.

This study focus on Entrepreneurial marketing including its dimentions (proactive innovation, opportunity driven, innovation focus, willingness to change, resource leveraging, risk management, customer intensity and value-driven). The entrepreneurial marketing (EM) is defined by Schindehutte and Morris as: The proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation Entrepreneurship is concerned with the exploration and exploitation of profitable opportunities (York & Venkataraman, 2010).

According to The American Marketing Association (AMA), The entrepreneurial marketing 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,

proactiveness, and may be performed without resources currently (Kraus et al., 2010). Schmid stated that EM has two viewpoint analyses, the first is that EM as a proper marketing concept for start-up enterprises and the second one describes EM as a concept which has behavioural characteristics of reactivity, identification and exploitation of opportunities (Kraus et al., 2010). Some believed EM as a construct which has the features of innovativeness, risk-taking, unplanned, and non-linear marketing actions (Schmid, 2012).

As defined, entrepreneurial marketing captures the interface between entrepreneurship and marketing, and serves as an umbrella for many of the emergent perspectives on marketing. Recently EM has been described as a philosophy consisting of eight attributes of proactive innovation, opportunity driven, innovation focus, willingness to change, resource leveraging, risk management, customer intensity and value-driven (Chaston, 2016). It has eight underlying dimensions, they are: proactive innovation, opportunity driven, innovation focus, willingness to change, resource leveraging, risk management, customer intensity and value-driven (Chaston, 2016).

1. Proactive Innovation, means defining new opportunities and challenges and using the ideas generated to attempt and create new products and services value;
2. Opportunity Driven, is recognizing an opportunity in all types of circumstances. Specifically, being opportunity-driven is about looking at a bad condition and turning it around to see the opportunity.
3. Innovation Focus, is providing simplicity of the best idea/ innovation. The industry must carry out it to avoid the decline of the product;
4. Willingness to change, means that the industry must be adaptable with the rapid change in a current-business global competition;
5. Resource Leveraging, refers to assessing the use of resources, identifying the resources needs, or creating new resources and state a systems to address their needs;
6. Risk Management, is the evaluation of the risk and how to solve it by the management;
7. Customer Intensity, means how the company make customer trust and aware about the values;
8. Value Driven, means making value as the primary objective. The industry has to be aware about it, because of it, the advantages is depending on it.

The New wave marketing is wherein the company collabs with its customer in co-creating dynamic product development, interactive, and based on multisources where there is a value creation. It is not carried out by not only organize everything that is related with quality, cost and delivery but also by collaboration (Kartajaya, 2009). Prahalad dan Ramaswan stated that if the company has carried out the co-creation process well, so the value of the product will be better too (Kartajaya, 2009).

Coates stated that co-creation is an active, creative and social process, based on the collaboration between producers and users, that is initiated by the firm to generate value for costumers (Kartajaya, 2009). Beside it, Prahalad dan Ramaswamy stated that co-creating is engaging customers as active partipants in the consumption experience, with the various points if interaction being the focus of co-creation of value (Kartajaya, 2009). Base on the definitions of co-creation, it can be conclude that co creation is a dynamic cooperation, interactive and based on multi sources through creativity and social activities by collaboration between company and the customer to create the values.

The DART model is a Dialogue, Access, Risk-Assesment, and Transparency, in describing a foundation or principles that have to be owned by company. Prahalad dan Ramaswamy stated that the access of customer on information and ability in dialogue through consumer communities has changed the customer role (Kartajaya, 2009). Moreover, the

successful in value and innovative co-creation, the company has to focus on new set of building blocks, they are dialogue, access, risk-assesment, and transparency (DART).

The DART can be explained as follow:

1. Dialogue, the dialogue between a company and its customer. The company is not just listening. Beside it, the company must own rules of engagement and productive interaction;
2. Access, this access is begun by the information and tools, such as information technology (IT) that give a process and design toward customer;
3. Risk-Assesment, means when the customer become a co-creator value, the information about the risk potential will develop;
4. Transparency, is created to create costumer trust through company. Beside it, transparency will facilitate the potential trouble in the interaction.

## Research Objective

According to the research backgrond, the main objective of the study is to assess the effect of entrepreneurial marketing (proactiveness, calculated risk-taking, innovativeness, opportunity focus, resource leveraging, costumer intensity, and value creation) on co-creation in creative industry in West java.

## RESEARCH METHOD

The current study use quantitative method. In principle, quantitative research emphasize objective measurements and the statistical, mathematical, or numerical analysis of data collected through polls, questionnaires, and surveys, or by manipulating pre-existing statistical data using computational techniques (Babbie, 2010; Hermawan, 2009). The primary data of this research are collected by utilizing saturation sampling methods, and structured interview and observation techniques as source of evidence. The number of respondent is identified 15 registered creative industries (Craft industry) in ministry of industry in West Java.

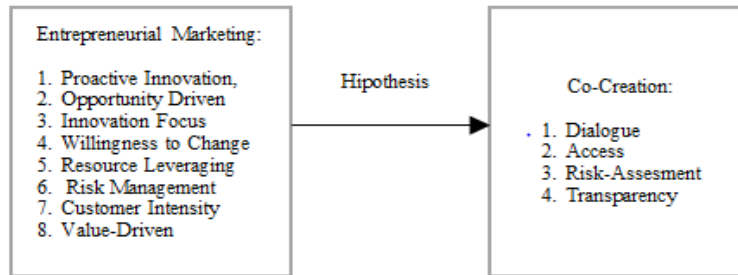
**Table 1**  
**REGISTERED CREATIVE INDUSTRY (CRAFT SECTOR) IN MINISTRY OF INDUSTRI**

No	Creative Industry	Comodity
1	Akhmad Rotan	Rattan Craft
2	CV Bumijaya	Craft
3	Bumi Jaya/ Kapindo	Root Craft
4	Cempaka Nuansa Pesona	Wood Craft & Metal
5	CV Cindy Finishing	Rattan Craft
6	PT Erlangga	Rattan Craft
7	CV Gap	Wood Craft
8	H. Ama	Craft
9	Kerajinan Boneka	Dolls
10	Kerajinan Karet Prima	Shoe Soles from Rubber
11	Kerajinan Kulit Hause of Leather	Leather Craft
12	Kerajinan Sulaman/ Ai Cicih	Fashion Craft
13	Kerajinan Teh Hijau	Greentea Production
14	CV Multidimensi	Seashell Crafts
15	PT Visindo Jaaya	Rattan Craft

Source: Kementerian Perindustrian Republik Indonesia <https://kemenperin.go.id/direktori-perusahaan?what=kerajinan&prov=32> (Pengelola Website Kemenperin, 2016)

This study was assessed all the variables as multi-item measures that were adopted using a Likert scale where point 1 represented “*totally disagree*” and 5 represented “*totally agree*”. The scope of the study variables are Entrepreneurial marketing as the independent variable while co-creation as dependent variable. The EM is proxied by proactive innovation, opportunity driven, innovation focus, willingness to change, resource leveraging, risk management, customer intensity and value-driven And the co-creation by the DART Model.

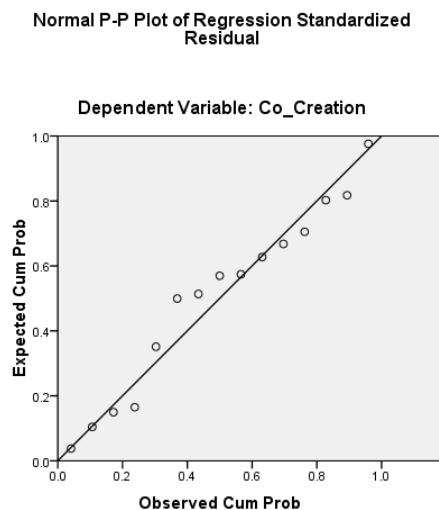
The regression analysis was used to verify the hypothesis by using SPSS. The statistical test includes correlation test, normality test and hypothesis test. The study model was as follow.



**FIGURE 1**  
**RESEARCH MODEL OF EM TO CO-CREATION**

**RESULTS AND DISCUSSION**

According to objective of this study, the analysis includes normality test, correlation test and regression interpretation. The normality test is by The Scatter Plot analysis as follow:



**FIGURE 2**  
**NORMALITY TEST**

Based on the analysis of normality by Scatter Plot chart, the distribution of data is around the regression line. Hence, it indicates that the data of the study is normal. The correlation test is by Pearson correlation as follows:

<b>Correlations</b>	<b>Entrepreneurial Marketing</b>	<b>Co-Creation</b>
Entrepreneurial Marketing	1	0.830**
Co_Creation	0.830**	1
**. Correlation is significant at the 0.01 level (2-tailed).		

Source: output SPSS, 2019

Based on the Pearson Correlation test, it can be indicated that the correlation between Entrepreneurial Marketing and co-creation is strong, it is 0.83. It is adopted from correlation interpretation by Sugiyono (2012) that the correlation in the range 0,80-1,000 is very strong correlation. It means the co-creation is strongly correlated by the EM.

The regression analysis by SPSS as follows:

<b>Model</b>	<b>t</b>	<b>Sig.</b>
Entrepreneurial Marketing	5.374	0.000
a. Dependent Variable: Co-Creation		

Source: Output SPSS, 2019

The regression analysis indicates that the value of t-test is 5,374 that is more than t-table (2,14479) and the significant value is 0,000 is less than 0,05. Accordingly, the hypothesis of EM to co-creation is approved. The analysis means that the EM significantly has an effect on co-creation in creative industry in West Java. The result clearly indicates that the proactive innovation, opportunity driven, innovation focus, willingness to change, resource leveraging, risk management, customer intensity and value-driven can create a value co-creation in the small and medium-size enterprise (SMEs).

This study was based to determine whether The EM can create value on the creative industry in West Java, Indonesia. The results indicate that hypothesis has very strongly positive relationship with co-creation with 0,83. The level of significance of this study is 0,000 is very significant. The co-creation with the DART model, dialogue, access, risk-assessment, and transparency is formed by the EM.

The EM indicators, including proactive innovation, opportunity driven, innovation focus, willingness to change, resource leveraging, risk management, customer intensity and value-driven. The proactive innovation means constantly seeks to find great ideas and to sponsor it. The company is constantly defining new opportunities and challenges and using the ideas

generated to attempt and create new products and services value based on those challenges. The innovation continuously has to be carried out to avoid the declining of product and to make the customer needs are fulfilled.

Currently, global business competition is changing rapidly. Therefore, the creative industry must be able to adapt with the changes (willingness to change), improve the resources, manage the risk, and creating a value on customer. These EM indicators will affect the co-creation that is measured by Dialogue, Access, Risk Assessment and Transparency (DART). This finding related with the previous research that is conducted EM has significant roles in value co-creation (Whalen & Akaka, 2016; Özdemir, 2013).

If this creative industry applied this co-creation process optimally, the value of the product will be better than others. Therefore, the co-creation has significant effect on the customer reaction on the product, and the co-creation attribute become a stimulus in building customer's behaviour and value. Hence, the creative industry in West Java, Indonesia, have to create variety in a product (craft product) that will fulfil customer needs that make satisfaction (Kartajaya, 2009).

Moreover, EM approach implied that the core functions and processes of marketing remain the same, but follow to an entrepreneur/customer opportunity-driven concept, and these in turn shape how the creative industry implements Segmentation, Targeting and Positioning (STP) (Schindehutte & Morris, 2010).

## CONCLUSION

Accordingly, the finding of this study concluded that the Entrepreneurial Marketing (EM) significantly has an influence in value co-creation. The EM has very strongly correlation in value co-creation and the effect was very significant on it. The creative industry in West Java applied the eight measurement of EM to develop the business and to create value and innovation on the product and its customer.

## Implications

This study is extremely important for creative industry owners in creating co-creation. This EM is suggested that organization should implement the eight of indicators of EM in creating value. After analyzing the data, it is recommended that for developing business and creating value, the EM should be used in the current situation of business environment. Especially for creative industry in West Java, Indonesia.

## ACKNOWLEDGEMENT

This study is only analyze the effect of Entrepreneurial marketing (EM) including proactive innovation, opportunity driven, innovation focus, willingness to change, resource leveraging, risk management, customer intensity and value-driven on value co-creation that is measured by DART model in the registered Creative Industry in Ministry of Industry. The study's scope is in West Java, Indonesia.

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