

SOME THEORETICAL FOUNDATIONS OF ENTREPRENEURIAL MARKETING

Gerald E. Hills

Professor of Marketing and Coleman Chair in Entrepreneurship
University of Illinois at Chicago
Institute for Entrepreneurial Studies
601 South Morgan, Suite 709, Chicago, IL 60607
Phone: 312-996-9130 Fax: 312-413-1265
E-mail: gehills@uic.edu

Claes M. Hultman

Professor of Business Administration
Swedish Business School
Orebro University
SE-701 82 OREBRO, Sweden
Phone: +46-19303522 Fax: +46-19332546
E-mail: claes.hultman@oru.se

ENTREPRENEURIAL MARKETING HISTORY, THEORY AND EVIDENCE: A COMMENTARY

Entrepreneurial Marketing (EM) is a scholarly concept that is beginning to blossom. The quantity and quality of related research and writing is increasing and theoretical as well as empirical works are expanding the frontiers of knowledge. It is our hope that this paper will stir creative thinking among the readers as we combine several important domains.

EM: Definitional Issues

On a conceptual level, entrepreneurial marketing (EM) is illustrated in Figure 1. It is marketing actions taken by entrepreneurs while traditional marketing management typically represents marketing actions taken by managers.

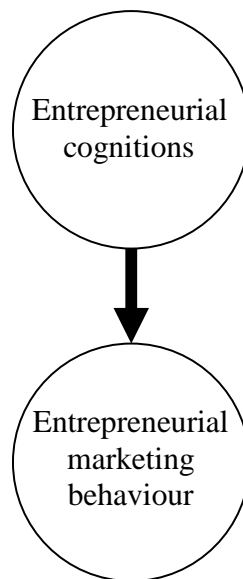


Figure 1. Entrepreneurial marketing behaviour: derived from entrepreneurial cognitions/thinking

On a more elaborated level, EM becomes more complex. EM may be seen as an essential part of the emerging entrepreneurship discipline *and* as a new School of Marketing Thought within the Marketing discipline. EM has obtained significant academic legitimacy in the past decade, in part because empirical research is beginning to document important differences between successful EM and traditional marketing practices (Hills and Hultman, 1999; Hills, Hultman, Hansen and Monllor, 2007).

These findings, combined with the typical EM organizational context in new ventures and SMEs have led to EM being acknowledged for its macroeconomic importance worldwide. Yet, in marketing academic circles we are still at the early stages of widespread acceptance. The American Marketing Association definition of Marketing (2007) is that it is:

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

It has long been noted that most definitions of marketing *could* be definitions of entrepreneurship and this one is no exception. A widely accepted definition of the entrepreneurship field is the examination of:

How, by whom and with what effects opportunities to create future goods and services are discovered, evaluated and exploited (Venkataraman, 1997).

The entrepreneurship field involves sources of opportunities; the processes of discovery, evaluation and exploitation of opportunities; and the individuals who act on them. Carson and Gilmore (2000) state that “(t)he nature of SME marketing is that it is dominated by the inherent characteristics of the entrepreneur/owner/manager and the ... inherent limitations of the SME...”. Bjerke and Hultman (2002), in supporting contextual differences in marketing, note that entrepreneurial marketing (EM) is the “marketing of small firms growing through entrepreneurship.” There is no generally accepted definition of EM, but we propose the following:

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.

EM involves intensity and motivation as compared to a dispassionate, analytical, planning process. And it typically encompasses flexibility and effectuation as a creative, incremental process. EM also focuses on opportunities. Opportunity recognition (OpR) today holds a prominent position in entrepreneurship theory and it has become a central focus of entrepreneurship research. The importance of OpR is demonstrated by the fact that most basic definitions of entrepreneurship allude to opportunity recognition as central to the phenomenon. Although OpR is an essential step in the early stages of formulating and launching a new venture, OpR may also occur to greater or lesser degree throughout the life of the enterprise and the life of the entrepreneur. While OpR has been prominent within theories of entrepreneurship, researchers have only recently begun to report the results of empirical studies on OpR. OpR research supports a number of different views of the opportunity recognition process and a comprehensive model of OpR has not yet emerged. Yet the marketing discipline has not yet embraced the recognition of opportunities, despite attention historically focusing on the evaluation of market opportunities. Further development of EM can be aided by integrating OpR knowledge.

EM: The Modern History

There has been scholarly work at the marketing/entrepreneurship interface in only the past quarter century, even though entrepreneurs have, of course, intuitively recognized the importance of marketing to their success. For example, in the first empirical study of the marketing/entrepreneurship interface (as noted by Hisrich 1989; Wortman, Spann, and Adams 1989) several important findings helped establish future research streams. As an exploratory study the results were based on interviews of a judgment sample of only 14 venture capitalists. Yet the venture capitalists had dealt with hundreds of sophisticated entrepreneurs and collectively financed and guided more than 200 new ventures (Hills 1984). It was clear that these new venture observers perceived marketing as a critically important part of entrepreneurship and, importantly, as different in significant ways from marketing in mature firms.

Milestones in the development of EM are shown in Table 1 (Hills, Hultman & Miles, 2008). As noted, in 1982, the first research conference on marketing and entrepreneurship was developed. A book was published and its primary value was the identification of important research issues, although it was clear at that time that there was limited interest among most marketing academics (Hills, Barnaby, and Duffus 1983). One of the first research agendas that focused in large part on new, small ventures was published in 1985 (Davis, Hills and LaForge).

In this nascent stage, two years later, Hills invited potentially interested researchers to a half-day AMA pre-conference workshop to discuss marketing and entrepreneurship research directions. There was enthusiasm among the 25 participants to hold a second research meeting and to meet with the AMA leadership to seek approval of an AMA Task Force. Winston Stahlecker was particularly motivated and he and Hills pursued this step of obtaining AMA credibility for their efforts. The AMA leadership was receptive and an AMA Task Force on Marketing and Entrepreneurship was created,

including a budget. In 1986, a second research conference was held, and this time it met with a new level of interest among established researchers in the marketing discipline (Hills 1987).

When Hills served as Vice-President of the Educators' Division of AMA, they reorganized the Division and created the AMA Academic Council with member-driven Special interest Groups (SIGs). It was proposed that EM should join the ranks of other specialized marketing areas such as international marketing and services marketing. This led to the conversion of the AMA Task Force into a SIG alongside fully established mainstream marketing interest areas, another step towards legitimization.

There has been gradual growth over the years and there have been many steps which have advanced our knowledge and teaching at the marketing and entrepreneurship interface. Selected milestones are shown in Table 1. Much has been done, but more needs to be achieved in support of marketing and entrepreneurship professors and students.

Teach, Miles and Hansen (2006) found that over the past decade there was a modest increase in career opportunities for marketing academics with an interest in EM. Entrepreneurial marketing has gained increased acceptance, and it is often positioned relative to innovation and product development. There are opportunities to contribute new knowledge that bridges across these academic silos. One such initiative in recent years was research meetings focused on German-speaking countries in Europe at the University of Karlsruhe.

Although considerable progress has been made, including the 21 years of annual UIC Symposia on Marketing and Entrepreneurship, there has been limited attention to conceptual and theoretical development. There is an opportunity to develop typologies, unique concepts and advance theoretical grounding.

Table 1. Entrepreneurial marketing evolutionary milestones

1982	First marketing and entrepreneurship research conference (G. Hills)
1985	First empirical study of the marketing and entrepreneurship interface in <i>Frontiers of Entrepreneurship Research</i> (G. Hills)
1986	First <i>Journal of Marketing</i> publication: Dickinson, P. and J. Giglierano. "Missing the Boat and Sinking the Boat: A Conceptual Model of Entrepreneurial Risk"
1987	"The relationship between entrepreneurship and marketing in established firms," published in the <i>Journal of Business Venturing</i> (Morris and Paul)
1989-1991	AMA Task Force (1989) and, later, Special Interest Group is established for the marketing and entrepreneurship interface First EM Tracks are created in the AMA summer (1990) and winter (1991) conferences. Also, Academy of Marketing Science Congress track in Singapore (1989) (G. Hills) Best Paper in Summer AMA conference (P. Braden and R. Merz).
1995	Carson, Cromie, McGowan, and Hill published a textbook, <i>Marketing and Entrepreneurship in SMEs: An Innovative Approach</i> First Academy of Marketing Symposium (U.K.) (D. Carson, Andrew McAuley). Slater and Narver's market orientation and the learning organization, published in <i>Journal of Marketing</i>
1999	<i>Journal of Research in Marketing and Entrepreneurship</i> founded (J. Day, P. Reynolds; also D. Carson, G. Hills)
2000	Special issue of the <i>Journal of Marketing Theory and Practice</i> on the marketing and entrepreneurship interface (M. Miles)
2002	Bjerke and Hultman publish <i>Entrepreneurial Marketing: The Growth of Small Firms in the New Economic Era</i>
2008	Schindehutte, Morris and Pitts publish <i>Rethinking Marketing</i>

EM research typology

It is a challenge to structure a research field, especially a new or a dynamic field with several parallel research streams. EM research is particularly new and dynamic. However, some primary categories can be identified. If painted with a broad brush, the four categories below cover several essential parts of research into entrepreneurial marketing:

- SME marketing
- Early and undeveloped stages of formal marketing
- Kirznerian entrepreneurial marketing
- Innovative, Schumpeterian entrepreneurial marketing

The first category, *SME marketing*, represents a research stream focusing on small and medium size (SME) firms' marketing behavior. Although small firms are not always entrepreneurial, this research is important in the EM context. Research within this category represents some of the earliest attempts in the field. This is how it all started; by understanding that small firms' marketing behavior is not only that of "small large firms". Instead, they have different characteristics and behaviors. The main purpose of this research stream is to identify how small businesses behave in the marketplace and generate normative principles for SME owner-managers. This type of marketing is not necessarily growth oriented. Instead marketing is regarded as much determined by the personalities, goals and preferences of the small enterprise owner/manager. Decisions are made with the limited information available and marketing is implemented with limited resources. Within this research and writing there is also an extensive normative literature on "How to market a small business on a shoestring" and methods such as Guerilla marketing (see for example Levinson, 1993). Although this category of research is not "pure" EM conceptually (because not all SME owners are entrepreneurs), SME marketing offers important contributions to the field.

A second EM perspective presents EM as an early stage of marketing development. In one edition of his marketing management text book, Kotler (2003) cites EM as an early stage within the traditional marketing management paradigm. Here EM is seen as a premature stage to the large firm's formalized marketing procedures. It is not conceptually different, but rather undeveloped because administrative routines and procedures are not yet introduced in the growing organization. This is the second meaning of EM, based in how developed, formalized and systematic it is.

The third and the fourth categories are more purely "entrepreneurial marketing". We know from both Schumpeter and Kirzner that entrepreneurial behavior can be linked to disruptive innovative behavior and/or opportunity recognition.

With a focus on the latter, we find a typical EM behavior in repetitive opportunity oriented behavior as entrepreneurs over and over again apply the same business model in new markets, the third category of entrepreneurial marketing. This is Kirznerian entrepreneurial marketing. A brilliant example of how this is done successfully is IKEA. The same business model is applied at each new location. There is nothing innovative or disruptive in this marketing behavior, but it is truly entrepreneurial. And it is highly successful. Other examples of Kirznerian entrepreneurial marketing behavior can also be found in retailing. Internationalized firms H&M (fashion) and Würth (industrial components) have become giants by applying in the same type of business model at various locations in many different countries.

The fourth type of EM is the disruptive behavior related to implementing innovations (product/service, process or market innovations) to gain competitive advantage and change the rules of competition in existing markets. This is the marketing behavior of Schumpeterian entrepreneurs whose purpose is to disturb and destabilize the existing market balance.

Classical examples of revolutionary innovations that have set new rules in their markets are xerography, Polaroid photos, Apple's Macintosh, and the IPOD. The revolutionary effects are sometimes unexpected even for the firm launching the novelty. But the intentional use of innovations to destabilize

existing conditions in a market is a Schumpeterian type of entrepreneurial marketing behavior. Entrepreneurs may develop new business models and a new logic for generation of profits.

There is a substantial number of marketing techniques or marketing sub-schools in the literature to fit into the above categories; for example, subversive marketing (Bonoma, 1986); expeditionary marketing (Hamel & Prahalad, 1994) and radical marketing (Hill & Rifkin, 1999), which fit well in the fourth category. We regard EM as a Meta group for all such marketing approaches that fall into any of the four kinds of marketing identified above.

EM strategy typology

The previous discussion can be extended to identify basic EM strategies. The Entrepreneurial strategy is built upon the concept of *customer value*. Entrepreneurial marketing is a *value creation process*. Creating customer value is a fundamental purpose of both marketing and entrepreneurship. Customer value is not produced solely by the seller or solely by the buyer. Instead, customer value emerges when the customer uses what is acquired. This is a co-creation process. And the buyer must be active to exploit the potential customer value that is embedded in each offering of products, services or combinations of these (Normann & Ramirez, 1994); in entrepreneurial marketing contexts (Bjerke & Hultman, 2002); and in general marketing contexts (Vargo & Lusch, 2004 and Lusch & Vargo, 2006).

If a customer does not perceive value, that specific market will disappear. Hence, to initiate, and definitely to maintain, interact and exchange with a seller, customers must perceive value in an exchange. In stable markets certain levels of perceived customer value will be established, as interactions take place over time. This is the *value logic* in a market: What customers receive for their money and what the seller obtains for all the sacrifices related to producing what is offered to that market. Customers have expectations, and if those are met, repeated exchanges will occur and the sellers maintain their market positions. A traditional market strategy is to become a dominant seller and establish a level of perceived customer value so that the firm can exploit the market with a profit.

But a growing entrepreneurial firm must engage in other measures if it does not yet have a profitable market position. From Schumpeter (1934) and Kirzner (1973; 1979), a view of entrepreneurial marketing strategies can be derived. The Schumpeterian entrepreneur creates imbalances in an economy by introducing innovations that destabilize the existing value balance in the market. Changing the existing value balance fundamentally by introducing innovations that offer better perceived customer value is the Schumpeterian dimension, see Figure 2.

The Kirznerian entrepreneur has an ability to see opportunities that other people do not see. By exploring unexplored opportunities or niches within a market, the entrepreneur reduces existing imperfections in an economy. When an entrepreneur discovers an unexplored niche and exploits this opportunity with the same business model; and offers the same value logic as previously exploited, it is a Kirznerian entrepreneurial strategy. In each new market it may be revolutionary because it may be a laggard market. But it is still the same business model and the same value logic that is exploited.

The intentional and repeated use of innovations to destabilize the value balance in a market is a Schumpeterian interpretation of an entrepreneurial strategy, type II. The purpose is to challenge existing value expectations by delivering better customer value through innovations. Another way of expressing this is that the challenging firm must *set new rules of the game* between sellers and buyers.

Value Logic
(Schumpeterian dimension)

		<i>Old/same</i>	<i>New/better</i>
Opportunity Kirznerian dimension	<i>Existing markets</i>	Traditional marketing	Schumpeterian Entrepreneurial marketing I: Proactive use of innovations to existing customers to set a better value standard for market domination
	<i>New markets</i>	Kirznerian Entrepreneurial marketing: Adaptation of existing business models to new customers	Schumpeterian Entrepreneurial marketing II: Intentional use of innovations to new customers to destabilize a market by changing the present value balance

Figure 2. Entrepreneurial Marketing Strategy Typology

The other Schumpeterian entrepreneurial strategy, EM Strategy I, here to maintain competitive advantage, is to use market dynamics in ones own favor, by driving the market (Kumar et al., 2002). This can be accomplished by continuously exploring new innovations and introduce novelties that influence customers’ perceived value in existing markets in ones own favor.

Further, it is important to realize that individual entrepreneurs may act in accordance with one type *or* apply combinations of the above types at the same time.

EM as bundled resources for competitive advantage

Strategies must be implemented well to be successful and offer the firm capacity to compete at the marketplace. Although the term “entrepreneurial marketing” was not used at that time, one of the early pioneers was Penrose (1959). She made an important contribution to understanding *how competitive advantage is achieved*. Penrose demonstrated the causal relationship between resources and competitive advantage. A firm can create economic value through efficient and innovative combinations of resources. There is a causal link between resources and the generation of productive growth possibilities and innovation. She came in contact with, and was influenced by some important researchers such as Schumpeter, Keynes and Robbins. Penrose’s research process was not linear but more a pioneering process combining deductive logic with inductive reasoning. Her book provided foundations still useful for EM researchers today.

She elegantly defined a company and what determines its competitive advantage and growth. The company is a set of resources that are available and controlled by administrative decisions. Resources are tangible as well as human, and systematically bundled into useful capabilities as the base firm’s competitive advantage.

Sustainable competitive advantage comes from how productively resources are bundled into useful combinations. Dynamic capabilities, the ability to re-bundle a firm's resources and thereby adapt to changing environments, is the base for sustainable competitive advantage. As a consequence, learning, knowledge and tacit knowledge are important aspects. The importance of entrepreneurship is manifested in these concepts. Managerial capacity cannot be expanded indefinitely and further expansion requires additional high level human resources, encompassing entrepreneurship. Entrepreneurship was important to Penrose. She writes:

To a large extent, however, the problem of entrepreneurial judgment involves more than a combination of imagination, 'good sense', self-confidence, and other personal qualities. It is closely related to the organization of information-gathering and consulting facilities within a firm, and it leads into the whole question of the effects of risk and uncertainty on, and of the role of expectations in, the growth of firms. These aspects of the matter can be made an integral part of the analysis of the growth process, because the 'expectations' of a firm—the way in which it interprets its environment—are as much a function of the internal resources and operations of a firm as of the personal qualities of the entrepreneur (Penrose 1959).

Today we regard entrepreneurship as an important resource for a firm, including an important resource for marketing. Entrepreneurship is a resource that can identify opportunities and supply the firm with vision based insights and abilities to acquire external resources and reorganize available internal resources. External resources are bundled together with internal resources by entrepreneurs into packages of useful dynamic capabilities, allowing the firm to develop competitive marketing offers and take successful marketing actions (Schultz & Hofer, 1999; Bjerke & Hultman 2002) to implement the EM strategy. This thinking offers a theoretical foundation for the understanding of entrepreneurial marketing

EM is to effectuate

A final note is offered regarding EM theoretical development. Over the short history of the entrepreneurship field, there has often been a tension between professors who excel at teaching business plans and analysis and many entrepreneurs who instead engage in incremental, action oriented behaviors. As we look to further development of EM, it is important to consider this disconnect in the context of the theory of effectuation (Sarasvathy 2001). Effectuation processes, as implemented by entrepreneurs, may help to explain several uniquenesses in EM as compared to traditional marketing. Sarasvathy (2001) contrasts effectuation processes to causation processes:

Causation processes take a particular effect as a given and focus on selecting between means to create the effect. Effectuation processes take a set of means as given and focus on selecting between possible effects that can be created with that set of means.

She cites Kotler's book, *Marketing Management (2003)*, as an example of causation processes, where the market is assumed to exist, classic market research methods are engaged, and marketing strategies and programs are developed with attention to segmentation, targeting and positioning. Sarasvathy contrasts this approach to the use of effectuation processes to start a new restaurant:

... (the entrepreneur) would have to proceed in the opposite direction...instead of starting with the assumption of an existing market and investing money and other resources to design the best possible restaurant for the given market, she would begin by examining the particular set of means or causes available to her.

With limited resources of only \$20,000 she thinks creatively about convincing an established restaurateur to become a strategic partner or using other approaches that allow the entrepreneur to create one of several possible effects irrespective of the generalized end goal with which she started. Effectuation processes allow a decision maker to change his or her goals and even to shape and construct them over time, making use of contingencies as they arise. The logic of effectuation processes is: to the extent

that we can control the future, we do not need to predict it. The traditional logic of causation processes is: to the extent that we can predict the future, we can control it. The set of means encompasses who I am, what I know and whom I know. EM, including generating novel and useful ideas for business ventures, is a creative process. Applying this theme to strategic management, it was concluded by Sarasvathy that the traditional view of attaining ends (e.g., profit, market share) must be complemented with entrepreneurship, the achievement of beginnings, the creation of products, firms and markets. The same observation may be made about the nature of EM. Although it is not possible to do justice to Sarasvathy's theoretical contribution in so few words herein, we call on scholars to weigh her insights as we further develop EM.

EM in small as well as large firms

It is also important to note that EM may pertain to more than new ventures, although considerable research on EM is based on new and young firms. If, as discussed, EM is marketing strategy developed by and actions taken by entrepreneurs, then firms may be entrepreneurial for many years as the founder maintains entrepreneurial influence. But entrepreneurial individuals may be brought in to a mature, stagnating organization intentionally to renew and radicalize its strategic and marketing behavior. Here the level of entrepreneurship as an asset for renewal may vary over time and so will its entrepreneurial marketing actions. The cycle is described in Bjerke & Hultman 2002:

Stage 1: The firm is born. This is done by (independent) entrepreneurship, i.e., it is a matter of entrepreneurial growth. What is needed is more leadership than management. The entrepreneur must be a leader while building up virtual organizations (and all kinds of alliances) and, if the entrepreneur is not alone in his or her focal organization, to be a leader for his or her employees.

Stage 2: The firm has taken off and grows "on its own". This is more managerial growth than entrepreneurial growth (but still growth). Management is more important than being a leader. ...

Stage 3: Stage 2 cannot go on forever. Competitors and other market forces, including changes in consumer tastes, will prevent unlimited growth with one unchanged success pattern. Things will start to go wrong. It is necessary to take the lead again in order to motivate "the troops" in bad times for the extra effort needed to turn around the negative trend and in order to develop, at least partly, a new value constellation. In other words, it is necessary to start a second round of entrepreneurship.

Stage 4: The second wave of entrepreneurship has had positive effect. The firm starts to grow again (entrepreneurially) and a new success seems possible.

Stage 5: This is, in principle, a repetition of Stage 2. However, this second wave of entrepreneurship might be more sustainable than the first one.

The level of entrepreneurship typically varies over time and the level of entrepreneurship must be increased when a firm stagnates (Adizes, 1979). EM has relevance for large organizational contexts and this represents a more recent stream of EM research (Miles & Darroch, 2006; Schindehutte et al. 2008). Now we turn from theoretical development to, briefly, new empirical findings.

EM versus Traditional Marketing: New Evidence

Knowledge generation regarding effective marketing management over the past fifty years has been largely based on the study of established, mature, large firms. Superficial analysis has often led to the implicit and incorrect conclusion that new businesses and smaller enterprises require a simplified, rather than a different form of marketing. Scholars have broadly challenged the dominant marketing paradigm, and others have reasoned that special conditions in new ventures and SMEs are so different from the conditions in mature, large firms that the normative marketing management prescriptions may not be applicable.

As the EM field has developed, there have been several hypothesized differences presented in comparing EM and traditional marketing (Hills, Hultman, Hansen, Monllor 2007). Yet there has been little empirical study of these potential differences. We therefore conclude this introductory commentary by sharing selected preliminary findings from a new study (Hills & Hultman, 2006; Hultman & Hills, 2006) sponsored in the U.S. by the National Federation of Independent Business. Telephone interviews were conducted by the executive interviewing group of the Gallup Organization, using the files of the Dun & Bradstreet Corporation. Small employers were interviewed, with at least one employee, and up to 249 employees.

The findings reported here are from a small sample of 752 respondents. Also, analysis of only those who “founded or cofounded” the business (n=502) yielded very comparable results so the complete sample is reported here, and we refer to respondents as “business owners” and “entrepreneurs”. We acknowledge that some readers may prefer to define the sample as comprised of SMEs. Further data analysis will resolve these issues. All of the measures reported here were 5-point scales, from Strongly Agree (5) to Strongly Disagree (1). The overall purpose of this study was to shed new light on the marketing practices of SMEs and to compare these behaviors with widely accepted normative concepts in the marketing discipline. Several preliminary findings follow.

Passion for Customers. All businesses today must be customer-oriented (driven), but it has been hypothesized by EM scholars that entrepreneurs more intensely customer oriented. Business owners in this study indicate that customers are indeed central to their business focus. Eighty-two (82) percent strongly agree that everyone in their firm makes customers a top priority and another 14 percent agree. That means virtually everyone (96%) thinks their firm does so. Part of being customer-oriented is responding to customer demands in a timely, positive manner, even as those demands change. Again, virtually all business owners indicate that they do. Eighty-nine (89) percent agree, including 61 percent who agree strongly, that they quickly adjust to meet changing customer expectations. Entrepreneurs indicate that customers expect them to respond to their particular needs or wishes. Eighty-seven (87) percent agree, including 59 percent strongly, that their customers require them to be very flexible and they must adapt to their special requirements. Adaptation and flexibility take on special importance in smaller enterprises, consistent with effectuation processes.

Market/Customer Immersion. EM encompasses day-to-day “immersion” in the marketplace, which contributes to use of this qualitatively derived knowledge in decision making. “Experience” and “customer observation” influence entrepreneurial decision-making on marketing questions significantly more than formal and systematic approaches, typically employed by their large corporate competitors. For example, 74 percent agree that it is important to rely on “gut feeling” when making marketing decisions; 38 percent agree “strongly”. Only 19 percent disagree with this marketing approach.

A corollary is relying on “experience” to make marketing decisions. Eighty-six (86) percent agree that they rely heavily on experience when making marketing decisions; 62 percent agree strongly. The less formalized approach to decision-making used by business owners implies very limited use of formal market research, and this is supported in the overwhelming majority of entrepreneurial ventures. Eighty-three (83) percent of entrepreneurs agree that most marketing decisions are based on what they learn from day-to-day contact with customers; only 14 percent disagree. Daily customer contact accumulates and becomes a large part of the “experience” factor on which they depend so heavily. Eighty-two (82) percent of entrepreneurs agree with the proposition that their marketing decisions are based more on informal customer feedback than on formal market research; only 12 percent disagree. When introducing new products and/or services however, a larger number, though still not a majority, depend on more formal approaches. Fifty-seven (57) percent agree that introducing new products and/or services involves little formal market research and analysis while 35 percent disagree. The latter group presumably uses more formal market research in addition to their experience due to the risks and consequences of these major decisions. It should also be noted that customers are not the only ones who teach business owners about their market. Competitors do as well. Eighty-one (81) percent indicate that they learn from their competitors and only sixteen (16) percent say they do not. Also

speaking to the “soft skills” in EM, eighty-nine (89) percent of business owners agree that creativity stimulates good marketing decisions.

Networks and Relationships. The EM literature also suggests that networking is a particularly important part of EM. Sixty-nine (69) percent of the entrepreneurs agree with the assertion that they rely on key friends and partners to help them develop and market their products and services. Also, relationship marketing is supported by the answers to several questions, including the 72 percent who agree that marketing decisions are based on exchanging information within personal and professional networks and 96 percent who invest in building long-term relationships with customers.

Time Horizon. One of the inherent advantages that privately-held businesses hold over public companies is that management in the former has greater control over the time horizon. Business owners, particularly once their enterprises are established, can look to the long-term. Eighty-eight (88) percent strongly agree that they invest in building long-term relationships with their customers. Another nine percent agree, meaning that a striking 97 percent indicate that the long-term is the orientation that they take to building their business. In addition, 94 percent strongly agree and another 5 percent agree that they “work hard” to establish reputation, trust, and credibility with their customers. This contributes to building long-term relationships. Further evidence is that 85 percent of the respondents consider long-term growth to be more important than immediate profit. The data here indicate that eighty-five (85) percent agree that their primary objective is to grow the business; 63 percent agree strongly. And concerning the day-to-day support for opportunity recognition, eighty-three (83) percent of business owners agree that they are consistently looking for new business opportunities. Seventy-eight (78) percent of business owners think that adding innovative products and/or services is important to their success. Forty-three (43) percent think that it is very important. How do business owners know what to introduce and when to introduce them? Do they react to perceived customer demand or do they try to create it? This is a distinction that is being increasingly noted in the entrepreneurship literature. Seventy-six (76) percent of the entrepreneurs agree that customer demand is usually the reason they introduce new products/services; only 11 percent disagree. Thus, new products and services offered by business owners are usually demand driven.

Formal Plans. There have been several studies regarding the extent to which entrepreneurs engage in formal planning processes and whether business plan writing is related to performance. The results have been conflicting. Focusing more specifically on marketing plans, we were surprised to find strong support. Eighty-one (81) percent agree that a marketing plan is a critical business tool; only 15 percent disagree. This, however, does not mean that owners think the plan must be written or that the owner actually has one. Yet the findings are still striking. Also revealing is the marketing budget. Forty-eight (48) of small employers have a separate, annual marketing budget within the firm’s overall budget; 43 percent do not. Those who do, therefore, not only have a marketing plan (written or “mental”), but have taken the further step of assigning dollars to its parts. The formality of the budget or the specificity of marketing items within it is likely to vary considerably across the population. The prevailing view is that as small firms grow, the marketing function typically develops and becomes more formal. The data suggested otherwise. In analyzing the number of employees from one to 249, owners of larger entrepreneurial ventures appear no more likely to adopt formal marketing practices than smaller entrepreneurial ventures.

To conclude most business owners have a good intellectual, although intuitive business foundation on which to build an appropriate marketing strategy and a strong marketing program. They value customers highly and postpone immediate profitability for long-term growth. These data support many of the themes in the EM literature; differences as compared to traditional marketing teaching. These preliminary findings offer significant support for the writings regarding the unique nature of EM and further data analysis will contribute new insights.

Literature

- Adizes, I. (1979) *How to Solve the Mismanagement Crises*, Homewood, Ill.: Dow Jones-Irwin
- Bjerke, Björn and Claes Hultman (2002). *Entrepreneurial Marketing – The Growth of Small Firms in the New Economic Era*. Cheltenham, UK: Edward Elgar
- Bonoma, T.V. (1986), “Marketing Subversives”, in *Business Review*, Vol. 64 (November-December), pp.113-118.
- Carson, David, S. Cromie, P. McGowan & J. Hill (1995), *Marketing and Entrepreneurship in SMEs. An Innovative Approach*, London, Prentice Hall.
- Dennis, W. Denny, Gerald E. Hills and Claes Hultman “SMES and Marketing in the U.S.: Preliminary, Descriptive Findings” paper presented at UIC Research at the Marketing/Entrepreneurship Interface Symposium, Washington D.C., August 2007
- Davis, C.D., G.E. Hills and R.W. LaForge (1985) “The Marketing/Small Enterprise Paradox: A Research Agenda”, *International Small Business Journal*, spring, 31-42
- Hamel, G. and C. K. Prahalad (1994), *Competing for the Future*, Boston, HBS Press.
- Hill, S. and G. Rifkin (1999), *Radical Marketing: From Harvard to Harley, Lessons From Ten that Broke the Rules and Made it Big*, New York: Harper Collins.
- Hills, G. (1984) “Market Analysis and Marketing in New Ventures: Venture Capitalists’ Perceptions” in *Frontiers of Entrepreneurship Research*. Ed. K. Vesper. Wellesley, MA: Babson College.
- Hills, G. (1987) *Research at the Marketing/Entrepreneurship Interface*. Chicago, IL: University of Illinois
- Hills, Gerald (ed) (1994), *Marketing and Entrepreneurship: Research Ideas and Opportunities*, Westport, CT: Quorum Books, 35-54
- Hills, G.E., D.J. Barnaby, and L.R. Duffus (1983). *Marketing and Small Business/Entrepreneurship: Conceptual and Research Directions*. Washington, DC: International Council for Small Business.
- Hills, Gerald and Claes Hultman (1999) “Marketing Behavior in Growing Firms: A Challenge to Traditional Marketing Knowledge” in Gerald Hills, Siu, Wai-sum & Debra Malewicki (eds.) *Research at the Marketing/Entrepreneurship Interface*, Chicago, UIC, pp. 14-29.
- Hills, Gerald and Claes Hultman (2001). “Teaching Marketing Principles for Rapidly Growing Firms: Student Employment by the Gazelles”, *Marketing Education Review*, Vol.11, No, 2, pp. 43-52.
- Hills, Gerald and Claes Hultman (2005). Marketing, Entrepreneurship and SMES: Knowledge and education revisited, paper presented at the *Academy of Marketing Special Interest Group on Entrepreneurial and SME Marketing*, Southampton, UK, January
- Hills, Gerald & Claes Hultman (2006) *National Small Business Poll: Advertising and Promotion* in William J. Dennis, Jr, (ed.) *National Small Business Poll* National Federation for Independent Business, Washington DC, Volume 6, Issue 7, Part I
- Hills, Gerald and Claes Hultman and Morgan Miles (2008) “The Evolution and Development of Entrepreneurial Marketing” in *Journal of Small Business Management*, Vol. 46 (Jan), No. 1, pp. 99-112

- Hills, Gerald, Claes Hultman, David Hansen and Javier Monllor (2007) "Marketing/Entrepreneurship Interface: Revisted and Future Directions" in: *The Entrepreneurship-Innovation-Marketing Interface: 2nd Symposium*. (Eds.) Reinhold Würth and Wolfgang Gaul. Künzelsau, Germany, Swiridoff Verlag, 3-34
- Hisrich, R.D. (1989) "Marketing and Entrepreneurship Research Interface" in *Research at the Marketing/Entrepreneurship Interface*. (Eds.) G. Hills, R.W. LaForge, and B.J. Parker. Chicago, IL: University of Illinois, 3-17
- Hultman, Claes & Gerald Hills (2006) *National Small Business Poll: Marketing* in William J. Dennis, Jr (ed.) *National Small Business Poll National Federation for Independent Business*, Washington DC, Volume 6, Issue 8, Part II
- Kirzner, I. M. (1973). *Competition and Entrepreneurship*. Chicago: University of Chicago Press
- Kirzner, I. M. (1979) *Perception, Opportunity, and Profit: Studies in Entrepreneurship*, Chicago, IL., University of Chicago Press.
- Kotler, Philip (2003). *Marketing Management*. 11th. Edition, Upper Saddle River, NJ., Prentice Hall.
- Kotler, Philip and Kevin L. Keller (2005). *Marketing Management*. 12th. Edition, Upper Saddle River, NJ.: Prentice Hall.
- Kumar, N., L. Scheer, and P. Kotler (2002). "From Market Driven to Market Driving," *European Management Journal*, Vol.18(2), 129-142.
- Levinson, J. C. (1993), *Guerrilla Marketing – How to Make Big Profits from a Small Business*, London: Judy Piatkus, GB printing in 1994.
- Lusch, Robert F. and Stephen L. Vargo (Eds.) (2006), *New Dominant Logic of Marketing, Dialog Debate and Directions*. Armonk, New York: M. E. Sharpe Inc.
- Miles, Morgan and Jenny Darroch (2006) "Large Firms, Entrepreneurial Marketing and the Cycle of Competitive Advantage", in *European Journal of Marketing* Vol. 40(5/6), pp. 485-501
- Morris, Michael, Minet Schindehutte and Raymond W. La Forge (2002) "Entrepreneurial Marketing: A construct for integrating emerging entrepreneurship and marketing perspectives", in *Journal of Marketing Theory and Practice*, Vol. 10 (Fall), No. 4, pp.1-18
- Normann, R. and R. Ramirez (1994), *Designing Interactive Strategy – From Value Chain to Value Constellation*, Chichester, UK: John Wiley.
- Penrose, Edith (1959) *The Theory of the Growth of the Firm*, Oxford, Basil Blackwell & Mott.
- Porter, Michael (1980), *Competitive Strategy, Techniques for Analysing Industries and Competitors*, New York: The Free Press.
- Sarasvathy, S.D. (2001) Causation and effectuation: Toward a theoretical shift from economic inevitability to entrepreneurial contingency, *Academy of Management Review*, no. 2, 243-263
- Schindehutte, M., Michael Morris and Akin Kocak (2008) "Understanding Market-Driving Behavior: The Role of Entrepreneurship" in *Journal of Small Business Management*, Vol. 46 (Jan), No. 1, pp. 4-26
- Schultz III, William and Charles W. Hofer (1999), *Creating value through skill-based and entrepreneurial leadership*, Kidlington, Oxford, UK: Pergamon

Schumpeter, J. A. (1934). *The theory of economic development*. Cambridge, Mass.: Harvard Univ. Press

Teach, R. M.P. Miles and D. Hansen (2006) "Academic Career Opportunities in Entrepreneurial Marketing: Revisiting Teach & Miles (1997)" paper presented at the 2006 UIC Marketing and Entrepreneurship Research Symposium, Chicago, IL, July

Wortman, M.S., M.S. Spann and M. Adams (1989) "The Interface of Entrepreneurship and Marketing: Concepts and Research Perspectives" in *Research at the Marketing/Entrepreneurship Interface*. Ed. G. Hills, R.W. LaForge and B.J. Parker. Chicago, IL: University of Illinois, 117-137

Vargo, Stephen L. and Robert F. Lusch (2004), "Evolving to a New Dominant Logic for Marketing," *Journal of Marketing*, 68 (January), 1-17.

Venkataraman, S. (1997) "The distinctive domain of entrepreneurship research: An editor's perspective", in J. Katz and R. Brockhaus (Eds.) *Advances in Entrepreneurship, Firm Emergence and Growth*, vol. 3, 119-138, Greenwich, CT: JAI Press