Entrepreneurial Marketing Practice: Systematic Relationships with Firm Age, Firm Size, and Operator's Status

Pitsamorn Kilenthong
University of Illinois at Chicago, USA

Gerald E. Hills
Bradley University, USA

Claes Hultman
Örebro University, Sweden

Stanley L. Sclove
University of Illinois at Chicago, USA

Abstract

This study quantitatively examines systematic relationships between firms' characteristics and entrepreneurial marketing. Level of firms' entrepreneurial marketing practice is hypothesized to be influenced by firm's age, size, and operator's status. Results from multigroup confirmatory factor analyses show that the level entrepreneurial marketing practice has a systematic relationship with firm's age, but not with the status of firm's operator. The impact of firm size on entrepreneurial marketing practice is evident when firm's age is also taken into account. This study concludes that relationships between firm's characteristics and entrepreneurial marketing practice are complicated than anticipated and that researchers need a good measure in determining the level of firm's entrepreneurial marketing.

1 Introduction

Firms today operate in a rapidly changing environment. With fierce competition and increasingly demanding customers, firms have a limited ability to forecast and define their market boundaries (Day and Montgomery, 1999). Traditional marketing may not be adequate for firms to compete in this highly dynamic business environment. Recent studies propose firms to be more entrepreneurial in their marketing when dealing with market uncertainty and ambiguity (Read et al., 2009; Santos and Eisenhardt, 2009). Evidences of entrepreneurial marketing practices are documented in both real business practice, and in academic research. Researchers frequently find that entrepreneurial marketing is practiced by entrepreneurial firms such as small firms and young firms. Nonetheless, previous research did not ask if there is a systematic relationship between such characteristics and entrepreneurial marketing practice.

This research quantitatively examines entrepreneurial marketing practice in order to determine if a systematic relationship exists between firms' characteristics (i.e. age, size, and operator's status) and

entrepreneurial marketing behaviors. The objective is to answer the question of "Do firms systematically practice entrepreneurial marketing?" This research question seeks evidences of entrepreneurial marketing practice; to see whether firms systematically (not randomly) practice entrepreneurial marketing.

This study contributes to the field of entrepreneurial marketing in that it investigates relationships between firms' characteristics and entrepreneurial marketing behaviors in a large surveyed data set. Knowledge regarding entrepreneurial marketing is generally generated from existing literature that use case studies to report marketing practices. Results from this study will help to determine a robustness of results generated by previous studies. In addition, this study uses confirmatory factor analysis which allows us to conduct an examination of entrepreneurial marketing practice through latent factors, instead of observed variables as in previous studies. The analysis, therefore, may help to find new knowledge regarding firms' entrepreneurial marketing practice that were not reported by prior research.
The paper proceeds as follows. The next section elaborates six dimensions of entrepreneurial marketing. Then the relationships between firm's characteristics and entrepreneurial marketing behaviors are introduced. Three hypotheses are developed for our analysis. We then explain the research method and present the results and its implication in the last section.

2 Entrepreneurial Marketing

Hills and Hultman (2006) summarize several characteristics of entrepreneurial marketing behaviors that are frequently found in prior studies. This study categorizes those behaviors into six entrepreneurial marketing behaviors, including value creation through relationships and alliances, two-way contacts with customer, growth-orientation, opportunity-orientation, informal marketing, and market immersion. Each behavior will be elaborated as follows.

2.1 Value Creation through Relationships and Alliances

Marketing through networks is an important concept in entrepreneurial marketing. Networks provide not only information about the markets, but also an access to potential customers. Entrepreneurial firms' networks are not limited to suppliers and customers, but also competitors. Firms resort to their network to obtain the information that can be used to identify the untapped sources of customers' value. Resources from networks can also help firms manage their risks and allocate their resource more efficiently. This is especially true for small firms and new firms whose marketing activities are constrained by their lack of resources.

2.2 Two-way Contacts with Customers

Entrepreneurial firms establish dyadic relationships with their customers. Entrepreneurial marketers treat customers as an active participant of firms' marketing decision process. Therefore, customers' preferences play a major role in defining firms' product, price, distribution, and communication approaches. To keep up with changes in customer' preferences, firms use flexibility and customization approach to the market. Firms quickly adjust their products or services in order to provide superior

customization of products and services. Instead of being constrained by their plans, firms are willing to make new promises to customers, modify their product designs, and change their prices.

2.3 Growth-orientation

Entrepreneurial marketing is the marketing of small firms growing through entrepreneurship (Bjerke and Hultman, 2002). Entrepreneurial firms' marketing decisions are linked to long-term performance. Entrepreneurs' ambition to grow their firms are usually captured by firms' business model which will later define firms' competitive strategy and resource management. According to Morris et al. (2005), entrepreneurs who aim to grow will choose to make "a significant initial investment and also a substantial reinvestment in an attempt to grow the value of the firms to the level that generate a major capital gain for investors" (p.731). In order to grow, firms can adopt several means to expand their business including word-of-mouth, referrals, and increasing repeat business. Entrepreneurs can also expand their customer base by creating communities of customers who are dedicated and loyal to the products (Hill and Rifkin, 2000).

2.4 Opportunity-orientation

Entrepreneurial marketing emphasizes on pursuing opportunity, regardless of available resources. Firms response to emerging opportunities by continually improvise and redeploy their resources. Although opportunity can arise randomly, entrepreneurial marketers are known for proactively searching for new opportunities. Being forward looking and having the will to become pioneers makes entrepreneurial firms able to serve unsatisfied needs and capture emerging opportunities before their competitors can. Innovation and creativity are crucial tools that help entrepreneurial firms to turn opportunities into realities. Firms focus on creating a new category of products and seek to lead their customers by discontinuous innovation. Firm's innovation is not limited to products or services but can be also their marketing processes or strategies.

2.5 Informal Marketing

Marketing decisions under entrepreneurial marketing do not always rely on formal planning process. Researchers found that entrepreneurial firms tend not to have formal business plan or formal market planning (Lumpkin et al., 1998; Coviello et al., 2000). Firms' marketing strategies are emergent and adjusted at the time of implementation. Informal marketing decisions in entrepreneurial firms are based on intuition. Entrepreneurs are strongly intuitive in their marketing decision-making and they consider intuitive judgment to be an extremely important part of judging market potentials. Entrepreneurs gain intuitive and rich understanding of the markets through constant direct contacts with their customers. They are able to identify viable market opportunities by paying close attention to customers' opinions.

2.6 Market Immersion

Entrepreneurial marketers immerse in the market and behave as if they live in the customer' world. They always have customers' preferences present in their minds and constantly think of how to improve customer value. Market immersion makes entrepreneurs thoroughly understand the problems that their customers encounter and be able to respond better to customer demand. Entrepreneurs have their own ways in developing new products or services to their customers. Some entrepreneurs rely on their experience in making marketing decisions. They believe that the experience helps them to make effective and competent marketing decisions. Some entrepreneurs rely on their networks. Through alliances, such as suppliers and trade partners, entrepreneurs are able to stay close to the market and keep up with changes in customers preferences.

3 Entrepreneurial Marketing as Marketing by Entrepreneurs

This study proposes that entrepreneurs influence firm's entrepreneurial marketing behaviors. Following the behavioral perspective, this study defines entrepreneurs as individuals who found, own and operate new firms. Since entrepreneurship's primary domain is applied to small business, entrepreneurs in this study are also individuals who operate small firms. The following subsections will elaborate on relationships between entrepreneurial marketing and firm size, firm age, and operator's status.

3.1 Entrepreneurial Marketing in Young Firms

Entrepreneurial firms are often defined as new or young firms. New firms are at the beginning of their development stages, and are more likely to face uncertainty, ambiguity, and turbulent environment than old firms. Entrepreneurs in new firms sometimes lack of understanding in the nature of markets. Therefore, it is not unexpected for new firms to face diffculty in implementing their marketing strategy. Researchers report that new firms find it diffcult to develop distribution channel, choose the right products mix, create awareness of their products and services, and commercialize their products (Ram and Forbes, 1990; Sarathy et al., 1993). Due to these diffculties, this study expects to find that marketing activities in new firms are conducted differently than in older firms. To be more precise, this study suggests that new firms implement entrepreneurial marketing more than older firms.

Numerous studies find that marketing practices in new firms are different from marketing practices in established firms. According to Weinrauch et al. (1990), younger firms use different marketing techniques than older firms. Entrepreneurial marketing behaviors are found to be more evident in young firms (Gruber, 2004). In addition, new firms' networking activities evolve as firms age and younger firms are found to use less of formal market research than older firms. Therefore, we hypothesize as follows.

H1: *Younger firms are more* likely *to practice entrepreneurial marketing than older firms.*

3.2 Entrepreneurial Marketing in Small Firms

Researchers recognize that marketing in small firms is distinct from marketing in large firms (Bjerke and Hultman, 2002; Coviello et al., 2000). Overall, small firms are considered more entrepreneurial than large firms because of several characteristics. First, small firms have restricted resources and capabilities. Compared to large firms, small firms have less financial and human resource. As a result, they cannot perform the same kind of marketing activities that large firms can. Second, small firms do not have formal organization structures or formal systems of communication. Their marketing planning is intuitive, loose and unconstructed. Third, small firms have a simple and ad hoc marketing decision-making process. Small firms can develop an irregular change in their decision-making pattern during their business engagement. Fourth, small firms have fewer dominating decision makers than larger firms. Marketing decisions in small firms can be linked directly to specific personal goals of owners / managers. Lastly, small firms can quickly response to their customers because they have atter organization structure than large firms. They are closer to customers and can access customer information better than large firm.

These above characteristics are the evidence suggesting that entrepreneurial marketing behaviors should be more prevalent in small firms than in large firms. In other words, firm size seems to have a direct impact on entrepreneurial marketing behaviors.

H2: *Smaller firms are more* likely *to practice entrepreneurial marketing than largerfirms.*

3.3 Entrepreneurial Marketing in Founder-operated Firms

Entrepreneurial firms are influenced by individuals who operate them. More than often that firms' business strategy is guided by the management's goals. If the management are entrepreneurs, it is likely that firms' business strategy are also entrepreneurial. Although there is no agreement on a definition of entrepreneur, researchers seems to agree on who entrepreneurs are. Based on Gartner (1988)'s idea that entrepreneurship is a process of new venture creation, researchers seems to agree that entrepreneurs are founders of new business.

Prior studies also find that behaviors of entrepreneurs are different from those of nonentrepreneurs. Founders have higher need for achievement (Begley and Boyd, 1987), higher risk-taking propensity and tolerance of ambiguity, and higher self-efficacy than non-founders Chen et al. (1998). In addition, Busenitz and Barney (1997) also find that entrepreneurs and managers in behave differently and the differences are substantial. The difference in founders and non-founders' behaviors are expected to influence firms' level of entrepreneurialness and ultimately, firms' level of entrepreneurial marketing practice.

This study hypothesizes that firms that are operated by "entrepreneurs" (founders) are more likely to practice entrepreneurial marketing than firms that are not operated by "entrepreneurs" (founders).

H3: *Firms that are* operated *by founders are more likely to practice entrepreneurial marketing than firms that are operated by non-founders.*

4 Method

4.1 Data Source

This study uses an archival dataset called the National Small Business Poll 2006. The data set was collected for the National Federation of Independent Business (NFIB) Research Foundation by the executive interviewing group of The Gallup Organization. The interviews were conducted between November 14, 2006 and December 15, 2006 on a sample of 752 small business owners. Small business owner was defined as a business owner who employ at least one individual in addition to the owner(s) and no more than 249. The NFIB Research Foundation draws a sampling frame for the survey from the files of the Dun and Bradstreet Corporation. A random stratified sample was used to compensate for the highly skewed distribution of small business owners by employee size of firm. Using a list-wise missing data deletion, 673 observations remain for the analysis. Key characteristics of the sample are shown in Table 1.

4.2 Measures

Entrepreneurial marketing behaviors are dependent variables in this study. They are measured by 20 variables. Five-point Likert scales anchored by "Strongly disagree"(1) and "Strongly agree"(5) were used for these variables. Each question was framed as follows: "Please tell me if you strongly agree, somewhat agree, neither agree nor disagree, somewhat disagree, or strongly disagree with the following statements about marketing as it is done in your business." The variables are categorized according to entrepreneurial marketing behaviors that they measure. Growth-oriented behavior, market immersion, value creation through relationships and alliance, and informal marketing are each measured by 3 variables, while opportunity-orientation and two-way contacts with customers are each measured by 4 variables. A complete list of variables measuring each entrepreneurial marketing behavior is shown in the Appendix.

Table 1: Key Characteristics of the Sample [a]

Characteristics		**Percentage**
a. Size	1–15 employees	67.5
	16–200 employees	32.5
b. Age	<= 7 years	27.2
	> 7 years	72.1
c. Operator status	Founder	66.1
	Non-founder	33.6
d. Growth Rate	Decreased	11.9
(change in sales over 3 years)	1–10% growth	63.7
	> 10% growth	18.9
e. Sector	Commodity/Construction/Transportation	17.1
	Manufacturing	9.4
	Wholesale/Retail	17.8
	Financial services	8.5
	Professional services	20.7
	Other services	26.3

[a] Note: The number may not sum up to 100 due to missing value.

4.3 Analysis

To test if a group of firms is more likely to practice entrepreneurial marketing than another group, this study tests and see if the latent means of factor underlying entrepreneurial marketing in one group of firms are higher than the latent means of entrepreneurial marketing in another group. This study uses Multigroup Confirmatory Factor Analysis to compare the latent means. There are three steps in conducting the analysis. The initial step is to test for invariance by fixing the number of factors and the factor-loading pattern to be the same across groups, with no other equality constraints imposed on any of the parameters. The model in this step is called a configural model. The fit from the configural model is used as a baseline value with which all subsequent invariance models are compared.

The second step is to test for measurement invariance. In this step, parameters in the measurement and structural components of the model are constrained to be equal across groups. The model in this step is called a "measurement modell", in which the factor loadings are constrained to be equal. An evidence of noninvariance across groups is based on difference between the chi-square value of this model and the chi-square value of the configural model obtained from the initial step. This difference value is distributed as chi-square with degrees of freedom equal to the difference in degrees of freedom. If the chi-square difference value is statistically significant, there is an evidence of noninvariance across groups. Some researchers have argued that the chi-square difference test may be too stringent for invariance testing. Byrne (2010) refers to Cheung and Rensvold (2002)'s suggestion that it is reasonable to base invariance decisions on a difference in Comparative Fit Index (CFI) rather than on chi-square values. A difference in CFI values of less than 0.01 is suggested to be an evidence of invariance.

The third step is to test for latent mean differences. In this step, both the factor loadings and the observed variable intercepts are constrained to be equal. In the testing process, the latent factor means in one of the groups is freely estimated while the latent means of the other group is constrained equal to some fixed amount. This study fixes the latent factor means of one group to be equal to zero, while the latent means of the reference groups are freely estimated. Of interest in this model are the latent mean estimates and the goodness-of-fit between the hypothesized model and the multigroup data. Critical ratios associated with estimated parameters for the reference groups will reveal if the estimated parameters are statistically significant.

5 Results

5.1 Firm Age

A two-group confirmatory factor analysis was conducted to compare the latent means of factors underlying entrepreneurial marketing dimensions between younger firms (firms that are seven years old or younger) and older firms (firms that are older than seven years). Our analysis gives mixed results. Younger firms are found to have higher latent means of factor underlying entrepreneurial marketing dimensions than older firms in some dimensions, while having lower latent means in other dimensions.

Table 2: Multigroup CFA Fit Statistics

Models	**Goodness-of-fit index**					
	χ^2	***df***	**NFI**	**TLI**	**CFI**	**RMSEA**
Age_Models Compared						
Configural	525.13	320	0.68	0.80	0.83	0.031
Measurement weight	555.69	334	0.66	0.80	0.82	0.032
Measurement intercept (mean)	580.37	348	0.64	0.80	0.81	0.032
Nested model comparison (mean)	32.802	6				
Size_Models Compared						
Configural	597.53	320	0.65	0.75	0.79	0.036
Measurement weight	627.04	334	0.63	0.75	0.78	0.036
Measurement intercept (mean)	658.28	348	0.61	0.74	0.76	0.036
Nested model comparison (mean)	18.931	6				
Founder_Models Compared						
Configural	543.73	314	0.67	0.78	0.82	0.033
Measurement weight	558.14	328	0.66	0.79	0.82	0.032
Measurement intercept (mean)	571.14	342	0.65	0.80	0.82	0.032
Nested model comparison (mean)	4.156	6				

Results from the top part of Table 2 show that the difference between the CFI index of the configural and the measurement models for firm age was 0.01. This information identifies that that the latent factors underlying entrepreneurial marketing have the same meaning for younger firms as for older firms and it is meaningful to compare their means.

Additionally, the chi-square value for the model comparing latent factor means between the two groups was significant (χ^2 = 32:802 with *df* = 6), suggesting that younger firms and older firms do not have the same factor means.

Results of latent means comparison in Table 3 show that younger firms have higher factor means than older firms in three dimensions, including growth-orientation, value creation through alliances, and two-way contact with customers. On average, a group of younger firms have 0.22 units higher mean of growth-orientation, 0.1 units higher mean of value creation through relationships and alliances, and 0.09 units higher mean of two-way contact with customers, than a group of firms that are older than seven years of age. Based on these results, we can conclude that marketing in younger firms aims more toward expanding their businesses and relies more on knowledge from firms's networks to deliver value to their customers than marketing in older firms. In addition, the results also support previous research suggesting that younger firms are more flexible toward their customers and are more willing to use inputs from their customers to adjust their products and strategies in order to meet with customers' demand (Shaw, 1999).

In contrast to our expectation, results also show that a group of younger firms has 0.19 units lower mean of market immersion than a group of older firms. Since market immersion dimension is measured by variables measuring if firms use their suppliers, customer demand, and experience in introduc-

ing their products, lower factor means in this result may imply that younger firms do not use information from their suppliers, customers, and experience as much as older firms when they introduce their products. Since firms that are technology-driven usually create and introduce their products in advance of customers knowledge, this may imply that products development in younger firms is more technology-based rather than customer-based than the products development in older firms.

Table 3: Differences in latent means of Entrepreneurial Marketing factors by firm age, using a group of younger firms (established 7 years or less) as reference [a]

EM dimension	**Younger firms**	
	Mean difference	C.R.
Growth Oriented	0.22	3.79 ***
Opportunity Oriented	0.08	1.23
Market Immersion	-0.19	-2.17 **
Two-way contact with customers	0.09	1.68 *
Value creation through Alliances	0.10	1.82 *
Informal Marketing	-0.07	-1.0

[a] Note: *** = p < 0:01; ** = p < 0:05; * = p < 0:10.

5.2 Firm Size

A two-group confirmatory factor analysis was conducted to compare the latent means of factors underlying entrepreneurial marketing dimensions across firms with different size. Smaller firms are firms that have 15 employees or fewer, while larger firms are firms that have 16 employees or more. Our results did not show that smaller firms practice entrepreneurial marketing more than larger firms. Results from the middle part of Table 2 show that the difference between the CFI index of the configural and the measurement models for firm size was 0.01. This information leads us to conclude that that the latent factors underlying entrepreneurial marketing dimensions have the same meaning for smaller firms as for larger firms. Therefore, it is meaningful to compare their means. Additionally, the chi-square value for the model comparing latent factor means between the two groups was significant (χ^2 = 18:931 with *df* = 6), suggesting that smaller firms and larger firms do not have the same factor means.

Although we expect to find that smaller firms have higher factor means of entrepreneurial marketing than larger firms in all dimensions, our analysis did not support our expectation.

Table 4: Differences in latent means of Entrepreneurial Marketing factors by firm size, using a group of smaller firms (15 or fewer employees) as reference [a]

EM dimension	**Smaller firms**	
	Mean difference	C.R.
Growth Oriented	-0.15	-2.88 ***
Opportunity Oriented	-0.08	-1.25
Market Immersion	-0.13	-2.17 **
Two-way contact with customers	0.03	0.49
Value creation through Alliances	-0.08	-1.47
Informal Marketing	0.06	0.96

[a] Note: *** = p < 0:01; ** = p < 0:05; * = p < 0:10.

Results in Table 4 show that smaller firms have statistically significant lower means of growth-orientation and market immersion than larger firms. On average, a group of smaller firms have 0.15 units lower mean of growth-orientation than a group of larger firms. This result, even though not what we expect, is not totally surprising. Entrepreneurial firms are known to be influenced by owners/managers' personal preferences when it comes to expanding their businesses. Some owners/managers may prefer to expand their firms, while some do not want to handle a complication that will come with having larger company (e.g. dealing with more employees.) Therefore, the results may imply that smaller firms are small because they prefer to stay small.

In addition to growth-orientation dimension, smaller firms are also found to have 0.13 units lower mean of market immersion dimension than larger firms. Since market immersion is measured by items asking if the firms use their suppliers, customer demand, and experience in introducing their products, lower means of market immersion in smaller firms may imply that smaller firms use these channels less than larger firms when they introduce their products. This result may have the same implication as the case of younger firms versus older firms. That is, smaller firms may introduce their products based on their technology rather than on market demand.

5.3 Status of Firm's Operator

A two-group confirmatory factor analysis was conducted to compare the latent means of factors underlying entrepreneurial marketing dimensions across firms with different operator's status. Our analysis show that firms that are operated by founders do not significantly have higher means of entrepreneurial marketing dimensions than firms that are operated by non-founders.

Results from the lower part of Table 2 show that the CFI index of the configural and the measurement models are not different. This leads us to conclude that that the latent factors underlying entrepreneurial marketing dimensions have the same meaning for founder-operated firms as for non-founder operated firms. Therefore, it is meaningful to compare their means.

The chi-square statistics for the measurement intercept model comparing latent factor means between the two groups, however, was not significant (χ^2 = 4:156 with *df* = 6). Based on this information, we cannot reject the hypothesis that founder-operated firms and non-founder operated firms have the same factor means. In other words, we accept that firms that are operated by founders do not practice more entrepreneurial marketing than firms that are operated by non-founders.

A detail investigation of our results in Table 5 show that none of the differences in the means of factor underlying entrepreneurial marketing in both types of firms was statistically significant. We find that a group of firms that are operated by founders and non-founders practice entrepreneurial marketing at the same level. Therefore, the status of firms' operator may not be a good proxy to identify firms' entrepreneurial marketing practice.

5.4 Firm Size: A Further Investigation

We can see that results from our hypothesis testing did not confirm all of the hypotheses. To our surprise, smaller firms are not shown to practice more entrepreneurial marketing than larger firms in all dimensions, while younger firms are found to practice less of entrepreneurial marketing than older firms in some dimensions. Therefore, we think that further detailed investigation is needed in order to clarify the impact of size and age on the practice of entrepreneurial marketing. We suggest that impact of firm age and size are taken into account at the same time. The higher means of growth-orientation in larger firms than in smaller firms firms may imply that larger firms grow big because they want to grow, while smaller firm are not big because they want to stay small. Therefore, a further investigation was conducted to find an evidence that supports this claim.

Table 5: Differences in latent means of Entrepreneurial Marketing factors by operator's status, using a group of founder-operated firms (currently operated by founder) as reference [a]

EM dimension	**Founder-operated firms**	
	Mean difference	C.R.
Growth Oriented	-0.05	-0.97
Opportunity Oriented	0.00	-0.05
Market Immersion	-0.02	-0.26
Two-way contact with customers	0.04	0.71
Value creation through Alliances	-0.08	-1.38
Informal Marketing	0.03	0.38

[a] Note: *** = p < 0:01; ** = p < 0:05; * = p < 0:10.

A two-group confirmatory factor analysis was conducted to compare latent means of factors underlying entrepreneurial marketing dimensions in younger small firms and older small firms. Younger small firms are firms that have 15 employees or fewer and have been in business for 7 years or less, while older small firms are firms that have 15 employees or fewer and have been established for more than 7 years. Results are shown in Table 6.

We can see that the relationship between firm size and growth-oriented marketing changes its direction when firm age is also taken into account. On average, a group of younger small firms has 0.26 unit higher mean of growth-orientation than a group of older small firms. This finding, therefore, supports the argument that older small firms stay small because they do not aim to grow. In addition, our results also show that younger small firms are more opportunity-oriented in their marketing, are more likely to have two-way contacts with their customers, and utilize more of their networks to deliver customer values than older small firms. These results were not statistically significant when firm's age was not taken into account. From the above results, we conclude that relationships between firms'

characteristics and firms' practice of entrepreneurial marketing are more complicated than originally anticipated.

Table 6: Differences in latent means of Entrepreneurial Marketing factors in smaller firms, using a group of younger small firms as reference [a]

EM dimension	**Younger Small firms**	
	Mean difference	C.R.
Growth Oriented	0.26	3.88 ***
Opportunity Oriented	0.14	1.71 *
Market Immersion	-0.17	-1.6
Two-way contact with customers	0.08	1.86 *
Value creation through Alliances	0.16	2.54 **
Informal Marketing	0.05	0.48

[a] Note: *** = p < 0:01; ** = p < 0:05; * = p < 0:10.

6 Conclusions and Discussion

This study investigates the practice of entrepreneurial marketing in firms with different characteristics using multigroup confirmatory factor analyses. The objective was to find systematic relationship between entrepreneurial marketing practice and those characteristics, including firms age, firm size, and status of firms' operator.

Results partially support the argument that there is a systematic relationship between firm age and entrepreneurial marketing practice. Younger firms are found to use growth-orientation, value creation through alliances, and two-way contact with customers dimensions of entrepreneurial marketing more than older firms. The results imply that, compared to marketing in older firms, marketing in younger firms aims more toward expanding customer base and using information from firms' networks. The results also imply that younger firms are more flexible when dealing with their customers in that they are more likely to adjust and adapt their marketing strategies according to changes in customers' preference. This emphasizes the difference between young and well-established firms regarding the flexibility that the well-established firms do not have. Whether the flexibility helps younger firms to overcome liability of newness or not, the link between firms' entrepreneurial marketing practice and firms' survival has to be investigated in future research.

Our initial investigation did not show a systematic relationship between firm size and the practice of entrepreneurial marketing. Smaller firms did not use entrepreneurial marketing more than larger firms. When a further investigation is conducted, taking into account both the impact of firm age and firm size together, results support an argument that larger firms grow larger because they are more growth oriented, while smaller firms are small because they are less growth-oriented. The result has an important implication for future research. That is, the impact of firm size on entrepreneurial marketing practice may not be as simple as previously anticipated. Impact of firm size on any marketing variables may be burial by other factors that are not taken into account simultaneously. In this study, that factor is firm age. Therefore, when investigating the impact of firm size on firms' marketing practice, interaction variables may be always needed.

This study also investigates a relationship between operator's status and firms' entrepreneurial marketing practice but did not find a systematic relationship between the two variables. Founder-operated firms did not have higher level of entrepreneurial marketing practice than non-founder operated firms. This study chooses to use founders as representatives of entrepreneurs, who supposedly have high level of entrepreneurialness, and hypothesizes that level of entrepreneurialness of the individuals will affect the practice of entrepreneurial marketing. The insignificant results from our analysis, therefore, suggest that firms' characteristic alone may not be a good proxy identifying level of firms' entrepreneurial marketing practice. Researchers may need to use a measure that can measure the level of firm's entrepreneurialness better, such as entrepreneurial orientation, when investigating what determines the level of firm's entrepreneurial marketing practice.

This study is not without a limitation. The impact of firm age, firm size, and operator's status on entrepreneurial marketing practice, although statistically significant, are not drastically large. Since the latent means of the factor underlying entrepreneurial marketing are based on a 5-point Likert scale, the biggest impact of being innovative on growth-orientation dimension of 0.42 unit may still be considered small.

References

Begley, T. and D. Boyd (1987). Psychological characteristics associated with performance in entrepreneurial firms and smaller businesses. *Journal of Business Venturing* 2 (1), 79–93.

Bjerke, B. and C. Hultman (2002). *Entrepreneurial marketing: the growth of small firms in the new economic era.* Edward Elgar Pub.

Busenitz, L. and J. Barney (1997). Differences between entrepreneurs and managers in large organizations: Biases and heuristics in strategic decision-making. *Journal of Business Venturing* 12 (1), 9–30.

Byrne, B. M. (2010). *Structural Equation Modeling With AMOS: Basic Concepts, Applications, and Programming.* Routledge Academic, New York.

Chen, C., P. Greene, and A. Crick (1998). Does entrepreneurial self-efficacy distinguish entrepreneurs from managers? *Journal of Business Venturing* 13 (4), 295–316.

Cheung, G. and R. Rensvold (2002). Evaluating goodness-of-fit indexes for testing measurement invariance. *Structural Equation Modeling: A Multidisciplinary Journal* 9 (2), 233–255.

Coviello, N., R. Brodie, and H. Munro (2000). An investigation of marketing practice by firm size. *Journal of Business Venturing* 15 (5-6), 523–545.

Day, G. and D. Montgomery (1999). Charting new directions for marketing. The Journal of Marketing, 3–13.

Gartner, W. (1988). Who is an entrepreneur? Is the wrong question. *American journal of small business* 12 (4), 11–32.

Gruber, M. (2004). Marketing in new ventures: Theory and empirical evidence. *Schmalenbach Business Review* 56 (2), 164–199.

Hill, S. and G. Rifkin (2000). *Radical marketing: From Harvard to Harley, lessons from ten that broke the rules and made it big.* HarperBusiness.

Hills, G. and C. Hultman (2006). Entrepreneurial Marketing in *Marketing: Broadening the Horizons,* Lagrosen, S. and Svensson, G., Eds. pp. 220–234.

Lumpkin, G., R. Shrader, and G. Hills (1998). Does formal business planning enhance the performance of new ventures. *Frontiers of Entrepreneurship Research* 18.

Morris, M., M. Schindehutte, and J. Allen (2005). The entrepreneur's business model: toward a unified perspective. *Journal of Business Research* 58 (6), 726–735.

Ram, S. and S. Forbes (1990). Marketing Variables that Affect Entrepreneurial Success: An Empirical Investigation. *Research at the Marketing/Entrepreneurship Interface,* University of Illinois at Chicago, Chicago, IL, 99–103.

Read, S., N. Dew, S. Sarasvathy, M. Song, and R. Wiltbank (2009). Marketing Under Uncertainty: The Logic of an Effectual Approach. *Journal of Marketing* 73 (3), 1–18.

Santos, F. and K. Eisenhardt (2009). Constructing Markets and Shaping Boundaries: Entrepreneurial Power in Nascent Fields. *The Academy of Management Journal* 52 (4), 643–671.

Sarathy, R., J. Molly, and R. Stuart (1993). Marketing Evolution in Technology-Based New Ventures. *Research at the Marketing/Entrepreneurship Interface,* University of Illinois at Chicago, Chicago, IL, Volume 6.

Shaw, E. (1999). Networks and their relevance to the entrepreneurial/marketing interface: a review of the evidence. *Journal of Research in Marketing and Entrepreneurship* 1 (1), 24–40.

Weinrauch, J., J. Pharr, K. Mann, and P. Robinson (1990). An Exporatory Survey of Low Cost Marketing Strategies and Techniques among Selected Small Business Owners: Research Opportunities and Implications. In *Research at the Marketing/Entrepreneurship Interface,* University of Illinois at Chicago, Chicago, IL, pp. 122–136.

Table 7: Measures for Entrepreneurial Marketing Dimensions

Behaviors	Measures
Growth-Orientation	(1) Long-term growth is more important than immediate profit. (2) Our primary objective is to grow the business. (3) We aggressively try to expand our present customer base.
Opportunity-Orientation	(1) We consistently look for new business opportunities. (2) Our marketing efforts try to lead customers, rather than respond to them. (3) Adding innovative products or services is important to our success. (4) Creativity stimulates good marketing decisions.
Two-way contacts with Customers	(1) Most of our marketing decisions are based on what we learn from day-to-day customer contact. (2) Our customers require us to be very exible and adapt to their special requirements. (3) Everyone in this firm makes customers a top priority. (4) We quickly adjust to meet changing customer expectations.
Value creation through alliance	(1) We learn from our competitors. (2) We use our key industry friends and partners extensively to help us develop and market our products and services. (3) Most of our marketing decisions are based on exchanging information with those in our personal and professional network.
Informal Marketing	(1) Introducing new products or services usually involves little formal market research and analysis. (2) Our marketing decisions are based more on informal customer feedback than on formal market research. (3) It is important to rely on gut feeling when making marketing decisions.
Market Immersion	(1) Customer demand is usually the reason we introduce a new product and/or service. (2) We usually introduce new products and services based on the recommendations of our suppliers. (3) We rely heavily on experience when making marketing decisions.