Research at the Marketing/Entrepreneurship Interface

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Gerald E. Hills

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THE INFLUENCE OF MANAGERIAL TRAITS ON BUSINESS GROWTH EXPECTATIONS IN CHINA

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ABSTRACT

This study presents preliminary results on the influence of executive capital on incremental and radical growth expectations using pilot data from forty-two working Chinese MBA students. Executive capital corresponds to individual traits that contribute to a manager’s ability to enable value creation. Regression analysis results suggest that the form of expected growth is dependent upon a manager’s social (bonding tie diversity), psychological (risk propensity), intellectual (product-market familiarity), and economic (organizational slack) capital. Understanding the effects of executive capital on business growth expectations provides direction for managers particularly those in emerging economies. These initial results also offer possibilities for future research.

INTRODUCTION AND CONCEPTUAL DEVELOPMENT

After nearly forty years of reform and opening-up policy, China is the world’s second largest economy. Through an exploitative strategy that leveraged technological knowledge and products from foreign partners, Chinese firms were able to exert a low cost advantage to produce competitive products and eventual international success (Yu et al. 2015). However, with China’s latecomer strategy, technology transfer continues to flow from west to east in support of productivity and mass production rather than technologies that support innovation and new products (Altenburg, et al. 2008; Guan et al. 2006; Hu and Mathews 2008; Kriz 2010; Xie and White 2006). China is now striving to change its image from “Made in China” to “Created in China”. In the 13th Five-Year Plan (2016-2020), innovation is defined as the primary driver of development and is positioned at the core of the national growth strategy with enterprises assigned leading roles as the source of innovation. However, with continual reliance on exploitation of existing alternatives hindering exploration strategies (Levinthal and March 1993; Piao and Zajac 2016), Chinese firms are in need of reverse momentum from incremental (take share from existing competitors) to radical (invest in new products for new markets) growth strategies. Considering these realities, adoption of corporate entrepreneurship (Ireland et al., 2009) is critical for Chinese enterprises.

While research has long sought to understand the influence of managerial characteristics on business outcomes (Hambrick and Mason 1984), “the psychological and social processes by which executive profiles are converted into strategic choices still remain largely a mystery—the proverbial black box.” (Hambrick 2007, p. 337). Recent research has begun to reveal the human and social influences of Chinese top managers on innovation (Cao et al. 2015; Chen et al. 2015; Chung et al. 2015; Ding et al. 2015; Lau et al. 2008; Lin et al. 2011; Luo and Hassan 2009; Ma et al. 2009; Wang et al. 2015; Wei and Ling 2015). With managers regulating opportunities available to the firm (Penrose 1959) and serving as a microfoundation for strategic flexibility and business performance (Helfat and Peteraf 2015; Nadkarni and Herrmann 2010), this paper seeks to answer the following research question: How does executive capital (social, psychological, intellectual and economic) affect business growth strategy? In addressing this question, the paper tests hypotheses, using pilot data from working Chinese MBA students, to examine the relationship of executive capital (i.e., individual traits—either acquired or innate—that contribute to a manager’s ability to enable value creation) on the form of expected growth.

Social capital describes the relational assets that can be used to mobilize resources (Adler and Kwon 2002; Nahapiet and Ghoshal 1998). Bonding tie diversity, as an element of a manager’s social capital, measures the variety of a manager’s social ties with organizational members across departments upon which the manager interacts with for strategically valuable information and resources (Cao et al. 2015). Tapping into perspectives and resources throughout the firm increases executive awareness and provides a sense of how well decisions will be supported, as demanded by more radical forms of growth.

H1A: The lower the bonding tie diversity, the greater the expected growth in market share.

H1B: The greater the bonding tie diversity, the greater the expected growth in new business.
Psychological capital describes the psychic assets that can be used to mobilize resources (Luthans et al. 2004; Luthans et al. 2007). Risk propensity is the tendency to assume or avoid risk, which influences managerial perceptions; i.e., positive/negative and gain/loss (March and Shapira 1987; Sitkin and Pablo 1992). The inherent newness and failure probability of radical growth necessitates the assumption of greater risk; whereas, incremental initiatives demand less (Day 2006). At the individual level, increasing expectations for growth require greater assumptions of risk by the manager.

H2A: The lower the risk propensity, the greater the expected growth in market share.

H2B: The greater the risk propensity, the greater the expected growth in new business.

Intellectual capital describes the knowledge-based assets that can be used to mobilize resources (Becker 1962; Nahapiet and Ghoshal 1998). An element of a manager’s intellectual capital is his or her product-market familiarity, which is defined as a self-evaluation of the degree of knowledge of the firm’s product and market conditions (Celly and Frazier 1996). Accumulated knowledge about existing products and markets allows experienced firms to better gauge the value of radical innovations (Zhou and Li 2012) and have the confidence to overcome uncertainties associated with radical growth.

H3A: The lower the product-market familiarity, the greater the expected growth in market share.

H3B: The greater the product-market familiarity, the greater the expected growth in new business.

Economic capital describes the financial and tangible assets that can be used to mobilize resources (Dean and Kretschmer 2007). Organizational slack represents the manager’s perception of uncommitted resources that may be redeployed elsewhere at her or his discretion (Tan and Peng 2003) and is positively associated with radical innovation as it encourages the development and commitment to new ideas while reducing internal conflict (Troilo et al. 2014; Jalilvand and Kim 2013). If a manager perceives resources in excess of short-term goals, then long-term investment in radical growth are within consideration.

H4A: The lower the perceived organizational slack, the greater the expected growth in market share.

H4B: The greater the perceived organizational slack, the greater the expected growth in new business.

STUDY METHODS AND RESULTS

All measures were adapted from previously validated instruments: market share gain and new lines of business (Neill and York, 2012), bonding tie diversity (Cao, et al., 2015); risk propensity (Sitkin and Weingart, 1995), product-market familiarity (Celly and Frazier, 1996) and organizational slack (Sharma, 2000). Pilot data were collected from forty-two MBA students averaging over five years of work experience and representing a mix of industries. For reflective measures (i.e., risk propensity, product-market familiarity and organizational slack), unidimensionality was assessed among scale items using item-to-scale correlations (.50), exploratory factor analyses (first factor loadings >.70), and Cronbach’s alpha (.70) (Hair et al., 2010). The remaining measures (i.e., market share gain, new lines of business and bonding tie diversity) use a single item indicator. Table 1 reports mean, standard deviation, Cronbach’s alpha for multi-item scales, and correlations among the study’s measures.

Table 1: Descriptive Statistics, Reliability Estimates and Correlation Coefficients

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Market Share Gain</td>
<td>18.31</td>
<td>16.54</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 New Lines of Business</td>
<td>12.64</td>
<td>13.75</td>
<td>-0.30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Bonding Tie Diversity</td>
<td>1.69</td>
<td>0.11</td>
<td>-0.58</td>
<td>0.37</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Risk Propensity</td>
<td>3.64</td>
<td>1.44</td>
<td>-0.20</td>
<td>0.39</td>
<td>0.46</td>
<td>0.93</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Product-Market Familiarity</td>
<td>4.63</td>
<td>1.51</td>
<td>0.20</td>
<td>-0.21</td>
<td>0.20</td>
<td>0.09</td>
<td>0.93</td>
<td></td>
</tr>
<tr>
<td>6 Organizational Slack</td>
<td>5.20</td>
<td>1.39</td>
<td>-0.50</td>
<td>0.22</td>
<td>0.28</td>
<td>0.24</td>
<td>-0.12</td>
<td>0.88</td>
</tr>
</tbody>
</table>

Note: Cronbach’s alpha for reflective measures reported on diagonal; SD=Standard Deviation.
To validate that managerial traits were associated with market share and new business growth, two regression analyses were performed. Results (see table 2) provide support for hypothesis 1 with homogenous internal ties related to expectations of more incremental growth ($H_{1A}$) and bonding tie diversity positively related to radical growth prospects ($H_{1B}$). While the results indicate no relationship between risk propensity and incremental growth ($H_{2A}$), there is a positive relationship between risk propensity and radical growth ($H_{2B}$). For product-market familiarity, the effect is contrary to expectation with greater knowledge positively related to incremental growth ($H_{3A}$) and negatively related to radical growth ($H_{3B}$). Finally, hypothesis 4 receives mixed support with organizational slack negatively related to market share growth ($H_{4A}$) and no relationship to radical growth ($H_{4B}$). A greater proportion of variance is explained in market share ($R_{adj}^2=.49$) than in new business growth ($R_{adj}^2=.21$).

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Market Share</th>
<th>New Business</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta</td>
<td>T-value</td>
</tr>
<tr>
<td>Bonding Tie Diversity</td>
<td>-.61 *</td>
<td>-4.62</td>
</tr>
<tr>
<td>Risk Propensity</td>
<td>.13</td>
<td>1.01</td>
</tr>
<tr>
<td>Product-Market Familiarity</td>
<td>.27 *</td>
<td>2.32</td>
</tr>
<tr>
<td>Organizational Slack</td>
<td>-.33 *</td>
<td>-2.75</td>
</tr>
<tr>
<td>Adjusted R$^2$</td>
<td>.49</td>
<td></td>
</tr>
<tr>
<td>F-value</td>
<td>10.95 *</td>
<td></td>
</tr>
</tbody>
</table>

*$p<.05$ one-tailed t-test

DISCUSSION AND CONCLUSIONS

Investments in business growth are dependent upon the capital of decision makers. Results, based on a small sample of Chinese MBA students, suggest that the form of expected future growth is dependent upon a manager’s connection to information and resources, tendency to assume risk, product-market experience, and access to uncommitted resources. For radical growth, diverse internal ties provide access to a greater variety of information to link to a more unknown future; whereas, less variety in internal connections leads to the pursuit of more incremental growth. Radical growth involves risk taking in a relatively unknown and undetermined future; while incremental growth flourishes in familiar, but resource constrained, situations. Given that individual traits are related to the form of expected growth, managers may be predisposed to one particular approach. The challenge, which this study begins to address, is to understand the factors which sway the balance in one direction or the other.

*References and study measures available upon request.*
COMMUNICATING WITH YOUR LOCAL AUDIENCE ON FACEBOOK:
A TWO-STEP ENGAGEMENT MODEL

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Hemant C. Sashittal, St. John Fisher College

ABSTRACT

While social media marketing has been a hot topic in marketing, there are a paucity of such studies in the entrepreneurship literature. Consumer engagement has been particularly buzzworthy. Despite the strategic importance of consumer engagement via social media for small businesses, research on this topic is lacking. This study addresses this literature gap by investigating consumer engagement with small local firms on Facebook. We use a multimethod approach to investigate consumer attitudes towards and engagement with local and small businesses on Facebook. We propose, test, and validate a two-step consumer engagement model and provide recommendations for small business owners.

INTRODUCTION

Social media marketing has been a hot topic in mainstream marketing research for the past several years, however, there are a paucity of such studies in the entrepreneurship literature. Consumer brand engagement has been a particularly buzzworthy topic lately, as businesses continue to increase their social media spending in their attempt to capitalize on the opportunities and promises of this well-established medium. However, despite the now widely accepted advantages of building a strong social media presence, there is still little guidance on how a brand can best engage consumers on mediums such as Facebook. As a research stream, consumer engagement is still an emergent area, far from mature, and still fraught with considerable confusion (Kozinets, 2014).

For small businesses in particular, consumer engagement via social media is of strategic importance given its low resource requirement. Businesses use social media to improve their reputation, increase customer interest and awareness, promote their products/services to new customers, conduct market research, or even learn and fuel innovation (Atanassova and Clark 2015; Broekemier, Chau, and Seshadri 2015). Yet, little research has been done on this sector’s social media usage for marketing purposes (Broekemier, Chau, and Seshadri 2015). The few existing studies are mostly descriptive and focused on the company side (e.g. Michaelidou, Siamagka, and Christodoulides 2011). There is little to no understanding of consumer attitudes and behaviors relative to small businesses on social media, and little guidance on how such companies can engage them. Entrepreneurial marketing is quite different in nature and small firms exhibit different marketing behaviors than their large counterparts (Freel, 2000). Attempts to adapt and apply traditional marketing models to small businesses have often been met with failure as the principles of marketing developed with large companies in mind are not universally applicable (Jones and Rowley 2011). Thus the consumer engagement knowledge gap in the entrepreneurship literature is even greater. Any available insights on consumer engagement on social media are typically modeled for large companies in the B2C space. The social media practices of small companies follow the experiential and informal patterns of their marketing activities (Nakara et al. 2012). Adoption is often owner-manager driven (Zeiller and Schauer 2011), and while social media platforms such as Facebook try to attract small business owners by organizing free workshops and seminars, actionable guidance is lacking. Knowing how to start and use a free Facebook page for one’s company does not automatically translate in market success. This study addresses this gap in the marketing and entrepreneurship literature by investigating consumer engagement with small local firms on Facebook.

DATA AND ANALYSIS

We use a multimethod approach to investigate consumer attitudes towards and engagement with local and small businesses on Facebook. Using insights from qualitative research (interviews followed by a qualitative survey), a theoretical model for consumer engagement with local brands is proposed and tested in EQS 6.1 using the two-step approach recommended by Anderson and Gerbing (1998). Given the lack of extant research, the necessary scales were developed and refined using
rigorous pilot studies. The proposed engagement model was tested and refined on an appropriate sample of undergraduate students (n=438), and the revised model (Figure 1) was then validated on a new sample of Facebook users (n=187).

**Figure 1: Consumer Engagement with Local Brands (CFI = .943, RMSEA = .049)**

DISCUSSION OF FINDINGS

Qualitative findings reveal that consumers are much more open to engaging with local brands on Facebook when compared to national or global brands. Given the right information and tools, consumers are often genuinely interested in local businesses active in the community, and sometimes eager to help spread the word about their services and events. However, Facebook is a consumer centric medium, and companies need to fit in the users’ Facebook lives and networks to create lasting engagement. We therefore propose a consumer engagement model based on Facebook user motivations and behavioral tendencies.

Our model confirms that consumer engagement on Facebook is a two-step process. We find that the best predictor for whether consumers will strongly engage with the brand (e.g. comment, talk about, enter contest, use coupon, etc.) is the extent to which they were already engaged at a weaker level (e.g. liked page or post, read information, etc.). Moreover, there are clearly differentiated avenues for eliciting the two kinds of engagement. Companies with a localized market should first enable the users’ voyeuristic tendencies in order to engender weaker engagement levels from their audience. The most effective way to do so is by appealing to the users’ motivation for social connectedness on Facebook. The local business can be a conduit for helping the user connect with other local friends based on their shared affinity for a venue, event, etc. However, when stronger engagement behaviors are desired, local companies should create Facebook communications that appeal to the user’s attention seeking motivations. Encouraging or rewarding original content featuring or recommending the business and its products/services can be particularly effective. Various types of Facebook contests are one such example, but they are not the only available avenue. Facebook parties, online events and local brick and mortar events promoted via Facebook can foster greater engagement and patronage.

CONCLUSIONS AND RECOMMENDATIONS

Our study represents an important step in understanding how local businesses can use social media to engage consumers. The findings have implications for entrepreneurs as well as owner-managers of small businesses. First, it is important to note that Facebook users view local businesses very differently from national brands. Consumers are more receptive to communications from local establishments and appear to be eager to engage and interact with them. Brand communications from these businesses are not seen as intrusive and instead seen akin to conversations among friends. Sometimes our
participants even reported feeling a sense of accomplishment and satisfaction from helping a local business by sharing information about it or by endorsing it to their friends. Local businesses need to resist the pressure to emulate big brands, who are more prone to self-promotion, Facebook advertising, and other such attention seeking behaviors afforded to them by their entified status on social media (Sashittal, Hodis and Sriramachandramurthy 2015). The power dynamics of consumer-brand interaction seem to be completely different for local versus national/global companies. Whereas with big brands consumers want to borrow some of the brand’s social capital, with small companies consumers derive a sense of satisfaction from lending their own social capital to help a local business they patronize and/or support. Big brands aggregate their audiences easily but local businesses need to seek out members of their community and engage them either as valued customers or on a friend-of-a-friend basis first. Social media in essence is a landscape made up of the lives and activities of others, where consumers need to feel in control. Firms need to embrace this fundamental nature of social media to enhance consumer engagement with their brands.

REFERENCES


"MEMES" UX-DESIGN METHODOLOGY BASED ON COGNITIVE SCIENCE

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ABSTRACT

In these days, the scope of design is expanded and used for problem solving. A good design makes our life happy. However, if it does not have a strategy, it is regarded as an art. On the contrary, if it is successfully explained to investors, the idea would be realized and make a big market. Memes design methodology was developed as a practical UX-design (User eXperience-design) methodology to create a design strategy based on cognitive science. This method can also be applied to a branding strategy and a naming strategy.

INTRODUCTION

Product design requires good shape (Ashby, M. F., & Johnson, K. 2013) that promoted the technics in terms of miniaturization and weight saving. After computers spread, the user interface design requires usability (Shneiderman, B. 2010). This promoted the relationship between humans and machines based on basic cognitive science. It is often equated with user experience, but while bad usability can break a good product, good usability is insufficient to create a good experience (Kuniavsky, M. 2010). Thus the UX-design (User eXperience-design) is focusing on creating a fine time based on cognitive science in terms of perception, consciousness and feeling in a comprehensive manner. Memes design methodology was then developed by M. Okuda as a practical UX-design method to create design strategies based on cognitive science.

COGNITIVE PROCESS

A typical strategy in interface design is to hold early adopters. If you successfully get them in a new interface design, it is difficult for the first users to escape from it. That is proved by a story of the typewriter development. The standard keyboard (nicknamed QWERTY) was designed to reduce typewriter jams by inefficient arrangement to slow typing speed (Noyes, J. 1983). However, once we accepted the interface design, we cannot escape from it. It has been used for a long time even if it is not so efficient.

Another is a branding strategy on profile design. For example a fun experience using a computer is tied up with a logo like Apple. In other words, a good feeling is anchored to a sign in the mental model (Shimp, 1981). Therefore, we can remind a good feeling when looking at the logo sign. It is said that a logo changes to a pictogram. The purpose of this paper is to analyze a UX-design method describing these strategies based on cognitive science because that is essential for entrepreneurs.

COGNITIVE PROCESS

Figure 1 shows a cognitive process when a customer looks at a Japanese teacup and understands the author's concept. This method separates a cognitive process into four steps which are sensing, evoking, structuring ideas and understanding a concept. In the first step, he finds a small crack made by design. After recognizing it, he starts to search a semantic meaning. In the second step, he evokes various, nearly infinite associations from the crack. After recognizing it, he starts to search a semantic meaning. In the third step, he starts to search for a message from the author by checking his memory of culture, protocol, or common sense. In the last step, if he gets some information regarding a love story such as this title, he can successfully reach the author's idea, a lost love.

In reality, since a cognitive process happens at a moment, we are not aware of each step separately. However, this method is able to check them by step. For example, in the step of sensing, we will find necessity of universal design, such as the Siri function which is a voice-controlled personal assistant that provides answers to questions asked in natural language (Engström, Larsson, & Larsson, 2013). In the step of structuring, a designer is prompted to check for differences in culture, protocol, and common sense. For example when the kitchen was colored white or beige in Japan previously, a designer thought that a new cooking device in red makes an outstanding strategy. That succeeded in Japan. However, the same
strategy could not be applied in China because the red color represents prosperity and has a different meaning in the culture.

We have to consider collective effect of multiple signs at the step of evoking. Since there are various associations in the step of evoking, a designer needs to consider it to drive to one concept. A good designer arranges multiple signs to work together efficiently. In general, a title works as the most powerful sign in fine art.

**Figure 1: Cognitive Process**

![Image of cognitive process diagram]

Figure 2 illustrates a naming strategy in this case. Supposing there is a teacup with a crack by design, "a crack" look regarded as a candidate of the title. However, no one can sympathize with it because emotion is proportional to work of thought (Ochs, Sadek, & Pelachaud, 2012). If the second candidate is a lost love, someone might feel sympathy because it is a little bit far from the direct expression. However, it is not a goal because it is still close to the direct expression. If a metaphor has an appropriate distance, it might be a chief candidate because a metaphor always reminds of own experience and makes comfortable brain work. In other words, if a metaphor has an appropriate distance to the author's idea, it might be a chief candidate. This is a naming strategy.
Figure 2: Naming strategy

Figure 3 shows the illustrated template of this design methodology. In horizontal, 8 senses are aligned which are visceral sense, sense of motion, and sense of balance in addition to the common 5 senses. In vertical, there are 4 steps separated to "Sensing", "Evoking", "Structuring", and "Understanding". A step starts from the bottom when it is used for checking a cognitive process. It is called "bottom-up approach" in this method as shown in Figure 3 (a).

**BOTTOM-UP APPROACH (COGNITIVE PROCESS)**

The second approach is called "top-down approach" because it flows to an opposite direction of the bottom-up approach (Figure 3 (b)). A designer can separate a concept into semantic signs by means of this template. But that is not so easy. A designer needs to learn the influence of a combination of signs. For example white snow is composed of white and snow. When white is changed to black, we imagine black snow and feel a new sense except for the meaning of each word.

In this methodology, a thought stream of cognitive process is defined as "bottom-up approach". On the contrary, the opposite way of thought stream of designer's view is defined as "top-down approach". This method recommends a good designer iterates the two-way approach in order to refine a new design.
SYMBOLIZATION STRATEGY

As shown in Figure 4, if a person sympathizes with a new design, it will be symbolized and that will make a shortcut in the brain. The recognition time will be shortened by symbolization. In other words, if a new design becomes a symbol, a person will reach the concept in a moment. A road sign is a good example. It is assumed that once a customer creates a mental model by symbolization, he accepts the message with no qualification (Seel, 2003). That is applied to a branding strategy such as Apple logo on Mac OS.

Another design strategy is found in the front grill design of Rolls-Royce motor cars as illustrated in Figure 5. Firstly, only the Parthenon's facade was a status symbol. In this case, the Parthenon's facade is called "Signifiant" in French. The status of "Royalty" is called "Signific" in French. Once the customer accepts the front grill design as a status symbol, the Rolls-Royce motor car itself was changed into the status symbol as shown in the dotted arrow. It is argued that symbolization can be used for creating a new design. As illustrated in Figure 6, if we strategically iterate symbolizations, we can expand the life cycle of the design with the evolution cycle to inherit the symbolized message.
Figure 4: Symbolization Process

4. Understanding the author's idea quickly.

Figure 5: Cognitive Process on Symbolization

Signifiant (Signifier): A symbol that conveys some meaning related with the Parthenon.

Signifie (Signified): A meaning that is conveyed by symbol

The Parthenon

Royalty

A symbolic front grille of Rolls-Royce car
SOCIAL CONSCIOUSNESS RESEARCH

As an application of this method, a similar template can be used for checking movement of social consciousness. Figure 7 shows detailed definition of each layer. The top layer is defined "Ideal" which represents concept of value, or aesthetic feeling. If we find a new movement in the ideal layer, we should investigate the lower layers next. The second layer is defined "Structure" which represents protocols, rules, systems, or logics. The next layer is defined "Association" which represents affordances, symbols, or images. The bottom layer is defined "Signal" which represents media, or artifacts. The template has 4 layers to classify discussion points.

For example the template was used in the succeeding development of the cellular phone. Investigating the handbag, a mismatch was found in the design of cell-phone with women’s accessories. The old cell-phone had an unstylish shape. This was a problem that made a poor impression with accessories and classified it in a problem of the association. According to the template, they checked whether the upper layers had the cause. They then found an issue on the structure layer. The other companies were faithfully following the authority's requirement that was the reliability of communication. Therefore, as a design strategy, they developed a stylish mobile phone like an accessory and acquired the top share several years later. Besides, since they introduced a new interface according to the above-mentioned branding strategy, they were able to keep customers with this stylish cell-phone until time the cell-phone was phased out.

When estimating a future social consciousness by this template, we need to make three templates as shown in Figure 8. If we can get a new movement in the future social consciousness, that minimizes uncertainty. And if we find an uncultivated area, there is a chance for innovation. These actions are essential for entrepreneurs to anticipate movement of business environmental because the social consciousness influences the value structure of customers directly (Nodelman, 1966).
SUMMARY

Memes design methodology was developed as a practical UX-design method. This method is able to create a design strategy based on cognitive science. In this method, a cognitive process is divided into four steps which are sensing, evoking, structuring ideas and understanding a concept. Actually, since a cognitive process goes through at a moment, we are not aware of each step. However, this method is able to check brain activity through each step. This thought stream of cognitive process is defined as "bottom-up approach". On the contrary, the opposite way of thought stream of designer's view is defined as "top-down approach". This method recommends a good designer iterates the two-way approach in order to refine a new design.

In addition, as an application of this method, the template can be used for checking movement of social consciousness. If
we can estimate a future social consciousness by this template, it minimizes uncertainty. And if we find an uncultivated area, there is a chance for innovation. Therefore we can conclude that this method is essential for entrepreneurs.

REFERENCES


ABSTRACT

This paper is based on my belief that marketing is a much more contextual thing than what is normally assumed and understood. I believe, for instance, that marketing entrepreneurial start-ups, for instance, is special enough to be treated in its own right. Furthermore, I claim that different scientific views (research paradigms) may lead to distinctly different versions of how to apply marketing (including networking). Two such scientific views, i.e., the analytical one (we may call it rational) and the social constructional one (we may call it bricoleurial), are discussed in this paper as far as marketing entrepreneurial start-ups is concerned.

MY CONCERNS

Texts discussing marketing tend to be rather one-sided in my opinion. They commonly treat this subject in such a way that the reader is left with the impression that there is only one best way to do marketing well. Furthermore, the reader is told that even if there might be some differences in the way marketing is to be applied, there is in principle only one general way how to best behave as a producer and/or seller in different markets, even if minor modifications sometimes are necessary.

I am of a different opinion. I claim that marketing can mean different things in different contexts and should be treated as such. One such context, as I see it, is entrepreneurial start-ups.

But this is not my only concern. The great majority of texts on the subject of marketing are based on one and the same scientific view (that is, governed by the same research paradigm) – and they rarely, if ever, mention which one. This is the analytical view. There are other scientific views. One such view which will make a definite difference to how to look at, and how to apply, marketing – which I, furthermore, have found as quite interesting – is the social constructional view.

To summarize:

• Marketing entrepreneurial start-ups is specific enough to be treated in its own right.
• Two scientific views that result in distinctly different pictures of marketing are based on the analytical one on one hand and on the social constructional one on the other.

WHAT’S GOING ON?

There are several things going on in our society of today, things which might be of interest to consider when discussing marketing entrepreneurial start-ups:

دير Our society of today is changing at a magnitude that has never been so widely experienced before. But that is not enough. Changes are of a different type! They contain aspects of genuine uncertainty, that is, aspects which cannot be eliminated, or even reduced by, for instance, more careful planning. One necessary consequence of these different types of changes is also that it is necessary to find solutions of a different kind today. Finding solutions of a different kind is, to me, to be entrepreneurial. This means that we can say that we live in an entrepreneurial society today.

دير Sometimes our present society is also referred to as a post-modern society. There are many ways to understand post-modernity. One generally accepted understanding is that there are no longer any grand models or generally valid models or solutions in the society of today. Progress can no longer be seen in any simple, straight-forward terms. Constructive post-modern thinking requires to consider several alternative theories of any specific phenomenon, for instance (of interest to this paper), of more than one way to think of entrepreneurship and of more than one way to think of marketing.
One aspect of post-modern society is the revival of place (it is generally understood that the economy can be seen in space-terms and that the social is better seen in place-terms). Among other things, this has led to a tremendous interest in entrepreneurs as social entrepreneurs. A more specific aspect of this is that interpretive thinking (including social constructionism) has come up alongside explanatory, depicting and functional thinking as an interesting scientific view. More generally, constructionist dialogues contain a wide social potential; they open up new spans of possibilities for creating not only the scientific world, but maybe above all for the world of professional practice, of our daily lives and of our society at large.

We also live in what is commonly referred to as a knowledge society today. The dominant means of competition is no longer financial resources. Already in 1969, Peter Drucker (Drucker, 1969) said, that the only meaningful resource today is knowledge. One aspect of knowledge in our post-modern society is that relationships and networks are becoming more important. Contemporary society is underpinned by all-encompassing networks; network is the primary symbol of our modern society (Castells, 1996). Understanding how these networks are working is the key to understanding how our entrepreneurial society is working, and the greatest gains in this society are to a large extent to be found in researching and exploiting the power of existing networks and building new ones.

THE WAY I LOOK AT ENTREPRENEURSHIP

The way I look at entrepreneurship can be illustrated by the following two figures:

**Figure 1: My Distinctions Between Enterprising, Entrepreneurship and Small Business**

![Figure 1: My Distinctions Between Enterprising, Entrepreneurship and Small Business](image)

**Figure 2: My Distinctions Between Innovation, Entrepreneurship and Self-Employment**

![Figure 2: My Distinctions Between Innovation, Entrepreneurship and Self-Employment](image)

The reason why an equal sign is sometimes placed between enterprising and entrepreneurship and between entrepreneurship and small business could be that to some extent all successful entrepreneurial activities mean enterprising and that successful small businesses probably have been entrepreneurial at some stage. However, as I see it, there is enterprising as well as small business which can hardly be called entrepreneurial.

How is the concept of entrepreneurship related to the concepts of innovation and self-employment? These three concepts are also often seen as approximately the same. However, my understanding of entrepreneurship excludes some varieties of
being one’s own (like, for instance, non-innovative self-employment) plus some parts of the innovative phenomenon, even if I assert that all entrepreneurship contains innovative aspects to some extent, at least periodically.

To clarify, entrepreneurship to me is to find new solutions to old or new problems.

Two consequences of my view of entrepreneurship are the following:

1. I make a clear distinction between entrepreneurship and management. There are many who assert, that entrepreneurship is a (special) kind of management (for instance, Drucker, 1985; Sexton and Bowman-Upton, 1991; Wickham, 2006). I look at management as primarily a profession, where the point is to handle a more or less given situation. As a manager, you need ‘technical’ skills in the wide sense of the term (like reading an organizational diagram, coming up with a budget, closing the books, etc.). As a manager, you relate to the place where you work and whether you are successful or not is judged by this place of work. Entrepreneurship, to me, is more of an attitude, a way of life, an interest in coming up with something new. To be able to do this, mental skills are needed first of all; you relate to the users of what you have come up with – whether you are successful or not is judged by these persons. To formulate it the way Hjorth (2009, p. 207) is putting it: “I make use of analysis of entrepreneurship as distinct from management, the latter being focused on efficient stewardship of existing resources and social control, while the former is animated primarily by creativity, desire, playfulness and the passion for actualizing what could come into being”.

2. I am also of the opinion that a person who starts an entrepreneurial venture is an entrepreneur only in the beginning of the existence of such a venture. After this stage, he or she becomes more of a manager than an entrepreneur. This also means that I am not particularly interested in growth of an entrepreneurial venture in this paper. The way I look at it, growth has more to do with management than with entrepreneurship, that is, more to do with exploiting an established concept than with creating a new one. Nor am I particularly interested in strategic matters here. It is my conviction and experience that entrepreneurs, unlike managers, rarely think strategically in the sense in which this subject is normally treated in the literature.

THE LIMITED AND THE MORE EXTENDED VIEW OF ENTREPRENEURSHIP

Entrepreneurship has, as an academic subject, existed for about 300 years. During the first 250 years or so, only economists were interested in the subject. From approximately the last fifty years, almost all subjects within social sciences have shown some interest in entrepreneurship. From an educative point of view, there is hardly no university, for instance, which does not offer any course in entrepreneurship, innovation or the like.

As part of the widespread interest in the subject of entrepreneurship, it is even today possible to see two different views on the subject of entrepreneurship (compare Bridge et al., 2009):

1. The limited view: Entrepreneurship is basically an economic phenomenon and is a matter of tracing and exploiting opportunities and of creating something new, thereby satisfying demands in different markets. Entrepreneurs in all parts of the society should try to emulate those entrepreneurs, which have been successful in business. Representatives of this view are, for instance, Dees et al. (2001), Amin et al. (2002) and Dart (2004).

2. The more extended view: Entrepreneurship belongs to the whole society, not only to its economy and is a question of creating something new (not necessarily in business) and thereby satisfying demands in different markets and/or meaningful needs in other sectors of the society. To be a social entrepreneur, for instance, is based on different logic than the one ruling in business alone. Representatives of this view are, for instance, Hardt (2002), Hjorth and Steyaert (2003), Johannisson (2005) and Bjerke (2013).

Most entrepreneurship theories are of the limited type and market based. Most entrepreneurship theories of the limited type are not positioning themselves in place or in time, that is, they are very ahistorical and not specified in terms of in what culture they are valid (Bjerke, 2010).

Three things become natural with this type of theories:
• To look at growth as something primary (Coulter, 2001; Wickham, 2006; Allen, 2010).

• To see opportunity recognition as a distinct and fundamental entrepreneurial behaviour (Gaglio, 1997; Kirzner, 1979; Stevenson and Jarillo, 1990; Venkataraman, 1997).

• To view entrepreneurship as a (special) type of management (Drucker, 1985; Stevenson and Jarillo, 1990; Wickham, 2006).

The progressive imitating and the necessarily mundane aspects of entrepreneurship, typical for the more extended view of entrepreneurship, are what Steyaert (2004) calls the prosaic of entrepreneurship. With a prosaic study of entrepreneurship, we leave a dominating focus on building models and general concepts, which is usually supported in the area of entrepreneurship research (Steyaert, 2000) and enter a road to a study of the conversion process which supports the everydayness of entrepreneurial processes.

The most basic or at least a natural consequence of the more extended view of entrepreneurship is to make a distinct difference between traditional ways of doing business and new business venturing – between “managerialism” and “entrepreneurialism” in Hjorth and Johannisson’s terminology (1998).

The more extended view of entrepreneurship sees no point in creating conceptual systems in order to explain entrepreneurship. If entrepreneurship, powered by its present popularity, is again treated as a primarily economic phenomenon, Hjorth and Steyaert (2003, p. 299) “fear” that it will disappear again, unable to break through its curse of history. When entrepreneurship got a central position in the 1990s, several high-flying, IT-fuelled ventures were launched, most of them with young bright IT men in the driving seats. Such examples lead us astray, according to the more extended view (ibid.). What is needed, according to this view, is to invent a new way to talk about what is entrepreneurial such that it will include more of the society than its economic parts.

Another aspect of the more extended view of entrepreneurship is not to have a focus on the discovery of opportunities but on the creative process in itself, which is made by using the verb “to enterprise” as something ongoing, that is entrepreneuring (Steyaert, 2007). Entrepreneurial studies must then be based on a process philosophy (Steyaert, 1997) and entrepreneurship can even be called the science of the art of the power of imagination (Gartner, 2007).

One important difference between the two views of entrepreneurship is that the more extended view inevitably looks at entrepreneurship as an activity embedded in a special social (historical, cultural, economic) context. Entrepreneurship is, however, not determined by this context. It is rather a specific response to those limitations that are part of the specific context; it is a special way to problematize and to transform these limitations. The more extended view of entrepreneurship means that an understanding of business entrepreneurs and maybe, above all, of entrepreneurs in other sectors of the society, that is social entrepreneurs, cannot neglect those contexts in which they exist and that entrepreneurs in different sectors of the society are guided by, at least partly, different logic.

Some concepts associated with the limited view of entrepreneurship are:
• Need for achievement
• An economic phenomenon
• Growth
• Finding and exploiting opportunities
• A special kind of manager
• Business planning
• Extraordinary behaviour among extraordinary people

Some concepts associated with the more extended view of entrepreneurship are:
• The power of imagination
• Not only an economic phenomenon
• Not just to be and act as if in everyday life
• Embedded in a context
• Entrepreneurs and managers are different
Learning by action
Extraordinary actions among ordinary people

From a scientific point of view, the limited view of entrepreneurship is focused at explaining consequences in an analytical way to behave rationally; the more extended view of entrepreneurship is focused at understanding consequences of a bricoleurial way to act naturally.

SOCIAL ENTREPRENEURS

It is possible to talk about three sectors in the society, that is, the public sector, the business sector and the third sector (which I would like to refer to as the citizen sector). It is also possible to talk about two general kinds of entrepreneurs, that is the business entrepreneur and the social entrepreneur. Social entrepreneurs are different from business entrepreneurs and of special interest to this paper, due to the following:

1. Even if social entrepreneurs in general may appear in any sector of the society and even if it is common for social entrepreneurs to bridge the different sectors of the society, I assert that those social entrepreneurs that operate in the citizen sector (which I refer to as citizen entrepreneurs) are somewhat special, particularly in terms of their use of marketing and networking. To stress, for instance, the need for good planning and organizational skills, good knowledge of management and marketing plus efficiency and effectiveness for all entrepreneurs, no matter in which sector of the society they operate, easily neglects the important political and ideological functions of most social entrepreneurs (Parkinson and Howorth, 2008).

2. It could be confusing, and even destructive, to bring over many of the business views to social (and, in particular, to citizen) entrepreneurs, the way I look at it. This is “disarming” a growing type of social entrepreneurs, which operate in the citizen sector, from the possibilities to come up, in their own way, with more or less innovative solutions and suggestions and to keep the distance from business entrepreneurs and from entrepreneurs in other parts of the society (Cho, 2006).

Furthermore, there are limits to applying the results of research on business entrepreneurs unto social entrepreneurs in general and onto citizen entrepreneurs in particular:

- Even if social entrepreneurs as well as business entrepreneurs are good at networking, social entrepreneurs exploit network relations in a much broader field (Dennis, 2000; Smith and Blundel, 2001; BarNir and Smith, 2002). For instance, social entrepreneurs are looking for alliances and cooperative possibilities where they can most easily find them. Many social entrepreneurs work at the same time with local governments, welfare institutions, volunteering groups and banks. Furthermore, social entrepreneurs use their networks not only to leverage resources and strengthen their own ventures, which is a primary effect for business entrepreneurs, but also to deliver impact and to create new social value (Nicholls, 2006, p. 225).

- Social entrepreneurs operate in a more diversified and dynamically strategic landscape than do business entrepreneurs (O’Gorman, 2006). Social entrepreneurs also often show a much larger variation in the form of organization under which they operate than do business entrepreneurs. Furthermore, economies of scale are not as obvious for social entrepreneurs as for business entrepreneurs. The former may often get maximum impact by remaining small and local and through deepening their activities rather than broadening them (Nicholls, 2006, pp. 225-6).

- Social entrepreneurs are often looking for a social possibility where traditional business activities and the public sector have not shown any major interest and they improve on and create new social capital through institutional or gradual improvement and innovation. The urge to change the terms of engagement where they operate, not for their own benefit but for the benefit of their stakeholders, often marks social entrepreneurs out as quite distinct from business entrepreneurs (Nicholls, 2006, p. 226). The primary interest behind an increased participation in their own interest areas as social entrepreneurs is not to gain themselves, but in order for those in which they are interested to benefit from it.
• Social entrepreneurs are often very politically involved (which is not the same as working for a specific political party) and they are often effective activists and/or campaigners and catalysts of a wider social change than what is the case for business entrepreneurs (Nicholls, 2006, p. 226).

• The ultimate aim (even if it may not be attainable) for social entrepreneurs is to do so well that they are no longer needed. This is normally not the case for business entrepreneurs (ibid.).

• Paton (2003) asserts that social entrepreneurs and business entrepreneurs live in different meaning-worlds. To bring the business-venturing mind to social entrepreneurship could undermine what is the strength of social entrepreneurs (Krashinsky, 1998), neglecting the dialogical and political praxis which is central to social entrepreneurship (Cho, 2006).

There is a difference between social entrepreneurs and citizen entrepreneurs (which was mentioned in the last chapter). By social entrepreneurship I mean all entrepreneurial activities in a society, no matter where they are going, which are not run for private profit reasons but are an activity which aims at satisfying different social needs (possibly in combination with an interest in profit). As mentioned, those social entrepreneurial activities that take place in the citizen sector I refer to as citizen entrepreneurship.

According to Grenier (2009, pp. 174-5) it is possible to see two kinds of citizen entrepreneurs: ‘citizen enterprisers’ (for instance, Borzaga and Defourny, 2001; Martin and Thompson, 2010) and ‘citizen innovators’ (for instance, Steyaert, 1997, 2004; Bornstein, 2004). But it is not easy to separate the two. Citizen enterprisers are often meant to be innovative as well, even if it is not part of the name itself. Furthermore, there are studies showing that not only citizen innovators but also citizen enterprisers are interested in local issues, collective and private actions, local communities and local political fights (Dey and Steyaert, 2010, p. 98). In Sweden and similar countries, due to their large public sector, citizen enterprising issues are to a large extent managed by their public sector through its different institutions (without being particularly entrepreneurial). Being a Swede, I am more interested in citizen innovators than citizen enterprisers, that is, citizen entrepreneurs that act in the citizen sector on different public places. By public places I refer to physical, virtual, discursive and/or emotional arenas which, in principle, every citizen has access to and which, still in principle, every citizen should feel responsibility for. I also refer to them as public entrepreneurs (Hjorth and Bjerke, 2006) (Please notice that public entrepreneurs do not refer to entrepreneurs operating in the public sector, but entrepreneurs operating in public places, places which, by the way, are often publicly owned. I refer to the former entrepreneurs as public sector entrepreneurs). Citizen enterprisers, who have less public places like sheltered workshops or people’s homes as their operative location, are not public entrepreneurs to me.

NETWORKING AND CITIZEN CAPITAL

Some say that Piore and Sabel brought in business networks into entrepreneurship theories in their book of 1984 when they praised the industrial districts in northern Italy as an alternative economic model. They defined industrial districts as geographically concentrated operations that mainly consist of small firms which specialize in specific goods and services (often as part of an end product). Today there is a more fundamental view of the importance of networks. It is more often claimed that the society of today can be seen as a network society and that networking is a natural part of marketing in the post-modern society. Castells (1996) asserts that this is the first time in history that the economic unit has been other than the individual, the organization, the region or the sector. Instead this unit is the network, where subjects and organizations are connected to each other and are constantly being modified and adapted to each other and to the environment.

Consequently, the study of networks is popular today. However, there is considerable variation in what can be meant by “network” and “networking”. Competing definitions and perspectives often exist. One important aspect of networks is that it is possible to separate four levels in networks (Fyall and Garrod, 2005, p. 154):

1. Exchange of information
2. Adaptation of activities
3. Sharing resources
4. Co-creation
The further down you go in these levels the more is asked of the members within a network. Networking often stops at the top level.

So, “networks” and “networking” are important entrepreneurial tools to establish, develop and improve on small businesses and other operations in society. However, I see a difference between discussing networking as a way to improve on existing operations (a discussion according to the limited view of entrepreneurship) and networking as part of being a human being and therefore, by necessity, part of being an entrepreneur (the more extended view of entrepreneurship). Discussions of the first kind often lead to technical issues like what is a good or a bad network, what makes a network more functional, and so on. Typical discussions of networks according to the more extended view of entrepreneurship are:

- A more developed network is more valuable to a person who starts an entrepreneurial venture than to somebody who is running an ongoing venture.
- The advantages of being members in networks are in place for large as well as for small entrepreneurial ventures, but membership of a network is more important for survival of a small entrepreneurial venture.
- Networks make it possible for small entrepreneurial ventures to gain access to resources that is not possible elsewhere.

Some results found valid for networking by social entrepreneurs are:

- Networks are more important for social entrepreneurs than for business entrepreneurs, if for no other reason the former do not offer goods and/or services that can speak for themselves. They constantly need to justify their social entrepreneurial ventures.
- The differences between strong (emotional) and weak (calculative) ties are not at all so clear or even necessary to separate for social entrepreneurs as for business entrepreneurs.
- A champion in social entrepreneurship is partly more difficult to be and more difficult to replace than is the case in business entrepreneurship contexts.
- Confidence and trust are decisive for social entrepreneurs. Contacts alone are not enough, which could sometimes be the case for business entrepreneurs.

It is important for citizen entrepreneurs by marketing and in other ways to build and exploit what I prefer to call, citizen capital (a more common and more accepted term is social capital). During the 1990s this new capital concept was launched. The idea of citizen capital came from sociology, not from economics, and it has proven particularly useful when analyzing small firms and entrepreneurship (Westlund and Bolton, 2003, p. 77). The very term “citizen capital” is commonly attributed to Jacobs (1961). As their main interest, analysts of citizen capital are concerned with the significance of relationships as a resource for action in the society (Nahapiet and Ghoshal, 1998). This reflects the growing concern over the role of social relationships in explaining and understanding business activity. A deeper view is that an actor’s embeddedness in social structures endows him or her with citizen capital (Portes and Sensenbrenner, 1993; Oinas, 1999). In the literature citizen capital is defined as the asset that exists on social relations and network literature (Burt, 1997; Leana and Van Buren, 1999). Citizen capital can be described as a consequence of how social processes work, where lack of cooperation leads to a decreased flow of information and resources (Bjerke and Karlsson, 2011, p. 101). Citizen capital can reduce transaction costs (Putnam et al., 1993) or as Dosi (1988) puts it, lower the transaction costs by using middlehands that cannot be bought or sold on a market. Citizen capital can also reduce uncertainty (Fafchamps, 2000). All in all, citizen capital offers a way to understand how networks are functioning.

Citizen capital is, according to Bourdieu and Wacquant (1992, p. 119): “The sum of the resources, actual and virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition”.

Fukyama (1995) defines citizen capital as “the ability of people to work together for a common purpose in groups or organizations”. Leadbeater (1997) adapts this by suggesting a wider meaning to contain building something of real value for local communities or contexts. The citizen entrepreneur is using some kind of citizen capital – relationships, network, trust and cooperation – to get hold of physical and financial capital that can be of value to the local community.

Citizen capital is a productive asset, making certain specific results which, where citizen capital does not exist, would be impossible or more difficult (Coleman, 1990). In this perspective, citizen capital is created within the embeddedness process, that is to say both as a “result” (a product of network) as well as a “means” (to facilitate what is going on). That embeddedness that takes place becomes an inevitable part of the social structure.
THE ANALYTICAL AND THE SOCIAL CONSTRUCTIONAL SCIENTIFIC VIEW

Analytical philosophy is a summary of a number of movements in philosophy during the twentieth century, mainly in the English-speaking world. The central epistemological challenge for analytical philosophy is to comprehend how individual consciousness comes to have knowledge of the external world. The ideal for most analysts has been to demonstrate that—metaphorically speaking—the mind functions as a *mirror to nature*.

Within the tradition of analytical philosophy, attempts to justify the view of mind as mirror are typically identified as *empiricist*, that is, all knowledge of reality emanates from our senses. The classic version of empiricism can be found from Locke, Berkeley, Hume and Mill.

Some names associated with the analytical philosophy are George E. Moore, Bertrand Russell, Rudolf Carnap, John L. Austin and Alfred J. Ayer. According to Törnebohm (1974), a scientific view (a paradigm) consists of:

- a conception of reality (view of the world)
- a conception of science
- a scientific ideal
- ethical/aesthetical aspects

The analytical philosophy can in these terms be characterized as:

*Conception of reality*. Reality consists of objective as well as subjective facts. Such objective and subjective parts of reality can together be classified as *factive*. Even if we, through interference or through change of mind can make this reality appear in various forms, it is *basically* a stable construction. Reality is looked at as full of *circumstances*.

*Conception of science*. Science provides pictures of this factive and stable reality. These pictures will improve, that is, become more and more correct and more valid as science is progressing. Scientific knowledge should be logically separated from moral matters and ethics. This means, for instance, that researchers can argue about which consequences different alternative actions will have in terms of formulated objectives, but deciding which objectives should actually be chosen is beyond its domain.

*Scientific ideals*. Gradually, science will fill in as many ‘empty squares’ in our knowledge of reality as possible. Knowledge emerges most surely with the use of well-tested techniques, many of which have been picked up from the natural sciences. The results will be an increasing number of, and ever more refined, logical models and representative, generalizable cases. One ideal according to the analytical philosophy is to come up with results, which are formulated in quantitative terms. Knowledge is to be used to come up with valid explanations and to make better predictions of the consequences of various alternative actions that could be taken, and consequently to steer reality in a desirable direction.

*Ethical and aesthetical aspects*. These are relatively uninteresting questions to proponents of the analytical view. It is instead seen as important to regard science as progress; as researchers we do not have to take responsibility for how people in reality use the knowledge that will be presented by researchers as we go on.

There are a number of similarities among all social constructional approaches (Wenneberg, 2001; Devins and Gold, 2002):

- person and reality are inseparable
- language produces and reproduces reality instead of being a result of reality
- knowledge is socially constructed, not objectively given

Some names associated with the social constructional philosophy are Thomas Kuhn, Ludwig Wittgenstein, Harold Garfinkel, Michel Foucault and Jacques Derrida.

There are four basic working assumptions among social constructional approaches:

1. **Those terms by which we understand our world and our self are neither required nor demanded by “what there is”**
   This has to do with the belief that there is no reality beyond interpretations of this reality. Another way of stating this
assumption is to say that there are a potentially unlimited number of possible descriptions of “the situation in question” – and none of these descriptions can be ruled superior in terms of its capacity to map, picture or capture its features.

2. Our modes of description, explanation and/or representation are derived from relationships Language and all other forms of representation are meaningful only in their relationships with people. Meaning is born of coordination between individuals – agreements, negotiations, affirmations. Nothing exists for us as intelligible people before there are relationships.

3. As we describe or otherwise represent our reality, so do we fashion our future Language is a major ingredient of our world of actions and therefore a part of building futures either as confirmations of what already exists or as part of what will be now.

4. Reflection on our forms of understanding is vital to our future well-being What shall we save, what shall we resist and destroy, what shall we create? There are no universal answers, only socially constructed ones.

The paradigm of the social constructional philosophy can be summarized following Törnebohm’s description as follows:

Conception of reality. Social constructionism assumes that reality, as it exists for us, is a social construction, mentally relating actors more or less with all other actors in this reality, where every researcher is one of the actors. Reality is full of meaning.

In the conception of science of social constructionism, it is included that all pre-scientific conceptions must be objects of reflection in all kinds of research. The social constructional view claims that taken-for-granted concepts may become obstacles for real understanding and renewal.

As social constructionism starts from the idea that a researcher always has self-reference to the society at large, that is, participates as one of the constructors of the social reality, it becomes natural that the scientific ideal of social constructionism advocates a scientific and consciously active interaction. This may mean everything from the language style of reports to an active changing and developing work in the study area at the same time as this area is researched. The ambition in social constructionism is to come up with fruitful interpretative understanding (not explanatory models).

Ethically this is about taking responsibility for his or her part of the construction of reality, which the researcher cannot disclaim responsibility for, whether he or she wants it or not. Aesthetically it may be so that the social constructionist view wants to come up with descriptions and interpretations which are close to being artistic. The social constructionist view has an expressed concern in an innovative knowledge interest, that is, not only to describe but also to drive change.

RATIONAL AND BRICOLEURIAL ENTREPRENEURIAL START-UPS

Claude Lévi-Strauss (1966) separates two kinds of thinking from each other. One is associated with what he refers to as “the engineer” and the other with “the bricoleur”, which in my case can be taken as the difference between starting an entrepreneurial venture rationally or bricoleurially. The engineer always tries to make his or her way out of and go beyond the constraints imposed by the present, while the bricoleur by inclination or necessity remains seemingly within them at the same time as social constructionistically creating possibilities within existing and/or extended network.

To behave rationally can be defined as consciously behaving logically and consistently in relation to those objectives that exist and/or in relation to those means that exist. To be entrepreneurial, that is, to be enterprising by suggesting or generating new solutions to existing or new problems means in the rational case to consider those means that you control at present and those which you with confidence can say will come in the future (Stevenson and Jarillo, 1990).

The word bricoleur (as well as entrepreneur) comes from French. In the old sense, the verb “bricoler” applied to some external, natural movement, for instance, a ball rebounding, a dog straying or a horse swerving from its direct course to avoid an obstacle. In our time the “bricoleur” is still someone who works naturally, almost instinctively, compared to those of a crafts person, who is rationally executing his or her profession, based on that knowledge acquired (Lévi-Strauss, 1966, pp. 16-17).
The “bricoleur” has no precise equivalent in English. He or she is a person who undertakes odd jobs and is a Jack-of-all-trades or a kind of professional do-it-yourself man or woman, but as Lévi-Strauss makes clear, he or she is of a different standing from, for instance, the English “odd job man or woman” or handy person. The bricoleur always tries to make do with what might be at hand and what is expected to come. The “engineer”, on the other hand, acquires those skills and means that are necessary to fulfil the purposes behind a project that he or she has taken on. In principle, there are, at least in theory, as many skills and means available or acquirable as there are projects for an engineer. The skills and means of a bricoleur, on the other hand, cannot be defined in terms of a single project. The bricoleur is collecting skills and means in order to improve him- or herself naturally according to the principle that “they may always come to be of some use” (Lévi-Strauss, 1966, p. 18). It is a big mistake, according to Lévi-Strauss (1966, p. 21) to see the engineer’s and the bricoleur’s thinking as stages or phases in a knowledge development.

The importance of the relationships between a business venture and the environment for the improvement of the venture, say by networking, has been discussed for a long time. Penrose (1959) argued that firms having very similar material and human resource inputs may offer substantially different services to the market because of differences in their abilities to grasp possible uses of those inputs. Open systems models started to come forward at about the same time (Boulding, 1956), talking about the need for organizations to act differently in different environments. These open systems models were later developed by Katz and Kahn (1978) and Scott (1998) among others. However, none of these models provides any useful explanation of how such organization-specific processes take place or, above all, how organizations can create something from seemingly nothing. Theories of bricolage do.

Bricolage is an important means of counteracting the organizational tendency to enact limitations without testing them. This suggests that a social constructionist approach to resource environments is sometimes more fruitful than factive and rational views. Such views hold sway in much contemporary entrepreneurship research (Baker et al., 2005). The social construction of resource environment involves reframing or outright rejection of prevailing definitions of resources and is fundamental to the process of bricolage. This opens up new areas for entrepreneurship research, for instance, by looking at networking as a natural part of entrepreneurship. When defining resources at hand, we should also include resources that are available very cheaply or for free, even if others judge them to be useless or substandard, something which is rarely done in rational entrepreneurship research but which is done in bricolage theories. This also means that creating value through bricolage does not depend on the Schumpeterian assumption that some assets are withdrawn from one activity to be applied in another in order for development to take place, what he refers to as creative destruction.

The bricoleurial version of entrepreneurship start-ups is probably particularly useful when looking at social entrepreneurship, especially that version of such entrepreneurship, which I refer to as citizen innovators. To combine scarce resources to create novel and interesting solutions are often necessary and inevitable in these cases.

The limited view of entrepreneurship tends to build rational models. This has had the consequence when referring to starting entrepreneurial ventures of talking about goals-rationality (causation) or means-rationality (effectuation) (Sarasvathy, 2001). Goals-rationality looks at the establishment of an entrepreneurial activity such that goals and ambitions with starting-up are rather explicit and that the entrepreneur looks for alternative possibilities to fulfil these goals and ambitions. He or she then chooses the means that seem to provide him or her with the chance to achieve what he or she wants.

A goals-rational person decides by trusting his or her ability to forecast the future and to be able to acquire the means which are necessary to achieve his or her goals. Much of the limited view of entrepreneurship is based on this idea. Those who think goals-rational assert that “if I can forecast the future, I can steer it”. Goals-rational entrepreneurial start-ups are illustrated in Figure 3.

![Figure 3: A goals-rational entrepreneurial start-up](image-url)
Means-rationality is rational as well, but the procedures are steered not so much by what the entrepreneur wants to achieve as by those means that he or she has and can acquire in order to become an entrepreneur. The entrepreneurial results is, according to this way of thinking, determined by these means. Those who think means-rational assert that “if I can steer the future, I do not need to forecast it”. Means-rational entrepreneurial start-ups are illustrated in Figure 4.

**Figure 4: A means-rational entrepreneurial start-up**

<table>
<thead>
<tr>
<th>MEANS</th>
<th>START-UP BEHAVIOUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>To determine what you know and what you can</td>
<td>To follow a rational road considering those means that exist and/or are possible to achieve</td>
</tr>
</tbody>
</table>

I guess it is possible to understand the connection to rationality here through the words “causation” and “effectuation”, which hints at the closeness to the concept “cause-effect”, that is, looking at explanations either as casual (“because of”) or as teleological (“in order to”)

There is reason to believe (and my 35 years of experience of entrepreneurship in theory as well as in practice support this) that entrepreneurial start-ups could as well and sometimes preferably be seen as bricoleurial entrepreneurial start-ups. Some other scholars are of the same opinion (Garud et al., 1998; Baker and Nelson, 2005). Bricolage is sometimes described as “making do with what is at hand – at least to start with” (Lévi-Strauss, 1966, p. 16-7; Miner et al., 2001; Weick, 1993). Bricolage is illustrated in Figure 5.

**Figure 5: A bricoleurial entrepreneurial start-up**

<table>
<thead>
<tr>
<th>WISH</th>
<th>START-UP ACTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>To wish to change that situation where somebody is finding him- or herself at the moment</td>
<td>- Counteracting limitations which are taken for granted</td>
</tr>
<tr>
<td></td>
<td>- Improvising</td>
</tr>
<tr>
<td></td>
<td>- Playing with what is at hand</td>
</tr>
<tr>
<td></td>
<td>- Testing, modifying, accepting or rejecting</td>
</tr>
</tbody>
</table>

Kickul et al. (2010, p. 232) describe bricolage as a set of actions “driven by the pursuit of existing and often scarce resources that can be recombined to create novel and interesting solutions of value that affect their respective markets”. The concept of bricolage can therefore help us understand how some emerging entrepreneurial ventures are embracing challenges under conditions of tight resource constraints.

Rational models for how new entrepreneurial ventures are started up are looking at the economic return that many aspiring entrepreneurs are expecting. Bricolage instead is focusing on more natural prosocial actions of entrepreneurs whose environments are typically resource constrained and essentially present new challenges without providing new resources. Bricolage is often about exploiting physical, institutional, social or other inputs that other firms reject or ignore. Realizing greater impact through innovation may depend on the extent to which entrepreneurs can apply and combine the resources they have to new problems and possibilities (Baker and Nelson, 2005).

It may seem like means-rationality and bricolage are the same, but there are several differences. The basic distinction between the two is that means-rationality is based on the analytical philosophy, while bricolage is based on the social constructional philosophy. In more practical terms it is possible to formulate the following differences between means-rationality and bricolage:

- Means-rationality attempts to provide a more correct picture of how business start-ups take place by explaining them, using models; bricolage attempts to understand business start-ups by interpreting entrepreneurs as agents is social constructions. Social constructionism is very contextualized; to be means-rational does not require the context to be kept in mind.
To take an example about the difference between being contextualized as in bricolage compared to generalized (and context-free) means-rationality, it is possible to say that, in principle, somebody who is means-rational can cook a hypothetical meal at any time given those ingredients and skills that are specified beforehand or possible to acquire as part of the model of given means leading to a range of possible ends. A bricoleur is not seen as rational in that sense. He or she, as part of his or her mentality, may previously in life have collected things and ideas that he or she may have come across – it might be his or her interest in cooking that have been guided his or her hope – or at least expectation – that what he or she has collected could be of some use sometime somehow.

A bricoleur can be very smart at improvising. To continue with the situation of cooking, who looks at his or her situation not as factual but as a process of a social construction and therefore, among other things is questioning those limitations that other people may have taken for granted, may use an ingredient, which other people may not even have thought of as an ingredient, very shrewdly where it has never been used before, at least not in the given situation and place. He or she may also play with what seems to be at hand to generate new possibilities.

A bricoleur and his or her actions can only be understood at a given time and place, not explained means-rationally without specifying time and place. So, to complete the cooking example looked at as bricoleurial actions, seemingly generating resources out of nowhere, may pick a flower in his or her garden, which is blooming at that specific time of the year, and use that as an unusual decoration (generating raw material) or asking his or her guests, who are good friends living nearby, to come earlier and participate in cooking the mean (generating labour).

In Figure 5, four bricoleurial start-up actions are given, that is, “counteracting limitations that are taken for granted”, “improvising”, “playing with what is at hand” and “testing, modifying, accepting or rejecting”. Three sets of comments can give a clearer view of what these actions can mean:

1. Lévi-Strauss (1966) observes that bricoleurs accumulate physical artefacts, skills or ideas on the principle that they (like a normal person) may possibly come in handy rather than “the engineer”, which he looks at as a contrast, who rather acquires resources in response to well-defined demands of a specific project. The bricoleur’s “collection”, Lévi-Strauss (1966) looks at his or her as parts of as a pragmatic repertoire for dealing with challenging new situations. Prior or existing results or elements of (own or others’) failures are buildings for new challenges – he or she is not building on the ruins but with the ruins of the old regime. Above all, existing citizen network contacts and the citizen capital they may bring contain resources for new entrepreneurial venture (Baker et al., 2005).

2. Bricolage can mean to combine and reuse resources for different applications than those for which they were originally intended or used. System designers may “paste together a few components into ‘something’, see how it looks, play with it, check if it works, evaluate, modify or reject. This bricolage activity is not directed to any specific solution or configuration in general because [no one] knows in advance what the final configuration is going to be” (Lanzara, 1999, p. 337). Evolution is “always a matter of using the same elements, or adjusting them, of altering here and there, of arranging various combinations to produce new objects of increasing complexity. It is always a matter of tinkering” (Jacob, 1977, pp. 1164-5). Bricolage means an “ingenious reconciliation of existing organizational mechanisms and forms, picked by management according to subjective plans and interpretation” (Ciborra, 1996, p. 104).

3. Making do implies a bias toward action and active engagement with problems rather than lingering over questions of whether a workable outcome can be created from what is at hand. It also means by necessity a bias for testing received limitations. Many cases of bricolage are invoked during skillful acts of improvisation (Weick, 1993; Miner et al., 2001).

Based on the idea that really is seen as a social construction, networking as part of bricolage becomes a matter of genuine co-creation, not just exchange of information. Baker and Nelson (2005, p. 349) give several examples of this (Table 1).
Table 1: Clever bricoleurial steps to generate ‘new’ resources

<table>
<thead>
<tr>
<th>Environmental domain</th>
<th>Description of bricoleurial activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inputs: physical</td>
<td>By imbuing forgotten, discarded, worn or presumed ‘single-application’ materials with new user value,</td>
</tr>
<tr>
<td></td>
<td>bricolage turns valueless or even negatively valued resources into valuable materials.</td>
</tr>
<tr>
<td>Inputs: labour</td>
<td>By involving customers, suppliers and hangers-on in providing work on projects, bricolage sometimes</td>
</tr>
<tr>
<td></td>
<td>creates labour inputs.</td>
</tr>
<tr>
<td>Inputs: skills</td>
<td>By permitting and encouraging the use of amateur and self-taught skills (electronics repair, soldering,</td>
</tr>
<tr>
<td></td>
<td>road work, etc.) that would otherwise go unapplied, bricolage creates useful services.</td>
</tr>
<tr>
<td>Customers/markets</td>
<td>By providing products and services that would otherwise be unavailable (housing, cars, billing system,</td>
</tr>
<tr>
<td></td>
<td>etc.) to customers (because of poverty, thriftiness, or lack of availability), bricolage creates</td>
</tr>
<tr>
<td></td>
<td>products and markets where none existed.</td>
</tr>
<tr>
<td>Institutional and regulatory</td>
<td>By refusing to enact limitations with regard to many ‘standards’ and regulations, and by actively</td>
</tr>
<tr>
<td>environments</td>
<td>trying things in a variety of areas in which entrepreneurs either do not know the rules or do not</td>
</tr>
<tr>
<td></td>
<td>see them as constraining, bricolage creates space to ‘get away with’ solutions that would otherwise</td>
</tr>
<tr>
<td></td>
<td>be impermissible.</td>
</tr>
</tbody>
</table>

To summarize, rational thinking is based on the analytical philosophy; bricoleurial thinking is based on the social constructional philosophy.

**MARKETING AND NETWORKING ENTREPRENEURIAL START-UPS**

I have been working with entrepreneurship in theory as well as in practice for about 35 years. One thing I have definitely learnt during these years is that entrepreneurship can be seen in so many varieties and shapes and in so many places of the society (including the more and more interest kind of entrepreneur, that is, social entrepreneur) that it would be impossible to try to describe and to understand some kind of generally valid type of the person.

Furthermore, my experience says that, apart from the fact that there is no archetypical entrepreneur, there is also no archetypical way of how to use marketing. Marketing, as we know, is a subject that was ‘invented’ by the US. They even made a science of it. Practically every book on the subject of marketing (most of them influenced by the American marketing way) present it in a kind of rational way to behave as an entrepreneur (at all stages of the life of that person’s venture) – and it almost without exception presented as a rational way of business.

My years of experience of entrepreneurship also speaks against the possibility of the existence of one way to do marketing valid for all kinds of business at all stages of their existence. That is why I wanted to write this paper and launch two varieties of how to look at marketing for entrepreneurs. They are:

1. The analytical view
2. An alternative view based on social constructionism

The first of the two claim that one can picture entrepreneurs as they factually do. The second provides a proposal to how marketing with aspiring entrepreneurs should be better viewed when, as a genuinely innovative person, it is necessary to be innovative (entrepreneurs, as I see them, must be, at least partly, innovate in order to succeed – and being innovative means to come up with something, only partly, unplannable – otherwise it would not be new!
Some examples concerning the view of entrepreneurs looked at from a rational and from a social constructional point of view in terms of marketing and networking are the following (Table 2).

**Table 2: Marketing and networking for entrepreneurs**

<table>
<thead>
<tr>
<th>From an analytical point of view</th>
<th>From a social constructional point of view</th>
</tr>
</thead>
<tbody>
<tr>
<td>The analytical point of view is based on trans-continental American analytical philosophy.</td>
<td>The social constructional view is based on the German continental phenomenological philosophy.</td>
</tr>
<tr>
<td>The ambition is to try to explain entrepreneurship.</td>
<td>The ambition is to try to understand entrepreneurship.</td>
</tr>
<tr>
<td>Entrepreneurship is looked at consisting of general models which are unrelated to specific places and cultures.</td>
<td>Entrepreneurship is seen as necessarily related to interpretations of specific places and cultures.</td>
</tr>
<tr>
<td>Entrepreneurs seem to be explicitly aware of what they are doing.</td>
<td>Entrepreneurs function naturally in such a way that are not completely aware of what they are doing or why.</td>
</tr>
<tr>
<td>Entrepreneurs believe they can manage that uncertainty related to what they are doing by planning in further detail in order to be more prepared.</td>
<td>Entrepreneurs are sure they can manage what uncertainty related to what they are doing by learning as they move on.</td>
</tr>
<tr>
<td>Entrepreneurs should in all parts of the society, as far as possible, emulate those entrepreneurs who have been successful in business.</td>
<td>Entrepreneurs in different parts of the society act and function rather differently.</td>
</tr>
<tr>
<td>Society looked at as a post-modern type provides no new view of how to look at entrepreneurship.</td>
<td>Society looked at as a post-modern type provides a very different view of how to look at entrepreneurship.</td>
</tr>
<tr>
<td>The best competitive fact for an entrepreneur is to have access to good finances.</td>
<td>The best competitive factor for an entrepreneur is to have knowledge in the wide sense of the term.</td>
</tr>
<tr>
<td>Entrepreneurs will be better if they use networking.</td>
<td>Entrepreneurs are, and will never get away being, networkers as part of being humans.</td>
</tr>
<tr>
<td>The way to relate to customers can be through questionnaires.</td>
<td>The way to relate to customers should be through interviews and dialogues.</td>
</tr>
</tbody>
</table>

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EXTENDED ABSTRACT

In today’s ever dynamic marketplace, businesses need to be more competitive in order to thrive and prosper. Technology and other scientific advances offer new solutions and products to consumers at rapid rates which increase market uncertainty. In such fast changing, complex, disordered and paradoxically disoriented competitive environments, with ever-shrinking product and businesses life cycles, anticipated profits from the current processes are highly uncertain, so much so that firms must continuously look for new opportunities (Hitt and Reed 2000; Rauch et al. 2009; Whalen et al. 2016). They must be able to operate in increasingly risky environments associated with diminished forecasting capabilities, weaker barriers to market entry, changing managerial objectives and new structures that permit and enhance change (Morris et al. 2002). Overall, there is undoubtedly increasing pressure on firms to innovate. This brings Entrepreneurial Marketing (EM) into the discussion as efficient approach firms can adopt to overcome these challenging market settings. Additionally, marketing as a discipline depends on context even if that context is changing constantly (Morris et al. 2002; Sheth and Sisodia 1999). Continuous change brought to marketing literature many advances in marketing theories, strategies and tactics such as: radical marketing, guerrilla marketing, disruptive marketing and viral marketing. EM as an emerging topic has been met with acceptance in the US, the UK and European Union as suggested by robust EM research symposium attendance and special sessions at national conferences (Hills et al. 2008). Entrepreneurial marketing is evolving and might develop further as a unique marketing domain such as international marketing (Hills and Hultman 2006). Overall, EM can advance marketing discipline by providing a relevant theory base for achieving firms’ high growth objectives (Whalen et al. 2016).

This paper examines the role of EM as a mediator to the relationships between entrepreneurial orientation (EO), market orientation (MO), and financial performance. The authors posit that entrepreneurial marketing may have a direct and more robust positive impact on financial performance than entrepreneurial orientation and market orientation. Additionally, the authors suggest moderation effects of different environmental factors such as supplier bargaining power, technological turbulence, market growth, market turbulence and competitive intensity on the relationship between entrepreneurial marketing and financial performance. A U-shaped relationship between the performance efficacy of EM and size is proposed. Therefore, the main research questions for this research paper are: a) does EM mediate the relationship between EO, MO and financial performance in a way that better explains firm performance?, b) how do the following environmental factors: market turbulence, technological turbulence, market growth, supplier bargaining power and the competitive intensity moderate the relationship between EM and firm performance? and c) how does organizational size moderate the relationship between EM and financial performance?

This study intends to contribute to the marketing literature in the following ways: first, we hope that it will provide a better understanding of firms’ market and entrepreneurial orientations and their impact on firm performance. To the best of our knowledge, this is the first study that examines EM as moderator between MO, EO and financial performance. EM could potentially provide even stronger linkages to financial performance than either MO or EO. Second, some influential moderation effects of environmental factors on EM and firms’ performance are explored following the contingency theory to enhance our understanding of entrepreneurial marketing’s boundaries. Third, exploring the non-linear moderating effect of EM on a firm’s size is a relatively new topic in the entrepreneurial marketing literature. Finally, this paper also explores the variations found in literature about EO and MO and their performance relationships.

As the basic objective of this paper is to explore organizational performance with respect to EO, MO, EM, and under different environmental circumstances, our theoretical foundations rely on the contingency theory in which understanding of the fit between different variables is vital for attaining ideal performance for firms. Our further theoretical investigations stemmed in a mediation model of organizational performance as shown in Figure 1 and five propositions have been extracted as follows:

Proposition 1: Firm’s entrepreneurial orientation affects its entrepreneurial marketing positively.
Proposition 2: Firm’s market orientation affects its entrepreneurial marketing positively.

Proposition 3a,b: Firm’s entrepreneurial marketing affects its financial performance positively. Entrepreneurial Marketing positively mediates the relationship between a) market orientation and financial performance, and b) entrepreneurial orientation and financial performance.

Proposition 4a: Market turbulence positively moderates the relationship between entrepreneurial marketing and financial performance.

Proposition 4b: Market growth negatively moderates the relationship between entrepreneurial marketing and financial performance.

Proposition 4c: Competitive intensity positively moderates the relationship between entrepreneurial marketing and financial performance.

Proposition 4d: Technological turbulence positively moderates the relationship between entrepreneurial marketing and financial performance.

Proposition 4e: Supplier bargaining power positively moderates the relationship between entrepreneurial marketing and financial performance.

Proposition 5: Firm size moderates the relationship between entrepreneurial marketing and financial performance in a U-shaped manner so that both large and small sized firms benefit more from EM than mid-sized firms.

Figure 1: A Mediation Model Entrepreneurial Marketing and Financial Performance

REFERENCES


AN EXAMINATION OF THE EFFICACY OF PRODUCT PLACEMENTS IN SOCIAL MEDIA: 
THE CASE OF PERISCOPE

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Can Uslay, Rutgers Business School

EXTENDED ABSTRACT

Social Media, which is a relatively new cultural and social phenomenon, has led to a drastic change in the way of connection and communication of people and organizations (VanMeter et al., 2015). However, its evolution has been continuing and everyday new applications and features show up. These social media applications provide novel opportunities for businesses, especially for entrepreneurial marketers.

One of the most recent social media platforms is the live-streaming applications, in other words instant broadcasting. With this application, people and businesses that have a smart phone and Internet connection may have their own broadcasting stations (Olenksi, 2015) and they can broadcast any activity, event, and place to users instantly. Periscope and Meerkat have been the pioneers of the live-streaming tools and recently Facebook launched Facebook Live which has approximately the same features as Periscope and Meerkat. The popularity of these live-streaming applications has been increasing day by day and potential opportunities provided by these applications have started to attract the attention of marketers.

One of the most effective applications of the live-streaming applications with regard to marketing may be the product placement. Nowadays, product placement has matured and become very sophisticated (Hudson and Hudson, 2006). In addition, it is more aggressive than ever before (Williams et al., 2011). Product placement is still considered to be a commonly used and effective marketing tool. The proliferation of social media tools has enabled practitioners to apply new product placement tactics and variations. However, there is a thread that consumers become aware of traditional product placements and they show resistance to the placed products and brands (Wei, Fischer, and Main 2008) and the effectiveness of product placements have diminished, following an inverse U relationship with respect to efficacy and time (Karniouchina, Uslay and Erenburg, 2011).

This situation is best explained by Persuasion Knowledge Model which was first introduced by Friestad and Wright (1994). Persuasion Knowledge Model posits that when a consumer realizes that a message is intended to influence him, his persuasion knowledge is activated and he tries to counteract the effects of given message (Cowley and Barron, 2008; Friestad and Wright, 1994; Lee and Faber, 2007). Therefore, marketing practitioners can aim to deliver their messages to consumers without activating their persuasion knowledge (Cowley and Barron, 2008). One of the most effective ways to prevent consumers to resist the message may be placing the products and brands very naturally (Campbell and Kirmani, 2000). Accordingly, marketers look for new channels and platforms for product placement that consumers will perceive as neutral or authentic.

Live streaming applications can be considered as one of the most appropriate and effective tools for product placement because of several factors. The first reason may be its authentic and currently non-professional nature. People broadcast any activity, event, and place live whenever they want via live-streaming applications. This feature makes these applications unique so in that viewers probably perceive the entire content instantaneous, natural, and authentic. Therefore, viewers may be expected not to activate their persuasive knowledge while they are watching live-streaming videos and the effectiveness of the product placements is expected to be higher than other channels which include pre-recorded content. The second reason may be live-streaming applications’ perishability. For example, live stream videos vanish instantly upon ending with Meerkat and there is no chance for the viewers to watch the videos again. Consequently, the viewers are expected to pay more attention while watching live-streaming videos. The viewers’ explicit memory for a placement is expected to be higher when their attention increases (Cowley and Barron, 2008) and they are expected to recall the messages, products or brands more.

In this context, the aim of this study is threefold: (1) to examine whether consumers recall product placements in live-streaming videos higher than non-live streaming videos (2) to investigate whether consumers perceive product placements in live-streaming videos to be more authentic than non-live streaming videos. (3) to analyze the effect of placement prominence (subtle or prominent) on recall and perceived authenticity.
To assess the recall and perceived authenticity an experimental study will be conducted. Product placement channel and placement prominence will be the predictor variables. In the experiment, there will be four randomly allocated groups. In the first group, participants will be shown a live periscope video which includes a subtle product placement. In the second group, participants will be shown a live periscope video which includes a prominent product placement. In the third group, participants will be shown a YouTube video which includes a subtle product placement. In the fourth group, participants will be shown a YouTube video which includes a prominent product placement. However, in order to control the environmental effects, the same video with slight differences will be used. One of the differences will be on-screen application logos (YouTube and Periscope) and application effects such as hearts on the screen for Periscope videos and likes and comments for YouTube videos. The other difference will be the location of the placed products. For subtle product placement, the product will be placed in the background and it will be passive. For prominent placement, the product will be placed overtly and it will be actively used. After the respondents watch the video they will be requested to answer which brands and what type of products they realized while they are watching the video. Then, a recall score will be calculated for each respondent. Furthermore, they will also be asked some questions about whether they perceived the placed products and brands authentic or not as well as several other factors. The results of the study are expected to generate implications both for the academics and practitioners. In addition, marketers and entrepreneurs are expected to focus on the possible tactics to apply product placements in live-streaming videos to catch advantages of their unique features.

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This investigation builds on effectuation theory to understand Angel Investors’ decision making criteria regarding funding start-ups. Data is drawn from 20 semi-structured interviews with Angel Investors in New Zealand plus supplementary interviews with business incubator managers and textual data. The findings indicate that from a causation perspective, prospective entrepreneurs must convince potential investors about key criteria. However, risk/rewards against affordable losses are also important from an effectuation perspective. The study concludes that investment is unlikely to be immediate and Angel Investors may expect to work with entrepreneurs and teams to develop an evolving business model over several funding rounds.
ENTREPRENEURIAL MARKETING IN COWORKING SPACES

Linden Dalecki, Pittsburg State University

EXTENDED ABSTRACT

Given the recent explosion of coworking spaces across the globe—and their increasingly significant role as organizing contexts for entrepreneurs, creators and innovators—this paper expands on Clay Spinuzzi’s Austin, TX based coworking sites grounded-theory research from his book *All Edge: Inside the New Workplace Networks* (2015) and journal article *Working Alone, Together: Coworking as Emergent Collaborative Activity* (2012) and articulates a supplemented conceptual framework that integrates Grannovetter’s strength of weak ties thesis (Granovetter 1973) as well as the notions of micropreneur and microcluster dynamics (Pink 2002 and 2013, Capdevila 2013). After developing this theoretical framework, the paper explores the promotional claims made in a convenience sample of 100 US-based coworking sites across their web copy, coding for themes related to entrepreneurial networking, networking for fun / social value v. networking for business value, working in parallel v. working in partnership, and broad appeals v. specialist / microcluster appeals and host web copy claims regarding frontstage / backstage value. After a series of in-depth interviews Spinuzzi conducted with Austin-based founders of coworking spaces, coworkers themselves, and the web marketing and social media surrounding the spaces compares coworking to a party in the sense that a host “can send out the invitations, buy the drinks, and order the hors d’oeuvres—but what makes the party a success is the guests who show up. Similarly, coworking is a service in which most of the value comes not from providing the space itself but from connecting people who can help each other out” (Spinuzzi 2015 p 97). Spinuzzi also deploys the insightful metaphor of both backstage work and frontstage work that he observes occurring in successful coworking environments (Spinuzzi 2015 p 70-97). One book chapter is adapted from Spinuzzi’s 2012 grounded-theory study, *Working Alone, Together: Coworking as Emergent Collaborative Activity* (2012). By backstage work Spinuzzi is referring to heavy-lifting behind-the-scenes work that needs to be conducted to generate value on behalf of a client company. In his conception, frontstage work refers to the zone—the storefront as it were—where coworkers interact with their clients and prospective clients. Spinuzzi’s original study and the book chapter adapted from it represent arguably the richest participant-observer research focused on coworking yet conducted. This paper provides an in-depth exploration of Spinuzzi’s framework, supplementing his framework with the Granovetter’s strength of week ties research as well as more recent work by Pink (2002) and Capdevila (2013) regarding micropreneurs and coworking microclusters respectively. Spinuzzi ultimately concludes that coworkers “need both a backstage and a frontstage. Backstage, they must be able to pull a team together from a pool of trusted partners, continue to build trust as they swarm projects, and coordinate this work through mutual adjustment. Frontstage, they must be able to present themselves in an environment that clients will perceive as being more professional than a home office or coffee shop. But at this point [2015], coworking spaces have had trouble meeting both needs at the same time. It’s this essential contradiction that I believe will continue to drive the development of coworking spaces.”

Utilizing a convenience sample of 100 coworking sites (Anon 2016), this exploratory study asks, to what extent are the following elements promoted in the web copy across those sites?: entrepreneurial networking, networking for fun / social value v. networking for business value, working in parallel v. working in partnership, and broad appeals v. specialist / microcluster appeals and host web copy claims regarding frontstage / backstage value? The study also explores the extent to which a backstage / frontstage balance is represented across the websites included in the sample. Spinuzzi’s depth interviews reveal that coworkers view coworking as an inexpensive office alternative (and a superior option over a home office or coffee shop) and coworking as work / home separation. Many coworkers also view A) coworking as a social hub, B) coworking as collaboration, and C) coworking as a site of heterogeneous + homogeneous viewpoints (Spinuzzi 2015 p 85-86). Based on a distillation of the taxonomy articulated by Spinuzzi—and using the convenience sample mentioned above—the current project provides a preliminary coding of the following elements promoted in the copy of the 100 coworking sites’ websites:

<table>
<thead>
<tr>
<th>Dominant Interaction:</th>
<th>Entrepreneurial (E)</th>
<th>or</th>
<th>Neighborly (N)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dominant Scope:</td>
<td>Focused (F)</td>
<td>or</td>
<td>Diffused (D)</td>
</tr>
<tr>
<td>Dominant Staging:</td>
<td>Backstage (B)</td>
<td>or</td>
<td>Frontstage (F)</td>
</tr>
</tbody>
</table>
Main Results of Preliminary Coding:

(Interaction / Scope / Staging)

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>EDB</td>
<td>Entrepreneurial/Diffuse/Backstage</td>
<td>62</td>
</tr>
<tr>
<td>NDF</td>
<td>Neighborly/Diffuse/Frontstage</td>
<td>22</td>
</tr>
<tr>
<td>EFB</td>
<td>Entrepreneurial/Focused/Backstage</td>
<td>11</td>
</tr>
<tr>
<td>NDB</td>
<td>Neighborly/Diffuse/Backstage</td>
<td>2</td>
</tr>
<tr>
<td>NFB</td>
<td>Neighborly/Focused/Backstage</td>
<td>2</td>
</tr>
<tr>
<td>EDF</td>
<td>Entrepreneurial/Diffuse/Frontstage</td>
<td>1</td>
</tr>
</tbody>
</table>

13 Specialized Coworking Sites Were Discovered in the Preliminary Coding Process:

- Social Entrepreneurship: 5 (4/5 were ImpactHub sites)
- Tech: 2
- Tech + Social: 1 (also an ImpactHub site)
- Female Entrepreneurship: 1
- Music: 1
- Prototyping + Design: 1
- Writing + Artists: 1
- Writing: 1 (now closed)

Other findings from the preliminary coding are that, 29 of the 100 coworking sites are chain / franchise sites, 8 of the 100 sites mention funding opportunities (most of them involving VC), 2 Wix Lounge spaces (1 in New York and 1 in San Francisco) offer free coworking spaces as part of a web development application promotion (the New York site runs specialized networking events, SF site is temporarily closed), 1 space (Gangplank in Chandler, AZ) charges no fees to coworkers and is grant-funded, 1 space (New Work City in NYC) is now a coworking consultancy. Additional implications and possible areas for future research include the notion that even at coworking sites where no fresh business connections have been actualized the simple possibility of this occurring serves as an attracter to coworkers, as well as the idea that entrepreneurs involved in aggregating additional one-off deals are more interested in good leads than good business partners.

REFERENCES


FROM INVENTION TO COMMERCIALIZATION: TECHNOLOGY VENTURES AND THE ROLE OF ALLIANCE PARTNERSHIPS

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Manpreet Hora, Georgia Institute of Technology

EXTENDED ABSTRACT

In Freeman’s words, a scientific idea originating in the laboratory (invention) moves to the consumer (commercialization) essentially through “…a process of matching the technical possibilities and the market” (Freeman, p. 109, emphasis our own). In R&D intensive industries, technology ventures are well poised to accomplish this, by working in tandem with research universities and mainstream industry players (Libaers, Hicks & Porter, 2010). Usually, these entrepreneurial firms engage in the early stages of a long and uncertain new product development (NPD) lifecycle, focusing on novel and complex technological breakthroughs, which must be taken to market subsequently. However, entrepreneurs leading these technology ventures usually lack critical resources and expertise to lead their organizations through the several transformations necessary, in order to go from invention to commercialization (Khilji, Mroczkowski and Bernstein, 2006). Specifically, there are extreme challenges and uncertainties associated with generation of specific, novel and new breakthrough knowledge that also holds the potential for significant practical application. Further, because of their fixation on a “technology-push” rather than a “market pull” approach (Khilji et al., 2006), the ventures are faced with a paucity of critical complementary resources such as market knowledge, external financing, and production capabilities, all of which serve to compound that problem at hand and make the firm prone to high operational uncertainty and likely failure (Lin, Lee & Hung, 2006). Therefore, in order to mitigate the risks, the venture begins to consider acquisition of external knowledge and capabilities as critical to the organization’s success (Escrabano, Fosfuri & Tribo, 2009), by forging two types of cooperative arrangements with external players (Bagchi-Sen, 2007; Shan, Walker & Kogut, 1994): upstream alliance partnerships with research universities and downstream alliance partnerships with industry leaders.

Upstream alliance partnerships provide the technology venture with access to advanced domain knowledge of talented star scientists, access to cutting-edge laboratory equipment, and support of dedicated graduate and laboratory assistants, thus enhancing the superior search for new inventions (Fabrizio, 2009). Similarly, downstream alliance partnerships bring to the venture resources in the form of market and customer knowledge, production asset base, distribution channels and marketing capabilities, and partner associations across the value-chain (Aarikka-Stenroos & Sandberg, 2012). In effect, the benefits of these alliance partnerships for the technology venture turn out to be manifold. Yet, managing these two rather diverse alliance partnerships types becomes a formidable challenge for the technology venture (Kelly, Schaan and Joncas, 2002). Previous authors (e.g. Ireland, Hitt & Vaidyanathan, 2002) have suggested that alliance management needs to be developed as a source of competitive advantage for the firm by focusing carefully selecting the right partners, building social capital and knowledge, and relationships based on mutual trust. The problem is especially compounded in the case of technology ventures because these firms have a paucity of resources and are under extreme pressure to successfully invent and innovate on technologies that have a viable commercial potential. Therefore, an important question is to what extent the venture’s upstream and downstream alliance partnerships benefit its prospects for generating and commercializing scientific knowledge? This is the focus of the present research.

Utilizing theoretical arguments grounded in the knowledge-based view of the firm and organizational ambidexterity literature, we articulate the likely impact of the venture’s upstream and downstream alliance partnerships on (i) generation of proprietary scientific knowledge (patents) and its (ii) commercialization (NPD) success. Based on a dataset of technology ventures in the biotech industry, we find that upstream partnerships have a positive impact on patents but not on commercialization success. However, in association with downstream partnerships the results change: the joint effect of these two firms of alliance partnerships becomes positive for both patents and commercialization success.

REFERENCES


PERSISTENCE VERSUS ADAPTATION: AN EXPLORATORY STUDY

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EXTENDED ABSTRACT

The introduction of the ideas of customer development (Blank and Dorf 2012) and lean startup (Ries 2011) made it acceptable and expected that entrepreneurs would change their product ideas and business models as they learned from and about customers. Customer development and lean startup provided a method for handling uncertainty and adapting as more is learned about customers and the market environment. One of the authors has taught New Venture Marketing in a customer development framework for nearly five years.

Perhaps at odds with customer development, it has long been recognized that entrepreneurs often exhibit a fanatical persistence that brings ideas to fruition despite encountering seemingly intractable obstacles (e.g. Tellis and Golder 2002). So the question arises whether persistence is always such a good idea – adaptation, a la customer development, may be a better guideline to follow. Conversely, perhaps bull-headed pursuit of an idea is likely to achieve better results than over-adapting to feedback and expending great energy trying to find a workable idea and business model.

This exploratory research is intended to gain more understanding of how persistence and adaptation contribute to new venture performance and their relationship to each other. To study this, one could conduct interviews to obtain entrepreneurs’ perceptions of their experience, but this could be misleading since there is not a real test of one approach versus the other. Alternatively, suppose a number of entrepreneurs were instructed to persist and others instructed to adapt; then their eventual performance outcomes could then be compared. However, such field tests would also be undesirable (and arguably unethical), since one would be asking entrepreneurs to take an approach that conceivably would result in the startup’s failure. Also, other complicating factors make “live” tests undesirable or unworkable. Attempting a test with student projects in a course environment seemed like a way to make progress without encountering these problems.

Skepticism is appropriate when considering a research approach using student actions and decisions to simulate real-world actions. However, in this case, the student setting may actually have enough realism to allow insights to be obtained. In the New Venture Marketing course (senior-level undergraduates), students conduct customer development on team-generated business ideas (measures are taken to insure the ideas have innovative elements, the ideas have prospective customers that are accessible to students, and the ideas are conceivably executable by young adults).

So the student teams were divided into two groups. One group were the Adapters, instructed to pursue customer development and make changes across any and all elements of their Business Model Canvas (Osterwalder and Pigneur 2010) to find a business model they believe has the highest possible likelihood of being successful. The second group were the Persisters, instructed to pursue customer development without changing their initial core ideas. Their target segments, customer problems, and basic solutions would all remain intact throughout the semester. Execution and other marketing elements of the Business Model Canvas (BMC) could be adapted, as feedback deemed necessary. The original intention was that, at the end of the course, each idea would be judged by three judges (two faculty and an alumnus expert on startups) as to its likelihood to reach sustainability. The two groups, Adapters and Persisters, would be compared on their average scores for likely performance.

Reality got in the way of this test. In judging, the intent was to use a set of performance criteria from a new venture competition run by our college of business. Upon examining these performance criteria, it was concluded that the criteria were based on the processes employed by the entrepreneurs (the student teams in this case). It emerged that the set of performance measures were not appropriate.

The direction of the research was then altered to explore effects of instructing the students (or entrepreneurs) on whether to adapt or persist. Accordingly, question pursued was what effect does the initial direction to persist or adapt have on the extent of change to the initial business model? Student teams provided progress reports over the period of the course. The extent of changes reported in their progress reports was categorized as “Major,” “Moderate,” or “Minor,” and overall extent of change was determined for each project.
In all, there were 22 venture projects categorized, 11 in each class. There were no venture projects placed in the Major Change category. The distribution of ventures by level of change are shown in Table 1.

<table>
<thead>
<tr>
<th>Groups</th>
<th>Minor Change</th>
<th>Moderate Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adapters</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>Persisters</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>7</td>
<td>15</td>
</tr>
</tbody>
</table>

The data were analyzed with a chi-square test, which was not significant. A larger overall sample size could have been more definitive. Table 1 does show a trend towards a higher level of change when the initial guidance from the instructor was to Adapt. While the effect was not statistically significant, the data suggest further pursuit of this hypothesis in future research may be fruitful. Also, we can begin to dig into why the effect would occur and what effect it would have, if any, on the longer term performance of the startup.

The inquiry also produced some useful observations about the customer development process and use of the BMC as a mental frame of the business model. The observations may have more to do with uncovering challenges in students’ learning of the concepts, rather than entrepreneurs’ execution issues, although our belief is still that the student experience and entrepreneur experience is usefully similar. Two major observations stand out.

First, the students seemed to struggle with thinking through the connections between elements of the BMC. For instance, if a team needed to change something in the intended customer relationship element to provide needed value for target customers, the students tended not to make needed supporting changes in value proposition, communications, or key activities. At best, they would report perhaps one supporting change. This may suggest that the BMC might need a feature or features added to portray the connective tissue between the elements in the business model.

A second major observation was that students had difficulty thinking through the development path that their venture project was taking. In their final progress report, students were asked to provide two complete BMCs. The first was a BMC for how they envisioned the business model to be configured when the business was established, or “up and running.” The second was a “right now” version: a configuration of what they would be doing immediately after the end of the semester if they were pursuing their project idea for real. It was evident that most students had difficulty making the connection between what they would do “right now” and how it would lead to the established business. This suggests again that the BMC concept may require additions that make it a more dynamic tool rather than simply a snapshot in time.

All in all, this project did not really shed light on the original question of adaptation versus persistence. A different research approach would seem to be needed. However, it did raise interesting and perhaps impactful questions about how the BMC can be used in guiding the startup process.

REFERENCES


EFFECTUATION AND THE MARKETING MIX

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Javier Monllor, DePaul University

EXTENDED ABSTRACT

Up to very recently, traditional marketing practices (Kotler, 2001) have taken the central role and served as guides for businesses to examine and set strategy in response to the changes that are taking place in the market. Businesses in the current environment experience increasing levels of uncertainty due to rapid change, fluctuations in the economy, in technology and the ever increasing options to interact with customers and shareholders/stakeholders (Hills et al., 2008; Read et al., 2009). Throughout the past 20 years, however, scholars have started to switch to the use of entrepreneurial marketing (EM) practices, ultimately realizing that traditional marketing practices are unequipped to deal with market trends and conditions present in environments marked by high levels of uncertainty.

Marketing is central to the creation of new ventures (Hunt, 2002; Gonzalez-Benito et al., 2009; Read et al., 2009) particularly during the opportunity recognition or creation stage of the entrepreneurial process, thus understanding and applying adequate marketing practices is essential not only to the creation of new business but to their eventual survival and growth. Even though this shift has been brewing for some time, up to this point, key contributions to our understanding of entrepreneurial marketing continue to come mainly from traditional marketing practices, such as the marketing mix ‘4 Ps’ (McCarthy, 1960) while a substantial gap still exists when examined from theoretical and practical perspectives between entrepreneurship and marketing, (Carson, 1998; Fillis and Rentschler, 2005; Styles and Seymour, 2006).

Effectuation (Sarasvathy, 2001a, b) is one theory that has great potential in addressing the shortcomings of current or traditional marketing practices. The theory turns several principles that are central to predictive rationality theories on their head and addresses the questions of where to find rationality when a) the future is truly unpredictable, b) the environment does not independently influence outcomes and c) the decision-maker is unsure of his/her own preferences (Read et al., 2009; Sarasvathy and Simon 2000). Predictive rationality rests on the logic that to the extent that when we can predict the future we can plan for it, but given that in some circumstances the future might be difficult, if not impossible, to predict (Knight, 1921), effectuation posits that we can control it and predicting it is therefore unnecessary. In this same fashion, the environment is also outside our control so instead of attempting to predict and adapt to it, effectuators’ actions are considered endogenous to it, and attempt to co-create it in conjunction with partners, investors and stakeholders. Finally, decision makers are unsure of their own goals and preferences, and these developed in an iterative process, after continuous interactions and gathering of commitments from stakeholder acquisitions, rather that pre-existing preferences. Effectuation theory can serve as a tool to provide insight on how the marketing mix and the 4Ps can be updated to the new business realities or provide a completely new approach to business creation under uncertainty.

The proposed research paper will utilize effectuation theory as the foundation to analyze current marketing mix principles, specifically the 4 Ps, and provide recommendations on how they can/should be updated to reflect the realities of acting in uncertainty environments. It will do so by analyzing cases of existing businesses that have utilized the principles of effectuation in their application of the marketing mix to grow their startups into successful businesses. Results and propositions can improve both empirical and theoretical research. It also has practical implications for entrepreneurs and entrepreneurial marketers as it can help entrepreneurs in their startup journey and increase the odds of success and improve growth of their efforts.

REFERENCES


EXTENDED ABSTRACT

Most economies recognize that exports lead to economic growth (Narayan et al. 2007; Shan and Sun 1998; Balaguer and Cantavella-Jordá 2001; Awokuse 2003) and New Zealand believes in the importance of exports to its economy (Akookie and Enderwick 1992; Caughey and Chetty 1994). New Zealand has experienced many barriers (Shaw and Darroch 2004; Simmons 2002) and has pursued Trade Development to prepare exporters for successful international expansion with some notable success.

The aim of this paper is to examine the evolution of trade promotion strategy from a traditional to an entrepreneurial marketing approach. Specifically, the paper examines how the function of New Zealand Trade and Enterprise (NZTE), in promoting New Zealand exports, has changed from a passive participant to an active entrepreneur, identifying opportunities, taking risks, and managing and leveraging resources to meet customer needs.

A single case-study, built from publicly available information, is employed to capture the expanding and increasingly entrepreneurial role NZTE has played since 2007. Rationale for choosing this year is based on the fact that 2007 was officially designated the ‘Export Year’. It marked a greater commitment from policy-makers, industry bodies, and researchers towards growing New Zealand’s international footprint. At the time, indications were that New Zealand’s export performance was lagging behind fellow OECD members. Policy-makers and industry bodies sought to find ways to stimulate export development among domestic firms which, at the time, were not engaged in exporting. Likewise, New Zealand firms, already involved in exporting were also encouraged to enlarge their international operations. This all-encompassing pledge towards export development became a critical driver of economic growth more so in the backdrop of the Global Financial Crisis (GFC). In the aftermath of the GFC, New Zealand set forth the lofty goal (in 2012) of growing exports to 40% of the GDP by 2025.

NZTE’s role and positioning evolved over the decade (2007) following the ‘Export Year’. Justification for this has been the need to complement New Zealand’s astronomical ambitions regarding national-level export development. The case study shows that NZTE has shifted from a traditional transactional approach to export development, to a customer-centric, and finally to an entrepreneurial marketing orientation. A key cog in this entrepreneurial marketing campaign is the government procurement agreement (GPA), a multi-lateral free-trade pact which has created opportunities for New Zealand exporters interested in doing business with foreign governments. Additionally and perhaps more importantly, NZTE has moved into the realm of creating its own export-ready ‘products’. This has culminated in the formation of an independent entity, jointly run by the Ministry of Foreign Affairs and Trade and NZTE, for the purpose of effecting government to government (G2G) marketing. In the words of the inaugural Chief Executive Peter Chrisp, “New Zealand government agencies are well respected internationally, and there’s an opportunity to grow export revenue by taking their skills, systems and know-how to market on a commercial basis”.

Opportunity identification and discovery now lie at the centre of NZTE’s mandate with the trade development body shifting its focus from a traditional to a more entrepreneurial marketing approach.

Firm-level export success demands proactive, innovative, risk-taking behaviour. Adoption of such attitudinal, behavioural and strategic elements often occurs in tandem with entrepreneurial marketing. However, this should not be limited to private organisations and individuals. Public institutions such as trade development bodies can play not only a passive export support function, but a proactive customer-centric approach which includes searching for and exploiting opportunities. A major implication of this case study is that trade development bodies such as NZTE become more effective if they adopt the same entrepreneurial approaches they seek to foster in their clients. It is reasonable to argue that the notion of entrepreneurial marketing is more likely to resonate with exporters if they see evidence of its adoption at the policy-maker level.
Until now, the study of entrepreneurial marketing approaches had been confined to private organisations and individuals. This case study demonstrates that entrepreneurial marketing approaches are relevant and beneficial to the management of public organisations. This has been illustrated using the evolution of NZTE’s role in facilitating national-level development.

The case study only goes as far as demonstrating the presence of entrepreneurial marketing approaches and mindsets within NZTE’s operations. An obvious limitation is that the case study does not speak directly to whether these practices have or will result in success. There is a need to revisit this, perhaps three to five years from now, to take stock of outcomes.

REFERENCES


CELEBRITY FOUNDERS: FALSE PROPHETS OR BOON FOR PERFORMANCE?

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Can Uslay, Rutgers University
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EXTENDED ABSTRACT

The characteristics of (serial) entrepreneurs and the performance implications of these characteristics are matters of key interest and have received ample attention in entrepreneurship literature. Similarly, the impact of celebrity endorsements on advertising efficacy has been studied extensively in advertising literature. However, the literature on renowned celebrity founders and performance is virtually non-existent. In this paper, we address this gap by studying the impact of celebrity founders on product portfolio and performance using the context of the motion picture industry.

The resource-based view suggests that one form of specific asset that is uniquely attached to a new venture is the founder. Anecdotally, famed founders such as Richard Branson and Elon Musk appear to engage in brand extension and diversification more and reap better performance outcomes from these activities. In the film industry, stars and directors who have demonstrated their talent with box office and critical success occasionally form production companies to which their capabilities are uniquely attached, in order to have more creative freedom and increase their compensation. Celebrity founders are also covered more in the press as well as social media and their ventures can benefit from WOM effect. Playing a fundamental role in the culture, folklore, as well as strategic management of an organization, the founder may be able to attenuate or even negate the risks involved with line and brand extensions.

Therefore:

**H1**: Celebrity founded firms perform better financially than their competitors.

**H2**: Celebrity founded firms engage in line extensions to a greater extent than others.

**H3**: Celebrity founded firms benefit from line extension to a greater extent than others.

**H4**: Celebrity founded firms benefit from word-of-mouth to a greater extent than others (demand side benefits).

**H5**: Celebrity founded firms obtain more distribution than their competitors (supply side benefits).

The primary source of movie related information for this study is Imdb.com. Due to the methodological requirements, we limit our sample to movies produced by studios that released more than five movies (broad US release) for which we could access revenue, budget, screens, genre, MPAA rating, and word-of-mouth (WOM) information. The resulting sample contains 808 movies that were broadly released in the United States between 1968 and 2009, linked to 62 production studios and 40 distributors. Celebrity founded firms (CF) is based on whether the production studio was formed around a star actor or director. Examples include Cruise-Wagner productions, 40 Acres and a Mule Filmworks (Spike Lee), Amen-Ra Films (Wesley Snipes) and American Zoetrope (Francis Ford Coppola and George Lucas).

We estimate a cross-classified hierarchical linear model (HLM) due to its ability to handle error structures that reflect clustering at multiple levels with Bayesian shrinkage estimators. In this model, each level-1 unit (movie) is simultaneously classified by production studio and distributor. This approach allows us to isolate the effects of the production studio and distributor on movie profitability from those of individual movie characteristics, and is robust when applied to unbalanced designs.

The profitability of studios with celebrity founders (CF) is significantly (statistically and economically) higher than those of competitors. Although little attention is paid to it in literature, founder renown, based on both skill and halo, appears to be an advantage when it comes to financial performance (H1 is supported). CF are also more likely to produce sequels and prequels than others (H2 is supported). Sequels/prequels are more profitable than the average film but we did not find a
significant profitability difference between sequels/prequels by CF and their competitors (H3 is not supported). However, we did find that CF were associated with significantly higher number of Imdb comments (H4 is supported). Finally, while the number of screens of sequels/prequels is higher we did not find a significant difference between movies by CF and their competitors.

The current study only focuses on prequels and sequels as a source of line extension. We hope to be able to examine other contexts for line/brand extensions such as product development in other movie genres (e.g., Adam Sandler in Spanglish; Tom Cruise in Rock of Ages) in future work. The congruence of new venture with celebrity expertise/origin can also be examined (e.g., comparing director- vs. actor-based CF performance).

* References available upon request.
Entrepreneurial orientation (hereafter EO) has received a vast amount of attention in the fields of entrepreneurship, management, and marketing for more than thirty years. Previous research has shown numerous benefits of implementing an EO philosophy such as higher firm performance (Wiklund and Shepherd, 2005; Keh et al., 2007), new product development (hereafter NPD) performance (Morgan et al., 2015; Atuahene-Gima and Ko, 2001), and organizational learning (Wang, 2008), among others. As exemplified by the meta-analysis conducted by Rauch and colleagues (2009), the antecedents, consequences, and moderating factors of EO are becoming well understood as to how EO is beneficial to firms. While scholarly inquiry on EO has helped shape a cohesive body of knowledge, there is significantly less understanding of the mediating processes between EO and its outcomes. As the EO literature is beginning to evolve, more focus has been placed on how learning processes mediate the relationship between EO and its consequences (Anderson et al., 2009; Lisboa et al., 2011; Chen et al., 2012).

This research seeks to contribute to the EO literature by examining how firm–customer cocreation mediates the relationship between EO and NPD performance. Customer participation is a collaborative NPD activity in which customers actively contribute to idea generation, selecting various attributes of new offerings, and acting as a co-developer of new products and services (Hoyer et al., 2010; Prahalad and Ramaswamy, 2004; Fang, 2008); essentially, it is the co-creation of new products utilizing customer involvement for ideation, the engineering and development of prototypes, and formation of new product development teams. Firms such as Nike, Proctor & Gamble, Unilever Best Foods, and BASF have achieved success by implementing programs to support the integration of customers into the NPD process (Prahalad and Ramaswamy, 2004; Ramaswamy, 2008). While many of the anecdotal examples and case studies of co-creation activities have focused on large, multinational corporations, a growing body of research has shown how small- and medium-size entrepreneurial ventures create major innovations by collaborating with customers (e.g. Coviello and Joseph, 2012), thus indicating implications for entrepreneurs and small businesses.

Extant research suggests that EO is a resource intensive philosophy and high EO firms may seek greater levels of external knowledge to build competitive advantage (Morgan et al., 2016). We posit that firms with high levels of EO will seek to integrate external knowledge from customers into the NPD process to build competitive advantage and overcome liabilities of smallness or newness (H1). Furthermore, previous research on the outcomes of co-creation activities suggests firm innovation and financial performance outcomes may be enhanced and costs may be reduced when customers are involved at deeper levels in the innovation process (Coviello and Joseph, 2012). Building on this argument, we suggest that customer participation in NPD is a mediating mechanism through which EO impacts NPD performance (H2).

While we posit that EO firms will integrate customers into NPD ceteris paribus, as firms become older and more adept at resource deployments, they will have less dependency on external knowledge to implement their entrepreneurial philosophy. A growing body of research has addressed the need to use firm age as more than a control in EO research due to more established firms taking on an entrepreneurial posture and resource deployments becoming more stabilized as they age, thus suggesting a further need to explicate how age impacts EO (Anderson and Eshima, 2013). As EO firms develop the necessary capabilities of enhancing innovative output over time (Day, 1994), they may decrease their reliance on external knowledge to retain autonomy and flexibility in the NPD process and avoid relational embeddedness. As such, we suggest that firm age negatively impacts the relationship between EO and customer participation (H3).

The data source for this study was constructed from US Chamber of Commerce directories and additional names and contact information for managers from a commercial list broker. Data was collected via email survey over a period of four months from senior managers and functional managers across 18 NAICS codes. In total, 204 usable responses from SMEs were collected and utilized for the analysis. On average, the study’s sample characteristics of the firms are $9.04 million in sales and 48 employees.
We utilized structural equation modeling (SEM) to test the hypotheses. The model showed good convergent and discriminant validity and reliability of the items. Further analysis utilizing the common latent factor test show that common method bias is not an issue in this study. The model ($\chi^2 = 274.62$, $df = 160$, $p<0.01$) demonstrated a good fit to the data indicated by the following fit statistics: GFI = 0.91, CFI = 0.97, TLI = 0.96, RMSEA = 0.05. H1 states that EO is positively associated with customer participation; the results show that the relationship is positive and significant ($\beta=0.19$, $p<0.05$), thus supporting H1. H2 argues that customer participation is a mediator between EO and NPD performance; we utilized a bootstrapping procedure to test for mediation. The direct path from EO to NPD performance is positive and significant ($\beta=0.28$, $p<0.01$). The introduced paths from EO to customer participation and from customer participation to NPD performance are also positive and significant ($\beta=0.19$, $p<0.05$ and $\beta=0.17$, $p<0.05$); the indirect effect is significant ($p<0.05$) and did not change the significance of the main path, suggesting partial mediation, supporting H2. H3 claims that firm age moderates the effect of EO on customer participation. Following a multiplicative approach to obtain moderation terms, the results indicate that Age x EO has a negative and significant effect on customer participation ($\beta=-0.01$, $p<0.05$), suggesting that older companies tend to decrease the utilization of open innovation practices. Therefore, we obtained support for H3.

The study’s contribution to the strategic entrepreneurship literature is threefold. First, we examine how opening up innovation activities to customers and involving them at deeper levels mediates the relationship between EO and NPD performance. The results show that EO is indeed positively related to customer participation in NPD, which subsequently impacts NPD performance positively. The mediation analysis shows that the relationship between EO and NPD performance is partially mediated by customer participation. Second, research on open innovation and co-creation has mainly focused on large multinational corporations. We extend this research to SMEs and examine how firm age impacts EO firms’ resource dependence on external stakeholders. The results of the analysis show that as firms become older, firms place less emphasis on customer integration into NPD activities. Third, the antecedents of open innovation activities have been largely ignored. Research has primarily focused on outcomes such as partnering effects on firm innovation (Cui and O’Connor, 2012), internal control issues for innovation and new product development (Sethi et al., 2012) and firm innovation and performance outcomes (Fang 2008; Coviello and Joseph, 2012), among others. As such, we contribute to the open innovation and co-creation literatures by uncovering an antecedent of customer participation, namely EO.

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The purpose of this paper is to explore Entrepreneurial Marketing (EM) in the New Zealand Wine Industry. In particular, we investigate the interplay between networks and serendipity and their role in creating opportunities for the development of innovative product ideas and wine making processes.

“In any given business setting, a single firm will possess relationships with a variety of different customers, suppliers, partners, regulatory agencies, or any of a range of different organizations” (Morrish & Laurence, 2013, p.2). There are two types of networks wineries take advantage of: regional networks based on the geographical location of firms, and personal networks based on inter-personal relationships between key players in different firms. Both are extremely important in terms of decision making relating to new product or production processes (Felzensztein, Stringer, Benson-Rea, & Freeman, 2014; Vasilchenko & Morrish, 2011; Harris & Wheeler, 2005). Producers within a regional cluster can form functional relationships which allow for sharing of resources and expenses, thus creating a competitive advantage for the co-located producers (Felzensztein et. al., 2014). Harris and Wheeler (2005) show how inter-personal relationships formed between co-producers in a region of origin can be a strong foundation on which to build strategies. Vasilchenko & Morrish (2011) argue that business networks “constitute goal-oriented cooperation among two or more firms involving a mutual exchange of resources and/or concerted efforts to resolve problems by entering into formal agreements” (p.91) and can also help firms create synergistic relationships with complementary firms and help extend resources at various points in the supply chain.

Studies have highlighted how networks and relationships can lead to serendipitous opportunities (Harris & Wheeler 2005; Vasilchenko & Morrish, 2011; Merrilees, Miller, & Tiessen, 1998). While opportunities can arise from unexpected, serendipitous meetings, in order for the meeting to be classified as serendipitous the entrepreneur must recognize the emerging opportunity at the time of the meeting. The role of serendipity in wine marketing is most easily recognisable when looking at general theory of networks and product innovation. A geographical network can also be a determinant in whether a company recognises opportunity for innovation. “Access to information depends on the place where the company is located: clusters tend to positively affect knowledge and innovation diffusion, while the degree of improvement depends on a particular firm’s position within its cluster or network” (Gilinsky, Santini, Lazzaretto, & Eyler, 2008, p.306).

The wine industry has a plethora of networks that could at some level lead to serendipitous events that could trigger innovative ideas. The New Zealand wine industry is a new world wine producer but has already made an impact in the global wine industry. Winemaking is steeped in age-old tradition that is very difficult to break. Without the constraints of traditional wine production that many old producers tend to adhere to, New Zealand winemakers have been proactive in developing new products and winemaking processes; for example, the use of screw cap wine bottles.

We use two cases to explore how entrepreneurial marketing is practiced in the local industry. The first one is Allan Scott Family Winemakers. As the name suggests it is a family-run winery in the Marlborough region that spans 2 generations. The Scotts have capitalised on their depth of experience and knowledge of the local region and from working in the wine growing regions around the world to develop innovation in viticulture and wine making. The second case is The 3rd Man, founded in 2009 by a young entrepreneur who saw an opportunity to develop a growers label by selecting grapes from highly expressive vineyards and philosophically aligned growers. They craft small batch wines using artisan techniques using only wild yeasts from the vineyards and winery.

In comparing the two cases, we found that networks and specific knowledge of region of origin influenced the development of innovative products and processes. Our two cases differ in age but age does not appear to have any bearing on their entrepreneurial marketing propensity. Both wineries extensively use their family, personal and business networks in the pursuit and implementation of strategies that capitalise on opportunities based on the unique combination of their relationships and industry specific knowledge. Some of these opportunities come about serendipitously brought about by encounters and events. Although there were examples of all EM elements identified by Morris, Schindehutte, & LaForge
(2002) used; both cases showed a propensity for heavy reliance on innovation, value creation, and pro-activeness to utilize the opportunities as they arose, whether through networks or serendipity. A conceptual framework (Figure 1) is offered which is useful in understanding how opportunities in the New Zealand wine industry might develop and which elements of EM could be most useful in taking advantage of these opportunities.

**Figure 1: A Network-Serendipity Opportunity Model of Entrepreneurial Marketing**

![Network-Serendipity Opportunity Model](image)

Although success is often viewed at a firm level, it is inevitably driven by an entrepreneurial mind-set. Entrepreneurial decision-making is more often than not influenced by the entrepreneur’s orientation towards proactive, innovative, risk-taking behaviour that comprises the major dimensions of entrepreneurial marketing. Wine making and marketing draw on industry-specific resources to exploit (sometimes) serendipitous opportunities and create value. The specific examination of the wine industry has implications not only for the industry itself but also for other similar industries that are strongly tied to traditional artisan ways of production.

Recently, there has been a call for more EM cases that could be used both for teaching and to add to the body of EM literature. This paper will contribute to both teaching and research. The paper is based on a couple of case studies in the south island of New Zealand. The inclusion of more cases in other wine growing regions would contribute to a much better understanding of the dynamics of networks and serendipity in the entrepreneurial marketing of wine and similar products.

**REFERENCES**


THE ENTREPRENEURIAL MARKETING AND SOCIAL MEDIA INTERFACE: A STUDY OF SMALL HOSPITALITY FIRMS IN VIETNAM

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EXTENDED ABSTRACT

This research approaches marketing/entrepreneurship interface from the perspective of the commonalities between both disciplines (Hansen and Eggers, 2010). Existing literature has examined which factors constitute entrepreneurial marketing and evidence clearly shows the differences between entrepreneurial marketing and traditional marketing theories (Morris et al., 2002). However, these studies have not fully addressed to what extent each element of entrepreneurial marketing is practiced within firms and little is known about how different types of entrepreneurial marketing strategies are being adopted. This research attempts to address this gap by developing a comprehensive typology of entrepreneurial marketing. In order to achieve this objective, literature was reviewed to identify the prominent elements that constitute entrepreneurial marketing. These elements consist of entrepreneurial orientation, market orientation, networking, value creation, creativity, and the effectuation process. Furthermore, literature also indicates that social media plays a significant role in the ways entrepreneurs implement their marketing activities (Jones, 2010). However, it is challenging to address the impact of social media on entrepreneurial marketing strategies due to the lack of an inclusive entrepreneurial marketing typology. By understanding how social media can facilitate each type of entrepreneurial marketing strategy, firms could utilise social media more effectively. This justifies for the second objective of this research which focuses on investigating the role of social media in entrepreneurial marketing.

In order to address the two objectives of this study, the researcher employed a multiple mix of qualitative methodologies (Carson et al., 2001). Small independent boutique hotels were chosen as the sample since this sector showed strong evidence of implementing entrepreneurial marketing (Kurgun et al., 2011). A purposive sampling method was used to select the sample for this study. Since the researcher focused on finding cases with rich information on marketing practices in Vietnam, the use of purposive sampling was considered as appropriate (Jones et al., 2013). Semi-structured interviews and online non-participant observations of hotels’ social media sites were used to collect data. In total, 32 participants who were marketing managers or hotel owners-managers from 30 boutique hotels in Vietnam took part in this study. In terms of data analysis, the researcher coded, organized and structured each key theme based on the issues that participants viewed as crucial to their marketing activities and behaviours (Corbin and Strauss, 2008).

Findings reveal four types of entrepreneurial marketing along a clear continuum of entrepreneurial marketing strategies. The first category, embryonic entrepreneurial marketing, represents the firms with marginal progression in terms of their entrepreneurial marketing initiatives. These firms showed low level of focus on all the elements of entrepreneurial marketing proposed in the framework. The second group is categorized as growth entrepreneurial marketing. Firms in this group showed moderate capabilities of adopting all the key elements of entrepreneurial marketing strategy and had capability of creating value for customers, taking advantage of their available resources, co-creating value with their stakeholders. The third group, high entrepreneurial marketing, clearly showed a significant development in every element of entrepreneurial marketing compared to the first two groups. These firms were able to tailor their products and services for their target market, created psychological benefits for customers, and maintained value co-creation process with their key partners. The fourth group, advanced entrepreneurial marketing, demonstrated outstanding capabilities of implementing all the entrepreneurial marketing elements. They could exceed their customer demand and expectation by tailoring their services to specific customers. They pursued leading positions in their industry by adopting bold and aggressive competitive strategies.

The second objective of this research is to understand how social media can facilitate entrepreneurial marketing strategies. This allows the establishment of the links between social media implementation and the entrepreneurial marketing typology. Findings reveal that social media was utilised at various levels depending on each typology. In fact, the level of social media engagement increased along the continuum of entrepreneurial marketing strategies. For example, in the embryonic entrepreneurial marketing category, firms regarded social media as a risky and unnecessary channel to adopt as a marketing
tool. They relied on traditional marketing methods to achieve their sales targets. In contrast, firms in the advanced entrepreneurial marketing group utilised social media at the maximum level. Social media facilitated these firms in all aspects of entrepreneurial marketing, especially in terms of networking, co-creating value with customers and maintaining competitive advantages.

This research contributes to the academic literature by developing a typology of entrepreneurial marketing within a B2C context. Each type of entrepreneurial marketing strategy results in different levels of competitive advantage for the firm. The development of the typology provides an empirical basis to understand the relationships among elements of strategic entrepreneurial marketing. Another research contribution is the identification of relationships between social media and entrepreneurial marketing typology. Each typology aligned to the degree of involvement with online social networks. The interaction between each category of entrepreneurial marketing and social media contributes to the descriptive and explanatory power of the typology. From a practical perspective, the typology provides a guideline for firms to reflect on their marketing and social media strategies to achieve competitive advantage. In terms of research implications, since entrepreneurial marketing typology is highly context dependent and a certain context could lead to the determination of specific marketing characteristics, it is suggested that the typology developed in this research could be adopted in other business industries or regions to enhance its validity. In addition, further development of a quantitative measurement scale based on the elements of entrepreneurial marketing would justify the generalisation of the typology.

REFERENCES


INNOVATION STARTS WITH YOU:  
THE ROLE OF PERSONAL BRANDING IN ENTERPRENIERAL MARKETING

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EXTENDED ABSTRACT

Before Prince sang “Let’s Party Like It’s 1999” and Facebook launched in 2004, Tom Peters, a noted management consultant, highlighted that our most important job is to be the head marketer of the brand called you (Peters, 1997). Fast-forward to today’s selfie culture, being an entrepreneur has been touted as the job of the future and Millennials to Baby Boomers are trying to ‘be like Mark Zuckerberg’. Americans have long turned to sports heroes to lift their spirits and use them like a metaphor for good luck, whereas, today they turn to entrepreneurs. We have a new culture of entrepreneur as rock-star, offering new insights into the role of personal branding as foundational to the initiation and continuation of the entrepreneurial journey. One response to the entrepreneur - rock star culture is that business schools are integrating a variety of tools aimed at enhancing and accelerating the innovation process to foster the entrepreneurial endeavors amongst students.

The authors propose personal branding as foundational to entrepreneurial innovation and an integral part of entrepreneurial marketing (EM). We make a case for teaching personal branding as a way for students to develop and understand their means (resources), and how it can and, indeed should, be embedded in an EM course. The development of effectuation theory (Sarasvathy, 2001) has deepened our understanding of entrepreneurial decision-making, as well as, how EM is distinct from conventional marketing (Hills and Hultman, 2011). The first uses effectual reasoning—imagining possibilities that originate from your means (i.e., what you have—your brand), and the second works inversely by starting with pre-set goals or opportunities and then assembling the means. The process of effectuation begins with who you are, what you know, and whom you know. If EM is to effectuate (Hills and Hultman, 2011), then it starts with you.

EM is the “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” (Hill et al., 2010; 7). The process of innovation, identifying and creating new market opportunities, starts with developing the brand called you. Personal branding is the continuous and iterative process to grow these assets by exploring, defining, and developing your self-identity and social identity. To date, the majority of business schools’ develop their programs using causal reasoning with the end goal of helping a student become an employee in a given field with only a tip of the hat to entrepreneurial thinking and action. Only a paucity of scholars – if at all – explore personal branding in the academic marketing literature (Shepherd, 2005). Furthermore, discussion of how nascent entrepreneurs develop their means—their brand—is not explored.

The primary contribution of this work is aimed toward enhancing the power of teaching entrepreneurial thinking and action in EM courses by starting with pedagogy enabling students’ developing their personal brand. The assumption is people can easily define their means; however, the majority of people find this easier said than done. Many lack the self-awareness of what their means are, and how to inventory them. Asking students to build their personal brands, and take deep examinations of themselves forces students outside of their comfort zones. Developing your personal brand increases your awareness not just of yourself, but others and society. This growing awareness is essential to the process of innovation and value creation—the heart of EM. Despite self-awareness being awkward and uncomfortable for most, by end of the course students gain self-confidence, a greater awareness of others, and the business environment. Finally, students are equipped to build and open doors where none existed.

REFERENCES


ENTREPRENEURS AT THE MARKETING INTERFACE:  
THE ROLE OF MARKETING CAPABILITIES ON SME PERFORMANCE

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EXTENDED ABSTRACT

The role of entrepreneurial orientation (EO) on firm performance has been a key focus of significant research for a number of years now (Covin and Wales, 2011); however, the extant research has yet to more comprehensively investigate the factors that may serve to influence this relationship. Joshi and Hanssens (2004) claim that marketing researchers have begun giving attention to the creation and management of market-based capabilities that contribute to the value of a firm. This study provides an exploratory investigation into two marketing influences (e.g., market-based capabilities and marketing mix capabilities) that are argued to mediate the relationship between entrepreneurial orientation and SME performance.

Day (1994) suggested that capabilities are complex bundles of skills and accumulated knowledge, exercised through organizational processes that create positional or competitive advantages for the firm which are not easily imitable by competitors. According to the resource-based view of the firm (RBV), the nature of a firm’s underlying heterogeneous resources drives its competitive advantage and forms the basis for creating organizational capabilities (Barney 1991; Grant 1991; Wernerfelt 1984). Taking a similar view, market-based capabilities of firms as a set of core strategic processes create and cultivate value for the firm (Srivastava, Shervani, and Fahey 1999; Ramaswami, Srivastava, and Bhargava 2009). Srivastava et al. (1999) argue that business processes are actions or work practices that firms engage in to accomplish defined business purposes or objectives, and have identified three core processes—namely, the new product development (NPD) process, the customer management (CM) process and the supply chain management (SCM) process - as being crucial to the creation of customer value. Studies in the nature and influence of market-based capabilities have been conducted among relatively large firms. Creating and managing organizational capabilities often require systematic resource allocations and budget planning, and therefore cost enormous financial investment, human power, and informational assets. As a result, nurturing market-based capabilities in the SMEs has received challenges due to resource scarcity and relative shortage in finance. As competition in both global and local markets has been intensified, in order to survive, small-sized firms are demanded to start investing on organizational assets and processes such as market-based capabilities.

Other marketing capabilities of interest to this research are those marketing capabilities outlined by Vorhies and Morgan (2005). Vorhies and Morgan describe these marketing capabilities as consisting as two types. These are described as specific marketing capabilities (hereafter referred to as marketing mix capabilities) and architectural marketing capabilities (Shin and Aikens, 2005). Marketing mix capabilities are used to transform resources into valuable outputs based upon the classic marketing mix (e.g., pricing capability). Architectural marketing capabilities are used to coordinate marketing mix capabilities and relate to market information management, marketing strategy development, and implementation (Capron and Hulland, 1999; Vorhies and Morgan, 2005). As such, the current work has two main objectives. First, the study explores the relationship between market-based and marketing mix capabilities and SME performance. Second, the study specifically investigates whether market-based capabilities and marketing mix capabilities serve to mediate the entrepreneurial orientation-firm performance relationship in SMEs and whether one or the other has a greater influence on the EO-SME performance relationship.

A within subjects research design using and online survey was administered to entrepreneurs from SMEs across four industries (manufacturing, construction, research and development, and service) investigating the constructs of interests. The survey data was elicited from small business owners located in five states across the western U.S. Business owners were identified using the U.S. Small Business Administration’s (SBA) Central Contractor Registry (CCR) a self-certifying database of all firms who wish to do business with any branch of the U.S. federal government. Data was extracted from the CCR database using the CCR’s web-based Dynamic Small Business Search tool, which allows users to search the CCR database for firms who meet the SBA’s criteria for small business. Only those firm’s registering 200 or fewer employees were included in the sample. Regression analysis used to test the propositions.

The linked survey was designed in two sections with a cover page. The cover page included an invitation from the author, an assurance of confidentiality of the information, and contact methods for any questions and comments related to the
research. First section included the main survey part with the measure items of the focal constructs, and the second section included questions related to the general information of the firms and the demographic information of the respondents. Data collection occurred over three weeks and resulted in a final sample of 166. All of the measures used in this study were drawn from the existing literature. Throughout the survey, 7-point, Likert-type scales were used. For entrepreneurial orientation and market-based capabilities, 7-point scale was used where 7 = strongly agree and 1 = strongly disagree. For firm performance measures, i.e., customer satisfaction, profitability, and adaptability, 7-point scale was also used where 7 = “much better than competitors” and 1 = “much worse than competitors” based on the firm’s business performance over the past year relative to the major competitors. Entrepreneurial orientation was measured with 5 items. The measures were adopted with little modification from the prior studies by Lumpkin and Dess (1996) and Luo, Sivakumar, and Liu (2005). Market-based capabilities were measured by 16 items (New Product Development Capabilities (NPD), 5 items; Customer Management Capabilities (CM), 7 items; Supply Chain Management Capabilities (SCM), 4 items) with all MC measures adopted from Ramaswami, Srivastava, and Bhargave (2009). Marketing mix capabilities (MMC) was measured by six items adopted from Vorhies, Morgan, and Autry (2009).

Firm performance was measured through fourteen items; customer satisfaction in 4 items, market effectiveness in 4 items, profitability in 3 items, and adaptability in 3 items adopted from the previous studies. Customer satisfaction represents the effectiveness of the organization in delivering value to its customers (Day and Wensley, 1988; Kaplan and Norton, 1996). Market effectiveness as a scale that tapped the degree to which the firms’ market-based goals had been accomplished (Ruekert, Walker, and Roering, 1985; Vorhies and Morgan, 2003). Profitability, using perceptual scales related to financial performance over the past twelve months (Morgan, Clark, and Gooner, 2002) was asked. Lastly, adaptability is an ability of the firm to respond to changes in its environment (Ruekert, Walker, and Roering, 1985; Shin, 2012). For further analysis, firm-specific questions were included such as industry type, Firm size, firm age, and the number of employees. Respondents’ working years in the current-working firm and their professional functions were also recorded as control variables.

The research model was assessed using multilevel regression with IBM SPSS Statistics 21. To test main hypotheses, regressions were executed using entrepreneurial orientation, new product development capabilities, customer management capabilities, supply chain management capabilities, and marketing mix capabilities as independent variables and firm performance as the dependent variable for each corresponding model. For control other critical variables, e.g., firm size and firm age were included in each regression test. All four regression models were verified through coefficient of determination. R-squares of each model indicated satisfactory level of explained variability (R2/Adj. R2= .184/.169, .163/.106, .344/.300, .150/.097, and .187/.127 respectively), and therefore model validation established.

As expected, positive relationships between entrepreneurial orientation and SME performance was found (β=.428, p < .001). Firm performance was regressed on market-based capabilities (e.g., NPD, CM, and SCM) with a positive associations found for NPD CM and SCM (β=.320, p < .05; β=.508, p < .001; β=.364, p < .05 respectively). Likewise, firm performance was regressed on MM and a positive was found (β=.364, p < .05). Neither firm age nor firm size was found to correlate firm performance. To test for mediation effects firm performance was then regressed on all three market-based capabilities (NPD, CM, and SCM) and entrepreneurial orientation. The results showed that entrepreneurial orientation was still found to have a positive impact on firm performance but that its effect was significantly decreased from .428 to .287 when CM was included in the model and from .428 to .352 with SCM included in the model. Thus, CM and SCM capabilities are found to partially mediate the link between entrepreneurial orientation and firm performance. Marketing mix capability (MMC) was similarly tested and results showed that MM also partially mediated the effect of entrepreneurial orientation on firm performance but to a lesser degree than does CM as the positive impact of entrepreneurial orientation on firm performance went from .428 to .343. Thus, results show that both market-based and marketing mix capabilities partially mediate the EO-FP relationship within SMEs.

This study provides several noteworthy conclusions. First, with respect to market-based capabilities, the results reveal that (amongst the three market-based capabilities - NPD, CM, SCM) having customer management capabilities (CM) appears to be the most important factor for SMEs if they are to realize the full benefits of an entrepreneurial orientation in regards to firm performance. Second, developing marketing mix capabilities also allow for an entrepreneurial orientation (EO) to more fully positively influence firm performance in SMEs. The findings show that this relationship is important regardless of firm size or age. Thirdly, the results suggest that from an important strategic perspective SMEs need to expend the resources to develop within their organizations addition capabilities if they are to realize optimal performance and that developing customer management capabilities (CM) appears most significant to this effort. Lastly, study results suggest that resources need to be expended in developing both market-based and marketing mix capabilities even if an
entrepreneurial orientation exists within the firm if it is to thrive in an increasingly more turbulent and competitive market environment.

Regardless of the interesting findings uncovered by this study, there is still substantial work to be done by researchers. It may require that we revisit what we know about SME performance in light of the fast changing competitive landscape. Certainly, this is an endeavor worthy of addition effort and attention especially in light of the significant role that the SME plays in the economies of many nations.

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ENTREPRENEURIAL MARKETERS MAINTAINING CONTROL?
A PROPOSAL TO INVESTIGATE CO-CREATION AND BRAND GOVERNANCE IN EM FIRMS

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EXTENDED ABSTRACT

Emerging from management, entrepreneurship and marketing theories, Entrepreneurial Marketing (EM) focuses on the creation of value and the exploration and exploitation of opportunities within entrepreneurially led SME organisations. EM practitioners create organisational value through adaptive, intuitive, opportunistic and pragmatic use of marketing concepts, including product and market innovation (Renton et al., 2015), the leveraging of informal networks, and through emphasising interactive relationships with customers and stakeholders in co-creating brand value (Hills et. al., 2008; O’Dwyer, et al., 2009, Morrish et al., 2011 and Gilmore, 2011). Driving this is the entrepreneur/founder or professional manager who determines the extent to which EM influences the firm, its strategy and tactics. We make a contribution to EM by outlining a study proposal to investigate the relationship between the entrepreneurial marketing drive of a founder, the firm’s engagement in co-creation activities, and the risks these bring to the firm’s brand position. We propose to investigate whether in mitigating risks to brand position, entrepreneurs/founders can provide governance of their brands by introducing socialisation norms into their activities. We therefore aim to add understanding to branding in an EM context, and to the notion of brand governance in small and emerging firms (Ind and Bjerke, 2007, Hatch and Schultz, 2010, Brodie and Benson-Rae, 2014).

We bring an EM lens to Prahalad and Ramaswamy’s (2004) early DART model of the building blocks of brand co-creation and Hatch and Schultz (2010) integrated framework of stakeholder brand co-creation, in which organisations’ give stakeholders access to transparent information and engage in dialogue with them. While previous research suggests co-creative relationships have the potential to create real brand value (Ind and Bjerke, 2007, Merz, et al., 2009, Hatch and Schultz, 2010), it is arguable that they also pose real risk to entrepreneurial organisation’s brand positioning and identity. Higher levels of interactions between entrepreneurs/managers /founders, their customers and stakeholders, creates the potential for the dilution of brand positions and misunderstanding brand identity as stakeholders and customers reinterpret brand meaning. This paper therefore poses a question, how do managers/founders/ entrepreneurs driven by EM practices manage risks to brand positions and meaning? We propose that the governance socialisation norms of flexibility, solidarity, information exchange and trustworthiness, can assist in mitigating these risks.

Springing from Transaction Cost Economics/ Agency theory perspectives, a focus on “softer” less contractually based relational mechanisms, has led to discussions of the role of socialisation as a governance tool to promote goal convergence, maximise joint utility and mitigate risk (Heide and John, 1992; Wathne and Heide, 2000) This leads us to question whether we can apply these socialisation norms to an EM brand co-creation context. Specifically we wish to address whether norms in the form of flexibility, solidarity, information exchange and trustworthiness, are potentially useful for creating brand governance in an EM brand co-creation context (Cousins and Menguc, 2006; Stephen and Coote, 2007). A conceptual model showing the relationships between EM, Co-creation and Brand governance follows;

**Figure 1: Conceptual model of relationships between EM, socialisation norms, co-creation and performance**
The degree to which the SME can be characterised as driven by Entrepreneurial Marketing influences the level of brand value co-creation activities the organisation is engaged in both directly, and through the mediating presence of socialisation norms in the organisation. The model gives rise to the following propositions for testing:

P1: Entrepreneurial Marketing is positively associated with SME brand co-creation activities.
P2: Relational behaviours mediate the relationship between EM and engagement in co-creation activities within SMEs.
P3: SME Brand co-creation activities are positively influenced by high levels of socialisation behaviours.

The methodological approach adopted to study these questions involves two stages. The model will be validated through a series of in-depth interviews with CEOs/Funders/Managers to investigate the existence of the concepts and relationships within their businesses. Following this, survey research will take place with a sample of New Zealand based SMEs drawn from the Kompass database and representing a variety of industries.

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HOW TO ACTIVATE WORD OF MOUTH SALES?
NETWORKING STRATEGIES IN ENTREPRENEURIAL MARKETING

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EXTENDED ABSTRACT

Word of Mouth (WOM) communication is an important element in Entrepreneurial Marketing (EM). WOM happens in and through networks. However, research on appropriate network structures and networking strategies that activate WOM sales is still missing. Therefore, the purpose of this research is to identify networking strategies that activate WOM sales in entrepreneurial contexts.

Previous literature suggests three ways to activate WOM processes: influencers, network structure, and critical mass (Robledo et al. 2014). However, it is still unclear how these three elements impact each other. Watts and Dodds (2007) showed that diffusion explosions are activated by a low proportion of easily influenced people. In contrast, Bohlmann et al. (2010) proved the importance of the network structure on the diffusion process (how people in the market are linked). In other words, different network topologies will have different diffusion processes. However, even if optimal strategies to activate WOM processes are known, the problem (in practical terms) is how to identify influencers, the critical mass and the network structure of the market (Haenlein et al. 2013).

To achieve this objective, the authors analyze data from a real WOM/networking campaign. Specifically, we empirically assess three network marketing strategies: random-grow, referral-grow and promoters-grow. Random-grow refers to introducing random people to the product, even those unknown to the entrepreneur. Referral-grow is about asking known contacts for referrals. Promoters-grow means stimulating WOM sales through customer satisfaction.

We investigate optimal WOM/networking campaigns by studying the diffusion process of a tech product: Tree of Science (ToS). ToS is a web-tool for academic research articles. The only way to access ToS is by invitation of an acquaintance. In this way, we were able to map the diffusion process and identify underlying marketing strategies. Hence we were able to investigate WOM sales in conjunction with different networking strategies (Iyengar et al. 2011).

Our insights are important for entrepreneurs aiming to initiate WOM sales. Our preliminary results show that random-grow has no influence on WOM sales. Referral-grow has a positive influence on WOM sales. In this vein, entrepreneurs should ask for referrals during their daily selling activities in order to leverage sales. Finally, we find that promoters have a positive impact on WOM sales. Therefore, entrepreneurs should identify users with high satisfaction and incentivize them to spread the word.

REFERENCES


SPOILT FOR CHOICE:
THE EARLY CUSTOMER ACQUISITION CHALLENGE FOR INTERNET-ENABLED STARTUPS

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EXTENDED ABSTRACT

“Almost every failed startup has a product. What failed startups don’t have are enough customers.” (Gabriel Weinberg and Justin Mares)

In Germany, more than 9,000 startups – defined as temporary organizations in search of a scalable, repeatable, and profitable business model – are founded every year in the information and communications technology (ICT) industry alone (Graumann and Bertschek 2012, p. 76; Blank and Dorf 2012, p. xvii). Internet-enabled startups (IESs) outnumber those from all other sectors. Even for non-ICT startups, more than 80 percent state that the Internet is of great importance to their business model (Ripsas et al. 2013, p. 6).

However, IESs operate in a dynamic and constantly changing environment that is characterized by high uncertainty and turbulence (e.g. Ries 2011, p. 32; Kraus and Fink 2008, pp. 111; Gruber 2004, p. 81). The failure rate is high and only a few of them become successful companies in the long run. According to the KfW-Startup-Monitor, every third startup disappears from the market within their first three years of existence (Metzger and Ullrich 2013, p. 4). In the scholarly discourse, there is a consensus that one of the key factors for the successful development of a young company is associated with the functional areas of sales and marketing (e.g. Pleschak et al. 2002, p. 6; Egeln et al. 2010, pp. 45). High failure rates of new ventures are often attributed to “inefficient marketing” strategies (Politis 2005, p. 404).

When developing and executing sales and marketing strategies, startups always rank customer acquisition more highly than retention or development of their existing clients (Buttle and Maklan 2015, p. 59). The Startup Genome Report showed, however, that acquiring new customers is by far the biggest challenge for IESs across all stages of growth (Marmer et al. 2011, p. 23). At the same time, according to the German Startup Monitor and the European Startup Monitor, marketing, sales and customer acquisition are the biggest hurdles that German and European startups are currently facing (Ripsas and Tröger 2015, p. 62; Kollmann et al. 2015, p. 61). It is hence not unreasonable to posit that poor sales and marketing strategies by startups and their founding teams will inevitably lead to a long-term lack of success and failure in the end.

“In addressing an entrepreneur’s most important early-stage question - customer acquisition - it’s easy to waste a lot of money in the wrong channels.” (Gregory Ciotti)

When it comes to customer acquisition, startups are spoilt for choice as never before. The Internet has significantly increased the number of options for businesses, especially IESs, to attract and win new customers for their products and services (Bernecker 2015, p. 503; Kollmann 2013, p. 323). However, this has not just created new opportunities; it also poses challenges and makes customer acquisition decisions more complex than ever before. The above quotation illustrates that a lot of efforts, resources and money are spent on the wrong sales and marketing channels, often without any returns at all. It is a fact that wasting money as a startup may have fatal consequences (Fallgatter et al. 2015, p. 93).

It has become increasingly difficult to decide on which sales and marketing channels and tactics to focus on first. This major problem has also been identified in the Startup-Clinics held at the Alexander von Humboldt Institute for Internet and Society (HIIG) on a regular basis. Figure 1 gives an overview of different acquisition channels and tactics to acquire new customers.

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1 Startup-Clinics are a service offered to startups free of charge. Founders can attend individual sessions with PhD students of the HIIG who help them to solve specific challenges.
Early customer growth can take the form of an upward spiral. An immediate success in customer acquisition will generate the company’s first revenues and help a startup to gather important customer feedback so that it can further improve its own products or services. It will also greatly contribute to validating its business model and to finding product/market fit (Ehret 2015, pp. 437; Blank and Dorf 2012, pp. 46). Moreover, an existing early client base is essential for the startup to optimize all further sales and marketing activities. It may even attract investors and lead to a financing round.

However, customer acquisition is a very difficult and challenging task (Freiling 2015, p. 80; Blank and Dorf 2015, pp. 114). In order to build up and grow an IES into a profitable and sustainable business, a startup needs to master the customer acquisition challenge and has to choose the right sales and marketing channels and tactics to attract new customers. Nevertheless, making these decisions requires not only careful consideration but also involves a complex interplay of certain factors like customers, value propositions, existing sales and marketing budgets, or other aspects as well (Blank and Dorf 2015, pp. 103).

It may seem self-evident to state that sales and marketing play a significant role to almost any startup and that the topic of Internet-enabled entrepreneurship is a crucial driver of innovation, economic development and renewal in the economy. However, there is an existing gap that needs to be filled. Both topics have been researched intensively, but to my knowledge, the recent marketing and entrepreneurship literature has provided little information on early customer acquisition, especially in the context of IESs. Hence, throughout the course of this study, the following research question will be addressed:

*How do IESs decide on which customer acquisition channels and tactics to focus first and how do they justify and reflect on their choices?*

As mentioned before, since customer acquisition is crucial to the success of a young company, it requires special attention from IES entrepreneurs and founding teams. Therefore, the attention-based view (ABV) of the firm can serve as a theoretical framework for the research design (Ocasio 1997). Essentially, the ABV is based on the idea that the actions of decision-makers and the subsequent movements of an organization depend on which issues and answers the decision-makers direct their attention to (Ocasio 1997). Based on earlier work (e.g. Simon 1947) Ocasio defines attention as “the noticing, encoding, interpreting, and focusing of time and effort by organizational decision-makers” on both issues and answers (Ocasio 1997, p. 189). Whereas issues are described as “the available repertoire of categories for making sense of the environment”, answers can be seen as “the available repertoire of action alternatives” (Ocasio 1997, p. 188).
Given the lack of empirical insights, this study will employ a multiple case study approach to better understand how IESs decide on customer acquisition channels and tactics in their early stages (Eisenhardt and Gräbner 2007; Yin 2014). The reasons I am using qualitative methods for the first stage of my analysis are twofold: on the one hand, the research subject is highly complex, and on the other hand there is little information available at present on sales and marketing channels and tactics in IESs with a particular focus on customer acquisition. The strength of qualitative methods is their ability to create an understanding of complex social processes as well as their capacity to capture essential aspects of the same phenomenon from different viewpoints (e.g. Flick 2006, pp. 18; Mayring 2002, pp. 19).

The selection of the cases will be based on three requirements:

1. As I intend to investigate the person in charge of making decisions on customer acquisition, I will only approach founders, co-founders, or core team employees of IESs.

2. I will solely focus on IESs that have already acquired their first set of customers successfully; my reason for doing this is to better understand if their decisions have been proven right and get simultaneously their reflections on and explanations for it.

3. Due to my superior access to German startups, I will concentrate on IESs that are based in Germany.

For the purposes of my research I see it as beneficial to conduct semi-structured expert interviews with founders, co-founders, or core team employees of IESs and to discuss their decisions on customer acquisition channels as well as their retroactive effects (Gläser and Laudel 2009, p. 41). I will supplement the data from interviews with information gathered via desktop research. From a constructivist point of view, I will inductively analyze the interview data to identify patterns and common themes (Merriam 2002, pp. 6; Yin 2014, p. 16). Next, I will connect those themes to my cases in order to find similarities and differences between them and develop different archetypes of startups related to customer acquisition.

In order to enrich and verify the accuracy of my interpretations, I will engage in methods of respondent validation. Therefore, I will conduct member checks by inviting different groups of interviewees, who can comment, provide feedback, and discuss my findings to further refine the results (Creswell 2012, p. 259; Lincoln and Guba 1985). This approach, with its combination of both methods, will help me to achieve a complete view on this matter and describe the current status quo (Flick 2011, p. 12).

Based on the results, I will derive a framework. This framework will consist of the most important factors affecting how customer acquisition channels and tactics are chosen as well as including certain startup archetypes as an outcome. This, in turn, can serve as a basis for further quantitative research on a broader scale to support my findings. The methodology is illustrated in Figure 2.

**Figure 2: Methodology**

The study’s empirical findings will allow me to make statements on how IESs decide on acquisition channels and tactics during their early stages. The underlying goal is to identify a set of patterns in order to better understand why acquisition channels and tactics work for certain kinds of IESs. The investigation will result in the development of a customer acquisition framework, which will be discussed, further developed and passed on to founders and IESs participating in the
Startup-Clinics project at the HIIG. By investigating the decision-making processes of successful IESs and by making this transparent and clear, it will help provide direction and learning opportunities. The framework can be compared to a practical guide or toolset that provides actionable advice and guidance for IESs when deriving their customer acquisition strategies and deciding on which customer acquisition channels and tactics to utilize. It will lead to more effective sales and marketing activities and decrease the level of wasted efforts, resources and money spent for low returns.

The results of this study will be of particular interest to any current and potential IES entrepreneurs, teams of founders, and executives in charge of sales and marketing departments, as well as to investors in IESs. They will also serve as a model for future research on this subject.

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