

How research of  
marketing in  
businesses  
contributed to  
development of  
entrepreneu...



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Explain how the research of marketing in small businesses has contributed to the development of the Entrepreneurial Marketing concept. Then, using a small to medium sized enterprise (SME) of your own choice, critically analyse and discuss how marketing in SMEs is carried out in this firm and how and why it differs from traditional marketing practices. Conclude by making recommendations for a suitable future Entrepreneurial Marketing strategy for your chosen case study firm based on your findings.

Companies today operate in an environment which is changing so rapidly that it is almost impossible to forecast, the risk has increased and there is complete chaos and contradiction in the market. Markets are shifting, overlapping and fragmented with the customers becoming more and more demanding. In the last two decades, we find that an entirely new area of marketing has been started gaining attention both in the entrepreneurial and marketing world- Entrepreneurial Marketing. Even though there are numerous marketing concepts and models yet there are models that completely deviate from the traditional setups and have been a runaway success. Such concepts are labelled as ' Entrepreneurial'. It is deemed that even though Entrepreneurial Marketing is important for all organisations whether big or small but they are particularly apposite to small business houses.

An early definition of EM was offered by Morris et al. (2002: 05) as the “ proactive identification and exploitation of opportunities of acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation”.

The definition of an SME differs from one country to another. For example in the United States, a business house having employees less than 500 and an annual turnover less than 20 million dollar is termed as an SME whereas in United Kingdom's organisations having employee's less than only 200 are regarded as a SME.

Classical marketing theories as such cannot be transferred to SME's (Small and Medium Sized Enterprises) as these theories have been tested on large firms and such conditions are absent in SME's. Traditional marketing campaigns and marketing research, planning or forecasting are deemed out of the financial reach of small business units. Marketing in small firms tend to be informal, unplanned, chaotic, non-linear and at odds with general framework of marketing, which depends heavily on linear, stepwise responses to uncertainty (Fillis, 2002). In fact, both marketing and finance are problematic areas for a new small business firm. In order to compensate for the financial crisis, small firms try to conduct their marketing campaigns in house whereas large organisations go by the book in case of big marketing researches.

There are two schools of thoughts regarding the use of traditional marketing practices in SME. According to one, SME use the same thinking process for marketing the difference lies only how they apply it as against a larger organisation. The other school of thought argues that SME use a different marketing approach, i. e. entrepreneurial marketing and are unique in their theories as well as application.

According to Miller & Friesen (1983) and Covin & Slevin (1994) and in contrast to non-entrepreneurial managers, entrepreneurs have been viewed as: innovative, calculated risk takers, proactive and opportunity-oriented (Kirzner, 1973).

While studying the literature review, it becomes apparent that entrepreneurial marketing is widely applied in the context of SME and to some extent the success of such business ventures have been instrumental in development of the entrepreneurial marketing concept. According to Morris et al. (2002) entrepreneurial marketing can be divided into seven core dimensions namely, opportunity driven, innovation focused, risk management, proactiveness, value creation, customer intensity and resource leveraging.

The market orientation of SMEs is highly dependent on the marketing knowledge of the entrepreneur or small business owner, who tends to be a generalist rather than have management or marketing skills (Hogarth-Scott et al., 1996). Carson et al. (1995) proposed that SME marketing was in fact entrepreneurial marketing, a distinctive style characterized by a range of factors that included an inherently informal, simple and haphazard approach. This approach is a result of various factors including: small size; business and marketing limitations; the influence of the entrepreneur; and, the lack of formal organizational structures or formal systems of communication with sometimes no systems at all when it comes to marketing. This type of marketing is opportunistic as well as dependent on networking. It reacts quickly against any competitor's response.

Entrepreneurial marketing can be viewed as marketing in the early developmental stages of a business unit and if we take the case of a small business house then entrepreneurial marketing would be considered synonymous with SME's. It is more often opportunistic and innovative and tantamount to entrepreneurial marketing. An entrepreneur recognizes a mismatch between the current offerings in the market and the latent needs and demands of the consumers, the merging demands as a result formulating a vision that would effectively bring out a solution to the mismatch. Then he makes a legitimate effort to form a strategic plan in action.

#### Case Study:

##### Organisation: Bonotto

Bonotto is a small textile firm that has its headquarters in the Molvena. It has about 200 employees and a turnover of 34 million Euros. It can be accounted as an SME since according to the official European Union (EU) definition of an SME is any firm which has no more than 250 employees, is not more than 25 percent owned, either singly or jointly, by a bigger company and has an annual turnover of no more than 40 million Euro. The company was found in the year 1972 as a family business and specializes as a

The dry-cleaning and production-oriented finishing are carried out in the F2 plant in Schio.

Our Quality Control Centre, where fabrics are certified “ Ready for the Needle” for our most prestigious clients, is also located here.

Upon request, we also furnish quality control tests for fabrics made by other producers