



University of HUDDERSFIELD

University of Huddersfield Repository

Day, John and Reynolds, Paul Lewis

Exploring the marketing - entrepreneurship interface: bringing an understanding of small business marketing into the curriculum

Original Citation

Day, John and Reynolds, Paul Lewis (2011) Exploring the marketing - entrepreneurship interface: bringing an understanding of small business marketing into the curriculum. In: Paper presentations of the 2010 University of Huddersfield Annual Learning and Teaching Conference. University of Huddersfield, Huddersfield, pp. 102-115.

This version is available at <http://eprints.hud.ac.uk/id/eprint/9667/>

The University Repository is a digital collection of the research output of the University, available on Open Access. Copyright and Moral Rights for the items on this site are retained by the individual author and/or other copyright owners. Users may access full items free of charge; copies of full text items generally can be reproduced, displayed or performed and given to third parties in any format or medium for personal research or study, educational or not-for-profit purposes without prior permission or charge, provided:

- The authors, title and full bibliographic details is credited in any copy;
- A hyperlink and/or URL is included for the original metadata page; and
- The content is not changed in any way.

For more information, including our policy and submission procedure, please contact the Repository Team at: E.mailbox@hud.ac.uk.

<http://eprints.hud.ac.uk/>

Exploring the marketing - entrepreneurship interface: bringing an understanding of small business marketing into the curriculum

John Day and Paul L Reynolds
Department of Strategy and Marketing
The Business School
j.day@hud.ac.uk
p.l.reynolds@hud.ac.uk

Abstract

The success of small firms worldwide is determined by entrepreneurship and marketing (Hills, 1995). 95% of firms worldwide are small (less than 250 employees) – and often smaller than that. Marketing and entrepreneurship are not the same but they are interconnected. Consider Apple, the fabled 1970's 'garage' start-up by Wozniak and Jobs. Often great innovators but not always great entrepreneurs. That is until they revolutionised the music industry with iTunes, and in the future, may well revolutionise personal computing with the iPad.

This paper considers the authors' experience over the last decade in teaching what can be called entrepreneurial marketing. Given our belief, which is surprisingly common, that entrepreneurship is to some extent learnable and thus teachable – it is both 'nature and nurture' ... we share our experience of our module – Marketing of Small Business. Our research interests both feed into, and draw from, our teaching on this final year module.

Keywords: SME, marketing, entrepreneurship

Introduction

This paper is underpinned by the notion of the marketing-entrepreneurship interface, or, what is termed by some colleagues as entrepreneurial marketing. In the USA, the best reference source is the collection of annual workshop proceedings, initiated and edited by Professor Gerald Hills (1987-). In order to progress we need to move through several gates- firstly: to define marketing, then to define entrepreneurship, then to believe that they are not the same construct – otherwise there would be no interface!! We are going to conceptualise the interface as a simple three circle Venn diagram. The addition of the third circle allows in this case for an organisational dimension, which will be the small to medium sized business (SME).

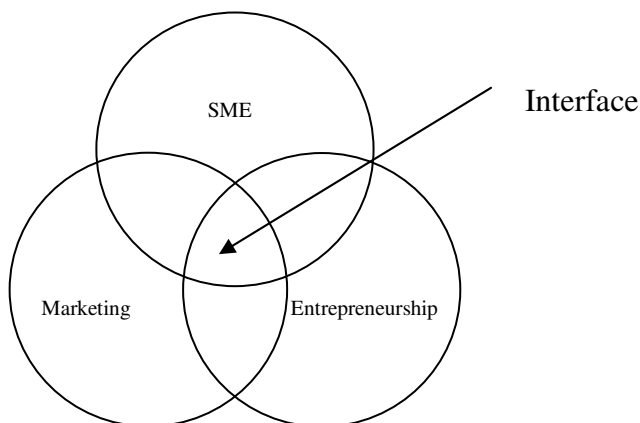


EXHIBIT ONE: THE INTERFACE

Marketing

Defining marketing should be the simplest of the tasks but as society and economies have become more complex, so has the definition of marketing. Going back four centuries to Adam Smith's *Wealth of Nations*, then marketing is something that producers do to, or better, do with consumers. Although the notion of relationship marketing was not in common usage until the early nineteen

eighties, one can argue that the seeds of the transactional marketing versus relationship marketing debate are there in the eighteenth century. Transactional marketing being characterised as a one way exchange from the producer to the consumer, probably short term and probably a single exchange, compared to relationship marketing characterised as a mutual two way exchange of understanding between the consumer and the producer, probably over the long term, and on multiple occasions. (see Lancaster and Reynolds, 2004; Morris et al., 2002).

The American Marketing Association attempts to reflect contemporary thinking by offering a definition of marketing and then up-dating this every five years albeit with the objective of "craft(ing) a new definition that better serves the constituents of the American Marketing Association" (AMA, 2008).

In 1935, the predecessor of the AMA defined marketing as "the performance of business activities that direct the flow of goods and services from producers to consumers", a definition that Adam Smith would have recognised. Following the latest five year rethink, the definition is now:

"Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large" (AMA, 2008).

A convenient example to illustrate the logic and necessity of widening of the scope of marketing is to reflect that in 1995, The Journal of Ministry Marketing and Management was launched with the aim to provide practical information on marketing and management issues in all types of church and ministry settings. Although it was short lived for only seven volumes. As well as moving away from a transactional approach and extending into services, marketing perspectives have fragmented, and hence, Morris et al. (2008) were able to identify thirteen alternative marketing approaches in the ten years preceding their article. More commonly recognised variants being: relationship marketing; guerrilla marketing; viral marketing; permission marketing; and, buzz marketing.

However, a useful skeleton on which to accommodate marketing is that of Webster (1992), who sees marketing as having three distinct dimensions, namely, culture, strategy and tactics. At the cultural level is a concern for customers and at the strategic level we consider how to secure competitive market position. Tactics are most commonly visualised as the 7Ps (product, price, promotion, place (distribution), physical evidence, people and process) of the marketing mix. Whilst the mix metaphor is probably accepted universally, the mnemonic convenience of the 7Ps is disputed. Alternative, and equally viable, schemas exist (Gronroos, 1993).

Within the confines of this paper, the most appropriate way to measure the extent to which small business carry out marketing would be to use the measure of marketing orientation. Two competing frameworks exist although there is no reason why the individual scale elements cannot be combined. Narver and Slater (1990) advocated taking a cultural focus and measuring three items: customer orientation, competitor orientation, and, interfunctional co-ordination (essentially communication) within the organisation. Kohli and Jaworski (1990) argued for measuring Intelligence Generation, Intelligence Dissemination and Responsiveness. Laferty and Hunt (2001) suggest a synthesis with the emphasis on the customer, importance of information, interfunctional communication, and taking action. Despite that suggestion, most studies employ either Narver and Slater (the so called MKTOR scale) or Kohli and Jaworski (the MARKOR scale). Earlier we illustrated the marketing discipline moving into services marketing by citing religion and the article abstract below continues that theme whilst illustrating a classical marketing orientation approach.

"... The purpose of this research is to develop and test a model that explains the role of market orientation in a church participation context. Data were collected from a particular church denomination in Australia" ... "The findings suggest that market orientation is significantly related to church participation. Further, competitor

orientation was found to be negatively associated with church participation. These findings suggest that it is important for church leaders to: (1) understand the needs of church members (customer orientation), (2) ensure that the various ministries in the church are perceived as delivering significant value by its members (interfunctional coordination), and (3) ensure that the range of ministries offered by the church is not perceived as the strategic tools to compete with other churches (competitor orientation), but rather as the means to serve its members effectively” (Mulyanegara, Tsarenko and Mavondo, 2010),

Entrepreneurship

Since this paper does not seek to deliver a history of the study of entrepreneurship, we are going to adopt the following definition: “Entrepreneurship is the process by which individuals pursue opportunity without regard to the resources that they currently control.” (Stevenson and Jarillo, 1990). This definition is grounded in behaviour and action – not in traits and characteristics and it is indifferent to organisation type and ownership. It states that opportunity seeking is a key activity, and that the entrepreneur considers opportunity and then tries to assemble resources – not the other way around. Finally the notion of a ‘process’ rather than serendipity is enticing as it suggests that we might be able to unscramble and understand such a process.

This comes though with two caveats. Firstly, we still have little overall consistency in the defining of the term ‘entrepreneur’, perhaps given the nature of the entrepreneurial act that is not in itself surprising. The whimsical use of Winnie the Pooh by Kilby (1971), still serves as a good general warning to us all!

“The search for the source of dynamic entrepreneurial performance has much in common with hunting the Heffalump. The Heffalump is a large and rather important animal. He has been hunted by many individuals using various ingenious trapping devices, but no one so far has succeeded in capturing him. All who claim to have caught sight of him report that he is enormous, but they disagree on his particularities. Not having explored his current habitat with sufficient care, some hunters have used as bait their own favourite dishes and have then tried to persuade people that what they have caught was a Heffalump. However very few are convinced, and the search goes on”.

Secondly, that search has been long and is still continuing. Cantillon in 1755, was probably the first western economist to have recognised the unique attributes of the entrepreneur. He argued that the entrepreneur, in essence, bought at certain prices and sold at uncertain prices and therefore assumed the role of risk taker. This search has involved, and is likely to continue to do so, several academic disciplines. One can easily recognise economic, psychological, managerial, strategic elements in even a cursory literature review on entrepreneurship.

More recently, the work by Sarasvathy (2008) on effectuation would give some hope that entrepreneurship is to some degree learnable, and the work by Nicolaou (2008) along with his main co-author for several papers, Scot Shane on nature vs. nurture ascribes a role to both. But for some (such as Casson, 1992) it is a unique and very lightly bestowed behaviour that cannot be copied or mimicked. Finally, we need to remember that not all entrepreneurship is a ‘perennial gale of creative destruction’ (Schumpeter, 1934) and which is perhaps the most overused metaphor in entrepreneurship. Chell (1993) classifies the business owner along a spectrum from entrepreneur through to caretaker with quasi administrator and administrator as intervening hybrid positions. Entrepreneurs are seen as being alert to opportunities and proactive in taking the initiative and trying to control events, whereas, caretakers would be much more concerned with effective management whilst being well within their perceived comfort zone. Thompson (1999) compares and contrasts incompetent and competent entrepreneurs.

As with marketing, we need to measure the extent to which entrepreneurship is practiced and this paper offers the concept of the entrepreneurial orientation. Miller and Friesen (1983) stated that an entrepreneurial firm is one that “engages in product market innovation, undertakes somewhat risky ventures and is *first* to come up with ‘proactive’ innovations, beating competitors to the punch” and “numerous scholars have developed this and used the term “entrepreneurial orientation” to describe a fairly consistent set of related activities or processes” (Lumpkin and Dess, 2001). Covin and Slevin (1991) are probably cited the most frequently and they consider an entrepreneurial orientation as having three dimensions -risk taking, innovation and proactiveness with the attendant entrepreneurial behaviour being reflected in management style and process. For example, a conservative management style would be reactive to market changes, as opposed to the proactive stance taken by an entrepreneurial management style. Knight (1997) provides a useful commentary on measuring entrepreneurial orientation in practice.

The Interface

If we now simply replace marketing with the scale to measure it (marketing orientation) and similarly for entrepreneurship, then we can see that at first sight the two scales share little in common. What research at the interface attempts to do is to consider what synergistic relation exists between these two business philosophies.

Three broad approaches can be taken, firstly, ‘to put marketing into entrepreneurship’, secondly, to put entrepreneurship into marketing’, and thirdly to look for commonalities in action and competencies. In the first approach, we might start with entrepreneurial businesses and see how they market, whilst for the second approach we might try to understand how marketing creates and sustains entrepreneurial action, for example, the creation of a new product perhaps within a new market segment. The third approach has always been well described by Carson et al (1995) in their book but particularly succinctly by Hills (1995) in the Foreword to that book.

“Good marketing is inherently entrepreneurial. It is coping with uncertainty, assuming calculated risks, being proactive and offering attractive innovations relative to competitors. And good entrepreneurship is inherently marketing oriented. A customer focus by everyone in the enterprise is a way of life. And the implementation of marketing strategies that generate customer satisfaction is essential to survival.”

How does that impact our teaching and research?

One of the author works in entrepreneurship and the other in marketing and their research interests come together in looking at how small businesses in the UK, Russia and Poland carry out selected marketing functions. Some of our work involves using both marketing orientation and entrepreneurial orientation scales with SMEs. Another piece of research by one of the authors is to consider the extent to which standard marketing techniques are applicable to the small business (Reynolds, 2002).

The Hills (1987) perspective is that SMEs might use different marketing practices and techniques, particularly new and resource constrained SMEs. Carson et al, (1995) argued that personal contact networks and word of mouth marketing would be more likely to be witnessed rather than complex and expensive activity based around a comprehensive marketing plan. Whilst not denying the ability of the SME to plan – such planning might well be informal and ‘in the head’ of the entrepreneur. Opportunity recognition and exploitation might come from seeing a problem and then seeing a solution, rather than deliberate formal market research.

So we do the obvious, which we all do, that is bringing relevant research into the curriculum. Given our individual and joint research interests, and in the spirit of the interface, we focus on entrepreneurial marketing rather than just marketing per se, we do not teach scaled down big business marketing.

Well sometimes! In the early days of the *interface*, the predominant view was that a new paradigm could, indeed, should be forged but the more recent consensus led by Carson is that we should take what works whether that be formal and traditional marketing techniques or whatever it is that SMEs practice. What is key is that we continue to research and observe exactly how SMEs market. Readers of this paper might well assume, and rightly so, that our taught module would require students to understand the real life of the SMEs. Such a view would then feed into how we assess the module. Reinforcing this is the fact that Carson whose textbook (1995) is still the seminal work in Europe was hugely influenced by his mentor, Professor Tony Cunningham who always argued for an andragogic rather than a pedagogic teaching philosophy. In respect of textbooks on the interface, Carson et al. (1995) has been joined recently by Bjerke and Hultman (2002).

On this module students undertake three pieces of assessment:

A short tutorial presentation on a relevant topic of our choosing – this may embrace a marketing concept or a specific technique such as cheap and effective public relations for an SME;

A one thousand word academic critique that helps to signal that this is a final year undergraduate module that whilst practical is one that is informed, and underpinned, by a wide and sometimes controversial literature base. Typical topics are marketing orientation; entrepreneurial orientation; a combination of the two; or specific techniques such as importance performance analysis and locating uncontested market segments;

However, the major assessment is to write a case study that demonstrates that they understand how an SME of their choosing markets their product or service. Unlike many such assignments across the School and University – this is not a quasi consultancy project or concentrating upon a particular problem. Aside from human interest and perhaps ‘space’ for the small business owner to reflect, it is a deliberately one-sided brief. There is no expectation that students will go beyond observing, reporting and reflecting. Of course, some may well want to go deeper than observation and that is fine by us.

EXHIBIT TWO: SUMMARY CLASS BRIEF WITH COMMENTARY ADDED

| ACTIVITY | | COMMENTARY |
|---|--|---|
| 1 | Write a descriptive business history outlining the critical developments in their trading to date. | Depth depends upon where the SME is in their lifecycle; we are trying to get the student to identify <i>critical</i> points and to draw us into the story. |
| 2 | Clearly show the reader their relative position in their marketplace. | An invitation to use a traditional positioning map/diagram; for many SMEs this will cover competitors in a very tight geographical location. |
| 3 | Produce a short brief containing secondary data on their market. | (1) and (2) are practical depending very much upon information derived from the SME, this task puts them back into the Library. |
| 4 | Write up a profile of the SME in a similar style to that which until recently could have been found in the Saturday supplement of the Financial Times - illustrations to be used as appropriate | This is an excellent test of their creative writing styles and the articles have three components: the headline which is always a pun; the text which is serious but designed to be read on a weekend when the paper is more leisure orientated; and, a well chosen photograph. |
| 5 | Find out how they 'do business' and then..... | |
| | a Consider the nature of how they plan | Planning might be very formal or very informal this in itself is interesting |
| | b Select two areas of particular concern to them and critically discuss these | Not of concern to the students but of concern to the SME |
| | c Consider the particular way in which they market their good or service - how is this constrained or facilitated by their being an SME? | To avoid the stereotype that small business are always at a disadvantage to their larger competitors |
| | d Having done the above then compare the outcome to three marketing or strategy models with which you are familiar | This is a crucial section, we are not asking students to report or discuss the models that they have learnt on the course – that is our language and how we see the world. We are asking them to use tools familiar to them and to make sense of their encounter. Of course, depending upon the background and knowledge of the owner this could be a shared language, and the SME may use such techniques. |
| | e Having stated what you believe entrepreneurial marketing is about- to what extent are these themes and issues realistic for your SME? This section must demonstrate that you are familiar with both the key textbook(s) for this module and appropriate journal articles. You must cite your sources clearly and accurately. That goes without saying – but you will find sources that Paul and I have come across and we will enjoy following these up! | Again we are asking students to be reflective at a more academic level given that the modules seeks a balance between practice and theory. There are only two key textbooks, the original Carson et al (1995) and the later Bjerke and Hultman (2002) |
| 6 | Having paired up with one other student or group, draw out the similarities and differences between your SMEs. Attach no more than one A4 sheet of bullet points to your report to demonstrate that you have done this. In our experience it does not matter who you pair up with ... the outcomes are always useful as are the shared insights. Pairing up is not exclusive – if they want you can pair up with a group who have already discussed outcomes with another group. | It would be a real shame if students did not share some of their findings with each other and this section encourages them to do just that. |
| (*) Weightings are indicative but you must attempt all the tasks set out above. | | |

Given the discussion above about the nature of entrepreneurship, you might imagine that we require them to select an entrepreneurial SME –but we do not. Who is, and who is not, entrepreneurial is of less concern to us than our students' understanding of the world of the SME and their owners and workers. At least 95% of business in the UK are small (less than 250 employees) and the population is skewed to the lower end of that range. (65% have between 1-4 employees; 83% less than 10, see BERR, 2007). If we assume that it is the entrepreneurial SMEs that grow, then in 2006, just under 6% of all businesses in the UK achieved a 60% growth in turnover over three years. This figure is below the USA (8.14 %) but almost three times higher than France, Germany, Italy and Japan. As tutors and researchers our taste are catholic, we are as interested, perhaps more interested, in the 94% that do not grow – they are equally brave and

interesting people. Because we are concerned with students developing a dialogue, we are not that concerned with accurate financials and we do not believe that they would be freely offered.

Some student findings

Exhibit Three reports brief details from fourteen of our case studies from this year. We have chosen to highlight the problems faced by the SMEs as this is a good example of how their knowledge informs our teaching and research. In the following section, we contrast these to an earlier data set. Also included are the techniques through which the students chose to frame some of their work. Whilst we give them a free choice, we have our preferences and we can use this information to influence and direct them in the next round of case studies. By looking at the effectiveness and richness of the data from these frameworks, we can reflect on how useful these may be as research instruments and to what extent they might be incorporated into our research. Exhibit Four is an example of Task Six.

Same old?

We last wrote a formal paper on this programme just over ten years ago and this reported in a similar way both findings on SME behaviour and our reflection on the module aims and objectives. Exhibit Five reports the same categories and it is interesting to reflect on how SME problems have, or have not, changed over the last decade. In respect of our teaching reflection, we still support the notions in that paper (Day and Reynolds, 1999), that:

“Better students employ marketing and strategic tools as the framework for the case discussion as well as in the later comparison section. This is a good indicator for separating out the better reports and we continue to be of the view that we do not intend to give any guidance in this area.

Requiring students to write up one part in the style of the newspaper article is a good discriminator of the better reports, and as such is a relatively simple to set creativity exercise. The (appropriate) style template being the Financial Times – ‘Minding Your Own Business’ article

At present we do not require the students to select an entrepreneurial SME. So our sample is more representative of the USA direction in Interface research. (*which at the time was to consider how any SME irrespective of the level of entrepreneurial orientation did marketing*) Casual inspection of the full text of the cases would suggest that some of their choices included genuinely entrepreneurial SMEs (as measured by their innovative behaviour and/or product and service lines) but many also reviewed ‘me-too’ operations.”

This paper has tried to strike a balance between reporting on the teaching of a particular module, and discussing the depth of academic work in the field of entrepreneurial marketing that informs and underpins the module. We remain unworried by allowing our students to select any SME, and interestingly, Carson (2010) in a reflective commentary argues that we have lost sight of our original aim, which was to understand marketing in small businesses. It was not to get embroiled in a debate concerning just what we mean by the entrepreneurial part of entrepreneurial marketing. It seems like we may have let somebody else’s Heffalump into our room!!

EXHIBIT THREE: BRIEF DETAILS OF FOURTEEN CASE STUDIES (A-Z BY TYPE)

| SME Type | Size (including owner(s)) | Start date | Concern One | Concern Two | Model 1 | Model 2 | Model 3 |
|---|---------------------------|-------------|---|---|-------------------------------|---------------------|------------------------|
| Bedding and General Household Textiles | n/s | 1993 | New and existing competitors | Finding reliable suppliers who preferably are not supplying their competitors | SWOT | STRATEGY CLOCK | PORTER FIVE FORCES |
| Business Consultancy | 4 | 1997 | Recession affecting client base | Lost of a member of staff | SWOT | PESTLE | CONVERGENT / DIVERGENT |
| Clothing Wholesale | 20 | 1998 | Chinese mainland competition | Exchange rate movements | SWOT | RESOURCE BASED VIEW | PORTER FIVE FORCES |
| Comic and Manga Bookstore, France | 2 | 2009 | Create a community of customers | Compete against national chains offering discounted product | IMPORTANCE PERFORMANCE MATRIX | STRATEGY CANVAS | PORTER FIVE FORCES |
| Food Wholesaling | 3 | 1996 | Perishable and seasonal products | Exchange rate movements | GE MATRIX | PESTLE | PORTER FIVE FORCES |
| Hardware Retailer with a niche specialisation in professional kitchen knives and scissors | 2 | 1865 / 2009 | Competing distribution channels (internet) | Supermarkets moving into stocking DIY ranges and knives as well as competition from large national DIY stores | SWOT | PESTLE | PORTER FIVE FORCES |
| Local Theatre | n/s | 1992 | Lack of capital and smaller than preferred marketing budget | Building up repeat and regular audiences | BOSTON MATRIX | MARKETING MIX | PORTER FIVE FORCES |
| Nail and Beauty Salon | 2.5 | 2001 | Pricing | Should they expand | OMURA ET AL GRID | PESTLE | PRODUCT LIFE CYCLE |

EXHIBIT THREE: BRIEF DETAILS OF FOURTEEN CASE STUDIES (A-Z BY TYPE) CONTINUED/-

| SME Type | Size (including owner(s)) | Start date | Concern One | Concern Two | Model 1 | Model 2 | Model 3 |
|--|---|------------|---|--|-----------------------|---------------|------------------------|
| Pharmaceutical Specialist Manufacturer | 250 | 1922 | High level of compliance to complicated industry and product regulation is welcomed but adds to cost & speed of doing business. | Retailer buying power dictating price points and margins | SWOT/PESTLE | BOSTON MATRIX | PORTER FIVE FORCES |
| Plumbing | 1 | 2007 | Developing an effective internet presence | Growing the customer base | SWOT | MARKETING MIX | PORTER FIVE FORCES |
| Shoe Retailer | n/s | 1864 | Competition | Recession | SWOT | PESTLE | PORTER FIVE FORCES |
| Take Away Food franchise in early stage of | parent franchisor plus one other franchise plus one planned | 2008 | Employing and maximising business gain from Public Relations | Developing brand awareness in a crowded market | SWOT | MARKETING MIX | PORTER FIVE FORCES |
| Trade Publishing Company | 10 | 2004 | Recession affecting client base | Competitors | SWOT | PESTLE | PORTER FIVE FORCES |
| Watch Shop (High Street Independent) | 2 | 1989 | Decline of the high street as shopping focus | Changing trends away from wearing watches | MARKETING ORIENTATION | AIDA | RELATIONSHIP MARKETING |

Notes: Businesses may be local to student's home town and therefore are not necessarily Huddersfield based. No order of importance for models and some attempt to align models.

Source: 2010 sample sent to External Examiner

For colleagues unfamiliar with the models listed above there follows a brief description of each model:

SWOT: considers on a quadrant diagram the internal strengths and weaknesses, and, the external opportunities and threats for a company; **Strategy clock:** offers eight strategic positions relative to competitors – for example, premium pricing – these positions are drawn to look like a clock face with eight options; **Porter Five Forces:** named after Michael Porter this is away of assessing the competitive dynamics of an industry and drawing out an appropriate strategy, the five 'forces' are: bargaining power of suppliers, bargaining power of customers, threat of new entrants, threat of substitute products, competitive rivalry overall in the industry; **PESTLE:** a rational listing of the external factors affecting a business – political / economic / social / technical / legal and environmental, often used as the precursor to a SWOT;

Convergent /Divergent: considers the thinking style of SME owners and tries to argue that true entrepreneurs are divergent thinkers; **Resource Based View:** of strategy has several interpretations but basically firms should do what they are good at, based particularly on the quality of their human resources. **Importance Performance Matrix:** compares the importance placed on an element of delivery by the customer to how well the business matches that desired importance level - business thus match, over or under deliver relative to customer importance; **Strategy Canvas:** encourages business to denote what they believe are the competitive strengths of their business and then use a simple line graph to compare and contrast to their competitors and see where they are unique;

GE Matrix: so called after the use of this model with General Electric Company in the 1970's by McKinsey Consultants, using a matrix it strikes off industry attractiveness (want to be in that segment) versus capability to do that; **Boston Matrix:** named after the Boston Consulting Group, looks at the relationship between market growth overall and your share of that market, represented as 2x2 matrix, 'star' products, to name one of four categories, experience high market growth and you have a high market share; **Marketing Mix:** has been discussed in the paper; **Omura et al.** in a 2x2 matrix compares Schumpeterian scenarios of fundamental change versus Kirzerian market adjustments. Opposite positions on the matrix are stability Vs total creative destruction, bears more than a passing resemblance to an Ansoff matrix; **Product Life Cycle:** plots sales against time and argues that products and industries go through stages from development to maturity, drawn as an S shaped curve; **Marketing Orientation:** discussed in text; **AIDA:** simple marketing communications model that argues that one should move consumers through four stages – awareness, interest, desire and action; **Relationship Marketing:** discussed in the text.

EXHIBIT FOUR: COMPARISON OF SMEs (TASK SIX) BY ONE PAIRING OF GROUPS

| Business type | Leisure Facilities Provider | Beauty Salon |
|-------------------------------|---|---|
| Legal Status | Charitable Trust / Social enterprise | Privately owned business |
| Employees | 250 employees – part time, casual and full time | 3 employees including owner |
| Real Estate | Head Office and multiple sites | One small shop but plans for expansion |
| Date of formation | Formed about same time | Formed about same time |
| Number of customers | 7000+ members | Not disclosed |
| Key start-up event | Struggled to establish themselves with higher start up and operational costs | Tight opening budget and struggle to launch on that budget |
| Financials | Improving financial performance | Not disclosed but client base has grown rapidly |
| Market Trend | Health and fitness market has grown | Spending on health and beauty is expected to increase by 2011 |
| Competitors | Competitors – threat from private sector providers | Main competition from other local salons that have started since this one |
| Macro economic impact | Economic downturn may benefit them with shift from more expensive private to cheaper public facilities | Economic downturn may be of benefit as it may slow down the growth of competitors |
| Greatest Concern | Biggest concern is rising energy costs and consequential need to be even more efficient | Biggest concern is the increased cost of supplies due to exchange rate movements |
| Market Positioning | Positioning – middle range of services and just above median price range in the industry | Positioning: high on quality and high price. |
| Planning Style | Planning conducted on a hierarchical framework – systematic short / medium and long term planning | Planning unsystematic and very short term |
| Main Objective | Main objective – put people first | Ensure customer loyalty and retention |
| Marketing Communications Used | Marketing Communications – have a budget and use leaflets. Posters, radio commercials, billboards, staff uniforms and website | Relationship Marketing, Public Relations, sales promotion, internal and external advertising. |
| Entrepreneurial Marketing? | Use commercial marketing and main themes of entrepreneurial marketing – risk taking, innovative, customer focussed and opportunity driven | Informal, day-to-day, risk taking, opportunistic, relationship marketing, excellent communication |
| Future Plans | Future plans – become self-sustainable, focus on 2012 Olympics, engage in Government Health plans and start a Facebook page. | Diversification and growth |

Notes: Results from two groups pairing; sub-headings are their choice; some details suppressed to maintain confidentiality; the responses do not signify effective or ineffective, appropriate or inappropriate handling of decision or business processes.

EXHIBIT FIVE: CONCERNS, CONSTRAINTS, HOW MARKET - FROM 1999 SURVEY

Exhibit Nine: Internal Concerns Reported

| | | |
|--------------------|---|-----|
| Employee | <ul style="list-style-type: none"> ◇ lack of experienced workers ◇ employee training and skills ◇ finding new staff ◇ retaining staff (2) ◇ staffing | =6 |
| Growth | <ul style="list-style-type: none"> ◇ need to generate and achieve new growth (3) ◇ expansion and diversification (2) ◇ managing and controlling growth ◇ controlling all aspects of the business as it grows | =7 |
| Marketing | | |
| marketing mix | <ul style="list-style-type: none"> ◇ better use of marketing mix, branding their company rather than their trade customer ◇ fully exploit marketing mix ◇ product range, variety & diversification (3) ◇ establishing brand for new product ◇ promotion (2) ◇ pricing | =9 |
| communications mix | <ul style="list-style-type: none"> ◇ marketing communications ◇ internet strategy | =2 |
| market research | <ul style="list-style-type: none"> ◇ need for more market research and more focused segmentation ◇ need for better competitor knowledge | =2 |
| customer care | <ul style="list-style-type: none"> ◇ longer term customer care ◇ maintaining quality auditing and continuous improvement ◇ quality | =3 |
| strategic | <ul style="list-style-type: none"> ◇ more formal marketing ◇ less reliance on a major trade customer, developing a consistent corporate image, trade and consumer shows ◇ acquisition of customers to offset aging customer base ◇ strategic as opposed to operational marketing | =4 |
| Personal | <ul style="list-style-type: none"> ◇ fear of failure -corporate & personal ◇ internal communications | =2 |
| Planning | <ul style="list-style-type: none"> ◇ lack of formal planning ◇ planning difficult as no past record ◇ re-writing of new 5 year plan | =3 |
| Resources | <ul style="list-style-type: none"> ◇ location and premises e.g. current offices too small (2) ◇ expansion constrained by resources ◇ management skills ◇ succession planing ◇ efficiency ◇ stock control ◇ increasing overheads ◇ level of profit too small ◇ maintaining trading levels ◇ supplier relationship ◇ lack of retail IT | =12 |

Some respondents gave more than one concern, hence responses = 50.

**EXHIBIT FIVE: CONCERNS, CONSTRAINTS, HOW MARKET FROM 1999 SURVEY
CONTINUED/**

Exhibit Ten: External Concerns Reported

| | | |
|--|----|-------------------------------------|
| ◇ competition | 12 | three most popular responses |
| ◇ government policy | 6 | |
| ◇ reliant on one major customer | 5 | |
| ◇ fluctuations in demand | | market conditions |
| ◇ seasonality - weather, trade or religion | | |
| ◇ market as a whole in slow irreversible decline | | |
| ◇ recession | | |
| ◇ textile production moving out of Europe | | |
| ◇ exchange rates and exporting | | |
| ◇ supplier reliability | | other |
| ◇ technological advance, speed of | | |

All responses shown, total responses = 31

Exhibit Eleven: HOW CONSTRAINED - Some Indicative Quotes

- advertising considered too expensive, market research expensive and difficult but as an SME have some advantages - know customers, flexible in outlook and practice, can be opportunity focused and react quickly.
- better IT technology to help market
- calls on owners time
- lack of formal planning, limited financial resources, lack of formal business training, pricing . However the opportunity and flexibility to differentiate as a small business
- more production than service orientated
- resources for overall marketing and larger national companies offering more competitive financial packages
- Stage of the business life cycle (old) and existing clients (old) but younger demands different.

Exhibit Twelve: How market - indicative examples

- good balance 7Ps, emphasis on relationship marketing & promotion
- 7P analysis shows good appropriate balance
- canvassing, telesales, word of mouth (WOM)
- catalogue, CD Rom, WOM, Trade advertising, database
- direct mail, advertising, relationship marketing
- emphasis on promotion - ads, window display, boards and personal selling
- minimal amount of formal marketing, direct marketing with key customers - personal visits and letters
- networking, exhibitions, trade journals
- niche and relationship marketing to avoid competing with multiples with far larger budgets
- telesales, data base, trade advertising, pricing policy and relationship marketing
- trade journals, directories trade shows, sport sponsorship
- WOM, loyal returning customers, level of supplier promotions
- WOM, some promotion but not a great deal
- WOM, value pricing, service, upgrades

Conclusion

In this paper, we hope to have shown a practical student exercise through which students and ourselves learn about the real world of the SME and which both feeds into, and feeds from, our research interests. This approach is not unique and certainly can be replicated. However, we are pleased to have had the opportunity to share our experience. It has given us the some space in which to consider our module, and it may be of interest to other colleagues.

References

- American Marketing Association (2008). The American Marketing Association Releases a Definition of Marketing, *Press Release*, January 14th. Chicago IL: AMA.
- Bjerke, B. and Hultman, C.M. (2002). *Entrepreneurial Marketing*. Cheltenham: Edward Elgar.
- Bryson, B. (1995). *Notes from a Small Island*. London: Doubleday, 111.
- Cantillon, R. (1755). Translated and edited. In: H. Higgs, Editor, *Essay on the Nature of Commerce*. London: Macmillan.
- Carson, D., Cromie, S., McGowan, P. and Hill, J. (1995). *Marketing and Entrepreneurship in SMEs: An Innovative Approach*. London: Prentice Hall, 407–420.
- Carson, D. (2010). Interface research: a commentary on a commentary – ten years on. *Journal of Research in Marketing and Entrepreneurship*. Volume 12 (1), 8-10.
- Casson, M. (1992). *The Entrepreneur-An Economic Theory*. Oxford: Martin-Robertson.
- Chell, E. and J. Haworth (1993). The Development of a Research Paradigm for the Investigation of Entrepreneurship: Some Methodological Issues. In: G.E. Hills, R.W. LaForge and D.F. Muzkya, Editors, *Research at the Marketing/Entrepreneurship Interface*. Chicago: The University of Illinois, pp. 13–28.
- Day, J. and Reynolds, P.L. (1999). Some Observations From Teaching A Module In Entrepreneurship and Marketing. *13th Annual University of Illinois at Chicago Research Symposium on marketing and entrepreneurship*. June 16-17, France.
- Department for Business Enterprise & Regulatory Reform (2007). *Enterprise and Growth, Discussion Paper URN 07/1723*. London.
- Drucker, P. (1986). *Innovation and Entrepreneurship*. Oxford: Heinemann.
- Gronroos, C. (1993). From Marketing Mix to Relationship Marketing: Towards a paradigm shift in Marketing. *Management Decision*, 32(2), 4–20.
- Hills, G.E. (1995). In Carson, D., Cromie, S., McGowan, P. and Hill, J. *Marketing and Entrepreneurship in SMEs: An Innovative Approach*. London: Prentice Hall, Foreword.

Hills, G.E. and various editors (1987-2008). *Research at the Marketing/Entrepreneurship Interface*. Chicago, IL: University of Illinois at Chicago, Institute for Entrepreneurial Studies. Volumes are available 2008 to 1987.

Kilby, P. (1971). Cited in: Hebert, R.F. and Link, A.N. *The Entrepreneur*. New York: Praeger, 114.

Knight, G. (1997). Cross-Cultural Reliability and Validity of a Scale to Measure Firm Entrepreneurial Orientation. *Journal of Business Venturing*. Vol. 12, 213-225.

Kohli, A.K., Jaworski, B.J. (1990). Market orientation: the construct, research propositions, and managerial implications. *Journal of Marketing*. Vol. 54, 1-18.

Lafferty, B.A., Sykes, J.H. and Hult, G. Thomas A. (2001). A synthesis of contemporary market orientation perspectives. *European Journal of Marketing*. Vol. 35 Issue: 1/2, 92 – 109.

Lancaster, G. and Reynolds, P. (2004). *Marketing*. Basingstoke: Palgrave Macmillan.

Lumpkin and Dess, (2001). Linking two dimensions of entrepreneurial orientation to firm performance: the moderating role of environment and industry life cycle. *Journal of Business Venturing*, 16, 429–45.

Miller, D. and Friesen, P.H. (1983). Innovation in Conservative and Entrepreneurial Firms: Two Models of Strategic Momentum. *Strategic Management Journal*, 3 (1) 1-25.

Morris, M.H., Schindehutte, M. and LaForge, Raymond W. (2002). Entrepreneurial Marketing: A Construct For Integrating Emerging Entrepreneurship And Marketing Perspectives. *Journal of Marketing THEORY AND PRACTICE*, Fall, 1-19.

Mulyanegara, R.C., Tsarenko, Y. and Mavondo, F.T. (2010). An empirical investigation on the role of market orientation in church participation. *International Journal of Nonprofit and Voluntary Sector Marketing*. In press.

Narver, J.D., Slater, S.F. (1990). The effect of a market orientation on business profitability. *Journal of Marketing*. Vol. 5, 20-35.

Nicolaou et al. (2008). Is the Tendency to Engage in Entrepreneurship Genetic? *Management Science*. 54(1), 167–179.

Omura, G., Roger, R.J. and Schmidt, J.B. (1994) Entrepreneurism As A Market Satisfying Mechanism In A Free Market System. In: G.E. Hills and S.T. Mohan-Neill, Editors, *Research at the Marketing/Entrepreneurship Interface*, The University of Illinois at Chicago, Chicago, IL (1994), pp. 161–171.

Reynolds, P.L. (2002). The Need for a New Paradigm for Small Business Marketing? –What is Wrong with the Old One? *Journal of Research in Marketing & Entrepreneurship*. 4 (3),191-205.

Sarasvathy, Saras D. (2008). *Effectuation Elements of Entrepreneurial Expertise*. Cheltenham: Edward Elgar.

Schumpeter, J. (1934). *The Theory of Economic Development*. USA: Harvard University Press,

Stevenson, H.H. and Jarillo, J.C. (1990). A Paradigm of Entrepreneurship: Entrepreneurial Management. *Strategic Management Journal*, Vol. 11, June, Summer Special Issue on Corporate Entrepreneurship in the United States, 17-27, cited by Hart, M., Stevenson, H.H. and Dial, J. Entrepreneurship: A Definition Revisited (1995). *In: Bygrave, W.D. et al, eds., Frontiers of Entrepreneurship Research*. Babson Park: Babson College Centre for Entrepreneurial Studies.

Thompson, J.L. (1999). A strategic perspective of entrepreneurship. *International Journal of Entrepreneurial Behaviour & Research*. Vol. 5(6), 279 – 296.

Webster, F.E. (1992). The Changing Role of Marketing in the Corporation. *Journal of Marketing*. 56(4) 1-17.