

# Uncertain Supply Chain Management

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## Exploring the effects of entrepreneurial marketing factors on SMEs

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### CHRONICLE

*Article history:*  
Received September 18, 2014  
Received in revised format April 10, 2015  
Accepted May 25 2015  
Available online  
June 1 2015

*Keywords:*  
Factor analysis  
Entrepreneurial marketing factors  
Food industry

### ABSTRACT

In this paper, an exploration investigation is presented to determine entrepreneurial marketing factors influencing on small and medium enterprises (SMEs), which are active in Iranian food industry. The study designs a questionnaire consists of 27 questions in Likert scale and distributes it among 249 experts who were involved in in food industry. KMO Bartlett test Sphericity and Cronbach alpha are 0.811 and 0.892, respectively. Using structural equation modeling, the study has determined five factors including innovative approach, flexible marketing, customer, product strategy and resources, which are influencing the most on entrepreneurial marketing factors.

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## 1. Introduction

During the past few years, there have been tremendous efforts on detecting important factors for stimulating small and medium enterprises (SMEs) (Cromie et al., 1995; Bjerke & Hultman, 2004). Globalization and the emergence of internationally active SMEs are primary worldwide trends. Knight (2000) studied the interrelationships of entrepreneurial orientation, marketing strategy, tactics, and firm performance among SMEs affected by globalization. Gilmore et al. (2001) concentrated on SME characteristics and how these influence on marketing characteristics within SMEs. They investigated for “alternative” marketing approaches, the inherent existence of the owner/manager’s “network” in its different guises such as personal contact networks, social networks, business networks and industry and marketing networks and how these networks could be used. Stokes (2000) considered how marketing could be made more suitable in entrepreneurial contexts by developing a conceptual model of the processes of marketing as undertaken by entrepreneurs. Although marketing was a primary factor in the survival and development of business ventures, a number of entrepreneurial characteristics appeared to be at variance with marketing. These incorporate over-reliance on a restricted customer base, limited marketing expertise, and variable, unplanned effort. Nevertheless, entrepreneurs and small

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business owners interpret marketing in ways that do not conform to standard textbook theory and practise. An examination of four key marketing concepts stated ways in which entrepreneurial marketing varied from traditional marketing theory. Entrepreneurs tend to be “innovation-oriented”, driven by new ideas and intuitive market feel, rather than customer oriented, or driven by rigorous assessment of market needs. They target markets through “bottom-up” self-selection and recommendations of customers and other influence groups, rather than relying on “top-down” segmentation, targeting and positioning processes. Entrepreneurial marketing is a concept, which has received increasing use and essentially encompasses two areas of management: marketing and entrepreneurship.

Collinson and Shaw (2001) investigated the emergence of this area of theory, its history and the current developments in the interface between these two areas. Keh et al. (2007) studied the impacts of entrepreneurial orientation and marketing information on the performance of small and medium-sized enterprises by examining a causal model using data collected from Singaporean entrepreneurs and reported that entrepreneurial orientation could play an essential role on the acquisition and utilization of marketing information, and also had a direct impact on firm performance. The utilization of information regarding marketing mix decisions positively influenced on firm performance, and it partially mediated the relationship between entrepreneurial orientation and firm performance. Hills et al. (2008) discussed the evolution of entrepreneurial marketing (EM). They reported some distinctive differences between EM and administrative focused marketing. Many SMEs have begun to play an essential role in international trade. Statistics from the Organization for Economic Cooperation and Development and other sources have indicated that SMEs now account for a very important proportion of exports from most industrialized nations (Knight, 2001). Coviello and Munro (1995) examined the entrepreneurial high-technology organization's use of networks for international market development. They reported that international market choice and mode of entry for small entrepreneurial high-technology firms were largely shaped by the interest of various network players. Influential network relationships may be both formal and informal. Early relationships with large organizations in this survey were specifically influential in the entrepreneurial high-technology firm's internationalization process. Networks were implemented to share some, but not all, international marketing activities. They concluded that network analysis could provide a rich perspective on the international development patterns of entrepreneurial firms. Jones and Rowley (2011) proposed development of the concept of EM towards the concept of EM orientation. Drawing on the earlier research and scales in the entrepreneurial orientation, market orientation, innovation orientation and customer orientation literatures, they presented a model for EM, which identified the components of such a model, together with specific indications of the overlap between scales in the various areas. This model implicitly recommended that marketing in SMEs is intertwined with other activities and behaviours in the small business enterprise, and discussed that in order to understand marketing in SMEs we need to understand its context, specifically in relation to customer engagement, innovation and entrepreneurial approaches to marketing. Kocak and Abimbola (2009) investigated born global (BG) business organizations that look superior performance. They reported that although there were a number of studies on BG organization and a well-developed literature on entrepreneurial marketing, this was the first survey for evaluating the synergetic effect of EM and issues that arise from the commingling of organisational dynamics, resources and the performance of SMEs from emerging economies in the international arena. The study contributed to scholarly discourse on the internationalization process of BG firms.

## **2. The proposed study**

In this paper, an exploration investigation is presented to determine entrepreneurial marketing factors influencing on small and medium enterprises (SMEs), which are active in Iranian food industry. The study designs a questionnaire consists of 27 questions in Likert scale and distributes it among 249 experts who were involved in in food industry.

**Table 1**  
The summary of the factors and basic statistics

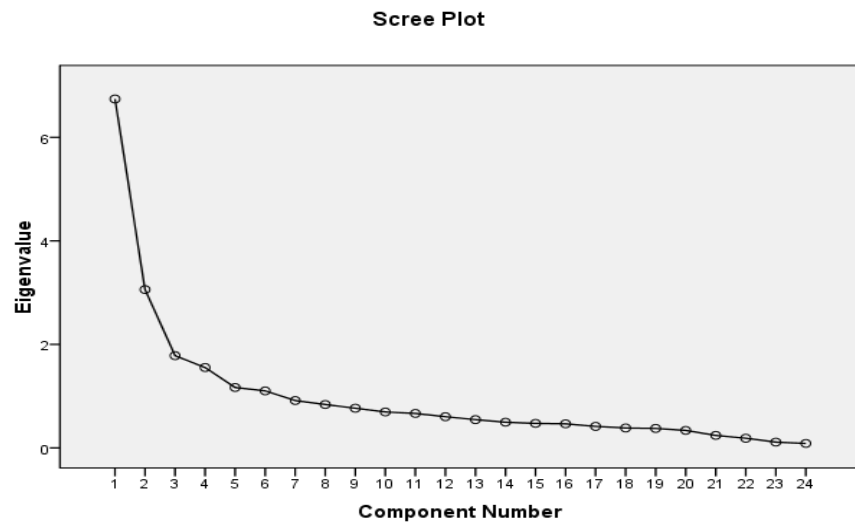
	N	Minimum	Maximum	Skewness		Kurtosis	
				Statistic	Std. Error	Statistic	Std. Error
1 Trends and innovative marketing activities in the SME	249	1	5	-0.949	0.154	1.022	0.307
2 Targeting a limited base of customers	249	1	5	-0.706	0.154	0.28	0.307
3 Interactive Marketing	249	1	5	-0.754	0.154	0.652	0.307
4 Informal networks	249	1	5	-0.327	0.154	-0.461	0.307
5 Direct sales	249	1	5	-0.876	0.154	0.438	0.307
6 Take the risk	249	1	5	-0.729	0.154	0.158	0.307
7 Strategic flexibility	249	1	5	-0.595	0.154	0.274	0.307
8 Intense customer focus	249	1	5	-0.187	0.154	-0.192	0.307
9 Integration opportunities	249	1	5	-0.6	0.154	0.134	0.307
10 Understanding customer value	249	1	5	-0.489	0.154	0.296	0.307
11 Research and Development	249	1	5	-0.555	0.154	0.05	0.307
12 Support innovation	249	1	5	-0.524	0.154	-0.477	0.307
13 Competitors pressure	249	1	5	-0.769	0.154	0.094	0.307
14 Market leadership	249	1	5	-0.449	0.154	-0.105	0.307
15 Pricing strategy	249	1	5	-0.25	0.154	-0.362	0.307
16 Business ideas	249	1	5	-0.585	0.154	-0.201	0.307
17 New Product Development	249	1	5	-0.12	0.154	-0.354	0.307
18 Management support organization	249	1	5	-0.416	0.154	-0.317	0.307
19 Human Resources	249	1	5	0.073	0.154	-0.809	0.307
20 Financial resources	249	1	5	-0.261	0.154	-0.513	0.307
21 Organizational structure	249	1	5	-0.689	0.154	0.387	0.307
22 Product quality	249	1	5	0.018	0.154	-0.672	0.307
23 Influential entrepreneur / owner marketing activities	249	1	5	-0.323	0.154	-0.175	0.307
24 Networking Manager to provide distribution channels	249	1	5	-0.513	0.154	-0.189	0.307
25 Virtual social networks use to gather information and test ideas	249	1	5	-0.39	0.154	-0.53	0.307
26 Discover opportunities	249	1	5	-0.454	0.154	-0.382	0.307
27 Exploitation of opportunities	249	1	5	-0.173	0.154	-0.465	0.307

KMO Bartlett test Sphericity and Cronbach alpha are 0.811 and 0.892, respectively. Table 1 demonstrates the summary of the factors gathered for the proposed study of this paper.

**Table 2**  
The summary of the variances

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of	Cumulative	Total	% of	Cumulative	Total	% of	Cumulative
1	6.742	28.09	28.09	6.742	28.09	28.09	3.409	14.205	14.205
2	3.059	12.747	40.837	3.059	12.747	40.837	3.051	12.712	26.918
3	1.782	7.425	48.261	1.782	7.425	48.261	2.893	12.056	38.973
4	1.553	6.469	54.731	1.553	6.469	54.731	2.262	9.427	48.4
5	1.167	4.861	59.591	1.167	4.861	59.591	1.986	8.276	56.676
6	1.101	4.589	64.181	1.101	4.589	64.181	1.801	7.505	64.181
7	0.915	3.812	67.993						
8	0.838	3.492	71.485						
9	0.766	3.192	74.676						
10	0.694	2.89	77.566						
11	0.666	2.774	80.34						
12	0.602	2.508	82.848						
13	0.546	2.274	85.122						
14	0.496	2.065	87.186						
15	0.473	1.971	89.158						
16	0.464	1.935	91.093						
17	0.415	1.73	92.823						
18	0.384	1.602	94.425						
19	0.375	1.564	95.989						
20	0.338	1.407	97.396						
21	0.241	1.003	98.4						
22	0.186	0.777	99.177						
23	0.111	0.464	99.641						
24	0.086	0.359	100						

As we can observe from the results of Table 1, all statistics are within desirable limits and there is no need to remove any observation. Therefore, we may use principle component analysis. Table 2 presents the results of variances. In addition, Fig. 1 shows the summary of Scree plot.



**Fig. 1.** The summary of Scree plot

According to the results of Fig. 1, there are four factors influencing on development of entrepreneurial marketing. Table 2 presents the summary of factors before rotation.

**Table 2**  
The summary of factors before rotation

Factor	Component Matrix						
	1	2	3	4	5	6	
q13	Competitors pressure	0.675	-			0.349	
q6	Take the risk	0.636					
q5	Direct sales	0.634					
q7	Strategic flexibility	0.625					
q16	Business ideas	0.609					-
q1	Trends and innovative marketing activities in the	0.608					
q3	Interactive Marketing	0.608					
q14	Market leadership	0.602	-				
q10	Understanding customer value	0.601					
q26	Discover opportunities	0.567	-		0.335		
q25	Use of virtual social networks to gather information	0.551				0.445	
q4	Informal networks	0.548			-		
q17	New Product Development	0.532	0.361		0.378	-0.51	
q8	Intense customer focus	0.523					-
q27	Exploitation of opportunities	0.513			0.463	-	
q2	Targeting a limited base of customers	0.501		-			
q19	Human Resources		0.731				
q22	Product quality		0.716				
q18	Management support organization	0.431	0.556				
q23	Influential entrepreneur / owner marketing activities	0.336	0.539				
q20	Financial resources	0.377	0.531			0.349	
q24	Networking Manager / owner to provide distribution	0.483		0.688			
q12	Support innovation	0.477		0.682	-		
q9	Oriented opportunities	0.49					-

As we can observe from the results of Table 2, competitors pressure, the level risk involved, direct sales and business ideas are among the most important factors influencing development of EM. In addition, human resources development and product quality are other important factors, which play key role for

development of EM in food industry. Now, we use principal component analysis with Varimax rotation to group factors in different clusters with similar characteristics.

**Table 3**

The summary of factors after rotation

Factor	Rotated Component Matrix <sup>a</sup>					
	1	2	3	4	5	6
q2 Targeting a limited base of customers	0.703					
q3 Interactive Marketing	0.702					
q1 Trends and innovative marketing activities in the SME	0.667					
q7 Strategic flexibility	0.655					
q6 Take the risk	0.637					
q4 Informal networks	0.6					
q5 Direct sales	0.572				0.423	
q22 Product quality		0.776				
q19 Human Resources		0.732				
q20 Financial resources		0.709			0.337	
q23 Influential entrepreneur marketing activities		0.702				
q18 Management support organization		0.653				
q25 Use of virtual social networks to gather information and			0.816			
q13 Competitors pressure			0.774			
q14 Market leadership			0.706		0.35	
q26 Discover opportunities			0.702			
q12 Support innovation				0.931		
q24 Networking Manager to provide distribution channels				0.875		
q10 Understanding customer value				0.488	0.408	
q9 Oriented opportunities					0.683	
q16 Business ideas			0.335		0.629	
q8 Intense customer focus		0.368		0.407	0.454	
q17 New Product Development						0.831
q27 Exploitation of opportunities						0.812

Now, we are able to categorize different factors influencing entrepreneurial marketing into four groups including innovative approach, customer, product Strategy and human resources.

### 3. Discussion and conclusion

According to the results of Table 3, there are five factors influencing on entrepreneurial marketing. The factor, innovative approach, consists of seven factors. The first factor, targeting a limited base of customers, suggests detecting specialized groups of people who are interested in food products. Interactive marketing is the second important factor, which influences on entrepreneurial marketing. The experts participated in this survey believe this factor provides a better technique for exploring products and services. Investigating trends and innovative marketing activities in the SME is the next factor, which influences on development of SMEs in food industry. Having flexible strategy, taking legitimate risk and among other important factors influencing on entrepreneurial marketing. Finally, the survey indicates that social media and direct sales marketing also are considered as other important factors influencing on entrepreneurial marketing.

Customer is the second factor in this survey consists of product quality, human resources, financial resources, influential entrepreneur marketing activities and management support organization. Quality of products is the most important factor influencing on development of entrepreneurial marketing. Human resources is another important factor for development on food industry. Having a good financial resources is another important factor, which influence on entrepreneurial marketing.

Flexible strategy is another important factor influencing on entrepreneurial marketing, which includes risk taking, strategic as well as pricing flexibility, management of different distribution channels and using social media for collecting necessary data. Product strategy is another important issue, which consists of three factors including research and development, quality of product and development of new products. Finally, human resources are believed the most important factor for development of entrepreneurial marketing and this could happen through improvement of organizational structure and having skilled employees.

## Acknowledgement

The authors would like to thank the anonymous referees for constructive comments on earlier version of this paper.

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