

COMPETITIVE ADVANTAGE OF ENTREPRENEURIAL MARKETING

(Case study of business communities of SMEs *Tulungagung*)

Abstract

Entrepreneurial marketing is a concept that focuses on the identification and exploitation of opportunities to Attract and retain customers. The purpose of this study was to test the theory of Morris et al. (2002). The method used is quantitative method with explanatory research design. The population is SMEs in *Tulungagung*. Samples of this study were 200 respondents. The results showed that of the seven independent variables, that is opportunity driven, proactiveness, risk management and value creation significantly influence competitive advantage while variable focus innovation, risk taking, and, leveraging resource do not affect the competitive advantage. From the test results are known throughout the variable independent F simultaneously impact on competitive advantage.

Keywords: Competitive Advantage, Entrepreneurial marketing

Sawal Sartono
Krisan Sisdiyantoro

E-mail : sawalsartono@yahoo.com
E-mail : sisdiyantorokrisan@gmail.com

Universitas Tulungagung
Jl. Ki Mangun Sarkoro, Beji,
Tulungagung, East Java, Indonesia

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I. INTRODUCTION

Indonesia faces the problem of high population growth rates, while on the other hand employment growth is still low. One way to overcome this problem is by encouraging the people of Indonesia to entrepreneurship; to become entrepreneurs is expected to boost economic growth by increasing output and job creation

Data of the Badan Perencanaan Pembangunan Nasional, Badan Pusat Statistik, dan United Nation Population Fund, predict the number of micro, small, and medium enterprises (SMEs) in Indonesia in 2018 58.97 million people. While the total population of Indonesia in 2018 is predicted to reach 265 million people. Number of micro-enterprises as much as 58.91 million units, 59 260 units of small businesses and large businesses 4.987 unit.

(<https://keuangan.kontan.co.id/news>)

New businesses often have problems such as market uncertainty and limited resources for marketing (Becherer et al, 2012). Not a few new businesses that apply conventional marketing theory failed to compete and develop the business because the traditional marketing strategy focused on market penetration and efficiency that should be used when the market is stable and developed enough effort (Morris et al, 2002). Kailappen say that any organization that needs to reach the level of efficiency and effectiveness of the higher management of the organization should develop and practice strategies that organizations can achieve better performance (Hilman & Kaliappen, 2014).

Hills et.al.(2008,p.102) that observe your nontraditional marketing like EM often offer section with Several of the following conditions:

- 1) the lack of economies of scale;
- 2) severe resource constraints;
- 3) a limited geographic market presence;
- 4) a limited market image;
- 5) little brand loyalty or market share;
- 6) little specialized management expertise;
- 7) decision-making under conditions even more imperfect information than in larger firms;
- 8) a marked scarcity of time per task management major;
- 9) a scarcity of professional managers; and
- 10) a mixture of business and personal goals. '

They observe your marketing that was Viewed and performed differently in the context where prevail and EM Reviews These variables can be seen as a domain for marketing-related issues in such a context

Entrepreneurial marketing is a science that was created to explain part of the marketing. which cannot be explained concepts and theories of traditional marketing (Morrish and Deacon, 2011). According to some researchers, the largest conference held at the University of Illinois, Chicago in 1982 was born the concept of marketing entrepreneur. (Ionita, 2012). Theory entrepreneur marketing (EM) progressively developed by researchers and scholars between the two main disciplines of marketing and entrepreneurship in the last three decades. (Kolongahapitiya, 2018). EM originally evolved as a new marketing paradigm that facilitates SMEs specifically to regulate their marketing activities to thrive in the competitive marketplace. Although the current EM theory is described as a strategy to win the market for all business units in the market regardless of the size or other characteristics. In 2012, two perspectives have been discussed by Judith and EM Schmid (Judith & Schmid, 2012). According to them, The first viewpoint analyze EM as a marketing concept is right for startups. And the second describes the EM as a concept that has the characteristics of behavioral reactivity, identification and exploitation of opportunities (Judith, 2012), (Kraus, et al., 2010).

Based on the description above, the researchers wanted to analyze whether Entrepreneurial marketing, affect the competitive advantage of businesses, especially SMEs in Tulungagung

"EM is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders and that is Characterized by innovativeness, risk-taking, proactiveness, and may be performed without the resources currently controlled. "(Kraus, et al., 2010) ,

Further, the EM was defined as a strategic orientation as well an extension of the marketing function by Schindehutte and Morris (Schindehutte & Morris, 2010). Entrepreneurial marketing was emphasised as an adaptation theory to fulfil the distinctive needs, and many issues of opportunity, innovation, risk and resource constraints in SMEs are simultaneously addressed by some Researchers (Becherer, et al., 2012).

"Entrepreneurial marketing entails the proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management,resource leveraging and value creation".(Cacciolotti & Lee,2006)

Entrepreneurial Marketing as an alternative marketing management approach, the which enables to improve the SMEs marketing activities.

Table 1. Definitions of entrepreneurial marketing.

Year	Definition	Author
2000	"EM is marketing Carried out by entrepreneurs or owner-managers of entrepreneurial ventures."	Stokes (2000, p. 2)
2002	"Proactive identify cation and exploitation of opportunities for acquiring and retaining pro fi table customers through innovative approaches to the risk management, resource leveraging and value creation."	Morris et al. (2002, p. 4)
2002	"Marketing of small fi rms growing through entrepreneurship"	Bjerke and Hultman (2002, p.15)
2006	"EM is the overlapping aspects between entrepreneurship and marketing; therefore it is the behavior shown by any individual and / or organization that attempts to establish and promote market ideas, while developing new ones in order to create value "	Bäckbrö & Nyström (2006, p.13)
2009	"A particular type of marketing that is innovative, risky, proactive, focuses on opportunities and can be performed without the resources currently controlled."	Kraus et al. (2009, p. 30)
2011	"EM is a spirit, an orientation as well as a 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."	Hills and Hultman (2011, p. 6)
2012	"EM is a set of processes of creating, communicating and delivering value, guided by effectual logic and used a highly uncertain business environment. "	Ionita (2012, p. 147)
2012	"The marketing processes of fi rms pursuing market opportunities in uncertain circumstances under constrained resource Often conditions. "	Becherer et al. (2012, p. 7)
2016	"EM is a combination of innovative, proactive, and risk-taking activities that create, communication, and deliver value to and by customers, entrepreneurs, marketers, Reviews their partners, and society at large."	Whalen et al. (2016, p. 3)

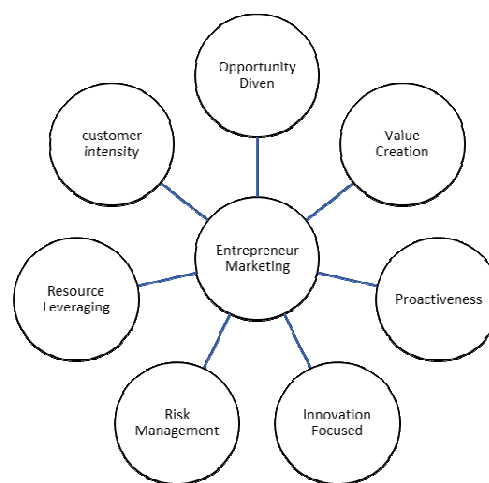
Source: Nora Sadiku-Dushi, et al 2019

Conceptualizes entrepreneurial marketing "marketing in an era of change, complexity, chaos, contradiction, and diminishing resources that will manifest itself differently [Depending on the stage of the company]" (Morris et al., 2002, p.5). In other words, entrepreneurial marketing is a concept that focuses on the identification and exploitation of opportunities to Attract and retain customers. This definition underlines that entrepreneurial marketing is applicable to newly founded businesses as well as companies in growth and more mature stages.

Marketing and entrepreneurship influence the fate of small firms around the world - Reviews their success, Reviews their growth, and their profitability (Hills & Hultman, 2011b). Moreover, Hultman and Hills (2011) argue that there are many links between the two concepts. Both are driven and affected by environmental turbulence and both have a behavioral orientation (Hisrich, 1992). Marketing within the small firm can Often Be Viewed as an integral part of managing entrepreneurial activities (Chaston, 1997) and the sum of marketing plus Reviews their entrepreneurship is greater than the individual component parts (Jones, 2010). According to Gilmore (2011), the term "entrepreneurial" Refers to the overall activities and behavior of entrepreneurs, the which includes behavior that is competitive and drives the marketing process. subsequently,

Morris et al. (2002) argue that the seven dimensions characterize entrepreneurial marketing, entrepreneurial roomates Clearly differentiating from more traditional marketing or administrative. The seven dimensions always need to be understood in combination with each other, as visualized in Figure 1.

Figure 1. Dimensions of Entrepreneurial Marketing based on Morris et al. (2002)



1. Opportunity Driven. Opportunity is at the core of entrepreneurial activity, as well as entrepreneurial marketing is as a driver of opportunity, meaning that further marketing activities directed also to identify and explore opportunities to gain market position in a sustainable manner. The new offer, services, and new markets were approached with alternative and creative methods and to quickly learn from the interaction activity in the market. preconditions before marketing activity should be opportunity driven has to understand the dynamic environment and then take action proactively.

2. *Proactiveness* characterize marketing activities not only reactive to external changes but also Initiative, which biases are deviations from best practices and standards. Using the example of viral marketing approach will only work if applied quickly and has never been used before and thus does not provide a guarantee of its effectiveness. Proactive dimension closely linked to innovation-focus
3. *Innovation-Focus* of entrepreneurial marketing, means that the product and the market is always developed. Dissatisfaction with the present situation is very helpful to encourage dissatisfaction with the current state is very helpful to foster an emphasis on ways and new methods. Looking for an innovative approach is essential in the new company.
4. *Risk management*. Marketing activities with innovation are at high risk because faced with uncertainty. Thus, entrepreneurial marketing takes the risk management. At the superior level of his requirements is a comfort to accept failure (Mandl et al., 2016)
5. *Customer intensity* refers to the interaction with the customer's daily operations and strategic planning. In addition to an innovative approach to successfully attract customers, integrate and retain customers, customer intensity can also be achieved by designing marketing activities directed at a very emotional level customer
6. *value creation* for the customer. This underlines the entrepreneurial dimension destination marketing to continue to identify new resources and means to create value for customers. Sources for the creation of value may exist in every element of the marketing mix. All of these dimensions implemented with consideration of resource scarcity.
7. *Resource leveraging* describes an approach to utilizing available resources. At the strategic level will affect decisions about strategic alliances or on the company's core processes.

II. RESEARCH METHOD

We developed the scales for the needs and marketing actions based on a literature review, and all questions utilized 1 to 5 Likert scale. Questionnaire was distributed during the period of April-May in 2019, personally by Researchers using the "drop off and pick" technique. The SMEs (SMEs in Tulungagung Residence) sampled for this study covered companies that were engaged in different economic sectors such as production, construction, wholesale, retail, hotels, restaurants.

The survey yielded a total of 200 usable responses for the analysis. However, to focus on entrepreneurial marketing in entrepreneur-led small firms, we only included responses from entrepreneurs owners.

To analyze the data used multiple regression test analysis tools and to determine the effect of free variables simultaneously to competitive advantage used F test.

III. FINDINGS AND DISCUSSION

Multiple regression analysis is used to determine how much influence the independent variable (Entrepreneurial marketing) on the dependent variable. The data were processed statistically for purposes of analysis and hypothesis testing using SPSS.

Table Results of Multiple Linear Regression

	unstandardized coefficients	standardized coefficients	Sig * (5%)
	β	β	
constants	12,686		.000 *
<i>opportunity Driven</i>	.683	.222	.000 *
<i>proactiveness</i>	.427	.085	.002 *
<i>Innovation-Focus</i>	.163	.051	.407
<i>risk management</i>	.099	.156	.458
<i>Customer intensity</i>	.301	.147	.005 *
<i>value creation</i>	.283	.082	.008 *
<i>Resource leveraging</i>	.158	.355	.438

Sources: Primary data is processed, 2019

Multiple linear regression equation as follows:

$$Y = 12,686 + 0.683x^1 + 0.427x^2 + 0.163x^3 + 0.099x^4 + 0.301x^5 - 0.283x^6 + 0.158x^7 + e$$

Y = Competitive Advantage

a. Effect Against driven Competitive Advantage Opportunity, Opportunity

Driven positive and significant impact on competitive advantage. With technological advances benefit SMEs in searching for information related to the business they do. Including information about new opportunities and the chance to expand and improve the business. SMEs always pay attention to the changes that occur in the market to identify new opportunities and always trying to cover up the weaknesses of their products focus on opportunities is one of the factors that make the SMEs so that they can survive.

Research results Franco et al (2014) states that respond to the opportunities is one of the characteristics of marketing in SMEs. Morrish research results and Deacon (2011) showed that companies that focus on opportunities to have more ability to compete.

- b. Effect of proactiveness Against Competitive Advantage, proactiveness positive and significant impact on competitive advantage.

Pro-activeness and the opportunity to focus are two things that can not be separated if you want to gain a competitive advantage. SMEs in Tulungagung focused on opportunities and it is a significant effect on the competitive advantage. But the focus on opportunities will be wasted if not accompanied with pro-activeness. the realization of the plan after getting a chance and are willing to take steps to realize the opportunities and risks that have been identified is very important for a business to excel in competition. Business operators always take the initiative to find the best way, innovative and consistent in their business improvement.

Morrish research results and Deacon (2011) supports the results of the study where proactiveness positive effect on competitive advantage. Becherer research results et al (2012) also stated that the positive effect a proactive attitude towards achieving corporate goals where the competitive advantage is one of them.

- c. Effects Against Competitive Advantage Innovation focus.

The test results indicate that innovation does not affect the competitive advantage. Differences in these results occur due to lack of innovation of SMEs in Tulungagung. The businesses are less focused on creating a product, manipulate or modify products or production and operational in their efforts due to a variety of things. Culture imitate a successful business is still strong, if the business successful it will attract people to join in efforts to same. Innovation is very important for the sustainability of SMEs, therefore businesses of SMEs in Tulungagung afraid to take risks for this Innovate. The results not in accordance with the results of research Lee (2010), Morrish and Deacon (2011) and Becherer et al (2012).

- d. Effect Against Competitive Advantage Risk Management has no effect on competitive advantage.

This study proves that risk management does not affect the competitive advantage which we know that all businesses must be a risk. Tendency to imitate visible effort successful new businesses make less expensive risks. Morrish and Deacon (2011) proved that risk management is not enough to help the business to achieve the desired growth, moreover, a competitive advantage. But this contradicts the results of research Becherer et al (2012) have proved that risk management is positive and significant impact on the company's objectives and excel in competition.

e. Effect of Customer intensity Against Competitive Advantage.

Customer intensity take effect to competitive advantage. One important thing in business is to pay attention and look for the information of its customers. The aim is that manufacturers know the desires of consumers about their products. This information is important as an input for manufacturers to improve or develop products according to customer wishes. This is consistent with the results of research Morish (2002). Morish say Entrepreneurial marketing is a combination of entrepreneurship and marketing, and customer intensity is one of the most important dimensions in marketing.

If there are employers who provide more value, the event immediately followed by another employer for information about competitors are very transparent and very easy to obtain. Giving value and value creation becomes insignificant in this context because customers no longer felt the opinion special attention when each store the same values. Therefore, value creation in this context affect positively but not significantly. Results of other studies such as Morrish and Deacon (2011) and Helms Becherer and McDonald (2012) proved that value creation is very important in the marketing process as it gives more value.

Resource leveraging is a very important factor that plays a role in determining the success of SMEs (Morris et al, 2002). The results of this study differ from previous research as Morrish and Deacon (2011) which states that a Resource leveraging positive effect on competitive advantage. SMEs have very limited resources so the owners of SMEs should be able to use the resources as much as possible. The businesses of SMEs Tulungagung despite the use of resources as much as possible in the production process, from the use of raw materials, production efficiency ranging from time, place and cost up to hire labor, but in the use of capital still mixed with the family.

These results indicate that this research in line with previous research conducted by Olannye and Edward (2016) and Suardhika, Suryani (2016) which also states Entrepreneurial marketing a significant effect on the competitive advantage.

Sum of Square	df	Anovab		
		mean Square	F	Sig. (5%)
entrepreneur Marketing	7	174 494	21 681	.000a

Entrepreneurial marketing is merging the two disciplines namely entrepreneurship and marketing specifically created to tailor their marketing to the small and medium enterprises. These cases arise because of the awareness of the importance of entrepreneurship and

innovation to marketing, and marketing for successful entrepreneurship. Ability to identify and pursue business opportunities and supported the marketing ability is very important in determining the success of a business is determined by the competitive advantage (Olan and Edward, 2016). Entrepreneurial marketing can be used to achieve competitive advantage. (Miles and Darroch, 2006)

IV. CONCLUSIONS AND SUGGESTIONS

From the research variable research is opportunity driven, proactiveness, risk management and value creation significantly influence competitive advantage. The variable-variable on SMEs *Tulungagung* affect the competitive advantage. Variable, innovation focus, risk taking, and, leveraging resource does not affect the competitive advantage. It can be seen that some SMEs are less responsive to changes in the market. Therefore, it is expected the business owners to be more sensitive to changes in market. UMKM also lacking in changing marketing techniques. Therefore, it is suggested to business owners to seek a new way that is more effective because of the presence of new marketing methods, can attract new customers and increase turnover.

Entrepreneur marketing significantly affect the competitive advantage that can be used by SMEs in determining a strategy to increase business by taking into account variables marketing entrepreneurs so that they can excel in competition.

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