

**Marketing and entrepreneurship: An integrated view
from the entrepreneurs' perspective**

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Abstract

This article will explore the role and significance of marketing in entrepreneurial processes. By utilizing an 11-year longitudinal study, supported by a context-rich interpretive approach, the interrelationship between marketing and entrepreneurship at different stages of the business life cycle are examined. Under an effectuation (Sarasvathy, 2001) and enactment (Weick, 1979) framework entrepreneurship is neither ends-driven nor means-driven, but is a consequence of interplay between actors and social context through ongoing enactment. We argue that 'means' such as social networks, resources, capital or opportunities do not exist 'out there' to be drawn upon, but are actively created, managed and maintained by business founders to make entrepreneurship possible. As the 'joint core actors of the business' (Morris et al., 2010) entrepreneurs actively interact with their customers in shaping the marketing activities of the business to meet their 'ends', in many cases simply '*to be rich*' or '*to be successful*'.

Keywords

Entrepreneurship, marketing, effectuation, enactment, contextual marketing

Introduction

'Marketing is one business function that must be used appropriately by the entrepreneur to launch and develop the new venture successfully.' (Hisrich, 1992: 44). In this paper we argue, based on findings from analysis of empirical data and reflections on previous literature from multiple streams of research in and between marketing and entrepreneurship that there is still at least a partial disconnect between these two disciplines, and that this is a critical weakness for both individually, and for management and business literature generally and collectively. Over the years a significant number of scholars have attempted to integrate entrepreneurship and marketing theories (Hultman and Hills, 2011; Miles et al., 2011), mainly under the banner of what is labelled *entrepreneurial marketing* (Jones and Rowley, 2011; Morrish et al., 2010) or *SME marketing* (Gilmore, 2011; Harrigan et al., 2012). Other scholars, on the other hand, have attempted to apply marketing concepts in order to explain or understand the processes of entrepreneurship (Bengtsson et al., 2007; Fillis, 2004; O'Cass and Sok, forthcoming).

That scholarly appreciation of the interconnectedness between marketing and the process of entrepreneurship has utility is further reinforced by studies which show that marketing activities have long been recognized and practiced by real life entrepreneurs (Gungaphul and Boolaky, 2009; Lam, 2004). For example, Gilmore et al's (2006) longitudinal study found that marketing was indeed an integral part of the business owners' business activities. Conversely, Webb et al. (2011: 537) have pointed out that 'Despite their tight integration in practice, marketing and entrepreneurship as domains of scholarly inquiry have largely progressed within their respective disciplinary boundaries with minimal cross-disciplinary fertilization'.

Exacerbating this problem is the fact that the fundamental nature of '*what is marketing*' has been a moving target for over twenty years (Gilliam and Voss, 2013; Gränroos, 2006). The significance of this is that previous integrative work making links between entrepreneurship and marketing has had those links sundered by the tectonic shift of the latter. Traditional marketing mix management, a product of the highly specific context of the 1950s US consumer culture was found lacking in more diverse social, business and geographical contexts (Harker and Egan, 2006; Waterschoot and Van Den Bulte, 1992). The full history of the splintering/factionalisation caused by this is a topic beyond the scope of this paper. At the moment, it seems that consensus is being rebuilt upon the recent redefinition of marketing around services and relationships with an interwoven thread recognising that the marketer acts [and is being acted-upon by] a network of connected personal and business contacts. This highlights a significant theoretical gap/structural weakness concerning the connection of marketing and entrepreneurship. It is because of this that we therefore argue that an integrated view of entrepreneurship and marketing, which adopts an entrepreneur and customer-centric approach (Morrish et al., 2010), supported by Sarasvathy's (2001) effectuation and Weick's (1979) sensemaking and enactment theories, provides a unique and utile framework to advance understanding of the process of entrepreneurship and re-integrate it with newly-conceived marketing. In particular, the paper will focus on the interrelationship between marketing and entrepreneurship at different stages of the business life cycle - including the pre-start up stage.

This paper has six main components. It commences with a discussion of entrepreneurship and marketing studies. The paper then continues by discussing a theoretical framework combining marketing and entrepreneurship before describing the methodological framework of the project. Findings are then presented and discussed before concluding the paper with implications for policy makers, researchers, educators and entrepreneurs.

Literature review: making sense of entrepreneurship & marketing studies

A review of the entrepreneurship literature shows that despite the diversity of definitions, few can deny a connection between ‘the process of new venture creation’ and entrepreneurship (Gartner, 1989; Greenman, 2012; Verheul et al., 2009). Gartner’s (1989) suggestion that it is the creation of new organizations that separates entrepreneurship from other disciplines is supported by other researchers (Cornelissen and Clarke, 2010; Reynolds and Curtin, 2007). Furthermore, Anderson and Starnawska (2008: 223) argue that ‘when we talk of entrepreneurship, we usually mean the process of becoming, thinking, planning, conspiring, doing the thing that may lead to entrepreneurship’. In other words, entrepreneurship is more than creating a new venture; it also involves other activities that take place before and after the new venture has been legally created. Another key element in defining entrepreneurship that can be found in extant literature is the active involvement of the entrepreneurs (Holland and Garrett, forthcoming; Rindova et al., 2009). Two things can be learnt from these observations of entrepreneurship definitions. First, the timeframe of entrepreneurship goes beyond the start-up stage and covers all stages of business life cycles (Bird, 1989; Drori et al., 2009). Second, the business founders’ ongoing active involvement is key. In particular, it is the business founders’ ongoing active involvement, not whether or not the organization is new or old, that separates entrepreneurship studies from management studies. Yet many extant entrepreneurship definitions are either too broad that they fail to set boundaries for the field, or too specific that risk excluding many entrepreneurial activities. In light of this, we propose a refined yet concise definition for entrepreneurship as:

‘the process of starting a new venture and managing the business with the ongoing, active involvement of the business founders’.

Compared to the significant number of entrepreneurship publications, relatively little work concerning the theoretical connection between marketing in entrepreneurship has been produced (Webb et al., 2011), despite the recognition that ‘marketing as a business function is universally important to new business creation and growth’ (Hills and LaForge, 1992: 33). As a result research on marketing and entrepreneurship remains fragmentary and lacks conceptual integration.

As an academic discipline marketing is essentially an invention of the twentieth century. A quiet truth amongst marketing academics is that the subject is still lacking in theory, certainly in integrated theory – a further similarity with entrepreneurship research. Reconciliation of many disparate viewpoints regarding the nature and value of marketing theory and practice is ongoing (Sutton-Brady et al., 2010; Yadav, 2010). What consensus as has been reached suggests marketing is found upon the notion of services and relationships - what has become known as Relationship Marketing. Relationship Marketing, which is far from being a unified school of thought (For a detailed review of this, see Harker and Egan, 2006). Of relevance here are the key ideas that inter-personal relationships and personal networks are of crucial significance in business success – based on the now overwhelming dominance of services in developed economies that has led to the highly influential idea of ‘services-dominant logic’ conceived and popularised by Lusch and Vargo (2006). Reconciling these two positions – services are dominant, or relationships are dominant - will be no easy task. For example, is a service part of a relationship, or a relationship part of a service? Already some marketing scholars consider that the common destination of these research vectors will be an end result which shows that marketing is in essence about people and relationships. That is, to have a marketing *orientation* may come to be seen as being **people and relationships** orientated. The significance of this for entrepreneurship research is clear. The importance of people and relationships has long been recognized in entrepreneurship studies, many of these studies

focus on networks as either a set of influences/ers or as a set of possibilities/resources (Hoang and Antoncic, 2003; Shaw et al., 2008) - a set of issues best summarised by Gilmore (2011). Another key area that needs to be considered is the function of marketing. Regardless of the definitional confusion, few can challenge the assertion that the ultimate function of marketing is to attract and maintain/retain customers (Grönroos, 1991; Gummesson, 1987) and the ultimate function of entrepreneurship is to create and maintain a new venture in order to gain profit, which can never be achieved without attracting, maintaining and retaining customers, then there is clearly an intertwined relationship between entrepreneurship and marketing. Morris and Lewis (1995: 31) observe that some researchers go so far as to conclude that 'marketing and entrepreneurship are highly interdependent, if not part of the same construct'. Marketing and entrepreneurship, can they be the twin helixes in the DNA of the successful business?

An integrated view of marketing and entrepreneurship

Research bringing together marketing and entrepreneurship often emphasizes the notion of the marketing/entrepreneurship interface (Hultman and Hills, 2011; Miles et al., 2011). The essence of marketing/entrepreneurship interface research is well captured by Hansen and Eggers (2010) in their increasingly influential 'Charleston Report' in which they summarized four perspectives of the marketing/entrepreneurship interface. 1) Marketing & entrepreneurship: commonalities between both disciplines; 2) entrepreneurship in marketing; 3) marketing in entrepreneurship; & 4) concepts that are distinct to the interface and evolve out of the combination of entrepreneurship and marketing (Hansen and Eggers, 2010: 44). The Charleston Report provides a useful foundation that helps to accommodate the increasing number of studies that involve marketing AND entrepreneurship. Most importantly, Hansen and Eggers (2010) highlight the need for a mechanism to explore the relationship between marketing and entrepreneurship from an alternative perspective. Morrish et al's (2010) work

is particularly relevant here. They have proposed an entrepreneur and customer-centric framework which puts the entrepreneur and customer right back at the centre. According to Morrish et al. (2010: 309), both ‘the entrepreneur and the customers are the joint core actors of the business’, therefore the starting place of marketing activity is and must be the entrepreneur who ‘recognizes, explores and exploits opportunities, founds the organizations and directs subsequent operations...as well as strategic decisions (e.g. divesting, harvesting and exit decisions) all of which affect the dynamic of the market’ (Morrish, 2011: 111). The importance of entrepreneurs in the process of entrepreneurship is emphasized by other researchers (Bloodgood et al., 1995; Herron and Sapienza, 1992). Shaver and Scott (1991), for example, point out that although other factors are important, none of these alone will create a new venture without the action of a person, ie. the entrepreneurs. Furthermore, Aldrich & Zimmer (1986) point out that people do not make decision(s) in a vacuum but rather consult and are influenced by significant others in their environments: family, friends, co-workers, employers, casual acquaintances and so on. Indeed, there are a number of studies that focus on social capital (Jansen et al., 2013; Katila and Wahlbeck, 2012), network and/or entrepreneurial networking (Georgiou et al., 2013; Lee and Jones, 2008). Most importantly, what is emphasised is the interaction between entrepreneurs and their social context as a reciprocal and continuous process (Granovetter, 1985). Sarasvathy’s (2001) effectuation theory of entrepreneurship is important here. She challenges the mainstream, ends-driven causation decision making approach, and argues that entrepreneurial activities are a consequence of means-driven decisions. As such entrepreneurs are effectuators who ‘merely pursue an aspiration and visualize a set of actions for transforming the original idea into a firm – not into the particular predetermined or optimal firm, but a very generalized aspiration of a firm.’(Sarasvathy, 2001: 249). However, it is not Sarasvathy’s intention to suggest that means are concrete and existing ‘out there’, as is often interpreted by other studies (Chetty et al., forthcoming; Mainela and Puhakka, 2009). Sarasvathy (2001) goes further and links

effectuation to the enactment and sensemaking theory proposed by Weick (1979) and argues that ‘enactment and sensemaking can be posited as a model of effectuation rather than causation’ (Sarasvathy, 2001: 256). According to Weick (1979), enactment is one of the key components of the sensemaking process and is shown through an individual’s decisions and behaviour. As such the relationship between the enacted environment and its creators is one of mutual influence - individuals do not react to an environment, but they do enact it. Therefore, the enacted environment is not an input to individuals, it is an output *of* the individuals. Applying this to entrepreneurship, several researchers have argued that entrepreneurship is socially constructed (Anderson et al., 2012; Bouchikhi, 1993) and therefore enacted (Fletcher, 2006; Gartner et al., 2001; Lam, 2004). This is echoed by Chell (2000) who proposed a social constructionist theoretical framework of entrepreneurship. She argues that entrepreneurship is a process in which the owner-manager’s actions are contextually embedded. Incorporating an effectuation and enactment view of entrepreneurship and applying this to marketing highlights the importance of contextual marketing (Deacon and Harris, 2011; Enright, 2001; Harris and Deacon, 2011).

Central to the notion of contextual marketing is the ‘situation specific’ approach and application of marketing, which is contextualised to the individual focal firm, and therefore, has both a ‘uniqueness and inherent complexity’ (Deacon and Harris, 2011: 150). Recognising that contextual marketing is a socially constructed way of ‘doing business’ by small firms, Deacon and Harris (2011) point out two key barriers between real life entrepreneurs and academics. First, academics appear to have ‘impaired hearing’ and are therefore not able to acknowledge ‘how much of the ongoing conversation we are missing’ (Deacon and Harris, 2011: 149). Second, the small firm practitioners and academics appear to be using different language systems in constructing meanings of marketing and entrepreneurship. In light of this, Deacon and Harris (2011) argue that language provides a

unique resource to understand the meanings for and of marketing in context. The importance of language and meanings in the process of entrepreneurship has been established in many studies (Anderson and Warren, 2011; Gartner et al., 2003). Incorporating this, it is argued that languages and meanings provide a rich resource to make sense of the integrated view of marketing and entrepreneurship.

In summary, it is argued that an integrated view of entrepreneurship and marketing, which embraces the theory of contextual marketing, adopts an entrepreneur and customer-centric approach (Morrish et al., 2010), supported by Sarasvathy's (2001) effectuation and Weick's (1979) sensemaking and enactment theory, provides a unique framework to advance understanding of the process of entrepreneurship and its potential connection to marketing.

Business life cycle and the entrepreneurship/marketing interface

Earlier it was mentioned that entrepreneurship continues beyond the start-up stage and covers all stages of business life cycles (Bird, 1989; Drori et al., 2009). Firms are likely to utilise different networks and adopt different networking strategies during the different stages of their evolution. In their study, Hite and Hesterly (2001: 282) argue that a 'firm's networks evolve from being more identity-based, path-dependent networks during emergence to more calculative, intentional networks during early growth'. The importance of networks and networking to marketing activity is repeatedly supported in many other studies (Gilmore et al., 2006; Manolova et al., forthcoming). Most of these studies see networks as family, friends and other social contacts. Boissevain's (1974: 24) classic and widely accepted definition for social network is adopted here: 'The social relations in which every individual is embedded may be viewed as a network'. Gilmore et al. (2001: 7) concluded that owners/managers 'marketed by networking'. Furthermore, Carson and Gilmore (2000) recognised that marketing in the process of entrepreneurship goes beyond networking and

proposed a conceptual model of the entrepreneurship/marketing interface around innovative marketing; competency marketing, network marketing. 'The approaches are based on the notion that all SME marketing is done in a unique context and that cognisance of this context must be carefully taken into account; particularly the limitations of resources, and the inherent characteristic of the entrepreneur/owner/manager upon marketing and related decision making, as well as the industry in which it operates.' (Gilmore et al., 2001: 2). From an effectuation perspective, actors (entrepreneur/owner/manager) are constantly and actively enacting their social context (eg. limited resources, social relations and industry context) in the process of interacting with their customers. Furthermore, the importance of business life cycles to entrepreneurship (Gilmore et al., 2001; Hite and Hesterly, 2001) that requires different forms of enactment needs to be recognised. A review of the literature shows that one of the key stages that is absent in the traditional business life cycle model is the pre start-up stage (Lange et al., 2007; van Gelderen et al., 2006), in which nascent entrepreneurs actively engage in business activities without legally and/or physically setting up the business. It has been convincingly argued that the pre start-up stage has a major impact on the growth and performance of a new venture (Balasubramanian, 2011) and therefore should be incorporated into research. In our study, different stages of the business life cycle - namely pre start-up, early start-up, growth & maturity and decline - will be considered in order to explore the 'lived experience' (Cope, 2005) of the business owners in the process of attracting and retaining customers, that is, the marketing activities in and through entrepreneurship.

Research Methods

The conceptual framework that developed in this study has several methodological implications, which will be covered in this section.

Language, meanings and discourse analysis

It was argued earlier that languages and meanings provide a rich resource to make sense of the integrated view of marketing and entrepreneurship. This is particularly relevant when emphasising the importance of contextual marketing (Deacon and Harris, 2011; Enright, 2001). This argument is supported by Gergen and Gergen (1991: 78) who emphasize that ‘the meanings [are] generated by people as they collectively engage in descriptions and explanations in language’ through dialogue and social interaction. Furthermore, discourse is not confined to language or text but ‘is an instance of discursive practice, and an instance of social practice’ (Fairclough, 1992). Language therefore is essential for illustrating the complex and tentative web of meanings upon and through which social interactions take place. It is also through language that collective meanings are enacted and created (Fletcher, 2003; Watson, 2009). Studies adopting this methodological approach are increasingly popular in entrepreneurship studies (Anderson and Warren, 2011; Larty and Hamilton, 2011). Applying this to marketing and entrepreneurship, studies suggest that small firms have their own way of marketing and therefore have their language or vocabulary for marketing (Carson and Gilmore, 2000; Deacon and Harris, 2011; Gilmore et al., 2001). It is possible to see marketing and entrepreneurship as both a conceptual and linguistic resource through which meanings are shaped, shared and re-shaped in a special and specific social context, that is, marketing in context (Enright, 2001; Harris and Deacon, 2011). Consequently, Van Dijk (1997) argues that discourse analysis involves ‘analysis of the form and content of the text in use (language use); an appreciation of the ways in which people use language in order to communicate ideas and beliefs (communication of beliefs); and an examination of the social events by which communication takes place (interaction in social situations) (Grant et al., 1998: 3). By focusing on the language individuals use in constructing meanings of marketing and entrepreneurship, and the context in which the language is used, it is likely that this can

help to shed new light on what entrepreneurs actually 'do' when they 'do' marketing (Deacon and Harris, 2011).

Phenomenological interviews & context-rich interpretive approach

A significant number of entrepreneurship studies adopt the functionalist approach, that is, focusing their data collection on specific functions such as marketing, finance, networks or social capital (Carson et al., 1995; Totterman and Sten, 2005; Wright et al., 2001). This is criticized by Anderson and Starnawska (2008: 223) who point out that functionalist approaches to entrepreneurship research are 'too narrow, too restricting and may, because of this, actually miss the very notion of entrepreneurship'. Although it can be inferred that marketing plays a key role in the daily lives of the business founders in the process of entrepreneurship, the researchers were cautious that having this presupposition would lead to biased data collection and findings. It is argued therefore that a phenomenological interviews (Cope, 2005; Thompson et al., 1989) based data collection method is particularly useful here. The goal of the phenomenological interview, according to Cope (2005: 176), is 'to gain a first-person description of some specified domain of experience, where the course of the dialogue is set largely by the participant'. Thompson et al. (1989: 138) emphasize that a phenomenological interview 'is perhaps the most powerful means of attaining an in-depth understanding of another person's experience'. A phenomenological interviews approach fits comfortably with Enright's (2001) interpretive framework. In his study, Enright (2001) found that small businesses deal with market orientation and new product development in a way that is very different from textbook marketing theories and can be considered as 'intuitive approaches'. In light of this, he suggests a context-rich interpretive framework which takes into account the constant interplay between the actors and the context rather than limiting the study to established marketing theories and/or processes. As such the researchers' task in the fieldwork was to use various probes in a way that built a conversation-like dialogue in order

to elicit meanings and experience from the informants, rather than asking questions that imposed categorical frameworks on informants' understanding and experiences (Arnould and Wallendorf, 1994).

Longitudinal study, gaining access and sampling

In this study, a longitudinal, in-depth qualitative research approach was adopted. The benefits of this approach are well documented in the literature - it allows rich data about transformation and development of the subject to be explored and captured (Chetty et al., forthcoming; Jack et al., 2010). Longitudinal studies are particularly useful to appreciate the complex process of entrepreneurship over time (Corner and Wu, 2012; Kessler and Frank, 2009). This is particularly relevant to our study as we aimed at exploring the marketing/entrepreneurship interface during the different stages of the business life cycle. While the value of longitudinal studies is widely recognized (Aldrich et al., 1987; Jack et al., 2008; Schein, 1987), the resources and required commitments from both research teams and subjects has 'all conspired to keep true longitudinal studies rare' (Miller, 2000: 109). With the continuous financial and institutional support of their affiliations, the researchers were able to surmount these difficulties to engage in this ongoing longitudinal study.

Because the nature of this research is characterized by 'taking on really rich empirical contexts' (Hirsch et al., 1990), it became essential to get access to the target subjects through personal contacts, in particular through kinship or family connections (Lam, 2011; Ram, 1996). It was not feasible to adopt the systematic sample selection method found mainly in large scale studies where sample selection criteria includes size, industry, firm or business owners' characteristics (Schwartz and Teach, 2000; Uhlaner et al., 2012). There were, however, certain criteria in terms of the choice of participant firms. First, given a key component of our definition of entrepreneurship was active involvement of the business

founders, this became our key criteria. As a result of this, businesses that have already passed on from the business founders to their successors were excluded from this study. Second, the business must have been willing to fully cooperative and participate in this study. Third, all the businesses are small or medium enterprises when the fieldwork commenced in 2000.

All the participant companies were Chinese businesses based in Hong Kong and China. Biases against studies using ‘marginal’ samples, that is, non-white, non-Western, non-male samples, are increasingly recognized in the literature (Bhalla et al., 2006; Lam, 2011). Lam (2011: 514) observes that ‘while applying theories generated from researching mainstream samples to marginal communities is not only acceptable but natural, the other way around is not’. She criticizes these biases and argues that ‘this ethnocentrism and knowledge segregation is unhelpful in advancing conceptual and theoretical understanding of subject matter, and inhibits the building of connections between the work at hand and extant research, thus making good use of and building up our cumulative knowledge’ (Lam, 2011: 514). Although significant numbers of theories that have been discussed in this study are based on empirical studies conducted in the West, it is not the suggestion of those authors that their theories are applicable to specific country or cultural contexts only. It was therefore interesting to explore the applicability of these theories in a different social context, in this case the Chinese context, with an aim to attest the robustness and validity of these theories across countries/cultures.

Since 2000, the researchers have visited the companies annually, always talking to the business founders and other informants involved in the business. This allowed the researchers to keep track of the development of each of the companies. The main rationale of having different stages of fieldwork was to obtain an in-depth understanding of the research topic and its emerging themes.

[insert Table 1 about here]

Table 1 provides a brief profile of the participant companies. There were a total of 25 companies, of which 7 were based in Hong Kong while 18 were based in Mainland China. It must be noted that 6 out of the 18 companies in Mainland China were owned by Hong Kong citizens and were moved to China in the early 1990s. The 25 companies spread across three regions in China, including Hong Kong and Guangdong province in South China and Shanghai in East China. There were 132 informants in total, including 51 business founders.

Although the benefits of allowing the informants to tell their own stories are well recognized, the potential limitations of this approach such as distortion, omission and (self) deception (Essers, 2012; Gabriel and Connell, 2010) also need to be addressed. First, the longitudinal aspect allowed the researchers to talk to the informants at different stages of the business life cycles in ‘real time’ thus minimizing the potential distortion of past experience by the informants. Second, multiple respondents from each company allowed the researchers to triangulate the stories from different informants. Thirdly, these stories were further triangulated with other information such as the company’s financial statements and internal reports.

All the conversations were in Chinese languages, either in Cantonese, Minnan (Chinese dialects) or Mandarin. Where possible, interviews were audio-recorded. This was then translated and transcribed by the lead author, and entered into Nvivo data analysis software (used mainly for the purpose of organizing data rather than analysis). The data was then independently analysed by at least two researchers. As a result of the data analysis, key

themes were identified and any differences were resolved between the researchers after rigorous discussions. Data analysis will be discussed in-depth in the following sections.

Data analysis & findings

In this section the way our respondents talked about doing business and the context and meaning of the respondents' discourse will be discussed. A context-rich interpretive framework (Enright, 2001) is particularly relevant here. It will show that the entrepreneurs are active in respect of creating, building and maintaining relationships in their mixed social and business contexts as a key part of sustaining and growing their businesses. To aid our discussion, three companies have been chosen as exemplars of the whole set in order to explore the role of marketing at and in different stages of business ownership. The three companies are 1) Company HG5, a medium sized garment manufacturer in Guangdong Province in South China; 2) Company SH1, a large manufacturer & wholesaler of snack products in Shanghai, East China; and 3) Company HK4, a small trading firm of porcelain figurines in Hong Kong. The three companies were chosen because of their differences in size, sector, region and business age, which helps to aid understanding of the role of marketing across organizations with different characteristics. It must be noted that the analysis and discussion presented is based on the entire dataset of the 25 companies (Table 1), although only three examples are presented here.

[insert Table 2-4 about here]

Table 2-4 briefly summarizes what business founders said about 'doing business', the relevant marketing concept and theories, and the context of marketing. Each table is organised in chronological order so that the business life cycle - pre start-up, early start-up, growth and mature, and decline stage is shown.

Pre-start up stage

When recalling their memories prior to business start-up, all the business founders talked about experiences that were essentially about selling and securing orders from customers - marketing activities. According to the business founders, selling and securing orders was the '*single most important thing*' for a business start-up. Throughout the set of companies investigated, it was a common practice that business founders started sales & marketing activities long before they actually owned a business. Whilst to start selling before actually setting up a business was possible for trading firms, it was not possible for manufacturing companies as the production capacity needed to be set up before they could receive and process orders. To tackle this, business founders had their ways of dealing with it. Factory HG5 (a garment factory, Table 2), for example, had been promised a few firm orders from the founders' friends and relatives before they actually set up the factory. According to Tan, the founder of HG5, having a few orders gave them the confidence to start the factory.

The accounts of the informants suggests that many of these activities are related to key elements of marketing theory such as relationship marketing and market development, although the business founders themselves were not aware of the academic terms. Further investigations suggested that to the business founders, these 'marketing' activities appeared to be a direct response to their environment, in particular their social context and were aligned to an intuitive approach rather than formal planning (Enright, 2001). First, their drive to run their own business was largely influenced by their social relations, either by providing resources (including materials and goods) or serving as role models to make them feel that '*I can do it too*'. Second, intelligence related to market opportunities provided by their social relations made it easier for them to make selling decisions. Furthermore, it was generally agreed among business founders that having customers and secured (or promised) business

orders was the most important condition for business start-up. Because of this the 'ready-made' orders provided by their social relations were almost a pre-requisite for their business start-up.

Early start-up stage

When talking about their start-up experiences, business founders repeatedly emphasized that the two most important aspects for their businesses at this stage were 1) maintaining good relationships with their current customers and 2) building new customer relationships, which aligns with relationship marketing and customer orientation marketing strategies. In order to maintain good relationships with their customers, many business founders stressed the importance of meeting customer needs, offering good prices, good quality and a reliable order completion date. The reason for this, according to the business founders, was because there's '*no choice*', because most of their customers also happened to be their friends or relatives. At this stage of business ownership, many businesses had a small number of customers that they needed to work with closely. Sometimes the orders they received had unreasonable completion dates or requirements, for example very short delivery time or relatively low prices, but business owners tried their best to satisfy their customers, because they '*can't afford to lose the precious customers*'. Also for the future of the business, it was necessary to maintain a good relationship both with their customer and also the customer's customer so that there would be new orders in the future. Another key approach adopted by the business founders was to expand customer bases, which aligns with market development. Many new businesses achieved this by utilizing their social networks. According to some of the business founders, building new customer relationships was the foundation for future growth, and therefore seen as a long-term investment. Utilizing their social networks appeared to be the preferred strategy, as many of the business founders believed that social relations are '*more trustworthy*' and can '*get you better deals*'. However, aware that their social network would

run out, many businesses tried to expand their customer base by direct selling and exhibiting in trade fairs, mainly following the footpath of their social relations and aiming to '*make more money*'. Also at this stage of business ownership, some companies began to establish their own brand name, thus aligning to brand management marketing strategies. Company SH1 (a snack product manufacturer & wholesaler, Table 3), registered their brand name in the second year of business start-up and became one of the earliest snack manufacturers in China to use their own brand name rather than imitating an existing domestic or foreign brand name. The main reason for doing this, according to the business founder, Hui, was to protect themselves from being mistaken for other products, thus making it easier for the salesmen to make sales when compared to selling unbranded products. Apart from this, Hui did not appear to realise the benefits of having an established brand name and certainly did not expect the brand name to take off as it did in the later stages.

Growth and/or mature stage

Many respondents' companies had either developed new products or new markets in the growth/mature stage. The key marketing strategies adopted by the respondents tended to align with market development and product development. According to the business founders, expanding their market and product range was a natural thing to do since '*the product is selling well, why not continue?*' For the manufacturing companies, as their product capacities reached a certain level, they felt a need to maintain a certain level of production in order to cover the high fixed costs, therefore at this stage many of them tended to adopt production and sales orientated strategies and focused on gaining orders from existing and new customers, even at lower profit margins. Whilst for the trading firms, maintaining good customer relationships was still the key priority, as many of the overseas customers gradually increased the volume of their orders. According to the business founders, this was because

they had established *'good relationships'* and therefore *'customers trusted us more and gave us more orders'*, as a result, it was *'only natural to keep them happy'*.

Decline stage

Some of the respondent companies showed signs of decline during the course of research. Garment factory HG5, for example, had its annual turnover drop from USD1.9 million in 2003 to USD1.1 million in 2009. When talking about the problems of the business, Song, the Factory HG5's owner's elder son and the marketing director of the business, attributed the problem to the quality of their products. Another key issue causing the company's declining performance was the rapidly increasing competition from inland China, which enjoyed lower labour costs and rent. Other companies that were suffering from sales decline blamed the global economic downturn - they believed that the economic climate gave rise to shrinking customer demand, thus resulting in their sales decline. When the sales revenue was declining, some business tried to seek help from their social relations such as seeking funding (in the form of borrowing or investment), while at the same time beginning to look for ways to identify the internal problem and *'fix the problem'*. Some, like HG5, began to re-examine their quality control and cost controls, some began to downsize their business in order to cut costs so that the business *'won't lose that much money'*. According to the business founders, they had *'no alternative'* because when *'little money is coming in, we have to cut our expenses'*.

This analysis shows that at different stages of the business life cycle, business founders have different priorities and different strategies in order to develop their businesses. An in-depth investigation of the context and rationale helps to demonstrate a complex context of marketing and marketing related activities and objectives. Despite the fact that they did not necessarily use marketing terminology, the essence of marketing theories was found in every

stage of the business development sequence. This supports the arguments of previous studies that entrepreneurs use different languages when ‘doing business’ or ‘doing marketing’ (Carson and Gilmore, 2000; Enright, 2001; Gilmore et al., 2001).

Discussion: Marketing and entrepreneurship from an effectuation and enactment perspective

The results of our analysis show that business founders have different priorities and different strategies in order to develop their businesses during the different stages of the business life cycle. What is notable is the role played by the business founders and their interaction with their social relations during the process of entrepreneurship. The analysis in the last section appears to suggest that business founders responded to their environment, in particular their social context in/during the process of entrepreneurship. However, from an effectuation and enactment perspective, the interactive role between business founders and their environment, in particular interaction with their social relations is highlighted. This is portrayed in Figure 1.

[insert Figure 1 about here]

Generalised Aspirations

One of the key features of effectuation is the lack of a concrete goal, sometimes only the very ‘generalized aspiration’ of starting a business (Sarasvathy, 2001). When first discussed with the business founders, many of them were rather humble about their aspirations; many said they did not have any ambitions and starting their own business was a way ‘*to survive*’ or ‘*to make a living*’. However, in-depth discussions with them helped to reveal more ambitious aspirations such as ‘*make lots of money*’, ‘*to be rich*’ ‘*be your own boss*’, ‘*to be successful*’ or even to ‘*brighten family names*’ or ‘*bring good name to ancestors*’. Nevertheless, despite their expressed ambitions, none of the business founders had concrete plans of where they

were going and what exactly they wanted to achieve in life. It is therefore fair to infer that they had a generalized or unintended aspiration to make more money, and that running their own business appeared to be one of the most feasible ways of achieving this. Further discussion with the business founders helped to reveal the impact of their social relations in shaping their aspirations, many of them referring to the success stories of their friends or relatives when talking about why they wanted *'to be rich'* as *'if they (friends or relatives) can do it, why can't I?'*

Means, enacted means and marketing

When the way the business founders started up their own businesses is examined, it is often found to be a case of 'making good use of contingencies as they arise' as suggested in Sarasvathy's effectuation theory (2001: 247). However, 'contingencies' were by no means 'accidents'. For example, many business founders were informed of the business opportunities by their social relations. In fact many of the business founders entered the industries they had because they had friends or relatives in the same or related industries that could provide resources, market information and most importantly, customers. Nevertheless, this does not suggest that business founders were passive actors who were waiting for resources or opportunities to turn up for them to grasp. On the contrary, in-depth investigation reveals that business founders were active players in making their business ventures possible. Earlier it was argued that central to the theory of enactment is that individuals do not just perceive their environment differently, but as a result of their perception their decisions and actions help to shape environments and make a difference to the consequences (Weick, 1979). This argument is supported in our study.

Entrepreneurial opportunities have been a major theme of many entrepreneurship studies (Bengtsson and Johansson, forthcoming; Corbett, 2005). Although these studies have

increasingly recognised the importance of individual's prior knowledge, learning and cognitive processes in realising opportunities (Butler et al., 2010; Edelman and Yli-Renko, 2010), a considerable number of studies hold a positivist view which implies that market opportunities are to be discovered (Fiet et al., forthcoming; Puhakka, 2010). Other researchers, however, argue that entrepreneurial opportunities are created and thus enacted (Gartner et al., 2001; Korsgaard and Anderson, 2011). Our analysis suggests that business founders repeatedly stressed that the '*right opportunity*' happened to '*appear*' at the right time. Although the accounts of the informants showed their stated belief of opportunity creating entrepreneurship, an analysis of the informants' account highlights the active role that informants play in '*realising opportunities*'. Several informants expressed that they '*knew an opportunity*' after deliberately joining certain companies. By working for other companies and getting themselves familiar with the operations, management and profitability of the companies, informants began to '*learn the trade*' and thus '*realise the opportunity*' and then decided to start their own businesses, sometimes even going as far as to steal their previous employers' customers. Another form of '*realising opportunity*' was through social relations, as business founders repeatedly expressed that it was through their social relations that they '*knew*' there was opportunity. It can therefore be argued that opportunity is enacted by the informants in that they are actively scanning their social context in order to '*look for the right opportunity*' to create their own business.

This longitudinal study allows us to follow the stories of some informants and thus confirm our argument above. In the earlier stages of fieldwork, some informants expressed the view that they wanted to start their own business in the future and were '*waiting for the right opportunity*'. In the later stages of the fieldwork, some of the informants had already '*found the right opportunity*', some were successful (a narrow definition here to refer to businesses still existing during the later stages of the fieldwork) while some others had tried and failed.

Also, some of the business founders were then working as employees because their own businesses were not very successful. One common issue that can be identified from the accounts is that the informants consistently expressed that they '*will try again*' if there was the '*right opportunity*'. From the analysis it can be argued that individuals play an active role in enacting their environment to make opportunities available and feasible, and work towards realising the opportunities through different means.

According to the business founders, the reasons that marketing activities lay behind different stages of business life cycle is because '*that's what people do*', '*it is the way it is*' and therefore it is '*natural*' to respond in a similar way. One might argue that the business founders are making good use of existing means in order to achieve their goals. However, from an effectuation and enactment perspective, it can be argued that the means are actively enacted by the business founders. The analysis shows that several strategies commonly adopted by these businesses are aligned to normative marketing theories, for example customer orientation, building customer relationships and relationship marketing (Geiger et al., 2012; Prior, 2012). This can be mainly attributed to the importance of a social network as an importance resource to be drawn upon (O'Donnell, 2009; Wensley et al., 2011). Our further analysis shows that business founders were actively engaging with their social relations to develop and maintain their personal relationships, which were essential to business relationships (Chung, 2006; Gedeon et al., 2009). This includes meeting their social relations regularly in social gatherings; helping them socially and financially when needed, and offering them better services or prices in order to help their social relations' business. By doing so, they developed a strong personal relationship that formed the foundation of a future business relationship. From an enactment perspective, it can be argued that business founders are enacting their social relations in order to carry out their marketing activities; in this case activities related to relationship marketing or customer orientation strategies. In other words,

the social relations do not exist as means 'out there' as resources to be drawn upon; it requires constant input from the actors if they are to become useful 'means'.

There are other similarities and differences between marketing activities across business sectors and region. For example, market development appears to be a common strategy adopted by businesses across all sectors and regions at the later stages of the business life cycle. While many of the business founders relied on their social relations for the early orders, they all understood that their existing social network would run out sooner or later. As a result of this they needed to expand their customer base outside of their existing social networks if their businesses were to survive and to continue to generate profits. One common strategy was for the business owners to actively expand their social networks, thus enhancing their potential customer base. This supports the findings of previous studies that business founders turned to more calculative, intentional networks after business start-up (Hite and Hesterly, 2001). Another approach, which was mainly adopted by trading businesses (eg HK4 and HK5), was to enter international arenas by participating in international trade fairs in order to promote their products. Manufacturing firms, on the other hand, increased their sales force in order to gain more customers and increase sales revenue. Others increased their advertisement expenditure to promote their products/services. When asked how they learnt these marketing activities, many business founders said it is '*common sense*' as '*many others are doing this*' including many people they personally knew, further suggesting the influence of social relations in shaping the marketing activities of the businesses.

In short, it can be argued that rather than responding to their environment, our business founders are actively enacting their environment, in particular their social context to engage in entrepreneurial learning, creating and managing resource and most importantly, to create opportunities for a business start-up. Furthermore, the marketing activities adopted can also

be seen as enacted means for the business founders to fulfil their personal aspirations, even though it is only a 'generalised or unintended aspiration' (Sarasvathy, 2001).

Conclusions & implications

This study was designed to investigate the interconnection between entrepreneurship and marketing. Earlier reference was made that marketing and entrepreneurship theories appear to be increasingly overlapping yet there is a lack of theoretical framework that incorporates and integrates the two. By utilising an 11-year longitudinal fieldwork study and a context-rich interpretive approach (Enright, 2001), our methodological approach allowed us to follow the development of business in 'real time'. In particular, we demonstrated how entrepreneurs 'do business' and 'do marketing' during different stages of the business life cycle. Most importantly, by analysing the discourse used by the informants and the context of their discursive practice help to reveal the socially constructed reality that allow us to make sense of the role of marketing in the process of entrepreneurship, from the entrepreneurs' perspective. Our study supports earlier findings that marketing is not considered by business founders as a separate, stand-alone business function, as suggested by mainstream literature, it is *the* function and determinant of business success. From the entrepreneurs' point of view, marketing and entrepreneurship should not and cannot be separated. Put simply, no business can start-up and survive without marketing activities whilst marketing cannot be operationalized without an enterprising context/culture. Therefore it can be suggested that the segregation between marketing and entrepreneurship literature is arbitrary, artificial and a result of academic/scholar over-specialisation.

In this study we proposed an effectuation (Sarasvathy, 2001) and enactment (Weick, 1979) perspective to aid understanding of the marketing/entrepreneurship interface. Sarasvathy's (2001) effectuation theory challenges the ends-driven approach and argues for means-driven

decisions in the process of entrepreneurship. Our study takes this further and proposes an effectuation and enactment framework. Under this framework entrepreneurship is neither ends-driven nor means-driven, but is a consequence of interplay between actors and social context through ongoing enactment. Our analysis highlights the centric, active role played by business founders in enacting their environment, in particular interacting with their social relations to engage in entrepreneurship process. In other words, ‘means’ such as social networks, resources, capital or opportunities do not exist ‘out there’ to be drawn upon, they are actively created, managed and maintained by business founders to make entrepreneurship possible. As the ‘joint core actors of the business’ (Morrish et al., 2010: 309), entrepreneurs and customers actively interact in shaping the marketing activities of the business to meet their ‘ends’, that is, to achieve their generalised, unintended aspirations, in many cases simply ‘*to be rich*’ or ‘*to be successful*’. The different marketing activities that adopted by the business, therefore, can be seen as enacted ‘means’ to make ends meet. In short, if entrepreneurship is the soul of a business, marketing is the flesh.

The findings of this study have major implications for entrepreneurs and nascent entrepreneurs, educators, policy makers and researchers.

Entrepreneurs and nascent entrepreneurs

The results of this study have several key lessons for entrepreneurs. The results show that business founders are real life marketers - at different stages of business ownership they adopt different marketing activities in order to survive and to grow their businesses. Because of this, it is argued that a systematic understanding of marketing theories and concepts has the potential to inform the business founders in respect of addressing the many issues faced during different stages of the business life cycle. Another important contribution of this study is the centric, active role business founders play in enacting their environments (including

their social relations) to create and manage 'means' to make entrepreneurship possible. This is particularly important in empowering nascent entrepreneurs who might be persuaded by mass media and mainstream entrepreneurship education to believe that there are several barriers, in particular the social and financial resources that may hinder their business start-up and ultimate success of the business. The results of this study show that barriers are enacted, means can be created by the actors by actively enacting their environment, and marketing can be an effective means to achieve the ultimate aspirations.

Educators

A review of entrepreneurship education shows that there is a lack of a marketing element in the curriculum (Kozlinska, 2012). If marketing is considered by entrepreneurs as the ultimate function of a business, it is questionable to ignore such an important element in any course that is aimed at helping entrepreneurs and nascent entrepreneurs to succeed in starting and running a business. Likewise, mainstream marketing education tends to ignore the importance of its connection with entrepreneurship, taking as the default the actions and processes of large and established businesses. Considering that the vast majority of private enterprises in the world are small or medium enterprises (The World Bank, 2012), it is important for marketing education to focus more on marketing that is relevant and of practical value to smaller firms, in a language that makes sense to real life entrepreneurs. Another key implication for the educator is the important role that entrepreneurs can play to make a difference to the process of entrepreneurship, as can be seen from the cases presented in this study. It is important for marketing and entrepreneurship educators to inform and empower the entrepreneurs and nascent entrepreneurs about what they can achieve by actively enacting their environment to tackle the barriers of entrepreneurship.

Policy makers

The importance of enterprise has been consistently emphasized by governments across the world. This has led to significant investment in providing business support, access to finance and entrepreneurship education in order to boost entrepreneurial activities. While a significant amount of resources are invested in providing finance for business start-ups either in the forms of grants or loans (BIS, 2012; SBA, 2013), the resulting boost to entrepreneurship is negligible (Han and Benson, 2010). As such it is argued that the focus on providing entrepreneurial finance by the government and business support agencies is an ineffective means of achieving objectives (Lam, 2010). The result of this study highlights the importance of marketing in the process of entrepreneurship, which is largely ignored in mainstream education and business support services. The authors argue that more attention should be paid on the content and quality of mainstream education and business support services, rather than paying lip service and focus on the quantity of service and education provided. As mentioned earlier, both marketing and entrepreneurship as academic disciplines have a long tradition of ignoring each other in their curriculum. To break this cycle, it is important for the policy makers to impose changes required to bridge the gap between marketing and entrepreneurship education. Another implication of this study is the important role business owners can play in the process of entrepreneurship. Instead of focusing on tackling the barriers *for* the entrepreneurs such as providing funding and even opportunities, it is perhaps more realistic to pay more attention in advancing understanding and awareness of the real world of entrepreneurship and the role of entrepreneurs in addressing the barriers *by themselves*. This can be achieved through different means/channels including formal and informal education, academic research, networking organisations and the media.

Researchers

The results of this study show that marketing and entrepreneurship are not only compatible; they are indeed complementary. While entrepreneurship theories help to advance understanding of the complex process of business ownership, marketing theories help to shed new light on how this takes place in the real world of entrepreneurship. We argued that researchers in marketing and entrepreneurship have a lot to offer each other, if biases and misconceptions can be put aside. A few potential areas of interest are suggested in the next section. In particular, an effectuation and enactment framework have the potential to advance understanding of the complex process of entrepreneurship and its relations to other academic disciplines, not least marketing. Furthermore, we argue that a longitudinal, context-rich interpretive approach has distinctive contribution to aid understanding on the marketing/entrepreneurship interface.

Limitations & Future Research

This paper contributes to the understanding of the interrelationship between marketing and entrepreneurship from the entrepreneurs' perspective. Although the approach developed within this paper is aimed at advancing the understanding of marketing and entrepreneurship generally, the analysis is based on fieldwork material collected from a Chinese context. Despite the richness and insightful data that was collected, a limitation of this study is that it employed a relatively small sample size and a limited geographical coverage. Further research should try to increase the sample size in order to enhance the representation of a range of businesses. Furthermore, as the conceptual framework developed has provided a foundation for the study of marketing and entrepreneurship, it is expected that cross-national, cross-cultural comparative studies have the potential to yield insightful findings to contribute to the understanding of the marketing/entrepreneurship interface. In this study, different players in the supply chain, including manufacturers, traders, wholesalers and retailers were

included. Further investigations of the similarities and differences in marketing activities across the sectors would have the potential to yield key findings. Finally, the results of this study also highlight the importance of different marketing activities at different stages of business start-up. It is believed that investigating this further will help to shed new light on the applicability of marketing theories and concepts at different stages of business ownership, which will have practical values to business founders. In short, this study opens ample opportunities for researchers who are interested in multi-disciplinary studies to facilitate the development and practical relevance of marketing AND entrepreneurship theories.

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Figure 1. Marketing and Entrepreneurship from an effectuation and enactment perspective

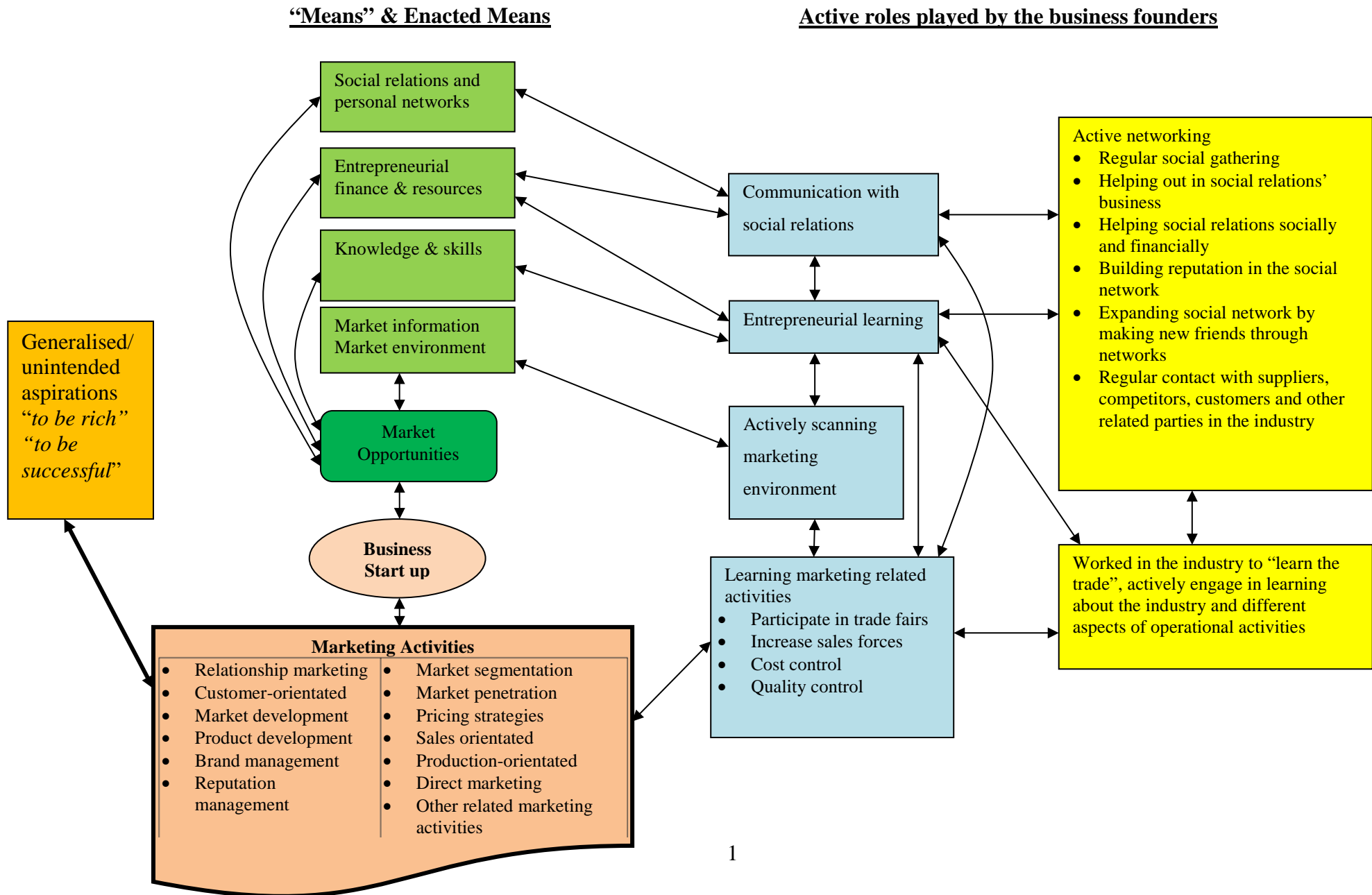


Table 1. Company Profiles

Co. No	Co Code	Industry	Year Found	Size (as at 2011)		Location	Key Markets/Customers
				No. employee	Turnover (USD Million)		
1	HG1	Manufacturing – automatic embroidery	1989	163	1.76	Guangdong, South China	Local region & Hong Kong
2	HG2	Manufacturing – automatic embroidery	1995	28	1.01	Guangdong, South China	Local region & Hong Kong
3	HG3	Service - catering	1999	15	0.20	Guangdong, South China	Catering service for HG1
4	HG4	Manufacturing – PVC products	2004	42	0.82	Guangdong, South China	Local region
5	HG5	Manufacturing – garment	1987	41	0.9	Guangdong, South China	China & export to overseas
6	HG6	Manufacturing - garment	1994	142	1.93	Guangdong, South China	Export to overseas
7	HK1	Manufacturing – paper and packaging	1983	35	1.53	Hong Kong	Local region and China
8	HK4	Trading - porcelain	1999	2	0.55	Hong Kong	Local region & overseas
9	HK5	Trading - footwear	1998	6	0.68	Hong Kong	Local region & overseas
10	HK6	Trading – footwear	1994	5	0.53	Hong Kong	Local region & overseas
11	HK7	Trading - textile	1992	7	0.54	Hong Kong	Local region
12	HK8	Trading – textile	1999	3	0.26	Hong Kong	Local region & China
13	HK9	Trading – toys	2003	2	0.35	Hong Kong	Local region & overseas
14	SH1	Manufacturing & wholesale- snack	2000	432	16.5	Shanghai, East China	China & South East Asian countries
15	SH2	Service - advertising	1995	30	1.5	Shanghai, East China	Shanghai
16	SH3	Wholesale & retail - garment	1996	30	2.5	Shanghai, East China	East China
17	SH4	Wholesale - garment	1998	11	0.5	Shanghai, East China	East China
18	SH5	Manufacturing - watch	1998	48	1.8	Shanghai, East China	Overseas market
19	SH6	Trading - snack	2001	2	0.8	Shanghai, East China	Overseas market
20	SH7	Service – Estate Agent	1998	4	1.8	Shanghai, East China	Shanghai
21	SH8	Service – Recruitment Agency	1999	5	0.3	Shanghai, East China	Shanghai
22	SH9	Manufacturing – packaging material	2000	36	0.7	Shanghai, East China	Supplier of SH1
23	SH10	Service - education agent	2002	8	0.4	Shanghai, East China	Shanghai
24	SH11	Wholesale & retail - garment	2004	6	0.1	Shanghai, East China	Shanghai
25	SH12	IT consultant	2005	1	0.3	Shanghai, East China	Shanghai

Table 2. Factory HG5 – Garment Manufactory (Guangdong Province, South China)

Factory HG5 is a manufacturer of garments. The company was started by Tan and his wife Lim in 1987 in Hong Kong. Their eldest son, Song, joined the business to work as Marketing Director in 2002. The factory moved to Southern China in 1988 and built its own plant in 2001.			
	Business founders' account and development of the business	Related marketing concept & theories	Marketing context
<i>Pre start-up</i> 1985-1986 Main customers in Hong Kong Sales turnover: USD 0 – 100,000	‘At the beginning all our customers were our friends and relatives, without them we dare not start up.’ (Tan, 2000) ‘No customer - no income, how can you survive when there’s no income?’ (Tan, 2000)	Relationship marketing Customer-orientated	The close relationship with the potential customers was the main reason that Tan and Lim were confident enough to invest in the new business For the new business, customers were the only way the business could generate sales, and thus survive and prosper.
<i>Early start up</i> 1987-1990 Customers mainly from China and Hong Kong Sales turnover: USD100,000 – 600,000	The factory moved to China in 1988 in order to take advantage of the lower labour costs and rent in China. ‘Through our friends and relatives, we got to know some trading firms and some then became our customers... it is important to establish a solid customer base so that the business can grow’ (Lim, 2000) ‘I had to visit the customers regularly, not necessarily for new orders but you keep the relationship, then when they have new orders they’d remember me.’ (Tan, 2000)	Production-orientated Customer-orientated Building customer relationship	Tan and Lim decided to follow their friends and competitors to move their factories to China. This had key advantages, to be close to the premises of their customers and easier to accommodate customer needs. Also, to reduce the production costs in order to stay competitive. Tan and Lim appreciated that customers through personal contacts appeared to be more promising, reliable and sustainable, therefore they worked very hard to develop the customer base through this route.
<i>Growth & mature</i> 1991-2003 ¹ Customers mainly from China and Hong Kong Sales turnover: USD600,000 – 1.9 Million	‘The foreign market is expanding, we are working round the clock to complete orders. We are now building our own plant in Dongguan (South China).’ (Lim, 2001) ‘Since I started selling, I’ve been trying to approach new customers. It is important to expand our customer base, we can’t always rely on our existing customers’ (Song, 2002)	Relationship marketing Production-orientated New market development	As keeping a good relationship with a customer was the key to constant orders and thus revenue, Tan found it necessary to invest his time and effort to work on it. In response to the expanding market, many garment factories expanded their production capacities. HG5 found it necessary to follow in order to stay competitive. By doing so, it also allowed them to take on larger order and potentially generate more profits. Although the customers based on personal relationships proved to be reliable and important in generating sales, the growth was rather limited. Therefore at a later stage of business development they found it necessary to expand the new customer base through different routes.
<i>Decline</i> 2004-2011 Customers mainly from China and Hong Kong	‘The competition is too fierce; there are a lot of new factories inland that offer better prices than us. Guangdong is probably the province with the highest labour costs in the entire country.’ (Tan, 2006) ‘We all know the customer is the king, if they are not	Managing marketing information Customer-orientated	The continuous economic development in the region gave rise to an increasing number of new entrants. Meanwhile the labour costs and rent continued to rise in the region and that affected HG5’s position in the industry. It is clear to the business that the only way to keep the

Sales turnover in 2011 is USD0.9 million	happy about our product, then they'll go elsewhere. That's why we need to keep them happy.' (Lim, 2008) 'The foreign customers expect much better quality at a lower price. How can we achieve that when the labour costs and everything keeps going up?' (Tan, 2010) In 2011, only half of the company's production capacity was utilized, the company reduced the number of factory worker by one third.	Managing customer value Responding to the market environment	customer is to keep them happy. Quality control became a key priority for HG5 to keep the customers happy. While the customers are expecting higher quality product, they are less prepared to pay a higher price. Because of this the company found that their profit margin shrunk. In order to cut costs, the company reduced the number of factory workers in order to survive.
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¹ The business was severely affected in 2003 due to the outbreak of Severe acute respiratory syndrome (SARS) in Hong Kong in the same year. The sales turnover of the business dropped from USD2.5 million in 2002 to USD1.9 Million in 2003.

Table 3. Company SH1 - Snack Manufacturer & Wholesaler (Shanghai)

Company SH1 is a snack manufacturer and wholesaler in Shanghai. The company was started by Hui in 2000. Hui's brother, Zhan, joined the company in 2000 to be in charge of production.			
	Business founders' account and development of the business	Related marketing concept & theories	Marketing context
<i>Pre start-up</i> 1998-2000 Main customers in Shanghai Sales turnover: USD 0–800,000	<p>'My hometown Chaozhou is very famous for its preserved fruit ... I have some uncles, my fathers' friends or cousins, who promised to supply me preserved fruit on credit, if I would help them to sell their products.' (Hui, 2000)</p> <p>'I started selling preserved fruit because I believed there's a great chance with it, and I was right.' (Hui, 2000)</p> <p>'Once you receive an order, what you need to do is to make sure the customer is happy so that they will come back with more orders'(Hui, 2000)</p>	<p>Sales-orientated</p> <p>Market development</p> <p>Building customer relationship</p>	<p>With the support of suppliers, Hui was in a good position if he could generate sales for his personal contacts. Not only would he receive good credit terms, he'd also be highly praised in his social networks as someone who helped them to break out.</p> <p>Based on his expressed 'belief', Hui started selling door-to-door, his approach at this point was to 'see how things go', but he felt that he had no alternative but to keep going.</p> <p>Hui made every effort to make sure that his customers are happy so that he wouldn't lose his precious customers.</p>
<i>Early start-up</i> 2000 – 2003 Customers mainly from Shanghai and South China Sales turnover: USD1.1–3 million	<p>'I registered the brand name 'Kan Hui' last year, I know it was important to have our own brand so that our customer can recognize us.' (Zhan, Hui's brother, 2001)</p> <p>'After a few years, our brand began to be recognized, sometimes we received enquiries from other provinces... You see our price isn't the cheapest but then they are after our brand.' (Hui, 2002)</p> <p>'We started off with only about 40-50 different kind of preserved fruits.. now we have over 300 different types of preserved fruit. You need to come up with new things otherwise the customers will get bored.' (Hui, 2002)</p> <p>'At the end of the day, it's all about attracting customers, not just existing ones, but also new ones, especially the young ones, they are our main customers.' (Zhan, 2003)</p>	<p>Brand management</p> <p>Reputation management</p> <p>Brand management</p> <p>Market development</p> <p>New Product development</p> <p>Market penetration</p> <p>Market segmentation</p> <p>Market development</p>	<p>Realising that there are many similar products in the market, Zhan and Hui decided to register their own brand name so that it'd be easier for their customers to recognize their products.</p> <p>The company worked very hard to make sure that their brand was not copied by constantly investigating the products in the market. They then decided to 'test the water' and hired salesmen to sell their product to other parts of China.</p> <p>Sometimes new products were developed because of the enquiries from customers. Furthermore, the company kept a close eye on the products that had been offered in the market by other companies.</p> <p>Some of the younger generation considered preserved fruit 'out of fashion'. In order to address this, the company found it necessary to develop new products that appealed to the younger consumers.</p>
<i>Growth & mature</i> 2004-2011 Customers across China, Hong Kong and Taiwan Sales turnover: USD5-16.5 million	<p>In addition to being a manufacturer and wholesaler, SH1 had expanded into retail. By 2009 they had specialist snack stores in different major cities in China, including Shanghai, Shenzhen, Beijing and Guangzhou.</p> <p>'We've expanded our range of products, in addition to preserved fruits, we also have other ranges of products such as candy, seaweed, pre-packed meat snack etc. ...</p>	<p>Vertical integration</p> <p>Product development</p>	<p>The rapidly increasing competition gave rise to fierce competition for supermarket shelves and squeezed SH1's profit margin. Having already established a popular brand name, SH1 decided to open its own retail shops.</p> <p>Many of SH1's competitors were rapidly expanding their lines of products. As a result of this, SH1 found it necessary to develop new products outside its signature range of preserved</p>

<p>You need to keep expanding or you'll be swallowed by others.' (Hui, 2005)</p>	<p>Customer value</p>	<p>fruit in order to stay in the game.</p>
<p>'Kan Hui is now a national brand, we have our products across the country, all the way from Hong Kong to Beijing. That's why we need to invest a lot more on the quality control, we can't afford to have our brand image jeopardized.' (Hui, 2007)</p>	<p>Market development</p>	<p>Having seen lots of other brands fall because of the unreliable quality, SH1 took quality control very seriously. They invested in the latest technology and Zhan, Hui's brother, has been personally in charge of the production, especially the quality control of their product.</p>
<p>'We are now selling to overseas customers... we have been looking for opportunities to sell it to other markets such as Europe and the US. It's not going to be easy because our product is mainly for Chinese customers' (Zhan, 2010)</p>		<p>After their success in China and South East Asian countries, SH1 decided to expand their market even further to make it a truly international brand. But they are also well aware of the fact that their products are mainly for Chinese communities.</p>

Table 4. Company HK4 – Trading Firm of Porcelain Figurines (Hong Kong)

Company HK4 is a trading firm of ceramic and polystone figurines in Hong Kong. The company was started by Ben and Li in 1999. The company has not recruited any employees since its start-up.			
	Business founders' account and development of the business	Related marketing concept & theories	Marketing context
<i>Pre start-up</i> 1997-1998 Main customers in Hong Kong Sales turnover: USD 0 – 60,000	<p>'Lots of my relatives were running businesses in this industry. They asked if we are interested in selling their products, they'll provide all the samples and good credit terms, so we gave it a try as there's very little investment.' (Ben, 2000)</p> <p>'We didn't know whether it'll work or not so we tried to start contacting potential customers to see what they thought. We received our first order and it wasn't too small, so we thought maybe we should register a company and so we did. (Ben, 2000)</p> <p>'We decided to start with the Hong Kong market, to see how it goes and then if it works, we will try the overseas market.' (Li, 2000)</p>	<p>Customer relationship Sales-orientated</p> <p>Market targeting Marketing channel Market segmentation</p>	<p>Having the support of the manufacturers, which were mainly friends and families, gave Ben and Li a very strong starting point. There was very little investment required to start up a trading firm, which meant little risk and great potential.</p> <p>Having been told by their manufacturers in China that large number of orders was placed by other Hong Kong trading firms. As the sales agent of the manufacturers, Ben and Li thought there should be room for them in Hong Kong. Another reason was that it was more economical and easier for them to start their selling in a city where they lived and worked (both Ben and Li had full time work in other companies).</p>
<i>Early start-up</i> 1999 – 2003 ² Customers mainly from Hong Kong, Taiwan and Malaysia Sales turnover: USD60,000 – 100,000	<p>'The most important thing of course is to know your price and those of your competitors'. So we need to go out there and check the price of our customers all the time.' (Ben, 2000)</p> <p>'It is essential to keep your customers happy, because otherwise it'd be the end of our relationship. It's my brother's factory so it is a lot easier, we can get samples produced fairly soon which helps us to meet the requirements of our clients more speedily.' (Li, 2003)</p>	<p>Marketing mix - Pricing strategy</p> <p>Customer-orientated</p>	<p>Ben and Li actively engaged in attending trade fairs and contacting competitors in orders to check the prices of their competitors.</p> <p>Ben and Li made good use of their existing resources through their personal contacts, in this case a manufacturer which belonged to Li's brother. This allowed them to provide samples requested by the customers at very low costs and at a reasonable speed.</p>
<i>Growth & mature</i> 2004-2011 Customers mainly from South East Asia, Europe and the USA. Sales turnover: USD100,000 – 550,000	<p>'We can't rely on our existing customers, we need to expand, that's why we need to get more overseas customers.' (Ben, 2003)</p> <p>'The Hong Kong Trade Fair is a big one that attracts many overseas visitors, it is our main source of customers.' (Ben, 2005)</p> <p>'We now go to overseas trade fairs at least twice a year, it allows us to talk to our potential customer face-to-face. The main one in the industry is the one in Frankfurt, and that has become our main source of customer.' (Li, 2007)</p>	<p>Market development</p> <p>Market development Marketing channel</p> <p>Market development Direct marketing</p>	<p>Both Ben and Li had the ambition to grow their business, they learnt from their network that the only way to grow is via the overseas markets.</p> <p>Hong Kong being an international trade centre with some of the largest trade fairs in the industry provided an excellent platform for Ben and Li to meet overseas customers by participating in the Hong Kong trade fairs.</p> <p>Being told so by their personal contacts, Ben and Li realized that overseas trade fairs were the main source of large volume orders. They decided to participate in the trade tours organized by Hong Kong Trade Development Council.</p>

<p>‘You need to go to your customers rather than waiting for them to come to us. That’s why we need to visit our overseas customers regularly, both local and overseas. By visiting them it help you to know what is required there in the market.’ (Li, 2011)</p>	<p>Market development Relationship marketing</p>	<p>After establishing business relationships, Ben and Li understand that it is essential to maintain the relationship and make regular trips to meet local and overseas customers in order to maintain and enhance the business relationships.</p>
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² Due to SARS outbreak, the sales turnover of the business dropped from USD150,000 in 2002 to USD100,000 in 2003.