Entrepreneurial Marketing and International New Ventures

The book investigates the entrepreneurial marketing (EM) concept within the broader discipline of international entrepreneurship. The analysis of this concept, and designing a model of EM antecedents, elements, and outcomes that was tested on the basis of empirical studies covering companies from three European countries, explores and develops the field of international marketing and entrepreneurship.

The book examines the role of entrepreneurial marketing in the internationalization processes of new ventures and adopts both qualitative and quantitative methods for analyzing the antecedents and characteristics of entrepreneurial marketing, as well as the concept’s relationships with internationalization activities and firms’ performances. It goes on to show how the application of entrepreneurial marketing may lead to an accelerated internationalization of companies originating from a transition market, as well as the Western-European markets.

It addresses these topics with regards to entrepreneurship and management and will be of interest to researchers, academics, managers, entrepreneurs, and students in the fields of international business, international marketing, and entrepreneurship.

Izabela Kowalik is Associate Professor at the Department of International Marketing, Warsaw School of Economics, Poland.
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Entrepreneurial Marketing and International New Ventures
Antecedents, Elements and Outcomes

Edited by Izabela Kowalik
## Contents

*List of Figures* vii  
*List of Tables* viii  
*List of Contributors* x  
*Acknowledgments* xii  

**Introduction** 1  

1 Defining Entrepreneurial Marketing and Instant Internationalization 8  
IZABELA KOWALIK  

2 Entrepreneurial Marketing Components and the Concept’s Role in Internationalization of SMEs 26  
LIDIA DANIK  

3 Managerial and Organizational Determinants of Entrepreneurial Marketing in a Global Context 54  
EWA BARANOWSKA-PROKOP AND ELŻBIETA DULINIEC  

4 Entrepreneurial Marketing Orientation and International New Ventures 81  
IZABELA KOWALIK AND AGNIESZKA PLEŚNIAK  

5 Antecedents of International Entrepreneurial Marketing Strategies 105  
IZABELA KOWALIK AND AGNIESZKA PLEŚNIAK
Contents

6 Performance Outcomes of Entrepreneurial Marketing in International Markets 125
TOMASZ SIKORA

7 Entrepreneurial Marketing in the Transition and Mature Economies 143
IZABELA KOWALIK, LIDIA DANIK AND ELENA PAWĘTA

Conclusions, Implications and Future Directions 164

Appendix I The Standardized Error of Estimation 169
Appendix II Case Studies 171
Case Study 1: Network Relationships of Italian Luxury Furniture Producer 171
LIDIA DANIK AND GIORGIA MASILI
Case Study 2. P.P.H.U “Adamczyk” 180
KATARZYNA KOWALSKA

Index 190
Figures

1.1 The entrepreneurial marketing orientation elements 12
1.2 The conceptual framework of study 18
2.1 Core and peripheral concepts in the marketing activity of INVs—concept map analysis (Polish INVs) 41
2.2 Core and peripheral concepts in the marketing activity of INVs—concept map analysis (Italian INVs) 42
2.3 Core and peripheral concepts in the marketing activity of INVs—concept map analysis (Finnish INVs) 43
3.1 The traditional model of exporting SME’s market life cycle 62
3.2 The model of INV’s market life cycle 63
4.1 Model of Polish SMEs’ entrepreneurial marketing orientation based on the study of Fiore et al. (2013) 88
4.2 Modified EMO model describing entrepreneurial marketing orientation of the Polish SME-exporters 95
4.3 EMO model with constraints of covariances in groups of firms serving different client types 99
5.1 International vision as an antecedent of EMO in B2B firms 108
5.2 International vision as an antecedent of EMO in B2B2C firms 109
5.3 “Opportunity focus” dimension of EMO—differences between lifecycle clusters 114
5.4 “Low-risk marketing” dimension of EMO—differences between lifecycle clusters 114
7.1 Core and supporting concepts in the marketing activity of INVs—concept map analysis 145
A.1 Arredoclassic’s sales per collection per continent (in million Euros) 174
A.2 Map of distributors of Arredoclassic brand 177
A.3 P.P.H.U “Adamczyk’s” product portfolio 182
Tables

2.1 EMICO framework for entrepreneurial marketing orientation measurement 27
2.2 Characteristics of the studied international new ventures 30
2.3 Code matrix-EMICO categories 35
2.4 Co-occurrence of the main coding categories 36
2.5 EMICO concepts’ hierarchy 43
2.6 Entrepreneurial marketing methods applied by the studied INVs—analysis of quotations 45
3.1 Causation vs. effectuation 67
3.2 Effectuation decision-making mechanism and firms’ behaviors 67
3.3 Delineation of effectuation and causation in R&D context: key dimensions 72
4.1 Characteristics of the companies in the sample 84
4.2 Classification of the studied companies according to Knight et al.’s (2004) criteria 85
4.3 Classification of the studied international new ventures according to Madsen’s (2013) criteria 85
4.4 The entrepreneurial marketing scale applied in the study 86
4.5 Assessment of the reliability and validity of the EMO scale based on Fiore et al.’s (2013) study 89
4.6 EMO scale based on the original Fiore et al. (2013) study, model fit properties 89
4.7 Items added in the customer orientation construct to the EMO scale 92
4.8 Descriptive statistics of the variables in the modified EMO scale 92
4.9 Results of the CFA for the new EMO measurement model; reliability and validity of the constructs (n=234, B2B and B2B2C) 93
4.10 Correlations between the constructs of the new EMO scale (n=234, default model B2B and B2B2C) 94
4.11 Indicators of the modified EMO model fit  
4.12 Measurement invariance—EMO model in groups  
4.13 Indicators of the modified EMO model fit—analysis in groups  
4.14 Reliability and validity of EMO model in group of firms serving the B2B clients and in group of firms serving the B2B2C clients  
5.1 Reliability indicators of the international vision construct  
5.2 Relations between international vision and EMO dimensions—model fit summary and nested models comparison  
5.3 Regression weights (INT vs EMO 2 constrained)  
5.4 Correlation of international vision with EMO: international new ventures, gradual exporters and entire sample  
5.5 Lifecycle variables—the comparison of identified clusters of firms  
5.6 Correlation between causal decision-making and entrepreneurial marketing orientation  
5.7 Correlation between international vision and strategies applied in the studied sample  
5.8 Dependent variable distributions for each model  
5.9 The influence of companies’ features on the choice of strategies (n=300, results of logistic regression analysis)  
6.1 Performance of the studied SME-exporters, descriptive statistics  
6.2 Correlations between measures of financial results and perception of success (Kendall’s tau-b coefficient)  
6.3 Correlations between measures of export sales dynamics and perception of success (Kendall’s tau-b coefficient)  
6.4 Correlation between measures of firms’ performance, entrepreneurial marketing strategies and EMO dimensions (Kendall’s tau-b coefficient)  
6.5 Linear regression models of the relationships between firm performance indicators and marketing strategies  
6.6 Linear regression models of relationships between firm performance indicators and EMO dimensions  
6.7 Linear regression models including variables explaining firm performance indicators  
7.1 Antecedents of entrepreneurial marketing—summary of hypotheses’ verification  
7.2 Consequences of entrepreneurial marketing—summary of hypotheses’ verification
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Introduction

The study aims to explore the entrepreneurial marketing (EM) concept within the broader discipline of international entrepreneurship. The analysis of this concept, and developing a model of EM antecedents, elements, and outcomes that was tested on the basis of qualitative and quantitative empirical studies covering companies from three countries, explores and broadens the field of international marketing and entrepreneurship.

In particular, the study focuses on the marketing of small and medium-sized enterprises (SMEs) following the path of early and accelerated internationalization. The antecedents stimulating the take-up of entrepreneurial marketing and the concepts’ building blocks are examined in relation to internationalizing companies of European origin. Moreover, the influence of this approach to marketing on the company’s performance and internationalization process is assessed.

The specific focus of the project is on exploring the key dimensions of entrepreneurial marketing application and finding out which strategies and tools are characteristic of international SME activity. The study shows how the application of entrepreneurial marketing may lead to accelerated internationalization of companies originating from the post-transition market of Poland, compared to Italian and Finnish enterprises.

Oviatt and McDougall (2005) have defined international entrepreneurship (IE) as “the discovery, enactment, exploitation and evaluation of opportunities across national borders to create future goods and services.” Other scholars define IE as a process of creatively discovering and exploiting opportunities that lie outside of a firm’s domestic markets in the pursuit of competitive advantage (Zahra & George, 2002; Whalen & Akaka, 2016). Thus, the focus on opportunity discovery is universal among authors, but the two main streams of research in this field cover the growing international role played by young entrepreneurial ventures and the international, entrepreneurial activities played by established firms (so-called international intrapreneurship, A. Rialp, J. Rialp, & Knight, 2005).
A growing number of studies in the international entrepreneurship field have been devoted to born global companies (BG) and international new ventures (INV), covering such problems as their founding processes, organization, strategy and performance, their environments of activity (Aspelund, Madsen, & Moen, 2007), reinternationalization and deinternationalization processes (Trąpczyński, 2015; Zhang & Larimo, 2011), motives of founding and key success factors (Kowalik & Baranowska-Prokop, 2013; Hollensen, 2011; Karra & Philips, 2004), decision-making styles (Francioni, Musso, & Cioppi, 2015), networking activities (Sepulveda & Gabrielsson, 2013), learning orientation, and other strategic orientations of such firms (Pellegrino & McNaughton, 2015; Eggers, Kraus, Hughes, Laraway, & Snykerski, 2013).

There are still few studies, however, regarding the marketing activity of these companies. So far, their managerial competencies, the communication and marketing channels they use, and their approach to customers have not been adequately explored. Furthermore, as emphasized in the literature, the contribution of marketing to accelerated internationalization needs to be studied through empirical projects (Gabrielsson & Kirpalani, 2012; A. Rialp, J. Rialp, & Knight, 2015; Knight & Liesch, 2016; Hagen & Zucchella, 2018). Current research also shows that these problems are relevant for SMEs originating in the Central and Eastern European Countries (CEECs; Nowiński & Rialp, 2013; Wach, 2017; Kowalik, Danik, & Sikora, 2017). The share of quickly internationalizing small and medium-sized enterprises in Polish foreign trade has been growing, and their role in Polish economic growth is vital (Wach & Maciejewski, 2019). These SMEs are responsible for almost one-third of Polish foreign trade—they contribute to 30% of Polish export value and to 37% of import value (World Trade Organization, 2016), as well as represent the highest export dynamics among Polish firms. Just in the years between 2007 and 2014, their exports doubled (PARP, 2017). Listed among the important entrepreneurship growth determinants in Poland, the Global Entrepreneurship Monitor report includes the increasing availability of different forms of financing, the dynamic and open internal market, and growing access to telecommunications infrastructure (PARP, 2018).

To describe the early internationalized firms, various terms have been used, such as: born globals (Rennie, 1993; Knight & Cavusgil, 1996; Moen & Servais, 2002); international new ventures (McDougall, Shane, & Oviatt, 1994; Crick, 2009); born internationals (Kundu & Katz, 2003); born exporters (Quelch & Klein, 1996); and early internationalizing firms (Rialp et al., 2005). Moreover, the definitions and classification criteria used in this field are not uniform (Madsen, 2013). Oviatt and McDougall (1994) define an international new venture as “a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries,” while other authors concentrate on the indicators
describing the company. These factors include: the minimum export share in total turnover, from 25% and up to 80% (Knight & Cavusgil, 1996; Chetty & Campbell-Hunt, 2004); the maximum interval between founding and internationalization, from 2 years up to 8 years (McDougall et al., 1994; Rennie, 1993; Knight & Cavusgil, 1996; Chetty & Campbell-Hunt, 2004); the size of the SME; and the market entry forms (Coudounaris, 2018). These definition efforts led to the identification of a new research field within international entrepreneurship, which is still expanding (McDougall-Covin, Jones, & Serapio, 2014).

Despite these different definitions, international new ventures are circumventing international business paradigms because they face enormous challenges given their resource constraints and global vision. These challenges are primarily connected with survival and success in foreign markets. Under such circumstances, the selection of international marketing strategies is one of the most difficult managerial challenges. For example, due to resource constraints, INVs have to exploit “alternative governance structures” and rely on close relationships and network partners to form international marketing channels (Gabrielsson & Kirpalani, 2004). These authors, having reviewed the majority of existing scholarly articles published in this research field, pointed out the need for studies on the market orientation (MO) of INVs and its effects, especially in developing and BRIC countries (Gabrielsson & Kirpalani, 2012). Whether this particular orientation, among others, drives strategies towards globalization or localization, whether MO influence on the improved performance is mediated by any intervening factors (Rialp et al., 2015), and what the contribution of marketing to the internationalization of new ventures could be (Hagen & Zucchella, 2018) have been suggested as channels of study.

Applying the concept of entrepreneurial marketing can be a way of overcoming some management challenges, as this concept has been considered especially powerful when used by smaller, younger, and resource-constrained firms (Hills, Hultman, & Miles, 2008). EM is considerably different from “traditional” marketing, as it refers to the marketing processes of firms pursuing opportunities in uncertain market circumstances, often under constrained resource conditions (Becherer, Haynes, & Helms, 2008; Martin, 2009). A seminal study by Morris, Schindehutte, and LaForge (2002) defined the EM concept as “the proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation.” This approach is based on a “classical” three-factor model of entrepreneurship, which originated from research by Miller and Friesen (1982), for which there are many later conceptualizations and practical views in relation to it. In this study, we are attempting to analyze some of the available EM theories. Moreover, we are exploring the entrepreneurial marketing determinants, the tools
Introduction

connected with this concept’s application, and its links with the performance of internationalized SMEs.

In specific, the innovative elements of the study relate to:

• the EM conceptualization—by using the recently developed approach, containing the description of entrepreneurial marketing orientation (EMO), its related sub-elements, and attempting to adapt these to the context of Central and Eastern European markets;
• the EM operationalization—by proposing the adaptation of a new scale for studying EM. The scale has so far been used only in the context of mature markets, and needs adaptation to be relevant to other economies;
• the EM influence on variables significant for internationalization and the concept’s relation to international marketing strategies.

The structure of the monograph is as follows. The first chapter presents the entrepreneurial marketing concept and provides an overview of the theoretical background for the empirical part of the study. In this chapter, the main current research on SME marketing in the international context is outlined and the conceptual framework of the entire study is presented. The second chapter describes the entrepreneurial marketing components and their role in SME internationalization. The findings are based on a three-country study conducted with use of the new EM conceptual framework, applied within qualitative expert interviews with international new venture founders and managers. Chapter 3 reviews theory concerning the most important antecedents influencing the application of entrepreneurial marketing by internationalized SMEs. Chapters 4, 5, and 6 cover the results of a quantitative study of 300 Polish SME-exporters, including over 180 international new ventures. In Chapter 4, the entrepreneurial marketing orientation (EMO) scale is tested; then in Chapter 5, the relations between EMO and its antecedents are analyzed. Chapter 6 discusses the implications of marketing on the performance of internationalized ventures. The quantitative analyses in these chapters apply structural equation modelling, factor analysis, and regression analysis methods.

Finally, Chapter 7 includes concluding comments on entrepreneurial marketing of international new ventures, as well as a comparison of this research results with the findings obtained from other markets and company types. This comparison focuses on transition markets and CEE countries.

References


Introduction


References

1 Analyzing and coding the data was performed by two different coders, each coding the same set of content to assure reliability and data reproducibility (Potter & Levine-Donnerstein, 1999). Both coders were experienced in the field of international marketing and coding procedures. As part of the qualitative content analysis, based on the examination of interview transcripts, the study of respondents interpretation of cards containing the EMICO dimensions was also conducted independently by two researchers, who later compared the results.

2 The results obtained by each researcher were compared and consulted for discrepancies.

1 AVE is a conservative measure. Fornell and Lacker (1981) have suggested that the convergent validity of the construct is adequate even though AVE is lower than 0.5, provided that the value of CR is acceptable.

2 The following criteria were applied: the maximum shared variance and the average shared variance should be higher than AVE, and the maximum correlation between the construct dimensions ($\text{max}(|r_{ij}|)$) should be lower than 0.85.

1 The communalities were lower than 0.3 for IV_1 and IV_5, and lower than 0.5 for IV_6 in the one-factor model.

2 The two-dimensional model fit statistics were as follows: $\chi^2(4)=9.796$, $p=0.044$, RMSEA=0.070, NFI=0.987, TLI=0.945, CFI=0.978.

3 Lack of convergent validity means that the INT2 dimension is not well explained by its indicators, and lack of discriminant validity signifies that the INT2 dimension is better explained by other indicators (i.e. indicators from a different construct).

4 The critical level of significance for the correlation between RM and INT equals 0.052, whereas for the remaining correlations—$p \leq 0.001$.

5 The variances ranged from 0.41 for number of activities conducted abroad to 286.76 for share of export in total sales (standard deviations ranged from 0.64 to 16.93).

6 The homogeneity of variance assumption was met for all constructs of EMO as assessed by Levene’s test for equality of variances ($p>0.05$). However, the group sample sizes were unequal and only opportunity focus and value creation dimensions’ scores were normally distributed for two out of three lifecycle stages, as was tested by the Shapiro-Wilk test for normality, so the Welch’s robust tests for equality of means were reported.


1 Based on interviews with Alessandro Fulgini, export manager; and with Lorenza Fulgini, export and marketing manager of Arredoclassic; data provided by Arredoclassic. Authors: Lidia Danik and Giorgia Masili.


5 For this case study, data from face-to-face and phone interviews, conducted with the founder of P.P.H.U “Adamczyk” in April 2017 and October 2019, were used. In addition, internal company data and promotional materials provided by the company, as well as the company’s website, served as secondary data sources. Author: Katarzyna Kowalska.


a VUCA world: The changing role of states and firms, progress in international business research (pp. 337–359). Bingley: Emerald Group Publishing Ltd.
