

A DIALECTIC RELATIONAL APPROACH FOR UNDERSTANDING ENTREPRENEURIAL MARKETING – WORK IN PROGRESS

Frode Fjelldal-Soelberg
Bodø Graduate School of Business
Nordland University
Bodø, Norway
Frode.Fjelldal-Soelberg@uin.no

Frank Lindberg
Bodø Graduate School of Business
Nordland University
Bodø, Norway
Frank.Lindberg@uin.no

Øystein Jensen
Bodø Graduate School of Business
Nordland University
Bodø, Norway
Oeistein.Jensen@uin.no

ABSTRACT

The paper takes the advantage of a dialectic relational perspective in exploring applied marketing in new ventures. This perspective is derived from phenomenology and philosophical hermeneutics, and implies that any marketing activity is a lived experience of a situated entrepreneur (subject) that is always involved in dialogues within contexts and time. Entrepreneurs find themselves thrown into the marketplace and inherently constrained by lack of resources, and therefore unable and unwilling to adhere to traditional advice from marketing management.

Key words: Entrepreneurial marketing, New ventures, Phenomenology, Dialectic

INTRODUCTION

Marketing and marketing strategy remain central issues within tourism research. As a complex phenomenon tourism, has been approached from a wide spectrum of disciplines (Darbellay & Stock, 2012) and tourism marketing related problems have frequently been addressed by researchers from various disciplinary backgrounds, for example geography (Lew & Duval, 2010; Buhalis, 2000). One of the problems that can be discussed is whether the dominant perspectives within tourism marketing research are too narrow to keep up with the challenges of contemporary tourism (Li & Petrick, 2008; Hall, 2008). Furthermore, it can be questioned whether the marketing frameworks applied by researchers from non-marketing management related disciplines generally are sufficiently up-dated compared to recent developments within marketing research, such as within marketing strategy (Hall, 2005, 2008; Buhalis & Costa, 2006).

Despite advances within certain aspects of tourism marketing the preference for applying more traditional tourism management perspectives expressed through dominantly formal, rational planning perspectives may not be feasible (Li & Petrick, 2008). This question is, in particular, of concern with regard to local entrepreneurial tourism firms that constitute a great proportion of the companies within the tourism sector. This paper challenges the application of a formal, rational perspective within entrepreneurial marketing strategy.

Research on marketing in new ventures (entrepreneurial marketing) has established that new ventures are challenged with an array of problems particular to them. These are associated with the new ventures limited experience, its modest size, and its uncertain and turbulent markets (Gruber 2004 gives an extensive review). Notably, these challenges are prone to be present in any industry (Bhidé 2000). Entrepreneurial marketing as a stream of research currently involves two main directions; 1) a normative school of entrepreneurial marketing that seeks to make marketing more innovative and creative, and 2) an interpretative study of applied marketing in entrepreneurial contexts (Siu & Kirby 1998; Chaston 2000; Grant & Perren 2002, Bjerke & Hultmann 2002; Hills & al 2008). New venture creation is one of many such contexts.

This research effort originates from the interpretative direction, as the marketing practices of new firms has been explored and interpreted. However, the question; “*How is marketing performed in new businesses?*” has been raised by several researchers, and numerous papers have been published on this topic. Yet, most contributions are heavily influenced by traditional thinking, and therefore frequently dub marketing in new businesses as unprofessional, unsophisticated, or DIY (Do-It-Yourself) marketing when compared to Marketing Management (Carson, 1985). This conclusion follows naturally from the analytical rational perspective, but it is nevertheless quite condescending. Recent developments within entrepreneurial marketing seriously questions the relevance of mainstream marketing management in new or very young ventures (Gruber 2007; Fletcher & Watson 2007; Jones & Holt 2008).

The purpose of this paper is to contribute to a more holistic and less analytic rational understanding of marketing in new ventures, by reporting entrepreneurs’ marketing activities from a dialectic relational framework. Inspired by phenomenology we focus on the entrepreneur as a dynamic and situated being-in-the-world who constructs meaning through experiences. Through empirical findings we show how entrepreneurs face paradoxes and ambiguities when taking on marketing challenges.

TOWARDS A DIALECTIC RELATIONAL PERSPECTIVE

The dialectic relational perspective differs from rationalism (objective world view) on one hand, and constructivism (subjective world view) on the other, by claiming that reality is a product of dialogue (intersubjective world view) (Husserl, 1900/2001). This is a notion that is profoundly present in phenomenology as philosophy (Heidegger, 1927/1996), or which could be labeled being-in-the-world philosophy. The emphasis is then on replacing dualism(s) with a focus on the situatedness and belonging of humans. Dichotomies such as man-world and mind-body can be argued to be fundamentally false constructions of our time, and the focus is hereafter on that the meanings that entrepreneurs construct are embedded in lived experiences of the world.

As a philosophy, phenomenology is focusing on the dynamic aspect of time and emotions, and their inseparability from any conceivable understanding of human experiences (Fløistad, 1993). Therefore, and according to Heideggerian (1927/1996) thought, entrepreneurs are continually “thrown” into situations (or possibilities) before thinking and acting. They are embedded in socio-cultural and socio-historical contexts, and situations, with their implicit logics, languages, and meanings. The future embraces humans’ continued existence and involves understanding, thinking, and acting “for the future” (Fløistad, 1993, p. 133). Every interpretation “for the future” implies actions and relations that are aimed toward something or someone at present, and the process would mostly depend on how the subject is situated as “thrown” from the past. Thus, the three aspects of time cannot be understood without the other two.

Applying the dialectic relational perspective on entrepreneurial marketing, will therefore imply that any marketing activity is a lived experience of a situated entrepreneur (subject). However, subjects are dynamic. Thus, entrepreneurs cannot be viewed in isolation or as static beings: They are always involved in dialogues (“interactions-with”) within contexts and time. Furthermore, these dynamic characteristics define the experiences and the construction of meaning. The marketing challenges inherit to developing a prosperous business and how entrepreneurs handle these are, therefore, the focal point of this research effort.

PHENOMENOLOGY WITHIN TOURISM AND ENTREPRENEURIAL MARKETING

Phenomenology has had limited influence on tourism research. However, one early contribution was made by Cohen (1979) on tourist experiences, while no contribution is found on tourism entrepreneurs. In their critical review, Pernecky and Jamal (2010) argue that experiential and existential issues related to being-in-the-world remains unexplored, and that the paucity of discussions “*has been ambiguous at best*” and further claims “*many publications tend to avoid the discussion of phenomenology*”. Thus, phenomenological tourism research could be strengthened by greater attention to its philosophical underpinnings (Szarycz, 2009).

Depending on the ontological and epistemological position, phenomenology is often conceptualized as a philosophy or as a methodology within the social sciences (Goulding, 2005). According to Ritchie & Hudson (2009, p. 117), research within tourism uses phenomenology mainly as “*methodologies for understanding the consumer/tourist experience*” from the perspective of the tourist. Ryan (2000) argues that the implications behind tourism researchers’ interest in understanding lived experiences are that “*the ontological and epistemological assumptions of positivistic research methodologies are insufficient*” (Ryan, 2000, p. 121). Positivistic research is insufficient because of its dualistic ontology and representational epistemology.

Within entrepreneurial marketing there are two classical strands of research that dominate. These take the advantage of the seminal writings of Schumpeter (1983) and Kirzner (1973) thus; some epistemological viewpoints are inherited from these scholars. The common thread in classical writings is the notion of the latency of business opportunities. Latency holds that business opportunities are preexisting and only needs to be discovered by the alert entrepreneur. Thus, there is a sharp distinction between entrepreneurs and opportunities in this body of research. Ontologically this points towards objectivism. However, Kirznerian thought implies the acknowledgement of a market process that involves entrepreneurial creativity, industrial partners, customers, competitors and other relational aspects. It would therefore be incorrect to put Kirzner into this frame of thinking. The major sources of inspiration to entrepreneurial marketing therefore have different ontological viewpoints. Thus, research findings are often in contrast to its philosophical underpinnings (Chaubaud & Ngijol 2004), resulting in an emerging awareness in the entrepreneurial marketing literature that new perspectives are in demand (Bruyat & Julien 2000; Sarason & al 2006; Fletcher & Watson 2007). The emerging perspective is inspired by the market process view, and suggest that entrepreneurs, opportunities and contexts are idiosyncratic.

METHOD

Philosophical Hermeneutics, developed by Hans G. Gadamer is influenced by Heideggerian thought. It can be said that Gadamer merges phenomenology and hermeneutics into a unique philosophy of science that draws attention to three ontological principles/conditions of human existence: Humans are; 1) interpretative, 2) historically situated, and 3) linguistic (Gadamer, 1960/1989). From this philosophical position some methodological principles can be drawn (Højberg 2004), and this research effort was conducted accordingly.

Thus, 29 Norwegian entrepreneurs/founders of new/very young ventures (both hospitality and non-hospitality businesses) was interviewed – both face-to-face, and by telephone – in order to develop insights in collaboration with actors in the actual context (phronesis). In addition, business plans from 13 new/very young enterprises were included in the analysis - of which 4 was stemming from the group of 29 interviewed entrepreneurs. The interviews were transcribed and, together with business plans, analyzed using Nvivo 9. The analysis took the advantage of both free coding and theoretical coding. The resulting hierarchy of codes consists of 83 different codes that are divided in 3 theoretical codes, 6 dimensions and 29 properties.

FINDINGS AND DISCUSSION

An important finding, and a contrast to previous findings (Carson 1985), is that marketing in new firms is strategically focused, even though implied and not always formalized. The assumed link between new venture success and formal strategic planning (as advocated by marketing management) is not supported by the analysis. New ventures fail or succeed regardless of mode of strategy development. Importantly, this does not support the idea that a strategic process is superfluous in new ventures - quite the contrary. Strategy is important, but the mode of strategic development is not. Moving on to marketing tactics we found mainly the use of interactive approaches, but both transactional, database and network approaches can be found in most new firms. In brief marketing tactics may be characterized as low-cost-marketing, however, not to be confused with unprofessional or unsophisticated marketing.

The heuristics of entrepreneurial decision making is highlighted in the analysis. This is a finding that typically is reported from research on marketing in new ventures. However, in this research effort application of market analysis and other market planning activities appears simultaneously in several cases. This is an interesting paradox as entrepreneurs do not start doing formal market analysis without the occurrence of external pressure. To fully understand this paradoxical situation one has to appreciate the desperate financial position most new ventures and their entrepreneurs have to deal with. This causes bootstrapping and several creative ways to fund the business. One of these funding strategies is to apply for support from governmental agencies and, hence, the interpretation that institutional pressures cause the existence of these two conflicting information processing practices in new firms is plausible. Another possible interpretation may be that increasing knowledge, and thus better problem definitions, paves the way for an analytical approach to information generation.

Even if it is possible to develop analytical skills as the business grows bigger or older, external pressure is suspected to have greater influence on this entrepreneurial practice. The reason for this is the widespread orientation towards governmental funds in the sample. Governmental agencies offering financial support require formal business planning, and thus insist on the existence of a strategic planning process in new firms. For most entrepreneurs this is not feasible – as noted earlier mode of strategy development does not predict new venture

success. Additionally, formal planning requires the skills of marketing professionals that are far beyond the financial resources of bootstrapped entrepreneurs. Thus, entrepreneurs adapt to this regimen both by honest internalization (by doing their best), and by a more cunning opportunism: In order to qualify for support a *pro forma* business plan is written without the intention to follow through. In most cases included in the sample the business plan appears as a mechanical adaptation to external pressure, through the use of standardized templates provided by the funding agencies.

1/3 of the investigated new ventures have an innovative business idea. Most new ventures copy an already existing business idea. The sad demise of truly innovative businesses included in this research project, demonstrates the vulnerability of “first-mover-advantage” strategies for small new firms. High risk strategies, like “First-mover-advantage”, are resource intensive, and thus not compatible with the proverbial bootstrapped position and low-cost-marketing practice of most new ventures. In other words, survival rates suggest that moderate or incremental innovators and plain copying entrepreneurs are far better off than radical innovators. Interestingly, such a critique has not been given much attention in the literature. Furthermore, the innovative business ideas are celebrated in society, and embraced by industrial policy and governmental funds. Thus the cultural image of an entrepreneur as a successful innovator is blurring the reality of entrepreneurs as bootstrapped, and resource constrained founders of small new ventures.

A major interpretation made in the analysis is that business opportunities are not spontaneously discovered. They are carefully developed over a longer period of time. The interpretation that the business opportunity continuously changes is even possible. Therefore, entrepreneurs and their new ventures are embedded in market processes. In these processes entrepreneurs relate to other market participants through dialogue. The business opportunity is thus understood as developed through dialogue between partners in ongoing relationships. Hence, the “latency-of-opportunities” view is seriously challenged by this finding. This implies that traditional marketing research has limited value to entrepreneurs when developing business opportunities, even though it is advocated by the marketing management literature. The paradoxical situation for the entrepreneur is that he is advised to conduct market analysis, by business consultants, when he/she perceives the dialogue with relationship partners as far more relevant to the development of business opportunities. The finding in this study actually supports this entrepreneurial praxis.

Furthermore, the inadequacy of a traditional stepwise and chronological approach to venture creation and strategic development is demonstrated when entrepreneurs enter the market. Planning before launch of the new venture is virtually non-existing in the investigated cases, and is better described as daydreaming, as entrepreneurs do not have the time or money to plan carefully. Instead they are thrown into the marketplace. The rather urgent financial situation that characterizes new ventures makes it impossible to ignore the importance of generating sales. Thus, entrepreneurs gain momentum the very minute they involve in market relations. These may be industrial partners, customers or even competitors, and governmental funds. Thus, the agenda is set by the market process initiated by the act of creating a new venture. The finding is, thus, that opportunity development, venture creation, and opportunity exploiting are inseparable events. They are idiosyncratic.

CONCLUSION

The major contribution to the research field is that marketing in new ventures may be understood as a dialectic and relational process. According to this entrepreneurs are thrown into the marketplace, and continuously strive with the demands and challenges of creating a new venture. Traditional marketing management advice is not feasible in this situation, but new ventures are nevertheless strategically focused.

Furthermore, a ground breaking interpretation is that marketing can be understood as a non-cyclical process. This implies a step away from traditional conceptualizations (that often are linear or cyclical) and, thus, offer new insights on opportunity recognition, marketing strategy, and marketing tactics in new firms. In conclusion, the major contribution of applying a dialectic perspective is a non-cyclic conceptualization of marketing in new firms. This is in stark contrast to previous findings.

REFERENCES

- Bhidè, Amar (2000). *The origin and evolution of new businesses*, Oxford University Press.
- Bjerke, Bjørn, & Hultman, Claes M. (2002). *Entrepreneurial Marketing: The Growth of Small Firms in the New Economic Era*, Edward Elgar.
- Buhalis, D. (2000). Marketing in the competitive destination of the future, *Tourism Management*, 21: 97-116
- Buhalis, D. & Costa, C. (2006). *Tourism Management Dynamics: Trends, Management and Tools*, London:

- Butterworth Heinemann.
- Bruyat, Christian & Perre-André Julien (2000). Defining the field of research in entrepreneurship, *Journal of Business Venturing*, 16, side 165-180.
- Carson. (1985). The evolution of marketing in small firms. *European Journal of Marketing* Retrieved 5, 19
- Chabaud, D. & Ngijol J. (2004). The recognition of opportunities by entrepreneurs: Towards a constructivist perspective, UIC-symposium on marketing and entrepreneurship, Conference proceedings, UIC.
- Chaston, Ian (2000): *Entrepreneurial marketing: Competing by challenging convention*, MacMillan Business.
- Cohen, E. (1979). A Phenomenology of Tourist Experiences. *Sociology*, 13(2), 179-201.
- Darbellay, F. & Stock, M. (2012). Tourism as complex interdisciplinary research object, *Annals of Tourism Research*, 39(1): 441-458
- Fløistad, G. (1993). *Heidegger: en innføring i hans filosofi (Heidegger: an introduction to his philosophy)*. Oslo: Pax.
- Fletcher, D. E. & Watson, T. J. (2007). Entrepreneurship, Management Learning, and negotiated Narratives: Making it Otherwise Us - Otherwise for Them, *Management Learning*, Vol. 38, 1, pp 9-26.
- Gadamer, H.-G. (1960/1989). *Truth and method* (2nd, rev. ed.). London: Sheed & Ward.
- Goulding, C. (2005). Grounded theory, ethnography and phenomenology: A comparative analysis of three qualitative strategies for marketing research. *European journal of marketing*, 39(3/4), 294-294-308.
- Gruber, Marc (2004): Marketing in New Ventures: Theory and Empirical Evidence, *Schmalenbach Business Review*, vol 56, April, side 164-199.
- Gruber, Marc (2007): Uncovering the value of planning in new venture creation: A process and contingency perspective, *Journal of Business Venturing*, 22, side 782-807.
- Hall, C. M. (2005). *Tourism. Rethinking the Social Science Mobility*. Essex: Pearson Education Limited.
- Hall, C. M. (2008). *Tourism Planning. Policies, Processes and Relationships*. Harlow (England): Pearson Education Limited.
- Heidegger, M. (1927/1996). *Being and time*. Albany: State University of New York Press.
- Hills, Gerald E, Claes M. Hultman & Morgan P. Miles (2008): The evolution and development of entrepreneurial marketing, *Journal of Small Business Management*, 46, 1, side 99-112.
- Husserl, E. (1900/2001). *Logical Investigations* (J. N. Findlay, Trans.). London: Routledge.
- Jones, O. & Holt R. (2008). The creation and evolution of new business ventures: an activity perspective, *Journal of Small Business and Enterprise Development*, Vol 15, no 1, pp. 51-73.
- Kirzner, I. M. (1973): *Competition and Entrepreneurship*, Chicago.
- Lew, A.A. & Duval, D.T. (2010). Geography and tourism Marketing: Topical and Disciplinary Perspectives, *Journal of Travel & Tourism Research*, , 25 (3-4): 229-232.
- Li, X. & Petrick, J.F. (2008). Tourism Marketing in an Era of of Paradigm Shift, *Journal of Travel Research*, 46: 235-244
- Pernecky, T., & Jamal, T. (2010). (Hermeneutic) Phenomenology in tourism studies. *Annals of Tourism Research*, 37(4), 1055-1075.
- Ritchie, J. R. B., & Hudson, S. (2009). Understanding and meeting the challenges of consumer/tourist experience research. *International Journal of Tourism Research*, 11(2), 111-126.
- Ryan, C. (2000). Tourist experiences, phenomenographic analysis, post-postivism and neural network software. *The International Journal of Tourism Research*, 2(March/April), 119-131.
- Sarason, Yolande, Tom Dean & Jesse F. Dillard (2006): Entrepreneurship as the nexus of individual and opportunity: A structuration view, *Journal of Business Venturing*, 21 (3), side 286-305.
- Schumpeter, Joseph A. (1983): *The theory of economic development*, Transaction Publishers.
- Szarycz, G. S. (2009). Some issues in tourism research phenomenology: a commentary. *Current Issues in Tourism*, 12(1), 47-58.