



## Entrepreneurial Marketing for UMKM : a Literatur Review

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### ABSTRACT

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This paper presents a literature review on entrepreneurial marketing and analyzes the factors that influence entrepreneurial marketing performance. This paper aims to contribute to the entrepreneurial marketing theory. The research method uses literature review studies derived from previous research results, journals, articles, and books. Entrepreneurial Marketing is an aspect of marketing that focuses on the need for the creation and development of a network capable of supporting companies through market penetration and e-commerce strategies.

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## 1. Introduction

The development of entrepreneurship theories continues to increase, including the theory of Entrepreneurial Marketing. MSMEs as business actors and limited resources are one of the problems that can be reviewed with an entrepreneurial marketing approach (Stokes, 2007). Entrepreneurial marketing focuses on meeting company needs by developing relationships such as managers, advisors, investors, suppliers, local governments, trade associations, and public authorities. Entrepreneurial marketing is important to achieve consumer satisfaction and the success of MSMEs.

The marketing aspect's implementation is researched to see the suitability between marketing theory and entrepreneurial practice. This is necessary because there are differences between entrepreneurial practice and conventional marketing concepts (Kotler, 2013). The marketing concept that has been written as a reference is a concept applied by large companies so that MSMEs as small business actors need to understand "entrepreneurial marketing," which is adjusted to all its limitations. However, until now, MSMEs still provide a fairly large role in Indonesia's economy. The importance of managing both the production process and financial administration affects company performance. There are still a few MSMEs as entrepreneurs who manage financial administration (Miler, 2013). The research results that have been carried out related to Entrepreneurship Marketing show that the Market Penetration Strategy is able to improve the marketing performance of MSMEs in Semarang City (Harini, 2018). Market penetration is a low-risk growth method, selling more products to existing customers because the customers are known, and the market has received a value offer from the company.

Based on the description above, this study focuses on exploring the marketing performance of MSMEs through market penetration to expand the market. This research develops new theoretical approaches to improve the marketing performance of small and medium enterprises through E-Commerce. The results of this literature review research are needed to answer research questions: how is the development of entrepreneurial marketing science and what factors can improve entrepreneurial marketing performance.

## 2. Theoretical Review

The grant theory of entrepreneurship was pioneered by Richard Cantillon, who wrote various texts: the *Essai Sur La Nature Du Commerce En Général* (abbreviated as *Essai*) in 1730, published in French in 1755 and translated into English by Henry Higgs in 1932. Evidence shows that the *Essay* had a major influence on the early development of economics. However, Cantillon's treatise was largely ignored during the 19th century. In the late 19th century, it was "rediscovered" by William Stanley Jevons, who considered it the "political economy cradle". Since then, *Essays* have continued to develop. The *essay's* contribution to economics is that *Essays* significantly influence the early development of the political economy.



The theory of entrepreneurship was then obtained from Joseph Schumpeter, the first scholar to theorize about entrepreneurship, and made many contributions to science. The fundamental theory is often referred to as Mark I and Mark II. In the first part, Schumpeter argues that innovation and technological change comes from entrepreneurs. In the second part (Mark II), Schumpeter was developed after being appointed a professor at Harvard (1933). Many social economists and popular writers argue that big business has a negative effect on ordinary people's standard of living. This contradicts Schumpeter's view that the agents driving innovation and the economy are large companies with the capital to invest in research and development of new products and services and deliver them to cheaper customers, thereby increasing their standard of living. Schumpeter identifies innovation as an important dimension of economic change. He argues that economic change revolves around innovation, entrepreneurship, and market forces. He sought to prove that the forces of market innovation could produce better outcomes than price competition.

Entrepreneurial Marketing rose to prominence in 1982 at a conference at the University of Illinois, Chicago, sponsored by the International Council for Small Business and the American Marketing Association, two of the largest professional and academic associations in entrepreneurship (Hills, Hultman, et al., 2010). On this occasion, research topics on entrepreneurial marketing began to be recognized, although it was still very limited in use by academics in marketing. Since 1986 this annual symposium has been held specifically for the Marketing Entrepreneurial Interface (MEI) area and has been legitimized by the American Marketing Association (AMA). Since then, research in entrepreneurial marketing (Entrepreneurial Marketing) began to grow, and they organized their business in Marketing and Entrepreneurship, which later developed into a permanent Special Interest Group.

The topic of Entrepreneurial Marketing is spread across Europe, and in 1995 the first symposium dedicated to this area was organized. In 1999 the Journal of Marketing and Entrepreneurship Research was founded as a special place for Entrepreneurial Marketing researchers. The studies on this issue are strengthened. The results are published both in their own magazines and in specialized marketing journals (European Journal of Marketing, Educational Marketing Reviews, Decision Management, Journal of Marketing: Theory and Practice) and entrepreneurial journals (Journal of Business Management). Small, International Journal of Entrepreneurship and Innovation Management).

In 2003 the first symposium on entrepreneurial marketing and innovation was held in Karlsruhe, Germany. Then, researchers from Australia, New Zealand, and Asia joined the Special Interest Group. In 2005 the International Journal of Entrepreneurship and Management Innovation was created at the Marketing Entrepreneurial Interface (MEI), aiming to link technology and marketing. Specific issues from the Journal of Small Business Management in 2008 and the International Journal of Entrepreneurship and Management Innovation in 2010 indicate that Entrepreneurial Marketing is entering the mainstream of entrepreneurial literature. In 2010, at the "Charleston Summit" held in Charleston, United States, it was clear that marketing as a secondary component of the Marketing Entrepreneurial Interface (MEI) was dominated by entrepreneurship. Therefore efforts were needed to reintegrate.

The entrepreneurial marketing process reflects the four principles of marketing in which entrepreneurial activities and behavior can facilitate entrepreneurial theory (Hills and Gerald, 2008). The entrepreneurial marketing approach is an appropriate concept approach in terms of limited resources and problems in MSMEs (Stokes, 2007). Manager-owners of small and medium enterprises have assumed that large companies carry out the concept of marketing; therefore, through entrepreneurial marketing, small and medium entrepreneurs are expected to create a more focused business condition related to efforts to achieve predetermined goals. Table 1 shows a comparison between traditional marketing and entrepreneurship principles:

**Table 1**  
Traditional Marketing and Entrepreneurial Marketing Principles

<b>Principles of Marketing</b>	<b>Traditional Marketing</b>	<b>Entrepreneurial Marketing</b>
Concept	○ Consumer oriented; market push product development	○ Innovation-oriented, idea-driven, intuitive assessment of market needs
Strategy	○ Top-down segmentation, targeting, and positioning	○ Bottom-up targets of consumers and other influence groups
Method	○ Marketing mix, Four P / Seven.	○ Interactive marketing methods, word of mouth marketing
Market Intelligence	○ Formal research and intelligence systems	○ Informal networking and information gathering

Source: Stokes, 2007.



### 3. Research Methods

This research is a literature review study to develop the results of research that has been done related to entrepreneurial marketing through market penetration and e-commerce. By the inductive nature, researchers who use qualitative methods or literature reviews must be open to the possibility of new concepts, comparing and contrasting data (Sekaran, 2013). Sources of data are obtained from research journals, articles, and books on marketing strategies.

### 4. Research Results and Discussion

Entrepreneurial marketing can respond to markets, and marketing using social media is an effective marketing strategy that reflects good behavior and service to competitive markets (Lee and David, 2004). The ability to respond to market opportunities needs to be mastered to position the company in a profitable position (Pearce and Robinson, 2000). Responding to market opportunities can be done by analyzing consumers' desires to meet the criteria they want. Thus, companies can position themselves as providers of consumer needs and get good value from customers (Kara, et al., 2005). One way to respond to market opportunities is through a 4-sector growth strategy (Ansoff Matrix), namely market penetration strategy, market development strategy, product development strategy, and product diversification. One of the strategies that will be discussed in this research is:

#### 4.1 Market Penetration Strategy

Market penetration strategy is carried out by developing existing markets and products. In Ansoff's matrix, the perception of market penetration is a growth method with low risk and is used to gain a wider market share from competitors. Market penetration strategy can be done by analyzing new market segments (Best, 2005) and expanding the market to get new customers. Table 2 shows the techniques and strategies of market penetration.

**Tabel 2**  
Market Penetration Strategy

No.	Technique	Tactics	Offensive Strategy	Defense Strategy
1.	Customer Retention	<ul style="list-style-type: none"> <li>○ Locking up</li> <li>○ Non-confrontation</li> </ul>	<ul style="list-style-type: none"> <li>○ Unleash the promise of values</li> <li>○ Increase values</li> <li>○ Increase satisfaction</li> <li>○ Increase loyalty</li> <li>○ Improve quality</li> </ul>	<ul style="list-style-type: none"> <li>○ Competitive advantage</li> <li>○ Price competition</li> <li>○ Change the bid-value</li> </ul>
2.	Sales to existing customers	<ul style="list-style-type: none"> <li>○ Non-confrontation</li> </ul>	<ul style="list-style-type: none"> <li>○ Increase sales volume</li> <li>○ Increase the frequency of sales</li> <li>○ Increase the sales value of individuals</li> <li>○ Curious-connectedness</li> </ul>	<ul style="list-style-type: none"> <li>○ Product substitution</li> <li>○ Competitive advantage</li> </ul>
3.	Increasing share of market	<ul style="list-style-type: none"> <li>○ Frontal attack</li> <li>○ Soar</li> <li>○ Guerrilla</li> </ul>	<ul style="list-style-type: none"> <li>○ Competitive advantage</li> <li>○ Increase demand for product</li> <li>○ Positioning</li> <li>○ Pricing</li> <li>○ Competition and promotion</li> </ul>	<ul style="list-style-type: none"> <li>○ Match or exceed competitor's competitive advantages</li> <li>○ Linkage marketing</li> </ul>
4.	Use innovation	<ul style="list-style-type: none"> <li>○ Cut through</li> <li>○ Guerrilla</li> </ul>	<ul style="list-style-type: none"> <li>○ Patent</li> <li>○ Unique and of the highest value</li> <li>○ Communicate to innovation-use markets</li> </ul>	<ul style="list-style-type: none"> <li>○ Patent</li> <li>○ Marketing of product-specific innovations</li> </ul>
5.	Upstream Marketing	<ul style="list-style-type: none"> <li>○ Cut through</li> </ul>	<ul style="list-style-type: none"> <li>○ Colaboration</li> <li>○ Lobbying</li> <li>○ Industry alliances</li> </ul>	<ul style="list-style-type: none"> <li>○ Collaboration</li> <li>○ Lobbying</li> <li>○ Industry alliances</li> </ul>

Source : Ihallauw, 2017



The unfulfilled demand and the available resources used by consumers illustrate the assumptions of market penetration. Thus, increasing customers' volume in the same target market or causing buyers to repurchase can be done as a solution to this assumption. One of the greatest market penetration value factors is its capacity to succeed and benefit by controlling and adapting market demand, sales, and market response through brand management, pricing, packaging, and promotion.

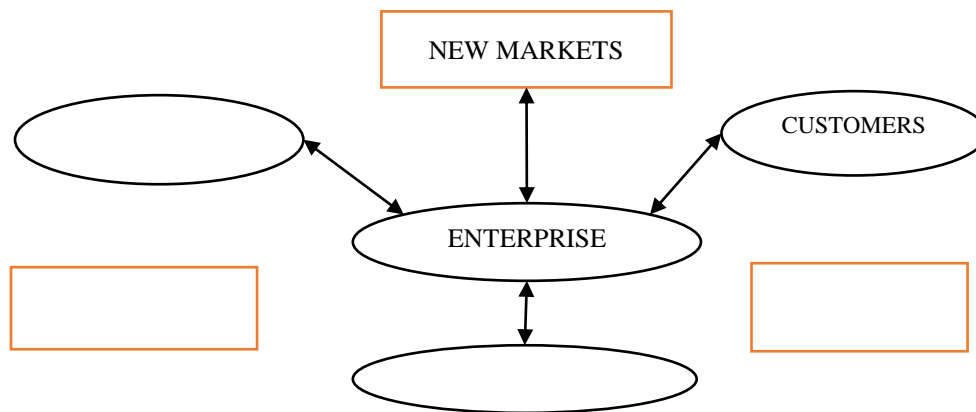
Market Penetration Strategy aims to develop and protect company resources from threats and market opportunities that often change and improve products and services to achieve profit and growth targets (Robbin and Coulter, 1999). An important implication in the market penetration strategy is interacting with companies and consumers to analyze customer needs and satisfaction compared to competitors.

Research conducted by Arifia Chamiatun (2016) states that market penetration testing results influence marketing performance. Likewise, the results of research conducted by Harini (2017) show a positive and significant effect of market penetration on the marketing performance of MSMEs in Semarang City. Good understanding and application of market penetration can certainly create or have an impact on good marketing performance.

The development of information technology that cannot be avoided is a broad market opportunity with the emergence of new business processes and new products/services by acquiring new markets through e-commerce; this is also the ability to respond to the market. The results of research conducted by Harini (2017) show that e-commerce has a positive and significant impact on MSMEs' marketing performance in Semarang City..

**4.2 E-Commerce**

Today's entrepreneurial marketing has been transformed into a more modern one by using the developed technology. The target market can be reached more widely through online marketing and E-Commerce, as in the following picture:



**Fig 1** E-Commerce Opportunities

In Fig 1, it can be explained that there is a reciprocal relationship between new markets obtained by the use of e-commerce, as well as reciprocal relationships between companies and suppliers, customers, and business relationships. Company relationships with suppliers and business relations will create new business opportunities, while company relationships with customers and business relationships will create new product/service opportunities. Based on this description, it can be defined that E-Commerce is a marketing system that utilizes electronic technology and media (Rahmanti, 2009). Meanwhile, Donna Perry defines e-commerce as quite simple, namely the ability to do business using a computer network-based system and the internet, which can cover market aspects including purchasing, selling, marketing, distribution, and product service.

New technology and innovation in marketing are developing very rapidly. The emergence of social media and social technology, together with these platforms' popularity, has influenced new business models (Heinonen, 2011) and developed e-commerce for social commerce (Liang and Turban, 2011). Social media has become a marketing problem (Wang et al., 2012), where the environment has customers empowered to take an active position in cyberspace and produce content for others, meaning that these interconnectivity change consumers from passive users of the information to active content generators (Hajli, 2013).

Social commerce uses social technology to support people's social interactions in an online context for commercial purposes (Liang and Turban, 2011). In this environment, users are encouraged to share product information on their networks and communities and access, thus providing a source of information support (Liang et al., 2011) through social platforms provided by social commerce. Online communities offer the



opportunity to develop their innovation model, which requires consumers' role in new product development (Nambisan, 2002).

## 5. Conclusions

In the last decade, the development of entrepreneurial marketing theory provides an important understanding of how entrepreneurial marketing differs from conventional marketing, which is carried out by entrepreneurs to explain the uniqueness of entrepreneurial marketing, Sarasvathy (2001). The concept of entrepreneurial marketing focuses on innovation and developing ideas by understanding market needs, using a bottom-line approach strategy in developing markets, developing interactive marketing methods, and informal networks in information gathering (Stokes, 2007). In its development, entrepreneurs are forced by the dynamic nature to improve their entrepreneurial marketing skills through the selection of growth strategies, one of which is a market penetration strategy and internet marketing (e-commerce) media in order to be able to keep up with the ever-increasing technological developments.

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