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# MARKETING AT THE INTERFACE: NOT 'WHAT' BUT 'HOW'

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The purpose of this paper is to contribute to theory at the marketing/entrepreneurship interface. Consideration is given to the unique characteristics of SMEs and the unique nature of marketing in small firms given that marketing is performed differently in SMEs than in large firms. This paper offers a conceptual model of SME marketing that illustrates how it is different to the conventional descriptions and practices espoused in the textbook literature. A step-by-step process of determining how SMEs do marketing in context is described.

## INTRODUCTION

In a general sense, the basic principles and concepts of marketing are as relevant to SMEs as to any other domain. However, some theories, tools and techniques of marketing are not as relevant or useful to SMEs in application. The nature of SME marketing is that it is dominated by the inherent characteristics of the entrepreneur/owner/manager and the SME itself. The effect of the inherent limitations of SMEs coupled with the way entrepreneurs/owners/managers take decisions will determine and often dictate the nature of SME marketing. These underlying factors are taken into account later in this paper, at this point let us consider some other aspects of influence and consequence in relation to the nature of SME marketing.

### The Life Cycle Stage of SMEs

The type of marketing exhibited by a small venture depends on its' life cycle stage. At the start-up stage business activity will focus on product orientation and gaining customer

acceptance (Churchill and Lewis 1983). Thus the SME's marketing is likely to be characterised, indeed dominated, by reactive marketing practices, in terms of reacting to customer enquiries and market changes (Carson 1985). As the business develops, much of the marketing will be characterised by experimenting or tinkering with a variety of marketing techniques, for example, the creation of a brochure or attendance at an exhibition. As the business becomes established over a number of years the entrepreneur will develop his/her own marketing style and practice. The entrepreneur will know what works for the business and what does not. He/she is unlikely to accommodate wider or new marketing perspectives until some significant change is encountered, for example, a new market venture (Carson and Cromie 1989). In moving through the various life cycle phases, an SME will progress from existing in a relatively uncontrollable marketing circumstance to one where each aspect of marketing it performs is relatively controlled. By this stage the enterprise's marketing will have become 'established' within controllable parameters. The entrepreneur/ owner/manager will now know what marketing

works and what does not, and consequently will tend to adhere to tried and trusted approaches to marketing and not stray into too many new, untried approaches.

### Conformity with Industry Norms

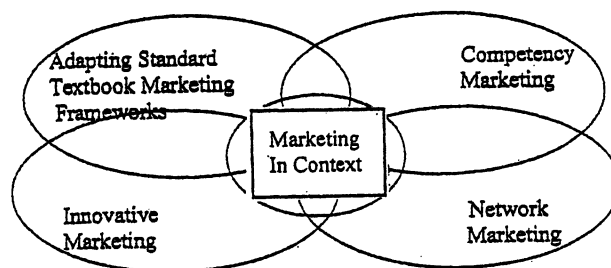
Generally, SMEs 'conform' to established norms in order to do business, primarily because they are small and cannot hope to 'buck' established practices (Fuller 1994). Any industry or market will exist within certain customs and practices outside of which it is difficult to find acceptance (Becker 1982). For example, how, where and to whom products are presented, how and when they are distributed, the degree of service that is expected, acceptable price parameters, margins and mark-ups that exist. Industry norms also exist in terms of the hierarchical infrastructures, traditions, precedents and rules that exist in specific industry sectors, such as buying practices; key manipulators; payment practices; and so on. These established norms are so strong in most markets and industries that they create their own distinctive characteristics that determine how business is done (Williamson 1975; Camerer and Vepsäläinen 1988). An SME needs to have a significant market differentiation in some aspect of business activity if it is to move away from any of these norms. Most SMEs can only hope to attain some marginal differentiation and because of this must conform to the industry customs and practices in presenting this differentiation. There are only a few rare circumstances where industry norms may not apply. For example when a large dominant player 'breaks-the-mould' and consequently causes the customs and practices to change or, when there is a significant dynamic change brought about by technological developments or consumer attitudinal shifts.

In summary, SME marketing will be dictated by two fundamental pre-requisites, namely its stage of life cycle development and the industry norms it must operate within. Both these fundamental pre-requisites mean that SMEs cannot hope to perform the full scope of conventional marketing described in the literature. What, therefore, are the alternatives?

### A MODEL OF SME MARKETING

This paper offers a pragmatic model of SME marketing. This model is an amalgam of the following: Adapting Marketing Techniques for SMEs, Competency Marketing, Networking Marketing, and Innovative Marketing. It is illustrated in Figure 1. These 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 characteristics of the entrepreneur/owner/manager

FIGURE 1  
A MODEL OF SME MARKETING



upon marketing and related decision making, as well as the industry in which it operates.

The model requires adopting an 'experienced', 'real-world' perspective of marketing. It represents 'how-to-do-marketing' rather than 'what-marketing-is', and as such is highly compatible with SME entrepreneurs/owners/managers' way of thinking, indeed, way of 'doing business'.

#### Dimensions of the model

The approaches that both reflect and contribute to SME marketing are:

- Adapting standard textbook marketing frameworks
- Network Marketing
- Competency marketing
- 'Innovative' marketing

These contribute to:

- Marketing in 'context' (or 'Situation Specific' Marketing)

Although each of these approaches are about marketing, they will be performed as part of 'doing business' and taking decisions by the SME owner/manager. As an illustration of this notion, consider the marketing activity of pricing. Decisions on pricing will probably be driven by considerations with regards to cost or cash flow, as much as any specific pricing policy. Of course, such decisions will impact upon pricing and an entrepreneur will be intuitively aware of this in the same way s/he will be aware of a price change because of competitive pressure and how this will impact upon bottom line costs and cash flows within the business. Thus, although the following descriptions focus upon marketing aspects, they must be considered in the wider context of overall business decision making as much as marketing decision making. Let us consider each of the components of the model in a little more detail.

#### Adapting Standard Textbook Marketing Frameworks

In most SMEs marketing will be performed in some form or other. Marketing is inherently and intuitively performed in

SMEs. Since most SMEs will have a **Product** or **Service** which they will offer at a **Price** and they will **Promote** this through some kind of medium that reaches their market **Place**, it can be easily determined that SMEs marketing can be described under the frameworks of the 'Four P's'. At the general level, this is undoubtedly true, however, in just about every circumstance an entrepreneur/owner/manager will 'adapt' this concept to suit the situation specific of his/her firm. Since this situation specific will be structured around the functions and activities of the firm itself, the marketing activity will be closely allied to this.

For an SME practitioner to accept a concept such as the '4P's' it must have relevance, therefore, if a simple '4P's' description is not relevant to an entrepreneur it will not be used. There is a significant point here, that is, marketing activities in SMEs will always be pragmatic, practical and relevant to the individual SME, anything that does not meet these conditions is of little value to them. Thus, SMEs will pragmatically adapt any marketing theory to make it relevant to the way they do business. Whether this looks like or meets the criteria of good textbook marketing has no consideration with an entrepreneur, it is the intuitive performance in practice which is the prime consideration. Take for example, the marketing concept of the 'marketing planning process'. The conventional textbook literature describes this as a complex and comprehensive process involving extensive evaluation of a wide range of external environmental factors that are deemed to impact upon an enterprise's marketing. Similar extensive evaluation is required of the enterprise's internal environment. Without going into the detail of this comprehensive and complex concept, it is sufficient to say that such a 'framework' and process is beyond the scope of expertise and resource of the average SME. However, the concept itself is a sound one and indeed, one which SMEs should and can employ. However, in the main they will minimize the comprehensiveness and complexity of the concept to suit their own unique abilities and circumstance. Most entrepreneurs/owners/managers who might employ this concept will consider only those **RELEVANT** issues outside the enterprise's influence and control and all those issues that are within the enterprise's control. In doing so the entrepreneur/owner/manager is **IMPLICITLY** following a marketing planning approach, albeit loosely, but in such a way that is compatible with the SMEs circumstances. The essence of 'implicit marketing planning' is that it does not at all adhere to the formal, sequential frameworks of the textbook description but instead is implicitly informal, intuitive and generally reflects the inherent characteristics of SME and entrepreneurs/owners/managers (Carson 1993).

### Competency Marketing

Competency marketing is a term that means using inherent

and learned skills (competencies) to do marketing. To do marketing means anything that impacts upon, or which influences marketing, as well as actually performing marketing activity. This is in recognition that marketing decisions are often inseparable from any other decisions in an SME. Many entrepreneurs/owners/managers will perceive themselves to have limited marketing ability, primarily because their prior interests and background mean that they are unlikely to bring meaningful marketing experience and skills to a business. Many will bring a 'technical' competency to the enterprise. Many will learn new competencies as the business develops. Primary amongst these learned competencies is that of 'doing business', which is the manifestation of a range of competencies coming together as contributors to decision making. Much has been written about management and decision making competencies, as many as several hundred such competencies have been identified (Gilmore and Carson 1996).

Consideration of what the marketing job entails helps to differentiate two distinct competency categories, those that are analytical and those that are creative. However, in once again taking account of the influential characteristics of SMEs and entrepreneurs/owner/managers, such competency groupings need to be adapted and refined to suit these inherent characteristics. Given the interactive relatedness of SME decision making it is important that competency marketing in SMEs is compatible with this dimension.

Taking cognisance of the above dimensions and focusing upon the one most significant core competency concept for SMEs it is that of **experiential learning** (Carson and Gilmore, 2000). This experiential learning involves four significant marketing competencies that are compatible with the entrepreneurial way of doing business: experience, knowledge, communication, and judgement.

**Experience** is derived from accumulated knowledge of doing business and is evolved and developed by accumulation of experience over time, learning from successes and failures. **Knowledge** will cover a range of aspects, particularly about how to do business and what is needed to do it successfully. **Knowledge** is a significant competency, in a variety of ways, it can relate to technical expertise, business acumen, including knowledge of the market environment. A **communication** competency is a reflection of an ability to communicate to and with all interactive parties. This competency can be improved through the development of knowledge and experience competencies. **Judgement** is derived from the accumulation of the others, and obviously impacts upon the quality and timing of decision making.

From an SME marketing perspective, these four competencies can be considered together, because of their interaction and



inter-connection in job-related activities. Thus, we can describe marketing competency in SMEs to be that of **experiential learning**, that is, *learning acquired through experience and developed as an accumulation of knowledge and experience built upon and from communication and judgement*. Such experiential learning represents a powerful SME marketing tool that can significantly compensate for the inherent SME limitations, particularly with regards to marketing activity.

**Experiential learning** is something that every entrepreneur/owner/manager will acquire over time. It will develop intuitively as the enterprise becomes established and customs and practices emerge and evolve. The point here is that it will develop naturally; the question is whether the level and quality of **experiential learning** is of the best possible or just mediocre. An entrepreneur/ owner/manager can utilise **experiential learning** proactively and in an accelerated way by concentrating on developing his/her **experiential learning** and therefore **competency marketing**. This will substantially strengthen the SMEs marketing effectiveness.

### Network Marketing

Networking is both a natural and an acquired skill or competency of the entrepreneur. Entrepreneurs may not be aware that they have a 'network' as such, since the way they perform networking is a process which is haphazard, disjointed, spontaneous and opportunistic, and consists of one-to-one interactions with a few or a variety of individuals. Sometimes entrepreneurs will consciously seek out information from certain individuals believed to have a contribution to make, on other occasions information will be gleaned sub-consciously as part of naturally doing business or as part of an informal conversation. Networking can be both proactive and passive depending upon the issue at hand. Indeed, on the same issue it can be proactive with some individuals in the network and passive with others. Similarly, it can be both overt and covert depending on the closeness or otherwise of individuals to the entrepreneur. Timescales within networking can vary enormously, some individuals may be networked continuously and frequently, whilst others may only be contacted infrequently and occasionally. Sometimes, the entrepreneur will have a clear issue in mind and will raise this issue with individuals in a way that is deemed to be appropriate for that individual to respond with meaningful feedback. On other occasions, knowledge or information will be acquired as part of other apparently unrelated conversation or observation. Some individuals may receive a flurry of contact at a particular time and then find that no contact is made for some time before contact is re-established. It is unlikely that any one aspect of networking will lead to decisive decision making by the SME entrepreneur, instead networking will represent an array of

assessments which all contribute towards a final decision. Normally, entrepreneurial networking has no fixed or standard mechanism in operation, there is seldom an agenda or objective because there is no demonstrative 'process' in operation. Networking can be likened to a cloud, when observed it can be seen but it is difficult to make tangible contact with all its dimensions. It will appear to be in constant flux but at the same time it is always recognisable (Gilmore and Carson, 1999).

Networking is very useful to SME entrepreneurs /owners/managers, mainly because it is integral to doing business, it does not have to be constructed and contrived, it is not a task to be completed, it is simply part of everyday business activity and therefore happens anyway. All entrepreneurs do networking in some form or other, indeed, like in any aspect of life, some will be better at networking than others. Because networking is such an intuitively natural dimension of entrepreneurial SME activity, it represents a significant strength for marketing purposes. Since SMEs are invariably 'close' to their customers, aspects of marketing such as relationship and communication are important. Networking is the mechanism used by SMEs to achieve aspects of marketing activity in a way that is compatible with their resource constraints.

Networking and using the appropriate competencies together can represent the core essence of SME marketing that impacts upon the nature, type and style of SME marketing activity. These dimensions represent significant strengths that contribute to successful SME marketing.

### Innovative Marketing

A vast majority of the literature on innovation in SMEs is focused on 'product innovation'; assuming that this is where most SMEs are innovative. It may be true to say that SMEs display a high degree of product innovation since many new SME enterprises will be founded upon a new and innovative product or service, and such innovations are easily identified. However, in most cases, SMEs develop products that are only marginally differentiated from others and much of the product innovation is in response or reaction to customer demand.

It is contended here that **Innovative Marketing** in SMEs is much wider than simply product innovation, and indeed, much research in the area recognises this wider spectrum (see the UIC/AMA Marketing/ Entrepreneurship Interface Proceedings 1987-1997). Innovative marketing is not simply focused on product innovation, instead it covers the whole spectrum of marketing activity within an SME. Consequently, there is likely to be more innovation in other aspects of marketing activity than there will be around the product or service. Innovative marketing is driven by several inherent

factors surrounding SMEs. The SME characteristics and limitations mean that such enterprises cannot engage in comprehensive and expensive marketing programmes. Also, most SMEs will have minimal differentiation from other competitors. These factors combined therefore require entrepreneurs/ owners/managers to be 'innovative' in how they 'do marketing'. For example, how they present the product or service; how they create 'added-value' within the scope of product/service offering; and in the delivery of this offering; equally, the level or degree of overall service they can provide. None of this marketing innovation in itself is strikingly differentiated, but packaged together, amounts to innovative marketing entirely compatible with SME characteristics.

These three dimensions of SME marketing (networking, competencies, innovation), will be used inherently and will contribute to the fourth dimension of adapting marketing tools and techniques to suit the unique characteristics of SMEs. This will result in marketing activities which can be described as 'marketing in context' for SMEs.

### Marketing in Context

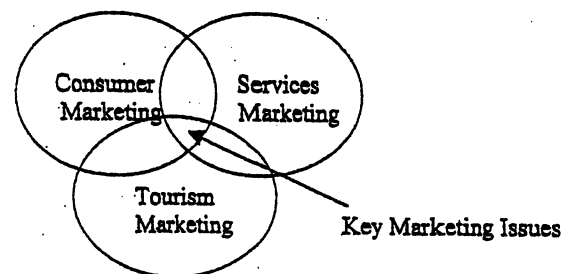
SME marketing in practice is intuitively performed and is set within the specific situation 'context' of the firm. Some indication of how this marketing is determined is described in terms of incorporating a number of influencing factors that must be taken into account in the 'context' of marketing and how certain marketing characteristics will impact upon the type, style and how marketing is carried out by an SME.

While marketing activity and the environment can be and are complex, it is still possible to identify the essential key factors that determine and dictate the type and style of marketing that can and should be performed. Firstly, consider the key marketing characteristics that stem from the relevant domains of marketing. In most marketing-in-context situations there will be two or three key groupings of characteristics which impact upon the marketing activity performed. Not all characteristics will impact upon marketing in the same way or with the same degree of influence. The groupings should not be considered in isolation, in fact it is how they interact together that determines the significance of influence. By visually overlapping the identified groupings it is possible to determine the COMMON characteristics, their linkages between groupings and to evaluate the MOST SIGNIFICANT. These represent the inherent FEATURES and FACTORS of influence. Take a simple example of a vacation/holiday company offering visits to Disney in Florida. Taking account of the above, the features and factors of such a company will be influenced and determined by the melding of common characteristics of consumer marketing; services marketing;

and tourism marketing (see Figure 2.). The 'combination' of these factors will generate key marketing issues.

This process will allow an assessment of 'key marketing issues' which belong to any firm in a given context. These key marketing issues are those aspects of marketing which any firm in a given context will simply have to perform, it cannot ignore these if it is to do business. Its performance in relation to these key marketing issues will determine its success. Because of inherent characteristics impacting upon an SME in its given context, 'marketing in context' means that they will determine and perhaps dictate the type and style of marketing that an SME can perform.

FIGURE 2  
INFLUENCE CHARACTERISTICS ON A VACATION  
COMPANY'S MARKETING



Adapted from Carson, D. (1999), "Marketing for small-to-medium enterprises", in *The Marketing Book*, M. Baker (ed.), 4<sup>th</sup> ed., Oxford: Butterworth-Heinemann, 621-638.

Marketing in context is determined by building a process of marketing towards context in the situation specific. This is illustrated by firstly, taking the parameters of marketing concepts, theories and techniques at the most general level. For example all SMEs do some marketing at a general level in the context of the current marketing environment; they do marketing in terms of being involved in a 'mix' of activities relating to products, services, pricing, promotion, selling, distribution and customer service. We will state this 'mix' as 'General Marketing Concepts, Theories and Techniques' and frame it as illustrated in Figure 3.1.

FIGURE 3.1  
GENERAL MARKETING CONCEPTS,  
THEORIES AND TECHNIQUES

GENERAL MARKETING CONCEPTS, THEORIES, TECHNIQUES

Now we will apply the two fundamental pre-requisites of SMEs, namely Stage of Life Cycle Development and Industry Norms. For example, the nature and scope of an SME will be influenced by industry practices and traditional practices as discussed earlier in the paper. Also, the life stage of the SME will influence the nature, priorities and experiential

knowledge in relation to marketing activities and markets. The parameters of scope may be 'reduced' for illustrative purposes, see Figure 3.2.

**FIGURE 3.2**  
**PRE-REQUISITES FOR SME MARKETING**

GENERAL MARKETING CONCEPTS, THEORIES, TECHNIQUES  
SME PRE-REQUISITES: Life Cycle Stage & Industry Norms

Next, consider the inherent characteristics of SMEs, such as the limited resources and size of impact, and the influences of entrepreneurs/owners/managers. These will have an overriding impact on the nature and scope of marketing. Hence the scope of parameters is 'reduced' further, see Figure 3.3.

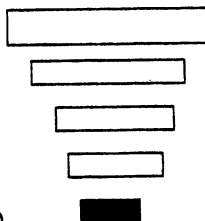
**FIGURE 3.3**  
**INHERENT CHARACTERISTICS OF SME MARKETING**

GENERAL MARKETING CONCEPTS, THEORIES, TECHNIQUES  
SME PREQUISITES: Life Cycle Stage & Industry Norms  
INHERENT CHARACTERISTICS of SMEs & Influence of entrepreneurs/owners/managers

Taking all of these levels of influence on SME marketing into account, we can easily apply each of the components of our conceptual model of SME marketing. Figure 4 illustrates this application.

**FIGURE 4**  
**APPLICATION OF THE COMPONENTS OF THE CONCEPTUAL MODEL**

- Adapting standard textbook marketing frameworks
- Network Marketing
- Competency marketing
- 'Innovative' marketing
- Marketing in 'context' (Situation Specific Marketing)



The result of all these applications of influence is a 'unique' differentiation of an enterprise's marketing, entirely appropriate to the context of its marketing position and its situation specific. Of course, by attempting to illustrate this 'filtering' process implies a contraction of marketing. This is misleading in that the issue is not so much a contraction but one of concentration on appropriate marketing factors that result in this cohesive and unique sphere of marketing activity that is SME Marketing in Context. It is this marketing which an SME performs as 'unique' to itself. Another SME, for example, a close competitor, may perform similar marketing, but it will have unique characteristics that belong solely to it and those will differentiate it from any other similar firm.

The purpose of describing this 'process' of determining marketing in context is to suggest that any firm can, by engaging in this process, determine the unique marketing in context that will differentiate it from competitors and will be most appropriate for it to perform effectively.

## MANAGERIAL IMPLICATIONS

This paper has been framed around building a pragmatic model of SME marketing. The model incorporated adapting standard textbook marketing frameworks, competency marketing, network marketing, and innovative marketing. These aspects of SME marketing are carried out in a unique context and will be influenced by the life stage of the company and the traditional practices and norms of the industry in which the company operates. The unique context of SME marketing is built upon recognition of the influence of the inherent characteristics of SMEs, particularly the limitations of resources, and the inherent characteristics of the entrepreneur/ owner/manager upon marketing and related decision making.

The model should be viewed as a model of marketing 'application' in SMEs. It requires the reader to adopt an 'experienced', 'real-world' perspective of marketing, representing 'how to do marketing' rather than 'what marketing is' and as such is highly compatible with SME entrepreneurs/owners/managers way of thinking, and doing business.

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