

Does Entrepreneurial Marketing Underrate Competition?

Mika Westerlund and Seppo Leminen

“ *You don't know what you don't know.* ”

Jason Hall
Founder and CEO of FiveChannels

This study aims to investigate the relationship between marketing needs and actions in entrepreneurial marketing. So doing, it explores how the entrepreneur's interpretation of the needs that arise from the changes and opportunities in the business environment affects their actions in entrepreneurial marketing. We establish and test a set of hypotheses over a sample of 3,097 entrepreneur-led small firms from Finland. The results show that entrepreneurial perception of environmental pressure in terms of partners, customers, and competitors is linked to the marketing practices of small firms in terms of developing business relations, publicity, and offerings. That is, actions in entrepreneurial marketing depend on the entrepreneur's ability to interpret needs based on the signals in the business environment. However, the study confirms that entrepreneurs pay less attention to competition, which affects their marketing actions, and it suggests that both research and practice of entrepreneurial marketing should pay more regard to competition.

Introduction

Marketing is a key concern of entrepreneurship research, although entrepreneurs are not typically marketing experts (Jones, 2010; Martin, 2009). According to Collinson and Shaw (2001), entrepreneurship can look to marketing as the key function within the firm, which can encompass innovation and creativity. Since the 1980s, a stream of research has examined the marketing-entrepreneurship interface in small firms, and much of that work has concentrated on issues surrounding the implementation of marketing in entrepreneurial firms (Hill & Wright, 2000). The term “entrepreneurial marketing” has come to describe the marketing activities of small ventures (Kraus et al., 2010). We share the definition that entrepreneurial marketing is “proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation” (Morris et al., 2002). Distinctions between traditional marketing and entrepreneurial marketing are derived based on discussions of the concepts of size, speed, market, opportunity, risk, and uncertainty (Whalen et al., 2016).

Entrepreneurial marketing represents an exploration of ways in which entrepreneurial attitudes and behaviours

can be applied to the development of marketing strategy and tactics (Kurgun et al., 2011). Nonetheless, Hills and Hultman (2011a) argue that, whereas many questions related to entrepreneurial marketing still exist, there is a particular need for more research on the relationship between the interpretation of the business environment and actions in entrepreneurial marketing. Understanding the link is relevant because environmental conditions moderate the entrepreneurial marketing process from opportunity recognition to entrepreneurial actions and competitive advantage (Whalen et al., 2016). Further, Miles and colleagues (2015) call for more research on how the entrepreneurial marketing literature can help scholars understand and predict the marketing actions of firms. Of note, there are differences in the interpretation of the environment and actions taken in entrepreneur-led versus manager-led firms (Zhang & Bruning, 2011). Entrepreneurial marketing is, ultimately, an individual style of doing business shaped by the situation-specific worldview of the entrepreneur (Fillis, 2010).

Understanding and responding to competition is a specific problem related to the entrepreneurial interpretation of the environment. Small firms are innovative and customer-oriented, but they have been found to show remarkably lower levels of competitor orientation than

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large firms, although competitor orientation is related to firm's performance (Marjanova et al., 2015; O'Dwyer & Gilmore, forthcoming). On the other hand, the concept of entrepreneurial marketing does not address competition. It refers to a small firm being able to cope with fewer resources, and it emphasizes the need for proactive, growth-oriented, risk-taking, innovative, and opportunity-oriented decision making (Hills & Hultman, 2011a). That said, research on market orientation uniformly argues that market intelligence needs to encompass three factors: customers, competition, and inter-functional coordination (Zhang & Bruning, 2011). In small firms, inter-functional coordination refers to interacting with partner networks (Larson, 1991).

The aim of this research is to investigate needs and actions as they relate to entrepreneurial marketing in Finnish entrepreneur-led small firms. We seek to identify the relationship between the entrepreneur's interpretation of the business environment and their marketing actions. Specifically, we are interested in how the interpretation of competition shows up in entrepreneur-led firms and their actions in entrepreneurial marketing. Entrepreneurs make an interesting context, because their cognitive categorization and assessment of business situations are different from salaried managers, and because it is the entrepreneur's perception of the environment that matters (Becherer & Maurer, 1997). In summary, we seek to identify the links between the entrepreneur's interpretation of the business environment and the resulting marketing actions, and among these links, explore how the entrepreneurial interpretation of competition shows up in entrepreneur-led small firms and their actions in entrepreneurial marketing. Our results suggest that the entrepreneurial interpretation of needs related to partners, customers, and competitors are linked with the company's actions in entrepreneurial marketing, but the role of competition is undervalued.

The remainder of this article is organized as follows. After this introduction, we provide a literature review of entrepreneurial marketing and its underlying elements. We also present our hypotheses on the links between perceived needs and actions taken in the company as they relate to entrepreneurial marketing. Thereafter, we explain our data collected from Finnish entrepreneur-led small firms, as well as our research methodology, and we present the results of the quantitative empirical analysis. Finally, we conclude by discussing our findings and their implications, as well as avenues for future research.

Literature Review

Foundations of entrepreneurial marketing

Marketing and entrepreneurship influence the fate of small firms around the world – their success, their growth, and their profitability (Hills & Hultman, 2011b). Moreover, Hultman and Hills (2011) argue that there are many links between the two concepts. Both are driven and affected by environmental turbulence and both have a behavioural orientation (Hisrich, 1992). Marketing within the small firm can often be viewed as an integral part of managing entrepreneurial activities (Chaston, 1997) and the sum of marketing plus entrepreneurship is greater than their individual component parts (Jones, 2010). According to Gilmore (2011), the term “entrepreneurial” refers to the overall activities and behaviour of entrepreneurs, which includes behaviour that is competitive and drives the marketing process. Subsequently, entrepreneurial marketing describes the marketing adopted by firms that pursue opportunities and seek value in turbulent and unstructured market conditions (Simba & Ndlovu, 2015).

Nonetheless, entrepreneurial marketing is a concept that is hard to grasp (Kurgun et al., 2011). According to Bjerke and Hultman (2002), entrepreneurial marketing is “the marketing of small businesses growing through entrepreneurship.” Its practice has been especially common in small firms and, for many entrepreneur-led companies, it is something that is “second nature” (Collinson & Shaw, 2001). Entrepreneurial marketing addresses the challenge of making entrepreneurial decisions under the constraints of limited resources, expertise, impact, and size – and it is subject to external change factors (Gilmore, 2011). On the other hand, entrepreneurial marketing is driven by specific outcome goals and needs (Becherer et al., 2012). According to Hills and Hultman (2011a), entrepreneurial marketing is the result of three elements: entrepreneurial interpretation of information, decision making, and marketing actions. Of these, decision making is widely studied (e.g. Yang & Gabriellson, 2017). Whereas entrepreneurial marketing is proactive by nature (Morris et al., 2002), in small firms, marketing often is informal and reactive to market opportunities and the entrepreneur has an influence on the decision-making process (Franco et al., 2014).

The commonly addressed characteristics of entrepreneurial marketing – being proactive, growth-oriented, risk-taking, innovative, and opportunity-oriented – are predominantly related to entrepreneurial decision making (cf. Hills & Hultman, 2011a). However, we focus on the

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link between the other two elements, namely entrepreneurial interpretation of the business environment and the firm's actions in entrepreneurial marketing. In other words, we are interested in the relationship between entrepreneurial marketing's contextual antecedents and operational practices (Sashittal & Jassawalla, 2001). From the perspective of entrepreneurial marketing, new opportunities come from an understanding of the marketplace itself (i.e., customers, competitors, and partners), together with the business environment in which that market operates (Miles et al., 2015). Companies need different marketing strategies depending on various internal and external factors (Stokes, 2000), and the entrepreneur needs to be able to recognize and anticipate the pressures for change both inside and outside the enterprise – and to plan for them (Scott & Bruce, 1987). Specifically, entrepreneurs need to examine internal and external factors related to marketing and their effects in turbulent business environments (Al-Askari, 2011).

We anticipate that an entrepreneur's interpretation of the business environment (i.e., their marketing needs) affect the entrepreneur-led company's marketing actions. The better the entrepreneurial interpretation of the environment, the more relevant actions in entrepreneurial marketing the small business echoes. We consider marketing needs as arising from the contextual pressure in competition, customer demand, and network relations (Dilts & Hanlon, 2002; Hill & Wright, 2000; Hills et al., 2008; Whalen et al., 2016). These needs also refer to the discovery of opportunities that may originate through some form of environmental change, for example advances in technology, or by exploiting changes in the marketplace, for example the exit of a competitor (Miles et al., 2015). Consequently, we view that actions in entrepreneurial marketing comprise developing business network relations, ensuring publicity through various channels, and creating innovative offerings (Chaston, 1998; Hills et al., 2008; Lin & Smyrnios, 2007; Lodish et al., 2001; Whalen et al., 2016). In the following sections, we establish our research hypotheses. We start by exploring actions in entrepreneurial marketing and then we discuss the interpretation of the business environment that can lead to those actions.

Marketing actions – operational practices in entrepreneurial marketing

An entrepreneurial mindset is almost synonymous with innovative practices (Morrish, 2011), and the actions of a firm mirror the orientation of its entrepreneur (Miles

et al., 2015). Actions in entrepreneurial marketing refer to the application of marketing practices that help the company succeed and create value (Mort et al., 2012). To survive in competitive, rapidly changing markets, organizations must focus on building long-lasting customer relationships (Webster, 1982). On the other hand, entrepreneurial marketing is based on networking not only with customers but also partners to build and support marketing activity (Gilmore, 2011; Franco et al., 2014). Furthermore, the development and launch of new offerings to attract new customers and to permit new market entry are essential (Chaston, 1998). Dilts and Hanlon (2002) argue that marketing pursues differentiation of products and services from those of competitors through distinctive competence and public relations that focuses on establishing and maintaining a favourable corporate image. Hence, we anticipate that actions in entrepreneurial marketing address relations, publicity, and the development of offerings.

1. **Relations.** Relationships with customers and other stakeholders are at the foundation of entrepreneurial marketing (Hills et al., 2008). Chaston (1998) found that the highest growth rate is achieved by entrepreneurial firms performing relationship marketing. Small firms tend to carry out the most fundamental of relationship marketing activities through personal networking and face-to-face interactions (Miles et al., 2015). Relationship marketing refers to all marketing practices directed toward establishing, developing, and maintaining successful relational exchanges (Morgan & Hunt, 1994). According to Chaston (1997), it shows that companies move closer to their customers. However, relationship marketing is not only about customers; it is also about partners. Chorev and Anderson (2006) argue that creating alliances with partners is often required to penetrate new markets and to provide a desirable complete solution. Partners contribute to the product, pricing, and promotional decisions of entrepreneurs (Collinson & Shaw, 2001). Marketing strategies emphasizing relationships with partners are associated with operating under greater environmental uncertainty (Dilts & Hanlon, 2002).
2. **Publicity.** Martin (2009) stresses the importance of communication, as well as the role of promotions and public relations. Marketing activities need to be complemented with appropriate promotional marketing suited to customers (Lin & Smyrnios, 2007) through, for example, exhibitions or participation in a fair (Bettiol et al., 2012). The Internet has changed

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the way in which small businesses manage and build business relationships, gain publicity, and conduct public relations. E-technology is a useful way for firms to expand their marketing activities, because it is a cost-effective option to communicate information about their products and services, and it allows small firms to reach a wider or specific target market (Gilmore, 2011; Miles et al., 2015). Small businesses are effective in adopting Internet tools and social media to improve their reputation, strengthen their brand, and pre-empt or respond to feedback from customers, suppliers, or other stakeholders (Jones, 2010; Miles et al., 2015). Also, firms can enhance their creditability by creating a professional corporate image with an efficient website (Gilmore, 2011).

3. **Offerings.** Entrepreneurial marketing is characterized by responsiveness to the marketplace and an ability to anticipate changes in customer demands (Collinson & Shaw, 2001). New and improved offerings are developed by working in close partnerships with customers (Chaston, 1997; Mort et al., 2012). Development of an offering can be facilitated by such partnerships, whether they are in consumer or business-to-business markets (Whalen et al., 2016). Al-Askari (2011) argues that entrepreneurs tend to stress the product/customer focus and create new markets, products, and services. Further, entrepreneurial firms survive by offering a different range of offerings than the competitors (Knight, 2000). Even the packaging of the product is important from the differentiation point of view (Gilmore, 2011). Knight (2000) also argues that small firms may benefit by differentiating their offerings through product specialization. Successful entrepreneurs are those who create a very specific, unique offering (Gilmore, 2011).

Marketing needs – entrepreneurial interpretation of the environment

Marketing and entrepreneurship are interrelated responses to the environment in which a company is operating (Hill & Wright, 2000). Entrepreneurs are increasingly faced with rapidly changing environments, involving changes in competition, customer demand, and technology (Dilts & Hanlon, 2002). According to Filis (2010), today's market conditions are shaped by chaos, fragmentation, uncertainty, complexity, and ambiguity. Environmental uncertainty concerns attributes upon which an entrepreneur's attention may be selectively focused, such as customers, competitors, suppliers, regulatory agents, partners, and other actors (Dilts & Hanlon, 2002). Consequently, marketing decisions in entrepreneur-led firms are based on daily contacts and

networks while value is created through effective relationships, partnerships, and alliances (Jones & Rowley, 2009). Entrepreneurial marketing is a combination of innovative, proactive, and risk-taking activities that create, communicate, and deliver value to and by customers, entrepreneurs, partners, and society at large (Whalen et al., 2016). Hence, key marketing needs arising from the interpretation of the environment relate to partners, customers, and competitors (Miles et al., 2015).

1. **Partners.** Hill and Wright (2000) pinpoint understanding markets, customers, and competition among the central aspects of the marketing–entrepreneurship interface. Moreover, they emphasize selling, sourcing, and buying relationships, suggesting that partners are essential. Chorev and Anderson (2006) found that networking with partners can be very useful for a small business by assisting in expanding its own limited resources and capabilities. As small companies typically lack knowledge and market information, they can access new resources and save time through the partner networks (Collinson & Shaw, 2001). They should leverage the strengths of others by seeking cooperation with both customers and major companies to overcome their deficiencies and lack of resources and to improve their access to markets (Chorev & Anderson, 2006). Partners can also be suppliers or distributors in the supply chain, and understanding their needs is as crucial as understanding those of the customers. Marketing leadership is characterized by innovative marketing techniques and careful control of distribution channels (Knight, 2000). Chorev and Anderson (2006) argue that, for supply and distribution partners, environmental uncertainty exists because of a lack of experience in selling, delivering, and supporting products on a new market.

Hypotheses 1, 2, & 3: *The entrepreneurial need to develop partnerships has a positive effect on (H1) developing network relationships, (H2) ensuring publicity on the market, and (H3) creating new products and services.*

2. **Customers.** The marketing literature suggests that a company should focus on its customers and the “customer-first” philosophy is a predominant one in a successful business (Hill & Wright, 2000). A firm is always more or less able to generate market intelligence pertaining to current customer needs and to respond to it in an organization-wide manner (Duus, 1997). While it may be able to focus on processing market knowledge and responding to customer

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needs, it may neglect opportunities for breakthrough products that customers cannot express or identify a need for (Ahmadi & O’Cass, 2016). Thus, Mohr (2001) stresses the importance of identifying the customer’s new and changing needs that the company should meet in the future. Understanding customers’ needs and implementing their feedback is the only way to achieve a sellable product (Chorev & Anderson, 2006). The pressure for entrepreneurial marketing includes the search for unusual, new, and creative promotion methods to attract customers (Al-Askari, 2011). Moreover, Chaston (1997) notes that with companies driven by entrepreneurial marketing, the pressure for change, which can come from customers, is in the area of increasing the effectiveness of the new product development process.

Hypotheses 4, 5, & 6: *The entrepreneurial need to understand customers has a positive effect on (H4) developing business relationships, (H5) ensuring publicity on the market, and (H6) creating new products and services.*

3. **Competitors.** The literature about the marketing in small firms concentrates on the difficulties that companies experience and encounter in their practice of marketing (Hill & Wright, 2000). Al-Askari (2011) suggests that the practice of entrepreneurial marketing depends on competitive trends in addition to customers’ expectations. This view is supported by Hills and colleagues (2008), who suggest that marketing competencies in entrepreneurial firms are typically driven by a superior understanding of market positioning. This highlights the need to understand markets in terms of competition. Recognizing current and future competition is among the key drivers of marketing practice (Miles et al., 2015; Mohr, 2001). That said, small firms tend to show remarkably lower levels of competitor orientation than large firms (Marjanova et al., 2015; O’Dwyer & Gilmore, forthcoming). Then again, the entrepreneur has an important role in understanding competition, because it helps in identifying opportunities in a changing environment (Collinson & Shaw, 2001). Atuahene-Gima and Ko (2001) point to the intensity of market competition by tapping the perceived similarity of competitor offerings, price competition, and aggressiveness of the competitor’s behaviour.

Hypotheses 7, 8, & 9: *The entrepreneurial need to address competition has a positive effect on (H7) developing network relationships, (H8) ensuring publicity on the market, and (H9) creating new products and services.*

Methodology

Our focus is on two key elements of entrepreneurial marketing: interpretation of the business environment and marketing actions. In order to analyze the links between the two, we used data from the semi-annual 2007 small business survey in Finland for our empirical analysis. The fall 2007 survey was conducted by a Finnish research company Taloustutkimus on behalf of the Federation of Finnish Entrepreneurs (cf. Westerlund et al., 2016), but we were able to include a set of questions on small firms’ marketing activities into the survey. We developed the scales for the needs and marketing actions based on a literature review, and all questions utilized a (binary coded) dichotomous scale. The study relies merely on the respondents’ perceptions because objective measures were not available from other sources.

The survey yielded a total of 3,823 usable responses for the analysis. However, to focus on entrepreneurial marketing in entrepreneur-led small firms, we only included responses from entrepreneurs and excluded those from salaried managers. The choice was justified by findings in previous research on entrepreneurship (e.g., Becherer & Maurer, 1997), which have suggested that the cognitive categorization and assessment of business situations of entrepreneurs are different from salaried managers. Thus, our final sample consisted of survey responses from 3,097 entrepreneurs. According to the demographics analysis, 25% of these respondents comprised one-person firms with the entrepreneur as the sole employee. As expected, the firms in the data were small; 97% had fewer than 50 employees and only 3% had more than 50 employees.

Scale validity and reliability

We performed an empirical analysis using the Smart-PLS 3.2 by Ringle and colleagues (2015). Partial Least Squares (PLS) path modelling is a component-based multiple regression approach that does not require multivariate normal data and places minimum requirements on measurement levels (Tenenhaus et al., 2005). The advantages of PLS include the ability to model multiple constructs, the ability to handle multicollinearity among the independents, robustness in the face of missing data, and the creation of independent latents directly on the basis of cross-products involving the response variables (Chin et al., 2003). PLS can analyze different types of data, including binary coded data (Falk & Miller, 1992), like in our data set. Moreover, PLS helps to avoid biased and inconsistent parameter estimates

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for equations, because it considers all path coefficients simultaneously and estimates multiple individual item loadings in the context of a theoretically specified model rather than in isolation. It is appropriate when the research model is in an early stage of development and has not been tested extensively (Teo et al., 2003).

Table 1 lists measurement items. In order to estimate parameters, we applied Wold's (1982) PLS method. First, we used Harman's single factor test to address common method bias (CMB), which can be a problem when both dependent and independent variables are measured in the same survey. To do this, we constrained the number of factors to be just one and examined the unrotated solution. If CMB was an issue, a single factor would account for the majority of the variance in the model (Podsakoff & Organ, 1986). The first factor only explained 16.8% of variance in the model. Thus, CMB was not a concern with the data.

Table 1. List of measurement items

Entrepreneurial Marketing	Construct	Items
Needs	Partners	<ul style="list-style-type: none"> Find new partners for collaboration Develop the supply/distribution chain
	Customers	<ul style="list-style-type: none"> Recognize our customer needs and wants Develop our extant customer relationships
	Competitors	<ul style="list-style-type: none"> Respond to the increased price competition Know the competitors in our market domain
Actions	Relations	<ul style="list-style-type: none"> Personal selling through close relationships Networking with partners and customers
	Publicity	<ul style="list-style-type: none"> Participation in fairs and exhibitions Sustaining a corporate website
	Offerings	<ul style="list-style-type: none"> Differentiation of products and services Developing and launching new offering ideas

Note: The response options ranged from 0 = "not significant" to 1 = "significant"

Second, we examined composite reliability values (CR) and average variance extracted values (AVE) for each construct to assess the reliability and convergent validity of the constructs. All CR values exceeded the recommended minimum levels of .70 (Fornell & Larcker, 1981) and .50 for AVE (Diamantopoulos & Sigauw, 2000). To assess discriminant validity, we examined the correlation matrix of the constructs. Construct correlations were minimal, suggesting the constructs actually measure different things. Further, according to Fornell and Larcker (1981), satisfactory discriminant validity among constructs is obtained when the square root of the AVE is greater than corresponding construct correlations, as is in our data (Table 2).

Results

Our empirical analysis reveals that the results support all of our hypotheses. The need for developing partnerships, as perceived by the entrepreneur based on their interpretation of the business environment is positively associated with the company's taken actions in entrepreneurial marketing, namely developing network relationships (H1: $\beta = .15$, $p < .001$), ensuring publicity on the market (H2: $\beta = .22$, $p < .001$), and creating new product and service offerings (H3: $\beta = .20$, $p < .001$). Similarly, the need for understanding customers is positively linked with developing network relationships (H4: $\beta = .14$, $p < .001$), ensuring publicity on the market (H5: $\beta = .05$, $p < .01$), and creating new product and service offerings (H6: $\beta = .15$, $p < .001$). Finally, the need for addressing competition on the market is positively linked with developing network relationships (H7: $\beta = .08$, $p < .001$), ensuring publicity on the market (H8: $\beta = .09$, $p < .001$), and creating new product and service offerings (H9: $\beta = .06$, $p < .01$).

Table 3 summarizes the results. Of note, although all relationships were statistically significant, results for hypotheses H5, H7, H8, and H9 showed small construct co-efficient values, ranging from .05 through .09. Further, although the purpose of the analysis was merely to confirm the existence of links between perceived needs that arise from the entrepreneur's interpretation of the business environment and marketing actions taken by the company, rather than create an all-encompassing model, R^2 values for the dependent constructs remained small, ranging from 5.3 to 7.2 percent. These values, as well as implications of the results, are discussed in the following section.

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Table 2. Construct correlations and descriptive statistics of measures

Construct	CR	AVE	1	2	3	4	5	6
1 Competitors	.73	.58	(.76)					
2 Customers	.73	.57	.12	(.76)				
3 Offerings	.79	.65	.10	.16	(.81)			
4 Partners	.74	.59	.10	.01	.21	(.77)		
5 Publicity	.77	.63	.12	.07	.21	.23	(.79)	
6 Relations	.70	.54	.11	.15	.16	.16	.09	(.74)

Note: square root of AVE on diagonal (in parentheses)

Table 3. Results from hypothesis testing

H#	Relationship	Coefficient	t-value	p-value	Support
H1	Partners → Relations	.15	8.72	<.001	Yes
H2	Partners → Publicity	.22	10.64	<.001	Yes
H3	Partners → Offerings	.20	9.26	<.001	Yes
H4	Customers → Relations	.14	7.43	<.001	Yes
H5	Customers → Publicity	.05	2.85	<.01	Yes
H6	Customers → Offerings	.15	9.05	<.001	Yes
H7	Competitors → Relations	.08	4.18	<.001	Yes
H8	Competitors → Publicity	.09	4.80	<.001	Yes
H9	Competitors → Offerings	.06	2.82	<.01	Yes

Note: N=3097; bootstrap samples=1000

Discussion

The aim of this research was to investigate the link between needs and actions in entrepreneurial marketing in entrepreneur-led companies. We considered marketing needs as arising from the entrepreneur's interpretation of the pressure from the business environment in terms of partners, customers, and competitors. Moreover, we discussed the company's actions in entrepreneurial marketing in terms of relations, publicity, and offerings development. In particular, we were interested in how needs related to competition show up because previous literature (e.g., Marjanova et al., 2015) has shown that small firms exhibit significantly lower levels of competitor orientation than large firms.

Our empirical analysis of 3,097 entrepreneur-led firms from Finland showed that entrepreneurial interpretation of the changes in a firm's business environment is connected with its marketing actions. Entrepreneurial decision making in small firms is strongly dependent on the entrepreneur's ability to interpret signals in the business environment. In particular, these signals include the needs and wants of a firm's customers and partners, as well as the competitive trends and competitor's actions on the market. Understanding these contextual factors define whether and how an entrepreneur-led company can respond to the market turbulence. Marketing can take many forms and includes investing in customer and partner relations, ensuring publicity, and new product and service development.

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That said, the study showed that entrepreneurial interpretation of competition has a weaker connection with marketing actions. In other words, an entrepreneur's perception of the competitive situation on the market does not result in the development of business relationships, publicity, and offerings to the same degree as perceived marketing needs related to partners and customers. This result was expected based on the literature review (e.g., Marjanova et al., 2015; O'Dwyer & Gilmore, forthcoming), and it supports the notion that entrepreneur-led small firms show significantly lower levels of competitor orientation despite its importance to firm's performance.

On the other hand, the weak link between market needs related to customers and publicity was unexpected. We cannot fully explain this result, but anticipate that, although marketing needs related to customers were measured more as a need to understand customers and their needs, the resulting marketing actions were measured more as promotional activities. Yet again, although exhibitions and fairs may be mainly promotional events, they also offer opportunities for the entrepreneurs to talk with current and future customers and, in that way, sense market needs.

Implications

The results of this study have implications to theory and practice. Although the concept of entrepreneurial marketing has been hard to grasp, our results give empirical support to the notion put forth by Kurgun and colleagues (2011), who suggest that entrepreneurial marketing represents an exploration of ways in which entrepreneurial attitudes and behaviours can be applied to the development of marketing strategy and tactics. Our study shows that the entrepreneurs' interpretation of the pressure from the business environment in terms of marketing needs is linked with the forms of marketing actions they take. Hills and Hultman (2011a) argue that entrepreneurial marketing focuses on the behaviour of an innovative entrepreneur who continuously strives for growth. Our study suggests that such ways include the development of business relations, corporate publicity, and offerings, and these actions are driven by the entrepreneur's perception of changes and discovery of opportunities on the market in terms of partnerships, customer needs, and competition. In this way, our study responds to the call by Hills and Hultman (2011a), who proposed that research on entrepreneurial marketing should focus on understanding the link between the entrepreneurial interpretation of the environment and marketing actions.

Further, we agree with Marjanova and co-authors (2015) and O'Dwyer and Gilmore (forthcoming), who argue that small firms should pay closer attention to direct and indirect competitors in order to identify opportunities and build sustainable competitive businesses, and to achieve higher financial and innovation performance. Our empirical findings provide further evidence for the notion that small firms exhibit lower levels of competitor orientation (e.g., Marjanova et al., 2015), and they contribute to the literature by showing that paying less attention to understanding the competitive situation on the market also has a weaker link to market actions taken by the company in terms of network relations development, publicity, and new offering development. This suggests that entrepreneurs make decisions related to marketing actions based on incomplete information, which may potentially lead to harmful and wrong decisions or missed opportunities. On the other hand, the concept of entrepreneurial marketing does not specifically address competition, but rather refers to a small firm being able to cope with fewer resources, and it emphasizes the need for proactive, growth-oriented, risk-taking, innovative, and opportunity-oriented decision making (Hills & Hultman, 2011a). Based on our results, we feel that the literature and practice of entrepreneurial marketing have underrated the role of competition.

Therefore, in addition to providing evidence for the link between the entrepreneurial interpretation of the business environment and the firm's marketing actions, we contribute to the literature by arguing that research on entrepreneurial marketing should further emphasize the role of understanding competition rather than taking an inward-looking view on the business. Previous literature often associates the need for entrepreneurial marketing with survival of the small firm (e.g., Becherer et al., 2012; Buskirk & Lavik, 2004; Ionita, 2012; Kraus et al., 2010; Stokes, 2000; Whalen et al., 2016). Although our study confirms that small firms show lower levels of addressing competitors, we feel that the recent advancements in entrepreneurship education have unfortunately not been supportive to improve the issue. For instance, the business model canvas (cf. Osterwalder & Pigneur, 2010) and its derivatives have become a key tool in entrepreneurial education and strategy development. That said, the canvas puts emphasis on customers, value proposition (offering), as well as partners and key resources. Conversely, it does not address competition. We further argue that conceptual strategy tools for small businesses should include the competition element by default.

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Business practitioners can benefit from our results in at least two ways. First, they can learn which aspects to focus on when seeking to filter and understand turbulent business environments that are characterized by rich information and emergent changes and opportunities from the marketing point of view. Our study suggests that firms need to consider not only customer needs and competition, but partners as well. In particular, although competitor orientation in small firms seems to be at a significantly lower level compared to large companies, entrepreneurs should focus more on understanding the competitive situation on the market. Second, practitioners can understand that entrepreneurial marketing is a feature for entrepreneurial companies at any point of maturity, and that they need to be alert of the situation in the business environment in order to provide a multitude of marketing actions as a response to changes and opportunities. These marketing actions include the development of business relationships with customers, partners, and other stakeholders; ensuring publicity in both online and offline work; and creating novel product and service offerings to differentiate themselves from the competition and provide value.

Limitations and Future Research

Although we were able to show the link between the entrepreneurial interpretation of the business environment and the company's marketing actions as intended, the R^2 values of dependent variables in our model were small, indicating that a lot of variability in the data remained unexplained. This suggests that the model would benefit from having a mediator between the entrepreneurs' interpretation of the environment and their marketing actions. That said, it should be the entrepreneurial marketing process as explained by Hills

and Hultman (2011a) who argued that entrepreneurial marketing is a combination of environmental interpretation, entrepreneurial decision making, and marketing actions. Thus, future research on entrepreneurial marketing should include the decision-making process for entrepreneurial marketing along with its characteristics such as innovativeness and risk propensity.

Further, although entrepreneurial marketing ultimately stems from the entrepreneur, future research should address the role of the entrepreneur's personal traits, competences, and motivations in the interpretation of the environment and actions in entrepreneurial marketing. Moreover, future studies should examine how interpretation and marketing actions differ between fast-growth firms and those that reflect little growth, as well as take into account the type of the business and the stage of the company. Companies focusing on products rather than services or business customers rather than consumers may interpret the market conditions differently and decide on marketing actions in a different manner. Similarly, a new venture or an early-stage firm may perceive different marketing priorities than an established or a later-stage firm (e.g., reaching investors versus customers).

Conclusion

This study examined the link between the entrepreneurial interpretation of the business environment and the small entrepreneur-led firm's marketing actions. Although the study showed that entrepreneurial interpretation of the environment is important as it results in various marketing actions, both research and practice of entrepreneurial marketing should put more emphasis on monitoring and understanding changes and opportunities in a competitive situation.

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