Research at the Marketing/Entrepreneurship Interface

Fabian Eggers
Sussie Morrish
Abdul Ali
Jeffrey G. Covin

2019
Research
at the
Marketing/
Entrepreneurship
Interface

Editors

Fabian Eggers
Menlo College

Sussie Morrish
University of Canterbury

Abdul Ali
Babson College

Jeffrey G. Covin
Indiana University

COSPONSORS
American Marketing Association Entrepreneurial Marketing SIG
Direct Selling Education Foundation
Babson College
Menlo College
Rutgers Business Review
Worcester Polytechnic Institute
Published by the

Global Research Symposium on Marketing and Entrepreneurship ©
ATTN: Fabian Eggers - fabian.eggers@menlo.edu

www.marketing-entrepreneurship.org

2019
CONTENTS

NATIVE AMERICAN ENTREPRENEURS AT THE MARKETING INTERFACE: IS ENTREPRENEURIAL ORIENTATION ENOUGH?
Vincent J. Pascal, Daniel Stewart .................................................................................................................................................. 3

ENTREPRENEURIAL SPORT MARKETING: TOWARDS A NEW ANALYTICAL FRAMEWORK
Richard Oddy, Rosalind Jones, Sarah Forbes .............................................................................................................................................. 6

THE ROLE OF CITTASLOW MOVEMENT ON PLACE AUTHENTICITY, ECONOMIC DEVELOPMENT AND QUALITY OF LIFE
Mesut Çiçek, Sevincgul Ulu, Can Uslay ...................................................................................................................................................... 8

ENTREPRENEURIAL CHARACTERISTICS OF ASEAN COUNTRIES’ COLLEGE STUDENTS: AN EXPLORATORY ANALYSIS USING SALLY CAIRD’S GET2
Junko Ishiguro, Takeru Ohe ............................................................................................................................................................................ 10

ENTREPRENEURSHIP, EXCISE TAXES, AND THE “FLIGHT TO QUALITY”
Wesley Friske, Seth Cockrell ......................................................................................................................................................................... 12

PRESALES AS ENTREPRENEURSHIP AT MARK DAMON’S PRODUCERS SALES ORGANIZATION: A HOLLYWOOD INDEPENDENT FILM INTERNATIONAL SALES FORCE AS A MACROMARKETING FORCE
Linden Dalecki ................................................................................................................................................................................................. 15

ENTREPRENEURIAL MARKETING OPPORTUNITIES IN POST-MODERN CONSUMER MARKETS
Can Uslay, Gokcen Coskuner Balli ................................................................................................................................................................. 17

A FAIRER WORLD? A STORY OF INFLUENCE, ADAPTATION AND CHANGE IN THE NZ SPECIALTY COFFEE ECOSYSTEM
Michelle Renton, Hamish Simmonds ............................................................................................................................................................... 19

THE PROCESS OF CUSTOMER DISCOVERY: CONCEPTUAL DEVELOPMENT AND RESEARCH IMPLICATIONS
Stern Neil, Jingwei Zhang .................................................................................................................................................................................. 22

ENTREPRENEURIAL DREAMS: THE ROLE OF THE DIRECT SELLING EXPERIENCE
Robert A. Peterson, Victoria L. Crittenden, Gerald Albaum ........................................................................................................................................... 24

NETWORKING AS AN EFFECTUATION TOOL: ANALYZING THE INFLUENCE OF SOCIAL NETWORKS IN THE WORD OF MOUTH PROCESS
John Vasquez, Sebastian Robledo, Néstor Dario Duque-Méndez .................................................................................................................. 26
NATIVE AMERICAN ENTREPRENEURS AT THE MARKETING INTERFACE: IS ENTREPRENEURIAL ORIENTATION ENOUGH?

Vincent J. Pascal, Eastern Washington University
Daniel Stewart, Gonzaga University

EXTENDED ABSTRACT

The role of entrepreneurial orientation (EO) on performance has been a focus of significant research for a number of years now (Covin and Wales, 2011); however, the extant research has yet to more comprehensively investigate the factors that may serve to influence this relationship. Joshi and Hanssens (2004) claim that marketing researchers have begun giving more attention to the creation and management of market-based capabilities that contribute to the value of a firm. Although EO has received significant attention in the literature, it has not within those studies concerning the Native American (NA) entrepreneur or in regards to NA SMEs. This study provides an exploratory investigation into two marketing influences (e.g., marketing information management capabilities (MIC) and marketing implementation capabilities (MIMC) that are argued to mediate the relationship between entrepreneurial orientation and Native American SME performance.

In this study, the Native American entrepreneur is defined as an owner of a small to mid-sized enterprise (SME) rather than using Schumpter’s (1934) definition of the entrepreneur as the bearer of new or creative products. This is in part due to the scarcity of SME ownership among Native Americans. Across the U.S., there are estimated to be only 170,083 reservation based micro-entrepreneurs (Adamson and King, 2002). Thus, being a business owner is, by itself, a creative endeavor that breaks from the normal economic activity of the NA population. This condition may be in part due to social and cultural factors that create unique barriers to would-be Native American entrepreneurs. The accumulation of wealth, a common entrepreneurial objective, may conflict with traditional Native American aspirations. For instance, Malkin et al. (2004) found in their study that tribal members reported uneasiness with accumulating greater wealth than other tribal members. As such, Native American entrepreneurs face a unique set of technical, financial and cultural challenges that contribute to SME success.

In this research the marketing capabilities of interest are from those marketing capabilities outlined by Vorhies and Morgan (2005). Vorhies and Morgan describe marketing capabilities as consisting in two sorts. These sorts are described as specific marketing capabilities (referred to as marketing mix capabilities) and architectural marketing capabilities (Shin and Aikens, 2012). Marketing mix capabilities are used to transform resources into valuable outputs based upon the classic marketing mix (e.g., product capability). In comparison, architectural marketing capabilities are used to coordinate marketing mix capabilities and relate to market information management, marketing strategy development, and implementation (Capron and Hulland, 1999; Vorhies and Morgan, 2005). Of interest to this research are the marketing capabilities referred to as architectural marketing capabilities (Vorhies and Morgan, 2005; Shin and Aikens, 2012). Consequently, the current work has three main objectives. First, to examine the relationship between entrepreneurial orientation and firm performance within the NA SME. Secondly, to explore the relationship between those architectural marketing capabilities (i.e., market information management capabilities and marketing implementation capabilities) and firm performance within the NA SME. Lastly, the study investigates whether these marketing capabilities serve to mediate the entrepreneurial orientation-firm performance relationship in the NA SME.

A within subjects research design using and online survey was administered to NA entrepreneurs from SMEs across four industries (manufacturing, construction, research and development, and service) investigating the constructs of interests. The survey data was elicited from NA small business owners located in four states across the western U.S. Business owners were identified using the U.S. Small Business Administration’s (SBA) Central Contractor Registry (CCR) which is a self-certifying database of firms who wish to do business with any branch of the U.S. federal government. Data was extracted from the CCR database using the CCR’s web-based Dynamic Small Business Search tool, which allows users to search the CCR database for firms who meet the SBA’s criteria for small business. Regression analysis used to test the propositions.

The linked survey was designed in two sections with a cover page. The cover page included an invitation from the author, an assurance of confidentiality of the information, and contact methods for any questions and comments related to the research. First section included the main survey part with the measure items of the focal constructs, and the second section included questions related to the general information of the firms and the demographic information of the respondents. Data collection occurred over three weeks and resulted in a final sample of 84. All of the measures used in this study were drawn.
from the existing literature. Throughout the survey, 6-point, Likert-type scales were used where 6=strongly agree and 1=strongly disagree. Entrepreneurial orientation was measured with 5 items. The measure were adopted with little modification from the prior studies by Lumpkin and Dess (1996) and Luo, Sivakumar, and Liu (2005). Marketing capabilities (MIM and MIMC) was measured by 9 items (Marketing Information Management Capability (MIC), 5 items; Marketing Implementation Capabilities (MIMC), 4 items with all MC measures adopted from Vorhies and Morgan (2005). For firm performance, (i.e., sales, profitability, market share, customer retention, and product quality) a 6-point scale was also used where 6=“much better” and 1=“much worse” than competitors based upon business performance over the past year relative to major competitors and was also adopted from the previous studies. For further analysis, firm-specific questions were included such as industry type, firm size, firm age, and the number of employees. Respondents’ working years in the current-working firm and their professional functions were also recorded as control variables.

The research model was assessed using multilevel regression with IBM SPSS Statistics 23. To test main hypotheses, regressions were executed using entrepreneurial orientation, marketing information management capabilities, and marketing implementation management capabilities as independent variables and firm performance as the dependent variable for each corresponding model. For control other critical variables, e.g., firm size and firm age were included in each regression test. All three regression models were verified through coefficient of determination. R-squares of each model indicated satisfactory level of explained variability (R2/Adj. R2= 229/.218, .617/.581, and .448/.440 respectively), and therefore model validation established.

As expected, positive relationships between entrepreneurial orientation and NA SME performance was found (β = .338, p < .05). Firm performance was regressed on marketing information management with a positive association found (β = .728, p < .001). Likewise, firm performance was regressed on marketing implementation management capabilities and a positive was found (β = .512, p < .001). Firm age and firm size were found to correlate with firm performance for EO and MIMC but not with MIC. To test for mediation effects firm performance was then regressed on both MIC and MIMC and entrepreneurial orientation. The results showed that entrepreneurial orientation was still found to have a positive impact on firm performance and that its effect was significantly increased from .338 to .417 when MIMC was included in the model indicating a positive moderating effect for MIMC on the EO-FP relationship. MIC was found to mediate the relationship between entrepreneurial orientation and firm performance as EO-FP relationship was non-significant and the MIC-FP relationship was significant (β = .775, p < .001). Thus market information management capability is shown to mediate the EO-FP relationship in NA SMEs and marketing implementation management capabilities moderate the EO-FP relationship in NA SMEs.

This study provides several noteworthy conclusions. First, with respect to market-based capabilities, the results reveal that (amongst the two architectural marketing capabilities - MIC and MIMC) having market information management capabilities (MIC) appears to be the most important factor for NA SMEs if they are to realize the benefit of an entrepreneurial orientation in regards to firm performance. Second, developing marketing implementation management capabilities also allow for an entrepreneurial orientation (EO) to more positively influence firm performance in the NA SME. The findings show that this relationship is important regardless of firm size or age. Thirdly, the results suggest NA SMEs would benefit from developing an entrepreneurial orientation within their firms. In doing so, firm performance is enhanced and might even determine firm survival. Likewise, from an important strategic perspective NA SMEs need to expend the resources to develop within their organizations addition marketing capabilities if they are to realize optimal performance and that developing marketing information customer management capabilities (MIC) appears most significant to this effort. Lastly, study results suggest that resources need to be expended in developing marketing capabilities (MIC and MIMC) even if an entrepreneurial orientation exists within the firm if it is to thrive in today’s more turbulent and competitive market environment.

Although the findings uncovered by this study are interesting in and of themselves, there is still significant work to be done by researchers. These findings suggest that we revisit what we know about the NA SME in light of today’s hyper competitive landscape. Certainly, this is an endeavor worthy of addition effort and attention especially in light of the increasing role that the NA SME plays in today’s Native American economies.
REFERENCES


ENTREPRENEURIAL SPORT MARKETING: TOWARDS A NEW ANALYTICAL FRAMEWORK

Richard Oddy, Birmingham City University
Rosalind Jones, University of Birmingham
Sarah Forbes, University of Birmingham

EXTENDED ABSTRACT

Introduction

This conceptual paper responds to calls by sports marketing researchers to further investigate entrepreneurial activity and small business growth in the sports context. The role of innovation in service provision is acknowledged by researchers as playing an integral role in the competitiveness and success of small sport businesses; however innovation orientation has received minimal attention from sports researchers so far. This research intends to address this issue by introducing highly relevant Entrepreneurial Marketing (EM) theory and small and medium sized enterprise (SME) marketing research to the sports marketing context from the Small Sport Club (SSC) perspective. EM theory highlights the importance of innovation for business creation, growth and market creation. The paper develops and presents an integrated Sport Entrepreneurial Market Orientation (SEMO) model suitable for research of SSCs. The model acknowledges the external environment pressures specific to SSCs and the SEMO model has been populated with activities related to Entrepreneurial Marketing Orientation (EMO) and the four orientations, entrepreneurial orientation, market orientation, innovation orientation and member orientation. The EMO model was developed in small businesses in service settings and hence is very useful for application with SSCs who often offer sports services as part of their market offering.

The global sports market is estimated to be worth between £400 billion and £500 billion and is growing at a significant rate year on year. Small sport clubs are predominantly administered by volunteers, with volunteering in sport contributing £2.7 billion to the English economy. Innovation is fundamental to the competitiveness and success of small sport clubs yet it has received minimal attention from researchers (Hoeber & Hoeber, 2012). Club members increasingly expect better service quality which applies further pressure on SSCs to innovate.

Small sport clubs play a crucial role within the society they operate at both local and national level. They are critical to participation and subsequent sporting excellence and contribute to the social capital of a society (Gallagher et al., 2012). This research utilises the working definition of small sport club (SSC) promoted by Gilmore et al. (2012) as ‘a member of a national league; has an average attendance that is well below its available capacity at approximately 10%; operates as a not-for-profit organisation; and is operated and administered predominantly by volunteers’ (Gilmore et al., 2012, p.13). Like other small and medium-sized enterprises (SMEs), SSC’s have limited resources and lack specialist marketing knowledge which impacts on the way they are operated and managed.

Methodology

The paper introduces Entrepreneurial Marketing (EM) theory and small and medium sized enterprise (SME) marketing research to the sports marketing context. A conceptual model is developed by exploring the interface between Entrepreneurial Marketing Orientation (EMO) and SME sports marketing theory. The development of this model addresses the relative neglect of small sport clubs as a context in the Sport literature (Slack, 2014). An early empirical study of six sport clubs, combined with revisiting the literature, identified consistencies and gaps in the theory to enable the development of an integrated orientation model which encompasses the macro factors influencing internal orientations.

Findings

Sport is a global industry which requires small sport businesses to react quickly to changing market conditions. An integrated Sport Entrepreneurial Marketing Orientation (SEMO) model applicable to small sport clubs (SSCs) is presented to meet this challenge. The SEMO model has been populated with activities related to Entrepreneurial Marketing Orientation (EMO) and four identified orientations, entrepreneurial orientation, market orientation, innovation orientation and member orientation. The model acknowledges the external environment pressures specific to SSCs, and offers a framework for analysing small sports businesses. It adds insights to several problems that have not been traditionally solved, such as the formal connections between the sport and entrepreneurship literature.
Conclusions and implications

Implications for the model and this research include generating deeper knowledge and insights into how small sport clubs can successfully market themselves. Specifically, utilising behaviours researched in the entrepreneurship, innovation, and customer engagement and relationship fields. Application of the SEMO model allows for unpicking of the difference between marketing in other industries and the issues and challenges specific to SME sports businesses (SSCs). As a conceptual paper, it hopes to stimulate further research in this area and open a promising avenue for scientific progress in the field.

REFERENCES


THE ROLE OF CITTASLOW MOVEMENT ON PLACE AUTHENTICITY, ECONOMIC DEVELOPMENT AND QUALITY OF LIFE

Mesut Çiçek, Yalova University
Sevincgul Ulu, Rutgers University
Can Uslay, Rutgers University

EXTENDED ABSTRACT

In the past decades, places have been losing their social, physical, and cultural identities with the effect of rapid industrialization and globalization (Doyduk and Okan, 2016). Moreover, globalization leads to generic and standardized products and places and, hence, has created homogenous communities which barely connected to ecosystems, history, culture, local values and paid little attention to authenticity (Wheeler, 2013). However, recently, researchers have realized the incremental importance of authenticity and how it plays a crucial role in the preferences of the consumers (Kadirov, Varey, and Wooliscroft, 2014). For instance, Brown, Kozinets, and Sherry (2003, p. 21) claimed that authenticity is “one of the cornerstones of contemporary marketing”. Therefore, the main point of the successful place marketing is globalization by emphasizing the local culture and authenticity. As Askegaard and Kjeldgaard mentioned in 2007, “When the aim is to generate regional development and strengthen local culture and industry in the face of globalized competition, one must begin with culture as a resource” (p. 145).

Slow city movement is an emerging trend that aims to provide sustainable development, to develop local economies (Knox and Mayer, 2013), and to preserve authenticity of the places by promoting diversity of the places in the context of local culture and lifestyle (Doyduk and Okan, 2016). From the macromarketing perspective, place authenticity supports the regional, economic, and cultural development and enhances the quality of life of the locals (Doyduk and Okan, 2016). In order to contribute to slow city movement and authentic place branding; places, local enterprises, and entrepreneurs should take the environment, culture, lifestyle, resources, history, ecosystem, and local values into consideration while forming their business strategies. Consequently, economic development, tourism potential and quality of life of the locals are expected to be enhanced. For instance, a study on Seferihisar, a Turkish slow city, indicated that Seferihisar authorities focus on women entrepreneurship and women are encouraged to set up new businesses, hand crafts, and organic agriculture (Sungur, 2013).

In this context, the aim of this study is threefold; (a) To reveal the effect of the Cittaslow movement and support of residents on place authenticity; (b) To explore the impact of authenticity on regional economic development; (c) To find out the effects of regional economic development on the quality of life. In order to develop a comprehensive understanding, a triangulation approach including qualitative research quantitative research, and secondary data analysis was used. Qualitative Data was gathered from local authorities, businesses and entrepreneurs through in-depth interviews and the transcribed data will be applied to a thematic analysis using Atlas.ti software. In addition, quantitative data was obtained from the residents and locals through a structured questionnaire regarding their lifestyle, culture, quality of life and economic conditions. Moreover, secondary data about the places (members slow city network) was collected from the reports and statistics of the government authorities.

The results of the in depth interviews and secondary data indicated that after these towns were chosen as Cittaslow cities, plenty of developments and advances were made through new foundations, organizations, associations, and cooperatives which support the local economy and provide entrepreneurial opportunities. Also they take several actions to preserve the authenticity of the towns (supporting organic, handmade products, hand-crafted goods, organizing cultural festivals).

The results of the Structural Equation Modelling Analysis indicated that Cittaslow Movement and residents’ support of slow city movement positively affect Authenticity of the places ($\beta = 0.172***$, $0.120***$), Authenticity has a positive effect on economic growth of the places ($\beta = 0.316***$), Economic Growth of the Places positively affect Quality of Life of the Residents ($\beta = 0.100**$), Quality of Life has a positive impact on Residents’ intention to live in the place for a long time ($\beta = 0.746***$). These results are in parallel with the literature review and qualitative research. Municipal authorities, stakeholders, entrepreneurs and citizens should collaborate; therefore the effect of Cittaslow movement on authenticity, regional economy and quality of life increases. From the Macromarketing perspective Cittaslow movement prevents the homogeneity of the places and contributes the local economy and quality of life through authenticity. Moreover, the increase of Cittaslow movement decreases the rural-urban migration and so develops both regional and national economy.
REFERENCES


ENTREPRENEURIAL CHARACTERISTICS OF ASEAN COUNTRIES’ COLLEGE STUDENTS: AN EXPLORATORY ANALYSIS USING SALLY CAIRD’S GET2

Junko Ishiguro, Toyo Gakuen University
Takeru Ohe, Waseda University

EXTENDED ABSTRACT

The purpose of this study is to reveal the entrepreneurial characteristics of the college students in the Association of Southeast Asian Nations (ASEAN), the region that is enjoying remarkable economic growth in these years. The important political agendas for each country are to support entrepreneurial activities, to incubate new businesses, and furthermore to develop proper entrepreneurship education methods. However, few studies in the field of entrepreneurship have been conducted in this region, whereas there have been significant studies in the developed countries. Previous studies refer to the importance of entrepreneurial activities and entrepreneurship education regarding job creation, economic growth, and innovation (Kourilsky, 1995; Van der Kuip & Verheul, 2003). Therefore, entrepreneurship education is expected to become popular in some parts of the world. Developing effective entrepreneurship education methods is necessary to comprehend the features of the younger generation’s entrepreneurial characteristics and to understand which quality should be enhanced through education.

A minimum of 100 participants was secured from each surveyed country except for Singapore. Therefore, the results of the nine countries excepting Singapore are discussed in this paper. Participants surveyed were 2,287 students (911 males and 1,376 females) in total. The Caird’s General measure of Enterprising Tendency Test (GET2) (2013) was adapted to assess the level of entrepreneurial characteristics of the participants in this survey. This test measures five essential qualities: the need for achievement (NACH), need for autonomy (AUT), the creative tendency (CT), calculated risk-taking (RT), and internal locus of control (LOC). These qualities are essential as constituent elements of entrepreneurship. Also, participants were asked if they have wishes to be entrepreneurs and confidence to be entrepreneurs, so as the types of entrepreneurial awareness classified them. There are four types of entrepreneurial awareness: “Ready” which has both confidence and wish to be entrepreneurs, “Potential” which has a wish but no confidence, “Dormant” which has confidence without a wish, and “No No” which has neither wish nor confidence.

The results of this survey reveal some features of each country. Firstly, the combination of the outcome of GET2 and “Entrepreneurial Awareness” suggests the role of entrepreneurship education according to each countries’ entrepreneurial situation. For instance, in Brunei where many students have both entrepreneurial characteristics and awareness, the purpose of entrepreneurship education is to encourage students to launch their business practices. On the other hand, in Thailand, where the students have neither entrepreneurial characteristics nor entrepreneurial awareness, the specific factors which correlate strongly with “confidence” or “wish” to be entrepreneurs should be clarified and strengthen them through education.

Secondly, few countries show significant differences in the most of all entrepreneurial qualities and total scores of GET2 between males and females. However, the level of entrepreneurial awareness varies considerably between countries. In Brunei and Vietnam, the significantly higher ratio of female students is categorized into “ready” than male students, whereas in Cambodia, Indonesia, and Myanmar, the considerably fewer rate of the female is categorized into it than male students. Though there is little difference regarding entrepreneurial characteristics by gender, there is a significant difference regarding entrepreneurial awareness in Cambodia, Indonesia, and Myanmar.

Finally, the impact of parents’ experience as self-employed workers on their children’s entrepreneurial characteristics differs depending on countries as well as on the sex of the parent who has entrepreneurial experience. The participants whose fathers have self-employed experience get a significantly higher score in Malaysia and Vietnam, whereas the participants whose mothers have such experience get a significantly higher score in Indonesia and Thailand. Behind this background, there might be the effect of the scale of the parent’s business and the place where the parent has his/her working place: if children could see the father/ mother work. Though some previous studies point out that parental self-employed role models influenced children to acquire entrepreneurial attitudes and behaviors (Dyer 1992, Dyer & Handler 1994, Crant, 1996), few of them discriminated between paternal and maternal influence. It is a contribution of this study in that it suggests the features of paternal or maternal influence on their children’s entrepreneurial characteristics differs by country.
The result of this study is expected to have practical effects on incubation activities including entrepreneurship education in each ASEAN country. This survey reveals, for instance, that the parental working experiences affect the children’s entrepreneurial characteristics. The parental working experiences are, however, uncontrollable. Therefore, it is needed to reveal what characteristics tend to lack amongst people from salaried families and to develop a workable method to redeem their lacking. The latter is the crucial role of entrepreneurship education. The findings presented in this paper will hopefully contribute to a better understanding of entrepreneurial characteristics and developing of entrepreneurship education.

REFERENCES


Research on entrepreneurial marketing is now fairly common (see Kraus et al. 2012 for a review of relevant studies), as is research on public policy and entrepreneurship (Campbell and Mitchell 2012). However, studies that incorporate variables of interest to both entrepreneurial marketing and macromarketing scholars are scarce. The purpose of this study is to cross disciplinary boundaries in order to investigate how a macro-level policy variable (i.e., excise taxes) affects a key marketing variable (i.e., product quality) in a sample of small firms (i.e., microbreweries). Consistent with Barzel’s “alternative approach to taxation” (1976), the results of our analysis suggest that high excise taxes incentivize entrepreneurs to market relatively high quality products as opposed to less expensive, low quality products.

The received view in the tax policy literature is that per-unit production taxes (hereafter referred to as excise taxes) are effective instruments for curbing the demand of certain products and offsetting the social costs of potentially harmful products, such as alcoholic beverages (Cook and Moore 1994). Excise taxes ultimately affect consumption patterns, but they sometimes have unintended side effects that may affect entrepreneurship (Friske and Zachary 2017). Following Alchian and Allen (1964), Barzel (1976) was the first to empirically test the “flight to quality” hypothesis as an alternative to the traditional view in the tax policy literature. He demonstrates that a supply-side tax on the quantity of a good encourages consumers to shift their purchases toward higher quality products, because excise taxes raise the price of lower quality products relative to higher quality products once they are passed down to consumers (Barzel 1976). In the long-run, new market entrants are likely to recognize consumers’ preferences for higher quality products, and they may capitalize on opportunities to bring high quality products to market (Bohanon and Van Cott 1984). In this study, we examine the relationship between state-level excise taxes and product quality with a sample of small firms in the U.S. brewing industry.

The brewing industry is an appropriate context for entrepreneurship and public policy studies because 1) the vast majority of firms in the industry are small, independently owned microbreweries and 2) the industry is heavily regulated, but the regulations vary from state to state. Data regarding perceptions of product quality is collected from RateBeer (N = 1,564 ratings of average product quality), and data about state-level taxes is collected from the Brewers Almanac (N = 42 states after removing outliers) over the same period. Because microbreweries (Level 1) are nested within states (Level 2), we use a hierarchical linear model (HLM) to test the relationship between excise taxes and product quality, and we also include a relevant selection of control variables at each level based on work by Gohmann (2016) and Friske and Zachary (2017). The results of the analysis, which appear in Table 1 on the following page, indicate that excise taxes have a positive, statistically significant effect on product quality. As a robustness check, we reanalyzed the data with a random effects panel model, and we obtain similar results.
Table 1: HLM Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>$\gamma$</th>
<th>SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTERCEPT ($\gamma_{00}$)</td>
<td>3.7484**</td>
<td>.0277</td>
</tr>
</tbody>
</table>

Main Effects

<table>
<thead>
<tr>
<th>Variable</th>
<th>$\gamma$</th>
<th>SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRODBREADTH ($\gamma_{10}$)</td>
<td>.0014**</td>
<td>.0002</td>
</tr>
<tr>
<td>EXCISE ($\gamma_{01}$)</td>
<td>.0025*</td>
<td>.0011</td>
</tr>
<tr>
<td>KEGREG ($\gamma_{02}$)</td>
<td>.0403*</td>
<td>.0176</td>
</tr>
<tr>
<td>SUNDAY ($\gamma_{03}$)</td>
<td>-.1124**</td>
<td>.0306</td>
</tr>
<tr>
<td>CREDIT ($\gamma_{04}$)</td>
<td>-.0190</td>
<td>.0200</td>
</tr>
<tr>
<td>COMPETIT ($\gamma_{05}$)</td>
<td>.0002*</td>
<td>.0001</td>
</tr>
<tr>
<td>INCOME ($\gamma_{06}$)</td>
<td>.0000</td>
<td>.0000</td>
</tr>
<tr>
<td>BEERCON ($\gamma_{07}$)</td>
<td>.0008</td>
<td>.0047</td>
</tr>
<tr>
<td>ECONFREE ($\gamma_{08}$)</td>
<td>-.0201</td>
<td>.0190</td>
</tr>
<tr>
<td>SALESTAX ($\gamma_{09}$)</td>
<td>-.0063</td>
<td>.0070</td>
</tr>
</tbody>
</table>

Notes. SE = robust standard errors. L2, N = 42. L1, N = 1,564. L2 (state-level) variables: EXCISE = supply-side production taxes (USD$ per 31 gallon barrel), KEGREG = keg registration (0 = no restriction, 1 = restriction), SUNDAY = no alcohol sales on Sunday (0 = no restriction, 1 = restriction), CREDIT = microbrewery tax credits and exemptions (0 = no tax credit or exemption, 1 = tax credit or exemption present), COMPETIT = competitors (number of breweries in each state), INCOME = income per capita (USD$), BEERCON = beer consumption per capita (gallons), ECONFREE = economic freedom index, and SALESTAX = average sales taxes (% of USD$). L1 (brewery-level) variables: Product Quality (dependent variable) and PRODBREADTH = number of products.

* $p < .05$.
** $p < .01$.

This study demonstrates that business taxes do not always impede entrepreneurship. In fact, our results suggest that entrepreneurs may benefit from excise taxes that induce consumers’ “flight to quality.” Microbreweries do not have the same economies of scale as macrobreweries (e.g., AB InBev), and thus they cannot compete on the basis of price. However, by developing niche marketing strategies that emphasize higher price—but also higher quality—products, microbreweries may be able to achieve competitive advantage by producing higher quality beers than large competitors with production orientations.

REFERENCES


Kraus, Sascha, Matthias Filser, Fabian Eggers, Gerald E. Hills, Claes M. Hultman (2012), "The Entrepreneurial Marketing Domain: A Citation and Co-Citation Analysis," *Journal of Research in Marketing and Entrepreneurship, 14* (1), 6-26.

PRESALES AS ENTREPRENEURSHIP AT MARK DAMON’S PRODUCERS SALES ORGANIZATION: A HOLLYWOOD INDEPENDENT FILM INTERNATIONAL SALESA FORCE AS A MACROMARKETING FORCE

Linden Dalecki, Pittsburg State University

EXTENDED ABSTRACT

Of a piece with the effectual notion that entrepreneurs cause markets to change, the current paper explores the manner by which Mark Damon—who founded Producers Sales Organization (PSO) in 1977—reshaped the global motion-picture marketplace. In addition—given the 2018 Global Research Symposium on Marketing and Entrepreneurship’s macromarketing theme focused on entrepreneurial marketing in changing environments—the paper also investigates major marketplace shifts occurring across the global film industry from the mid-1970s through the mid-1980s (PSO went bankrupt in 1986, just under a decade after its founding). Symposium-relevant subthemes including marketing history, marketing systems, entrepreneurship policy (in the entertainment sector), marketing and sales relationships, unintended consequences, culture (national cultures as well as high versus low), innovation and effectuation are also touched on. Though the current paper does not provide an extended treatment of the outsized impact that extreme-outlier entrepreneurs often have on markets, this theme is also addressed. Other entertainment-industry entrepreneurs with larger-than-life impresario/showman-style personalities/personas—such as P.T. Barnum, Alfred Hitchcock, Joseph Levine, William Castle, Samuel Arkoff, Roger Corman and Robert Evans—also developed and reshaped entertainment markets throughout their respective careers. Thus, the present study situates Damon as a showman and impresario in the context of these other entertainment-industry prime-movers and market-shapers. Given Damon’s relative obscurity outside of international motion-picture dealmaking circles, most of the remainder of this abstract provides a biographical sketch of Mark Damon, before closing with a brief overview of his key industry-shifting innovation—motion-picture presales to international territories.

Born in Chicago on April 22, 1933 to parents of Polish-Jewish ancestry, Mark Damon’s birth-name was Alan Herskovitz. His father clerked at a grocery store and had a serious gambling addiction. Alan’s mother was critical of his father’s failure to earn a decent living, and even more so of his constant losses at the racetrack of what little he did earn. Alan’s parents divorced when he was nine. When he reached high-school age, Alan was put on a bus to Los Angeles to live with his mother’s parents. After graduating from Fairfax High School (Los Angeles), Alan attended UCLA. His mother recommended that Alan focus on becoming a dentist, but instead he joined the elite Jewish fraternity ZBT, starred in a number of campus plays and ultimately earned an MBA from the UCLA School of Business Administration. After graduating from UCLA, Alan changed his name to Mark Damon and began auditioning for film and television roles. His first break as an actor came in 1954 when he landed a small non-recurring role in the black-and-white teen-centered TV show, Meet Corliss Archer. He landed his first feature film role in 1956 in the B-grade crime drama, Inside Detroit—that same year he also landed a supporting role in the Alfred Hitchcock Presents episode, Place of Shadows. In the mid-1950s, Hitchcock was at the very height of his commercial and creative success, and though he did not direct the episode of Alfred Hitchcock Presents featuring Damon, the part represented a major step up in terms of prestige. Hitchcock’s status as a professional-showman and impresario are also worth remarking on here, given Damon’s eventual transition to professional-showman and impresario as well. For the remainder of the 1950s, Damon landed a steady stream of small single-episode TV roles. In 1960, Damon earned second-billing in the Roger Corman produced-and-directed low-budget feature, House of Usher, starring Vincent Price. Given the number of low-budget productions that Damon acted in from the mid to late 1950s, he was used to lean productions. But Corman’s flimsy sets, cheap not-so-special-effects and run-and-gun production approach was remarkably lean even by B-movie standards. In 1961, Damon’s agent received a telegram from the respected Italian director, Luchino Visconti, expressing an interest in casting Damon in Visconti’s segment of Boccaccio ’70. Damon met Visconti in Rome and soon realized the openly homosexual director would not cast Damon unless he agreed to sleep with Visconti. Damon declined Visconti, but remained in Italy, ultimately starring in a long string of spaghetti-westerns. By 1974, Damon had racked up an impressive combined total of sixty-eight TV, Hollywood B-movie and Italian B-movie roles. Entering his 40s, roles—even in exploitation films—started to dry up.

During the course of his European acting adventures, Damon—evidently a polyglot—learned Italian, French, Spanish and German. In 1974 he was hired by PAC—a small Italian film distribution firm owned by brothers Piero and Mario Bregni—focused on selling distribution rights to Italian exploitation films throughout the rest of Western Europe and Japan. Damon tried to convince independent American film producers to distribute their films through PAC—indepen
producers relied on the major Hollywood studios and their affiliates for European and Asian distribution and there was great skittishness about signing a deal with the boutique Italian firm, even if it offered better terms. In 1976, Damon convinced the Bregni brothers and Los Angeles based Lorimar Productions to coproduce a B+ feature film, *The Choirboys*, adapted from Joseph Wambaugh’s police novel. Damon earned an executive producer credit and was designated as the film’s international sales agent. The film bombed in the US, but—due in large part to Damon’s international sales efforts throughout Europe as well as Japan—generated $40 million in international box-office. In 1977, PAC principle Piero Bregni was abducted and held for ransom by a crime syndicate based in Marseille. After helping negotiate Piero’s release for just over $1 million, Damon returned to Hollywood and founded Producers Sales Organization (PSO). PSO’s primary focus was selling international distribution rights to independently-produced American films. After Damon’s unmitigated success in selling international distribution rights to *The Choirboys*, Damon found American producers were much more receptive to his overtures than previously— independent producers of exploitation films such as *Matilda* (1978), *The Wanderers* (1979), and *The Final Countdown* (1981) signed on with PSO. In addition to founding and running PSO—the first US-based international-sales firm to compete with the major Hollywood studios and their affiliates—Damon developed and popularized *film presales* as a form of debt financing. Typically in presales deals a motion-picture international-sales-agent represents a producer-client’s package that includes: a) a screenplay, b) a known actor, c) a director with a track record in the given genre, and d) a date by which the completed film is due. The sales agent pitches the package to international distributors with a view to preselling distribution rights to as many territories as possible for as high a price as possible in each. During PSO’s peak, Damon and his partners were able to fully finance attractive titles via foreign presales well in advance of production—PSO’s success resulted in the market-wide adoption of international presales. Using a blend of archival sources, trade journals, and interviews with film sales-agents, the current study investigates the type and degree of market restructuring impact that Damon had on the global film business. Sales-related aspects of Saras Sarasvathy’s effectual entrepreneurship framework and Steve Blank’s notion of minimum-viable-product in relation to the entrepreneurial preselling process are also explored.
Consumerism, once considered to be “the shame of marketing” was essentially caused by the inability of firms to understand and respond to customer needs (Drucker 1969). Defined as “a social movement designed to augment the rights and powers of buyers in relation to sellers” (Kotler 1972, p.42), it can be traced back to 1960’s. The consumerism movement gained momentum during the presidency of John F. Kennedy (1962) who delivered a “special message to the Congress on protecting the consumer interest.” Later enacted as The Consumer Bill of Rights, the message outlined the four basic consumer rights: “(1) The right to safety - to be protected against the marketing of goods which are hazardous to health or life. (2) The right to be informed - to be protected against fraudulent, deceitful, or grossly misleading information, advertising, labeling, or other practices, and to be given the facts he needs to make an informed choice. (3) The right to choose - to be assured, wherever possible, access to a variety of products and services at competitive prices; and in those industries in which competition is not workable and Government regulation is substituted, an assurance of satisfactory quality and service at fair prices. (4) The right to be heard - to be assured that consumer interests will receive full and sympathetic consideration in the formulation of Government policy, and fair and expeditious treatment in its administrative tribunals. To promote the fuller realization of these consumer rights, it is necessary that existing Government programs be strengthened, that Government organization be improved, and, in certain areas, that new legislation be enacted” (Kennedy 1962).

Great strides have been made in the decades that followed: e.g., product safety standards have been widely adopted; the antitrust commission and the FTC have worked hard to provide consumers with variety in the shelves; 1-800 customer complaint hotlines and consumer rights agencies proliferated; product labels and new packaging provided consumers with more and specific information including pricing that enabled comparison across brands of different volume/size (Aaker and Day 1982). As many governments around the globe also followed suit in emulating these rights, the consumerism movement came to age at the end of seventies in all but the emerging or closed markets. “Finally, the 1980 election of Ronald Reagan was viewed by many as conclusive evidence that the consumer movement had lost most of its clout. Not only did Reagan owe little to the traditional constituencies of consumer regulation --unions, environmental interests, and consumer groups- but also he was committed to decreased government intervention” (Aaker and Day 1982, p. 4). Despite its obvious importance for marketers, policy-makers, and consumers, there is a dearth of research on the future of the consumerism movement in the post-modern society where consumers get bombarded with marketing communications, and give and read products reviews on a daily basis. It has been well established in consumer behavior and sociology literature that minorities and subcultures are influential in driving mainstream culture in future generations (Clark 2003; Etzioni 1987; Giesler 2008).

In order to anticipate the future of consumerism, we conduct an exploratory analysis of the emerging consumer movements and trends using historical and netnographic research approaches.

The effort results in a startling discovery: regarding all four basic consumer rights that were granted back in the sixties, a growing minority of consumers have expectations that are in figurative contrast with what the regulators and in some cases marketers had intended. These consumers do not necessarily want to be safe (e.g., prefer to gamble online, engage in extreme sports, consume marijuana, avoid vaccination and western medicine), heard (resent intrusion of privacy and covert data collection), informed (avoid and resent commercial messages), or be forced to choose (overloaded by too much choice, and prefer to sample rather than choose). If the current minority continue to proliferate at this rate, they are likely to inaugurate a new era of consumerism. In this article, we identify, discuss, and exemplify the reasons why these consumers are resenting, and at times opposing current regulation and/or marketing practices regarding their rights. We posit that consumerism will be transformed dramatically in the coming few decades as first individual consumers and entrepreneurial marketers, next traditional marketers, and ultimately the government adapts to this postmodern societal transformation. We identify and discuss the entrepreneurial marketing opportunities and business models implied by this transformation.

REFERENCES


This paper assesses the usefulness of Simmonds’ et al., (2017) morphogenetic cycle framework, developed to map the way in which ecosystems adapt, change and evolve. We test the potential of the framework to study the influence of the national Fairtrade office of Australia/NZ (FTAANZ) on the specialty coffee sector and consider the extent to which FTAANZ acts as an Entrepreneurial Marketer. To do this we situate a number of players from the New Zealand industry within the broader coffee ecosystem and explore the way in which FTAANZ influences these entities, their inter-relationships with each other and as well, with the broader ecosystem. This preliminary paper is prepared using primary interviews with the business development manager of FTAANZ, two CEO/Managers of coffee roasting/branding companies and as well, publications and reports relating to Fair Trade, the coffee growing industry and its global value chain.

To date the study of ecosystems has used institutional and structuration theory perspectives, as well as practice based approaches (Simmonds, Gazley and Daellenbach, 2017). Recently, calls have been made for systemic, multi-level accounts of ecosystem structure in order to advance understanding of their stability, adaptation, change and evolution (Vargo and Lush, 2016). Simmonds et al. (2017) use morphogenesis, embedded in critical realism theories, to offer such a new approach. Their framework stratifies each layer of an ecosystem to uncover the web of entities, relations, interconnections and influences existing between actors, actors and social institutions, and actors, social institutions and the overall systems environment. When viewed through a morphogenetic perspective, the ecosystem emerges as a multi-layered context of social existence, influenced by temporally bound structural conditioning, giving rise to a path dependent, cyclical co-evolution involving actors and their interrelationships, leading to structural reproduction or elaboration of the ecosystem itself. Simmonds et al., (2017) maintain that it is the influence of actors, actions and relations that creates adaptation, change and evolution.

Morphogenesis recognises multi-causality and contingency effects, whereby actor levels in the ecosystem (actors, actions and interactions) modify the institutional layers (meso level) and systems layers (external systems and macro socio economic environment). These in turn influence and modify each other, as well as other actor/ actions. Stratifying an ecosystem this way teases out each layer or strata within the ecosystem and the actions, inter-relationships, and influencers of/on each. In essence, the morphogenetic approach identifies agents of change, being entities (actors) and actions that enable adaptation, change, evolution and stability within an ecosystem.

Fair trade principles underpin the New Zealand specialty coffee sector. From a beginning in 1956 Dunedin (Vice espresso, 2018) the expansion of New Zealand’s Industry took flight in the early 1990’s and by 2018 had grown to over 400 roasters, ranging in size from SME to MNCs, generating retail revenues of in excess of $150 million, of which fair trade makes up 8-9% (FTAANZ, 2018). The global Fairtrade organisation, part of the macro institutional environment, influences the New Zealand industry through Fairtrade Australia/New Zealand, legitimised in this country by the support of the NZ Government’s Ministry of Foreign Affairs and Trade (MFAT) and through building partnerships with industry participants. At the actor level, roasters create supply partnerships with growers (smallholders, co-operatives), through Fairtrade Australia/New Zealand, or via relationships established directly by themselves. Consumer connections to Fair Trade manifest themselves through roasting companies brand communications, for example, with packaging transparently using Fairtrade certification logos, or alternatively, roasters detailing their individually established grower relationships. Customers then support roaster connection to Fairtrade through their purchasing behaviour.

Using Simmonds’ et al., (2017) framework we identify a number of co-evolving interactions which impact the NZ Fairtrade coffee market. The structural conditioning elements represent the pre-determined form of the sector, with the Global Fairtrade organisation, its certification arm, FloCert, grower nations and communications all influencing the New Zealand industry through Fairtrade Australia/NZ. Legitimised by government and industry support, Fairtrade Australia/NZ influences roasters, building supply chains and enables brand differentiation with symbols/logos and certifications. Ultimately these interrelationships act to grow the Fairtrade coffee market.
The framework illustrates both challenges to the legitimacy of Fairtrade Australia/New Zealand, and its very real influence as an entrepreneurial marketer operating at all levels of the ecosystem. Within the systems environment, FTAANZ recognises and exploits opportunities to develop FT coffee markets in New Zealand (Addison et al., 2017; Alves & Meneses, 2015; Hills, Hultman, & Miles, 2008; Vasilchenko & Morrish, 2011; Zontanos & Anderson, 2004, Whalen et al., 2016) and co-opts online messaging to create scale in the FT discussion, particularly with millennial consumers. (Nakara, Benmoussa, & Jaouen, 2012; Park, Sung, & Im, 2017). Within the institutional environment, the effective use of partnerships with traders, roasters, NGOs and MFAT has enabled the mainstreaming of FT coffee in NZ (Addison et al., 2017; Alves & Meneses, 2015; Hills, Hultman, & Miles, 2008; Vasilchenko & Morrish, 2011; Zontanos & Anderson, 2004).

While changing emphasis in messaging where necessary shows an adaptive EM approach. (Webb et al., 2011; Whalen et al., 2016). Challenges occur at the institutional level and actor levels as well however, whereby inflexibility in adapting the World Fair Trade office (WFTO) standards and certification process affects local players and potentially leads to exclusion of producers (Jha et al, 2008). Additionally, at the actor level, criticisms of Fairtrade by other actors are not dealt with directly and therefore have the potential to damage the brand and slow the work of FTAANZ.

REFERENCES


THE PROCESS OF CUSTOMER DISCOVERY:
CONCEPTUAL DEVELOPMENT AND RESEARCH IMPLICATIONS

Stern Neill, California Polytechnic State University
Jingwei Zhang, Yanshan University

EXTENDED ABSTRACT

Discovering the customer is an essential step for a new venture to build a viable business model and prosper. Recently proposed Lean Startup and Customer Development approaches highlight this line of reasoning, which is in accordance with the customer perspective long advocated in the marketing literature and of increasing attention in entrepreneurship. However, despite broad awareness, Lean Startup and Customer Development related concepts are short of scholarly research. This paper offers an initial step by conceptualizing the Customer Discovery as an iterative process of thinking and doing and highlights its importance in marketing and entrepreneurship research by presenting opportunities for future research.

Discovering, acquiring, and sustaining customers are vital tasks for new ventures to survive and succeed, especially at the initial stage of venture development (Bhidé 2003). Recently, practitioners, such as Ries (2011) and Blank (2007, 2013) have put forth the Lean Startup concept and Customer Development approach, which emphasize the importance of customer engagement and the iterative nature of venture development. As a venture development methodology, Customer Development is based on practitioner experiences and has been used to help new ventures to startup “lean” and successfully establish a scalable business (Maurya 2012). According to this approach, entrepreneurs must discover the customer before scaling into a sustainable business. Despite its usefulness and a growing interest in the customer’s role in entrepreneurship research (Priem 2007; Priem et al. 2012; Prandelli et al. 2016; Webb et al. 2011), limited scholarly work has theoretically explored these approaches—for exceptions, see Frederiksen and Brem (2017) and Hansen, Giglierano and Whalen (2018). With limited theoretical scrutiny of the process of Customer Discovery (CD hereafter), little is known about the critical role that CD performs in contributing to business model development and new venture survival and growth.

Conceptual Development. The concept of CD is intuitively appealing, since venture survival demands discovering the right customers. More importantly, the customer has been an increasingly prominent element in recent entrepreneurship research. The discovery process is predicated on knowledge of customer problems, ways to solve and how markets operate (Shane 2000). Similar to other strategic search processes (Gavetti and Levinthal 2000; Ott and Eisenhardt 2017), an understanding of the customer (learning) develops by doing (behavior) and by thinking (cognition). Whether opportunity discovery, or opportunity creation, the customer is at the center of business model development.

According to Blank (2007; 2013), customer discovery is the first stage of the Customer Development approach and focuses on determining whether a venture’s business model is valid. In this stage, “[f]ounders translate company ideas into business model hypotheses, test assumptions about customers’ needs, and then create a “minimum viable product” to try out their proposed solution on customers” (Blank 2013, p. 6). There are three important elements in CD. First, entrepreneurs propose hypotheses about who is the customer, what is his or her problems and how to solve them, and finally how to make money. These hypotheses are mainly concerned with the venture’s business model (Morris et al. 2005; Johnson et al., 2008; Osterwalder and Pigneur 2010). Second, entrepreneurs need to “get out of the building” and test hypotheses to find out which are workable with the product-market fit test being the most important task. Fulfilling this task requires considerable interactions between the entrepreneur and potential users and other stakeholders. In testing assumptions, experiments and failures are common. Finally, entrepreneurs make adjustment or pivot due entrepreneurial learning during the interaction process. This means customer discovery is an iterative process whereby the entrepreneur alternatives between thinking and doing.

To advance CD’s theoretical rigor, this paper relies on literature on entrepreneurial cognition and behavior (Baron 2007), opportunity discovery and creation (Alvarez et al., 2013) and entrepreneurial bricolage (Baker and Nelson 2005) to propose customer discovery as an iterative process of thinking and doing that serves to update the entrepreneur’s mental model of who the customer is and ultimately verify the new venture’s value proposition. This customer concept is an emergent schemata of business opportunity representing customer segment, need and solution (Abell 1980; Ladd 2018; Vogel 2017). As entrepreneurial bricolage, opportunity (customer concept) develops through active engagement (thinking and doing) that combines resources (ideas) from preexisting (internal and external) sources. Thinking (cognition) involves combining...
resources for new purposes through combinative capabilities like analytical reasoning and conceptual combination (Martins et al. 2015; Ward 2004). Doing (behavior) involves active engagements with resources by learning from others and learning from experience (Hallen et al. 2016; Huber 1991; Miner et al. 2001). Within the entrepreneurial context, the customer is not necessarily known in advance or analyzed into existence, but rather emerges as an incomplete image in the entrepreneur’s mind brought into being through an iterative process of thinking and doing.

**Research Implications.** To advance theory on the Customer Development approach, this paper develops a conceptual framework for the CD process. Contained within this framework are important research implications. First, CD is a practically useful and significant, but under-researched, process in entrepreneurial marketing with implications for business model development and new venture survival and growth. Second, the CD process and the opportunity recognition/creation genesis (Alvarez and Barney 2007) may represent opposite sides of the same coin, which means that clarifying the CD process could shed light on the opportunity literature. Relatedly, CD and its effectiveness may be dependent on individual characteristics of entrepreneurs; therefore, a third implication lies in the insights gained through empirical testing of the entrepreneur’s role in this iterative process. Finally, a theoretical understanding of the CD process not only provides a better mechanism for describing Lean Startup, but also presents an opportunity to apply this concept into a broader venture population, rather than confining to new technology ventures.

**REFERENCES**

*Available Upon Request.*
Several direct selling advocates (e.g., Mkhize, 2013; Tortora, 2015; Hyder, 2017) espouse the benefits of direct selling for the achievement of entrepreneurial dreams, and Lobel (2017) suggests that the direct selling marketplace is an environment for developing skills that increase one’s chances for success in business. The implication is that the direct selling experience improves or fosters life skills that positively influence performance.

Ryan (1970) suggested that people develop a repertory of skills that are products of past experiences. This repertory skill set becomes the foundation for the development of one’s self-efficacy, a construct that Boyd and Vozikis (1994) suggest is an important variable in the development of entrepreneurial intentions and actions. The research reported here investigated and documented perceptions of a representative sample of current direct sellers regarding business/professional and personal life skills that may have benefitted because of the selling experience. Following this logic, the argument can be made that a direct selling experience can have a positive and lasting impact on an individual’s career path and self-satisfaction and that this impact will correlate positively with a person’s entrepreneurial intentions and actions.

A sample of current direct sellers was obtained from a general internet panel of consumers in the United States in May 2017 to investigate whether a direct selling experience:

1. improved or fostered perceived business/professional skill levels,
2. resulted in perceived skills being transferred to the direct sellers’ personal lives, and
3. enhanced self-perceived performance in a non-direct selling job.

Standard quality control procedures were employed to ensure that all respondents were 18 or older, resided in the USA, and engaged with a direct selling company (and not an online retailer), as well as the elimination of potential survey participants with duplicate IP addresses or who spent inordinately brief or long periods of time answering questions. Based on the reported demographics, the resulting sample of 495 survey participants was considered to be nationally representative with participants residing in 46 different states and profiling consistent with Census Bureau data:

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Present Survey</th>
<th>Census Bureau</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>69%</td>
<td>50%</td>
</tr>
<tr>
<td>Age 18-34</td>
<td>37%</td>
<td>31%</td>
</tr>
<tr>
<td>Married</td>
<td>60%</td>
<td>56%</td>
</tr>
<tr>
<td>Some College or more</td>
<td>87%</td>
<td>87%</td>
</tr>
<tr>
<td>Caucasian</td>
<td>77%</td>
<td>74%</td>
</tr>
</tbody>
</table>

Survey participants were presented with 14 statements reflecting business and professional skills that may have been improved due to their direct selling experience. In particular, survey participants were instructed to: “Please indicate the extent to which you agree or disagree that you have benefitted from your direct selling experience in terms of improved business and professional skills.” Survey participants were also asked about 13 selected skills associated with a direct selling experience that could improve their personal lives. Specifically, they were asked: “Apart from direct selling, to what extent have you benefitted from your direct selling experience in terms of your personal life? In other words, to what extent have you been able to transfer skills learned from your direct selling experience to your personal life?” Additionally, survey participants were asked to respond (yes/no) to 12 possible reasons why they joined a direct selling company. As well, a rating scale measuring self-perceived performance in a non-direct selling job as a function of direct selling experience was posed. It included the instruction: “If you currently have a job other than direct selling, please indicate whether you agree or disagree with the following statement: Because of my direct selling experience, I perform better in other, non-direct selling jobs.”
The 14 business/professional skills were summed to create a business skills index and the 13 personal skills summed to create a personal skills index. Correlation analysis was used to assess the relationship between respondents who joined because they wanted to be an entrepreneur/own boss, the skills indices, self-perceived direct selling performance, and non-direct selling success.

Both the business skills index and the personal skills index had positive correlations (p = 0.01) with wanting to be an entrepreneur/own boss as a reason for joining a direct selling company. Additionally, there were positive correlations between wanting to be an entrepreneur/own boss and self-perceived direct selling performance and self-perceived success in a non-direct selling job as a function of a direct selling experience.

Boyd and Vozikis (1994) reported that little is known regarding how experience affects performance in another career form. Thus, this study is one of the first attempts to determine whether direct selling experience relates to the perceived improvement or enhancement of certain beneficial business and professional skills and whether these skills can be transferred to other contexts. The nature of the 27 skills studied in this research can be viewed as practical indicators of perceived self-efficacy that influence entrepreneurial intentions and actions by having a lasting impact on an individual’s career path and self-satisfaction.

REFERENCES


NETWORKING AS AN EFFECTUATION TOOL: ANALYZING THE INFLUENCE OF SOCIAL NETWORKS IN THE WORD OF MOUTH PROCESS

John Vasquez, Universidad Católica de Pereira
Sebastian Robledo, Universidad Católica Luis Amigó
Néstor Darío Duque-Méndez, Universidad Nacional de Colombia

EXTENDED ABSTRACT

There have been studies in the last decade on entrepreneurship in which Effectuation has positioned as an important research topic (Villani, Linder, and Grimaldi, 2018). Such studies show that entrepreneurship opportunities are taking shape through a variety of personal relationships that are emerging in every aspect of entrepreneurship (Bai, Holmström-Lind, and Johanson, 2018). The daily life of the entrepreneur shapes the structure of social capital which is essential to provide access to resources and information (Redondo and Camarero 2018). Thus, networking becomes an essential tool for entrepreneurs and small firm owners.

However, there is still a lack of research that connects networking activities with marketing performance and the characteristics of the social network in businesses (Shaw, 2006). At the same time, it is challenging for an entrepreneur to initiate the process of networking, given the lack of knowledge, time, and monetary resources. Hence, they should start sales with their own personal network, and later attempt to activate the word of mouth process (Stokes and Lomax, 2002). This is an important topic because sales in entrepreneurship should not depend on the capacity of the owner, as this will raise their probability of failure. In this regard, more research in networking could lead to the development of a model on "best networking practices" (O'Donnell 2014).

Hence, the purpose of the present study is to identify the influence of network structure, referrals, networking, and personality mediating by the effectuation model in firm performance. Network structure was expressed as structural holes. In order to measure Word of Mouth process (referrals), we applied four questions in Likert scale developed by Chollet, Géraudel, and Mothe (2014). Personality was measured using the items created by Palmer (2015), we selected self-efficacy and dominance in line with Palmer et al. (2017) proposal. Entrepreneurial success of firm performance was assessed with four items created by Chen, Tzeng, Ou, and Chang (2007). We used 4 items adopted from Bratkovič, Antončič, and Denoble (2012) to reflect the extent of networking with customers. Finally, we measured if the effectuation model was applying by entrepreneurs with the model proposed by Chandler, DeTienne, KcKelvie, and Mumford (2011).

This study was carried out in Manizales (Colombia), because it has established as a leader in boosting competitiveness and has the "Manizales 100% entrepreneur" program launched in 2012. The research set out to develop a multiple regression models with data from 296 surveys of entrepreneurs from 0 to 3 years old. We used a quantitative method by means of a survey since it offers statistical advantages by allowing us to collect and analyze large amounts of data in a logical and replicable manner and the qualitative method through a pilot interview that allows us to evaluate the clarity and suitability of the method.

The results showed that there is a correlation between networking activities and effectuation. We propose a guide for entrepreneurs which focuses on the marketing part through networking activities in order to increase the word of mouth sales. Future research could analyze the effects of a dynamic network or take measurements of the network structure in different periods of time to understand the effect on the performance through time.

REFERENCES


