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MSc in Entrepreneurship

Master Thesis

**Entrepreneurial Orientation in Marketing:  
An empirical study of small businesses  
in the Swedish fashion industry**

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## **Abstract**

Entrepreneurial orientation (EO) can be defined as strategic processes encouraging entrepreneurial actions to support businesses in recognizing and exploiting new opportunities. Previous studies have shown that businesses with higher levels of EO, characterized through actions that are innovative, proactive and risk-affine, perform better than the ones that lack such orientation. Therefore, EO is considered to be a crucial aspect when businesses seek to gain a competitive advantage. Little has been investigated by using an approach that combines EO literature with regards to marketing activities, and therefore this study contributes to the research field by applying EO theory in marketing context. The study employs three core elements of EO as a framework to analyze small businesses' marketing activities and related competitiveness. The study applies a qualitative approach of analysis and conducts semi-structured interviews with four small businesses owners within the Swedish fashion industry to collect data.

The three sub-dimensions of EO were found to be highly related to each other, which means that all of them were encouraged with regard to the firm's marketing activities in order to enforce a competitive advantage. The results also show that businesses in the fashion industry mainly concentrate on product and market innovation, whereas administrative innovation was not encouraged in any of the cases. More specifically, introducing new concepts, experimenting with marketing activities, entering new markets, building a relationship to customers, adapting alternative distribution and supply channels were the key activities that increased a competitive advantage. An unexpected outcome was that small businesses in the Swedish fashion industry actually tend to cooperate with their competitors and form strategic alliances in order to benefit from economies of scale, share industry experiences, as well as understand and satisfy latent customer needs, and therefore overcome liability of smallness.

This paper also contributes to the research field by advancing EO theory, i.e. incorporating two new strategic actions: building a relationship to customer and full control of the production process, which were not previously discussed in EO literature. Additionally, this study provides the *Entrepreneurial oriented marketing model*, which contributes not only for small businesses within the fashion industry, but also indulges a better understanding what issues are important when seeking to gain a competitive advantage through the use of entrepreneurial orientation in marketing activities.

**Keywords:** *Marketing, Small businesses, Entrepreneurial marketing, Entrepreneurial orientation, Innovativeness, Proactiveness, Risk-taking, Competitive advantage.*

## **Introduction**

As highlighted by numerous scholarly investigations, small businesses are a vital component of economic wealth, since they account for a major source of employment (Eggers et al., 2013; OECD, 2000). When investigating factors that promote economic wealth, the concept of Entrepreneurial Orientation (EO) has often been considered, as EO enhances competitiveness and consequently the performance of small businesses (Keh et al., 2007). Besides other areas, such as strategy and firm culture, EO has a strong impact on the marketing of a business. In fact, the integration of EO in marketing activities constitutes a specific research area called Entrepreneurial Marketing (EM), which helps small businesses that are resource-constrained and face a liability of smallness, to be competitive and successful in the market.

Many studies have investigated the effect of EO and EM on performance and organizational strategies, but little has been investigated when it comes to small businesses' marketing activities that lead to a competitive advantage. Even though the relationship between EO and EM is obvious (due to overlapping dimensions), EM theory solely focuses on entrepreneurial and marketing concepts and little investigates competitiveness, meanwhile EO theory studies entrepreneurial attribution and competitiveness, but does not analyze marketing concepts. Therefore, by linking these two theories we create an alternative framework of analysis and look at marketing activities and competitiveness from different lens, where only three EO (and EM) sub-dimensions are taken into consideration.

Previous studies have found that three sub-dimensions of EO, risk-taking, proactiveness and innovativeness, have the highest impact on businesses' performance. Therefore, this study analyzes these sub-dimensions of EO as elements of the marketing strategy to understand how small businesses gain a competitive advantage. Hence, the research question is formulated as follows:

*How do small businesses gain a competitive advantage through EO in their marketing activities?*

To provide a structured answer to the research question the remainder of this paper is divided into six chapters. First, marketing in small businesses, entrepreneurial marketing and entrepreneurial orientation are introduced as the basis for the theoretical framework. The second chapter introduces the research methodology: background, empirical context and sampling selection, data collection as well as the method of data analysis. Subsequently, the empirical results are presented, followed by the analysis and discussion as well as the introduction of a guideline for small fashion business owners. Finally, conclusions and directions for future research are emphasized and limitations are highlighted.

## **Background and theoretical framework**

### **Marketing in small businesses**

The American Marketing Association describes marketing as “the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large” (American Marketing Association, 2014). Despite the standard definition, small business owners approach their marketing efforts in different manners than professional marketing managers in large businesses (Carson & Cromie, 1989). One of the main reasons for this differentiation might be the nature of small businesses itself. It has been found that small businesses are *resource-constrained* and face *liability of smallness* (Aldrich & Auster, 1986; Kraus et al., 2010). According to Morris et al. (2002) and Gilmore (2011), limited resources and underdeveloped marketing skills often lead to unsophisticated and unplanned marketing activities. Therefore, marketing is crucial for the success and survival of small businesses. Thus, in order to remain competitive, small businesses frequently rely on creativity and innovation (Morrish, 2011). These firms employ “marketing activities with an entrepreneurial mindset” (Kraus et al., 2010, p. 19).

### **Entrepreneurial marketing**

Very often Entrepreneurial Marketing (EM) is related to marketing activities in businesses that are resource constrained (Morris et al., 2002). However, it is also recognized that EM is relevant for all types of businesses, i.e. small and large businesses (Jones & Rowley, 2011), since the utilization of EM often enhances business performance irrespective of the firm size.

Morris et al. (2002, p. 5) define EM as “the proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation”. EM is also characterized as opportunistic and intuitive marketing activities, since EM aims to offer customers something different or more than competitors, i.e. add value to the customer (Gilmore, 2011).

As a result of the interface between entrepreneurship and marketing, EM is characterized by proactiveness, innovativeness, calculated risk-taking, opportunity focus, resource leveraging, customer intensity, and value creation (Morris et al., 2002). The first five elements highly relate and overlap with EO concepts. A clear relationship between EO and EM intrigues to combine them into an alternative study framework in order to analyze how entrepreneurial oriented marketing activities could increase competitiveness.

## **Entrepreneurial orientation**

For decades, EO has been emphasized as the core value of innovative businesses and found to promote a competitive advantage. EO can be defined as strategic processes encouraging entrepreneurial actions, such as recognizing and exploiting new business opportunities (Lumpkin & Dess, 1996; Wiklund & Shepherd, 2003). More specifically, EO is the key factor affecting organizational strategy, firm culture, leadership, and marketing (Phokha & Nonsrimuang, 2013). In consequence, it has been proved that enterprises with higher levels of EO perform better than the ones with a lack of such orientation (Keh et al., 2007).

Prior studies have found EO to be a significant factor when seeking to gain a competitive advantage. For example, Lechner's et al. (2014, p.53) found that "entrepreneurial behavior acts through the development of a competitive strategy". In other words, EO has to be related to the strategic goals, when seeking to gain a competitive advantage. Despite the importance of EO with regard to competitiveness, EO theory does not analyze the effect of EO on marketing concepts. To complete this research gap we compared the dimension of EM with the construct of EO. The three sub-dimensions, namely proactiveness, innovativeness and risk-taking, were found to overlap and have a strong impact on firm performance (Rauch et al., 2009). Consequently, we focus on those three dimensions to investigate the effect of EO on marketing activities in small businesses within the Swedish fashion industry. A combination of EO and EM theories not only complements previous research, but also forms a new framework of analysis, which accredits better understanding how small businesses gain competitive advantage through EO in their marketing activities. Hence, the following sections will introduce each dimension in details.

### ***Innovativeness***

Very often innovativeness is highly related to the "organization's tendency to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services or technological processes, as well as the pursuit of creative, unusual, or new solutions to problems and needs" (Madhoushi et al., 2011, p. 310). In other words, technological development or product innovation can be utilized when pursuing new opportunities or seizing a competitive advantage (Knight et al., 1995; Lechner et al., 2014; Lumpkin & Dess, 1996; Thourungrroje & Racela, 2013).

However, encouraging and managing innovativeness can be very challenging, as it requires abandoning established practices (Dess & Lumpkin, 2005). For example, technological

innovativeness requires research and engineering efforts when introducing new products and processes, product innovativeness demands market research, product design, and innovative marketing techniques, whereas administrative innovativeness is built on “novelty in management systems, control techniques, and organizational structure” (Dess & Lumpkin, 2005, p. 150).

In fact, a number of authors propose the link between innovation and creativity, new product or service development, and new approaches to marketing issues (Knight et al., 1995), enhances the generation of a competitive advantage (Kandampully, 2002; Martin & Rana, 2001; Stokes, 2000) and opportunity recognition (Hulbert & Brown, 1998; Nonaka & Takeuchi, 1995; Raymond et al., 1998; O'Dwyer's et al. 2009). However, existing studies analyzing EO are rather focusing on the organizational strategy than marketing. Therefore, this study finds an intrigue to examine how an innovative approach in marketing activities might affect competitiveness.

### ***Innovativeness in marketing***

Innovative marketing approach is defined as a gap “between innovation and market positioning to achieve a sustainable competitive advantage” (Gardner, 1991, p. 18), whereas later studies often label innovative marketing as a part of entrepreneurial marketing (Schindehutte, 2009). Hence, one can sum up that innovativeness in marketing can be perceived through entrepreneurial marketing activities.

Traditional marketing activities are hardly affordable to financially restricted small businesses. Consequently, firms are looking for new ways to gain a competitive advantage rather than employing expensive marketing campaigns. One way to seek a competitive advantage through an innovative approach is to employ strategic alliances as a marketing tool, which allows small businesses to act with the capacity of a large company, “expanding their resources, skills and abilities and geographic spread” (O'Dwyer et al., 2011, p. 91-92).

According to Carson et al. (1998) and Stokes (1995), the primary components of innovative marketing are: product improvements, alternative distribution channels and methods, exploration of new markets, alternative marketing mix and new operational systems. Meanwhile, a later study does not support the previous findings such as distribution channels and uniqueness as elements of small businesses innovative marketing practices. In fact, it demonstrates the integrity of the emergent innovative marketing concepts of small businesses’

image, strategic alliances and product quality to innovative marketing activities (O'Dwyer et al., 2009).

### ***Proactiveness***

Proactiveness refers to the ability to recognize new opportunities and shape the environment (Merlo & Auh, 2009). In other words proactiveness within the EO framework seeks to identify opportunities in products and/or technologies as well as in markets and consumer demand (Lumpkin and Dess, 2001).

Proactive behavior is highly coherent with understanding customer and competitors, as well as monitoring trends and changes in the industry and the overall environment. Certainly, recognizing and proactively reacting to those changes might lead to great business opportunities. However, it is not only about “recognizing changes, but also willingness to act on those insights ahead of the competition” (Lumpkin and Dess, 2005, p. 150).

According to Lumpkin and Dess (2005), proactiveness might lead to a first mover position or industry leadership. In fact, businesses benefit from proactiveness in terms of profits, brand recognition and market shares. However, it is unknown whether small businesses in the fashion industry are able to enhance their competitive position by being proactive with regard to their marketing activities. Hence, we find the proactive approach as an important aspect to examine with regard to marketing activities when seeking a competitive advantage.

### ***Proactiveness in marketing***

The majority of scholarly research defines proactive marketing actions as comprehensive market information utilization, i.e. understanding customers and competitors in order to improve strategic decisions in marketing (Keh et al., 2007). Thourungrroje and Racela (2013), and Lamore et al. (2013) complement the definition by adding active opportunity-seeking and forward-looking strategic actions to understand, redefine and satisfy latent customer needs which in consequence creates value. Other studies have acknowledged the importance of creating value based on market demands or trends and consequently being the first-mover in the market in order to gain a competitive advantage (Lumpkin & Dess, 1996; Lumpkin & Dess, 2001; Hills & Sarin, 2003; Martin-Consuegra et al., 2008; Venkatraman, 1989). In summary, it can be assumed that proactive marketing actions stimulate a competitive advantage (Hunt & Madhavaram, 2006).

### ***Risk-taking***

According to Eggers et al. (2013), risk-taking refers to the organization's agreement to commit resources with uncertain outcome. Dess and Lumpkin (2005) distinguish three types of risk that businesses encounter: business risk, personal risk and financial risk. Business risk emerges when for instance new markets are entered, which involves unknown chances of success, whereas personal risk-taking refers to the risks that a business owner takes when choosing a strategic action, which certainly influence the direction of the business. Financial risk-taking is involved when a business invests large amounts of its resources with the intention to grow.

Frequently, the risks mentioned above are taken with the purpose to gain high returns by taking opportunities in the market (Memili et al., 2010). However, even though many businesses tend to be risk-averse, March and Shapira (1987) state that small businesses should take well-calculated risks in order to be successful (Caliendo et al., 2010). In fact, by detailed market research relevant information of potential consequences can be found out to elaborate possible scenarios and outcomes.

### ***Risk-taking in marketing***

Morrish (2011) states that risk-taking implies a company's propensity to offer a product that is not well known or accepted within the market. In other words, a company might take a risky strategy when introducing a product, which serves customer needs that do not yet exist, rather than solely serving expressed customer needs. However, in order to obtain a competitive advantage, businesses need to take risk to some extent, e.g. introducing new products or services in new markets (Dess & Lumpkin, 2005).

According to Morris et al. (2002), in order to reduce and manage risk, marketers attempt to redefine components of the external environment, as for example, collaborating in marketing projects with other businesses, developing joint-projects, testing staged productions, working with lead users, implementing strategic alliances or handling resources in different ways. Another method to lower risk is active networking. According to Gilmore (2011), as small business owners do not implement conventional marketing activities, but rather adapt the traditional frameworks to their own situation, they frequently use their peers as well as other business contacts in order to collect relevant information. Therefore, networking can also contribute to promote a competitive advantage. Another way to reduce and better manage risk is to use a customer-centric approach, i.e. maintaining a close relationship to customers in



order to receive feedback, which is in turn less expensive than formal market research (Morrish, 2011). In conclusion, it can be said that only well-calculated risks might benefit when seeking a competitive advantage.

### **Summary of literature review**

The main finding in the literature review is that EO in marketing activities is an important factor for small businesses that seek to gain a competitive advantage. For instance, the development of innovative products, the formation of strategic alliances, entering new markets, the implementation of novel operational processes, proactiveness towards industrial changes, actively monitoring and adjusting to changes in the external environment, and taking well-calculated risks, all help to promote a competitive advantage.

The literature review has also shown that different theories and their combinations (Entrepreneurship, Marketing, EO, EM) focus on different elements. For example, EM is a combination of entrepreneurial and marketing concepts, however little investigates the competitiveness. Meanwhile, EO focuses on entrepreneurial attribution, and competitiveness, but does not analyze marketing concepts. A combination of EO and EM theories complements previous research and forms an alternative framework of analysis, which accredits better understanding how small businesses gain a competitive advantage through EO in their marketing activities. In other words, this study framework complements previous research, by combining EO and EM theories and allowing a comprehensive analysis on EO in marketing activities. Furthermore, there is little knowledge when it comes to small businesses in competitive industries, such as the Swedish fashion industry. Therefore, in this study, we use the three core dimensions of EO (risk-taking, proactiveness and innovativeness) as elements of the marketing strategy to analyze and understand how small businesses gain a competitive advantage.

## **Research methodology**

In the following chapter the research methodology is described. This includes the background of the study, empirical context and sampling selection, method, data collection process as well as method of analysis.

### **Background**

The motivation for academic research emerges either from a problem or a research gap. In this regard, either a new theory is developed or an existing theory is applied to a new context (Sandberg & Alvesson, 2011). The present study is based on a research gap and tries to advance existing theories in EM and EO, combining them to a new framework i.e. applying EO theory when analyzing marketing activities and competitiveness. As emphasized in the literature review, a number of studies have been conducted on EO and its relation to firm performance. However, there is a research gap in how small Swedish fashion businesses gain a competitive advantage by applying EO in the marketing activities. The assumption that a competitive advantage can be gained by applying EO in the marketing activities is retrieved from the circumstance that enterprises with higher levels of EO are found to perform better than the ones lacking such an orientation (Keh et al., 2007). In consequence, our study “does not question the assumptions underlying established literature <...rather advances...> already influential theories” (Sandberg & Alvesson, 2011, p. 131).

### **Empirical context and sampling selection**

The fashion industry is an important source of employment in Sweden, since it provides approximately 50.000 job positions, being comparable to the size of the Swedish food industry with regard to employment (Association of Swedish Fashion Brands, 2013). The competitive nature of the fashion industry implicates the phenomena of fast reaction to changes, such as quick introduction of new collections, constant threat of new entrants in the market and high focus on innovation (Hauge et al., 2009). Hence, the fashion industry is highly important for the Swedish economy and therefore serves as a good research object for the study. Moreover, by linking established theories (EO and EM) to an underexplored context (the Swedish fashion industry) we contribute to the entrepreneurship field in order to better understand how small businesses can gain a competitive advantage (Zahra, 2007).

Regarding the research focus, we solely selected small businesses. According to the Official Journal of the European Union (2003), small businesses are companies that employ less than

50 people with an annual turnover or total annual balance sheet that does not exceed 10 million Euros. To select potential participants for our study, we carefully screened the members of the Association of Swedish Fashion Brands (ASFB) as well as some other Swedish fashion brands that are not members of the ASFB, always considering the turnover and the number of employees (Allabolag.se) to verify their categorization as a small business. Consequently, twenty fashion businesses were selected and asked to contribute to this study by sending a formal e-mail and/or phone calls. Regarding selection criteria, we also considered to interview heterogeneous companies since this type of sample would enhance the quality of the research in comparison to analyzing similar cases. Four fashion businesses (Conservative, Nerdy by Nerds, Nikolaj d'Étoiles, and Tailor Store) agreed to contribute to the study. We believed that analyzing these companies, which have different business models, operate in different locations and are diverse in age, could benefit the study since data is less biased, consequently providing more legitimate findings that can be generalized for this particular industry. For instance, Conservative, Nerdy by Nerds, and Tailor Store offer customized products, whereas Nikolaj d'Étoiles offers ready-to-wear fashion. Conservative, Nerdy by Nerds, Nikolaj d'Étoiles are mainly acting in the Swedish market, meanwhile Tailor Store exports to 70 countries. Conservative and Nerdy by Nerds are located in Malmö, Tailor Store has its headquarters in Helsingborg, meanwhile Nikolaj d'Étoiles is based in Stockholm. Nikolaj d'Étoiles and Tailor Store were established in 2003, whereas Conservative was founded in 2010 and Nerdy by Nerds in 2011. Therefore, we considered these four companies as potential providers of valuable information for this study.

### **Method and data collection process**

Due to the identified research gap the present study applies a case study approach based on semi-structured interviews (Yin, 2009). A case study is characterized by richness in data collection, meaning that the study does not focus solely on one data collection method but rather uses several sources of verification (Yin, 2009). Therefore, besides the semi-structured interviews, the study was supported by secondary sources, such as internal strategic documents, information on the company websites, and the Allabolag's database. As emphasized by Yin (1994), semi-structured interviews are one of the most important sources of qualitative research as it provides the possibility of descriptive and free responses, whereas the interviewer is able to add or modify questions during the interview. Furthermore, contrary to quantitative research, qualitative research serves to develop respectively advance a theory

(Bryman and Bell, 2011) and enables to ask specific questions as well as to observe on certain behaviors and attitudes.

An interview guideline was elaborated by taking questions into consideration that have been developed by previous studies (Dess & Lumpkin, 2005). Seeking to gain legitimate and truthful answers in order to conduct a valid research, semi-structured questions were used rather than leading, close-ended questions. Three interview sessions/rounds within each company were conducted. The first round interviews aimed to gain an overall picture of the company and its background as well as getting first insights on their marketing activities. Subsequently, the second interview with each company concentrated on the main themes, namely innovativeness, proactiveness, and risk taking. The third interview was a follow-up of the first two interviews to assure that each theme was covered, and to ensure a proper interpretation. Three companies were interviewed in person, and one via phone call.

### **Method of analysis**

Analyzing qualitative empirical data is a systematic process, with the main focus on patterns and regularities in order to advance existing theory. Due to the narrative structure and deviated responses, the data has to be analyzed in divergent ways. (Eisenhardt, 1989)

The process of our qualitative analysis includes: description, systematization, categorization, and final combination (Eisenhardt, 1989). First, each company is presented separately, including a short background and recent marketing activities. Second, at the systematization stage, a thematic analysis with regard to innovativeness, proactiveness and risk-taking in terms of marketing activities was conducted. At the categorization stage the responses of the four companies were screened for similarities and differences in order to search for hidden relationships and categorize them into sub-themes respectively. To improve the accuracy the two authors analyzed the interviews separately. Moreover, a member check method was adopted to improve accuracy and credibility of the analysis, once the data was categorized. This step involved the verification of the results and the researchers' interpretation. Therefore, the cases were sent to each company in order to verify the accuracy of the interpretations. Last, in the final combination stage, the main findings and practical implications were discussed by drawing connections to findings of the literature review.

## Empirical results

This chapter will highlight the results of the interviews that have been conducted with the companies that agreed to participate in our study. The empirical results of each case company will be presented in themes, namely proactiveness, innovativeness and risk-taking with regard to their marketing activities. Table 1 provides some background information on each company.

**Table 1: Interviewed companies**

<b>Name</b>	<b>Number of employees</b>	<b>Total annual turnover (TKR)</b>	<b>Activities</b>	<b>Year of foundation</b>	<b>Headquarters</b>
Conservative	0	436	Tailor made clothes	2010	Malmö, Sweden
Nerdy by Nerds	2	1.679	Customized jeans	2011	Malmö, Sweden
Nicolaj d'Étoiles	1	699	Ready-to-wear	2003	Stockholm, Sweden
Tailor Store	14	46.296	Tailor made clothes	2003	Helsingborg, Sweden

Sources: Allabolag, 2014; Nerdy by Nerds, 2014

### **Conservative**

#### ***Background***

Conservative is a classic and timeless fashion brand located in Malmö, with the main focus on made to measure clothing (Conservative, 2014). The company was founded when the owners have noticed a so-called trend for craftsmanship. The main competitive advantage of this business is a personalized communication as well as a long-term services based on a close relationship with customers (personal attachment, where the cost of choosing an alternative is too high). Furthermore, the location itself is a great advantage, considering the second fashion adopters approach in Malmö, which allows foreseeing the main trends for the following year.

#### ***Marketing***

One of the initial marketing activities of Conservative was direct communication to potential customers with high income and social position leaders. A number of calls, a showroom in the

city center and folders with personal letter inviting to see the craftsmanship concept, have lead to their first and long-term high-end customers. Moreover, the founders of Conservative acquired a retail-shop that offers ready-to-wear brands - Engelska Herr in December 2013. The retail-shop and the Conservative studio are located in the same building, which was a strategic decision. For instance, if a customer is not satisfied with a ready-to-wear suit in Engelska Herr, he can directly be introduced to the Conservative studio downstairs where personal measurements can be taken to tailor a perfectly fitting suit. This way the co-founders combine and complement two businesses based on two different concepts.

In regards to traditional media, Engelska Herr has two ads a year in the newspapers *Sydsvenkan* and *Vellingeposten* to promote their sales. However, Conservative's main marketing activities remain in social media. Different to the other interviewed companies, for Conservative the brand recognition is not important, being word-of-mouth between high-end customers the most powerful marketing technique in this business. Customer loyalty and high-end products do not require large quantities, but rather time for personalized service and direct communication with customers.

### ***Innovativeness***

Conservative is quite traditional and does not follow the latest trends. The company rather focuses on late adopters in Southern Sweden by imitating last year's trends from Stockholm. The concept of made to measure clothing is very traditional, however it has been used little in the past decades. Therefore offering the "forgotten" old fashion way of making suits has become a sort of "innovation". Besides, the young co-founders encourage experimentation (by having a "try-out" approach) and often introduce new attractions to customers. For instance, this autumn Conservative will make an art-show in the store with cooperation of a gallery in Halmstad, inviting their largest clients and the press to the event. The combination of a physical and online store is another "try-out" activity aiming to satisfy different customer groups. To better reach potential customers and to strengthen marketing activities, Conservative cooperates with accessory retailers, photographers, galleries. Furthermore, they take a novel approach by cooperating with competitors in order to overcome liability of smallness.

### ***Proactiveness***

To differentiate themselves from the aggressive competitors in the clothing industry, Conservative strictly focuses on their strength – made to measure clothing with personalized service. The co-founders are also proactive towards the increasing e-commerce boom, and therefore will open an online store in July 2014. The online store will include the ready-to-wear collection available in Engelska Herr, as well as the offers from Conservative. Furthermore, Conservative proactively reacts to economic and behavioral changes. For example, when sales are decreasing, Conservative bargains with suppliers for better conditions and therefore reduces one of the business risks. Conservative visits fairs and follows trends in bigger fashion cities such as London (first adopter) and Stockholm. This way the company stays alert and proactively satisfies customer needs.

### ***Risk-taking***

As outlined before, Conservative focuses on late adopters in the Malmö region, therefore it is a low risk business. Furthermore, as the brand of Conservative is not famous yet, the company has not experienced that competitors so far tried to imitate their business model.

In order to reduce common risks within this industry (such as investing in large stocks or expensive marketing activities with unpredictable outcome, etc.) the business critically reflects on each marketing activity, has an established budget, and solely commits on short-term bases.

## **Nerdy by Nerds**

### ***Background***

Nerdy by Nerds (NBN) is a small manufacturing business specialized in customized, tailor made jeans with a novel concept in Europe. The novelty of the concept and full control over the factory are the main components of NBN's competitive advantages. The business was established when the co-founders noticed a gap and a demand in the market - customers liked the idea to have tailor made jeans and were curious about how the manufacturing process works. Today NBN offers not only a great customer experience in the shop-factory in Malmö, but also sells online. This spring NBN is opening a second shop in Stockholm and plans to enter other European markets, such as Berlin and London.

### ***Marketing activities***

The marketing strategy of NBN has two main components: brand building and sales marketing. Brand building is well controlled and based on creating awareness of the concept and the brand in the press. NBN receives a lot of attention from the media since the concept is new and sustainable, which is a good strategy to create brand awareness without incurring expenses. Furthermore, the realization of a crowdfunding campaign not only has increased brand awareness and funds, but also gathered investors that contribute with their knowledge and expertise within the field of fashion. However, sales marketing is much more complicated and concentrates on the customer value. Currently, the marketing efforts are mainly focused on social media (Facebook, Instagram, Twitter, Tumblr) as well as PR team that constantly searches for brand ambassadors, such as fashion bloggers or people in the music industry, etc. In order to overcome challenges in marketing, NBN mainly tries out and checks if an activity increases the sales and only invests further into the strategies that bring desirable outcomes.

### ***Innovativeness***

Even though the product offered by NBN is traditional, the concept of “shop factory” is novel in Sweden (Nerdy by Nerds, 2014). Furthermore, NBN stimulates innovation and experimentation, by introducing the concept for serving a new niche - women. One of the strategic decisions of NBN was to start a crowdfunding campaign, which is a relatively novel and little researched marketing technique. Concerning NBN’s concept and the nature of business (manufacturing based on customer orders) there is little space left for creativity. However, the team has frequent meetings for brainstorming and experimenting new designs. Specifically in marketing, experimentation is a learning process, meaning that they try out different marketing strategies in order to find out which one works best for NBN. For example, to understand the market NBN is cooperating with students from universities who organize focus groups and research market.

### ***Proactiveness***

To satisfy customers, NBN proactively reacts to industry changes and trends. For instance, NBN is aware of a growing trend regarding conscious customers, and therefore encourages product quality and social responsibility. Furthermore, by possessing full control in the production (own factory), rapid changes can be implemented.



NBN also attends fashion fairs in Stockholm, Copenhagen, Berlin and Paris in order to stay up to date, discover new trends, and establish contacts with suppliers and people within the fashion industry. Furthermore, NBN is proactively listening to their customers (new ideas, prices, etc.) For example, if several customers ask for something specific, they consider introducing it to the market.

NBN constantly does market research. For instance, the owners have noticed that the majority of Swedish fashion businesses are located in Stockholm. To increase sales and obtain market share, NBN has decided to open a second store in Stockholm. Moreover, they are analyzing the possibility to offer the products through retailers as well as introducing the concept within other European markets.

### ***Risk taking***

The business concept does not require having large stock, hence there is no large financial risk involved. As risk-taking remains within various parts of the NBN's strategic decision processes, most of the actions are based on experimentation. For example, to minimize risks NBN adopts a "try-out" approach and short-term commitments, to find activities that actually enhance the company's outcomes. In order to take well-calculated decisions, the NBN team also conducts market research. For example, before engaging in the crowdfunding campaign, NBN's founders did some research in order to minimize the risk of losing control. Nevertheless, they are aware that planning does not secure from failure due to the fact that certain aspects cannot be foreseen.

## **Nikolaj d'Étoiles**

### ***Background***

Nikolaj d'Étoiles (NdE) is a small business, representing a luxury fashion brand for menswear in Scandinavia. NdE reinvents classical garments by combining them with innovative design (Nikolaj D'Étoiles, 2014). The business has been established when the co-founders have noticed the gap in the market and customers' interest in high quality menswear. Today the main business operations include building and designing three collections per year, marketing and sales as well as the day-to-day collaboration with vendors, and searching for new opportunities such as opening an online store or a physical store. So far NdE mainly cooperates with retailers in Sweden and Norway, namely VOLT Magasin, Jupiter, Awesome Rags, Divanti and Rådhuset, but plans to enter new markets in a near future.

### ***Marketing activities***

NdE has recently invested in a PR agency in order to be more visible in the press and stay on the top in the fashion industry. Opposite to most traditional businesses, NdE does not use any traditional marketing instruments, except advertising through Volt magazine (their main partner and retailer in Norway). Furthermore, NdE is active in social media (Facebook and Instagram), however it remains selective and content-driven concerning the target customer and brand values. Their competitive advantage is highly related to their marketing strategy of solely offering high quality, caring about fabrics and details, as well as aiming for new trends by designing classic but arrogant styles.

### ***Innovativeness***

NdE is a traditional brand, however in 2003, when NdE was established, a luxurious menswear fashion concept in Scandinavia was underdeveloped. In the past decade the concept has been evolving and attracting more and more competitors. Therefore, NdE considers entering new markets in Europe. To some extent innovation is also encouraged in product development. For example, NdE introduces both new and conventional materials, and applies an innovative approach to combine and turn them into a unique menswear style. In regards of marketing activities, NdE has admitted not using any innovative marketing techniques; on the other hand the company does not use traditional marketing either. Slight experimentation appears in one of their latest marketing activity – PR agency. NdE has decided to try and see whether it will work and bring desirable results. In fact, NdE does not conduct lots of market research either. However, the NdE team constantly visits fairs, reads fashion magazines, and follows latest trends to understand their customers and competitors.

### ***Proactiveness***

As highlighted before, to understand their customers and competitors, the NdE team constantly visits fairs, screens fashion magazines, follows latest trends and responds to changes in the environment proactively. NdE also tries to stay one step ahead of competitors by continually introducing new lines and designs. NdE also acknowledges that fashion is quite a proactive industry itself and working within the fashion industry requires constant change and being aware of up-to-date trends. Furthermore, even though NdE aims for long-term relationships with suppliers and distributors, the company is always looking for new distribution channels and better conditions from suppliers.

### ***Risk taking***

NdE is a high-risk business, since competition is high and it is hard to foresee the number of retailers and buyers. Furthermore, various strategic processes and actions require up-front payment with unknown results. The production and quality are one of the issues that bear the biggest risks in this business. To calculate and foresee those risks NdE employs highly experienced personnel to work with textile (17 years' experience), and constantly visits and keeps close relationship with the factory in Lithuania where production has been outsourced to. The marketing activities were found to involve rather low-risk, but remain costly with late return and always containing uncertainty in the result. Similar to the other interviewed companies, NdE does not tend to sign long-term commitments and thereby minimizes uncertainties and remains flexible with regard to their marketing activities.

### **Tailor Store**

#### ***Background***

Tailor Store (TS) is a company selling tailor made clothing online with leading edge technique. All the marketing and logistics activities are located in Sweden whereas the production is based in an owned factory in Sri Lanka (Tailor Store, 2014). TS focuses on exports, being 62% of their turnover from 70 countries, whereas 38% of sales are within Sweden. As a strategy to outstand from competitors, TS bases its production in a subsidiary in Sri Lanka. Owning the factory gives TS total control of management and production, which leads to greater control of prices, quality, working conditions, and lead time among others.

#### ***Marketing activities***

Concerning marketing activities, TS focuses on communicating a clear statement on why customers should wear custom made clothes; a perfect fit tailored to the unique preferences and wishes of each and every customer. Even though TS is selling in 70 countries, the business conducts marketing activities only in 15 countries. TS spends much of its marketing budget and efforts on search engine optimization (SEO), i.e. buying search words such as “made to measure shirts” in different languages in order to be well positioned in search engines and therefore attract more potential customers. TS also relies on search engine marketing (SEM), which is related to the previously mentioned SEO. Furthermore, TS works

with affiliate networks, which manage thousands of other sites to advertise the banners, and campaigns that TS has previously prepared. Customer relationship management (CRM) is also a part of TS marketing, which is weekly newsletters (that keep customers up to date), and mails before and after the order. Another marketing activity is a “display” - buying space in websites where TS would like to be in order to get traffic to TS’s website. Additionally, TS uses social media in order to maintain direct contact with customers, and manage customer service related questions. TS considers that synchronization of all the activities mentioned before is very important to get the highest impact.

So far TS has focused on digital marketing activities, however they are introducing some traditional marketing in order to reach specific segments. TS campaigns are available in some magazines, such as Café and Lifestyle in order to reach high-income people. TS considers this specific group to be influencers of other groups, and therefore dedicates efforts on this small but important segment.

### ***Innovativeness***

In 2003, when the company was established, the business model was novel, since there were only few small competitors offering customized fashion online. Furthermore, the algorithm for measurements and other codes were written by TS. For example implementing a 3D model to visualize designs was one of many experiments. Besides, TS encourages different activities to find out which ones work the best. For instance, the company is now experimenting with marketing channels such as radio and TV, which are new for TS since they have mainly focused on digital marketing in the past. Another experiment is the pilot store that will be established in Stockholm in April 2014. Certainly, innovativeness and experimentation are fundamental part of TS’s culture.

### ***Proactiveness***

TS is aware of current changes and therefore tries to react proactively. Even though the trend of online purchases is increasing, people still like to see and feel materials before purchasing. Hence, TS has decided to open a first physical store in Stockholm and offer customers this possibility before ordering a customized product.

TS also aims to attract customers and take market share from the regular clothing stores, thus a physical store might be a very important strategic move. To cope with competition TS is

elaborating an entirely new interface, a new generation of website that will offer better reproduction, colors, and layout.

Considering suppliers, the TS team is always looking for better alternatives when visiting fabric fairs and communicating with people in the industry. However, the company is conscious that establishing long-term relations always bring benefits. Additionally, TS also tries to observe what is happening in the industry by screening fashion magazines and reports. This way TS analyzes trends, new technical introductions, and see new opportunities, however they do not aim to be the first ones in fashion trends, but rather quick followers.

Furthermore, TS constantly aims to enter new markets. As mentioned before, the company is currently operating in 70 countries and researching markets abroad for potential opportunities. For example, the next markets that will be entered are Poland and the USA. If the pilot store in Stockholm turns out successful, TS will continue opening other physical stores as well.

### ***Risk taking***

TS has been involved in number of situations with high risks, such as the implementation of the 3D model, which represented a high financial risk for the company. Another example of financial and personal risk was the construction of the factory in Sri Lanka. In order to well-calculate risks, TS plans activities precisely and sets budgetary limitations. However, they are rather flexible and rarely follow plans entirely.

Meanwhile, in digital marketing activities, TS has the advantage of being able to calculate risk through the access to concrete numbers and the impact of their marketing efforts, such as the number of website visitors, purchases and money spent for certain actions. This way most of the risks are minimized and well-calculated decisions are made.

Nevertheless, TS also uses traditional marketing, where risks are higher and harder to measure comparing to the previously discussed digital marketing. As a way to reduce those risks, TS does not engage in long-term commitments and thereby leaves a chance to an exit if a strategy appears to be not efficient.

## **Analysis and Discussion**

This chapter will discuss the previously described results in a comparative manner by taking the theoretical framework into consideration. The aim of this chapter is to observe similarities and differences and to categorize them in order to better understand how the interviewed companies applied an entrepreneurial orientation within their marketing activities. Thereby, the three EO sub-dimensions will be further sub-categorized based on the findings.

### **Innovativeness**

As outlined before, innovativeness is defined as an “organization’s tendency to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services or technological processes, as well as the pursuit of creative, unusual, or new solutions to problems and needs” (Madhoushi et al., 2011, p. 310). Innovativeness has been found in diverse ways with regard to the marketing activities of the interviewed companies. In the following, different characteristics that have been identified are presented.

#### ***Introduction of novel materials, techniques, and /or concepts***

Some of the interviewed companies have named the fashion industry as an innovative industry itself due to constant changes and new trends. Hence, to some extent innovation is encouraged in all interviewed companies. For example, NdE stimulates an innovative product development by introducing new materials and combining them into a unique style for menswear. Meanwhile, TS focuses on leading edge technique, the creation of their own algorithm for measurement in product development as well as the 3D modeling. Likewise, NBN introduced the “shop factory” concept, the first store with its own factory in Europe.

#### ***Experimentation***

According to Carson et al. (1998), one of the primary components of innovativeness is an alternative marketing mix. Even though the interviewed businesses were not introducing any innovative marketing techniques (digital marketing and traditional media are dominated), experimentation was stimulated in all cases. For example, NdE, TS, and NBN experimented with their marketing activities (e.g. NBN experimented with a crowdfunding campaign, TS with TV and radio advertisement, and NdE with PR agency) by investing small amounts of money to different marketing techniques in order to see whether it brings desirable results or

not. TS also experiment by opening its first physical store, whereas Conservative is opening an online store, running an art-show event, and cooperating with their competitors.

### ***New market entry / Serving niche markets***

Entering new markets or serving a niche that has not been served before are frequently related to innovativeness (Stokes, 1995). To be precise, the interviewed small businesses were not the first ones to enter the market. However, the “old-new” concept of made to measure clothing (Conservative), tailor made jeans (NBN), luxurious menswear fashion (NdE), and tailor made clothes (TS) were quite new at the time the businesses were founded, which evolved over the years and lead to a competitive advantage of each business in its respective niche. Gradually, all of the interviewed businesses are considering entering new markets in the future.

### ***Reduced bureaucracy***

Administrative innovativeness is built on “novelty in management systems, control techniques, and organizational structure” (Dess & Lumpkin, 2005, p. 150). However, none of the interviewed businesses were encouraging administrative innovativeness since they all consider administration to be a distraction for creativity, and therefore try to simplify the administrative activities. In fact, for small fashion businesses a simplified administration might facilitate flexibility and eases internal process that subsequently can create room for innovation.

### ***Strategic alliances and collaborations***

One way to seek a competitive advantage through an innovative approach is to employ strategic alliances (O'dwyer et al., 2011). For example, Conservative is cooperating with their competitors for being able to make larger orders at suppliers in order to benefit from economies of scale, and with accessory retailers to make their products visible in their store. Meanwhile, NdE outsources various processes, for instance, production is outsourced to a factory in Lithuania, whereas marketing activities are employed by a PR agency. Furthermore, through the crowdfunding campaign, NBN had the opportunity to connect and to work with experienced people in the fashion industry.

### ***Alternative distribution channels and suppliers***

Alternative channels and distribution methods are factors defining a firm's innovativeness (Lumpkin & Dess, 2005). All interviewed companies aim for long-term relationships with suppliers and distributors. However, all of them are constantly looking for better distribution channels as well as superior conditions from suppliers. Thus, NdE is considering the possibility to start an online store to show their full collection, TS is opening a physical store in Stockholm as a new distribution channel in order to gain market share from big clothing chains. Likewise, NBN is analyzing the possibility of implementing a further distribution method such as selling ready-to-wear jeans through retailers.

### **Proactiveness**

Proactive behavior in business is highly coherent to “understanding customer and competitors, monitoring trends, changes in the industry and overall environment; recognizing and proactively reacting to those changes might lead to great venture opportunities” (Lumpkin and Dess, 2005, p. 150). The strategies and factors that are described in the following were implemented by the interviewed companies and considered to enhance each firm's competitive advantage.

### ***Understanding customers and changes in the external environment***

To understand their customers and competitors, the interviewed companies constantly visit fairs, screen fashion magazines, follow the latest trends and react to changes proactively. Proactiveness also emerges when “introducing new products or technological capabilities ahead of the competition” (Lumpkin and Dess, 2005, p. 150). For example, NBN and TS proactively reacts to the “conscious buyers” trend, that claims for ethically responsible companies, by offering sustainable products. NBN showed proactiveness by offering the possibility to see how jeans are produced in shop-factory, while TS and Conservative apply a “quick follower” respectively “second adopter” strategy. Furthermore, NBN and Conservative proactively realized an opportunity in cooperating with competitors.

The circumstance that NBN, TS and Conservative offer customized products can also be considered as proactiveness, as certainly a need has been identified for tailored respectively individualized cloth rather than mass productions. Thereby, understanding customers and foreseeing their desires certainly plays a major role that helped these businesses to create a competitive advantage in the respective niche in which they are operating.



### ***Building a relationship to customers***

According to Keh et al. (2007), understanding customers and competitors enhances strategic decisions in marketing. Therefore, competitiveness can be achieved through a close relationship to customer. All interviewed companies basically practice active participation in social media and thus well maintain relationships to customers. By proactively keeping customers up to date of current developments and products, among others, and taking care of questions and customer desires through channels like social media, certainly promotes loyalty and is an important aspect for the success of the interviewed companies.

### ***Alternative distribution channels and suppliers***

Alternative channels and distribution methods are factors defining not only a firm's innovativeness but also its proactiveness (Lumpkin & Dess, 2005). As outlined before, all interviewed companies aim for long-term relationships with suppliers and distributors. However, they are proactive and search for new suppliers and channels if the current ones are not satisfying their expectations. For instance, TS decided to open a physical store in order to reach customers who prefer to see and feel the fabrics before purchasing. Meanwhile, Conservative proactively introduces an online store in July. This way the company tries to gain further market share through physical presence at different locations.

### **Risk-taking**

Risk taking refers to an organization's' commitment to uncertainty, and thus potentially encounter harmful failure (Eggers et al., 2013). However, in order to be successful and hence to obtain a competitive advantage, businesses somehow need to take a certain amount of risk, e.g. introducing new products or services in new markets (Dess & Lumpkin, 2005).

### ***Willingness of taking calculated risks***

Previous studies suggested that small businesses have to take well-calculated risks in order to be successful (Caliendo et al., 2010). All interviewed companies take risks to some extent. Especially Conservative that not only produces customized products, but also offers ready-to-wear products, bears the risk of hardly being able to foresee the acceptance of the offers and quantity of sales. Furthermore, NdEs' decision to outsource the production to a factory in Lithuania as well as TSS' decision to build a factory in Sri Lanka involves risk due to

uncertainty regarding the product quality and cultural differences, among others. Likewise, NBN took risk by introducing the shop-factory concept in Sweden. Concerning marketing activities, the interviewed companies are not willing to take high risks, but rather well calculated ones, and therefore mainly choose a low risk marketing activity - social media. All companies emphasized that before taking any risky action, profound research has been undertaken to better estimate potential outcomes and reduce uncertain outcomes as far as possible.

### ***Full control of the production process***

Previous research concentrates on taking well-calculated risk as one way to increase competitiveness, however does not analyze strategies such as full control of the production process as a way to leverage risks. For example, to minimize risks related to production, NdE employs highly experienced personnel and regularly does personal visits at the factory to keep close relationship and to ensure the compliance of quality standards. In fact, taking full control of the production process (prices, quality, lead times), is part of TSs' competitive advantage. When looking at NBN and Conservative, there is less risk involved with regard to production due to the circumstance that the production is realized in-house, which eases the fulfillment of quality standards, among others.

### ***“Try-out” approach in marketing campaigns***

Both traditional and digital marketing activities bare uncertainties, and therefore the interviewed companies have introduced and applied a so called “try-out” approach as another way to minimize risk. Subsequently, the companies did not commit to any marketing technique on a long-term, until they have found effective marketing strategies. This approach is in line with previous findings (Caliendo et al., 2010), claiming that only well controlled risks are likely to enhance the business performance.

### **Summary**

As it can be seen in the analysis, by using an entrepreneurial orientation in their marketing activities, the interviewed companies were able to gain a competitive advantage. This statement can be supported by the fact that by implementing EO actions, these companies were able to survive in a competitive market when actually, according to research, most of the

new established companies tend to disappear after a few years of establishment (Brüderl et al., 1992) Furthermore, these companies are not just surviving but also expanding, e.g. all of them are adding new distributions channels by opening new stores in Sweden and/or abroad, adding an online store, among others, which means that the strategies taken so far have benefited them. These two facts mentioned before can be considered as a result of a gained competitive advantage by an EO approach in the companies' marketing activities.

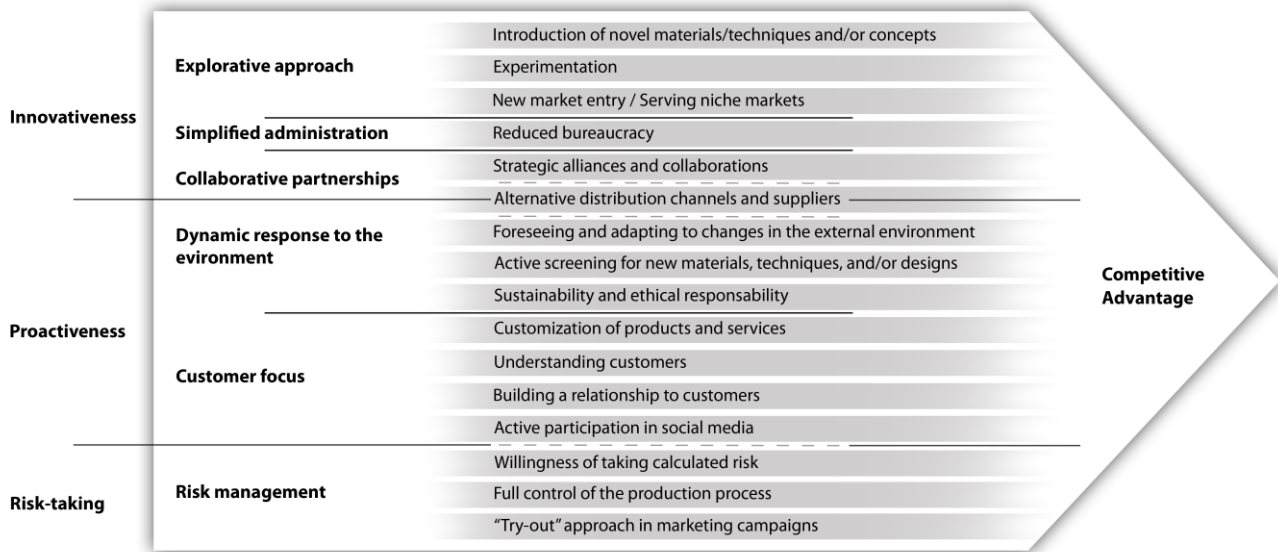
Based on the identification and discussion of important aspects that increase the competitiveness of small businesses through an EO in the marketing activities, an integrated model has been elaborated (figure 1). This model shows the strategic actions taken by the interviewed companies within the three sub-dimensions – innovativeness, proactiveness, and risk-taking.

**Figure 1: Entrepreneurial oriented marketing model**



After analyzing the strategic actions, that have been summarized in the figure 1, we have observed certain patterns among those actions that share similarities to some extent. Therefore we have grouped the similar strategic actions into clusters such as explorative approach, simplified administration, and collaborative partnerships within innovativeness; dynamic response to the environment and customer focus within proactiveness; and risk management within risk-taking (figure 2).

**Figure 2: Entrepreneurial oriented marketing model**



By assembling the strategic actions into these six clusters, we provide a comprehensive model to better understand how an explorative approach, simplified administration, collaborative partnerships, dynamic response to the environment, customer focus, and risk management could increase competitiveness. Therefore, by considering not only the three sub-dimensions of EO in marketing activities, but also the six clusters and its strategic actions, small business owners would increase the chances to gain a competitive advantage. Consequently, this model serves as a guideline for small business owners in the Swedish fashion industry to promote a competitive advantage by being entrepreneurial oriented with regard to marketing activities.

## Conclusions

Little has been investigated by using an approach that combines EO literature with regard to marketing activities. A combination of EO and EM theories complements previous research and forms an alternative framework of analysis, which accredits better understanding how small businesses gain a competitive advantage through EO in their marketing activities. In line with previous studies, one of our main findings is that the three sub-dimensions of EO, innovativeness, proactiveness, risk-taking, have a strong and valuable effect on marketing activities. The analysis has shown that the interviewed companies were able to gain a competitive advantage by using EO in their marketing activities, which can be supported by the fact that those companies have not only survived, but also expanded.

This study has shown that companies in the Swedish fashion industry manage both production and marketing activities in an innovative manner. For example, to remain competitive the interviewed businesses introduce new concepts and constantly offer new products and designs. Furthermore, all companies focus on personalized and direct communication to customer, which is in some cases associated to the business model of offering customized products. One of the unexpected outcomes was that small businesses in the Swedish fashion industry cooperate with their competitors and form strategic alliances in order to benefit from economies of scale, to share industry experiences, as well as to better understand and satisfy latent customer needs. Furthermore, it was noticed that the analyzed businesses have a rather simplified administration that facilitates flexibility.

In regards to proactiveness, the study has shown that small fashion businesses in Sweden are aware of the increasing consciousness of consumers in terms of social and ethical responsibility and react proactively by offering sustainable products promoting transparency. Companies are also proactive in networks and constantly look for better distribution channels. Besides, it was observed that the interviewed companies were acting proactively to the external changes in order to better understand and satisfy latent customer needs.

Concerning risk-taking, the companies encourage well-calculated choices in order to promote competitiveness. Furthermore, all interviewed businesses leverage risks by following a “try-out” approach (experimentation) and short-term commitments in order to reduce the harm in case an activity turns out to be unsuccessful. Moreover, it has been found that offering customized products does not require having large stocks that in turn reduces financial risks of large prior production investments.

In conclusion, a close relationship with customers, cooperation with competitors, creativity and experimentation in marketing activities, reduced bureaucracy, proactive behavior in environmental changes and well-calculated actions enhance a small businesses' competitiveness. Thus, it can be highlighted that the use of EO positively affects the marketing activities and increases competitiveness.

During the process of analysis it was noticed that some of the strategic actions were not emphasized in previous research. For instance, building a relationship to customer and full control of the production process were not previously discussed as EO actions that enhance competitiveness. However, the study has shown that these two strategic actions had actually increased competitive advantage, and thus it can be assumed that small businesses within the fashion industry could benefit by applying these two strategic actions in their marketing activities. Therefore, this paper contributes to the research field by advancing EO theory.

A practical contribution is the *Entrepreneurial oriented marketing model*, which benefits not only small businesses within the fashion industry, but also indulges a better understanding what issues are important when seeking to gain a competitive advantage through the use of entrepreneurial orientation in marketing activities.

## **Limitations and Future research**

In terms of limitations, we are aware of certain particularities by which the fashion industry is characterized. In fact, the study is context dependent (region and industry) and consequently might not be relevant to other industries or regions. Hence, the outcome of this study cannot be generalized. Furthermore, according to Saunders et al. (2003), the main weakness and limitation of the interview method is the reflection bias. Different background and experience might lead to different understanding and perception of the events. Therefore, the reflections both on entrepreneurial orientation and marketing activities are subjective and might be biased. However, to decrease a potential bias, secondary sources were incorporated within the analytical framework. Furthermore, we are aware that the study could have been performed in another way, for example by conducting a single or multiple embedded case analyses, or gathering data differently. However, we are convinced that the chosen research design is appropriate to investigate the particular research question.

One of the main suggestions for future research is to conduct a study in different context (industry and region). By comparing outcomes from different context, the research field would benefit from more generalized results on how EO increases competitiveness in

different industries. We also recommend to further investigate the effect of the EO dimensions on marketing activities considering potential determinants and antecedents, such as experience, financial resources or networks since this study has not considered those elements. Likewise, this paper has not taken into account factors such as age in order to compare if EO actions differ depending on the company age. Therefore, it would be interesting to investigate more profoundly potential differences between younger and older firms. Finally, we believe that analyzing the effect of the EO dimensions on marketing activities over time in a longitudinal study would help to better understand the analyzed phenomena.

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## **Appendix 1**

### **Interview Guideline**

**Main question:** *How small businesses seek to gain a competitive advantage through entrepreneurial orientation in the marketing activities*

**Task:** *Make sure to cover every topic that is listed in the guideline. Also, try to reveal issues that we haven't thought of yet (what else influences decision-making?).*

#### **Company and Background**

1. Name, year founded, number of employees
2. What are the main company activities?
3. Has your company been founded by customer needs or did you create the market for your product?
4. What are the biggest problems/pains in your company?
5. How does your company stand out from competitors?

#### **Marketing Activities**

1. Could you please describe the marketing activities of your company?
2. Did you make any changes regarding the marketing activities? Did the changes have any impact (positive/negative)?
3. What problems do you face when it comes to marketing?
4. How do you solve those marketing problems?
5. Which marketing activities do you consider that helps the company to stand out from competitors?
6. Does your firm invest a large share in marketing and product development?

## **Innovativeness**

1. Does your product target a new market/market niche that hasn't been served before?
2. Does your firm encourages and stimulate product, marketing and administrative innovation?
3. (How often) do you introduce customer with new products or product improvements (experimentation, innovativeness)? Does your firm stimulate creativity and experimentation? How? (Specially in marketing)
4. How often do you change your marketing strategy (differentiation, tendency to experiment, engage, and support new ideas and creative processes?)
5. How do you conduct market research and how do you use this information?
6. Do you have strategic alliances? If yes, how do you use them and what result do they bring?
7. Is it hard for competitors to imitate your innovative initiatives?

## **Proactiveness**

1. How do you react to changes within your industry? (How do you use it to gain a competitive advantage?)
  - Customers' behavior (how?)
  - Competitors' behavior (how?)
  - Suppliers' behavior (also funding) (how?)
2. How do you try to understand your customer and competitors?
3. How do you discover and satisfy latent customer needs?
4. Does your firm continuously monitor trends and identify future needs of customers and/or anticipate future demand conditions?
5. Does your firm introduce new products and technologies ahead of the competition? Does it continuously seek for new product or service offerings?
6. Do you consider alternative channels and distribution methods, if the current ones work fine?

7. Do you intend to explore new markets in the future?

**Risk-taking**

1. Are you more risk affine or risk averse regarding business, financial and personal issues?
2. Does your firm analyze risks in order to minimize uncertainty and how? (E.g. Research and planning)
3. How are your marketing activities? How risky do you consider them? Why?

*Is there anything else you would like to add? Thank you for your time!!!*